

EXHIBIT _____
DEFINITION OF NET PROFITS

THIS IS EXHIBIT _____ TO THE _____ *[insert name of agreement]* AGREEMENT
DATED _____ (THE "AGREEMENT")
BETWEEN _____ *[list parties]*

DEFINITION OF NET PROFITS

Unless otherwise defined in this Exhibit, all words and phrases used in this Exhibit shall have the meanings ascribed to them in the Agreement where the context so admits, and shall be construed in accordance with the interpretation provisions contained in the Agreement.

For the purposes of the Agreement the following words and phrases shall have the following meanings:

"Auxiliary Receipts" means _____% of all Receipts derived by the Company pursuant to the terms of any licenses granting rights in the music contained in the Film or in any recording contained in the Film or in any publishing or merchandising rights in the Film after the deduction of all direct costs and expenses of whatever nature incurred in connection with the exploitation of such rights and the Company's overhead fee of _____%, provided that where any of such rights are exploited by an Associate of the Company the amount of Auxiliary Receipts shall be such amount as shall be determined by the Company in its sole discretion based on prevailing industry practice.

"Deferments and Participations" means all deferred fees and participations in profits and receipts from the Film and other sums payable by the Company in respect of the Film, whether for services, goods, facilities or finance, however calculated [*delete if not applicable*: excluding participations calculated solely by reference to Net Profits].

"Distribution Expenses" means all costs, expenses and charges paid or incurred or required to be paid or incurred by the Company in connection with [*revise as applicable*: the Company's rights in the Film or the Distribution or the Film] including without limitation:

- (a) "Advertising and Publicity Costs" means all costs and expenditure in connection with the advertising and publicizing of the Film, including:
- (i) the costs of advertising space in newspapers, periodicals and other printed publications;
 - (ii) the costs of advertising time on radio and television;
 - (iii) the manufacture of any physical materials required to advertise or publicize or promote the Film;
 - (iv) the engagement of services, facilities and personnel required to advertise, promote or publicize the Film;
 - (v) the costs of preparing and sending by mail or mail shot or insert advertising or promotional material;
 - (vi) the costs of purchasing advertising space on billboards and other locations;
 - (vii) the costs of engaging publicists, press representatives, and field and exploitation personnel;
 - (viii) the costs of entertaining;
 - (ix) the costs of creation, preparation, placement and supervision of promotional material;