

[NAME OF COMPANY]

BUSINESS PLAN

[date business plan issued]

Contact: [name], CEO [or President]

[address]

[phone no. & fax no.]

[email]

[web site]

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Each potential investor specifically understands and agrees that any estimates, projections, revenue models, forecasts or assumptions are by definition uncertain and thus possibly unreliable. Any party considering a transaction with the Company agrees to look solely to its own due diligence.

Business Plan Copy No. _____

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by [NAME OF COMPANY] in this business plan is confidential. Therefore, the undersigned reader agrees not to disclose any of such information without the express written permission of [NAME OF COMPANY].

It is hereby acknowledged by the undersigned that the information to be furnished in this business plan is in all respects confidential in nature (other than such information which is already in the public domain through other means) and that any disclosure or use of same by the undersigned may cause serious harm or damage to [NAME OF COMPANY].

Upon request, this document is to be immediately returned to [NAME OF COMPANY].

Signature

Print Name

Date

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[NAME OF COMPANY] BUSINESS PLAN

EXECUTIVE SUMMARY

(NOTE: The Executive Summary is the section of the business plan in which you give an overview of the business, its present status and future direction, and highlight the key points and the purpose of your business plan. This section should be written after the rest of the business plan, and should not exceed 3 pages in length - that's why it's called a "summary".)

Company Background

[NAME OF COMPANY] (the "Company") is an independent film production company which is in the process of being formed/created as a *[describe, e.g. "a corporation incorporated under the laws of the State/Province of _____"]*, for the purpose of producing a [feature length] motion picture with the working title "*_____*" (the "Film").

The Company [is/will be] managed by a team of _____ individuals with a total of _____ years experience in the field of film production, a chief financial officer with _____ years of accounting and administrative experience, and _____ *[list]*.

Concept Summary

[Give a summary of the storyline of the Film.]

The Industry

North American box office figures topped \$____ billion in _____ [year]. Analysts project a \$____ billion worldwide box office in _____. Independent films brought in \$_____ of the total year's box office gross worldwide.

The Market

In _____ [year], _____ [type of film genre] films comprised ____% of the total number of films produced during that year, and grossed \$_____ in North American box office receipts, and \$_____ worldwide.

Distribution Strategy

The motion picture industry is highly competitive, with much of a film's success being directly related to the skills of the distributor's marketing strategy. The Company intends to negotiate with a distributor, either an independent distributor or a studio. To maximize the Company's bargaining power, the distribution negotiation will begin just prior to or immediately following completion of principal photography. This strategy increases the potential profit that the film could earn.

Investment Opportunity

We estimate that by _____ *[insert date]*, we will have a fully packaged project supported by an interactive website, DVDs and other marketing materials to attract the attention of potential investors, production companies, and/or studios. This package will also include a proposed \$_____M budget, a completed shooting script, and a list of the director and cast attached to the project.

Funds Sought

The Company is seeking \$_____ in capital to fund the production of the Film over a period of _____ months. The Company proposes to secure all of its funds from venture capitalists and private investors. Using a conservative, selective revenue projection, and an

assumption of general industry distribution agreements, the Company projects gross revenues of approximately \$_____ million with a net producer/investor income of \$_____ for the Film.

The Company proposes a \$_____ M budget to produce, market and distribute the Film. Investors will be entitled to more than just a return on their investment. Any investor who invests more than \$_____ will receive screen credit in the movie. All investors may, if they choose, attend all premiere screenings and after-parties, wherever they are held. Additionally, any investor that wants to promote a business or company as a "co-sponsor" will be able to do so, which will provide the business with an opportunity for national / international advertising.

I. THE COMPANY

(NOTE: Use this section to describe the history and structure of the company.)

1.1 History & Background

The Company was incorporated on _____ [date] in the [State/Province] of _____. The head office of the Company is located at [address]. The purpose of the Company is to engage in the production of feature films and in any other lawful business agreed upon by its [directors / members.] The Company is currently in production on _____ other major film projects, including _____ [list any other projects in production].

The Company intends to move the Film from the process of development into pre-production and production, through post-production and into distribution.

Since the Company was formed by a team of industry professionals from a variety of production backgrounds, it has the potential to create a highly successful motion picture. The advantages to this are clear:

Development. A good script is vital as the basis for a successful film. The script for the Film is a [describe the story line]. This script combines familiarity and innovation in telling the story.

Genre. The Film falls into a genre that has traditionally been very successful for the motion picture industry. [describe the genre]. Films of this genre typically have a broad audience appeal and are well received by the viewing public.

Release. Since the film caters to a broad based audience, it is intended for an initial theatrical release, which will then translate into additional revenue streams in other media, such as DVD, video and television broadcast. This also means that the film will have a greater chance to earn more money in the foreign marketplace.

Experience. Because the creative team behind the project has extensive experience within the industry, the Company plans to utilize the contacts and resources available to it to produce the film at a much lower cost than what a similar film project would cost if it was produced inside the studio system. By having independent status, the Company can reap the benefits available to independent productions, such as discounts in film stock, camera packages and film processing rates, while still allowing us to maintain the highest production values. This means that the investors will benefit from a film that has the appearance of costing more than it actually does. Distributors will be more likely to offer an advance on the Film, or be willing to negotiate a more favorable distribution fee.

1.2 Management and Organization

[Describe each member of the management team, e.g. producers, executive producers, directors, etc, their past industry experience, other productions they were involved with, etc]

1.3 Strategic Alliances and Key Associates

[This section should include any alliances and relationships that the company and its principals have formed over the years, which can be strategically leveraged to help ensure the success of the project. The following is an example.]

The Company's producer has worked with a number of high-profile actors, directors and production crew over the years, including _____. The Company will approach several of these people with respect to their involvement in the Film.

The Company has also built strong relationships with several major production companies, studios and distribution companies, and plans on presenting the fully packaged project to these contacts upon its completion. These relationships will potentially secure the additional \$_____ production budget as well as theatrical distribution for the Film.

The following is a list of the Company's associates which could be useful during the development, preproduction, fund raising, production and distribution of the project. In no way should the inclusion of the persons and companies in the following list be construed to mean that any of the parties named below are involved in the development, funding, production and/or distribution of the Film.

[Provide a list.]

II. THE FILM PROJECT

2.1 Synopsis of Script

[Give overview of the script.]

2.2 Writers

[Give details of screenplay writers, other screenplays, etc]

2.3 Production Crew

[Give details of production crew, past experience, etc]

III. THE INDUSTRY

In _____ [year], the North American box office totaled \$_____ billion. Due to the growth in international demand, American motion picture distributors generated more than \$_____ in worldwide revenues in _____, an increase of ___% from the year before. Analysts project that the worldwide box office will increase by _____% over the next ___ years.

3.1 Production

The business of the motion picture industry can be broadly divided into two major segments: production and distribution. Production involves the development, financing and making of motion pictures. Distribution involves the marketing, licensing, promotion, physical reproduction, delivery and exhibition of completed films.

With a large corporate structure making production decisions and a large amount of corporate debt to service, the major studios, such as Paramount, Warner Bros. and Disney, aim the majority of their films at mass audiences. Producers and directors are forced to make films on a schedule and a budget imposed by studio executives, who are often influenced by factors other than a desire to make quality films, or even show a profit. Due in part to skyrocketing star salaries and costly special effects, the average studio film cost \$_____ million in _____ [year], according to the Motion Picture Association of America. In addition, studios often demand changes to the script that result in a loss of focus or direction, and adversely affect the overall appeal of the film to its intended audience. More money is being channeled into studio blockbusters, which typically cost upwards of \$100 million. Industry figures indicate that a picture must generate 2.5 to 3 times its costs just to break even.

The independent film scene has skyrocketed with the advent of technology and as a reaction to the studio picture. With the increase in cable channels and the use of digital satellites, the Internet and a wide variety of other new technologies, distributors and programmers require more content to fill consumer demand. Since the major studios produce and distribute an average of _____ [insert current figures] films per year per studio, a programming void exists that independent producers have been able to fill.

The market share of both independent production and distribution companies has grown over time. [give figures of some recent independent productions to back this up]

The studios have not entirely ignored the independent film scene. A few studios have taken note of the independent market as a viable source of additional revenue and have opened independent production and distribution arms charged with the task of helping to feed the distribution pipeline, and therefore add to the corporate bottom line. One of the first independent studios to create an independent distribution company (even though at the time, it was itself considered an independent distributor) was New Line Pictures, which has of course seen phenomenal success with the "Lord of the Rings" trilogy, grossing nearly \$3 billion worldwide in box office sales alone, not counting the huge revenues from DVD and video sales, and tie-in marketing. New Line's independent wing, Fine Line Features, was largely responsible for the huge success of the indie hit "Shine", which grossed nearly \$30 million and won an Academy Award for its star, Geoffrey Rush.

3.2 Theatrical Distribution

The distribution of a motion picture involves the licensing of the picture in the U.S., Canada and the foreign marketplace. The distributor will license the following rights: theatrical exhibition; non-theatrical markets (where applicable, such as educational markets); home video (including laser disc, DVD and CDv); cable and pay-per view; video-on-demand; and television. Additional ancillary markets include merchandising and music or soundtrack rights.

Even though the major studios have long-standing relationships with the large theater chains and video stores, exhibitors and video companies will book the films that people want to see. Public

demand for specific movie products may translate into profits for a film. Even if a film is not profitable in the domestic market, oftentimes it can recoup its costs and earn a gross profit in the foreign market.

3.3 Foreign Exhibition

Much of the projected growth in the worldwide industry comes from the international markets, which grew ____% in _____ [insert current figures]. It is anticipated that international distributor revenues will increase by ____% in the next ___ years. Distributors and exhibitors continue to find new ways to grow the box office revenue pool. The growth of multiplexes in Europe and an increase in the number of screens in Asia and Latin America have both contributed to this growth. Other factors include privatization of overseas television stations, the introduction of director broadcast satellite services and increased cable penetration.

It is important to note that in the major European territories, typical television license fees surpass video license fees. In some instances, a license fee for feature films may be as much as three times the amount paid by a video distributor for the same picture. Revenues for foreign television sales and pay TV in _____ [year] were \$_____ billion.

3.4 Independent Films

It is difficult to get an accurate measure of the size of the independent segment of the film industry. Traditionally, the definition of an independent film is one that is financed by sources other than a studio. All films sold by independent distributors are by definition independent. These films are tracked annually by research organizations. What is difficult to ascertain are the number of films distributed by the studios that were actually financed by third parties. This number appears to be growing as studios are forced to deal with the realities of a fickle economy. Studios have been establishing relationships with production companies for whom they subsidize part of the production financing or only pay for the prints and advertising expenses. Some analysts have estimated that the independent share of total films produced in the United States may be as high as ____% [insert current figure].

Sales reports for markets outside the United States are made every year by the members of the American Film Marketing Association, a Los Angeles-based trade organization that specializes in independent English-language movies for sale overseas. In _____ [year], the AFMA's survey showed sales of \$_____ billion in those markets.

THIS IS A 20-PAGE TEMPLATE.