

# JAZ FILMS, LLC.

Tuesday, January 17, 2006 RE: Option agreement "The Objective"

Dear Dan,

This letter, when initialed, signed and dated by Dan Myrick of Gearhead Films, a Florida S-Corp qualified to do business in California hereafter referred to as "Gearhead," and returned by mail, e-mail or fax to Jaz Films LLC, a California limited liability company (hereafter referred to as 'JAZ'), will confirm the agreement between you and JAZ regarding any and all motion picture, television, broadcast, home video, remake, sequel, CD-Rom and all other computer-assisted forms of media, merchandising, allied, subsidiary and ancillary rights now known or hereafter invented throughout the universe and in any and all languages (the "Rights") to the screenplay/ treatment/ concept (the "Project") written by you called "The Objective."

## I. OPTION

In return for Twenty Five Thousand dollars (\$25,000.00), development services and other valuable consideration, receipt of which is hereby acknowledged, Gearhead hereby grants JAZ the exclusive option to purchase the Rights to the screenplay for an exclusive period of twelve (12) months. The Option shall commence from the date of the receipt of this signed contract.

The Option payments shall be:

- \$15,000 upon signing of this agreement. (Option term to commence as of February 1, 2006.)
- After four months (From Feb 1, 2006 to May 31, 2006), Jaz pays the remaining \$10,000 bimonthly \$2500 every two months) over the remaining option term.

Remaining \$10,000 Bi-monthly payment schedule as follows:

<u>Due</u>	<u>Amount</u>
June 1, 2006	\$2,500.00
August 1, 2006	\$2,500.00
October 1, 2006	\$2,500.00
December 1, 2006	\$2,500.00 (Final Payment)
February 1, 2007	valid through

All above payment due dates will have a seven day "grace period." If payment is not made within the grace period, then JAZ will be considered in default, at which time, the option terms will cease and

*DM*

*TW*

all rights to the property 'The Objective' will revert back to Daniel Myrick, subject to the amount having been paid applied as a lien on the "Project."

It is additionally agreed that the option may be automatically extended, without any additional consideration, at the end of twelve (12) months for an additional thirty (30) days under the following conditions:

- a) JAZ giving notice to Gearhead that negotiations with a financier have commenced the closing process.
- b) JAZ providing Gearhead with detailed written documentation of such negotiations.

If JAZ has not completed the financing after twelve months, JAZ may have the first-right-to-refusal to enter into a new negotiation to purchase additional option time.

If however JAZ elects not to take any extension, then JAZ will release production rights to 'The Objective,' but will retain a continuing interest of \$25,000 as a lien on the picture (or the amount that has been paid to Gearhead) to be repaid upon financing of the project, or the commencement of principle photography. Gearhead awards a lien against the screenplay rights of the amount of \$25,000, which Gearhead agrees will transfer with any rights assignment to any third party that acquires the expired rights to 'The Objective.'

## II. PURCHASE PRICE

1. Theatrical Motion Picture: The purchase price and directing services for the Project is 5% of the production budget with floor of seventy five thousand dollars (\$75,000) (i.e. excluding legal, interest, contingency, overhead, and completion guarantees).

2. Sequels, Prequels, Spin-offs: All to be negotiated in good faith, but that Gearhead has first right of refusal to write and direct.

## III. WRITING/DIRECTING SERVICES

Gearhead has provided a treatment/concept of the intended motion picture. It is envisioned that a shooting script will exist and Gearhead agrees to work with JAZ, in good faith, in generating required material for budget construction and financier presentation.

Gearhead may introduce JAZ to a third party writer that JAZ will contract with on a work for hire basis for the generation of a screenplay. JAZ Films would separately contract the writer under a work for hire agreement based upon an original story by Dan Myrick. Dan Myrick agrees to polish the script, if a script has been written, or to originate a script if no script has been written as part of this agreement in or before August 31, 2006.



(The term "script" is defined as a shooting outline, since it is the intention of the Director to use similar improvisational methods as employed on his past projects, such as "The Blair Witch Project" and "The Strand.")

#### IV. TIMINGS FOR PRODUCTION

The Objective is scheduled for September 2006 preproduction. Producers understand that Dan Myrick has two other productions to direct before the Project, but in no event can The Objective be later than the third picture for Dan Myrick in 2006. Should 'Solstice' not be produced and/or 'Raw Feed' not be produced in 2006, then Parties agree to work together to attempt to shoot 'The Objective' ASAP. This clause is subject to Producers making a pay or play for Dan Myrick.

#### V. PROFIT PARTICIPATION

1. The producer profit participation from all sources and merchandising shall be split to both parties in the following amounts: 40% to JAZ and 60% to Gearhead. It is anticipated that the investor group shall take 50% of the net profits after breakeven; the remainder, less actors' participation or other jointly approved 3<sup>rd</sup> party participation, shall be split 60/40 between Gearhead and JAZ respectively. Gearhead and JAZ definitions of net profits will be on a favored nations basis.

2. JAZ shall supply all records of participation profits to Gearhead as and when they are received, JAZ shall also execute a clause with financier causing full transparency as is customary and normal in the business in Los Angeles.

3. Dan Myrick shall receive; an adjusted gross receipt deal from the US distributor and a share of the sales fees after equity recoupment from intl. sales as a gross corridor; these two deals will be subject to Dan Myrick's approval not to be unreasonably withheld and deal to be within standard industry norms.

4. JAZ shall use best efforts with financier to structure box office bonuses for Dan Myrick with the collaboration of Dan Myrick's representatives on the movie 'The Objective.'

#### VI. CONTROLS AND PRODUCTION

JAZ and Gearhead shall have joint controls on all aspects of the motion picture, except Gearhead shall have creative control. Line Producer, accountant and production manager will be specifically approved by JAZ with approval by Gearhead, whose consent shall not be unreasonably withheld. Gearhead and JAZ will be a joint partner on the LLC that shall be set up for the production of the picture. Gearhead and JAZ agree to work in good faith and to conform to industry standards in the setting up of such an LLC. JAZ also notes and agrees to provide as much freedom as possible for Gearhead to execute the motion picture.



## VII. CREDITS

JAZ shall receive two (2) Producer credits and one (1) Co-Executive Producer credit. Dan Myrick/Gearhead shall receive written by and directed by credits. Richard Halpern shall receive a Producer credit. Financier shall receive, up to, but no more than three (3), Executive Producer credit.

## VIII. WARRANTIES; COPYRIGHT

Gearhead warrants that (a) it possesses an exclusive copyright in the Project and an exclusive 100% ownership of the Rights free and clear of any claim, right, adverse interest or encumbrance; (b) Gearhead is the sole owner of the Project ; (c) no part of the Project is in the public domain, and (d) he has the sole authority and unencumbered right to enter into this Agreement and grant the Rights to JAZ.

## IX. ASSIGNMENT

JAZ shall consult with Gearhead or his representative regarding the assignment of the Agreement but shall have at its sole discretion the right to assign this Agreement or any of JAZ Rights hereunder, but no such assignment shall relieve JAZ of its obligations hereunder unless the assignee assumes all such obligations in writing.

## X. NON-CIRCUMVENTION

During the Term of this Agreement and for 3 years thereafter, Gearhead, and his associates, corporations, joint ventures, partnerships, divisions, subsidiaries, employees, agents, heirs, assigns, designees, and consultants further agree not to knowingly circumvent, attempt to circumvent, or permit any other party or persons on its behalf to circumvent JAZ in any way, manner or form regarding any transactions with the financier (the "Financier"). JAZ is currently holding a letter of intent for \$1MM for the production of the picture and does not wish to be harmed should the Option expire and Gearhead would still wish to close the deal with Financier. Financier shall mean entities contributing funds to the motion picture The Objective.

In case of circumvention, Gearhead agrees and guarantees that it will pay the same terms as set out in this Option agreement as specified in paragraph V hereof and credits as defined in VII. Producer Fees that should have been paid shall be industry standard. In the event of circumvention by Gearhead, JAZ shall have the right to initiate a legal action in any court of competent jurisdiction to secure an ex-parte temporary injunction to restrain Gearhead further acts and to collect monetary recompense or other considerations due.

XI. NOTICES

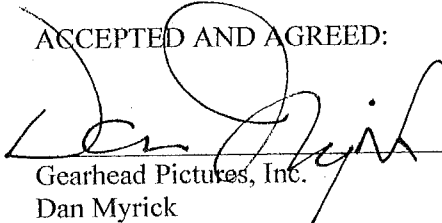
Notices hereunder shall be addressed as follows: a) if to JAZ: and b) if to Gearhead:

- a) Jennifer Hughes Attorney at Law  
Funsten & Franzen  
9595 Wilshire Blvd., Suite 305  
Beverly Hills, CA 90212  
Tel: (310) 785-1710  
Fax: (310) 785-1720
  
- b) Stuart M. Rosenthal, Esq.  
Bloom Hergott Diemer Rosenthal & LaViolette, LLP  
150 South Rodeo Drive, Third Floor  
Beverly Hills, California 90212  
(310) 859-6830 (direct phone)  
(310) 860-6830 (direct fax)  
[smr@bhdrl.com](mailto:smr@bhdrl.com)

This Agreement constitutes the entire understanding between Gearhead and JAZ with respect to the subject matter hereof and no modification of this Agreement shall be effective unless it is in writing executed by both parties. Nothing contained herein shall be deemed to create or constitute a partnership between or joint venture by us. This Agreement shall be construed in accordance with the laws of the State of California applicable to contracts negotiated, executed, and to be wholly performed within said state.

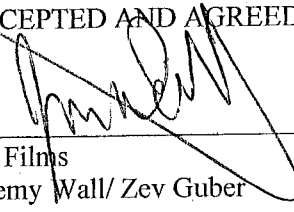
Until such time as we execute a more detailed document incorporating these and other provisions standard for such agreements in the entertainment industry, this will constitute an agreement binding on GEARHEAD and JAZ and their respective successors, assigns, heirs, and legal representatives

ACCEPTED AND AGREED:

  
\_\_\_\_\_  
Gearhead Pictures, Inc.  
Dan Myrick

Date: 1-17-06

ACCEPTED AND AGREED:

  
\_\_\_\_\_  
Jaz Films  
Jeremy Wall/ Zev Guber

Date: 1-18-06

