

[PRODUCER]

Dated as of [REDACTED], 201_

[REDACTED]
[REDACTED]
[REDACTED]

Re: _____ LLC (the “Company”)

Dear [REDACTED]:

The following will confirm the agreement (the “**Agreement**”) between the Company, a Delaware limited liability company, and [REDACTED] (“**you**” or “**your**”) with respect to your participation in the Company’s anticipated production of the musical play entitled “_____” (the “**Play**”), for which the book, music and lyrics have been written by [AUTHOR INFORMATION]. The Company currently intends to provide a portion of the financing required for a developmental production of the Play at _____ (the “**Developmental Production**”). Following the Developmental Production, the Company currently intends that it will present the Initial Commercial Production, as further set forth in the limited liability company agreement of the Company, dated as of October 26, 2017 (the “**LLC Agreement**”). You acknowledge that you have had an opportunity to request from the Company, and have received, any information you deem material in entering into this Agreement, and you further understand and agree that any investment made by, or through, you in the Company shall be subject to the terms and conditions of the LLC Agreement and accompanying subscription documents (collectively with the LLC Agreement, the “**Offering Documents**”) that the Company has distributed to you in connection with the offering of investments in the Company, as they may be amended from time to time. Capitalized terms used but not defined herein shall have the meaning set forth in the LLC Agreement. Exhibit A attached hereto is incorporated herein by reference.

1. Investment.

(a) The Company is a limited liability company formed to produce and finance the Initial Commercial Production. The maximum capital to be contributed to the Company by the investing members (the “**Investor Members**”) is \$ _____. Pursuant to the LLC Agreement, each Investor Member shall be entitled to receive a proportionate share of 50% of the “**Adjusted Net Profits**” (as defined in the LLC Agreement) based on the percentage which such Investor Member’s capital contribution to the Company is of the capital contributions of all Investor Members, as adjusted pursuant to the terms of the LLC Agreement (such Investor Member’s percentage, the “**Percentage**”). The managing members of the Company (collectively, the “**Managing Member**”) shall be entitled to receive the remaining 50% of such Adjusted Net Profits of the Company (the “**Manager’s Share**”). You shall invest, and/or cause to be invested by one or more approved third party investors, the sum of \$[REDACTED] in the Company (the “**Investment**”), to be delivered to the Company (by such methods as are permitted in the Offering Documents) as follows: (i) one-third (1/3) upon your execution of this Agreement, (ii) one-third (1/3) no later than _____ (provided that if you execute this Agreement on or after _____, then two-thirds (2/3) will be due upon your execution of this Agreement), and (iii) one-third (1/3) no later than the earlier of (A) three (3) months following the final

performance of the Developmental Production and (B) ten (10) business days following the date that the Managing Member notifies you that it has secured a theatre for the Initial Commercial Production.

(b) You understand and agree that, as a condition to your obtaining the benefits of this Agreement, you shall be required, simultaneously with your execution hereof, to: (i) execute the Offering Documents as an Investor Member, if you are making an investment in the Company, indicating the amount of your investment, and/or (ii) cause each of your investors, if any, to do the same with respect to such investor's investment. You shall notify the Managing Member of the identity of each of your investors, if any, and obtain the Managing Member's written approval thereof, in each case prior to the solicitation of such investors and the Managing Member's acceptance of your Investment and your investors as members of the Company. Notwithstanding anything to the contrary contained herein, you understand that, under the LLC Agreement, the Managing Member has the right to accept or reject any investment (or any portion thereof) or investor in the Managing Member's sole discretion, and the Investment shall consist of only the portion thereof accepted by the Managing Member. The Company shall not accept any investment of less than \$25,000. Unless otherwise expressly provided herein, any reference herein to your or any other investor's right to invest or contribute (or to any investment or contribution made by you or by any other investor) shall be understood to mean a right to invest and/or cause to be invested by third parties (or to the aggregate investment that you or such other investor invests directly and/or causes to be invested by third parties).

(c) In the event the Company timely receives the initial installment of the Investment but does not receive any portion of the remainder of the Investment (such portion, the "**Defaulted Amount**") by the deadlines set forth above, you shall be deemed in default of this Agreement and the Managing Member shall have the right, in its sole discretion, to impose a penalty(ies) on you up to and including full forfeiture of your entitlement to an Interest without the right to a return of any portion of the Investment received by the Company prior to such default (in which case you shall cease to be an Investor Member and shall have no rights under the Offering Documents), which penalty(ies) may include charging interest on the Defaulted Amount at up to the maximum rate allowable by law, obtaining the Defaulted Amount from another investor or other third party and treating such amount as a loan to you (to be repaid with interest at up to the maximum rate allowable by law), using distributions to which you would otherwise be entitled under the Offering Documents to off-set the Defaulted Amount, and/or forfeiture of your share of the Managing Member's profits and/or any other terms to which you are entitled hereunder. The foregoing is without limitation to any other right or remedy at law or equity that may be available to the Company or Managing Member against you in the event of such a default. You shall be liable for any costs and expenses incurred by the Company or the Managing Member in enforcing its rights pursuant to this Paragraph 1(c).

(d) You represent and warrant that you (if you are making an investment in the Company), and each of the investors you cause to invest in the Company (if any), satisfy the requirements of an Accredited Investor, as defined in Rule 501 of Regulation D promulgated under the Act (as defined below). You further represent and warrant that, prior to any written or oral agreement to invest by any of your potential investors, you shall disclose to each such potential investor that you are entitled to receive the compensation and other benefits hereunder on account of such investor's investment, and that you are not recommending that such investor invest solely because you believe it would benefit such investor. You have not made and shall not make any representations, warranties, or other statements to any of your investors or potential investors that are inconsistent with the terms and conditions of this Agreement or the Offering Documents, or that could or do fail to represent accurately the nature of such

investor's investment in the Company or the risks involved therewith. In the event you solicit and/or obtain capital contributions to the Company from any third parties, you shall take such actions as may be required to comply with (i) the Securities Act of 1933, as amended, and any rules or regulation promulgated thereunder (collectively, the "**Act**"); (ii) Article 21-A of the General Business Law of the State of New York and any rules and regulations promulgated thereunder; and (iii) any other applicable laws, rules or regulations, including, without limitation, those relating to the sales of securities.

2. Investor Benefits. In consideration for your timely investing the Investment in the Company, and provided that (A) you are not in breach of this Agreement, and (B) you and your investors, if any, are not in breach of the Offering Documents, the Managing Member hereby agrees as follows with respect to the Initial Commercial Production:

(a) (i) In addition to any aggregate share of Adjusted Net Profits of the Company which is payable to you and/or your investors from the Investor Members' share thereof on account of the Investment (such aggregate share, the "**Investor Share**"), you, but not your investors, shall be entitled to receive an additional share of the Adjusted Net Profits as set forth in Exhibit A (it being acknowledged that such additional share shall depend on the amount of the Investment), payable solely from the Manager's Share after the deduction from the Manager's Share of a so-called "torchbearer share" payable to the Managing Member of 10% of 100% of Adjusted Net Profits (the "**Additional Share**").

(ii) Notwithstanding anything to the contrary in this Paragraph 2(a), any amounts payable under this Paragraph 2(a) from the Manager's Share (A) shall be paid as, when and if received by the Managing Member and subject to all rights of refund, rebate and return that apply to the Manager's Share under the Offering Documents, and (B) shall be paid only to you, and your investors (if any) shall not have any right or title to the Additional Share except as you may separately agree with your investors. Further notwithstanding the foregoing, you will not be entitled to the benefits under this Paragraph 2(a) until you (and each of your investors, if any) have timely executed the Offering Documents with respect to the Investment.

(b) For the official press opening performance of the Initial Commercial Production on Broadway, you will be entitled to the applicable number of complimentary pairs of seats and accompanying party passes for the opening night party, if any, as set forth in Exhibit A. Commencing with the first performance after the official press opening performance of the Initial Commercial Production on Broadway, you shall have the right to purchase house seats for such production from the production pool of house seats available to the Managing Member, at regular box office prices and subject to availability. The tickets available to you from the production pool shall be made available for purchase in accordance with the procedures of the theater's management, which you acknowledge may be on a first-come, first-served basis, and which tickets may be released to the public up to ninety-eight (98) hours prior to the scheduled performances. You agree to maintain and make available to the Company and the Attorney General of the State of New York, and the applicable agency of any other jurisdiction, such records with respect to house seats as may be required to comply with New York law or the laws of any such other jurisdiction.

(c) The terms of any billing you may receive in connection with the Initial Commercial Production shall be as set forth in Exhibit A. The form of your producer credit, if any, shall be mutually agreed upon by you and the Managing Member. In no event shall your investors (if any) be entitled to any form of producer billing. In addition, your approved biography shall appear in the Playbill for the

Initial Commercial Production. Such biography shall be subject to the Managing Member's approval with respect to content and length, and to the standard editing policies of Playbill with respect to length. All other decisions regarding your billing and biography not expressly set forth herein shall be determined by the Managing Member in its sole discretion. No inadvertent failure to provide you with the billing or biography provided for herein shall be deemed a breach of this Agreement, if such inadvertent breach is cured prospectively to the extent reasonably practicable following the Managing Member's receipt of written notice from you in respect thereof.

(d) Commencing with the first paid public performance of the Initial Commercial Production, the Company shall cause you to receive copies of the weekly wrap reports.

(e) You shall have the right to attend all scheduled co-producer meetings in connection with the Initial Commercial Production which any other producer (excluding the Excluded Parties as defined in Paragraph 3 below) is invited to attend, it being understood, however, that the Managing Member shall have the right to make final decisions.

(f) You shall have the right (but not the obligation) to invest up to your Percentage of the aggregate portion of the capitalization which the Company, the Managing Member and/or their respective principals or affiliates (together, the "**Related Parties**") have the right to invest in each additional live stage production of the Play that is produced or co-produced by any Related Party prior to the expiration of the production rights agreement with the Authors that covers the Company's rights to present the Initial Commercial Production (i.e., your investment right under this paragraph shall not apply to any revivals produced by any Related Party), which investment will be on regular investor terms unless such Related Party otherwise agrees. Following delivery to you of the offering documents for any such additional production, you shall have fifteen (15) business days to exercise your investment right hereunder and fully execute the offering documents required in connection with such investment. Your failure to respond within such fifteen (15) business day period shall be deemed a declination to invest. If you elect not to invest in any such additional production, you will have no further investment rights under this Agreement with respect to subsequent additional productions. Furthermore, if you elect to invest a percentage that is less than your full Percentage in any such additional production, then with respect to any subsequent additional production, your right to invest up to your Percentage will be reduced to such lower percentage.

3. Most Favored Nations. The terms accorded to you under Paragraph 2 and Exhibit A hereof will be on a "most favored nations" basis with any other party that invests or causes to be invested in the Company an aggregate sum that is less than or equal to the Investment, except for the Excluded Parties. "**Excluded Parties**" means the following: (a) the Managing Member and any affiliates thereof, (b) front money contributors, (c) rights owners, (d) sponsors receiving title page billing (if any), and (e) if applicable, developmental theaters, theater owners, presenters and any other investors who provide special or unique services in connection with the Initial Commercial Production. For the avoidance of doubt, if the Company or the Managing Member grants the right to provide theatrical goods and services to any other investors who are then currently in the business of providing such theatrical goods and services, such as foreign and domestic presenting rights, merchandise rights, rights in connection with non-equity tours, rights to book first class tours and similar rights, neither the Company nor the Managing Member shall be obligated to provide such rights, nor the economic value of such rights, to you.

4. Indemnification.

(a) You hereby agree to indemnify, defend and hold harmless each of the Company, the Managing Member, and the other Investor Members, their respective affiliates, and the respective principals, officers, directors, employees, successors and/or assigns of any of the foregoing, from and against any loss, liability, damages, amounts paid in settlement, costs and expenses (including reasonable attorneys' fees) incurred by such parties as a result of any third party claims or similar actions (collectively, "**Claims**") arising out of or in connection with (i) your violation of the Act, or any other applicable laws, rules and regulations, (ii) your breach of any of your representations, warranties or agreements hereunder, and/or (iii) any of your other acts or omissions in connection with soliciting, obtaining and/or making an investment in connection with the Initial Commercial Production.

(b) The Company hereby agrees to indemnify, defend and hold harmless you and your affiliates, successors and/or assigns from and against any Claims arising out of or in connection with (i) the Company's violation of the Act or any other applicable laws, rules and regulations, and/or (ii) the Company's breach of any of its representations, warranties or agreements hereunder, unless such Claims are covered by your indemnification set forth above.

5. Insurance. The Company shall name you, at the Company's expense, as an additional insured on any errors and omission and general liability insurance that the Company may obtain to cover the Initial Commercial Production. The Company shall assume the cost of any deductible applicable to losses pertaining to you which are covered under such insurance.

6. Confidentiality. Without limiting your confidentiality obligations under the Offering Documents, you shall not disclose any confidential, sensitive or non-public information obtained through the course of your involvement with any production of the Play, including without limitation any such information relating to any cast or crew member engaged in connection with the Play (including their families) or concerning the business, affairs or transactions of any producer of the Play or investor in the Play (or their families). You shall not issue or authorize any publicity, or engage in any publicity activities, relating to the Play without the prior, written approval of the Managing Member. Furthermore, you shall not, and you shall not authorize any third party to (or provide information to any third party who intends to), disclose, post, upload or otherwise make available any information or materials relating to the Play or any production thereof on or through the Internet or any social media service, including without limitation Facebook, Twitter, Instagram, personal websites, blogs and podcasts, without the Managing Member's prior written approval.

7. Abandonment. The Managing Member shall have the right, in its sole discretion, to abandon the development of the Play and/or the Initial Commercial Production at any time, whether before or after the capitalization of the Company.

8. Notices. Any notice or other communication (collectively, "**notice**") required or permitted to be given to the Company or the undersigned in connection with this Agreement shall be in writing and will be deemed to have been given and received (a) on the date delivered if by courier or other means of personal delivery, (b) on the date sent by email if sent before close of business on a Business Day, or the next Business Day if sent thereafter, (c) on the next Business Day after being sent by a nationally recognized overnight mail service in time for and specifying next day or next Business Day delivery (or if delivery is not specified to be made until a later date, on such later date), or (d) on the fifth (5th) day

after mailing by United States Post Office certified or registered mail, in each case postage prepaid and with any other costs necessary for delivery paid by the sender. Any such notice must be given, if to the Company, to the Company at its principal place of business, and if to you, to your address set forth on the signature page of your subscription documents. Any party may by notice pursuant to this paragraph designate any other address as the new address to which notice must be given. A copy (which shall not constitute notice) of all notices to Company hereunder shall be sent to Loeb & Loeb LLP, 345 Park Avenue, New York, New York 10154, Attn: Stefan Schick, Esq.

9. Arbitration. Any controversy or claim arising out of, or relating to this Agreement, or any alleged breach hereof or the validity hereof shall be settled solely by arbitration before a single arbitrator with expertise in the live stage theatrical industry in New York, New York, in accordance with the rules then obtaining of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in the highest court of the forum, state or federal, having jurisdiction thereof. You hereby waive any right to seek or receive any equitable relief, including without limitation injunctive relief, in the event of a breach or claim arising out of or relating to this Agreement or with respect to any matter regarding the Play or the production and/or exploitation of the Play.



10. Miscellaneous.

(a) This Agreement shall inure to the benefit of and shall be binding upon the parties and their respective heirs, executors, administrators, legal representatives, successors and permitted assignees. The Company may assign this Agreement or its rights hereunder to any other person or entity, provided that such assignee assumes the Company's obligations to you hereunder in writing. You shall not assign this Agreement to any party without the Company's prior written consent, and any purported assignment prohibited hereby shall be null and void.

(b) Nothing contained in this Agreement shall be deemed to make you or any of your investors a partner or joint venturer with the Company or the Managing Member in connection with any production of the Play, and you and your investor(s) agree that as between you and the Managing Member, the Managing Member's decision shall control with respect to any artistic or business decision in connection with the Developmental Production, the Initial Commercial Production or the exploitation of any other rights in the Play held by the Managing Member or the Company. Furthermore, nothing contained herein shall be deemed to grant you any ownership rights in and to the Play, the Developmental Production, the Initial Commercial Production, or any other production of the Play.

(c) If you fail to cause the Company to receive the Investment by the applicable deadlines set forth in Paragraph 1(a), if you are otherwise in breach of this Agreement, or if you and/or your investors, if any, are in breach of the Offering Documents, then the Company shall not be required to provide you with any of your entitlements hereunder and, in addition to any other remedies available to the Company at law or in equity, the Company may terminate this Agreement upon written notice to you.

(d) If any provision of this Agreement is held to be invalid or unenforceable, all of the other provisions shall nevertheless continue in full force and effect. No waiver by either party of any rights or remedies hereunder shall be deemed to be a waiver of such rights or remedies in the future or a waiver of any other rights and remedies hereunder.

(e) This Agreement, when signed by the parties hereto, shall constitute a binding agreement between the Company and you. This Agreement is made in, and shall be governed by and construed in accordance with, the law of the State of New York applicable to agreements made and entirely to be performed in that State. Subject to the provisions of Paragraph 9 above, each of the parties hereto irrevocably agrees to submit to the exclusive jurisdiction and venue of the state and federal courts located in New York City for all purposes arising under and in connection with this Agreement.

(f) This Agreement embodies the full and complete understanding of the parties hereto, supersedes all prior oral and written agreements relating to the subject matter hereof (other than the Offering Documents), and may only be modified, waived or amended by a written agreement signed by the parties hereto. To the extent there is any conflict between this Agreement and the Offering Documents, this Agreement shall control.

(g) The paragraph headings herein are for convenience of reference only and do not in any way define or interpret the intent of the parties or modify or otherwise affect any of the provisions hereof and shall not have any effect on the construction or interpretation of this Agreement.

(h) This Agreement may be executed in several counterparts, all of which when signed shall constitute a single agreement. Facsimile, PDF or similar copies of signatures shall be valid and binding.

[Signatures on following page.]

If this letter correctly sets forth your understanding, please sign in the appropriate space below to indicate your agreement to and acceptance of the terms hereof.

Yours truly,

_____ LLC

By: _____,
A Managing Member

By: _____
An Authorized Officer

AGREED TO AND ACCEPTED:

[INVESTOR]

By: _____
Name:
Title:

EXHIBIT A
Investor Benefits

<u>Investment</u>	<u>Additional Share¹</u>	<u>Opening Night Tickets for the Initial Commercial Production on Broadway²</u>	<u>Billing³</u>
\$1,000,000 or more	1 for 2	6 pairs	Co-Producer billing, above the title
\$500,000 to \$999,999	1 for 3	4 pairs	Co-Producer billing, above the title
\$250,000 to \$499,999	1 for 4	2 pairs	Co-Producer billing, above the title

¹ The Additional Share for your Investment is equal to:

- (1) your percentage of the total capitalization based on your Investment, multiplied by
- (2) 50% of Adjusted Net Profits (i.e., the Manager's Share), less an aggregate torchbearer share of 10% of 100% of Adjusted Net Profits, and further multiplied by
- (3) the following percentage for each applicable deal: for a "1 for 2" deal, 50%; for a "1 for 3" deal, 33.33%; for a "1 for 4" deal, 25%.

Solely by way of example, if your Investment is \$500,000, and if the total capitalization of the Company is \$11,300,000, then you and/or your investors would be entitled to an aggregate 4.425% of the Investor Members' 50% share of Adjusted Net Profits, if any, equaling 2.212% of 100% of Adjusted Net Profits, and you (but not your investors) would also be entitled to an additional 0.59% of 100% of Adjusted Net Profits of the Company payable from the Manager's Share (i.e., 4.425% × 40% (i.e., the 50% Manager's Share less the torchbearer share of 10%) × 33.33% (i.e., the 1 for 3 deal)).

² All tickets will be in locations determined by the Managing Member in its sole discretion, accompanied by a complimentary party pass for each seat used if there is an opening night party following the performance. Additionally, the Company shall make available one pair of tickets to the official press opening of the Initial Commercial Production on Broadway in locations determined by the Managing Member in its sole discretion with corresponding complimentary party passes to the opening night party, if any, for each of your approved third party investors contributing a minimum of \$25,000 to the Company.

³ Your billing will appear above the title in the Playbill, in at least the same style, size, type and prominence of the co-producer credit accorded to any other person, and provided that no other producer's billing (except the Managing Member or its principals) shall precede your billing unless such producer (i) contributed a greater amount to the Company than your Investment, (ii) contributed the same amount as your Investment and precedes your name alphabetically and/or (iii) is an Excluded Party, as defined in Paragraph 3 of the Agreement.