

Post Production

BIDDING & ESTIMATES

The bid provided by the editorial company is an estimate based on the project specifications provided by the agency. In the event the project specifications change in any material respect, such change should be confirmed in writing by both the editorial company and the agency. Acknowledgement of a change in specifications by a producer or other representative of the agency shall constitute agency's agreement to pay any additional costs occasioned by the change at a rate and with mark-up consistent with the original estimate.

Firm Bid

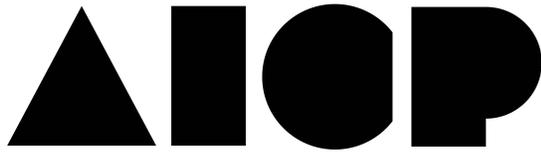
Under this system, editorial companies submit a proposal including a summary of costs. Once details of the approach and the parameters of the expected work are agreed upon and the proposal is accepted, it becomes the contract price for the job, barring a change in specifications. There are no accounting obligations to the contracting client by the editorial company for the actual costs incurred. It is standard industry practice that contracting client producers have the authority to approve changes in specifications and corresponding adjustments to the contract price.

Cost Plus

Under this system, editorial companies submit a proposed bid to include the number of labor and offline hours/days to be booked. This proposal also includes an estimate of costs to finish the commercials. When the job is actualized, the contract price becomes the actual cost incurred, plus mark-up. Labor and offline are billed as incurred. Finishing and out of pocket costs are billed as used.

Cost Plus Fixed Fee

Under this system, editorial companies submit a proposed bid to include the number of labor and offline hours/days to be booked. This proposal also includes an estimate of costs to finish the commercials. When the job is actualized, the contract becomes the actual cost incurred, plus a fixed fee. Labor and offline are billed as incurred, but not less than time booked. Finishing and out of pocket costs are billed as used.



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CANCELLATION/POSTPONEMENT

When the Editorial Company blocks out a specific period of time, this represents an agreement with the agency and/or advertiser that the Editorial Company will make no further attempt to sell that block of time-that belongs to the agency or advertiser. If within the framework of the Guideline times specified below, e.g., less than five working days, etc., a job is cancelled or postponed, then it is unlikely that the time can be resold.

The Editorial Company acknowledges, however, its obligation and desire to make all reasonable efforts to sell canceled or postponed time to another agency or advertiser. If time is resold, then there is an obvious area for discussion regarding the extent of cancellation/postponement charges to be assessed.

1 to 5 working days

If notice of cancellation or postponement is given within one to five working days prior to the scheduled starting date, the agency/client will be liable to the Editorial Company for:

- All out-of-pocket costs.
- Editorial labor/creative fee as bid
- 100% of mark up as bid
- 100% of booked AVID time

6 to 10 working days

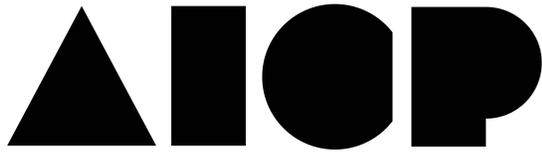
If notice of cancellation or postponement is given within six to ten working days prior to the scheduled starting date, the agency/client will be liable to the Editorial Company for:

- All out of pocket costs
- Editorial labor/creative fee as bid
- 50% of markup as bid
- 50% of booked AVID time

More than 10 working days

If notice of cancellation or postponement is given more than ten working days prior to the scheduled starting date, the agency/client will be liable to the editorial Company for:

- All out of pocket costs
- Editorial labor/creative fee as bid
- A service charge of not less than 15% of total bid price



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PAYMENT GUIDELINES

Unless other payment terms are agreed to in advance, invoices shall be paid in full not later than 30 days after the invoice date. Invoices that are not paid by the due date shall bear interest on the unpaid balance at the rate of 1 1/2% per month from the date of the invoice until paid in full. These payment terms should be included on the face of the invoice and in any other written documents exchanged between the editorial company and the agency.

Each payment guideline is designed so that the first payment is made to the editorial company upon booking of a job by an agency. It is recommended that if payment is not made as agreed, the editorial company may reevaluate the ability of the contracting client to meet its contractual obligations. Failure to make prompt payment, as set forth in the contract between the editorial company and the contracting client, is a breach of contract. This gives the editorial company recourse to the cancellation of provisions set forth therein. In the event that the contracting client is an agency and is in default of any payment, it is recommended that the editorial company notify and forward duplicate invoices to the advertiser. Each editorial company should consider adoption of a payment policy consistent with good-faith business practices.

The 50-25-25 plan

- 50% of the contract price is due and payable upon delivery of dailies by the production company or award of the job to the post-production company.
- 25% of the contract price is due and payable upon approval of the rough-cut by the agency.
- 25% of the contract price is due and payable upon delivery of the master.
- Overages are due upon agency receipt and approval of final actuals.

The 60-30-10 plan

- 60% of the contract price is due and payable upon delivery of dailies by the production company or award of the job to the post-production company.
- 30% of the contract price is due and payable upon approval of the rough-cut by the agency.
- 10% of the contract price is due and payable upon delivery of the master.
- Overages are due upon agency receipt and approval of final actuals.

The 50-50 plan

- 50% of the contract price is due and payable upon delivery of dailies by the production company or award of the job to the post-production company.
- 50% of the contract price is due and payable upon delivery of the master.
- Overages are due upon agency receipt and approval of final actuals.



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OVERAGES

To the extent reasonably feasible, cost overages shall be agreed to in writing by the client before the editorial company proceeds with the work in question. If prior written approval is not feasible, the editorial company shall promptly confirm the overage in writing. The approval of an overage by an agency representative shall constitute an agreement by the agency to pay for the overage at the rate specified in the estimate or at the rate specified at the time the overage is to be incurred, together with mark-up on the overage at the applicable rate, if any, specified in the estimate.