# FORM S-1

General form of registration statement for all companies including face-amount certificate companies

Filing Date: **2019-01-14**
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(HTML Version on secdatabase.com)

## FILER

**PCI Media, Inc.**
CIK:**1755250**| IRS No.: **832105853** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **S-1** | Act: **33** | File No.: **333-229248** | Film No.: **19525275**
SIC: **7812** Motion picture & video tape production

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As filed with the U.S. Securities and Exchange Commission on January 14, 2019

Registration No. 333-

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
# Washington, D.C. 20549

**FORM S-1**
**REGISTRATION STATEMENT**
**UNDER**
**THE SECURITIES ACT OF 1933**

## PCI MEDIA, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **7812** | **83-2105853** |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

**523 Victoria Avenue**
**Venice, California 90291**
**(310) 577-9100**

(Address, including zip code, and telephone number, including area code, of registrant' s principal executive offices)

**D. Hunt Ramsbottom Jr.**
**Chief Executive Officer**
**PCI Media, Inc.**
**523 Victoria Avenue**
**Venice, California 90291**
**(310) 577-9100**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

**Copies to:**

| **Anthony J. Richmond, Esq.**<br>**David A Zaheer, Esq.**<br>**Latham & Watkins LLP**<br>**140 Scott Drive**<br>**Menlo Park, California 94025**<br>**(650) 328-4600** | **John D. Hogoboom, Esq.**<br>**Lowenstein Sandler LLP**<br>**1251 Avenue of the Americas**<br>**New York, NY 10020**<br>**(212) 262-6700** |
|---|---|

**Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☒ |
| | | Emerging growth company | ☒ |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

## CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Proposed Maximum Aggregate Offering Price(1)(2)(3) | Amount of Registration Fee |
|---|---|---|
| Common Stock, par value $0.001 per share | $17,250,000 | $2,090.70 |
| Underwriters' Warrants to Purchase Common Stock(4) | – | – |
| Common Stock Underlying Underwriters' Warrants(5) | $1,380,000 | $167.26 |
| Total | $18,630,000 | $2,257.96 |

(1) Includes offering price of any additional shares that the underwriters have the option to purchase.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended (the "Securities Act").

(3) Pursuant to Rule 416 under the Securities Act, the securities being registered hereunder include such indeterminate number of additional securities as may be issuable to prevent dilution resulting from stock splits, stock dividends or similar transactions.

(4) In accordance with Rule 457(g) under the Securities Act, because the shares of the registrant' s common stock underlying the Underwriters' Warrants are registered hereby, no separate registration fee is required with respect to the warrants registered hereby.

(5) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g) under the Securities Act. The registrant has agreed to issue Underwriters' Warrants exercisable within five years after the effective date of this registration statement representing 8% of the securities issued in this offering to Roth Capital Partners, LLC. The Underwriters' Warrants are exercisable at a per share exercise price equal to 115% of the public offering price. The initial issuance of the Underwriters' Warrants and resales of shares of common stock issuable upon exercise of the Underwriter Warrants are registered hereby. See "Underwriting – Underwriters' Warrants."

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED , 2019**

**PRELIMINARY PROSPECTUS**

# PCI Media, Inc.

**Shares of Common Stock**

This is an initial public offering of securities of PCI Media, Inc. We are offering to sell shares of our common stock, par value $0.001 per share.

Prior to this offering, there has been no public market for our securities. We estimate that the initial public offering price per share will be between $ and $ . We intend to apply to list our common stock on The Nasdaq Capital Market under the symbol "PCIM".

We are an "emerging growth company" as defined under federal securities laws and, as such, have elected to comply with certain reduced public company reporting requirements. See "Prospectus Summary – Implications of Being an Emerging Growth Company".

**Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 12 of this prospectus.**

The offering is being underwritten on a firm commitment basis. We have granted the underwriters an option to purchase up to an additional shares of our common stock to cover over-allotments, if any. The underwriters may exercise this option at any time and from time to time during the thirty (30) day period from the date of this prospectus.

| | Per Share | Total |
|---|---|---|
| Initial public offering price | $ | $ |
| Underwriting discount(1) | $ | $ |
| Proceeds, before expenses(1) | $ | $ |

(1) See "Underwriting" for additional information regarding underwriting compensation.

We have agreed to issue warrants exercisable within five years after the effective date of this registration statement representing 8% of the securities issued in this offering to Roth Capital Partners, LLC. The warrants will be exercisable at a per share exercise price equal to 115% of the initial public offering price. See "Underwriting – Underwriters' Warrants."

**Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

Delivery of the shares is expected to be made on or about , 2019, subject to customary closing conditions.

## Roth Capital Partners

Prospectus dated , 2019

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**We have not authorized anyone to provide you with different information, and we take no responsibility for any other information others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than its date.**

**Persons who come into possession of this prospectus and any free writing prospectus we may authorize for use in connection with this offering in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus and any such free writing prospectus applicable to that jurisdiction.**

## Trademarks, Trade Names and Service Marks

PCI Media, Psyop and Content & Co. and our other registered or common law trademarks, service marks or trade names appearing in this prospectus are the property of PCI Media, Inc. or one of its subsidiaries. Other trademarks, service marks or trade names appearing in this prospectus are the property of their owners. We do not intend our use or display of other companies' trade names or trademarks to imply a relationship with, or endorsement or sponsorship of us by, any other companies. We have omitted the ® and ™ designations, as applicable, for the trademarks used in this prospectus.

## Market, Industry and Other Data

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market size, is based on reports from various sources, including those set forth below. Because this information involves a number of assumptions and limitations, you are cautioned not to give undue weight to such information. Information based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. In some cases, we do not expressly refer to the sources from which data is derived. The content of the below sources, except to the extent specifically set forth in this prospectus, does not constitute a portion of this prospectus and is not incorporated herein.

- Worldwide Ad Spending, eMarketer' s Updated Estimates and Forecasts for 2015-2020; October 2016;
- Advertising Expenditure Forecasts, Zenith, September 2018;
- Advertising Forecasts Fall Update, MAGNA, September 2018;
- Forbes Marketing Accountability 2017;
- All Eyes on Digital Video, AOL Advertising, April 2017; and
- Worldwide Semiannual Augmented and Virtual Reality Spending Guide, International Data Corporation (IDC), May 2018.

In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section captioned "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

## PROSPECTUS SUMMARY

*This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our common stock. You should read this entire prospectus carefully, including the sections titled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our consolidated financial statements and the related notes included elsewhere in this prospectus before making an investment decision.*

*PCI Media, Inc. was recently formed as a Delaware corporation. At or prior to the closing of this offering, the members of Psyop Media Company, LLC will contribute their membership interests in Psyop Media Company, LLC to PCI Media, Inc. in exchange for shares of common stock of PCI Media, Inc., and Psyop Media Company, LLC will become a wholly owned subsidiary of PCI Media, Inc. We refer to this contribution transaction as the "Contribution Transaction." Unless the context otherwise requires, the terms "the Company," "we," "us" and "our" refer to (i) upon completion of this offering, PCI Media, Inc. and, unless otherwise stated, all of its subsidiaries, including Psyop Media Company, LLC and (ii) prior to the completion of this offering, Psyop Media Company, LLC and, unless otherwise stated, all of its subsidiaries.*

### Our Company

We are a media company that creates innovative and award-winning content for some of the world's most well-known brands. We create content for commercials, television series, digital and social media, experiential and influencer platforms and virtual reality (VR) and augmented reality (AR) experiences. We believe our content is highly creative, engages large audiences and influences their behavior. Our work has generated billions of views and impressions on digital platforms and has reached television audiences in over two hundred countries. Our commercial content is broadcasted regularly during the world's largest televised events, including the Olympic Games, the World Cup and the Super Bowl.

Over the past 18 years, we believe we have consistently delivered iconic and effective content for our customers, including many blue-chip brands. We have produced content for brands across major industry groups, including: automotive; consumer products; technology; games; food; beverage; footwear; apparel; media; telecom; finance; hospitality; and energy.

We have won numerous awards and accolades for our creative work, including Cannes Lions, Clio Awards, Effie Awards and an Emmy Award.

Our primary product offerings include:

***Commercial content:*** We produce animated television commercials, including animated and computer graphics (CG) content. We also produce live action and mixed media commercials. We presently generate substantially all of our revenues from the production of commercial content.

***Branded entertainment:*** Through our subsidiary, Content & Co., we create, develop, produce and distribute for our brand clients original short- and long-form content in which our client's brands are integrated into the content. The content we create can be used on television, digital and social media, experiential and influencer platforms.

***VR and AR:*** We produce VR and AR live action, animation and mixed media content. We create VR experiences that can be used on many commercially available VR platforms, such as Samsung VR Gear, Google Daydream, Playstation VR and Oculus Home for Rift.

We believe our competitive strengths include:

***Excellent reputation:*** Over the past 18 years, we believe we have earned an excellent reputation for our creative ability, innovation, execution and on-time delivery of complex and challenging media content.

***Our creative storytelling capabilities:*** We believe our creative content turns ideas into visual, relatable stories that resonate with consumers and influences their behavior. We believe that our years of experience and access to creative talent allow us to tell compelling stories whether in six seconds or 22 minutes.

***Diverse, creative talent base:*** We employ or represent over 20 directors and over 80 designers, technical directors and other artists who we believe deliver a unique combination of creative direction (character, world and story development) and execution (unique and high quality imagery and related production content).

***Strong relationships with advertising agencies and brands:*** We have produced highly successful and creative advertising campaigns for our customers, many of which are global brands which we believe have allowed us to develop long-standing, strong relationships with leading advertising agencies and brands. We are often commissioned to create multiple campaigns for brands over many years, acting as the go-to production company for these clients. In addition, despite that some of our competitors are larger than us, we have been able to compete effectively with them and win projects from new and existing clients.

***Strong relationships with film, television and digital production companies:*** We maintain Production Overall Deals (PODs) with award-winning production companies in film, television and digital series. In PODs, we manage development and distribution of content created by production companies. PODs enable us to extend and diversify our creative capabilities and provide access to additional talent for our clients.

***End-to end solution:*** We have developed in-house production processes that enable us to serve as a one-stop-shop, providing a full suite of solutions to the advertising industry and brands. We are able to conduct a project from concept through design and all stages of production using in-house and contracted creative talent when necessary.

**Our Industry**

We create branded advertising content primarily for television, digital and other advertising platforms.

***The global advertising market is large and growing.*** Global advertising spending was a $591 billion global market in 2017, projected to grow to $724 billion in 2020, according to eMarketer. The U.S. is currently our customers' primary target market. eMarketer forecasts that the U.S. will have the largest share of global advertising spending in 2020, which it estimates will be $243 billion. As our business grows, we expect to capitalize on the large and expanding demand for services such as ours.

***Television spending continues to be strong***. Television has historically been the single largest advertising medium worldwide. Zenith forecasts that television advertising in the U.S. peaked in 2017 at $69 billion and will decline slightly to $66 billion in 2020. Television and online video together are becoming more important to advertisers seeking to build brands than either form alone.

***Digital advertising spending is increasing.*** Digital technologies have transformed media consumption, viewing habits and social interaction. Content is being viewed at ever-increasing rates on wired and wireless smart devices across the globe. In 2017, global digital advertising spending surpassed global television advertising spending for the first time, according to MAGNA. MAGNA projects that, in 2018, U.S. digital advertising spending will exceed $100 billion and will account for half of total U.S. advertising sales for the first time. MAGNA projects that U.S. digital advertising sales will be $163 billion by 2023.

***Creative short-form video content attracts audiences.*** Given the proliferation of entertainment channels, capturing the attention of audiences is becoming increasingly challenging. We believe that brands are seeking creative content in short-form video that includes animation and mixed media to evoke emotions that resonate with viewers. According to AOL Advertising, while online video consumption is increasing across all video lengths, short-form video is growing the fastest. According to AOL Advertising, 59% of consumers watch videos that are under one minute long every day.

***VR and AR are poised for considerable growth.*** International Data Corporation, or IDC, forecasts worldwide revenues for the VR and AR markets to reach $27 billion in 2018, an increase of 92% from 2017. According to IDC, VR and AR spending is expected to achieve a compound annual growth rate of 72% worldwide, and 99% in the U.S., over the 2017-2022 forecast period. While a large majority of the growth in spending is expected to be dedicated to gaming applications, hardware and equipment, IDC suggests that producers are quickly moving beyond games to create new content mainstream audiences will embrace.

**Our Growth Strategy**

We intend to build upon our proven ability to aggregate large audiences for brands by continuing to make compelling content that is viewable on both traditional and new platforms. We have begun to implement the growth strategies described below, and expect to continue to do so over the several years following this offering. Although the net proceeds of this offering will be available to assist us to implement our growth strategies, we cannot estimate the ultimate amount of capital needed to achieve our expected growth. We may need additional capital to implement these strategies, particularly in the event we pursue acquisitions of complementary businesses or technologies.

We intend to grow our business by:

***Capitalizing on market trends in advertising and digital media:*** We believe our long history of creating award-winning content for television provides us with the expertise to continue to capture television advertising spending. We also believe our expertise in delivering entertaining, narrative-based short-form video content positions us well for the expected growth in digital advertising. We intend to build our core business by leveraging the increased use of animation and visual effects to differentiate marketing messages and capture audiences in the growing digital media market.

***Implementing client service teams:*** We believe we can increase recurring work from our existing clients with a more client-focused approach to delivering our services. We are hiring account directors with knowledge of the needs of brands in key industries so that we can collaborate more closely with brands and the advertising agencies. By doing so, we believe we can get involved earlier and more intimately in a particular pitch.

***Expanding direct-to-brand sales:*** Brands are increasingly working directly with content creators, bypassing advertising agencies. We believe this industry disruption is being caused by the desire of brands to obtain greater cost-effectiveness, transparency and control over customer data. We believe that we can increase our direct-to-brand sales by increasing business development efforts with brands. We recently reorganized our sales organization to include a specific focus on brand management.

***Growing through acquisitions:*** We believe that the highly fragmented content creation media industry, which is comprised primarily of small-to-medium-sized private companies, provides us with significant opportunities to grow our business through acquisitions. We intend to pursue acquisitions that provide services within our current core product offerings, extend our geographic reach and expand our product offerings.

***Cross-selling services:*** Our ability to produce diverse, engaging content across various media platforms allows us to offer clients a one-stop-shop for all of their content needs. We intend to cross-sell our various capabilities to drive additional revenue from existing clients and to seek to win new clients.

***Further developing intellectual property:*** We intend to build upon our success in developing original series that we own and license to brands, networks and major and new digital media studios. When we develop an original series, we retain the copyright of that content. By licensing to other platforms portions of the content from original series that we develop, we can create additional revenue streams from development fees, brand license fees, distribution license fees and ancillary sources (such as from foreign viewership).

***Expanding our geographic presence:*** We believe that by expanding our physical presence into select international regions, we will be better able to attract and retain internationally-based brands as clients. With a physical presence outside of the U.S., we believe we can provide better customer service and offer local talent who can work more intimately with internationally-based brands than we can from our offices in the U.S.

***Expanding our talent roster:*** We intend to continue to seek to attract and retain world-class creative and technical talent, thereby increasing our ability to win jobs and build brand equity through additional high quality creative content. We believe that our reputation and our client base will allow us to continue to attract top creative talent.

**Summary Risk Factors**

Our business is subject to numerous risks and uncertainties, including those in the section entitled "Risk Factors" and elsewhere in this prospectus. These risks include, but are not limited to, the following:

- our limited visibility into the timing and certainty of future projects;
- the potential loss of business from advertising agencies, including as a result of reductions of business from the brands they represent;
- our ability to successfully execute our growth and acquisition strategy and manage effectively our growth;
- fluctuations in production schedules and project volumes may cause our revenues and cash flows to vary from quarter to quarter;
- changes in the competitive environment in our industry and the markets we serve, and our ability to compete effectively;
- our dependence on a strong brand image;
- our cash needs and the adequacy of our cash flows and earnings;
- our dependence upon our executive officers, founders and key employees;
- our ability to attract and retain qualified personnel;
- the effects of restrictions imposed by our indebtedness on our current and future operations;
- our reliance on our technology systems, the impact of technological changes and cybersecurity risks;
- our ability to protect our trademarks or other intellectual property rights;
- insiders, including our executive officers, employees, and directors and their affiliates, will together hold approximately % of the voting power of our outstanding capital stock (or % if the underwriters' over-allotment option to purchase additional shares in this offering is exercised in full), and therefore will continue to have substantial control over our company after this offering which could limit your ability to influence the outcome of key decisions, including a change of control; and
- increased costs as a result of being a public company.

**Corporate Information**

Psyop, Inc. was founded in April 2000. On January 1, 2012, in connection with a corporate restructuring, Psyop, Inc. and its affiliate, Psyop Services, LLC, contributed all of their assets and liabilities to Psyop Media

Company, LLC. We were formed in October 2018 as a Delaware corporation. In December 2018, we changed our name from ZZZ Media Holdings, Inc. to PCI Media, Inc. Our principal executive offices are located at 523 Victoria Avenue, Venice, California 90291, and our telephone number is (310) 577-9100. Our website address is www.psyop.com. The information on or that can be accessed through our website is not incorporated by reference into this prospectus, and you should not consider any such information as part of this prospectus or in deciding whether to purchase our common stock.

**Implications of Being an Emerging Growth Company**

We are an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We will remain an emerging growth company until the earlier of (1) the last day of the year following the fifth anniversary of the consummation of this offering, (2) the last day of the year in which we have total annual gross revenue of at least $1.07 billion, (3) the last day of the year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our common stock held by non-affiliates exceeded $700 million as of the last business day of the second fiscal quarter of such year or (4) the date on which we have issued more than $1 billion in non-convertible debt securities during the prior three-year period. An emerging growth company may take advantage of specified reduced reporting requirements and is relieved of certain other significant requirements that are otherwise generally applicable to public companies. As an emerging growth company:

- we are presenting herein only two years of audited consolidated financial statements and related management' s discussion and analysis of financial condition and results of operations;
- we will avail ourselves of the exemption from the requirement to obtain an auditor attestation report from our auditors on the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002, or Sarbanes Oxley;
- we will provide less extensive disclosure about our executive compensation arrangements; and
- we will not be required to hold stockholder non-binding advisory votes on executive compensation or golden parachute arrangements.

In addition, under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act.

As a result, the information that we provide to our stockholders may be different than the information you might receive from other public reporting companies in which you hold equity interests.

**THE OFFERING**

| | |
|---|---|
| Common stock we are offering | shares |
| Common stock outstanding immediately after this offering | shares |
| Underwriters' over-allotment option | shares |
| Use of proceeds | We estimate that the net proceeds from the sale of the common stock in this offering will be approximately $ million, based upon the initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus), after deducting the underwriting discount and estimated offering expenses payable by us. If the underwriters' over-allotment option to purchase additional shares in this offering is exercised in full, we estimate that the net proceeds will be approximately $ million, after deducting the underwriting discount and estimated offering expenses payable by us.<br><br>The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock and to facilitate future access to the public equity markets for us and our stockholders. We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes. We may use a portion of such net proceeds to acquire complementary businesses or technologies. However, we do not have agreements or commitments for any acquisitions at this time. |
| Dividend policy | We currently do not intend to declare or pay any cash dividends in the foreseeable future. Any determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, contractual restrictions and other factors that our board of directors considers relevant. See "Dividend Policy" for further information. |
| Proposed trading symbol | "PCIM". |

The total number of shares of our common stock that will be outstanding after this offering is based on shares of our common stock outstanding as of September 30, 2018 and includes shares, and excludes, as of September 30, 2018, shares of common stock reserved for future grant or issuance under our 2019 Incentive Award Plan, or our 2019 Plan, which will become effective in connection with the completion of this offering.

Except as otherwise indicated, all information in this prospectus assumes:

- the completion of the Contribution Transaction;
- no exercise by the underwriters of their over-allotment option to purchase additional shares; and
- the filing and effectiveness of our amended and restated certificate of incorporation and the effectiveness of our amended and restated bylaws in connection with our initial public offering.

We estimate that we will issue shares of our common stock in the Contribution Transaction based upon an initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus). A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the number of shares of our common stock we estimate that we will issue in the Contribution Transaction by . Assuming that the initial public offering price remains the same, an increase (or decrease) in the number of shares offered by us in this offering would not increase (or decrease) the number of shares we will issue in the Contribution Transaction.

## SUMMARY CONSOLIDATED FINANCIAL DATA

The consolidated statements of operations data for the years ended December 31, 2017 and 2016 and the consolidated balance sheet data as of December 31, 2017 and 2016 are derived from our audited consolidated financial statements included elsewhere in this prospectus. The consolidated statements of operations data for the nine months ended September 30, 2018 and 2017 and the consolidated balance sheet data as of September 30, 2018 are derived from our unaudited condensed consolidated financial statements included in this prospectus. The unaudited condensed consolidated financial statements are prepared on a basis consistent with that used to prepare our audited consolidated financial statements and include, in the opinion of management, all adjustments, consisting of normal recurring items, necessary for a fair presentation of the consolidated financial statements.

You should read this data together with our audited consolidated financial statements and related notes, as well as the information under the caption "Management' s Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus. Our historical results are not necessarily indicative of our future results, and results for any interim period below are not necessarily indicative of results for the full year.

| | Unaudited Nine Months Ended September 30, | | Year Ended December 31, | |
|---|---|---|---|---|
| (Dollars in thousands except per share data) | 2018 | 2017 | 2017 | 2016 |
| **Consolidated Statement of Operations Data:** | | | | |
| Net sales | $ 43,051 | $ 46,302 | $ 61,962 | $ 62,863 |
| Cost of sales | 34,084 | 33,928 | 45,273 | 45,895 |
| Gross profit | 8,967 | 12,374 | 16,690 | 16,968 |
| Selling, general and administrative expenses | 10,850 | 12,098 | 16,184 | 17,849 |
| Operating income (loss) | (1,883) | 276 | 505 | (881) |
| Other income (expense): | | | | |
| Interest income | 22 | 7 | 7 | 2 |
| Interest expense | (115) | (114) | (161) | (183) |
| Other expense | (43) | (96) | (137) | (181) |
| | (136) | (203) | (291) | (362) |
| Income (loss) before income tax benefit (expense) | (2,019) | 73 | 215 | (1,243) |
| Income tax benefit (expense) | 114 | (19) | (17) | 71 |
| Income (loss) before income from equity method investment | (1,905) | 54 | 198 | (1,172) |
| Income from equity method investment | 133 | - | - | - |
| Net income (loss) | $ (1,772) | $ 54 | $ 198 | $ (1,172) |
| Other comprehensive income | | | | |
| Foreign currency translation gain (loss) | (1) | 4 | 18 | 38 |
| Comprehensive income (loss) | $ (1,773) | $ 58 | $ 216 | $ (1,134) |

| (Dollars in thousands except per share data) | Unaudited Nine Months Ended September 30, 2018 | Unaudited Nine Months Ended September 30, 2017 | Year Ended December 31, 2017 | Year Ended December 31, 2016 |
|---|---|---|---|---|
| **Pro forma information (unaudited):(1)** | | | | |
| Net income (loss) before pro forma provision for income taxes | $ | | $ | |
| Pro forma provision for income taxes | | | | |
| Pro forma net income (loss) | $ | | $ | |
| Pro forma net income (loss) per share: | | | | |
| Basic | $ | | $ | |
| Diluted | $ | | $ | |
| Pro forma weighted average shares outstanding: | | | | |
| Basic | | | | |
| Diluted | | | | |
| **Non-GAAP Measure:** | | | | |
| Adjusted EBITDA(2) | $ (292) | $ 1,583 | $ 2,155 | $ 1,121 |

| (Dollars in thousands) | Unaudited As of September 30, 2018 | As of December 31, 2017 | As of December 31, 2016 |
|---|---|---|---|
| **Consolidated Balance Sheet Data:** | | | |
| Cash | $ 3,319 | $6,241 | $8,206 |
| Total assets | 18,396 | 19,530 | 20,163 |
| Total liabilities | 16,264 | 14,915 | 11,148 |
| Long-term debt, net of current portion | 3,189 | 3,752 | 1,450 |
| Total members' equity | 2,132 | 4,616 | 9,015 |

(1) Unaudited pro forma provision for income taxes, net income and per share information give effect to the Contribution Transaction.

(2) In addition to our results determined in accordance with GAAP, we have presented Adjusted EBITDA, which is a non-GAAP measure. The following table presents a reconciliation of Adjusted EBITDA to net income (loss) for each of the periods indicated:

| | Nine Months Ended September 30, | | Year Ended December 31, | |
|---|---|---|---|---|
| (Dollars in thousands) | 2018 | 2017 | 2017 | 2016 |
| Net income (loss) | $(1,773) | $58 | $198 | $(1,172) |
| Interest expense, net | 93 | 107 | 154 | 181 |
| Depreciation and amortization | 990 | 1,333 | 1,706 | 2,112 |
| Equity based compensation(a) | - | 85 | 85 | - |
| Initial public offering costs(b) | 398 | - | 12 | - |
| Adjusted EBITDA | $(292) | $1,583 | $2,155 | $1,121 |

(a) Non-cash charges related to equity-based compensation.
(b) One-time costs relating to this offering.

We use Adjusted EBITDA to understand and evaluate our business. Accordingly, we believe Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors.

Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our financial results as reported under GAAP. Some of these limitations are as follows:

- although depreciation and amortization expense are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA, or similarly titled measures differently, which reduces its usefulness as a comparative measure.

Because of these and other limitations, you should consider Adjusted EBITDA along with other GAAP-based financial performance measures, including cash flows from operating activities, investing activities and financing activities, net income (loss) and our other GAAP financial results.

## RISK FACTORS

*Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, including the consolidated financial statements and the related notes, before deciding whether to purchase shares of our common stock. The risks and uncertainties described below include those that we consider material and that we are currently aware of, but are not the only ones we face. If any of the following risks is realized, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline and you could lose part or all of your investment.*

### Risks Related to Our Business and Industry

***We have limited visibility of the timing and certainty of future projects. Our failure to regularly win new projects would have a material adverse effect on our business, results of operations or financial condition.***

It normally takes three to five months for us to make a pitch, receive an award of a project and complete the project except in the case of a branded entertainment series which can take six months or longer. We do not have any long-term or exclusive contracts with advertising agencies or brands. As a result, we do not control when we will be afforded the opportunity to pitch for a project and, if we pitch for a project, there is no assurance that we will receive an award for, or complete, the project. Because the number of projects we are awarded and complete from time to time may differ significantly depending on the circumstances, it is difficult for us to anticipate the timing and certainty of future revenues or working capital needs. To sustain and increase our revenues, we will need to regularly be awarded and complete new projects. We could fail to be awarded new projects for various reasons, some of which are outside of our control. For example, we may not be awarded new projects if competitors offer more creative content at lower cost or with faster execution time. If we are unable to secure projects for extended periods of time, this would have a material adverse effect on our business, results of operations or financial condition.

***The loss of business from advertising agencies, including as a result of a reduction of business from the brands they represent, would harm our business, results of operations or financial condition.***

Our client base consists primarily of advertising agencies. We do not have exclusive contracts with advertising agencies and depend on the discretion of these agencies to work with us as they embark on advertising campaigns for brands. If we fail to maintain satisfactory relationships with an advertising agency, we risk losing business from the brands represented by that agency. Brands also may change advertising agencies for various reasons. If a brand elects to reduce or cease business with an advertising agency with which we have a relationship, we could lose revenues from that advertising agency. A brand could determine to reduce its business with an advertising agency for various reasons, some of which are outside of our control. For example, a brand could decide that it prefers to obtain content from a studio other than ours, or determine that it desires to reduce or cease business with the advertising agency for reasons unrelated to us. The loss of business from advertising agencies, including as a result of a reduction of business from the brands they represent, could harm our business, results of operations or financial condition.

***A significant percentage of our revenue is generated by two advertising agencies.***

Our business depends, in significant part, on being awarded work from two advertising agencies. For the year ended December 31, 2017, the advertising agencies, Barton F. Graf LLC and Argonaut Inc., accounted for 18% and 13% of our revenues, respectively. For the year ended December 31, 2016, Barton F. Graf and Argonaut Inc. accounted for 13% and 14% of our revenues, respectively. As a result, the loss or reduction of business from either of these advertising agencies could have a material adverse effect on our business, results of operations or financial condition.

***Failure to manage our growth effectively could cause our business to suffer.***

We intend to grow organically and through selected acquisitions. To manage our growth effectively, we must manage our employees, operations, finances, and investments efficiently. We also must effectively integrate any companies or businesses we acquire. We may encounter risks and challenges frequently experienced by growing companies such as our ability to: strengthen our reputation for superior content creation; distinguish ourselves from our competitors; develop and offer content that meet our clients' needs as they change; and attract and maintain talent. Failure to manage our growth effectively could have a material adverse effect on our business, results of operations or financial condition.

***The market in which we participate is competitive, and we may not be able to compete successfully with our current or future competitors.***

We operate in the competitive, highly fragmented advertising and creative content production markets. We compete with many firms with no single company maintaining a significant share of the market. Some of our competitors have greater resources than those available to us and such resources may enable them to aggressively compete with us. We must compete with these firms to maintain existing client relationships and to obtain new clients and assignments. If existing or new companies acquire one of our existing competitors or form an exclusive relationship with one or several advertising agencies or brands, our ability to compete effectively could be significantly compromised and our results of operations could be harmed. For example, S4 Capital recently acquired the digital production agency, Media Monks, and it is currently unclear what impact this will have on the competitive landscape. Any of the factors described above could make it more difficult for us to acquire new projects and could result in increased pricing pressure, increased sales and marketing expenses or the loss of market share, and could have a material adverse effect on our business, results of operations or financial condition.

***Economic downturns could adversely affect the demand for our content.***

Our business depends on the demand for advertising and on the economic health of brands that purchase our content. An economic recession could result in the decline in advertising spending generally or the purchase of our content by brands in particular. Further, an economic recession may not impact advertising revenue across all media platforms in an equal manner. While reported revenue in the advertising industry may mirror GDP in total, reported revenue may fluctuate among individual media platforms more significantly than others. For example, during an economic recession, brands may choose to spend less money advertising on television and more money advertising on social and digital media. While we create content for multiple platforms, certain areas of our business may decline more significantly than others in an economic downturn, especially if our business focuses more heavily on the less-favored platforms. Accordingly, if an economic downturn occurs, this could have a material adverse effect on our business, results of operations or financial condition.

***If our clients experience financial distress, or seek to change or delay payment terms, this could negatively affect our business, results of operations or financial condition.***

We have a diverse client base, and at any given time, one or more of our clients may experience financial difficulty, file for bankruptcy protection or go out of business. Unfavorable economic and financial conditions could result in an increase in client financial difficulties that affect us. If our clients experience financial difficulties, they may be unable to pay for commitments that we have entered into on their behalf, or may seek to significantly delay or otherwise alter payment terms. This could result in reduced revenues as well as write-offs of accounts receivable and expenditures billable to clients, and if such difficulties were severe, reduced liquidity. Accordingly, if our clients experience financial distress, this could have a material adverse effect on our business, results of operations or financial condition.

***Our quarterly results of operations may fluctuate in the future. As a result, we may fail to meet or exceed the expectations of securities analysts or investors, which could cause our stock price to decline.***

Our quarterly results of operations have in the past, and may in the future, fluctuate as a result of a variety of factors, many of which are outside of our control, including limited visibility of the timing and certainty of future projects. In future periods, our revenue or profitability could decline or grow more slowly than we expect. If our quarterly revenues or results of operations do not meet or exceed the expectations of securities analysts or investors, the price of our common stock could decline substantially. In addition to the other risk factors set forth in this "Risk Factors" section, factors that may cause fluctuations in our quarterly revenues or results of operations include:

- our ability to increase sales to existing clients and attract new clients;
- our failure to accurately estimate or control costs;
- the potential loss of significant clients;
- maintaining appropriate staffing levels and capabilities relative to projected growth;
- adverse judgments or settlements in legal disputes; and
- general economic, industry and market conditions and those conditions specific to media companies such as us.

We believe that our quarterly revenues and results of operations on a year-over-year and sequential quarter-over-quarter basis may vary significantly in the future and that period-to-period comparisons of our results of operations may not be meaningful. You should not rely on the results of prior quarters as an indication of future performance.

***Fluctuations in production schedules and project volume may cause our revenues and cash flows to vary from quarter to quarter.***

Our revenues, cash flows from operations, results of operations and other key operating and financial measures have varied in the past, and may vary in the future, significantly from quarter to quarter due to production schedules and project volume. Often our clients engage in an evaluation process that frequently involves not only our pitch but also pitches of our competitors. We have limited control over the timing and mix of individual projects which could result in material fluctuations of our revenues, cash flows, results of operations and other key operating and financial measures from period to period.

***We are a holding company and depend upon our subsidiaries for our cash flows.***

We are a holding company. All of our operations are conducted, and almost all of our assets are owned, by our subsidiaries. Consequently, our cash flows and our ability to meet our obligations depend upon the cash flows of our subsidiaries and the payment of funds by these subsidiaries to us in the form of dividends, distributions or otherwise. The ability of our subsidiaries to make any payments to us depends on their earnings, the terms of their indebtedness, including the terms of any credit facilities and legal restrictions. In particular, our credit facility provides that cash distributions paid by Psyop Media Company, LLC in any fiscal year cannot exceed the operating cash flow generated in the immediately preceding fiscal year, and future credit facilities entered into by our subsidiaries may impose other limitations on the ability of our subsidiaries to make distributions to us. Any failure to receive dividends or distributions from our subsidiaries when needed could have a material adverse effect on our business, results of operations or financial condition.

***Our acquisition strategy involves significant risks.***

One of our business strategies is to pursue acquisitions. However, acquisitions involve numerous risks and uncertainties, including intense competition for suitable acquisition targets, the potential unavailability of financial resources necessary to consummate acquisitions, difficulties in identifying suitable acquisition targets or in completing any transactions identified on sufficiently favorable terms; and the need to obtain regulatory or other

governmental approvals that may be necessary to complete acquisitions. In addition, any future acquisitions may entail significant transaction costs, tax consequences and risks associated with entry into new markets and lines of business, any of which could have a material adverse effect on our business, results of operations or financial condition.

***Future acquisitions or strategic investments could disrupt our business and harm our business, results of operations or financial condition.***

We may in the future explore potential acquisitions of companies or strategic investments to strengthen our business. However, we have limited experience in acquiring and integrating businesses. Even if we identify an appropriate acquisition candidate, we may not be successful in negotiating the terms or financing of the acquisition, and our due diligence may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired business.

Acquisitions involve numerous risks, any of which could harm our business, including:

- anticipated benefits may not materialize as rapidly as we expect, or at all;
- diversion of management time and focus from operating our business to address acquisition integration challenges;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company' s accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, procedures and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, former stockholders or other third parties.

Failure to appropriately mitigate these risks or other issues related to such strategic investments and acquisitions could result in reducing or completely eliminating any anticipated benefits of transactions, and harm our business generally. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the impairment of goodwill, any of which could have a material adverse effect on business, results of operations or financial condition.

***Our operations may become unprofitable and we may require working capital financing.***

Our ability to achieve net income and cash flow is subject to, among other things, the number of projects we win, the magnitude of our margins and the overall profitability of our projects. If we are not able to operate our business at a profit or to retain cash, we may be required to obtain external working capital financing. Our credit facility includes a line of credit in the amount of $3 million, which we may draw subject to compliance with applicable covenants and conditions. Our credit facility also includes a letter of credit facility in the amount of $2 million for the issuance of standby letters of credit. As of September 30, 2018, we have two standby letters of credit outstanding for an aggregate amount of $1.1 million. Based on our financial performance through September 30, 2018, we do not expect to be in compliance with the covenants under the credit facility as of December 31, 2018. We expect to receive a waiver from the lender for such non-compliance. However, in the event we do not, the lender will have the right to accelerate the balance of the loans outstanding under the credit facility and to prohibit further borrowings under the credit facility. In the event that we were unable to access the line of credit or the amount of available drawings thereunder are insufficient, we could be required to seek external working capital financing from other sources, which may not be available on satisfactory terms, or at all. If we are unable to access a sufficient amount of working capital at the times we need to, this could have a material adverse effect on our business, results of operations or financial condition.

***Our credit facility imposes significant limitations on our business operations.***

Our credit facility imposes significant limitations on our business operations, including our ability to incur additional debt, guaranties or liens, to consummate acquisitions or dispositions, to make loans or advances or to make restricted payments. These limitations are subject to various exceptions. For example, our credit facility allows us to make permitted acquisitions of persons or assets that are in, or utilized in, a line of business that is reasonably related to our line of business and so long as we satisfy other requirements. In the event that we desire to make an acquisition or take another action that is not permitted under the credit facility, we would need the consent of the lender and there is no assurance that we would be able to obtain such consent. Any failure to comply with these limitations could result in a default under our credit facility. Upon a default, unless waived, the lender under our credit facility could have all remedies available to a secured lender, and could elect to terminate its commitments, cease making further loans, cause our loans to become due and payable in full, institute foreclosure proceedings against our assets, and force us into bankruptcy or liquidation.

***Our future success depends on the continuing efforts of our key employees and our ability to attract, hire, retain and motivate highly skilled and creative employees in the future.***

Our future success depends on the continuing efforts of our executive officers, our founders and other key employees. We rely on the leadership, knowledge and experience that our executive officers, founders and key employees provide. They foster our corporate culture, which we believe has been instrumental to our ability to attract and retain new talent. Any failure to attract new or retain key creative talent could have a material adverse effect on our business, financial condition and results of operations.

The market for talent in our key areas of operations, including California and New York, is intensely competitive, which could increase our costs to attract and retain talented employees. As a result, we may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and we may lose new employees to our competitors or other companies before we realize the benefit of our investment in recruiting and training them.

Employee turnover, including changes in our management team, could disrupt our business. The loss of one or more of our executive officers, founders or other key employees, or our inability to attract and retain highly skilled and creative employees, could have a material adverse effect on our business, results of operations or financial condition.

***We must obtain visas for employees we hire who are not U.S. citizens or legal residents.***

We hire some of our creative, technical and production personnel upon their graduating from colleges and universities that maintain programs in the fields for which we require talent. Most of these institutions are in the U.S.; however, in recent years some of these students have not been U.S. citizens or legal residents prior to attending school. We must obtain visas to hire these individuals. Any failure, difficulty or delay in obtaining visas to hire these individuals may have a material adverse effect on our business, results of operations or financial condition. Immigration reform is attracting significant attention in the public arena and in the current U.S. administration and Congress. If new immigration legislation is enacted in the U.S. or in the other jurisdictions in which we do business, such legislation may contain provisions that could make it more difficult or costly for us to recruit and retain our creative, technical and production personnel. Also, we cannot be assured that the enforcement of immigration laws by governmental authorities will not disrupt our workforce.

***Most of our management team has limited experience managing a public company.***

With the exception of our Chief Executive Officer and Chief Financial Officer, most members of our management team have limited or no experience managing a publicly-traded company, interacting with public company investors, and complying with the increasingly complex laws, rules and regulations that govern public

companies. Upon the closing of this offering, we will become subject to significant reporting and other obligations as a public company. These new obligations will require significant attention from our management and could divert their attention away from the day-to-day management of our business. In the event that our management team does not successfully or efficiently manage our transition to being a public company, this could have a material adverse effect on our business, results of operations or financial condition.

***We believe our corporate culture has contributed to our success and, if we are unable to maintain it as we grow, our business could be harmed.***

We believe our corporate culture has been a key element of our success. However, as our organization grows, it may be difficult to maintain our culture, which could reduce our ability to attract and maintain new talent and operate effectively. The failure to maintain the key aspects of our culture as our organization grows could result in decreased employee satisfaction, increased difficulty in attracting top talent and increased turnover and could compromise the quality of our client service, all of which are important to our success and to the effective execution of our business strategy. Accordingly, if we are unable to maintain our corporate culture as we grow our business, this could have a material adverse effect on our business, results of operations or financial condition.

***We may be responsible for expenses incurred for a project that has been cancelled.***

A client can cancel a project after awarding it to us. Often the contracts we enter into have cancellation terms that obligate the client to reimburse us for expenses incurred for a project that has been cancelled. Our project schedules typically require quick turnarounds and, as a result, we normally book resources required for the project promptly upon the award of the contract. Some of our projects may be cancelled after we have incurred expenses, and we may not be able to obtain reimbursement for these expenses. Our inability to recover expenses that we incur on cancelled projects could have a material adverse effect on our business, results of operations or financial condition.

***We may be responsible for expenses for a project that exceed those contemplated by the approved budget.***

Because the creation of content often requires us to make changes to a project to achieve the goals of the brand, projects may go over budget. When we bid for a contract, we include assumptions regarding the expenses for the applicable shoots and post-production. If the scope of a project changes prior to beginning the work, we may request for the client to cover the "overage" for the scope change before we commence work. However, if expenses exceed the budget after we have begun the work, we may have already begun to incur expenses and may not be able to recover the overages from our clients. Our inability to recover overages from clients negatively impacts the profitability of the particular project, and could have a material adverse effect on our business, results of operations or financial condition.

***It may become increasingly expensive to operate in the media business.***

The cost of producing special effects-driven and animated advertisements has steadily increased and may continue to increase in the future. For example, costs to maintain or obtain the latest technologies to produce high-quality work in animation and mixed media has been increasing. If costs continue to increase without proportionate increases in revenues, this could have a material adverse effect on our business, results of operations or financial condition.

***We are subject to legal or reputational risks that could restrict our activities or negatively impact us.***

Our business is subject to specific rules, prohibitions, media restrictions, labeling disclosures and warning requirements applicable to advertising for certain products. Advertisers and consumer groups may challenge advertising based on false or exaggerated claims through legislation, regulation, judicial actions or otherwise. Existing and proposed laws and regulations concerning user privacy, use of personal information and on-line

tracking technologies also could affect the efficacy and profitability of internet-based and digital marketing. We could be exposed to liabilities for content we have created for our clients if their products, claims or other factors are challenged. We could suffer reputational risk as a result of legal action or from undertaking work that may be challenged by consumer groups or considered controversial, which may have a material adverse effect on our business, results of operations or financial condition.

***Our business could be adversely affected if we fail to protect our intellectual property.***

We generally enter into confidentiality agreements with our employees, freelancers and vendors to control access to and distribution of our intellectual property or that of our clients. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use our or our clients' intellectual property without authorization. Policing unauthorized use of creative content is difficult. The steps we take may not prevent misappropriation of intellectual property and our confidentiality agreements may not be enforceable. In addition, we may be required to litigate in the future to enforce our intellectual property rights, to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation could result in substantial costs and diversion of resources. In the event we are unable to prevent or are required to defend misappropriations of intellectual property, this could have a material adverse effect on our business, results of operations or financial condition.

***Others may assert intellectual property infringement claims against us.***

We are subject to the possibility of claims that brands' products, services or techniques misappropriate or infringe the intellectual property rights of third parties. Infringement or misappropriation claims (or claims for indemnification resulting from such claims) may be asserted or prosecuted against us. We create and use characters in our content; because of the competitive advantages that are derived from identifiable characters, we must carefully define our own characters, both to protect the characters we have created from infringement and to avoid claims of others that we have infringed on their characters. Irrespective of the validity or the successful assertion of such claims, we would incur significant costs and diversion of resources with respect to the defense thereof, which could have a material adverse effect on our business, results of operations or financial condition.

***We may be subject to claims that we have wrongfully hired an employee from a competitor or that we or our employees have wrongfully used or disclosed alleged confidential information or trade secrets of their former employers.***

As is commonplace in our industry, we employ individuals who were previously employed at other companies with whom we compete. Although no claims against us are currently pending, we may be subject in the future to claims that our employees or prospective employees are subject to a continuing obligation to their former employers (such as non-competition or non-solicitation obligations) or claims that our employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

***The market growth forecasts included in this prospectus may prove to be inaccurate and, even if the market in which we compete achieves forecasted growth, we cannot assure you our business will grow at similar rates, or at all.***

Market growth forecasts are subject to significant uncertainty and are based on assumptions and estimates which may not prove to be accurate. The forecasts in this prospectus relating to expected growth in the advertising market may prove to be inaccurate. Even if the market experiences the forecasted growth, we may not grow our business at similar rates, or at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is subject to many risks and uncertainties. Any inaccurate market growth forecasts, our ability to grow at market forecasted rates, or at all, could have an adverse effect on our business, results of operations or financial condition.

***We depend on advanced technologies and computer systems and we cannot predict the effect that rapid technological change or alternative forms of entertainment may have on us or our industry.***

Our industry continues to undergo significant changes as a result of technological developments. Because we are required to maintain advanced digital imagery products to continue to win business, we must ensure that our production environment integrates the latest tools and techniques developed in the industry. However, the rapid growth of technology and shifting consumer tastes prevent us from being able to accurately predict the overall effect that technological growth or the availability of alternative forms of advertising may have on the potential revenues from, and profitability of, our content. To enhance our technologies, we are required to purchase third-party licenses, which can result in significant expenditures. In some cases, the licenses are not available on commercially reasonable terms, or at all. At the time we purchase licenses, we do not know if the related technology will enhance our revenues. Furthermore, the licensed software could have errors or defects that may result in a delay in delivery of our content and which could result in significantly increased production costs and our ability to complete work in a timely fashion. Such delays could have an adverse effect on our brand name and our relationship with our clients, which, given our reliance on our core strategic client relationships, could result in a decrease in our revenues. As a result, in the event that we do not keep pace with technological advancements, or our technologies do not meet our expectations, this could have a material adverse effect on our business, results of operations or financial condition.

***We rely heavily on information technology systems and could face cybersecurity risks.***

We rely heavily on information technologies and infrastructure to manage and conduct our business. This includes the production and digital storage of content and client information and the development of new business opportunities and creative content. The incidence of malicious technology-related events, such as cyberattacks, ransomware, computer hacking, computer viruses, worms or other destructive or disruptive software and other malicious activities could have a negative impact on our business and productivity. In addition, the prevalent use of mobile devices that access confidential information increases the risk of data security breaches, which could lead to the loss of confidential information or other intellectual property. We have taken preventative steps and seek to follow industry best practices, including the use of firewalls, deployment of antivirus software and regular patch maintenance updates; however no system is completely immune from these types of attacks. If we become subject to cyber breach, this could have a material adverse effect on our business, results of operations or financial condition.

Power outages, equipment failure, natural disasters (including extreme weather) or terrorist activities can impact an entire system. We have designed our systems to provide replication across our Los Angeles and New York locations, including data and toolsets designed to allow most or all work-related activities to continue if there is a disruption at one location. However, in the event of such a disruption, our ability to operate nonetheless may be adversely affected. Human error may also affect our systems and result in disruption of our services or loss or improper disclosure of client and personal data, business information, including intellectual property, or other confidential information. We also utilize third parties to store, transfer or process data, and system failures or network disruptions or breaches in the systems of such third parties could adversely affect our reputation or business. Any such breaches or breakdowns could expose us to legal liability, be expensive to remedy, result in a loss of our or our clients' or vendors' proprietary information and damage our reputation. In addition, such a breach may require notification to governmental agencies, the media or other individuals pursuant to various federal and state privacy and security laws, if applicable. Efforts to develop, implement and maintain security measures are costly, may not be successful in preventing these events from occurring and require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated. We take precautions to limit access to sensitive information to only those individuals requiring it. Any significant distribution in our equipment or loss or improper disclosure of data could have a material adverse effect on our business, results of operations or financial condition.

***Our networks and systems may require significant expansion to accommodate new processing and storage requirements.***

We may experience limitations relating to the capacity of our networks, systems and processes. In the future, we may need to expand our network and systems at a more rapid pace than we have in the past if our networks and systems cannot accommodate new processing and storage requirements due to potential growth in our business. Our network or systems may not be capable of meeting the demand for increased capacity, or we may incur additional unanticipated expenses to accommodate these capacity demands. In addition, we may lose valuable data, be unable to obtain or provide creative content on a timely basis or our network may temporarily shut down if we fail to adequately expand or maintain our network capabilities to meet future requirements. Any lapse in our ability to store or transmit data or any disruption in our network processing may damage our reputation and result in the loss of clients, and could have a material adverse effect on our business, results of operations or financial condition.

***Failure to attract or retain qualified information technology staff may impair our ability to effectively compete.***

Due to the nature of our business, we have significantly more complex technology requirements than most typical enterprises of a comparable size. We find ourselves competing for top information technology and software development talent against much larger technology companies that can offer significant career advantages, or technology startups that can offer significant compensation incentives. If we become unable to acquire or retain qualified information technology staff, this could have a material adverse effect on our business, results of operations or financial condition.

***Our tax liabilities may be greater than anticipated.***

The U.S. tax laws applicable to our business activities are subject to interpretation. We are subject to audit by the Internal Revenue Service and by taxing authorities of the state and local jurisdictions in which we operate. Our tax obligations are based in part on our corporate operating structure, including the manner in which we develop, value, and use our intellectual property, the jurisdictions in which we operate, how tax authorities assess revenue-based taxes such as sales and use taxes, the scope of our international operations and the value we ascribe to our intercompany transactions. Taxing authorities may challenge our tax positions and methodologies for valuing developed technology or intercompany arrangements, as well as our positions regarding the collection of sales and use taxes and the jurisdictions in which we are subject to taxes, which could expose us to additional taxes. Any adverse outcomes of such challenges to our tax positions could result in additional taxes for prior periods, interest and penalties, as well as higher future taxes. In addition, our future tax expense could increase as a result of changes in tax laws, regulations or accounting principles, or as a result of earning income in jurisdictions that have higher tax rates. An increase in our tax expense could have a negative effect on our business, results of operations or financial condition. Moreover, the determination of our provision for income taxes and other tax liabilities requires significant estimates and judgment by management, and the tax treatment of certain transactions is uncertain. Although we believe we will make reasonable estimates and judgments, the ultimate outcome of any particular issue may differ from the amounts previously recorded in our financial statements and any such occurrence could materially affect our financial position and results of operations.

***Recent U.S. tax legislation may materially adversely affect our financial condition, results of operations and cash flows.***

Recently enacted U.S. tax legislation has significantly changed the U.S. federal income taxation of U.S. corporations, including by reducing the U.S. corporate income tax rate, limiting interest deductions, permitting immediate expensing of certain capital expenditures, adopting elements of a territorial tax system, imposing a one-time transition tax (or "repatriation tax") on all undistributed earnings and profits of certain U.S.-owned foreign corporations, revising the rules governing net operating losses and the rules governing foreign tax credits, and introducing new anti-base erosion provisions. Many of these changes are effective immediately, without any transition periods or grandfathering for existing transactions. The legislation is unclear in many respects and could

be subject to potential amendments and technical corrections, as well as interpretations and implementing regulations by the U.S. Treasury and Internal Revenue Service, any of which could lessen or increase certain adverse impacts of the legislation. In addition, it is unclear how these U.S. federal income tax changes will affect state and local taxation, which often uses federal taxable income as a starting point for computing state and local tax liabilities. We continue to work with our tax advisors to determine the full impact that the recent tax legislation as a whole will have on us. We urge our investors to consult with their legal and tax advisors with respect to such legislation and the potential tax consequences of investing in our common stock.

**Risks Related to this Offering and Ownership of Our Common Stock**

***The market price of our common stock may be volatile or may decline regardless of our operating performance.***

The market price of our common stock can experience high levels of volatility. If you purchase shares of our common stock in this offering, you may not be able to resell those shares at or above the initial public offering price. Following the completion of this offering, the market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control and may not be related to our operating performance, including:

- announcements of new advertising campaigns, client relationships, acquisitions or other events by us or our competitors;
- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market price and trading volume of media companies in general and of companies in the advertising industry in particular;
- fluctuations in the trading volume of our shares or the size of our public float;
- actual or anticipated changes or fluctuations in our results of operations;
- whether our results of operations meet the expectations of securities analysts or investors;
- actual or anticipated changes in the expectations of investors or securities analysts;
- litigation involving us, our industry, or both;
- regulatory developments in the regions in which we operate;
- general economic conditions and trends;
- major catastrophic events;
- lock-up releases or sales of large blocks of our common stock;
- departures of key employees; or
- an adverse impact on the company from any of the other risks cited herein.

***If an active, liquid trading market for our common stock does not develop, you may not be able to sell your shares quickly or at or above the initial offering price.***

There has not been a public market for our common stock. An active and liquid trading market for our common stock may not develop or be sustained following this offering. Given the small size of this offering, it may take some time for an active market to develop. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies by using our shares as consideration. You may not be able to sell your shares quickly or at or above the initial public offering price. The initial public offering price will be determined by negotiations with the representatives of the underwriters. This price may not be indicative of the price at which our common stock will trade after this offering, and our common stock could trade below the initial public offering price.

In addition, if the stock market for media companies, or the stock market generally, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Historically, stockholders have filed securities class action litigation against companies following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, and divert resources and the attention of management from our business, which could have a material adverse effect on our business, results of operations or financial condition.

***Sales of substantial blocks of our common stock into the public market after this offering, including when the "lock-up" period ends, or the perception that such sales might occur, could cause the market price of our common stock to decline.***

Sales of substantial blocks of our common stock into the public market after this offering, including when the "lock-up" or "market standoff" period ends, or the perception that such sales might occur, could cause the market price of our common stock to decline and may make it more difficult for you to sell your common stock at a time and price that you deem appropriate. Based on the total number of outstanding shares of our common stock as of , 2019, upon completion of this offering, we will have shares of common stock outstanding. All of the shares of common stock sold in this offering will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, or the Securities Act, except for any shares held by our "affiliates" as defined in Rule 144 under the Securities Act.

Subject to exceptions described under the caption "Underwriting," we, all of our directors and officers and substantially all of the holders of our capital stock and securities convertible into, or exchangeable for, our capital stock have agreed not to offer, sell or agree to sell, directly or indirectly, any shares of common stock without the permission of Roth Capital Partners for a period of 180 days from the date of this prospectus. When the lock-up period expires, we, our directors and officers and locked-up stockholders will be able to sell shares into the public market.

The underwriters may, in their sole discretion, permit our directors and officers and locked-up stockholders to sell shares prior to the expiration of the restrictive provisions contained in the "lock-up" agreements with the underwriters.

Based on shares outstanding as of , 2019, holders of up to approximately million shares, or %, of our common stock after this offering (assuming no exercise of the underwriters' option to purchase additional shares), will have rights to require us to file registration statements covering the sale of such shares or to include such shares in registration statements that we may file for ourselves or other stockholders. We also intend to register the offer and sale of all shares of common stock that we may issue under our equity compensation plans. The market price of our common stock could decline as a result of the sale of substantial blocks of our common stock into the public market after this offering, or the perception that such sales might occur.

***Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.***

The initial public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of $ in net tangible book value per share from the price you paid, based on an assumed initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus). In addition, new investors who purchase shares in this offering will contribute approximately % of the total amount of equity capital raised by us through the date of this offering, but will only own approximately % of the outstanding equity capital. The exercise of outstanding options or the exercise by the underwriters of the over-allotment option, will result in further dilution. In addition, if we raise additional funds by issuing equity securities or issue our equity

securities in connection with acquisitions, our stockholders may experience further dilution. For a detailed description of the dilution that you will experience immediately after this offering, see "Dilution."

***Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.***

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective upon the closing of this offering, may have the effect of delaying or preventing a change of control or changes in our management. Some of these provisions:

- authorize our board of directors to issue, without further action by the stockholders, up to 10,000,000 shares of undesignated preferred stock and up to 100,000,000 shares of authorized common stock;
- require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;
- specify that special meetings of our stockholders can be called only by the chair of our board of directors or by the secretary upon the direction of our board of directors;
- establish an advance notice procedure for stockholder approvals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors;
- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- require the approval of the holders of at least a majority of the voting power of all outstanding shares of voting stock in order for our stockholders to amend or repeal our amended and restated bylaws;
- provide that our directors may be removed only for cause; and
- provide that vacancies on our board of directors may, except as otherwise required by law, be filled only by a majority of directors then in office, even if less than a quorum.

In addition, we will be subject to the provisions of Section 203 of the Delaware General Corporation Law, which limits the ability of stockholders owning in excess of 15% of our outstanding voting stock to merge or combine with us. Furthermore, our amended and restated certificate of incorporation and amended and restated bylaws that will go into effect prior to the closing of this offering specify that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for most legal actions involving actions brought against us by stockholders; provided that the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction. We believe this provision benefits us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation. However, the provision may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our amended and restated certificate of incorporation and amended and restated bylaws to be inapplicable or unenforceable in such action.

These anti-takeover provisions and other provisions in our amended and restated certificate of incorporation and amended and restated bylaws that will go into effect prior to the closing of this offering could make it more difficult for stockholders or potential acquirers to obtain control of our board of directors or initiate actions that are opposed by the then-current board of directors and could also delay or impede a merger, tender offer or proxy contest involving our company. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing or cause us to take other corporate actions you

desire. Any delay or prevention of a change of control transaction or changes in our board of directors could cause the market price of our common stock to decline.

***Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated certificate of incorporation and amended and restated bylaws which will become effective prior to the closing of this offering will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the exclusive forum for the following civil actions:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty by any of our directors, officers or stockholders owed to us or our stockholders;
- any action arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws; or
- any action asserting a claim against us governed by the internal affairs doctrine.

Notwithstanding the foregoing, the exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction.

If any such action is filed in a court other than a court located within the State of Delaware (a "foreign action") in the name of any stockholder, such stockholder will be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce such actions and (b) having service of process made upon such stockholder in any such action by service upon such stockholder' s counsel in the foreign action as agent for such stockholder.

This choice of forum provision may limit a stockholder' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or stockholders, which may discourage such lawsuits against us and our directors, officers and stockholders. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation and amended and restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on our business, financial condition or results of operations.

***We have never paid cash dividends on our capital stock, and we do not anticipate paying cash dividends in the foreseeable future.***

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. In addition, our credit facility restricts, and we may enter into credit agreements or other borrowing arrangements in the future that will restrict, our ability to declare or pay cash dividends on our common stock. We currently intend to retain any future earnings to fund the growth of our business. Any determination to pay dividends in the future will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors may deem relevant. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for the foreseeable future.

***Our inability to raise additional capital on acceptable terms in the future may limit our ability to expand our operations.***

If our available cash balances, net proceeds from this offering and anticipated cash flow from operations are insufficient to satisfy our liquidity requirements, including because of lower demand for our creative content as a result of other risks described in this "Risk Factors" section, we may seek to raise additional capital through equity offerings, debt financings, collaborations or licensing arrangements. We may also consider raising additional capital in the future to expand our business, pursue strategic investments, take advantage of financing opportunities, or other reasons. Additional funding may not be available to us on acceptable terms, or at all. If we raise funds by issuing equity securities, dilution to our stockholders could result. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. The terms of debt securities issued or borrowings could impose significant restrictions on our operations. The incurrence of indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity and other operating restrictions that could adversely affect our ability to conduct our business and pursue acquisitions. In addition, the issuance of additional equity securities by us, or the possibility of such issuance, may cause the market price of our common stock to decline. If we do not have, or are not able to obtain, sufficient funds, we may have to delay strategic opportunities, investments or projects. If we are unable to raise adequate funds, we may have to liquidate some or all of our assets, or delay, reduce the scope of, or eliminate some or all of our creative work. Any of these actions could have a material adverse effect on our business, results of operations or financial condition.

***Insiders will continue to have substantial control over our company after this offering which could limit your ability to influence the outcome of key decisions, including a change of control.***

Our common stock has one vote per share. Insiders, including our executive officers, employees, and directors and their affiliates, will together hold approximately % of the voting power of our outstanding capital stock following this offering (or % if the underwriters' over-allotment option to purchase additional shares in this offering is exercised in full). As a result, our insiders will continue to control a majority of the combined voting power of our common stock and therefore be able to control all matters submitted to our stockholders for approval so long as their ownership of our common stock is at least 50%. This concentrated control will limit or preclude your ability to influence corporate matters for the foreseeable future. These stockholders will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. Their interests may differ from yours and they may vote in a manner that is adverse to your interests. This ownership concentration may deter, delay or prevent a change of control of our company, deprive our stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and may ultimately affect the market price of our common stock.

***We have broad discretion in the use of net proceeds that we receive in this offering and we may not use them effectively.***

We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes. We may use a portion of such net proceeds to acquire complementary businesses or technologies. However, we do not have agreements or commitments for any acquisitions at this time. Our management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds from this offering. The failure by our management to apply these funds effectively could have a material adverse effect on our business, results of operations or financial condition.

***The requirements of being a public company may strain our resources, divert our management's attention and affect our ability to attract and retain qualified board members.***

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, and will be required to comply with the applicable requirements of the Sarbanes-

Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of , and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources. Among other things, the Exchange Act requires that we file annual, quarterly and current reports with respect to our business and results of operations and maintain effective disclosure controls and procedures and internal control over financial reporting. Significant resources and management oversight will be required to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management' s attention may be diverted from other business concerns, which could harm our business, results of operations or financial condition. We expect to but have not yet hired additional employees to comply with these requirements and we may need to hire even more employees in the future than we currently anticipate, which will increase our costs and expenses. In addition, after we no longer qualify as an "emerging growth company" and a "smaller reporting company," we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act.

We also expect to obtain director and officer liability insurance as a result of being a public company and these new rules and regulations. We may be required to accept reduced coverage or incur substantially higher costs to obtain coverage than that for a private company. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

***If we fail to maintain or implement effective internal control, we may not be able to report financial results accurately or on a timely basis, or to detect fraud, which could have a material adverse effect on the per share price of our common stock.***

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures, and internal control over financial reporting. We expect to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms. We also expect to improve our internal control over financial reporting. We anticipate that we will expend significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls or our internal control over financial reporting may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting could also adversely affect the results of management reports and independent registered public accounting firm audits of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures, and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on The Nasdaq Capital Market.

We are not currently required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act, and are therefore not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. Upon becoming a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second annual report on Form 10-K. Our independent registered public accounting firm is not required to audit the

effectiveness of our internal control over financial reporting until after we are no longer an "emerging growth company" or a "smaller reporting company" as defined in SEC rules. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating.

***We are an "emerging growth company" and a "smaller reporting company" and we cannot be certain if the reduced disclosure requirements applicable to those companies will make our common stock less attractive to investors.***

For so long as we remain an "emerging growth company" as defined in the JOBS Act, we may take advantage of exemptions from various requirements that are applicable to public companies that are not "emerging growth companies" including, not being required to comply with the independent auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We may take advantage of these exemptions for so long as we are an "emerging growth company," which will be until the earlier of (1) January 1, 2024, (2) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (3) the last day of a three-year period during which we have issued more than $1 billion in non-convertible debt and (4) the date on which we become a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act. Even after we no longer qualify as an "emerging growth company," we may still qualify as a "smaller reporting company" which would allow us to take advantage of many of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. Investors may find our common stock less attractive because we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile and may decline.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of an extended transition period for complying with new or revised accounting standards. We currently intend to utilize the allowable extended transition period. However, if we chose to "opt out" of such extended transition period, we will be required to comply with new or revised accounting standards on the relevant dates adoption of such standards is required for non-emerging growth companies. A decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

***If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our share price and trading volume could decline.***

The trading market for our common stock will partially depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us should downgrade our shares or change their opinion of our business prospects, our share price would likely decline. If one or more of these analysts ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance and expectations. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as "may", "will", "should", "expects", "plans", "anticipates", "could", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial and results of operations;
- our growth plans;
- our business plan and our ability to effectively manage our growth;
- our ability to attract and retain brands and advertising agencies;
- the effects of increased competition in our market and our ability to compete effectively;
- our plans to use the proceeds from this offering;
- estimates of our expenses, future revenues, capital requirements, our needs for additional capital and our ability to obtain additional capital;
- our ability to attract and retain qualified directors, employees and key personnel such as our founders while maintaining our corporate culture;
- future acquisitions of or investments in complementary companies; and
- the effects of trends on, and fluctuations in, our results of operations.

We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, prospects, business strategy and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions and other factors described in the section captioned "Risk Factors" and elsewhere in this prospectus. These risks are not exhaustive. Other sections of this prospectus include additional factors that could adversely impact our business and financial performance. Furthermore, new risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement of which this prospectus forms a part with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this prospectus or to conform such statements to actual results or revised expectations, except as required by law.

## USE OF PROCEEDS

We estimate that the net proceeds from the sale of the common stock in this offering will be approximately $ million, based upon the assumed initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus), after deducting the underwriting discount and estimated offering expenses payable by us. If the underwriters' over-allotment option to purchase additional shares in this offering is exercised in full, we estimate that the net proceeds will be approximately $ million, after deducting the underwriting discount and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds that we receive from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the net proceeds that we receive from this offering by approximately $ million, assuming that the assumed initial public offering price remains the same and after deducting the underwriting discount and estimated offering expenses payable by us.

The principal purposes of this offering are to increase our financial flexibility, create a public market for our common stock and to facilitate future access to the public equity markets for us and our stockholders. We currently intend to use the net proceeds from this offering for working capital and other general corporate purposes. We may use a portion of such net proceeds to acquire complementary businesses or technologies. However, we do not have agreements or commitments for any acquisitions at this time.

Our management will have broad discretion in the application of the net proceeds from this offering, and investors will be relying on our judgment regarding the application of the net proceeds from this offering. Pending the use of proceeds from this offering as described above, we intend to invest such net proceeds in short-term and long-term interest-bearing obligations, including government and investment-grade debt securities and money market funds.

## DIVIDEND POLICY

PCI Media, Inc. has never declared or paid cash dividends on its capital stock. We currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant. In addition, the terms of our credit facility contain restrictions on our ability to pay dividends. For further information regarding our credit facility, see the sections captioned "Management' s Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources−Credit Facility," "Risk Factors−Risks Related to Our Business and Industry−Our credit facility imposes significant limitations on our business operations," and the notes to our audited consolidated financial statements in this prospectus.

## CAPITALIZATION

The following table sets forth cash, as well as our capitalization, as of September 30, 2018:

- on an actual basis;
- on a pro forma basis to give effect to (i) the completion of the Contribution Transaction, and (ii) the filing and effectiveness of our amended and restated certificate of incorporation prior to the consummation of this offering; and
- on a pro forma as adjusted basis to give further effect to the issuance and sale by us of shares of common stock in this offering, and the receipt of the net proceeds from our sale of these shares at an assumed initial public offering price of common stock of $ per share, the midpoint of the price range on the cover page of this prospectus, after deducting the underwriting discount and estimated offering expenses payable by us.

You should read this information together with the information provided under "Management' s Discussion and Analysis of Financial Condition and Results of Operations" and "Summary Financial Data" as well as our consolidated financial statements and the related notes, appearing elsewhere in this prospectus.

| | As of September 30, 2018 | | |
|---|---|---|---|
| | Actual | Pro Forma | Pro Forma As Adjusted(1) |
| | (in thousands, except share and per share data) | | |
| Cash | $3,319 | $ | $ |
| Total Long-term debt | $5,146 | $ | $ |
| Stockholders' /members' equity: | | | |
| Members' equity | 2,284 | | |
| Preferred stock, $0.001 par value; no shares authorized, issued and outstanding, actual; 10,000,000 shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted | – | | |
| Common stock, $0.001 par value; 1,000 shares authorized, 1 share issued and outstanding, actual; 100,000,000 shares authorized, shares issued and outstanding, pro forma; 100,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted | – | | |
| Additional paid-in capital | | | |
| Accumulated other comprehensive loss | (152 ) | | |
| Total stockholders' /members' equity | 2,132 | | |
| Total capitalization | $10,597 | $ | $ |

(1) A $1.00 increase (decrease) in the assumed initial public offering price of our common stock of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1.0 million in the number of shares offered by us would increase (decrease) the pro forma as adjusted amount of cash, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming that the assumed initial public offering price remains the same and after deducting the underwriting discount and estimated offering expenses payable by us.

The pro forma column in the table above assumes the issuance of shares of our common stock in the Contribution Transaction based upon an initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus). A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the number of shares of our common stock we estimate that we will issue in the Contribution Transaction by . Assuming that the initial public offering price remains the same, an increase (or decrease) in the number of shares offered by us in this offering would not increase (or decrease) the number of shares we will issue in the Contribution Transaction.

The pro forma as adjusted column in the table above excludes, as of September 30, 2018,

- shares of common stock reserved for future grant or issuance under our 2019 Plan, which will become effective in connection with the completion of this offering; and
- any exercise of the underwriters' over-allotment option to purchase additional shares.

## DILUTION

If you invest in our common stock in this offering, your interest will be immediately diluted to the extent of the difference between the initial public offering price per share of our common stock in this offering and the pro forma as adjusted net tangible book value per share of our common stock after this offering. As of September 30, 2018, we had a historical net tangible book value of $1.9 million. Our net tangible book value represents total tangible assets less total liabilities. Our pro forma net tangible book value at September 30, 2018, before giving effect to this offering, was $ million, or $ per share of our common stock. Pro forma net tangible book value, before the issuance and sale of shares in this offering, gives effect to:

- the Contribution Transaction; and
- the filing and effectiveness of our amended and restated certificate of incorporation prior to the consummation of this offering.

We estimate that we will issue shares of our common stock in the Contribution Transaction based upon an initial public offering price of $ per share (which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus). A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the number of shares of our common stock we estimate that we will issue in the Contribution Transaction by . Assuming that the initial public offering price remains the same, an increase (or decrease) in the number of shares offered by us in this offering would not increase (or decrease) the number of shares we will issue in the Contribution Transaction.

After giving further effect to the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the underwriting discount and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value at September 30, 2018 would have been approximately $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to existing stockholders and an immediate dilution of $ per share to new investors. The following table illustrates this per share dilution:

| | | |
|---|---|---|
| Assumed initial public offering price per share | | $ |
| Pro forma net tangible book value per share as of September 30, 2018 | $ | |
| Increase in pro forma net tangible book value per share attributable to investors purchasing shares in this offering | | |
| Pro forma as adjusted net tangible book value per share | | |
| Dilution in pro forma as adjusted net tangible book value per share to investors in this offering | | $ |

A $1.00 increase (decrease) in the assumed initial public offering price of common stock of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease), our pro forma as adjusted net tangible book value per share after this offering by $ , and would increase (decrease) dilution per share to new investors in this offering by $ , assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by approximately $ per share and decrease (increase) the dilution to new investors by approximately $ per share, assuming that the assumed initial public offering price remains the same, and after deducting the underwriting discount and estimated offering expenses payable by us.

If the underwriters fully exercise their option to purchase additional shares and all such shares are sold by us, our pro forma as adjusted net tangible book value after this offering would increase to approximately $ per share, the dilution to investors in this offering would be approximately $ per share.

The following table shows, as of September 30, 2018, on a pro forma as adjusted basis, after giving effect to the pro forma adjustments described above, the number of shares of common stock purchased from us, the total consideration paid to us and the average price paid per share by existing stockholders and by new investors purchasing common stock in this offering at an assumed initial public offering price of $ per share, before deducting the underwriting discount and estimated offering expenses payable by us (in thousands, except per share amounts and percentages):

| | Shares Purchased | | Total Consideration | | Average Price Per Share |
|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | |
| Existing stockholders | | % | $ | % | $ |
| New investors | | | | | $ |
| Total | | 100 % | | $ 100 % | |

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares offered by us would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the assumed initial public offering price remains the same, and after deducting the underwriting discount and estimated offering expenses payable by us.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the number of shares of our common stock issued to existing stockholders but would not increase the total consideration paid by them in the Contribution Transaction. Assuming that the initial public offering price remains the same, an increase (or decrease) in the number of shares offered by us in this offering would not increase (or decrease) the number of shares we will issue to existing stockholders in the Contribution Transaction.

The above table and discussion includes shares of common stock outstanding as of September 30, 2018, after giving effect to the pro forma adjustments described above, and excludes, as of September 30, 2018:

- shares of common stock reserved for future grant or issuance under our 2019 Plan, which will become effective in connection with the completion of this offering; and
- any exercise of the underwriters' over-allotment option to purchase additional shares.

## MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this prospectus, particularly under the headings "Special Note Regarding Forward-Looking Statements" and "Risk Factors."*

### Company Overview

We are a media company that creates innovative and award-winning content for our customers which include some of the world' s most well-known brands. We create content for commercials, television series, digital and social media, experiential and influencer platforms and virtual reality (VR) and augmented reality (AR) experiences. We believe our content is highly creative, engages large audiences and influences their behavior. Our work has generated billions of views and impressions on digital platforms and has reached television audiences in over two hundred countries. Our commercial content is broadcasted regularly during the world' s largest televised events, including the Olympic Games, the World Cup and the Super Bowl.

### Factors Affecting Our Operating Results

Various factors are expected to continue to affect our future results of operations, including the following:

***Quarterly Fluctuations in Revenues.*** Our revenues, cash flows from operations, operating results and other key operating and financial measures may vary from quarter to quarter due to production schedules and project volume. We have limited control over the timing and mix of individual projects which could result in material fluctuations of our revenues, cash flows from operations, operating results and other key operating and financial measures from period to period.

***Public Company Expenses.*** Following the completion of this offering, we expect to incur additional professional fees and other expenses as a result of being a public company. We expect such costs will be significant and will adversely impact our results of operations and cash flows. In addition, we expect to increase our staff as our operations grow and as we integrate potential future acquisitions. We intend to invest appropriate resources to properly manage our business, and this investment will likely result in future increases in general and administrative expenses.

***Acquisitions.*** One of our business strategies is to pursue acquisitions in related businesses. We may pursue acquisitions of additional businesses that provide services within our current core product offerings, extend our geographic reach and expand our product offerings. If completed, acquisitions could have significant effects on our business, financial condition and results of operations. We cannot assure you that we will enter into any definitive acquisition agreements on satisfactory terms, or at all. Costs associated with potential acquisitions are expensed as incurred, and could be significant.

### Components of Our Financial Performance

In assessing the financial performance of our business, we consider various financial and operating metrics, including the following:

***Revenues.*** We derive our revenues from a broad number of customers and projects. Most commonly, our customers are advertising agencies that are the contracting agency on behalf of brands. We might service a number of different brands through a single customer, nonetheless, no single customer will typically generate more than 20% of our revenues in any given year. Projects usually extend over three or four months but can be as short as a few weeks and no project to date has been longer than eight months, with the exception of branded entertainment. When we enter into contracts, we believe we can reasonably project the timing of its revenues, costs and cash flows.

We control the timing and mix of individual projects as they are in production; however, we do not have extended visibility into future projects as clients' campaigns and needs can change dramatically due to market conditions and marketing strategies. This dynamic leads to management' s limited ability to accurately project revenues and expenses from future projects.

We recognize revenues using the percentage-of-completion method of accounting in accordance with GAAP which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management (the cost-to-cost method). Using the cost-to-cost method, revenues are recorded at amounts equal to the ratio of actual cumulative costs incurred divided by total estimated costs, multiplied by the total estimated contract revenue, less accumulated revenue recognized in prior periods. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

Our backlog for awarded projects at December 31, 2017 and 2016 was approximately $4.3 million and $4.6 million, respectively. Backlog refers to projects for which the client has requested work and we have entered into a contract but which has not yet been completed. Such contracts are cancellable but there are penalty provisions associated with such cancellations. All of our backlog as of December 31, 2017 is expected to be completed in 2018 due to the short-term nature of the projects.

***Cost of Revenues.*** Cost of revenues includes all labor and related benefits, subcontractors, software maintenance and other direct costs related to contract performance such as equipment rental, travel, supplies and other production costs. Also included in cost of revenues are occupancy costs and depreciation. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

***Selling, General and Administrative Expenses.*** Selling, general and administrative expenses include expenses related to administration employees, sales personnel, software engineers and other technical support personnel, expendable computer software and equipment, professional fees, facilities expenses and other operating expenses not directly related and/or allocable to projects. Additionally, we utilize external sales personnel that are paid commissions based on projects they secure.

***Interest Income (Expense).*** Our interest income consists of interest earned on our cash and cash equivalents. Interest expense consists of interest incurred on the outstanding balance under our credit facility with our financial institution as well as interest on a note payable to a former executive relating to the repurchase of his member interests.

**Results of Operations**

The following table sets forth certain information regarding our consolidated results of operations for the periods indicated:

| | Nine Months Ended September 30, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2017 | 2016 |
| | (unaudited) | | (in thousands) | |
| Net sales | $ 43,051 | $ 46,302 | $ 61,962 | $ 62,863 |
| Cost of sales | 34,084 | 33,928 | 45,273 | 45,895 |
| Gross profit | 8,967 | 12,374 | 16,690 | 16,968 |
| Selling, general and administrative expenses | 10,850 | 12,098 | 16,184 | 17,849 |
| Operating income (loss) | (1,883) | 276 | 505 | (881) |
| Other income (expense): | | | | |
| Interest income | 22 | 7 | 7 | 2 |
| Interest expense | (115) | (114) | (161) | (183) |
| Other expense | (43) | (96) | (137) | (181) |
| | (136) | (203) | (291) | (362) |
| Income (loss) before income tax benefit (expense) | (2,019) | 73 | 215 | (1,243) |
| Income tax benefit (expense) | 114 | (19) | (17) | 71 |
| Income (loss) before income from equity method investment | (1,905) | 54 | 198 | (1,172) |
| Income from equity method investment | 133 | - | - | - |
| Net income (loss) | $ (1,772) | $ 54 | $ 198 | $ (1,172) |
| Other comprehensive income: | | | | |
| Foreign currency translation gain (loss) | (1) | 4 | 18 | 38 |
| Comprehensive income (loss) | $ (1,773) | $ 58 | $ 216 | $ (1,134) |

**Comparison of Nine Months Ended September 30, 2018 and Nine Months Ended September 30, 2017**

*Net sales*. Net sales declined $3.3 million, or 7.0%, from $46.3 million for the nine months ended September 30, 2017 to $43.1 million for the nine months ended September 30, 2018. The decrease was primarily attributable to a reduction in our animation and live action revenues that was partially offset by an increase in our production services revenue. The reduction in animation and live action revenues and the increase in production services revenue were the result of normal variation in sales volume across our customer base.

*Cost of sales*. Cost of sales was approximately flat at $34.1 million for the nine months ended September 30, 2018 compared to $33.9 million for the nine months ended September 30, 2017.

Gross profit declined from $12.4 million for the nine months ended September 30, 2017 to $9.0 million for the nine months ended September 30, 2018. The decline in gross profit was a result of the decline in revenues coupled with the decline in gross margin.

Gross margin decreased approximately 5.9% from 26.7% for the nine months ended September 30, 2017 to 20.8% for the same period in 2018. The decrease in gross margin was primarily attributable to a decline in our animation product offering gross margin. The decline in animation product offering gross margin year-over-year was the result of variation in the mix of our projects. In the ordinary course of business, there is normal variability in the gross margin from project to project.

*Selling, general and administrative expenses*. Selling, general and administrative expenses declined approximately $1.3 million, or 10.3%, from $12.1 million for the nine months ended September 30, 2017 to $10.8 million for the same period ended in 2018. The decrease was primarily attributable to reductions in staff costs, leasehold amortization, sales commissions and occupancy costs, partially offset by increases in professional fees related to this offering.

*Net interest expense.* Net interest expense was approximately flat at $0.1 million for the nine months ended September 30, 2018 and 2017.

**Comparison of Year Ended December 31, 2017 and Year Ended December 31, 2016**

*Net sales*. Net sales declined $0.9 million, or 1.4%, from $62.9 million for the year ended December 31, 2016 to $62.0 million for the year ended December 31, 2017. The decrease was primarily attributable to a $1.2 million reduction in our episodic and film visual effects revenues as we ceased this product offering during 2016. In addition, during 2016, we ceased our "Persuade Content" live-action product offering which generated approximately $0.8 million of revenue in 2016. These decreases in revenues were partially offset by revenue increases in our Psyop product offerings of $1.0 million coupled with revenues of approximately $0.1 million from our Content & Co product offering, which we acquired in 2017.

*Cost of sales*. Cost of sales was approximately flat at $45.9 million for the year ended December 31, 2016 compared to $45.3 million for the year ended December 31, 2017. Similarly, gross profit was approximately flat at $17.0 million for the year ended December 31, 2016 compared to $16.7 million for the year ended December 31, 2017. Gross margin decreased from 27.0% in 2016 to 26.9% in 2017. The decrease in gross margin was primarily attributable to a decline in gross margin of approximately 3% in our Psyop product offerings, partially offset by the positive margin impact achieved through the cessation of the Persuade Content, visual effects and games product offerings which had very low margins in the prior year.

*Selling, general and administrative expenses*. Selling, general and administrative expenses declined $1.7 million, or 9.3%, from $17.8 million for the year ended December 31, 2016 to $16.2 million for the year ended December 31, 2017. Of the decline, $1.2 million was attributable to the cessation of the Persuade Content, visual effects and games product offerings. The remaining decrease of $0.5 million was primarily attributable to reductions in travel, meals and entertainment, professional fees, depreciation and office supplies, partially offset by increases in sales commissions and occupancy expenses.

*Net interest expense.* Net interest expense was approximately flat at $0.2 million for the years ended December 31, 2017 and 2016.

**Liquidity and Capital Resources**

Our principal sources of liquidity at September 30, 2018 consisted of cash and cash equivalents of approximately $3.1 million and accounts receivable of approximately $5.5 million.

Historically, we financed our operations primarily through cash from operations and cash on hand. Because our cash flow from operations generally has been sufficient to operate our business, we have historically funded our operations without significant reliance on borrowings. We have relied on borrowings for facility buildouts and our growth and expansion opportunities.

As discussed above, we derive a substantial amount of our revenues from a diverse and changing group of advertising agencies who engage us on a project-by-project basis. Advance payments on these commercial projects help fund our operations, but may fluctuate significantly from quarter-to-quarter depending on production schedules and project volume. Thus, we have limited visibility into our future cash flows beyond contracts that have been signed and are in process. We have little control over the timing and mix of individual projects, which limits our ability to predict our future operations and related cash flows.

Historically, our primary cash expenditures have been dedicated to the payment of salaries and wages to our employees and to our freelancers. Other areas that require significant portions of our expenditures are commissions paid to sales representatives, occupancy costs and expenditures on technological equipment.

We do not expect to make significant internal investments in property and equipment over the next three years outside of the normal maintenance required to refresh our production pipeline.

In April 2017, we purchased 85,000 Class B-2 units from our former Chief Operating Officer for $1.2 million which is being paid in four equal annual installments of $300,000 beginning March 15, 2018 and ending of March 15, 2021.

In May 2017, we purchased 225,000 Class B-1 units from an entity owned by our former Chief Executive Officer for $3.5 million, which is being paid as follows: $500,000 in May 2017; $500,000 in March 2018; $750,000 in March 2019; $750,000 in March 2020; and $1.0 million in March 2021. The unpaid amount of these payment obligations bear interest at a rate of 3% per annum.

In April 2018, we acquired a 40% interest in Broken Bone Club Limited, a private limited company incorporated in England and Wales for 1.25 million Great Britain Pounds ("GBP") (or USD $1.8 million). We paid 250,000 GBP (or approximately USD $355,000) at the closing of the transaction and are required to pay the remaining 1 million GBP (or USD $1.4 million) in 48 equal monthly installments, with unpaid amounts bearing interest at 3% per annum, starting from May 10, 2018. Broken Bone Club Limited is a holding company, the sole assets of which consist of shares of Golden Wolf Ltd and Golden Wolf, Inc. (collectively, "Golden Wolf"). Golden Wolf is an award-winning animation and video production company based in London that creates content targeted at millennial audiences. We acquired an interest in Broken Bone Club Limited because we believe Golden Wolf' s business strategically complements our core business and the acquisition allows for the expansion of our product offerings into the London market.

Our future capital requirements will depend on many factors, including our rate of sales growth. Although we currently are not a party to any agreement or letter of intent with respect to potential material investments in, or acquisitions of, complementary businesses, services or technologies, we may enter into these type of arrangements in the future, which could also require us to seek additional equity or debt financing. Such additional funds may not be available on terms favorable to us or at all. Debt financing, if obtained, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt and issuing shares of our common stock, and could increase our expenses and require that our assets secure such debt. Equity financing, if obtained, could result in dilution to our then existing stockholders and/or require such stockholders to waive certain rights and preferences.

We intend to use the net proceeds of this offering for working capital and other general corporate purposes. We may use a portion of the net proceeds to acquire complementary businesses or technologies. We believe that our cash flow from operations and net proceeds from this offering will be sufficient to fund our projected operating requirements for at least the next twelve months.

***Selected Cash Flow Data***

Net cash provided by operating activities was $0.0 million for the nine months ended September 30, 2018. This was primarily attributable to depreciation and amortization expense of $1.0 million, an increase in accounts payable and other current liabilities of $0.7 million, an increase in billings in excess of costs and estimated earnings on uncompleted contracts of $0.7 million and an increase of $0.5 million in other long-term liabilities. This was partially offset by a net loss of $1.8 million and an increase in costs and estimated earnings in excess of billings on uncompleted contracts of $0.8 million.

Net cash used in operating activities was $2.4 million for the nine months ended September 30, 2017. This was primarily attributable to an increase in accounts receivable of $4.4 million, an increase in costs and estimated

earnings in excess of billings on uncompleted contracts of $1.5 million, partially offset by an increase in billings in excess of costs and estimated earnings on uncompleted contracts of $1.4 million, depreciation and amortization of $1.3 million and a decrease in prepaid expenses and other assets of $0.4 million.

Net cash used in investing activities was $0.6 million for the nine months ended September 30, 2018 and consisted of $0.5 million paid during the year for the investment in Golden Wolf. The remaining $0.1 million was spend on capital expenditures.

Net cash used in investing activities was $0.6 million for the nine months ended September 30, 2017 and consisted of $0.3 million of capital expenditures and $0.3 related to the purchase of an intangible asset.

Net cash used in financing activities was $2.3 million for the nine months ended September 30, 2018 which consisted of $0.8 million of principal payments of bank notes payable, $0.8 million for the repurchase of membership units described above and $0.7 million of distributions to equity holders.

Net cash used in financing activities was $1.5 million for the nine months ended September 30, 2017 which consisted of $1.0 million of principal payments of bank notes payable and $0.5 million for the repurchase of membership units described above.

Net cash provided by operating activities was $0.4 million for the year ended December 31, 2017. This was primarily attributable to net income of $0.2 million, depreciation and amortization of $1.7 million, an increase in accounts payable and other current liabilities of $0.6 million, an increase in deferred rent of $0.3 million and a decrease in prepaid expenses and other assets of $0.3 million. This was partially offset by an increases in accounts receivable of $2.1 million and costs and estimated earnings in excess of billings on uncompleted contracts of $0.5 million.

Net cash provided by operating activities was $1.0 million for the year ended December 31, 2016. This was primarily attributable to a decrease in accounts receivable of $3.2 million, depreciation and amortization of $2.1 million and a decrease in prepaid expenses and other assets of $0.4 million, partially offset by a net loss of $1.2 million and a decrease in accounts payable and other current liabilities of $3.5 million.

Net cash used in investing activities was $0.6 million for the year ended December 31, 2017 which consisted of $0.3 million of capital expenditures and $0.3 related to the purchase of an intangible asset.

Net cash used in investing activities was $1.6 million for the year ended December 31, 2016 which consisted of capital expenditures.

Net cash used in financing activities was $1.8 million for the year ended December 31, 2017 which consisted of $1.3 million of principal payments of bank notes payable and $0.5 million for the repurchase of membership units described above.

Net cash used in financing activities was $2.2 million for the year ended December 31, 2016 which consisted of $1.1 million of principal payments of bank notes payable and $1.1 million of distributions to equity holders.

***Credit Facility***

We maintain a credit facility with Bridgehampton National Bank. The credit facility currently consists of one term loan (Term Loan C) with an original aggregate principal amount of $3.0 million, a line of credit in the amount of $3.0 million and a letter of credit facility in the amount of $2.0 million for the issuance of standby letters of credit.

Term Loan B in the original amount of $1.0 matured in March 2018 and bore interest at 5.75% per annum and was payable in 60 consecutive equal monthly installments of principal and interest in the amount of $18,836.

Term Loan C in the amount of $3.0 million matures April 2019 and is payable in 36 consecutive equal monthly installments of principal and interest in the amount of $88,838 and bears interest at 4.5% per annum. At September 30, 2018, the balance outstanding under Term Loan C was $0.6 million.

The line of credit matures on June 30 of each year and bears interest at a rate per annum equal to the greater of (i) the prime rate plus 1.0% or (ii) 4.5%. At December 31, 2017, no amounts were outstanding under the line of credit.

At September 30, 2018, two standby letters of credit were outstanding under our credit facility in the aggregate amount of $1.1 million, which have been issued to our landlords for two of our leased facilities.

The credit facility is guaranteed by our domestic operating subsidiaries. The credit facility is collateralized by all our and the guarantor subsidiaries' assets. As of December 31, 2017, the credit facility required us to comply with the following financial covenants: (a) a debt service coverage ratio of at least 1.50 to 1.00; and (b) a debt to equity ratio of not more than 2.00 to 1.00. As of December 31, 2016, we were in violation of the debt service coverage ratio covenant, and we subsequently received a waiver from the lender for such violation. As of December 31, 2017, our debt service coverage ratio was 1.51 to 1.00 and our debt to equity ratio was 0.31 to 1.00. On May 31, 2018, the credit facility was amended to reduce the debt service coverage ratio from 1.50 to 1.00 to 1.25 to 1.00. Additionally, cash distributions paid to Psyop Media Company, LLC' s members in any fiscal year cannot exceed the operating cash flow generated in the immediately preceding fiscal year. Based on our financial performance through September 30, 2018, we do not expect to be in compliance with the covenants under the credit facility as of December 31, 2018. We expect to receive a waiver from the lender for such non-compliance. However, in the event we do not, the lender will have the right to accelerate the balance of the loans outstanding under the credit facility and to prohibit further borrowings under the credit facility.

**Off-Balance Sheet Transactions**

As of December 31, 2017, we did not have any off-balance sheet arrangements.

**Critical Accounting Policies and Estimates**

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in our consolidated financial statements and accompanying notes. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances. However, estimates inherently relate to matters that are uncertain at the time the estimates are made, and are based upon information then presently available. Actual results may differ significantly from these estimates under different assumptions or conditions.

**Revenue Recognition**

We recognize revenues using the percentage-of-completion method of accounting in accordance with GAAP which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

**Cost Recognition**

Contract costs include all labor, subcontractors and other direct costs related to contract performance such as equipment rental, supplies and other production costs. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

**Accounts Receivable**

We carry our accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates our accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Accounts are written off once management has determined the balances will not be collected. Specific allowances for doubtful accounts in the amounts of $26,113 and $26,113 were recorded for customers' balances at December 31, 2017 and 2016, respectively.

**Income Taxes**

Psyop is a limited liability company and treated as a partnership for income tax purposes. As such, income or loss of Psyop, in general, is allocated to its members for inclusion in their personal income tax return. We conduct business in New York City and are subject to New York City Unincorporated Business tax.

We comply with GAAP, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

In accordance with GAAP, we are required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in us recording a tax liability that would reduce members' equity. We are subject to potential examination by jurisdiction authorities in the areas of income taxes for all periods subsequent to 2012. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with tax laws. Management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

**Emerging Growth Company Status**

The Jumpstart Our Business Startups Act of 2012, or the JOBS Act, permits an "emerging growth company", which we are, to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies until those standards would otherwise apply to private companies. We are taking advantage of this exemption and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

**Recently Issued Accounting Pronouncements**

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements as of the date of this prospectus.

## BUSINESS

We are a media company that creates innovative and award-winning content for some of the world' s most well-known brands. We create content for commercials, television series, digital and social media, experiential and influencer platforms and virtual reality (VR) and augmented reality (AR) experiences. We believe our content is highly creative, engages large audiences and influences their behavior. Our work has generated billions of views and impressions on digital platforms and has reached television audiences in over two hundred countries. Our commercial content is broadcasted regularly during the world' s largest televised events, including the Olympic Games®, the World Cup® and the Super Bowl®.

### Our Business

We create content for distribution across all major platforms through Psyop and Content & Co, which are wholly-owned subsidiaries, and Golden Wolf, of which we have a 40% ownership interest.

***Psyop:*** Pysop is a story- and design-led, full-service production company that partners with advertising agencies and brands. Psyop primarily specializes in the creation of animated commercials, including animation integrated with live action, or mixed media productions. Psyop presently generates substantially all of our revenues.

***Golden Wolf:*** In early 2018, we acquired a minority stake in Golden Wolf. Golden Wolf is an award-winning animation and video production company based in London that creates content targeted at millennial audiences. We represent and work with Golden Wolf on select projects where our clients have prioritized reaching millennial audiences.

***Content & Co:*** Content & Co, which we acquired in 2017, develops, produces and distributes original short- and long-form content for brands. Content & Co operates as a turnkey studio that offers access to top writers, directors and showrunners. Although our revenues from Content & Co. have not been material to date, we believe that Content & Co will become an increasingly larger portion of our revenues as we seek to grow our business.

### Our Customers

Over the past 18 years, we believe we have consistently delivered iconic and effective content for blue-chip brands. Our customers include many blue-chip brands such as Coca-Cola, Google and Microsoft. We have produced content for brands across major industry groups including: automotive; consumer products; technology; games; food; beverage; footwear; apparel; media; telecom; finance; hospitality; and energy. We have produced commercial content, which has been broadcast during some of the world' s largest televised events including the Super Bowl, the Winter Olympics and the World Cup.

The following is a list of selected brands for which we have created content:


*Trademarks shown in this prospectus are the property of the owners thereof.*

We have partnered with major advertising companies to deliver content to brands, including: Barton F. Graf LLC; Argonaut Inc.; McCann Worldgroup, Inc.; Rubin Postaer & Associates, Inc.; Leo Burnett Company, Inc.; DDB Worldwide Communications Group, Inc.; 72andSunny Partners LLC; Wieden+Kennedy, Inc.; Ogilvy & Mather International Inc.; J. Walter Thompson Worldwide; and Saatchi & Saatchi Advertising Group, Inc.

For the year ended December 31, 2017, Barton F. Graf LLC and Argonaut Inc. accounted for 18% and 13% of our revenues, respectively. For the year ended December 31, 2016, Barton F. Graf LLC and Argonaut Inc. accounted for 13% and 14% of our revenues, respectively.

**Accolades**

We have won numerous awards and accolades for our creative work. Our awards and accolades include:

- ADDY Awards – American Advertising Awards (2014; 2016; 2017)
- AICP Awards (2007; 2008; 2009; 2011; 2012; 2013; 2014)
- Annie Awards (2016)
- Cannes Lions (2007; 2009)
- Clio Awards (2007; 2011; 2012; 2013; 2016; 2017)
- D&AD Awards (2002; 2003; 2006; 2007; 2011; 2012; 2015)
- Effie Awards (2012; 2014)
- Emmy Award (2009; 2010; 2013 (nomination))
- FWA Awards (2013; 2015)
- Game Marketing Awards (2013; 2016)
- London International Awards (2010; 2011)

- One Show Awards (2007; 2009)
- Spike Awards (2012)
- Shots Awards (2015)
- Sundance Film Festival (2008)
- Webby Awards (2014)

In addition, in 2014, *Advertising Age,* an industry trade publication, recognized the original content web series Content & Co created for Subway Restaurants as the Small Agency Integrated Campaign of the Year. In 2015, *Advertising Age* stated that, "Psyop easily could be dubbed the Pixar of the spots [commercial] world, given its reputation as the go-to shop for top notch animation and design."

**Primary Product Offerings**

***Commercial content:*** The creation of commercial content comprises substantially all of our business. We produce animated television commercials, including animated and computer graphics (CG) content. We also produce live action and mixed media commercials. Our commercials can be viewed on television as well as through digital and other platforms. We presently generate substantially all of our revenues from the production of commercial content. We believe we have a long-standing reputation in the global advertising industry for producing visually compelling messages that engage and entertain consumers.

***Branded entertainment:*** Through Content & Co., we create, develop, produce and distribute for our brand clients original short- and long-form content in which our client' s brands are integrated into the content. The content we create can be used on television, digital and social media, experiential platforms (which are event-based advertising where consumers interact with the activities centering around brands) and influencer platforms (which are advertising that focuses marketing activities primarily around popular social media personalities). When we produce branded short- and long-form content, we retain the copyright of that content. This allows us to license portions of the same content to other platforms to create additional revenue streams. We have created more than 20 premium branded scripted and reality series that have been distributed in North America and Europe. For example, we created *The 4 to 9ers*, an original scripted web series comedy which we licensed to Subway for use on their channels (YouTube, Facebook and Twitter), licensed to Hulu under a revenue sharing agreement and licensed for mobile use to Telephonica in Spain under a revenue sharing agreement.

***VR and AR:*** We produce VR and AR live action, animation and mixed media content. We believe that VR and AR experiences enable brands to actively engage audiences with their content. We create VR experiences that can be used on many commercially available VR platforms, such as Samsung VR Gear, Google Daydream, Playstation VR and Oculus Home for Rift. Our VR and AR capabilities allow us to generate new revenue streams by producing new products for existing clients. For example, in 2014, we created two short films for Samsung Electronics Co., Ltd. We used content from these films to create the first fully-3D pre-rendered (non-interactive) VR experience for the 2014 World Cup. We also created an interactive VR experience called Kismet that can be used on multiple platforms. This work allowed us to showcase our capabilities and generated new VR work from existing clients.

**Selected Work**

***Commercials***

***Animation***

***Company:*** ***Supercell Oy (Tencent Games)***
***Brand:*** ***Clash of Clans and Clash Royale Mobile Games***
***Work:*** ***Animated Commercials***


***Company:*** ***Cricket Wireless, LLC (AT&T Inc.)***
***Brand:*** ***Cricket Wireless***
***Work:*** ***Animated Commercials***


***Company:*** ***The Coca-Cola Company***
***Brand:*** ***Coke***
***Work:*** ***Animated Commercials***

*Company:* *The Coca-Cola Company*
*Brand:* *Fanta*
*Work:* *Animated Commercials*


*Live Action*

*Company:* *Samsung Electronics Co., Ltd.*
*Brand:* *Samsung*
*Project Title:* *Breaking Out*
*Work:* *Live-Action Commercial*

*Digital / Social*

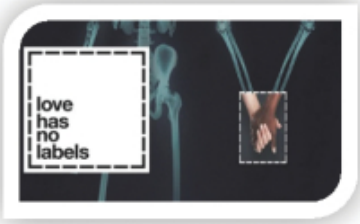
*Company:* *Ubisoft Entertainment SA*
*Brand:* *Assassin's Creed*
*Project Title:* *Tales from the Tomb*
*Work:* *Spots for Digital, Over-the-Top Media and Linear Platforms*

*Video Game Cinematics*

| | |
|---|---|
| ***Company:*** | ***Microsoft Studios (Microsoft Corporation)*** |
| ***Brand:*** | ***RECORE*** |
| ***Project Title:*** | ***RECORE Launch Trailer*** |
| ***Work:*** | ***Release Trailer for Video Game*** |


*Experiential*

| | |
|---|---|
| ***Company:*** | ***Ad Council*** |
| ***Campaign:*** | ***Family & Community for Diversity & Inclusion Awareness*** |
| ***Project Title:*** | ***Love Has No Labels*** |
| ***Work:*** | ***Video Using Real-Time X-Ray / Motion Capture Sensor Technology on 10x10 Screen*** |

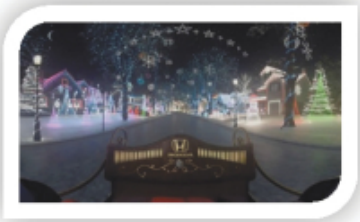



*Mobile Gaming*

| | |
|---|---|
| ***Company:*** | ***Bush Brothers & Company*** |
| ***Brand:*** | ***Bush's Beans*** |
| ***Project Title:*** | ***Bean Dash Mobile Game*** |
| ***Work:*** | ***Arcade Game for Linear, Digital and Social Media and iOS and Android Platforms*** |

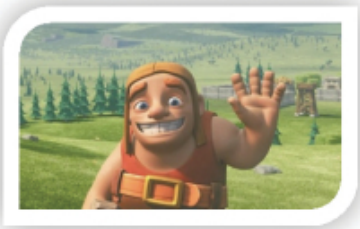
*Virtual Reality / Mixed Media*

| | |
|---|---|
| ***Company:*** | ***Honda Motor Company, Ltd.*** |
| ***Brand:*** | ***Honda*** |
| ***Project Title:*** | ***Candy Cane Lane, Get Well Card VR Experience*** |
| ***Work:*** | ***Interactive VR Experiences*** |



*Augmented Reality*

| | |
|---|---|
| ***Company:*** | ***Supercell Oy (Tencent Games)*** |
| ***Brand:*** | ***Clash of Clans and Clash Royale Mobile Games*** |
| ***Project Title:*** | ***Clash Builder and Clash Royale King AR Experience*** |
| ***Work:*** | ***AR Campaign on Facebook Messenger*** |



***Branded Entertainment***

***Commercial Animation***

***Company:*** ***Fiat Chrysler Automobiles N.V.***
***Brand:*** ***Ram Trucks***
***Work:*** ***Live-Action Commercials***


***National Television / Over-the-Top Media***

***Company:*** ***Airbnb***
***Brand:*** ***Airbnb***
***Work:*** ***Animated Commercial***

*Influencer*

| | |
|---|---|
| ***Company:*** | ***Subway Restaurants*** |
| ***Brand:*** | ***Subway*** |
| ***Project Title:*** | ***Summer with Cimorelli*** |
| ***Work:*** | ***Original Short-Form Web Series*** |


*Web Series*

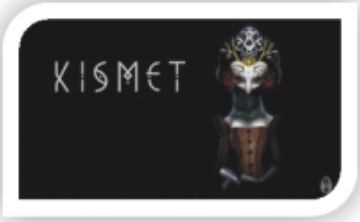
| | |
|---|---|
| ***Company:*** | ***Subway Restaurants*** |
| ***Brand:*** | ***Subway*** |
| ***Project Title:*** | ***The 4-to-9ers*** |
| ***Work:*** | ***Original Short-Form Scripted Hulu Spotlight Web Series*** |


*TV Series*

| | |
|---|---|
| ***Company:*** | ***Edgewell Personal Care Company*** |
| ***Brand:*** | ***Schick Razors*** |
| ***Project Title:*** | ***Clean Break*** |
| ***Work:*** | ***Multi-Channel Series*** |

*Virtual Reality*

| | |
|---|---|
| ***Company:*** | ***Psyop Media Company, LLC*** |
| ***Brand:*** | ***Kismet*** |
| ***Work:*** | ***Daily VR Experience*** |




*Web Series*

| | |
|---|---|
| ***Company:*** | ***Psyop Media Company, LLC*** |
| ***Brand:*** | ***Grandma's Kats Are Trying to Kill Her*** |
| ***Work:*** | ***Original, Scripted, Short-Form Animated Series*** |


**Our Competitive Strengths**

We believe that our competitive strengths include:

***Excellent reputation:*** Over the past 18 years, we believe we have earned an excellent reputation for our creative ability, innovation, execution and on-time delivery of complex and challenging media content. Our track record has created consistent demand for our services from leading advertising agencies and global brands.

***Our creative storytelling capabilities:*** We believe our creative content turns ideas into visual, relatable stories that resonate with consumers and influences their behavior. We believe that our years of experience and access to creative talent allow us to tell compelling stories whether in six seconds or 22 minutes. We believe many of our clients have repeatedly engaged us to create content to target audiences because of our demonstrated strength in storytelling.

***Diverse, creative talent base:*** We employ or represent over 20 directors and over 80 designers, technical directors and other artists who we believe deliver a unique combination of creative direction (character, world and story development) and execution (unique and high quality imagery and related production content). Our corporate culture is designed to breed a collaborative effort and multidisciplinary approach among our directors, designers and visual effects artists that enables us to deliver award-winning quality work in a timely manner. We believe our innovative and creative work facilitates our ability to recruit and retain exceptional talent.

***Strong relationships with advertising agencies and brands:*** We have produced highly successful and creative advertising campaigns for global brands which we believe have allowed us to develop long-standing, strong relationships with leading advertising agencies and brands. We are often commissioned to create multiple campaigns for brands over many years, acting as the go-to production company for these clients. In addition, despite that some of our competitors are larger than us, we have been able to compete effectively with them and by winning projects from new and existing clients.

***Strong relationships with film, television and digital production companies:*** We maintain Production Overall Deals (PODs) with award-winning production companies in film, television and digital series. In a POD, studios like us pay writers, producers, directors or actors for exclusivity for their projects. In PODs, we manage development and distribution of content created by production companies. PODs enable us to extend and diversify our creative capabilities and provide access to additional talent for our clients.

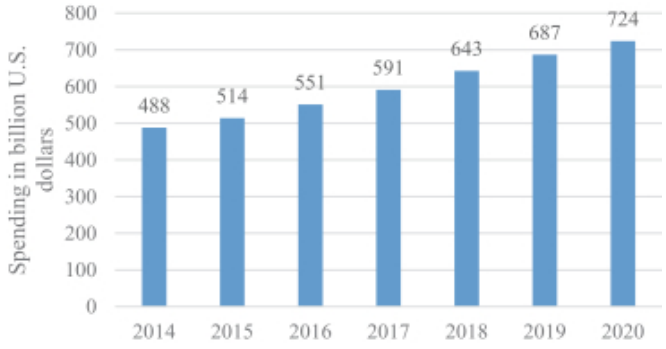
***End-to end solution:*** We have developed in-house production processes that enable us to serve as a one-stop-shop, providing a full suite of solutions to the advertising industry and brands. We are able to conduct a project from concept through design and all stages of production using in-house and contracted creative talent when necessary.

**Our Industry**

We create branded advertising content primarily for television, digital and other advertising platforms.

***The global advertising market is large and growing.*** Global advertising spending was a $591 billion global market in 2017, projected to grow to $724 billion in 2020, according to eMarketer.

**Global Advertising Spending from 2014 to 2020 (in billion U.S. dollars)**




*Source: eMarketer*

***Television spending continues to be strong.*** Television has historically been the single largest advertising medium worldwide. Zenith forecasts that television advertising in the U.S. peaked in 2017 at $69 billion and will decline slightly to $66 billion in 2020. Zenith suggests that advertisers are finding that it makes sense to plan advertising campaigns for television and online video together because they work best as complements rather than substitutes. Television and online video together are becoming more important to advertisers seeking to build brands than either form of advertising is alone.

***Digital advertising spending is increasing.*** Digital technologies have transformed media consumption, viewing habits and social interaction. Content is being viewed at ever-increasing rates on wired and wireless smart devices across the globe. Social media platforms offer consumers the option to view, share and comment on the content they consume anywhere and at any time. As a result, brands are increasingly turning to digital media

platforms and social networks to engage consumers. In fact, in 2017, global digital advertising spending surpassed global television advertising spending for the first time, according to MAGNA. MAGNA projects that, in 2018, U.S. digital advertising spending will exceed $100 billion and will account for half of total U.S. advertising sales for the first time. MAGNA projects that U.S. digital advertising sales will be $163 billion by 2023.

Today, according to Forbes, over 90% of Global 5000 Chief Marketing Officers are investing in a new modern marketing mix of 20 marketing outlets including emerging digital, mobile and social outlets to support every stage of the customer journey from brand awareness to customer engagement to demand and sales. These new channels are additive to traditional channels like television.

***Creative short-form video content attracts audiences.*** Given the proliferation of entertainment channels, capturing the attention of audiences is becoming increasingly challenging. We believe that brands are seeking creative content in short-form video that includes animation and mixed media to evoke emotions that resonate with viewers. According to AOL Advertising, while online video consumption is increasing across all video lengths, short-form video is growing the fastest. According to AOL Advertising, 59% of consumers watch videos that are under one minute long every day.

***VR and AR are poised for considerable growth.*** International Data Corporation, or IDC, forecasts worldwide revenues for the VR and AR markets to reach $27 billion in 2018, an increase of 92% from 2017. According to IDC, VR and AR spending is expected to achieve a compound annual growth rate of 72% worldwide, and 99% in the U.S., over the 2017-2022 forecast period. While a large majority of the growth in spending is expected to be dedicated to gaming applications, hardware and equipment, IDC suggests that producers are quickly moving beyond games to create new content mainstream audiences will embrace.

**Our Growth Strategy**

We intend to build upon our proven ability to aggregate large audiences for brands by continuing to make compelling content that is viewable on both traditional and new platforms. We have begun to implement the growth strategies described below, and expect to continue to do so over the several years following this offering. Although the net proceeds of this offering will be available to assist us to implement our growth strategies, we cannot estimate the ultimate amount of capital needed to achieve our expected growth. We may need additional capital to implement these strategies, particularly in the event we pursue acquisitions of complementary businesses or technologies.

We intend to grow our business by:

***Capitalizing on market trends in advertising and digital media:*** We believe our long history of creating award-winning content for television provides us with the expertise to continue to capture television advertising spending. We also believe our expertise in delivering entertaining, narrative-based short-form video content positions us well for the shift to digital advertising. We intend to build our core business by leveraging the shift in the increased use of animation and visual effects to differentiate marketing messages and capture audiences in the growing digital media market.

***Implementing client service teams:*** We believe we can increase recurring work from our existing clients with a more client-focused approach to delivering our services. Historically, we have relied primarily on sales representatives or our relationships with advertising agencies to learn about potential projects well after the brand has approached the advertising agency with a specific advertising need and after months of the brand and the advertising agency working together to create an advertising concept. We are hiring account directors with knowledge of the needs of brands in key industries so that we can collaborate more closely with brands and the advertising agencies. By doing so, we believe we can get involved earlier and more intimately in a particular pitch.

***Expanding direct-to-brand sales:*** Brands are increasingly working directly with content creators, bypassing advertising agencies. We believe this industry disruption is being caused by the desire of brands to obtain greater

cost-effectiveness, transparency and control over customer data. We believe that we can increase our direct-to-brand sales by increasing business development efforts with brands. We recently reorganized our sales organization to include a specific focus on brand management.

***Growing through acquisitions:*** We believe that the highly fragmented content creation media industry, which is comprised primarily of small-to-medium-sized private companies, provides us with significant opportunities to grow our business through acquisitions. We intend to pursue acquisitions that provide services within our current core product offerings, extend our geographic reach and expand our product offerings.

***Cross-selling services:*** With the proliferation of social and digital media platforms, brands are increasingly seeking to reach audiences on multiple platforms. Our ability to produce diverse, engaging content across various media platforms allows us to offer clients a one-stop-shop for all of their content needs. We intend to cross-sell our various capabilities to drive additional revenue from existing clients and to seek to win new clients.

***Further developing intellectual property:*** We intend to build upon our success in developing original series that we own and license to brands, networks and major and new digital media studios. When we develop an original series, we retain the copyright of that content. This allows us the right to license portions of the same content to other platforms to create additional revenue streams from development fees, brand license fees, distribution license fees and ancillary sources (such as from foreign viewership).

***Expanding our geographic presence:*** We believe that by expanding our physical presence into select international regions, we will be better able to attract and retain internationally-based brands as clients. With a physical presence outside of the U.S., we can provide better customer service and offer local talent who can work more intimately with internationally-based brands than we can from our offices in the U.S.

***Expanding our talent roster:*** We intend to continue to seek to attract and retain world-class creative and technical talent, thereby increasing our opportunities to win jobs and build brand equity through additional high quality creative content. We believe that our reputation and our client base will allow us to continue to attract top creative talent. In addition, we believe that we offer talent an attractive work environment that provides them with the flexibility to create content within our broad range of content offerings. We believe that this flexibility traditionally is not offered at other larger, more traditional media companies.

**Competition**

We operate in the competitive, highly fragmented advertising and creative content production markets. We compete with many firms with no single company maintaining a significant share of the market. Some of our competitors have greater resources than those available to us and such resources may enable them to aggressively compete with us. We compete with these firms to maintain existing client relationships, to obtain new clients and assignments and attract and retain talent. We believe we effectively compete by providing clients with, among other things, award-winning talent, creative storytelling capabilities and a one-stop-shop content production solution. If existing or new companies acquire one of our existing competitors or form an exclusive relationship with one or several advertising agencies or brands, our ability to compete effectively could be significantly compromised and our results of operations could be harmed. For example, S4 Capital recently acquired the digital production agency, Media Monks, and it is currently unclear what impact this will have on the competitive landscape.

**Our Sales Process**

The process of developing short- and long-form video content starts with a brand' s desire to communicate its message to a target audience. The brand uses its advertising agency, or in some instances, works with us directly or through our account directors, to develop a communication and media strategy.

The agency distributes "boards" (early ideas of the proposed video campaign) to sales representatives and us directly. We receive boards from agencies, sales representatives working on commission, and directly from brands.

If we are interested in pursuing the project, we will create a "treatment" (a written narrative proposal for the project) based on the board. After interaction with the agency or the brand about the creative intent and consumer engagement goals of the brand (in the context of the treatment), we will formally submit a bid. The agency or brand will generally pick three treatments from production companies and request each production company "pitch" their ideas to the brand. The pitch is usually over the phone where our director communicates the creative intent of the treatment directly to the brand. The agency may or may not make a recommendation, but the brand will make the final decision and "award" the production contract. The entire sales cycle ranges between one and three weeks. By hiring account directors with specific industry or brand knowledge, we are seeking to expand our role by participating in the creation of the boards.

We believe that the most important factors in determining whether a project is awarded to us are:

- focusing on projects that have the highest probability to award to us given our reputation and unique capabilities;
- selecting a director ideally suited to the creative brief and the personality of the brand / agency; and
- understanding the objectives and particular preferences of the client of a particular pitch.

Our success depends to a significant extent upon continuing to bring a high-level of creativity and uniqueness to the production process. The creative process required to maintain the highest and freshest quality of work is delicate and involves close collaboration among the various participants – the clients, the directors, the designers and the technical personnel involved with the project. There is often an element of experimentation to see "what works" both creatively and technically. We believe that experience with the tools and techniques from previous projects is a very important factor in developing the work.

Substantially all of our work is contracted for by advertising agencies. Over the last few years, we have experienced a trend in which brands are becoming more directly involved in content production decisions. The agency "recommend" is no longer an assurance that the idea communicated in the treatment has been sold through by the agency. As a result, we believe that the strategy for winning business has changed and that we must understand brand objectives and strategy and present creative ideas that achieve the brand' s consumer engagement goals across both traditional and digital platforms. Maintaining relationships with advertising agencies and brands to ensure that they are satisfied with the creative content we produce and that they are aware of our capabilities for producing content for multiple platforms is key to ensuring repeat and new business. In addition, we believe that hiring account directors will better help us understand brands' objectives and strategies. We anticipate that this knowledge will enable us to collaborate more closely with brands and the advertising agencies. By doing so, we believe we can get involved earlier and more intimately in a particular pitch and enhance our opportunities for new and repeat business.

Although the general sales process of a typical pitch is outlined above, the actual work required for each job varies due to the unique nature of each project. The process of developing original branded influencer programs, web series or television series follows a different sales cycle than for animated television content. Instead of contacting their agency, brands contact us directly to create an original branded series. The client provides a creative or marketing brief which leads to the development of two to three original program concepts developed by our creative and production partners as part of their POD agreements. As a studio, we are responsible for the creative development, production and distribution of the program. The sales timeline for these programs is typically three to six months. These programs typically generate two to three years of revenues from the branded content, which is longer than for other content we produce such as animated television advertisements. When we develop an original series, we own the intellectual property we develop and are able to receive multiple revenue streams from development fees, brand license fees, distribution license fees and ancillary sources (such as from foreign viewership).

We are seeing a shift in the advertising industry with major advertisers going straight to the creative source for content creation, as opposed to contracting with advertising agencies who then engage with the creative source.

Content & Co' s capabilities of strategy, planning, and distribution alongside its deep relationships with the creatives in TV, film, and new media provide brands with an end-to-end solution to create more content that reaches their audiences at scale. Because of this, Content & Co programs have historically been sourced with brands directly.

**Employees**

As of September 30, 2018, we employed 109 persons, of whom approximately 85 perform creative, technical and production functions. We also engage creative, technical and production personnel on a temporary employee basis from a pool of over 200 such persons. We consider our relations with our employees and temporary staff to be satisfactory.

All of our live action production activities are subject to requirements of various production guilds and unions. Our commercial directors are subject to operating guidelines imposed by the Director' s Guild of America (DGA). Our commercial production staff operate in accordance with the guidelines of the AICP agreement with the International Alliance of Theatrical and Stage Employees (IATSE) and affiliated unions. Other than our directors, who are members of the DGA, none of our staff of full-time employees is unionized.

We aspire to hire the most highly qualified persons in the fields in which we operate. We hire many of our creative, technical and production personnel upon their graduating from colleges and universities that maintain programs in the fields for which we require talent and are at or near the top of their classes in academic and professional achievements. Most of these institutions are in the U.S.; however, in recent years some of these students have not been U.S. citizens or legal residents prior to attending schools and therefore obtained student visas. We must obtain visas to hire these individuals.

**Intellectual Property**

We believe that the names "Psyop" and "Content & Co" are important to our business and we have registered those names as trademarks with the United States Patent and Trademark Office.

Rights to characters and other creative elements created by us for completed client projects become the property of the respective clients. Often, the contracts with the clients provide for separate payment for characters in addition to payments for the production of the project. Creative elements, including characters, design and music, we create for projects that are not completed remain our property for further development and use as we may determine. To date, we have not registered copyrights for our owned intellectual properties that are copyrightable.

We own the intellectual property for the branded series we have produced, including *The 4 to 9ers*, *The Day Crew*, *Summer with Cimorelli*, *Clean Break*, *Training for Tahoe, Stand United and Camp W*. We also own the intellectual property on *Kismet.*

**Facilities**

We lease space in two office buildings in New York, New York comprising approximately 26,000 and 3,000 rentable square feet each. These leases expire in 2025 and 2022. We sublease to tenants two floors in a New York office comprising approximately 13,000 rentable square feet through 2020.

We conduct our operations in Los Angeles, California from two facilities comprising approximately 10,900 and 10,000 useable square feet. These leases expire in 2020 and 2022.

**Legal Proceedings**

We are not a party to any pending litigation and are not aware of any threatened legal proceedings that could have a material adverse effect on our business, financial condition and / or results of operations.

## MANAGEMENT

### Executive Officers and Directors

The following table sets forth information regarding our executive officers and directors, as of December 31, 2018:

| Name | Age | Position(s) |
|---|---|---|
| ***Executive Officers*** | | |
| D. Hunt Ramsbottom | 61 | Chief Executive Officer, President and Director |
| Thomas Boyle | 50 | Chief Financial Officer |
| ***Non-Employee Directors*** | | |
| Sandy Grushow | 58 | Director |
| David Sanderson | 58 | Director |

(1) Member of the compensation committee.
(2) Member of the audit committee.
(3) Member of the nominating and corporate governance committee.

***Executive Officers***

***D. Hunt Ramsbottom*:** Mr. Ramsbottom was appointed as Chief Executive Officer and President and a member of our board of directors of PCI Media, Inc. in October 2018. Mr. Ramsbottom was appointed as Interim Chief Executive Officer and President at Psyop Media Company, LLC in January 2017. Mr. Ramsbottom has over 25 years of experience building and managing growth companies. During the course of his career, he has led six public and private companies in multiple sectors including, energy, agriculture, automotive and now media. Prior to joining Psyop, Mr. Ramsbottom served as Chief Executive Officer and President of Rentech, Inc., a wood fibre processing and wood pellet production company, from September 2005 until December 2014. From July 2011 to December 2014, Mr. Ramsbottom was Chief Executive Officer and a member of the board of directors of Rentech Nitrogen GP, LLC, the general partner of Rentech Nitrogen Partners, L.P., a publicly-traded nitrogen fertilizer master limited partnership that was majority owned by Rentech, Inc. Prior to accepting his position at Rentech, Inc., Mr. Ramsbottom held various key management positions including: from 2004 to 2005, as Principal and Managing Director of Circle Funding Group, LLC, a buyout firm; from 1997 to 2004, as Chief Executive Officer and Chairman of M2 Automotive, Inc., an automotive repair venture; and from 1989 to 1997, as Chief Executive Officer of Thompson PBE, a supplier of paints and related supplies, which was acquired by FinishMaster, Inc. in 1997. Mr. Ramsbottom earned a Bachelor of Science in Business at Plymouth State University. We believe that Mr. Ramsbottom is qualified to serve as a member of our board of directors based on the perspective he brings as our Chief Executive Officer and President and his extensive experience building and managing growth companies.

***Thomas Boyle*:** Mr. Boyle was appointed as Chief Financial Officer of PCI Media, Inc. in October 2018. Mr. Boyle has been serving as Chief Financial Officer of Psyop since April 2008. Prior to joining Psyop, Mr. Boyle served as Vice President of Finance and Corporate Controller for MDC Partners, Inc., an advertising and marketing company, from July 2005 until April 2008. Mr. Boyle held several key financial management positions including: from 2004 to 2005, as Senior Director of Corporate Finance at Symbol Technologies, a manufacturer and supplier of mobile data capture and delivery equipment; from 2002 to 2004, as Assistant Corporate Controller at Moody' s Corporation; from 2000 to 2002, as Corporate Controller and later as Chief Accounting Officer at DoubleClick Inc. Prior to that time, Mr. Boyle spent nine years in public accounting with PricewaterhouseCoopers LLP and BDO Seidman LLP. Mr. Boyle received a Bachelor of Science in Accountancy from Villanova University.

***Non-Employee Directors***

***Sandy Grushow:*** Mr. Grushow was appointed to the board of directors of PCI Media, Inc. in January 2019. Mr. Grushow has been the Chief Executive Officer of Phase 2 Media, a strategic and creative advisory practice, since October 2012. As Chief Executive Officer of Phase 2 Media, Mr. Grushow applies his 25 years of experience running two entertainment businesses to guide Phase 2 Media in serving its clients' strategic business and creative, content and branding needs. From January 2009 to September 2012, Mr. Grushow served as Chief Content Officer of Medialink, a media advisory and business development company. From 2005 to 2007, Mr. Grushow served as President of Phase Two Productions, a TV production company at Twentieth Century Fox Television. From 1999 to 2004, Mr. Grushow served as Chairman of Fox TV Entertainment Group, where he oversaw entertainment operations of the Fox Network and the Fox TV studio, Twentieth Century Fox Television. From 1996 to 1999, Mr. Grushow served as President of Twentieth Century Fox Television. From 1990 to 1995, Mr. Grushow held several executive positions at Fox Entertainment including President of the division. He is also a board member of the industry' s largest ad-supported streaming video service, TubiTV and Monica & Andy, a digitally native vertical brand in the "Mom' s" space. Mr. Grushow received a Bachelor of Arts in Communications from University of California, Los Angeles. We believe that Mr. Grushow is qualified to serve as a member of our board of directors based on his extensive experience with media and entertainment companies, and assisting companies with their creative, content and branding needs.

***David Sanderson:*** Mr. Sanderson was appointed to the board of directors of PCI Media, Inc. in January 2019. Mr. Sanderson has served in key managerial positions at Bain & Company including, from September 1990 to present, as a Partner, from 1995 to 2018, as a Director from 2003 to 2018, as the Head of Global Media and Entertainment Practice, from 2006 to 2018 as Co-Head of the Global Technology, Media and Telecommunications Practice, where he gained broad experience across the media and entertainment industry, including content businesses (film, TV and video games) and aggregation/distribution platforms (cable, satellite, Internet, home video, wireless and print) and advised private equity investors focused on the media sector. Prior to joining Bain & Company, from 1985 to 1988, Mr. Sanderson served at International Business Machines Corporation as a National Account Manager and Systems Engineer and, from 1982 to 1985, as a Systems Programmer. Mr. Sanderson received a Bachelor of Science in Applied Mathematics from the University of Massachusetts, Amherst, a Master of Science in Computer Science from Syracuse University and a Master of Business Administration from Stanford University, where he was an Arjay Miller Scholar. We believe that Mr. Sanderson is qualified to serve as a member of our board of directors based on his extensive experience within the media and entertainment industry.

**Board Composition**

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering provide that our board of directors shall consist of between and members, with the exact number of directors to be determined by vote of our board and currently set at members. Currently, our board consists of members: . Upon the completion of this offering, we expect at least additional members to be appointed to our board.

In accordance with our amended and restated certificate of incorporation and amended and restated bylaws, which will be in effect upon the closing of this offering, our board of directors will be divided into three classes with staggered three year terms. At each annual meeting of stockholders after the initial classification, the successors to the directors whose terms will then expire will be elected to serve from the time of election and qualification until the third annual meeting following their election. Our directors will be divided among the three classes as follows:

- the Class I directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2019;
- the Class II directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2020; and

- the Class III directors will be and , and their terms will expire at the annual meeting of stockholders to be held in 2021.

Any increase or decrease in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. This classification of our board of directors may have the effect of delaying or preventing changes in control of our company.

Our board of directors has determined that upon completion of this offering, will be independent directors. In making this determination, our board applied the standards set forth in listing standards and in Rule 10A-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act. In evaluating the independence of , our board considered their current and historical employment, any compensation we have given to them, any transactions we have with them, their beneficial ownership of our capital stock, their ability to exert control over us, all other material relationships they have had with us and the same facts with respect to their immediate family. Our board also considered all other relevant facts and circumstances known to it in making this independence determination. In addition, are non-employee directors, as defined in Rule 16b-3 of the Exchange Act.

Although there is no specific policy regarding diversity in identifying director nominees, both the nominating and corporate governance committee and our board seek the talents and backgrounds that would be most helpful to the Company in selecting director nominees. In particular, the nominating and corporate governance committee, when recommending director candidates to the full board for nomination, may consider whether a director candidate, if elected, assists in achieving a mix of board members that represents a diversity of background and experience.

**Board Leadership Structure**

Our board of directors recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide effective oversight of management. Our amended and restated bylaws and corporate governance guidelines, which will become effective immediately prior to the consummation of this offering, will provide our board of directors with flexibility to combine or separate the positions of chairman of the board of directors and chief executive officer. Our board of directors currently believes that our existing leadership structure, under which serves as chairman of our board of directors and serves as our lead independent director, is effective, provides the appropriate balance of authority between independent and non-independent directors, and achieves the optimal governance model for us and for our stockholders.

**Board Oversight of Risk**

Although management is responsible for the day-to-day management of the risks our company faces, our board of directors and its committees take an active role in overseeing management of our risks and have the ultimate responsibility for the oversight of risk management. Our board regularly reviews information regarding our operational, financial, legal and strategic risks. Specifically, senior management attends quarterly meetings of our board of directors, provides presentations on operations including significant risks, and is available to address any questions or concerns raised by our board.

In addition, we expect that our three board committees will assist the board of directors in fulfilling its oversight responsibilities in certain areas of risk. The audit committee will coordinate our board of directors' oversight of the Company' s internal control over financial reporting, disclosure controls and procedures, related party transactions and code of conduct and management will regularly report to the audit committee on these areas. The compensation committee will assist our board of directors in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs as well as succession planning as it relates to our Chief Executive Officer. The nominating and corporate governance committee will assist our board of directors in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors and corporate governance. When any

of the committees receives a report related to material risk oversight, the chairman of the relevant committee will report on the discussion to the full board of directors.

**Code of Business Conduct and Ethics**

We anticipate adopting a code of business conduct and ethics, effective upon the completion of this offering, which will apply to all of our employees, officers and directors, including those officers responsible for financial reporting. Following the completion of this offering, the code of business conduct and ethics will be available on our website at www.psyop.com. We intend to disclose any amendments to the code, or any waivers of its requirements, on our website to the extent required by the applicable rules and exchange requirements. The inclusion of our website address in this prospectus does not incorporate by reference the information on or accessible through our website into this prospectus.

**Board Committees**

In connection with this offering, we anticipate that our board of directors will establish the following committees: an audit committee, a compensation committee and a nominating and corporate governance committee. The anticipated composition and responsibilities of each committee are described below. Members will serve on these committees until their resignation or until otherwise determined by our board of directors.

***Audit Committee***

Our audit committee oversees our corporate accounting and financial reporting process. Among other matters, the audit committee:

- appoints our independent registered public accounting firm;
- evaluates the independent registered public accounting firm' s qualifications, independence and performance;
- determines the engagement of the independent registered public accounting firm;
- reviews and approves the scope of the annual audit and the audit fee;
- discusses with management and the independent registered public accounting firm the results of the annual audit and the review of our quarterly financial statements;
- approves the retention of the independent registered public accounting firm to perform any proposed permissible non-audit services;
- is responsible for reviewing our financial statements and our management' s discussion and analysis of financial condition and results of operations to be included in our annual and quarterly reports to be filed with the SEC;
- reviews our critical accounting policies and estimates; and
- reviews the audit committee charter and the committee' s performance at least annually.

After this offering, we expect that the members of our audit committee will be (chairperson), and . All members of our audit committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and Nasdaq. Our board of directors has determined that is an audit committee financial expert as defined under the applicable rules of the SEC and has the requisite financial sophistication as defined under the applicable rules and regulations of Nasdaq. Under the rules of the SEC, members of the audit committee must also meet heightened independence standards. However, a minority of the members of the audit committee may be exempt from the heightened audit committee independence standards for one year from the date of effectiveness of the registration statement of which this prospectus forms a part. Our board of directors has determined that each of and are independent under the heightened audit committee independence

standards of the SEC and Nasdaq. The audit committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq.

***Compensation Committee***

Our compensation committee' s responsibilities include:

- reviewing and approving, or recommending that our board of directors approve, the compensation of our chief executive officer and other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- selecting independent compensation consultants and advisors and assessing whether there are any conflicts of interest with any of the committee' s compensation advisors; and
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans.

Upon the closing of this offering, our compensation committee will consist of , with serving as chair. Each of the members of our compensation committee is independent under the applicable rules and regulations of Nasdaq and is a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act. The compensation committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq.

***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee is responsible for making recommendations to our board of directors regarding candidates for directorships and the composition of our board of directors. In addition, the nominating and corporate governance committee is responsible for overseeing our corporate governance policies and reporting and making recommendations to our board of directors concerning governance matters. After this offering, we expect that the members of our nominating and corporate governance committee will be (chairperson) and . Each of the members of our nominating and corporate governance committee is an independent director under the applicable rules and regulations of Nasdaq relating to nominating and corporate governance committee independence. The nominating and corporate governance committee operates under a written charter that satisfies the applicable standards of the SEC and Nasdaq.

**Limitation on Liability and Indemnification Matters**

Our amended and restated certificate of incorporation that will become effective immediately prior to the consummation of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director' s duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated certificate of incorporation and amended and restated bylaws that will become effective immediately prior to the consummation of this offering, provide that we are required to indemnify our

directors and officers, in each case to the fullest extent permitted by Delaware law. Our amended and restated bylaws will also provide that we are obligated to advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, *provided* that, to the extent required by law, such advancement of expenses prior of the final disposition of the proceeding may be made only upon receipt of an undertaking by the person to repay all amounts advanced if it is ultimately determined that the person is not entitled to be indemnified under our amended and restated bylaws or otherwise. Our amended and restated bylaws will also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under Delaware law. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. With specified exceptions, these agreements provide for indemnification for related expenses including, among other things, attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe that these bylaw provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

The limitation of liability and indemnification provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and our stockholders. Further, a stockholder' s investment may be adversely affected to the extent that we pay the costs of settlement and damage.

## EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program for our executive officers who are named in the "2018 Summary Compensation Table" below. In 2018, our "named executive officers" were employed by Psyop Productions, LLC or Psyop Media Company, LLC. Psyop Productions, LLC is a wholly owned subsidiary of Psyop Media Company, LLC. Their positions were as follows:

- D. Hunt Ramsbottom, President and Chief Executive Officer; and
- Thomas Boyle, Chief Financial Officer, Secretary and Executive Vice President;

From January 1, 2018 until December 7, 2018, Mr. Ramsbottom served as our Interim President and Chief Executive Officer. On December 7, 2018, Mr. Ramsbottom became our Chief Executive Officer.

This discussion may contain forward-looking statements that are based on our current plans, considerations, expectations and determinations regarding future compensation programs. Actual compensation programs that we adopt following the completion of this offering may differ materially from the currently planned programs summarized in this discussion.

### 2018 Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the year ended December 31, 2018.

| Name and Principal Position | Salary ($) | Bonus ($) | Stock Awards ($) | All Other Compensation ($)(1) | Total ($) |
|---|---|---|---|---|---|
| D. Hunt Ramsbottom | 450,000 | - | - | 15,211 | 465,211 |
| *President and Chief Executive Officer* | | | | | |
| Thomas Boyle | 250,000 | 50,000 | - | 22,348 | 322,348 |
| *Chief Financial Officer, Secretary and Executive Vice President* | | | | | |

(1) Amounts reported include company-paid insurance premiums ($15,211 for Mr. Ramsbottom and $8,787 for Mr. Boyle), company-paid matching contributions under our 401(k) plan ($5,769 for Mr. Boyle) and company-paid disability insurance premiums ($7,792 to Mr. Boyle).

**Narrative to Summary Compensation Table**

***2018 Salaries***

The named executive officers receive a base salary to compensate them for services rendered to our company. The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive' s skill set, experience, role and responsibilities.

The annual base salaries for Messrs. Ramsbottom and Boyle for 2018 were $450,000 and $250,000, respectively. The annual base salaries for Messrs. Boyle and Ramsbottom remain unchanged for 2019.

***2018 Bonuses***

In 2018, each of Messrs. Boyle and Ramsbottom was eligible to earn a cash incentive bonus (the "EBITDA Bonus") pursuant to their employment agreements based upon the consolidated EBITDA of Psyop Media Company, LLC and its consolidated affiliates and subsidiaries for 2018. For 2018, Mr. Boyle' s target EBITDA Bonus was $156,000 and Mr. Ramsbottom' s target EBITDA bonus was $250,000. During calendar year 2018, Psyop Media Company, LLC and its consolidated affiliates and subsidiaries did not achieve a consolidated EBITDA at a level that would have triggered the payment of the EBITDA Bonus. However, the board of managers of Psyop Media Company, LLC expects to pay Mr. Boyle a discretionary bonus equal to $50,000 to reward him for his contributions to the company in 2018.

Mr. Ramsbottom did not receive a bonus with respect to 2018 performance.

**Equity Compensation**

Mr. Boyle currently holds Class B-3 units and Class C units in Psyop Media Company, LLC, each of which are intended to constitute "profits interests" within the meaning of the relevant IRS Revenue Procedure guidance.

In connection with this offering, assuming an initial public offering price of $ per share of common stock, which is the midpoint of the price range set forth on the cover page of this prospectus, we expect that the Class B-3 and Class C units subject to the awards granted to Mr. Boyle will be converted into shares of common stock.

We intend to adopt a 2019 Incentive Award Plan, referred to below as the 2019 Plan, in order to facilitate the grant of cash and equity incentives to directors, employees (including our named executive officers) and consultants of our company and certain of our affiliates and to enable our company and certain of our affiliates to obtain and retain services of these individuals, which is essential to our long-term success. We expect that the 2019 Plan will be effective on the date on which it is adopted by our board of directors, subject to approval of such plan by our stockholders. For additional information about the 2019 Plan, please see the section titled "2019 Incentive Award Plan" below.

**Other Elements of Compensation**

***Retirement Plans***

We currently maintain a 401(k) retirement savings plan for our employees, including our named executive officers, who satisfy certain eligibility requirements. Our named executive officers are eligible to participate in the 401(k) plan on the same terms as other full-time employees. The Internal Revenue Code allows eligible employees to defer a portion of their compensation, within prescribed limits, on a pre-tax basis through contributions to the

401(k) plan. Currently, we match contributions made by participants in the 401(k) plan up to a specified percentage of the employee contributions, and these matching contributions are fully vested as of the date on which the contribution is made. We believe that providing a vehicle for tax-deferred retirement savings though our 401(k) plan, and making fully vested matching contributions, adds to the overall desirability of our executive compensation package and further incentivizes our employees, including our named executive officers, in accordance with our compensation policies.

***Employee Benefits and Perquisites***

All of our full-time employees, including our named executive officers, are eligible to participate in our health and welfare plans, including:

- medical, dental and vision benefits;
- medical and dependent care flexible spending accounts;
- short-term and long-term disability insurance; and
- life insurance.

We cover all costs associated with the named executive officers' participation in the medical, dental, vision and disability plans. In addition, in 2018, we paid the premiums on supplemental disability insurance for Mr. Boyle. We believe the perquisites described above are necessary and appropriate to provide a competitive compensation package to our named executive officers.

***Tax Gross-Ups***

Mr. Boyle' s existing employment agreement provides for a gross-up payment to reimburse him for any excise taxes imposed on him in connection with a change in control.

**Outstanding Equity Awards at Fiscal Year-End**

None of our named executive officers held outstanding unvested equity awards as of December 31, 2018.

**Executive Compensation Arrangements**

***D. Hunt Ramsbottom Employment Agreement***

On December 7, 2018, Hunt Ramsbottom entered into an employment agreement with Psyop Productions, LLC and Psyop Media Company, LLC to serve as the President and Chief Executive Officer. The initial term of Mr. Ramsbottom' s agreement ends on the six-month anniversary of its effective date, with automatic six-month renewals thereafter, but upon the consummation of this offering the initial term automatically will be extended such that it will end on the third anniversary of the effective date of this offering (with automatic six-month renewals thereafter).

Pursuant to this employment agreement, Mr. Ramsbottom is entitled to receive a base salary of $450,000 per year, which will increase to $500,000 per year upon the consummation of this offering. In addition to his base salary, Mr. Ramsbottom (and his spouse and/or eligible dependents) shall be eligible, at our sole cost, to participate in and be covered under the health and welfare benefit plans and programs maintained by us for the benefit of our employees.

For calendar year 2018, Mr. Ramsbottom was eligible to earn a cash performance bonus targeted at $250,000. The actual amount of any 2018 bonus will be determined based on the achievement of certain pre-determined consolidated EBITDA thresholds. For each calendar year following calendar year 2018, Mr. Ramsbottom will be

eligible to earn a cash performance bonus, which will be determined by our board of directors (or a subcommittee thereof) in its discretion, based on the achievement of performance goals developed in consultation with Mr. Ramsbottom. In addition, our Board will not be precluded from awarding Mr. Ramsbottom a discretionary bonus with respect to any calendar year following 2018. The payment of any annual bonus, to the extent any annual bonus becomes payable, will be contingent upon Mr. Ramsbottom' s continued employment through December 31st of the applicable calendar year.

In addition, if, in connection with this offering, a minimum of 20% of our outstanding common stock (measured as of immediately following this offering) is sold at an enterprise valuation of greater than or equal to $30,000,000, Mr. Ramsbottom will receive an additional cash bonus equal to $350,000, payable within 15 calendar days following the consummation of this offering.

In connection with entering into this employment agreement, Mr. Ramsbottom is entitled to the grant of an incentive award of Class C units in Psyop Media, LLC equal to 3% of the fully diluted outstanding units of Psyop Media, LLC as of the date of grant (the "Class C Unit Award"). The Class C Unit Award will vest in full upon the consummation of this offering, subject to Mr. Ramsbottom' s continued service through this offering. We expect these units to be converted into following the consummation of this offering. Further, under this employment agreement and following the completion of this offering, Mr. Ramsbottom will be issued an option (the "IPO Option") to purchase a number of shares of our common stock covering 4% of our fully diluted capitalization (but excluding any warrants and/or stock options that have an exercise or strike price greater than or equal to the public offering price per share of common stock) as of the closing of this offering. This IPO Option will vest and become exercisable based on the attainment of certain price-per-share goals, subject to Mr. Ramsbottom' s continued employment through the applicable vesting date.

Under his employment agreement, if Mr. Ramsbottom' s employment is terminated without "cause" or due to his resignation for "good reason" (each, as defined in his employment agreement) following this offering, then, subject to his timely execution and non-revocation of a general release of claims, he will be eligible to receive (i) 12 months of continued payment of base salary, (ii) a pro-rated annual bonus for the calendar year in which Mr. Ramsbottom' s employment is terminated based on the achievement of any applicable performance goals or objectives and (iii) 12 months of company-paid continued coverage under our group health plans. Further, following the consummation of this offering, if Mr. Ramsbottom' s employment is terminated without "cause" or for "good reason", in either case, within 12 months following a "change in control" (as defined in his employment agreement), then, in addition to the payments and benefits described above, (i) Mr. Ramsbottom will receive a lump-sum cash payment equal to the greater of (A) his target annual bonus for the year in which the termination occurs and (B) his base salary in effect on the termination date, (ii) all of his outstanding equity awards that vest based solely on the passage of time will vest in full and (iii) the IPO Option will be deemed vested and exercisable based on the price per share determined as of such change in control.

Mr. Ramsbottom' s employment agreement contains customary confidentiality and non-solicitation provisions. Mr. Ramsbottom' s employment agreement includes a "best pay" provision under Section 280G of the Code, pursuant to which any "parachute payments" that become payable to him will either be paid in full or reduced so that such payments are not subject to the excise tax under Section 4999 of the Code, whichever results in the better after-tax treatment to Mr. Ramsbottom.

***Thomas Boyle Employment Agreement***

On January 1, 2012, Psyop Productions, LLC and Psyop Media Company, LLC entered into an employment agreement with Thomas Boyle, pursuant to which he serves as Chief Financial Officer, Secretary and Executive Vice President. The initial term of this employment agreement ended on January 1, 2015, and the employment agreement has automatically renewed for one-year terms following such date.

Pursuant to this employment agreement, Mr. Boyle is entitled to receive a base salary of $250,000 per year. In addition to the base salary, Mr. Boyle (and his eligible dependents) is eligible, at our sole cost, to participate in and be covered under the health and welfare benefit plans and programs maintained by us for the benefit of our employees.

Mr. Boyle is eligible to earn an annual bonus of up to $156,000. The actual amount of this bonus is determined based on the achievement of certain consolidated EBITDA thresholds. In addition, Mr. Boyle is eligible to earn an annual discretionary cash bonus based upon goals and objectives mutually agreed upon between Mr. Boyle and our Chief Executive Officer. Our Chief Executive Officer, in his sole discretion, will determine whether the goals and objectives have been achieved and decide the amount of the discretionary bonus, if any, to be paid to Mr. Boyle.

Under his employment agreement, upon a termination of Mr. Boyle' s employment due to his death or permanent disability, he will be eligible to receive (i) an amount equal to the sum of his aggregate bonus for the fiscal year immediately prior to the year in which his employment terminates, prorated through the date of Mr. Boyle' s death or disability, as applicable, and (ii) in the case of his termination due to his permanent disability only, continued health and welfare benefits through the end of the term. In addition, upon a termination of Mr. Boyle' s employment without "cause" or due to his resignation for "good reason" (each, as defined in his employment agreement) he will be eligible to receive (i) a lump sum payment equal to the sum of six months of his base salary and his aggregate bonus for the fiscal year immediately prior to the year in which his employment terminates and (ii) company-paid health and welfare benefits for up to six months.

Mr. Boyle' s employment agreement also contains customary confidentiality, non-competition and non-solicitation provisions. Mr. Boyle' s employment agreement includes a "gross up" provision under Section 280G of the Code, pursuant to which any "parachute payments" that become payable to him will increased in order to cover any incremental taxes associated with such payments.

**Director Compensation**

***2018 Director Compensation Program***

Prior to this offering, Psyop Media Company, LLC had a discretionary compensation program for our nonemployee directors. The following table contains information concerning the compensation payable to the non-employee directors of Psyop Media Company, LLC with respect to 2018 services.

| Name | Fees Earned or Paid in Cash ($) | All Other Compensation (1) | Total ($) |
|---|---|---|---|
| Bernard Cragg | | - | |
| Brian Kelly | | 106,150 | |

(1) In 2018, Psyop Media Company LLC paid Mr. Kelly $106,150 pursuant to a verbal agreement under which Mr. Kelly provided advice with respect to strategic initiatives.

***Post-IPO Director Compensation Program***

In connection with this offering, we intend to implement a compensation program for our nonemployee directors that we expect will consist of a combination of cash annual retainer fees and long-term equity-based compensation. Our board of directors is still in the process of developing, approving and implementing this program.

***2019 Incentive Award Plan***

We intend to adopt the 2019 Incentive Award Plan, or the 2019 Plan, subject to approval by our stockholders, under which we may grant cash and equity incentive awards to eligible service providers in order to attract, motivate

and retain the talent for which we compete. The material terms of the 2019 Plan, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the 2019 Plan and, accordingly, this summary is subject to change.

***Eligibility and Administration***. Our employees, consultants and directors, and employees, consultants and directors of our subsidiaries will be eligible to receive awards under the 2019 Plan. Following our initial public offering, the 2019 Plan will be administered by our board of directors with respect to awards to non-employee directors and by our compensation committee with respect to other participants, each of which may delegate its duties and responsibilities to committees of our directors and/or officers (referred to collectively as the 2019 Plan administrator below), subject to certain limitations that may be imposed under Section 16 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and/or stock exchange rules, as applicable. The 2019 Plan administrator will have the authority to make all determinations and interpretations under, prescribe all forms for use with, and adopt rules for the administration of, the 2019 Plan, subject to its express terms and conditions. The 2019 Plan administrator will also set the terms and conditions of all awards under the 2019 Plan, including any vesting and vesting acceleration conditions.

***Limitation on Awards and Shares Available.*** An aggregate of shares of our common stock will initially be available for issuance under awards granted pursuant to the 2019 Plan, which shares may be authorized but unissued shares, or shares purchased in the open market or treasury shares. In addition, the number of shares available for issuance will be increased on January 1 of each calendar year beginning in 2020 and ending in 2029 by an amount equal to the lesser of (i) shares, (ii) percent of the shares of common stock outstanding (on an as converted basis) on the final day of the immediately preceding calendar year, assuming the conversion of any shares of preferred stock, but excluding shares issuable upon the exercise or payment of stock options, warrants or other equity securities with respect to which shares have not actually been issued, and (iii) such smaller number of shares as determined by our board of directors.

If an award (or any part of an award) under the 2019 Plan is forfeited, expires, lapses, is terminated, surrendered, repurchased, cancelled, forfeited or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration, lapse, termination, surrender, cancellation, forfeiture or cash settlement, be used again for new grants under the 2019 Plan. In addition, shares tendered by a participant or withheld by us in payment of the exercise price of a stock option or to satisfy any tax withholding obligation with respect to an award will, as applicable, become or again be available for award grants under the 2019 Plan. However, the following shares may not be used again for grant under the 2019 Plan: (i) shares subject to a stock appreciation right, or SAR, that are not issued in connection with the stock settlement of the award on its exercise and (ii) shares purchased on the open market with the cash proceeds from the exercise of options.

Awards granted under the 2019 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2019 Plan. The sum of any cash compensation and the aggregate grant date fair value (determined as of the date of the grant under ASC Topic 718, or any successor thereto) of all awards granted to a non-employee director as compensation for services as such during any calendar year shall not exceed $ or $ with respect to any director in his or her first year of service on our board of directors.

Awards granted under the 2019 Plan upon the assumption of, or in substitution for, awards authorized or outstanding under a qualifying equity plan maintained by an entity with which we enter into a merger or similar corporate transaction will not reduce the shares available for grant under the 2019 Plan. The sum of any cash compensation and the aggregate grant date fair value (determined as of the date of the grant under Financial Accounting Standards Board Accounting Standards Codification Topic 718, or any successor thereto) of all awards granted to a non-employee director as compensation for services as a non-employee director during any calendar year shall not exceed the amount equal to $ .

***Awards***. The 2019 Plan provides for the grant of stock options, including incentive stock options, or ISOs, and nonqualified stock options, or NSOs, restricted stock, dividend equivalents, stock payments, restricted stock units, or RSUs, performance shares, other incentive awards, stock appreciation rights, or SARs, and cash awards. No determination has been made as to the types or amounts of awards that will be granted to specific individuals pursuant to the 2019 Plan. Certain awards under the 2019 Plan may constitute or provide for a deferral of compensation, subject to Section 409A of the Code, which may impose additional requirements on the terms and conditions of such awards. All awards under the 2019 Plan will be set forth in award agreements, which will detail all terms and conditions of the awards, including any applicable vesting and payment terms and post-termination exercise limitations. Awards other than cash awards generally will be settled in shares of our common stock, but the 2019 Plan administrator may provide for cash settlement of any award. A brief description of each award type follows.

- *Stock Options*. Stock options provide for the purchase of shares of our common stock in the future at an exercise price set on the grant date. ISOs, by contrast to NSOs, may provide tax deferral beyond exercise and favorable capital gains tax treatment to their holders if certain holding period and other requirements of the Code are satisfied. The exercise price of a stock option may not be less than 100% of the fair market value of the underlying share on the date of grant (or 110% in the case of ISOs granted to certain significant stockholders), except with respect to certain substitute options granted in connection with a corporate transaction. The term of a stock option may not be longer than ten years (or five years in the case of ISOs granted to certain significant stockholders). Vesting conditions determined by the plan administrator may apply to stock options and may include continued service, performance and/or other conditions.
- *SARs*. SARs entitle their holder, upon exercise, to receive from us an amount equal to the appreciation of the shares subject to the award between the grant date and the exercise date. The exercise price of a SAR may not be less than 100% of the fair market value of the underlying share on the date of grant (except with respect to certain substitute SARs granted in connection with a corporate transaction) and the term of a SAR may not be longer than ten years. Vesting conditions determined by the plan administrator may apply to SARs and may include continued service, performance and/or other conditions.
- *Restricted Stock and RSUs*. Restricted stock is an award of nontransferable shares of our common stock that remain forfeitable unless and until specified conditions are met, and which may be subject to a purchase price. RSUs are contractual promises to deliver shares of our common stock in the future, which may also remain forfeitable unless and until specified conditions are met, and may be accompanied by the right to receive the equivalent value of dividends paid on shares of our common stock prior to the delivery of the underlying shares. Delivery of the shares underlying RSUs may be deferred under the terms of the award or at the election of the participant, if the plan administrator permits such a deferral. Conditions applicable to restricted stock and RSUs may be based on continuing service, the attainment of performance goals and/or such other conditions as the plan administrator may determine.
- *Other Stock or Cash Based Awards*. Other stock or cash based awards of cash, fully vested shares of our common stock and other awards valued wholly or partially by referring to, or otherwise based on, shares of our common stock. Other stock or cash based awards may be granted to participants and may also be available as a payment form in the settlement of other awards, as standalone payments and as payment in lieu of base salary, bonus, fees or other cash compensation otherwise payable to any individual who is eligible to receive awards.
- *Dividend Equivalents*. Dividend equivalents represent the right to receive the equivalent value of dividends paid on shares of our common stock and may be granted alone or in tandem with awards other than stock options or SARs. Dividend equivalents are credited as of dividend record dates during the period between the date an award is granted and the date such award vests, is exercised, is distributed or expires, as determined by the plan administrator.

***Performance Awards***. Performance awards include any of the foregoing awards that are granted subject to vesting and/or payment based on the attainment of specified performance goals or other criteria the plan

administrator may determine, which may or may not be objectively determinable. Performance criteria upon which performance goals are established by the plan administrator may include but are not limited to: (1) net earnings (either before or after one or more of the following: (a) interest, (b) taxes, (c) depreciation, (d) amortization and (e) non-cash equity-based compensation expense); (2) gross or net sales or revenue; (3) net income (either before or after taxes); (4) adjusted net income; (5) operating earnings or profit; (6) cash flow (including, but not limited to, operating cash flow and free cash flow); (7) return on assets; (8) return on capital; (9) return on stockholders' equity; (10) total stockholder return; (11) return on sales; (12) gross or net profit or operating margin; (13) costs; (14) funds from operations; (15) expenses; (16) working capital; (17) earnings per share; (18) adjusted earnings per share; (19) price per share of common stock; (20) regulatory body approval for commercialization of a product; (21) implementation or completion of critical projects; (22) market share; (23) economic value; (24) debt levels or reduction; (25) sales-related goals; (26) comparisons with other stock market indices; (27) operating efficiency; (28) employee satisfaction; (29) financing and other capital raising transactions; (30) recruiting and maintaining personnel; and (31) year-end cash, any of which may be measured either in absolute terms for us or any operating unit of our company or as compared to any incremental increase or decrease or as compared to results of a peer group or to market performance indicators or indices.

***Certain Transactions***. The plan administrator has broad discretion to take action under the 2019 Plan, as well as make adjustments to the terms and conditions of existing and future awards, to prevent the dilution or enlargement of intended benefits and facilitate necessary or desirable changes in the event of certain transactions and events affecting our common stock, such as stock dividends, stock splits, mergers, acquisitions, consolidations and other corporate transactions. In addition, in the event of certain non-reciprocal transactions with our stockholders known as "equity restructurings," the plan administrator will make equitable adjustments to the 2019 Plan and outstanding awards. In the event of a change in control of our company (as defined in the 2019 Plan), to the extent that the surviving entity declines to continue, convert, assume or replace outstanding awards, then all such awards will become fully vested and exercisable in connection with the transaction. Upon or in anticipation of a change of control, the plan administrator may cause any outstanding awards to terminate at a specified time in the future and give the participant the right to exercise such awards during a period of time determined by the plan administrator in its sole discretion. Individual award agreements may provide for additional accelerated vesting and payment provisions.

***Foreign Participants, Claw-Back Provisions, Transferability, Repricing and Participant Payments***. The plan administrator may modify award terms, establish subplans and/or adjust other terms and conditions of awards, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of countries outside of the United States. The plan administrator may increase or reduce the applicable price per share of an award, or cancel or replace an award with another award, without stockholder approval. All awards will be subject to the provisions of any claw-back policy implemented by our company to the extent set forth in such claw-back policy and/or in the applicable award agreement. With limited exceptions for estate planning, domestic relations orders, certain beneficiary designations and the laws of descent and distribution, awards under the 2019 Plan are generally non-transferable prior to vesting, and are exercisable only by the participant. With regard to tax withholding, exercise price and purchase price obligations arising in connection with awards under the 2019 Plan, the plan administrator may, in its discretion, accept cash or check, shares of our common stock that meet specified conditions, a "market sell order" or such other consideration as it deems suitable.

***Plan Amendment and Termination***. Our board of directors may amend or terminate the 2019 Plan at any time; however, except in connection with certain changes in our capital structure, stockholder approval will be required for any amendment that increases the number of shares available under the 2019 Plan, "reprices" any stock option or SAR, or cancels any stock option or SAR in exchange for cash or another award when the option or SAR price per share exceeds the fair market value of the underlying shares. No award may be granted pursuant to the 2019 Plan after the tenth anniversary of the date on which our board of directors adopts the 2019 Plan.

***2019 Employee Stock Purchase Plan***

In connection with the offering, we intend to adopt the 2019 Employee Stock Purchase Plan, or the ESPP, which will become effective on the day prior to the public trading date of our common stock. The material terms of the ESPP, as it is currently contemplated, are summarized below. Our board of directors is still in the process of developing, approving and implementing the ESPP and, accordingly, this summary is subject to change.

***Shares available; administration***. We expect a total of shares of our common stock to be initially reserved for issuance under our ESPP. In addition, we expect that the number of shares available for issuance under the ESPP will be annually increased on January 1 of each calendar year beginning in 2020 and ending in 2029, by an amount equal to . In no event will more than shares of our common stock be available for issuance under the ESPP.

Our board of directors or a committee designated by our board of directors will have authority to interpret the terms of the ESPP and determine eligibility of participants. We expect that the compensation committee will be the administrator of the ESPP.

***Eligibility***. The plan administrator may designate certain of our subsidiaries as participating "designated subsidiaries" in the ESPP and may change these designations from time to time. Employees of our company and our designated subsidiaries are eligible to participate in the ESPP if they meet the eligibility requirements under the ESPP established from time to time by the plan administrator. However, an employee may not be granted rights to purchase stock under the ESPP if such employee, immediately after the grant, would own (directly or through attribution) stock possessing 5% or more of the total combined voting power or value of all classes of our common or other class of stock.

If the grant of a purchase right under the ESPP to any eligible employee who is a citizen or resident of a foreign jurisdiction would be prohibited under the laws of such foreign jurisdiction or the grant of a purchase right to such employee in compliance with the laws of such foreign jurisdiction would cause the ESPP to violate the requirements of Section 423 of the Code, as determined by the plan administrator in its sole discretion, such employee will not be permitted to participate in the ESPP.

Eligible employees become participants in the ESPP by enrolling and authorizing payroll deductions by the deadline established by the plan administrator prior to the relevant offering date. Directors who are not employees, as well as consultants, are not eligible to participate. Employees who choose not to participate, or are not eligible to participate at the start of an offering period but who become eligible thereafter, may enroll in any subsequent offering period.

***Participation in an Offering***. We intend for the ESPP to qualify under Section 423 of the Internal Revenue Code and stock will be offered under the ESPP during offering periods. The length of offering periods under the ESPP will be determined by the plan administrator and may be up to 27 months long. Employee payroll deductions will be used to purchase shares on each purchase date during an offering period. While we expect there will be purchase periods within each offering period, the number of purchase periods within, and purchase dates during, each offering period will be established by the plan administrator. Offering periods under the ESPP will commence when determined by the plan administrator. The plan administrator may, in its discretion, modify the terms of future offering periods.

We expect that the ESPP will permit participants to purchase our common stock through payroll deductions of up to % of their eligible compensation, which will include . The plan administrator will establish a maximum number of shares that may be purchased by a participant during any offering period or purchase period, which, in the absence of a contrary designation, will be shares. In addition, no employee will be permitted to accrue the right to purchase stock under the ESPP at a rate in excess of $25,000 worth of shares during any calendar year during which such a purchase right is outstanding (based on the fair market value per share of our common stock as of the first day of the offering period).

On the first trading day of each offering period, each participant automatically will be granted an option to purchase shares of our common stock. The option will be exercised on the applicable purchase date(s) during the offering period, to the extent of the payroll deductions accumulated during the applicable purchase period. We expect that the purchase price of the shares, in the absence of a contrary determination by the plan administrator, will be % of the lower of the fair market value of our common stock on the first trading day of the offering period or on the applicable purchase date, which will be the final trading day of the applicable purchase period.

Participants may voluntarily end their participation in the ESPP at any time at least one week prior to the end of the applicable offering period (or such longer or shorter period specified by the plan administrator), and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Participation ends automatically upon a participant' s termination of employment.

***Transferability***. A participant may not transfer rights granted under the ESPP other than by will, the laws of descent and distribution or as otherwise provided in the ESPP.

***Certain transactions***. In the event of certain transactions or events affecting our common stock, such as any stock dividend or other distribution, change in control, reorganization, merger, consolidation or other corporate transaction, the plan administrator will make equitable adjustments to the ESPP and outstanding rights. In addition, in the event of the foregoing transactions or events or certain significant transactions, including a change in control, the plan administrator may provide for (1) either the replacement of outstanding rights with other rights or property or termination of outstanding rights in exchange for cash, (2) the assumption or substitution of outstanding rights by the successor or survivor corporation or parent or subsidiary thereof, (3) the adjustment in the number and type of shares of stock subject to outstanding rights, (4) the use of participants' accumulated payroll deductions to purchase stock on a new purchase date prior to the next scheduled purchase date and termination of any rights under ongoing offering periods or (5) the termination of all outstanding rights. Under the ESPP, a change in control has the same definition as given to such term in the 2019 Plan.

***Plan amendment; termination***. The plan administrator may amend, suspend or terminate the ESPP at any time. However, stockholder approval of any amendment to the ESPP must be obtained for any amendment which increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the ESPP, changes the corporations or classes of corporations whose employees are eligible to participate in the ESPP, or changes the ESPP in any manner that would cause the ESPP to no longer be an employee stock purchase plan within the meaning of Section 423(b) of the Internal Revenue Code. The ESPP will terminate on the tenth anniversary of the date it is initially approved by our board of directors.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Related Party Transactions

The following is a description of transactions since January 1, 2016, to which we have been a party, in which the amount involved exceeds or will exceed $120,000 and in which any of our directors, executive officers or holders of more than 5% of our capital stock, or an affiliate or immediate family member thereof, had or will have a direct or indirect material interest.

In April 2017, we purchased 85,000 Class B-2 units from our former Chief Operating Officer for $1.2 million which is being paid in four equal annual installments of $300,000 beginning March 15, 2018 and ending of March 15, 2021.

In May 2017, we purchased 225,000 Class B-1 units from an entity owned by our former Chief Executive Officer for $3.5 million, which is being paid as follows: $500,000 in May 2017; $500,000 in March 2018; $750,000 in March 2019; $750,000 in March 2020; and $1.0 million in March 2021. The unpaid amount of these payment obligations bear interest at a rate of 3% per annum.

### Indemnification Agreements and Directors' and Officers' Liability Insurance

Prior to the completion of this offering, we intend to enter into indemnification agreements with each of our directors and executive officers. These agreements, among other things, will require us to indemnify each director and executive officer to the fullest extent permitted by Delaware law, including indemnification of expenses such as attorneys' fees, judgments, penalties fines and settlement amounts incurred by the director or executive officer in any action or proceeding, including any action or proceeding by or in right of us, arising out of the person' s services as a director or executive officer.

### Registration Rights Agreement

We intend to enter into a Registration Rights Agreement with certain of the members of Psyop Media Company, LLC in connection with this offering. The Registration Rights Agreement will provide these members with certain registration rights whereby these members can require us to register their shares of common stock under the Securities Act. The Registration Rights Agreement will also provide for piggyback registration rights for these members.

## PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of , 2019, and as adjusted to reflect the sale of our common stock offered by us in this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, known by us to be the beneficial owner of more than 5% of our outstanding shares common stock.

We have determined beneficial ownership in accordance with the rules of the SEC, which generally means that a person has beneficial ownership of a security if he or she possesses sole or shared voting or investment power of that security. Unless otherwise indicated, to our knowledge, the persons and entities named in the table below have sole voting and sole investment power with respect to all shares that they beneficially own, subject to community property laws where applicable. The information in the table below does not necessarily indicate beneficial ownership for any other purpose, including for purposes of Sections 13(d) and 13(g) of the Securities Act.

We have based our calculation of the percentage of beneficial ownership prior to and after this offering on shares of common stock outstanding immediately prior to this offering (after giving effect to the Contribution Transaction) and on shares of common stock outstanding immediately after the completion of this offering (and after giving effect to the Contribution Transaction and assuming no exercise of the underwriters' over-allotment option). We have deemed shares of our common stock subject to stock options that are currently exercisable or exercisable within 60 days of , 2019 to be outstanding and to be beneficially owned by the person holding the stock option for the purpose of computing the percentage ownership of that person. We did not, however, deem such shares outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o PCI Media, Inc., 523 Victoria Avenue, Venice, California 90291.

| Name and Address of Beneficial Owners | Shares Beneficially Owned Immediately Prior to this Offering | | % of Outstanding Shares Beneficially Owned after this Offering |
|---|---|---|---|
| | Shares | % | |
| **5% Stockholders:** | | | |
| | | | |
| **Directors and Named Executive Officers:** | | | |
| D. Hunt Ramsbottom | | | |
| Thomas Boyle | | | |
| Sandy Grushow | | | |
| David Sanderson | | | |
| All directors and named executive officers as a group | | | |

* Less than 1%

## DESCRIPTION OF CAPITAL STOCK

### General

As of the closing of this offering, our authorized capital stock will consist of 100,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and amended and restated bylaws that will become effective upon the closing of this offering. Our amended and restated certificate of incorporation and amended and restated bylaws will be approved by our pre-IPO stockholders prior to this offering. Copies of these documents will be filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part. The description of our capital stock reflects changes to our capital structure that will occur upon the closing of this offering.

### Common Stock

As of , 2019, there were shares of our common stock outstanding and held of record by stockholders, assuming the completion of the Contribution Transaction, which will occur immediately prior to the completion of this offering.

#### *Voting Rights*

Holders of our common stock are entitled to one vote per share of common stock. Holders of shares of common stock will vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders. We will not provide for cumulative voting for the election of directors in our amended and restated certificate of incorporation.

#### *Economic Rights*

*Dividends*. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our board of directors may determine. See "Dividend Policy" for more information. Any dividend or distributions paid or payable to the holders of shares of common stock will be paid pro rata, on an equal priority, pari passu basis.

*Right to Receive Liquidation Distributions*. Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders will be distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

### Choice of Forum

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty by any of our directors, officers, or stockholders owed to us or our stockholders; (3) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or (4) any action asserting a claim against us governed by the internal affairs doctrine; provided that the exclusive forum provision will not apply

to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any other claim for which the federal courts have exclusive jurisdiction. If any such action is filed in a court other than a court located within the State of Delaware (a "foreign action") in the name of any stockholder, such stockholder will be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce such actions and (b) having service of process made upon such stockholder in any such action by service upon such stockholder' s counsel in the foreign action as agent for such stockholder. Our amended and restated certificate of incorporation will also provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our amended and restated certificate of incorporation and amended and restated bylaws is inapplicable or unenforceable if it is challenged in a proceeding or otherwise. This choice of forum provision has important consequences for our stockholders. See "Risk Factors – Risks Related to this Offering and Ownership of Our Common Stock – Our amended and restated certificate of incorporation and amended and restated bylaws will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees."

**Preferred Stock**

Under the terms of our amended and restated certificate of incorporation that will become effective upon the closing of this offering, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without stockholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from seeking to acquire, a majority of our outstanding voting stock. Upon the closing of this offering, there will be no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

**Anti-takeover Provisions**

***Classified Board of Directors and Removal of Directors***

Our amended and restated certificate of incorporation and amended and restated bylaws will provide that our board of directors will be divided into three classes, with the classes as nearly equal in number as possible and each class serving three-year staggered terms. The classification of directors will have the effect of making it more difficult for stockholders to change the composition of our board.

Our amended and restated certificate of incorporation and our amended and restated bylaws will provide that a director may be removed only for cause. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

***Stockholder Action; Special Meeting of Stockholders***

Our amended and restated certificate of incorporation will provide that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such stockholders and may not be effected by any consent in writing by such stockholders. Our amended and restated certificate of

incorporation and amended and restated bylaws also will provide that, except as otherwise required by law, special meetings of our stockholders can only be called by the chair of our board of directors or by the secretary upon the direction of our board of directors.

***Amendment to or Repeal of Amended and Restated Bylaws***

Our amended and restated bylaws will require the approval of a majority of the then authorized directors in order for our board of directors to amend or repeal such bylaws or the approval of the holders of at least a majority of the voting power of all outstanding shares of voting stock in order for our stockholders to amend or repeal such bylaws. This provision will have the effect of making it more difficult to amend or repeal our amended and restated bylaws.

***Authorized But Unissued Shares***

The authorized but unissued shares of our common stock and preferred stock are available for future issuance without stockholder approval, subject to any limitations imposed by the listing standards of Nasdaq. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

The foregoing provisions of our amended and restated certificate of incorporation and amended and restated bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority stockholders.

In addition, upon the closing of this offering, we will be subject to Section 203 of the Delaware General Corporation Law. Subject to certain exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested stockholder" for three years following the date that the person became an interested stockholder, unless the interested stockholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested stockholder" and the sale of more than 10% of our assets. In general, an "interested stockholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

**Transfer Agent and Registrar**

Upon completion of this offering, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A. The address of the transfer agent and registrar is 250 Royall Street, Canton, Massachusetts 02021.

**Limitations of Liability and Indemnification**

See the section captioned "Certain Relationships and Related Party Transactions – Indemnification Agreements and Directors' and Officers' Liability Insurance."

**Listing**

We intend to apply to list our common on The Nasdaq Capital Market under the symbol "PCIM."

## SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of our common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price at such time and our ability to raise equity capital in the future.

Following the completion of this offering, based on the number of shares of our capital stock outstanding as of , 2019, shares of common stock will be outstanding, assuming no exercise of the underwriters' over-allotment option to purchase additional shares and no exercise of outstanding options. Of these outstanding shares, all of the shares of our common stock sold in this offering will be freely tradable, except that any shares purchased in this offering by our affiliates, as that term is defined in Rule 144 under the Securities Act, would only be able to be sold in compliance with the Rule 144 limitations described below.

The remaining outstanding shares of our common stock not sold in this offering will be, and shares subject to stock options will be upon issuance, deemed "restricted securities" as defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below. All of our executive officers, directors and holders of substantially all of our capital stock and securities exercisable or convertible into our capital stock have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions, not to sell any of our stock for 180 days following the date of this prospectus. As a result of these agreements and subject to the provisions of Rule 144 or Rule 701, shares of our common stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our common stock sold in this offering will be immediately available for sale in the public market; and
- beginning 181 days after the date of this prospectus, the remaining shares of our common stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

### Lock-Up Agreements

We and all of our directors and officers, as well as the other holders of substantially all shares of common stock (including securities exercisable or convertible into our common stock) outstanding immediately prior to this offering, have agreed or will agree that, without the prior written consent of Roth Capital Partners, during the period from the date of this prospectus and ending on the date 180 days after the date of this prospectus, we and they will not, among other things:

- offer, pledge, sell, contract to sell, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock, options or warrants to purchase shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock; or
- in our case, file any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- in the case of our directors, officers and other holders of our securities, make any demand for exercise of any rights with respect to the registration of any securities.

This agreement is subject to certain exceptions. See "Underwriting" below for additional discussion.

**Rule 144**

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of our common stock on behalf of our affiliates are entitled to sell upon expiration of the market standoff agreements and lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our capital stock then outstanding, which will equal shares immediately after this offering; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares of our common stock on behalf of our affiliates are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us.

**Rule 701**

Rule 701 generally allows a stockholder who purchased shares of our capital stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

**Registration Statement**

We intend to file a registration statement on Form S-8 under the Securities Act promptly after the completion of this offering to register shares of our common stock reserved for future issuance under our 2019 Plan. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares of our common stock covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable market standoff agreements and lock-up agreements. See the section captioned "Executive Compensation – 2019 Incentive Award Plan" for a description of our equity compensation plans.

**Registration Rights Agreement**

Upon the closing of this offering, the holders of shares of common stock or their transferees will be entitled to various rights with respect to the registration of these shares under the Securities Act. Registration of these shares under the Securities Act would result in these shares becoming fully tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. See "Certain Relationships and Related Party Transactions – Registration Rights Agreement" for additional information. Shares covered by a registration statement will be eligible for sale in the public market upon the expiration or release from the terms of the lock-up agreement.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following discussion is a summary of the material U.S. federal income tax consequences to Non-U.S. Holders (as defined below) of the purchase, ownership and disposition of our common stock issued pursuant to this offering, but does not purport to be a complete analysis of all potential tax effects. The effects of other U.S. federal tax laws, such as estate and gift tax laws, and any applicable state, local or non-U.S. tax laws are not discussed. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the U.S. Internal Revenue Service (the "IRS"), in each case in effect as of the date hereof. These authorities may change or be subject to differing interpretations. Any such change or differing interpretation may be applied retroactively in a manner that could adversely affect a Non-U.S. Holder of our common stock. We have not sought and will not seek any rulings from the IRS regarding the matters discussed below. There can be no assurance the IRS or a court will not take a contrary position to that discussed below regarding the tax consequences of the purchase, ownership and disposition of our common stock.

This discussion is limited to Non-U.S. Holders that hold our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all U.S. federal income tax consequences relevant to a Non-U.S. Holder' s particular circumstances, including the impact of the Medicare contribution tax on net investment income. In addition, it does not address consequences relevant to Non-U.S. Holders subject to special rules, including, without limitation:

- U.S. expatriates and former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons holding our common stock as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- brokers, dealers or traders in securities;
- "controlled foreign corporations," "passive foreign investment companies," and corporations that accumulate earnings to avoid U.S. federal income tax;
- partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes (and investors therein);
- tax-exempt organizations or governmental organizations;
- persons deemed to sell our common stock under the constructive sale provisions of the Code;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the stock being taken into account in an applicable financial statement.

If an entity treated as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

**THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. INVESTORS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON STOCK ARISING UNDER THE U.S. FEDERAL ESTATE OR GIFT TAX LAWS OR UNDER THE LAWS OF ANY STATE, LOCAL OR NON-U.S. TAXING JURISDICTION OR UNDER ANY APPLICABLE INCOME TAX TREATY.**

**Definition of a Non-U.S. Holder**

For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is neither a "U.S. person" nor an entity treated as a partnership for U.S. federal income tax purposes. A U.S. person is any person that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the primary supervision of a U.S. court and the control of one or more "United States persons" (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

**Distributions**

As described in the section entitled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, if we do make distributions of cash or property on our common stock, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Amounts not treated as dividends for U.S. federal income tax purposes will constitute a return of capital and first be applied against and reduce a Non-U.S. Holder' s adjusted tax basis in its common stock, but not below zero. Any excess will be treated as capital gain and will be treated as described below under "- Sale or Other Taxable Disposition."

Subject to the discussion below on effectively connected income, dividends paid to a Non-U.S. Holder of our common stock will be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (or such lower rate specified by an applicable income tax treaty, provided the Non-U.S. Holder furnishes a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation) certifying qualification for the lower treaty rate). A Non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

If dividends paid to a Non-U.S. Holder are effectively connected with the Non-U.S. Holder' s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such dividends are attributable), the Non-U.S. Holder will be exempt from the U.S. federal withholding tax described above. To claim the exemption, the Non-U.S. Holder must furnish to the applicable withholding agent a valid IRS Form W-8ECI, certifying that the dividends are effectively connected with the Non-U.S. Holder' s conduct of a trade or business within the United States.

Any such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected

dividends, as adjusted for certain items. Non-U.S. Holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

**Sale or Other Taxable Disposition**

A Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale or other taxable disposition of our common stock unless:

- the gain is effectively connected with the Non-U.S. Holder' s conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, the Non-U.S. Holder maintains a permanent establishment in the United States to which such gain is attributable);
- the Non-U.S. Holder is a nonresident alien individual present in the United States for 183 days or more during the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest ("USRPI") by reason of our status as a U.S. real property holding corporation ("USRPHC") for U.S. federal income tax purposes.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated rates. A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty) on such effectively connected gain, as adjusted for certain items.

Gain described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or such lower rate specified by an applicable income tax treaty), which may be offset by U.S. source capital losses of the Non-U.S. Holder (even though the individual is not considered a resident of the United States), provided the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we believe we currently are not, and do not anticipate becoming, a USRPHC. Because the determination of whether we are a USRPHC depends, however, on the fair market value of our USRPIs relative to the fair market value of our non-U.S. real property interests and our other business assets, there can be no assurance we currently are not a USRPHC or will not become one in the future. Even if we are or were to become a USRPHC, gain arising from the sale or other taxable disposition by a Non-U.S. Holder of our common stock will not be subject to U.S. federal income tax if our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market, and such Non-U.S. Holder owned, actually and constructively, 5% or less of our common stock throughout the shorter of the five-year period ending on the date of the sale or other taxable disposition or the Non-U.S. Holder' s holding period.

Non-U.S. Holders should consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

**Information Reporting and Backup Withholding**

Payments of dividends on our common stock will not be subject to backup withholding, provided the applicable withholding agent does not have actual knowledge or reason to know the holder is a United States person and the holder either certifies its non-U.S. status, such as by furnishing a valid IRS Form W-8BEN, W-8BEN-E or W-8ECI, or otherwise establishes an exemption. However, information returns are required to be filed with the IRS in connection with any dividends on our common stock paid to the Non-U.S. Holder, regardless of whether any tax was actually withheld. In addition, proceeds of the sale or other taxable disposition of our common stock within the United States or conducted through certain U.S.-related brokers generally will not be subject to backup withholding or information reporting, if the applicable withholding agent receives the certification described above and does not have actual knowledge or reason to know that such holder is a United States person, or the holder otherwise establishes an exemption. Proceeds of a disposition of our common stock conducted through a non-U.S. office of a non-U.S. broker generally will not be subject to backup withholding or information reporting.

Copies of information returns that are filed with the IRS may also be made available under the provisions of an applicable treaty or agreement to the tax authorities of the country in which the Non-U.S. Holder resides or is established.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder' s U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

**Additional Withholding Tax on Payments Made to Foreign Accounts**

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code (such Sections commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (1) the foreign financial institution undertakes certain diligence and reporting obligations, (2) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial United States owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (1) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other things, that it undertake to identify accounts held by certain "specified United States persons" or "United States-owned foreign entities" (each as defined in the Code), annually report certain information about such accounts, and withhold 30% on certain payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury Regulations and administrative guidance, withholding under FATCA generally applies to payments of dividends on our common stock, and will apply to payments of gross proceeds from the sale or other disposition of such stock on or after January 1, 2019.

Prospective investors should consult their tax advisors regarding the potential application of withholding under FATCA to their investment in our common stock.

## UNDERWRITING

We have entered into an underwriting agreement with Roth Capital Partners, LLC, acting as the representative of the several underwriters named below, with respect to the shares of common stock subject to this offering. Subject to certain conditions, we have agreed to sell to the underwriters, and the underwriters have severally agreed to purchase, the number of shares of common stock provided below opposite their respective names.

| Underwriters | Number of Shares |
|---|---|
| Roth Capital Partners, LLC | |
| Total | |

The underwriters are offering the shares of common stock subject to their acceptance of the shares of common stock from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the shares of common stock if any such shares are taken. However, the underwriters are not required to take or pay for the shares of common stock covered by the underwriters' over-allotment option described below.

### Over-Allotment Option

We have granted the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional shares of common stock to cover over-allotments, if any, at the public offering price set forth on the cover page of this prospectus, less the underwriting discount. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of common stock offered by this prospectus. If the underwriters exercise this option, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares proportionate to that underwriter' s initial purchase commitment as indicated in the table above.

### Discount, Commissions and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and certain dealers may reallow, a discount from the concession not in excess of $ per share to certain brokers and dealers. After this offering, the initial public offering price, concession and reallowance to dealers may be changed by the representative. No such change will change the amount of proceeds to be received by us as set forth on the cover page of this prospectus. The shares of common stock are offered by the underwriters as stated herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. The underwriters have informed us that they do not intend to confirm sales to any accounts over which they exercise discretionary authority.

The following table shows the underwriting discount payable to the underwriters by us in connection with this offering. Such amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional shares.

| | Per share(1) | Total Without Exercise of Over-Allotment Option | Total With Exercise of Over-Allotment Option |
|---|---|---|---|
| Public offering price | $ | $ | $ |
| Underwriting discount | $ | $ | $ |

(1) Does not include the underwriters' warrants or the rights granted to the representative, each as described below.

We have agreed to reimburse the underwriters for certain out-of-pocket expenses, including the fees and disbursements of their counsel, up to an aggregate of $175,000. We estimate that the total expenses payable by us in connection with this offering, other than the underwriting discount referred to above, will be approximately $ .

If we decide to pursue any public or private offering of our equity, equity-linked or debt securities, at any time within six months of the date of the final closing of this offering, we are obligated to offer the representative the right to act as the exclusive placement agent or lead underwriter and sole book runner, as applicable, for such offering, under a separate agreement containing terms and conditions customary for the representative and mutually agreed upon by us and the representative. For a period of six months thereafter, we have agreed to grant to the representative a right of participation in any public or private offering of our equity, equity-linked or debt securities on equal terms and conditions with any other placement agent or underwriter or bookrunner.

**Underwriters' Warrants**

We have also agreed to issue to the underwriters' warrants to purchase a number of our shares of common stock equal to an aggregate of 8% of the shares of common stock sold in this offering. The underwriters' warrants will have an exercise price equal to 115% of the initial public offering price of the shares of common stock sold in this offering and may be exercised on a cashless basis. The underwriters' warrants are not redeemable by us, become exercisable 180 days from the effective date of the registration statement of which this prospectus forms a part and will expire on the fifth anniversary of such effective date. The underwriters' warrants will provide for adjustment in the number and price of such underwriters' warrants (and the shares of common stock underlying such underwriters' warrants) in the event of recapitalization, merger or other fundamental transaction. The underwriters' warrants and the underlying shares of common stock have been deemed compensation by FINRA and are therefore subject to FINRA Rule 5110(g)(1). In accordance with FINRA Rule 5110(g)(1), neither the underwriters' warrants nor any shares of our common stock issued upon exercise of the underwriter warrants may be sold, transferred, assigned, pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of such securities by any person for a period of 180 days immediately following the date of effectiveness or commencement of sales of the offering pursuant to which the underwriters' warrants are being issued, except the transfer of any security:

- by operation of law or by reason of reorganization of the Company;
- to any FINRA member firm participating in this offering and the officers or partners thereof, if all securities so transferred remain subject to the lock-up restriction described above for the remainder of the time period;
- if the aggregate amount of securities of the Company held by either an underwriter or a related person do not exceed 1% of the securities being offered;
- that is beneficially owned on a pro-rata basis by all equity owners of an investment fund, provided that no participating member manages or otherwise directs investments by the fund, and participating members in the aggregate do not own more than 10% of the equity in the fund; or

- the exercise or conversion of any security, if all securities received remain subject to the lock-up restriction set forth above for the remainder of the time period.

In addition, in accordance with FINRA Rule 5110(f)(2)(G), the underwriters' warrants may not contain certain terms.

**No Public Market**

Prior to this offering, there has not been a public market for our common stock and the public offering price for our common stock will be determined through negotiations between us and the representative. Among the factors to be considered in these negotiations will be prevailing market conditions, our financial information, market valuations of other companies that we and the representative believe to be comparable to us, estimates of our business potential, the present state of our development and other factors deemed relevant.

No assurance can be given that the initial public offering price will correspond to the price at which our common stock will trade in the public market subsequent to this offering or that an active trading market for our common stock will develop and continue after this offering.

**Indemnification**

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or the Securities Act, and liabilities arising from breaches of representations and warranties contained in the underwriting agreement, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

**Lock-up Agreements**

We, our officers, directors and all of our stockholders have agreed, subject to limited exceptions, for a period of 180 days after the date of the underwriting agreement, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly any shares of common stock or any securities convertible into or exchangeable for our common stock either owned as of the date of the underwriting agreement or thereafter acquired without the prior written consent of the representative. The representative may, in its sole discretion and at any time or from time to time before the termination of the lock-up period release all or any portion of the securities subject to lock-up agreements; provided, however, that, subject to limited exceptions, at least three business days before the release or waiver or any lock-up agreement, the representative must notify us of the impending release or waiver and we will be required to announce the impending release or waiver through a major news service at least two business days before the release or waiver.

**Price Stabilization, Short Positions and Penalty Bids**

In connection with the offering the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of shares of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representative to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor the underwriters make any representations that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

**Listing and Transfer Agent**

We intend to apply to list our common stock on The Nasdaq Capital Market under the trading symbol "PCIM". The transfer agent of our common stock is Computershare Trust Company, N.A.

**Electronic Distribution**

This prospectus in electronic format may be made available on websites or through other online services maintained by one or more of the underwriters, or by their affiliates. Other than this prospectus in electronic format, the information on any underwriter' s website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as underwriter, and should not be relied upon by investors.

**Other**

From time to time, certain of the underwriters and/or their affiliates have provided, and may in the future provide, various investment banking and other financial services for us for which services they have received and, may in the future receive, customary fees. In the course of their businesses, the underwriters and their affiliates may actively trade our securities or loans for their own account or for the accounts of customers, and, accordingly, the underwriters and their affiliates may at any time hold long or short positions in such securities or loans. Except for services provided in connection with this offering, no underwriter has provided any investment banking or other financial services to us during the 180-day period preceding the date of this prospectus and we do not expect to retain any underwriter to perform any investment banking or other financial services for at least 90 days after the date of this prospectus.

## NOTICE TO INVESTORS

**Notice to Investors in the United Kingdom**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any securities which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any such securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriter to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of these securities shall result in a requirement for the publication by the issuer or the underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any such securities to be offered so as to enable an investor to decide to purchase any such securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of any of the securities in circumstances in which section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied with and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

**European Economic Area**

In particular, this document does not constitute an approved prospectus in accordance with European Commission' s Regulation on Prospectuses no. 809/2004 and no such prospectus is to be prepared and approved in connection with this offering. Accordingly, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (being the Directive of the European Parliament and of the Council 2003/71/EC and including any relevant implementing measure in each Relevant Member State) (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) an offer of securities to the public may not be made in that Relevant Member State prior to the publication of a prospectus in relation to such securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another

Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of securities to the public in that Relevant Member State at any time:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in the last annual or consolidated accounts; or
- in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any of the securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. For these purposes the shares offered hereby are "securities."

## LEGAL MATTERS

Latham & Watkins, LLP, Menlo Park, California will pass upon the validity of the shares of our common stock being offered by this prospectus. Lowenstein Sandler LLP, New York, New York is acting as counsel to the underwriters.

## EXPERTS

The consolidated financial statements of Psyop Media Company, LLC and subsidiaries as of December 31, 2017 and 2016, and for the years then ended have been included herein in reliance upon the report of Citrin Cooperman & Company, LLP, an independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of our common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the public reference facilities and website of the SEC referred to above. We also maintain a website at www.psyop.com where, upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information on or that can be accessed through our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

| | September 30, 2018 (UNAUDITED) | December 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $3,318,741 | $6,240,967 |
| Accounts receivable, net | 5,460,371 | 5,389,567 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 1,896,315 | 1,068,418 |
| Prepaid expenses | 659,499 | 611,801 |
| Total current assets | 11,334,926 | 13,310,753 |
| Property and equipment, net | 3,803,115 | 4,643,403 |
| Investment in equity method investee | 1,759,812 | - |
| Deferred tax asset | 155,074 | 73,465 |
| Other assets | 1,342,745 | 1,502,865 |
| **Total assets** | $18,395,672 | $19,530,486 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and other current liabilities | $6,798,746 | $6,145,966 |
| Bank note payable, current portion | 612,688 | 1,099,023 |
| Other notes payable, current portion | 1,344,722 | 800,000 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 2,649,868 | 1,960,364 |
| Total current liabilities | 11,406,024 | 10,005,353 |
| Bank note payable, less current portion | - | 352,152 |
| Other notes payable, less current portion | 3,188,537 | 3,400,000 |
| Other long term liabilities | 1,669,580 | 1,157,425 |
| **Total liabilities** | 16,264,141 | 14,914,930 |
| **Commitments and contingencies** | | |
| **Members' equity** | | |
| Members' equity | 2,284,425 | 4,768,005 |
| Accumulated other comprehensive loss | (152,894) | (152,449) |
| **Total members' equity** | 2,131,531 | 4,615,556 |
| **Total liabilities and members' equity** | $18,395,672 | $19,530,486 |

*See accompanying notes to unaudited consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

**AND COMPREHENSIVE INCOME (LOSS)**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| **Contract revenues** | $43,051,426 | $46,302,024 |
| **Cost of contract revenues** | 34,084,439 | 33,927,630 |
| **Gross profit** | 8,966,987 | 12,374,394 |
| **Selling, general and administrative expenses** | 10,849,954 | 12,098,229 |
| **Operating income (loss)** | (1,882,967) | 276,165 |
| **Other income (expense)** | | |
| Interest income | 22,421 | 7,135 |
| Interest expense | (115,412) | (114,108) |
| Other expense | (43,446) | (96,257) |
| | (136,437) | (203,230) |
| **Income (loss) before income tax benefit (expense)** | (2,019,404) | 72,935 |
| **Income tax benefit (expense)** | 114,472 | (19,267) |
| **Income (loss) before income from equity method investment** | 1,904,932 | 53,668 |
| **Income from equity method investment** | 132,490 | - |
| **Net income (loss)** | (1,772,442) | 53,668 |
| **Other comprehensive income** | | |
| Foreign currency translation gain (loss) | (445) | 3,899 |
| **Comprehensive income (loss)** | $(1,772,887) | $57,567 |

*See accompanying notes to unaudited consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

**Nine Months Ended September 30, 2018**

| | Members' Equity | Accumulated Other Comprehensive Loss | Total Members' Equity |
|---|---|---|---|
| **Balances, December 31, 2017** | $4,768,005 | $ (152,449) | $4,615,556 |
| Foreign currency translation adjustment | | (445) | (445) |
| Net loss | (1,772,442) | | (1,772,442) |
| Distribution to equity holders | (711,138) | | (711,138) |
| **Balances, September 30, 2018** | $2,284,425 | $ (152,894) | $2,131,531 |

*See accompanying notes to unaudited consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Nine Months Ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| **Cash flows from operating activities** | | |
| Net income (loss) | $(1,772,442) | $53,668 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Deferred income tax (benefit) expense | (81,609) | (14,460) |
| Depreciation and amortization | 990,706 | 1,332,787 |
| Equity based compensation | - | 84,677 |
| Increase (decrease) in cash attributable to changes in operating assets and liabilities: | | |
| Accounts receivable | (70,804) | (4,364,013) |
| Costs and estimated earnings in excess of billings on uncompleted contracts | (827,897) | (1,467,179) |
| Prepaid expenses | (47,698) | 256,440 |
| Other assets | 2,630 | 168,243 |
| Accounts payable and other current liabilities | 652,780 | (42,998) |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 689,504 | 1,393,938 |
| Other long term liabilities | 512,155 | 175,541 |
| **Net cash provided by (used in) operating activities** | 47,325 | (2,423,356) |
| **Cash flows from investing activities** | | |
| Acquisition of property and equipment | (125,418) | (267,244) |
| Investment in equity method investee | (495,036) | - |
| Purchase of intangible asset | - | (300,000) |
| **Net cash used in investing activities** | (620,454) | (567,244) |
| **Cash flows from financing activities** | | |
| Principal payments on bank note payable | (837,682) | (963,995) |
| Payment for repurchase of membership units | (800,000) | (500,000) |
| Distributions to equity holders | (711,138) | - |
| **Net cash used in financing activities** | (2,348,820) | (1,463,995) |
| **Effect of exchange rate changes on cash** | (277) | 3,899 |
| **Net (decrease) in cash** | (2,922,226) | (4,450,696) |
| **Cash, beginning of period** | 6,240,967 | 8,205,951 |
| **Cash, end of period** | $3,318,741 | $3,755,255 |
| **Supplemental disclosures of cash flow information, cash paid during the period:** | | |
| Income taxes, net | $15,000 | $- |
| Interest | $112,325 | $86,261 |
| **Non-cash financing activities:** | | |
| Issuance of other notes payable in connection with equity method investment | $1,775,375 | $- |
| Issuance of other notes payable in connection with repurchase of membership units | $- | $4,700,000 |

*See accompanying notes to unaudited consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Nature of Operations**

Psyop Media Company, LLC and its wholly-owned subsidiaries, (collectively, "the Company") is a media company that creates innovative and award-winning content for some of the world' s most well-known brands. The Company creates content for commercials, television series, digital and social media, experiential and influencer platforms and virtual reality (VR) and augmented reality (AR) experiences. The Company operates as a single operating segment.

**2. Summary of significant accounting policies**

**Principles of Consolidation and Basis of Presentation**

The accompanying consolidated financial statements include the accounts of the Psyop Media Company, LLC and its wholly-owned subsidiaries. The Company has prepared the unaudited condensed consolidated interim financial statements included herein in accordance with accounting principles generally accepted in the United States of America ("GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for reporting interim financial information. Accordingly, the financial statements have been condensed and do not include certain information and disclosures pursuant to these rules. The consolidated results for interim periods are not necessarily indicative of results for the full year and should be read in conjunction with the financial statements and related footnotes for the year ended December 31, 2017 included in this Form S-1 filing.

The accompanying financial statements reflect all adjustments, consisting of normally recurring accruals, which in the opinion of management are necessary for a fair presentation, in all material respects, of the information contained therein. All material intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Revenue Recognition**

The Company recognizes revenues using the percentage-of-completion method of accounting in accordance with GAAP which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management (the cost-to-cost method). Using the cost-to-cost method, revenues are recorded at amounts equal to the ratio of actual cumulative costs incurred divided by total estimated costs, multiplied by the total estimated contract revenue, less accumulated revenue recognized in prior periods. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

**Cost Recognition**

Contract costs include all labor, subcontractors and other direct costs related to contract performance such as equipment rental, supplies and other production costs. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

**Fair Value of Financial Instruments**

The fair value of the Company' s assets and liabilities, which qualify as financial instruments under GAAP approximate the carry amounts presented in the consolidated balance sheets.

**Cash**

The Company considers all investment instruments with original maturities of three months or less to be cash equivalents. The Company has credit risk at various times during the nine month period; balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts, and the Company had no holdings in cash equivalents during the periods ended September 30, 2018 and December 31, 2017. At September 30, 2018 and December 31, 2017, the Company has issued Standby Letters of Credit in the aggregate amount of $1,104,500 for irrevocable, unconditional, and non-transferable letters of credit to its landlords for two of its production facilities.

**Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Accounts are written off once management has determined the balances will not be collected. Specific allowances for doubtful accounts in the amounts of $26,113 and $26,113 were recorded for customers' balances at September 30, 2018 and December 31, 2017, respectively.

**Property and Equipment**

Property and equipment is recorded at cost less accumulated depreciation and amortization. Costs of additions and substantial improvements to property and equipment are capitalized, while maintenance and repairs are charged to operations as incurred. Asset and related accumulated depreciation and amortization amounts are relieved from the accounts for retirements or dispositions.

Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years, while leasehold improvements are amortized, using the straight line method, over the shorter of either their economic useful lives or the term of the respective leases.

**Impairment of Long-Lived Assets**

In accordance with GAAP, the Company periodically assesses the recoverability of the carrying amounts of long-lived assets whenever events or changes in circumstances occur that indicate the carrying value may not be recoverable. An impairment loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value. At September 30, 2018 and December 31, 2017, there was no impairment loss on the Company' s long-lived assets.

**Equity Method Investments**

The equity method is used to account for investment in entities in which the Company has an ownership interest of less than 50% and has significant influence, or joint control by contractual arrangement over the operating and financial policies of the affiliate. The Company currently has one equity investment and it is reflected in investment in equity method investee.

**Income taxes**

The Company is a limited liability company and treated as a partnership for income tax purposes and not subject to federal or state taxes. As such, income or loss of the Company, in general, is allocated to the members for inclusion in their personal income tax return. The Company conducts business in New York City and is subject to New York City Unincorporated Business tax.

The Company complies with GAAP, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on exacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce members' equity. The Company is subject to potential examination by jurisdiction authorities in the areas of income taxes for all periods subsequent to 2014. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with tax laws. The Company' s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

**Foreign Currency Translation**

In accordance with GAAP, the Company complies with accounting for foreign subsidiaries whose functional currency is the local currency. Assets and liabilities are translated using the published exchange rate in effect at the consolidated balance sheet date. Results of operations are translated using an approximated weighted average exchange rate for the year. Resulting translation adjustments are recorded as a component of accumulated other comprehensive loss.

**Recently issued but not yet effective accounting pronouncements**

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The update applies to contracts with customers to transfer goods or services and contracts to transfer nonfinancial assets unless those contracts are within the scope of other standards (for example, lease transactions). The update supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The update is effective for annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of the future adoption of ASU 2014-09 on the Company' s consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* The update requires that, at lease inception, a lessee recognize in the statement of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments. The ASU also requires that for finance leases, a lessee recognize interest expense on the lease liability, separately from the amortization of the right-of-use asset in the statement of operations, while for operating leases, such amounts should be recognized as a combined expense in the statement of operations. In addition, ASU 2016-02 requires expanded disclosures about the nature and terms of lease agreements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact of the future adoption of ASU 2016-02 on the Company' s consolidated financial statements.

**3. Costs, estimated earnings and billings on uncompleted contracts**

At September 30, 2018 and December 31, 2017, costs, estimated earnings and billings on uncompleted contracts consisted of the following:

| | 2018 | 2017 |
|---|---|---|
| Costs incurred to date on uncompleted contracts | $17,621,433 | $6,641,810 |
| Estimated earnings | 11,756,003 | 3,385,789 |
| | 29,377,436 | 10,027,599 |
| Billings to date | (30,130,989) | (10,919,545) |
| | $(753,553) | $(891,946) |

The above amounts are included in the accompanying consolidated balance sheets under the following captions:

| | 2018 | 2017 |
|---|---|---|
| Costs and estimated earnings in excess of billings on uncompleted contracts | $1,896,315 | $1,068,418 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | (2,649,868) | (1,960,364) |
| | $(753,553) | $(891,946) |

**4. Bank debt**

On April 23, 2015, the Company Amended and Restated its Loan Agreement ("Credit Facility"). The Credit Facility consists of three Term Loans with an original principal aggregate amount of $5,250,000, a $1,000,000 Line of Credit and a $1,500,000 Letter of Credit Facility for the issuance of Standby Letters of Credit. During 2016, the Letter of Credit Facility was increased to $2,000,000.

Term Loan B in the amount of $1,000,000 matured March 2018 bore interest at 5.75% per annum and was payable in 60 consecutive equal monthly installments of principal and interest in the amount of $18,836.84. At September 30, 2018 and December 31, 2017, the balance outstanding under Term Loan B was $0 and $74,532, respectively.

Term Loan C in the amount of $3,000,000 matures April 2019 and was payable in 12 consecutive equal monthly installments of interest only of approximately $11,000 per month from May 1, 2015 through April 1, 2016 and bore interest during such period at 4.25% per annum. Beginning May 1, 2016, Term Loan C is payable in 36 consecutive equal monthly installments of principal and interest in the amount of $88,838 and bears interest at the prime rate in effect as of May 1, 2016, which was 3.5%, plus 1% per annum. Therefore, the interest rate at September 30, 2018 and December 31, 2017 was 4.5%. At September 30, 2018 and December 31, 2017, the balance outstanding under Term Loan C was $612,688 and $1,376,643, respectively.

The Line of Credit matures annually on June 30 of each year and bears interest at a rate per annum equal to the greater of (i) the Prime Rate plus one percent (1.0%) or (ii) four and one-half percent (4.5%). At December 31, 2017, the Company had available under the Line of Credit $1,000,000 with no amounts outstanding. On May 31, 2018, the Company' s Line of Credit under its Credit Facility was increased from $1,000,000 to $3,000,000. At September 30, 2018, the Company had available under the Line of Credit $3,000,000 with no amounts outstanding.

At September 30, 2018 and December 31, 2017, the Company, in connection with two of its production facilities has issued its landlords irrevocable, unconditional, and non-transferable letters of credit for an aggregate amount of $1,104,500 as a security deposit under its $2,000,000 Letter of Credit Facility.

The Credit Facility is collateralized by all the assets of the Company and its' Operating Subsidiaries who are Guarantors (the "Guarantors"). The Company and the Guarantors are subject to certain annual financial covenants that must be maintained under the Credit Facility. As of December 31, 2017, the Company was in compliance with all of its financial covenants.

Future principal payments due on Term Loan C for years ending December 31 are as follows:

| | |
|---|---|
| 2018 (after September 30) | $260,523 |
| 2019 | 352,165 |
| | $612,687 |

**5. Other notes payable**

In April 2017, the Company purchased 85,000 Class B-2 units from a unit holder for $1,200,000. The $1,200,000 will be paid in four equal annual installments of $300,000 beginning March 15, 2018 and ending of March 15, 2021.

In May 2017, the Company purchased 225,000 Class B-1 units from a unit holder for $3,500,000. The $3,500,000 will be paid as follows, $500,000 in May 2017, $500,000 in March 2018, $750,000 in March 2019, $750,000 in March 2020 and $1,000,000 in March 2021. The note bears interest at a rate of 3% per annum.

On April 10, 2018, the Company acquired a 40% interest in Broken Bone Club Limited, a private limited company incorporated in England and Wales (the "investee") for $1,775,375. The amount paid at closing was $355,075 and the remaining $1,420,300 will be paid in 48 equal monthly installments, bearing interest at 3% per annum, beginning May 10, 2018.

Future principal payments due on Other Note Payables for years ending December 31 are as follows:

| | |
|---|---|
| 2018 (after September 30) | $79,065 |
| 2019 | 1,366,258 |
| 2020 | 1,366,258 |
| 2021 | 1,616,258 |
| 2022 | 105,419 |
| | $4,533,259 |

**6. Accounts payable and other current liabilities**

Accounts payable and other current liabilities consist of the following at September 30, 2018 and December 31, 2017:

| | 2018 | 2017 |
|---|---|---|
| Accounts payable | $2,527,674 | $1,483,021 |
| Accrued salaries and related expenses | 781,225 | 2,711,049 |
| Income tax payable | - | 7,269 |
| Accrued commissions | 915,799 | 635,855 |
| Subcontractors payable | 1,716,492 | 700,624 |
| Other accrued expenses | 857,556 | 608,148 |
| | $6,798,746 | $6,145,966 |

**7. Members Equity**

As of September 30, 2018, the Company has Member Units outstanding of 897,846, of which (i) 80,000 were denominated as "Class A-1 Units," (ii) 190,476 were denominated as "Class A-2 Units," (iii) 565,996 were denominated as "Class B-3 Units" (iv) 24,004 were denominated as "Class B-4 Units." and (v) 37,370 were denominated as "Class C Units." In addition, the Company has 150,407 Class C Units reserved for future issuance.

In the event of a transaction not in the ordinary course of business (an "Extraordinary Event"), which results in the Company' s receipt of cash or other consideration, including, without limitation, (i) the dissolution of the Company; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company' s assets or the sale of a division of the Company; or (iii) the consummation of a merger or consolidation of the Company with any other business entity where a change in control occurs, such consideration shall be distributed to the Unit Holders in the following order of priority:

(a) First, eighty four percent (84%) to the Class A-1 Unit Holders in proportion to their respective Class A-1 Units and sixteen percent (16%) to the Class A-2 Unit Holders in proportion to their respective Class A-2 Units, until the Class A-1 Unit Holders have collectively received Twelve Million Eight Hundred Seventy Five Thousand Dollars ($12,875,000).

(b) Second, eighty four percent (84%) to the Class A-1, Class B-3 and Class B-4 Unit Holders in proportion to their respective Residual Interests and sixteen percent (16%) to the Class A-2 Unit Holders in proportion to their respective Class A-2 Units until the Class A-1, Class B-3 and Class B-4 Unit Holders have collectively received Twenty Seven Million Two Hundred Thousand Dollars ($27,200,000).

(c) Third, eighty four percent (84%) to the Class A-1, Class B-3, Class B-4 and Class C Unit Holders in the ratio of their respective Residual Interests and sixteen percent (16%) to the Class A-2 and Class C Unit Holders in the ratio of their respective Residual Interests.

During the period ended September 30, 2018, the Company made a profit distribution of $711,138 to certain of its members.

**8. Other Assets**

Other assets consist of the following at September 30, 2018 and December 31, 2017:

| | 2018 | 2017 |
|---|---|---|
| Due from related party | $808,538 | $777,347 |
| Other assets | 534,207 | 725,518 |
| | $1,342,745 | $1,502,865 |

**9. Contingencies**

**Other**

The Company has various representation agreements with third parties that provide business referrals to the Company for commissions. Accordingly, the Company is obligated to pay such commissions on certain contracts that are entered into, via the third parties' business referral efforts. Commission expense amounted to $943,413 and $1,084,686 for the nine months ended September 30, 2018 and 2017, respectively

The Company is, from time to time, involved in ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Company' s financial position, results of operations or cash flows.

**10. Concentrations**

The Company had one (1) customer that accounted for 15% of contract revenues during the nine months ended September 30, 2018. The Company had two (2) customers that accounted for 28% of contract revenues during the nine months ended September 30, 2017.

Three (3) customers accounted for 49% of gross accounts receivable as of September 30, 2018. Four (4) customers accounted for 64% of gross accounts receivable as of December 31, 2017.

**11. Related party transactions**

Psyop, Inc. is a related party to the Company through common ownership. At September 30, 2018 and December 31, 2017, the Company has a receivable from Psyop, Inc. of $808,538 and $777,347, respectively. During the nine months ended September 30, 2018, the Company has paid $31,191 to tax authorities for prior periods on behalf of Psyop, Inc. increasing the receivable. There were no related party transactions between Psyop, Inc. and the Company during the year ended December 31, 2017.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers
Psyop Media Company, LLC and Subsidiaries

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Psyop Media Company, LLC and Subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income (loss), changes in members' equity and cash flows for each of the years in the two-year period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These consolidated financial statements are the responsibility of the Company' s management. Our responsibility is to express an opinion on the Company' s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Citrin Cooperman & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

We have served as the Company' s auditor since 2018.

New York, New York
August 6, 2018

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

| | December 31, 2017 | December 31, 2016 |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $6,240,967 | $8,205,951 |
| Accounts receivable, less allowance for doubtful accounts of $26,113 in 2017 and 2016, respectively | 5,389,567 | 3,262,424 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 1,068,418 | 530,459 |
| Prepaid expenses | 611,801 | 820,846 |
| Total current assets | 13,310,753 | 12,819,680 |
| Property and equipment, net | 4,643,403 | 6,023,120 |
| Deferred tax asset | 73,465 | 48,000 |
| Other assets | 1,502,865 | 1,271,974 |
| **Total assets** | $19,530,486 | $20,162,774 |
| **LIABILITIES AND MEMBERS' EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and other current liabilities | $6,145,966 | $5,506,506 |
| Bank note payable, current portion | 1,099,023 | 1,269,006 |
| Other notes payable, current portion | 800,000 | - |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 1,960,364 | 2,028,449 |
| Total current liabilities | 10,005,353 | 8,803,961 |
| Bank note payable, less current portion | 352,152 | 1,450,008 |
| Other notes payable, less current portion | 3,400,000 | - |
| Deferred rent | 1,157,425 | 894,238 |
| **Total liabilities** | 14,914,930 | 11,148,207 |
| **Commitments and contingencies** | | |
| **Members' equity** | | |
| Members' equity | 4,768,005 | 9,185,173 |
| Accumulated other comprehensive loss | (152,449) | (170,606) |
| **Total members' equity** | 4,615,556 | 9,014,567 |
| **Total liabilities and members' equity** | $19,530,486 | $20,162,774 |

*See accompanying notes to consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**AND COMPREHENSIVE INCOME (LOSS)**

| | Years Ended December 31, | |
|---|---|---|
| | 2017 | 2016 |
| **Contract revenues** | $61,962,243 | $62,863,029 |
| **Cost of contract revenues** | 45,272,623 | 45,895,020 |
| **Gross profit** | 16,689,620 | 16,968,009 |
| **Selling, general and administrative expenses** | 16,184,145 | 17,848,943 |
| **Operating income (loss)** | 505,475 | (880,934) |
| **Other income (expense)** | | |
| Interest income | 7,162 | 2,306 |
| Interest expense | (160,788) | (183,057) |
| Other expense | (137,076) | (181,117) |
| | (290,702) | (361,868) |
| **Income (loss) before income tax benefit (expense)** | 214,773 | (1,242,802) |
| **Income tax benefit (expense)** | (16,618) | 71,155 |
| **Net income (loss)** | 198,155 | (1,171,647) |
| **Other comprehensive income** | | |
| Foreign currency translation gain | 18,157 | 37,652 |
| **Comprehensive income (loss)** | $216,312 | $(1,133,995) |

*See accompanying notes to consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**

**Years Ended December 31, 2017 and 2016**

| | Members' Equity | Accumulated Other Comprehensive Loss | Total Members' Equity |
|---|---|---|---|
| **Balances, December 31, 2015** | $ 11,474,430 | $ (208,258) | $11,266,172 |
| Foreign currency translation adjustment | | 37,652 | 37,652 |
| Net income | (1,171,647) | | (1,171,647) |
| Distribution to Members | (1,117,610) | | (1,117,610) |
| **Balances, December 31, 2016** | $9,185,173 | $ (170,606) | $ 9,014,567 |
| Foreign currency translation adjustment | | 18,157 | 18,157 |
| Net income | 198,155 | | 198,155 |
| Equity based compensation | 84,677 | | 84,677 |
| Repurchase of membership units | (4,700,000) | | (4,700,000) |
| **Balances, December 31, 2017** | $4,768,005 | $ (152,449) | $4,615,556 |

*See accompanying notes to consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Years Ended December 31, | |
|---|---|---|
| | 2017 | 2016 |
| **Cash flows from operating activities** | | |
| Net income (loss) | $198,155 | $(1,171,647) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Deferred income tax benefit | (25,465) | (6,919) |
| Depreciation and amortization | 1,706,389 | 2,112,061 |
| Bad debt expense (recovery) | - | (104,680) |
| Loss on disposal of assets | 1,003 | - |
| Equity based compensation | 84,677 | - |
| Increase (decrease) in cash attributable to changes in operating assets and liabilities: | | |
| Accounts receivable | (2,127,143) | 3,193,478 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | (537,959) | 1,846 |
| Prepaid expenses | 209,045 | (19,046) |
| Other assets | 69,109 | 439,759 |
| Accounts payable and other current liabilities | 639,460 | (3,427,436) |
| Billings in excess of costs and estimated earnings on uncompleted contracts | (68,085) | (32,858) |
| Deferred rent | 263,187 | (29,151) |
| **Net cash provided by operating activities** | 412,373 | 955,407 |
| **Cash flows from investing activities** | | |
| Acquisition of property and equipment | (324,675) | (1,647,747) |
| Purchase of intangible asset | (300,000) | - |
| **Net cash used in investing activities** | (624,675) | (1,647,747) |
| **Cash flows from financing activities** | | |
| Principal payments on bank note payable | (1,267,839) | (1,122,715) |
| Payment for repurchase of membership units | (500,000) | - |
| Distributions to equity holders | - | (1,117,610) |
| **Net cash used in financing activities** | (1,767,839) | (2,240,325) |
| **Effect of exchange rate changes on cash** | 15,157 | 37,117 |
| **Net (decrease) in cash** | (1,964,984) | (2,895,548) |
| **Cash, beginning of year** | 8,205,951 | 11,101,499 |
| **Cash, end of year** | $6,240,967 | $8,205,951 |
| **Supplemental disclosures of cash flow information, cash paid during the year:** | | |
| Income taxes, net | $- | $124,801 |
| Interest | $109,111 | $210,401 |
| **Non-cash financing activities:** | | |
| Issuance of other notes payable in connection with repurchase of membership units | $4,700,000 | $- |

*See accompanying notes to consolidated financial statements.*

**PSYOP MEDIA COMPANY, LLC AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Nature of Operations**

Psyop Media Company, LLC and its wholly-owned subsidiaries, (collectively, "the Company") is a media company that creates innovative and award-winning content for some of the world' s most well-known brands. The Company creates content for commercials, television series, digital and social media, experiential and influencer platforms and virtual reality (VR) and augmented reality (AR) experiences. The Company operates as a single operating segment.

**2. Summary of significant accounting policies**

**Principles of Consolidation**

The accompanying consolidated financial statements as of and for the years ended December 31, 2017 and 2016 include the accounts of the Psyop Media Company, LLC and its wholly-owned subsidiaries. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All material intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Revenue Recognition**

The Company recognizes revenues using the percentage-of-completion method of accounting in accordance with GAAP which provides for the recognition of revenue when (1) persuasive evidence of a final agreement exists, (2) delivery has occurred or services have been rendered, (3) the selling price is fixed or determinable, and (4) collectability is reasonably assured. Accordingly, earnings are recognized on a contract-by-contract basis in the ratio that actual costs incurred bear to total estimated costs, as determined by management (the cost-to-cost method). Using the cost-to-cost method, revenues are recorded at amounts equal to the ratio of actual cumulative costs incurred divided by total estimated costs, multiplied by the total estimated contract revenue, less accumulated revenue recognized in prior periods. Adjustments to cost estimates are made periodically, based upon the specific circumstances affecting each contract in progress. Losses expected to be incurred on contracts in progress are charged to operations in the period such losses are determined.

The aggregate of costs incurred and earnings recognized on uncompleted contracts in excess of related billings is shown as a current asset, and the aggregate of billings on uncompleted contracts in excess of related costs incurred and earnings recognized is shown as a current liability.

**Cost Recognition**

Contract costs include all labor, subcontractors and other direct costs related to contract performance such as equipment rental, supplies and other production costs. Changes in job performance, job conditions, and estimated profitability, including those arising from contract penalty provisions, and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

**Fair Value of Financial Instruments**

The fair value of the Company' s assets and liabilities, which qualify as financial instruments under GAAP approximate the carry amounts presented in the consolidated balance sheets.

**Cash**

The Company considers all investment instruments with original maturities of three months or less to be cash equivalents. The Company has a credit risk as at various times during the years, balances of cash at financial institutions exceeded the federally insured limit. The Company has not experienced any losses in such accounts, and the Company had no holdings in cash equivalents during the years ended December 31, 2017 and 2016. During 2015, the Company Amended and Restated its Loan Agreement which provided for a $1,500,000 Letter of Credit Facility for the issuance of Standby Letters of Credit. During 2016, this Facility was increased to $2,000,000. At December 31, 2017 and 2016, the Company has issued Standby Letters of Credit in the aggregate amount of $1,104,500 under the Facility for irrevocable, unconditional, and non-transferable letters of credit to its landlords for two of its production facilities.

**Accounts Receivable**

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. Accounts are written off once management has determined the balances will not be collected. Specific allowances for doubtful accounts in the amounts of $26,113 and $26,113 were recorded for customers' balances at December 31, 2017 and 2016, respectively.

**Property and Equipment**

Property and equipment is recorded at cost less accumulated depreciation and amortization. Costs of additions and substantial improvements to property and equipment are capitalized, while maintenance and repairs are charged to operations as incurred. Asset and related accumulated depreciation and amortization amounts are relieved from the accounts for retirements or dispositions.

Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years, while leasehold improvements are amortized, using the straight line method, over the shorter of either their economic useful lives or the term of the respective leases.

**Impairment of Long-Lived Assets**

In accordance with GAAP, the Company periodically assesses the recoverability of the carrying amounts of long-lived assets whenever events or changes in circumstances occur that indicate the carrying value may not be recoverable. An impairment loss is recognized when expected undiscounted future cash flows are less than the carrying amount of the asset. The impairment loss is the difference by which the carrying amount of the asset exceeds its fair value. At December 31, 2017 and 2016, there was no impairment loss on the Company' s long-lived assets.

**Income taxes**

The Company is a limited liability company and treated as a partnership for income tax purposes. As such, income or loss of the Company, in general, is allocated to the members for inclusion in their personal income tax return. The Company conducts business in New York City and is subject to New York City Unincorporated Business tax.

The Company complies with GAAP, which requires an asset and liability approach to financial reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.

In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce members' equity. The Company is subject to potential examination by jurisdiction authorities in the areas of income taxes for all periods subsequent to 2012. These potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with tax laws. The Company' s management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Foreign Currency Translation**

In accordance with GAAP, the Company complies with accounting for foreign subsidiaries whose functional currency is the local currency. Assets and liabilities are translated using the published exchange rate in effect at the consolidated balance sheet date. Results of operations are translated using an approximated weighted average exchange rate for the year. Resulting translation adjustments are recorded as a component of accumulated other comprehensive loss.

**Recently issued but not yet effective accounting pronouncements**

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). The update applies to contracts with customers to transfer goods or services and contracts to transfer nonfinancial assets unless those contracts are within the scope of other standards (for example, lease transactions). The update supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and most industry-specific guidance. The core principle of the guidance is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. The update is effective for annual periods beginning after December 15, 2018. The Company is currently evaluating the impact of the future adoption of ASU 2014-09 on the Company' s consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases.* The update requires that, at lease inception, a lessee recognize in the statement of financial condition a right-of-use asset, representing the right to use the underlying asset for the lease term, and a lease liability, representing the liability to make lease payments. The ASU also requires that for finance leases, a lessee recognize interest expense on the lease liability, separately from the amortization of the right-of-use asset in the statement of operations, while for operating leases, such amounts should be recognized as a combined expense in the statement of operations. In addition, ASU 2016-02 requires expanded disclosures about the nature and terms of lease agreements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, including interim periods within that reporting period. Early adoption is permitted. The Company is currently evaluating the impact of the future adoption of ASU 2016-02 on the Company' s consolidated financial statements.

**3. Costs, estimated earnings and billings on uncompleted contracts**

At December 31, 2017 and 2016, costs, estimated earnings and billings on uncompleted contracts consisted of the following:

| | 2017 | 2016 |
|---|---|---|
| Costs incurred to date on uncompleted contracts | $6,641,810 | $4,323,201 |
| Estimated earnings | 3,385,789 | 3,266,928 |
| | 10,027,599 | 7,590,129 |
| Billings to date | (10,919,545) | (9,088,119) |
| | $(891,946) | $(1,497,990) |

The above amounts are included in the accompanying consolidated balance sheets under the following captions:

| | 2017 | 2016 |
|---|---|---|
| Costs and estimated earnings in excess of billings on uncompleted contracts | $1,068,418 | $530,459 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | (1,960,364) | (2,028,449) |
| | $(891,946) | $(1,497,990) |

**4. Property and equipment**

Property and equipment consists of the following at December 31:

| | 2017 | 2016 |
|---|---|---|
| Audio visual equipment | $69,006 | $832,433 |
| Computer equipment | 3,704,985 | 9,957,372 |
| Computer software | 104,792 | 1,677,949 |
| Furniture and fixtures | 478,995 | 1,055,866 |
| Leasehold improvements | 4,489,477 | 8,271,096 |
| | 8,847,255 | 21,794,716 |
| Less: accumulated depreciation and amortization | (4,203,852) | (15,771,596) |
| | $4,643,403 | $6,023,120 |

Depreciation and amortization expense was $1,706,389 and $2,112,061 for the years ended December 31, 2017 and 2016, respectively.

**5. Bank debt**

On April 23, 2015, the Company Amended and Restated its Loan Agreement (“Credit Facility”). The Credit Facility consists of three Term Loans with an original principal aggregate amount of $5,250,000, a $1,000,000 Line of Credit and a $1,500,000 Letter of Credit Facility for the issuance of Standby Letters of Credit. During 2016, the Letter of Credit Facility was increased to $2,000,000.

Term Loan A in the amount of $1,250,000 matured March 2017 and bore interest at 5.75% per annum was payable in 60 consecutive equal monthly installments of principal and interest in the amount of $24,024.80. At December 31, 2017 and 2016, the balance outstanding under Term Loan A is $0 and $74,937, respectively.

Term Loan B in the amount of $1,000,000 matures March 2018 bears interest at 5.75% per annum and is payable in 60 consecutive equal monthly installments of principal and interest in the amount of $18,836. At December 31, 2017 and 2016, the balance outstanding under Term Loan B is $74,532 and $289,262, respectively.

Term Loan C in the amount of $3,000,000 matures April 2019 and was payable in 12 consecutive equal monthly installments of interest only of approximately $11,000 per month from May 1, 2015 thru April 1, 2016 and bore interest during such period at 4.25% per annum. Beginning May 1, 2016, Term Loan C is payable in 36 consecutive equal monthly installments of principal and interest in the amount of $88,838 and bears interest at the prime rate in effect plus 1% per annum, but in no event less than 4.25% per annum. The interest rate at December 31, 2017 was 4.5%. At December 31, 2017 and 2016, the balance outstanding under Term Loan C is $1,376,643 and $2,354,815, respectively.

The Line of Credit matures annually on March 1 of each year and bears interest at a rate per annum equal to the greater of (i) the Prime Rate plus one percent (1.0%) or (ii) four and one-half percent (4.5%). At December 31, 2017, the Company had available under the Line of Credit $1,000,000 with no amounts outstanding.

At December 31, 2017 and 2016, the Company, in connection with two of its production facilities has issued its landlords irrevocable, unconditional, and non-transferable letters of credit for an aggregate amount of $1,104,500 as a security deposit under its $2,000,000 Letter of Credit Facility.

The Credit Facility is collateralized by all the assets of the Company and its' Operating Subsidiaries who are Guarantors (the "Guarantors"). The Company and the Guarantors are subject to certain financial covenants that must be maintained under the Credit Facility. As of December 31, 2016, the Company was in violation of one of its financial covenants. The Company subsequently received a waiver from its Bank for such violation. As of December 31, 2017, the Company was in compliance with all of its financial covenants.

Future principal payments due on Term Loans B and C for years ending December 31 are as follows:

| | |
|---|---|
| 2018 | $1,099,023 |
| 2019 | 352,152 |
| | $1,451,175 |

**6. Other notes payable**

In April 2017, the Company purchased 85,000 Class B-2 units from a unit holder for $1,200,000. The $1,200,000 will be paid in four equal annual installments of $300,000 beginning March 15, 2018 and ending of March 15, 2021.

In May 2017, the Company purchased 225,000 Class B-1 units from a unit holder for $3,500,000. The $3,500,000 will be paid as follows, $500,000 in May 2017, $500,000 in March 2018, $750,000 in March 2019, $750,000 in March 2020 and $1,000,000 in March 2021. The note bears interest at a rate of 3% per annum.

Future principal payments due on Other Note Payables for years ending December 31 are as follows:

| | |
|---|---|
| 2018 | $800,000 |
| 2019 | 1,050,000 |
| 2020 | 1,050,000 |
| 2021 | 1,300,000 |
| | $4,200,000 |

**7. Accounts payable and other current liabilities**

Accounts payable and other current liabilities consist of the following at December 31:

| | 2017 | 2016 |
|---|---|---|
| Accounts payable | $1,483,021 | $1,957,782 |
| Accrued salaries and related expenses | 2,711,049 | 1,888,979 |
| Income tax payable | 7,269 | - |
| Accrued commissions | 635,855 | 400,149 |
| Subcontractors payable | 700,624 | 272,353 |
| Other accrued expenses | 608,148 | 987,243 |
| | $6,145,966 | $5,506,506 |

**8. Income taxes**

The components of the Company' s net deferred tax asset at December 31 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Depreciation | $35,246 | $28,294 |
| Software maintenance contracts | 6,243 | (7,743 ) |
| Straight-lining of rent expense | 23,149 | 17,885 |
| Paid time off accrual | 5,794 | 6,314 |
| Organizational costs | 2,511 | 2,728 |
| Bad debt reserve | 522 | 522 |
| Net deferred tax asset | $73,465 | $48,000 |

The components of income tax expense (benefit) for the years ended December 31 are as follows:

| | 2017 | 2016 |
|---|---|---|
| Current | | |
| State and local | $42,083 | $(64,236) |
| | 42,083 | (64,236) |
| Deferred | | |
| State and local | (25,465) | (6,919 ) |
| | (25,465) | (6,919 ) |
| | $16,618 | $(71,155) |

As the Company is a limited liability company, it is not subject to federal or state taxes. The Company conducts business in New York City and is subject to the New York City UBT, which has a tax rate of 4%, which is about half of the New York City corporate tax rate.

**9. Retirement plan**

The Company has a defined contribution retirement plan (the "Plan") under the provisions of Section 401(k) of the Internal Revenue Code ("IRC") that covers all eligible employees as defined in the Plan. Participants may elect

to contribute up to 100% of pre-tax annual compensation, as defined by the Plan, up to a maximum prescribed by the IRC. The Company may make a discretionary matching contribution equal to or a percent of employee contributions. The Company, at its discretion, may make additional contributions subject to certain limitations.

On January 1, 2015, the Company incorporated the Safe Harbor 401(k) provisions to the Plan. As a result, the Company matched 100% of the first 3% and 50% of the next 2% of participant contributions during 2017 and 2016. For the years ended December 31, 2017 and 2016, the Company made contributions of $353,646 and $336,836, respectively.

**10. Members Equity**

During 2013, the Company issued a total of 552,000 Class A-2 units to a new member (the "Member") in exchange for $8,000,000. The Class A-2 Units initially had rights as Class A-2 "Non-Participating Units" and, at the election of the Member; the Member may convert all of the "Non-Participating" Class A-2 units to Class A-2 "Participating Units" until March 31, 2016. On August 1, 2014, the member converted its 552,000 "Non-Participating" Class A-2 units to 190,476 Class A-2 Participating Units.

As of December 31, 2016, the Company has Member Units outstanding of 1,170,476, of which (i) 80,000 were denominated as "Class A-1 Units," (ii) 190,476 were denominated as "Class A-2 Units," (iii) 225,000 were denominated as "Class B-1 Units," (iv) 85,000 were denominated as "Class B-2 Units," (v) 565,996 were denominated as "Class B-3 Units" and (vi) 24,004 were denominated as "Class B-4 Units." In addition, the Company has initially reserved for future issuance of 187,777 Units, which were Units denominated as "Class C Units."

During 2017, the Company repurchased 85,000 Class B-2 units from a unit holder for $1,200,000 and repurchased 225,000 Class B-1 units from a different unit holder for $3,500,000.

During 2017, the Company issued 37,370 Class C units to certain employees and recognized equity based compensation expense of approximately $85,000 representing 100% of the fair value of the Class C units issued as the vesting period and the dollar value of the unvested amount as of December 31, 2017 was approximately $10,000 and considered immaterial. The fair value of the Class C units was determined using the Black Scholes Option Allocation Model and reflects the contractual terms of the Class C units with a time horizon of 2.5 years for a transaction to occur, calculated using the risk free rate of return of 1.94%, volatility of 40.7% and a 27% discount for lack of marketability in arriving at the $85,000 value of the Class C units. At December 31, 2017 the Company has reserved for future issuance 150,407 additional Class C Units.

As a result of the transactions above as of December 31, 2017, the Company has Member Units outstanding of 897,846, of which (i) 80,000 were denominated as "Class A-1 Units," (ii) 190,476 were denominated as "Class A-2 Units," (iii) 565,996 were denominated as "Class B-3 Units" (iv) 24,004 were denominated as "Class B-4 Units." and (v) 37,370 were denominated as "Class C Units." In addition, the Company has 150,407 Class C Units reserved for future issuance.

In the event of a transaction not in the ordinary course of business (an "Extraordinary Event"), which results in the Company' s receipt of cash or other consideration, including, without limitation, (i) the dissolution of the Company; (ii) the consummation of the sale or disposition by the Company of all or substantially all of the Company' s assets or the sale of a division of the Company; or (iii) the consummation of a merger or consolidation of the Company with any other business entity where a change in control occurs, such consideration shall be distributed to the Unit Holders in the following order of priority:

(a) First, eighty four percent (84%) to the Class A-1 Unit Holders in proportion to their respective Class A-1 Units and sixteen percent (16%) to the Class A-2 Unit Holders in proportion to their respective Class A-2 Units, until the Class A-1 Unit Holders have collectively received Twelve Million Eight Hundred Seventy Five Thousand Dollars ($12,875,000).

(b) Second, eighty four percent (84%) to the Class A-1, Class B-3 and Class B-4 Unit Holders in proportion to their respective Residual Interests and sixteen percent (16%) to the Class A-2 Unit Holders in proportion to their respective Class A-2 Units until the Class A-1, Class B-3 and Class B-4 Unit Holders have collectively received Twenty Seven Million Two Hundred Thousand Dollars ($27,200,000).

(c) Third, eighty four percent (84%) to the Class A-1, Class B-3, Class B-4 and Class C Unit Holders in the ratio of their respective Residual Interests and sixteen percent (16%) to the Class A-2 and Class C Unit Holders in the ratio of their respective Residual Interests.

**11. Other Assets**

Other assets consist of the following at December 31:

| | 2017 | 2016 |
|---|---|---|
| Due from related party | $777,347 | $777,347 |
| Other assets | 725,518 | 494,627 |
| | $1,502,865 | $1,271,974 |

**12. Commitments and contingencies**

**Facilities**

The Company leases production and corporate headquarters facilities pursuant to various non-cancellable operating leases expiring through March 31, 2025. The leases provide for the Company to pay various executory costs such as real estate taxes, insurance and repairs. In connection with two of its production facilities, the Company has issued its landlords irrevocable, unconditional, and non-transferable letters of credit for an aggregate amount of $1,104,500 as a security deposit.

Future minimum annual rental payments are required as follows:

| | |
|---|---|
| 2018 | $2,245,104 |
| 2019 | 2,428,879 |
| 2020 | 2,697,820 |
| 2021 | 3,218,821 |
| 2022 | 3,286,478 |
| Thereafter | 5,028,229 |
| | $18,905,331 |

Rent expense amounted to $3,105,831 and $2,564,951 for the years ended December 31, 2017 and 2016, respectively.

**Other**

The Company has various representation agreements with third parties that provide business referrals to the Company for commissions. Accordingly, the Company is obligated to pay such commissions on certain contracts that are entered into, via the third parties' business reference efforts. Commission expense amounted to $1,439,604 and $1,039,633 for the years ended December 31, 2017 and 2016, respectively

The Company is, from time to time, involved in ordinary and routine litigation. Management presently believes that the ultimate outcome of these proceedings, individually or in the aggregate, will not have a material adverse effect on the Company' s financial position, results of operations or cash flows.

**13. Concentrations**

The Company had two (2) customers that accounted for 31% of contract revenues during the year ending December 31, 2017. Four (4) customers accounted for 64% of gross accounts receivable as of December 31, 2017.

The Company had two (2) customers that accounted for 27% of contract revenues during the year ending December 31, 2016. Three (3) customers accounted for 46% of gross accounts receivable as of December 31, 2016.

**14. Related party transactions**

Psyop, Inc. is a related party to the Company thru common ownership. At December 31, 2017 and 2016, the Company has a receivable from Psyop, Inc. of $777,347. There were no related party transactions between Psyop, Inc. and the Company during the years ended December 31, 2017 and 2016.

**15. Subsequent event**

On April 10, 2018, the Company acquired a 40% interest in Broken Bone Club Limited, a private limited company incorporated in England and Wales (the “investee”) for 1,250,000 Great Britain Pounds (“GBP”). 250,000 GBP was paid at closing and the remaining 1,000,000 GBP will be paid in 48 equal monthly installments, bearing interest at 3% per annum, beginning May 10, 2018.

On May 31, 2018, the Company’ s Line of Credit under its Credit Facility was Increased from $1,000,000 to $3,000,000.

# PCI Media, Inc.

## Common Stock

## Roth Capital Partners

**Through and including , (the 25th day after the date of this prospectus), all dealers effecting transactions in our common stock, whether or not participating in our initial public offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer' s obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.**

## PART II
## INFORMATION NOT REQUIRED IN PROSPECTUS

### ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by us, other than underwriting discounts and commissions, upon completion of this offering. All amounts shown are estimates except for the SEC registration fee and the FINRA filing fee.

| | |
|---|---|
| SEC registration fee | $2,257.96 |
| FINRA filing fee | * |
| Exchange listing fee | * |
| Printing and engraving expenses | * |
| Legal fees and expenses | * |
| Accounting fees and expenses | * |
| Transfer agent and registrar fees | * |
| Miscellaneous expenses | * |
| Total | $ * |

* To be provided by amendment.

### ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law authorizes the board of directors of a corporation to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

We expect to adopt an amended and restated certificate of incorporation, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the Delaware General Corporation Law is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the Delaware General Corporation Law.

In addition, our amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the completion of this offering, will provide that we will indemnify and hold harmless, to the fullest extent permitted by the Delaware General Corporation Law, any director or officer who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether

civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the corporation or, while a director or officer of the corporation, is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees and other amounts) reasonably incurred. Our amended and restated bylaws will also provide that we must pay the expenses (including attorneys' fees) incurred by a director or officer in defending any proceeding in advance of its final disposition, provided that such payment of expenses in advance of the final disposition of the proceeding will be made only upon receipt of an undertaking by such director or officer to repay all amounts advanced if it is ultimately determined that the director or officer is not entitled to be indemnified.

Further, we have entered into or will enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements also require us to advance all expenses incurred by the directors and executive officers prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in any such action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are expected to be included in our amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that we have entered into or will enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder' s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

We have obtained insurance policies under which, subject to the limitations of the policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured and/or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

The underwriting agreement to be filed as Exhibit 1.1 to this registration statement will provide for indemnification by the underwriters of us and our officers and directors for certain liabilities arising under the Securities Act or otherwise.

**ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.**

On October 1, 2018, the registrant agreed to issue a single share of common stock, par value $0.001 per share, which will be redeemed upon the closing of this offering, to an officer of the registrant in exchange for $0.001. The issuance was exempt from registration under Section 4(a)(2) of the Securities Act, as a transaction by an issuer not involving any public offering.

**ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.**

(a) *Exhibits*. See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) *Financial Statement Schedules*. All financial statement schedules are omitted because the information called for is not required or is shown either in the consolidated financial statements or in the notes thereto.

**ITEM 17. UNDERTAKINGS.**

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act, may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act of 1933, as amended, and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement

relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in this registration statement as of the date it is first used after effectiveness. *Provided*, *however*, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) For the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(7) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

## EXHIBIT INDEX

| Exhibit Number | Exhibit Description |
|---|---|
| 1.1* | Form of Underwriting Agreement. |
| 3.1 | Form of Amended and Restated Certificate of Incorporation, to be in effect prior to the consummation of this offering. |
| 3.2 | Form of Amended and Restated Bylaws, to be in effect prior to the consummation of this offering. |
| 4.1* | Form of Common Stock Certificate. |
| 4.2* | Form of Warrant to be issued to Roth Capital Partners, LLC in connection with this offering. |
| 5.1* | Opinion of Latham & Watkins LLP. |
| 10.1* | 2019 Incentive Award Plan and forms of award agreements thereunder. |
| 10.2* | Form of Contribution Agreement, to be in effect at the consummation of this offering. |
| 10.3* | Form of Registration Rights Agreement, to be in effect at the consummation of this offering. |
| 10.4+ | Form of Indemnification Agreement between PCI Media, Inc. and each of its directors and executive officers. |
| 10.5+ | Employment Agreement, by and between Psyop Media Company, LLC, Psyop Productions, LLC and D. Hunt Ramsbottom, dated December 7, 2018. |
| 10.6+ | Executive Employment Agreement, by and between Psyop Productions, LLC, Psyop Media Company, LLC and Thomas Boyle, dated January 1, 2012. |
| 10.7*+ | 2019 Employee Stock Purchase Plan |
| 10.8*+ | Director Compensation Program. |
| 10.9 | Amended and Restated Loan Agreement, by and between Psyop Media Company, LLC and Community National Bank, dated April 23, 2015. |
| 10.10 | First Amendment to Loan Documents, by and between Psyop Media Company, LLC and Bridgehampton National Bank, dated December 15, 2015. |
| 10.11 | Waiver and Second Amendment to Loan Documents, by and between Psyop Media Company, LLC and Bridgehampton National Bank, dated December 10, 2016. |
| 10.12 | Waiver and Third Amendment to Loan Documents, by and between Psyop Media Company, LLC and BNB Bank, dated April 10, 2018. |
| 10.13 | Waiver and Fourth Amendment to Loan Documents, by and between Psyop Media Company, LLC and BNB Bank, dated May 31, 2018. |
| 10.14 | Standard Form of Office Lease, by and between The A.J.D. Building LLC and Psyop Media Company, LLC, dated October 1, 2014. |
| 10.15 | Lease, by and between Santa Clara, LLC and Psyop, Inc., dated November 1, 2007. |
| 10.16 | First Amendment to Lease, by and between Santa Clara, LLC and Psyop, Inc., dated January 23, 2008. |

| Exhibit Number | Exhibit Description |
|---|---|
| 10.17 | Second Amendment to Lease, by and between Santa Clara, LLC and Psyop Media Company, LLC, dated April 13, 2017. |
| 10.18 | Share Purchase Agreement, by and between Mark Stewart Graham and Psyop Media Company UK Limited, dated April 10, 2018. |
| 21.1 | List of Subsidiaries of the Registrant. |
| 23.1 | Consent of Citrin Cooperman & Company, LLP, Independent Registered Public Accounting Firm. |
| 23.2* | Consent of Latham & Watkins LLP (included in Exhibit 5.1). |
| 24.1 | Power of Attorney (see page II-7). |

* To be filed by amendment.
\+ Management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Venice, California, on the 14th day of January, 2019.

**PCI Media, Inc.**

By: /s/ D. Hunt Ramsbottom Jr.
D. Hunt Ramsbottom Jr.
Chief Executive Officer

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints D. Hunt Ramsbottom Jr. and Thomas Boyle, jointly and severally, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of PCI Media, Inc. and any or all amendments (including post-effective amendments) thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agents, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ D. Hunt Ramsbottom Jr.<br>D. Hunt Ramsbottom Jr. | Chief Executive Officer and Director<br>(Principal Executive Officer) | January 14, 2019 |
| /s/ Thomas Boyle<br>Thomas Boyle | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | January 14, 2019 |
| /s/ Sandy Grushow<br>Sandy Grushow | Director | January 14, 2019 |
| /s/ David Sanderson<br>David Sanderson | Director | January 14, 2019 |

**Exhibit 3.1**

**AMENDED AND RESTATED**
**CERTIFICATE OF INCORPORATION**
**OF**
**PCI MEDIA, INC.**

PCI Media, Inc. (the "Corporation"), a corporation organized and existing under the laws of the State of Delaware, does hereby certify as follows:

1. The name of the Corporation is PCI Media, Inc. The original Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on October 1, 2018.

2. This Amended and Restated Certificate of Incorporation of the Corporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (as the same exists or may hereafter be amended, the "DGCL") and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL.

3. The Amended and Restated Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

## ARTICLE I
## NAME

The name of the corporation is PCI Media, Inc. (the "Corporation").

## ARTICLE II
## REGISTERED OFFICE AND AGENT

The address of the Corporation' s registered office in the State of Delaware is 251 Little Falls Drive, in the City of Wilmington, County of New Castle, 19808. The name of its registered agent at such address is Corporation Service Company.

## ARTICLE III
## PURPOSE AND DURATION

The purpose of the Corporation is to engage in any lawful activity for which corporations may be organized under the DGCL. The Corporation is to have a perpetual existence.

## ARTICLE IV
## CAPITAL STOCK

Section 1. Authorized Shares. The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares of capital stock which the Corporation shall have authority to issue is one hundred ten million (110,000,000). The total number of shares of Common Stock that the Corporation is authorized to issue is one hundred million (100,000,000), having a par value of $0.001 per share,

and the total number of shares of Preferred Stock that the corporation is authorized to issue is ten million (10,000,000), having a par value of $0.001 per share.

Section 2. Common Stock.

(a) Voting. Each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held by such holder on all matters put to a vote of the stockholders of the Corporation.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

(b) Dividends. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, the holders of Common Stock shall be entitled to the payment of dividends when and as declared by the Board of Directors of the Corporation (the "Board of Directors") in accordance with applicable law and to receive other distributions from the Corporation. Any dividends declared by the Board of Directors to the holders of the then outstanding Common Stock shall be paid to the holders thereof pro rata in accordance with the number of shares of Common Stock held by each such holder as of the record date of such dividend.

(c) Liquidation. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the funds and assets of the Corporation that may be legally distributed to the Corporation' s stockholders after payments to creditors shall be distributed among the holders of the then outstanding Common Stock pro rata in accordance with the number of shares of Common Stock held by each such holder.

Section 3. Preferred Stock. Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided. Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the DGCL, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the fullest extent now or hereafter permitted by the DGCL. Without limiting the generality of the foregoing, the resolution or resolutions providing for the issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the DGCL.

## ARTICLE V
## BOARD OF DIRECTORS

Section 1. Authority. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number of Directors. The Board of Directors shall consist of not fewer than one nor more than fifteen members, the exact number of which shall be fixed from time to time by resolution adopted by the affirmative vote of a majority of the Board of Directors then in office.

Section 3. Classified Board; Term. The Board of Directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board. The initial division of the Board of Directors into classes shall be made by the decision of the affirmative vote of a majority of the entire Board. The term of the initial Class I directors shall terminate on the date of the 2019 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2020 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2021 Annual Meeting and, in each case, until their successors are duly elected and qualified or upon such director' s earlier death, resignation, retirement, disqualification or removal. At each succeeding Annual Meeting of Stockholders beginning in 2019, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified or upon such director' s earlier death, resignation or removal. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent.

Section 4. Removal. Subject to the rights of any holders of any shares of Preferred Stock which may from time to time come into existence and be outstanding, directors may be removed at any time, but only for cause, by the affirmative vote of the holders of at least a majority of the voting power of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class.

Section 5. Vacancies. Any vacancy on the Board of Directors, whether arising through death, resignation, retirement, disqualification, removal, an increase in the number of directors or any other reason, may be filled only by a majority of the Board of Directors then in office, even if less than a quorum, or by the sole remaining director.

Section 6. Powers. In addition to the powers and authority herein or by statute expressly conferred upon the Board of Directors, the Board of Directors is hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the

Corporation, subject, nevertheless, to the provisions of the DGCL, this Amended and Restated Certificate of Incorporation, and the Bylaws of the Corporation; provided, however, the amendment or repeal of any provision of the Bylaws, or the adoption of any new bylaw, after the effectiveness of this Amended and Restated Certificate of Incorporation, shall not invalidate any prior act of the Board of Directors which would have been valid if such bylaws had not been adopted.

Section 7. Officers. Except as otherwise expressly delegated by resolution of the Board of Directors, the Board of Directors shall have the exclusive power and authority to appoint and remove officers of the Corporation.

## ARTICLE VI
## STOCKHOLDERS

Section 1. Actions by Consent. Subject to the rights of holders of any series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by written consent in lieu of a meeting.

Section 2. Special Meetings of Stockholders. Subject to the rights of holders of any series of Preferred Stock, unless otherwise required by law, special meetings of the stockholders, for any purpose or purposes, may only be called by the Chair of the Board of Directors or by the Secretary of the Corporation upon direction of the Board of Directors pursuant to a resolution adopted by a majority of the total number of directors constituting the Board of Directors.

Section 3. Meeting Location. Meetings of stockholders may be held within or outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors, or in the Bylaws of the Corporation. The books of the Corporation may be kept within or outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors, or in the Bylaws of the Corporation.

Section 4. Advance Notice. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation.

## ARTICLE VII
## LIABILITY AND INDEMNIFICATION

Section 1. Director Limitation of Liability. To the maximum extent permitted by applicable law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If Delaware law is amended or interpreted after approval by the stockholders of this Article VII to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by Delaware law as so amended or interpreted.

Section 2. Right to Indemnification.

(a) Directors and Officers. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, except for liability (i) for any breach of a director' s loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (relating to the liability of directors for unlawful payment of a dividend or an unlawful stock purchase or redemption) or (iv) for any transaction from which the director derived an improper personal benefit, any director or officer of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines, excise taxes or penalties under the Employment Retirement Income Security Act of 1974 and amounts paid in settlement) reasonably incurred by such person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in the Bylaws, the Corporation shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized in the specific case by the Board of Directors.

(b) Employees and Agents. The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such person in connection with any such Proceeding, if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person' s conduct was unlawful.

Section 3. Contract Rights. The rights conferred upon indemnitees in this Article VII shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or employee of the Corporation and shall inure to the benefit of the indemnitee' s heirs, executors and administrators.

Section 4. Not Exclusive Remedy. The rights to indemnification and to the advancement of expenses conferred on any indemnitee in this Article VII shall not be exclusive of any other rights that such indemnitee may have or hereafter acquire under any statute, provision of this Amended and Restated Certificate of Incorporation, provision of the Bylaws of the Corporation, agreement, vote of stockholders or disinterested directors, or otherwise.

Section 5. Amendment or Repeal. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article VII, shall eliminate or reduce the effect of this Article VII in respect of any matter occurring, or any Proceeding accruing or arising or that, but for this Article VII, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

**ARTICLE VIII**
**EXCLUSIVE FORUM**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery (the "Chancery Court") of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or stockholder of the Corporation to the Corporation or to the Corporation' s stockholders, (c) any action arising pursuant to any provision of the DGCL or the Bylaws of the Corporation or this Amended and Restated Certificate of Incorporation (as either may be amended from time to time) or (d) any action asserting a claim against the Corporation governed by the internal affairs doctrine; provided that this exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, the Securities Act of 1933, as amended, or any other claim for which the federal courts have exclusive jurisdiction. If any action the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (ii) having service of process made upon such stockholder in any such action by service upon such stockholder' s counsel in the Foreign Action as agent for such stockholder. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article VIII.

**ARTICLE IX**
**AMENDMENT**

From time to time any of the provisions of this Amended and Restated Certificate of Incorporation may be amended, altered, changed or repealed, and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted in the manner and at the time prescribed by said laws, and all rights at any time conferred upon the stockholders of the Corporation by this Amended and Restated Certificate of Incorporation are granted subject to the provisions of this Article IX.

In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power of adopt, amend, alter or repeal the Bylaws of the Corporation as provided therein. The Bylaws of the Corporation also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least a majority

of the voting power of the then-outstanding shares of voting stock of the Corporation with the power to vote at an election of directors, voting together as a single class. The Corporation may in the Bylaws of the Corporation confer powers upon its Board of Directors in addition to the foregoing and in addition to the powers and authorities expressly conferred upon the Board of Directors by applicable law.

(*Signature Page to Follow*.)

IN WITNESS WHEREOF, the Corporation has executed this Amended and Restated Certificate of Incorporation on this [●] day of [●], [●].

**PCI MEDIA, INC.**

By: _____
[Name]
[Title]

[Signature Page to PCI Media, Inc. Certificate of Incorporation]

**Exhibit 3.2**

**Amended and Restated Bylaws of**

**PCI Media, Inc.**

**(a Delaware corporation)**

**Table of Contents**

**Amended and Restated Bylaws of**
**PCI Media, Inc.**

**(Adopted as of [_____])**

## Article I - Corporate Offices

1.1 Registered Office.

The address of the registered office of PCI Media, Inc. (the "Corporation") in the State of Delaware, and the name of its registered agent at such address, shall be as set forth in the Corporation's certificate of incorporation, as the same may be amended and/or restated from time to time (the "Certificate of Incorporation").

1.2 Other Offices.

The Corporation may have additional offices at any place or places, within or outside the State of Delaware, as the Corporation's board of directors (the "Board") may from time to time establish or as the business of the Corporation may require.

## Article II - Meetings of Stockholders

2.1 Place of Meetings.

Meetings of stockholders shall be held at such place, if any, within or outside the State of Delaware, designated by the Board. The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the General Corporation Law of the State of Delaware (the "DGCL"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Corporation's principal executive offices or at such other place as designated by the Board.

2.2 Annual Meeting.

The Board shall designate the date and time of the annual meeting. At the annual meeting, directors shall be elected and other business properly brought before the meeting in accordance with Section 2.4 may be transacted.

2.3 Special Meeting.

Special meetings of the stockholders for any purpose or purposes may be called only by the Chair of the Board or by the Secretary of the Corporation upon direction of the Board pursuant to a resolution adopted by a majority of the total number of directors constituting the Board. The notice of a special meeting shall state the purpose or purposes of the special meeting, and the business to be conducted at the special meeting shall be limited to the purpose or purposes stated in the notice. Stockholders shall not be permitted to propose

business to be brought before a special meeting of the stockholders. If the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling a special meeting in accordance with the Certificate of Incorporation and these Bylaws, then Stockholders may nominate persons for election to the Board at such meeting; in accordance with the requirements set forth in Section 2.5.

2.4 Advance Notice Procedures for Business Brought before a Meeting.

(i) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in a notice of meeting given by or at the direction of the Board, (b) if not specified in a notice of meeting, otherwise brought before the meeting by or at the direction of the Board or the chairperson of the meeting, or (c) otherwise properly brought before the meeting by a stockholder present in person who (1)(A) was a stockholder of the Corporation both at the time of giving the notice provided for in this Section 2.4 and at the time of the meeting, (B) is entitled to vote at the meeting and (C) has complied with this Section 2.4 or (2) properly made such proposal in accordance with Rule 14a-8 under the Exchange Act, which proposal has been included in the proxy statement for the annual meeting. The foregoing clause (c) shall be the exclusive means for a stockholder to propose business to be brought before an annual meeting of the stockholders. The only matters that may be brought before a special meeting are the matters specified in the Corporation' s notice of meeting given pursuant to the Certificate of Incorporation and Section 2.3 of these Bylaws. As used in these Bylaws, unless the context otherwise requires, the term "Person" shall mean any individual, general partnership, limited partnership, limited liability company, corporation, trust, business trust, joint stock company, joint venture, unincorporated association, cooperative or association or any other legal entity or organization of whatever nature, and shall include any successor (by merger or otherwise) of such entity. For purposes of this Section 2.4 and Section 2.5 of these Bylaws, "present in person" shall mean that the stockholder proposing that the business be brought before the meeting of the Corporation, or, if the proposed stockholder is not an individual, a qualified representative of such proposing stockholder, appear at such annual meeting. A "qualified representative" of such proposing stockholder shall be, if such proposed stockholder is (x) a general or limited partnership, any general partner or person who functions as a general partner of the general or limited partnership or who controls the general or limited partnership, (y) a corporation or a limited liability company, any officer or person who functions as an officer of the corporation or a limited liability company, any officer or person who functions as an officer of the corporation or limited liability company or any officer, director, general partner or person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (z) a trust, any trustee of such trust. This Section 2.4 shall apply to any business that may be brought before a meeting of stockholders other than nominations for election to the Board at an annual meeting, which shall be governed by Section 2.5 of these Bylaws. Stockholders seeking to nominate persons for election to the Board must comply with Section 2.5 of these Bylaws, and this Section 2.4 shall not be applicable to nominations for election to the Board except as expressly provided in Section 2.5 of these Bylaws.

(ii) Without qualification, for business to be properly brought before an annual meeting by a stockholder, the stockholder must (a) provide Timely Notice (as defined below) thereof in writing and in proper form to the Secretary of the Corporation and (b) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.4. To be timely, a stockholder' s notice must be delivered to, or mailed and received at, the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the one-year anniversary of the preceding year' s annual meeting; *provided, however*, that if the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered,

or mailed and received, not later than the ninetieth (90th) day prior to such annual meeting or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made (such notice within such time periods, "Timely Notice"). In no event shall any adjournment or postponement of an annual meeting or the announcement thereof commence a new time period for the giving of Timely Notice as described above.

(iii) To be in proper form for purposes of this Section 2.4, a stockholder' s notice to the Secretary of the Corporation shall set forth:

(a) As to each Proposing Person (as defined below), (1) the name and address of such Proposing Person (including, if applicable, the name and address that appear on the Corporation' s books and records); and (2) the number of shares of each class or series of stock of the Corporation that are, directly or indirectly, owned of record or beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) by such Proposing Person, except that such Proposing Person shall in all events be deemed to beneficially own any shares of any class or series of stock of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future (the disclosures to be made pursuant to the foregoing clauses (1) and (2) are referred to as "Stockholder Information");

(b) As to each Proposing Person, (1) the full notional amount of any securities that, directly or indirectly, underlie any "derivative security" (as such term is defined in Rule 16a-1(c) under the Exchange Act) that constitutes a "call equivalent position" (as such term is defined in Rule 16a-1(b) under the Exchange Act) ("Synthetic Equity Position") and that is, directly or indirectly, held or maintained by such Proposing Person with respect to any shares of any class or series of stock of the Corporation; *provided* that, for the purposes of the definition of "Synthetic Equity Position," the term "derivative security" shall also include any security or instrument that would not otherwise constitute a "derivative security" as a result of any feature that would make any conversion, exercise or similar right or privilege of such security or instrument becoming determinable only at some future date or upon the happening of a future occurrence, in which case the determination of the amount of securities into which such security or instrument would be convertible or exercisable shall be made assuming that such security or instrument is immediately convertible or exercisable at the time of such determination; and, *provided, further*, that any Proposing Person satisfying the requirements of Rule 13d-1(b)(1) under the Exchange Act (other than a Proposing Person that so satisfies Rule 13d-1(b)(1) under the Exchange Act solely by reason of Rule 13d-1(b)(1)(ii)(E)) shall not be deemed to hold or maintain the notional amount of any securities that underlie a Synthetic Equity Position held by such Proposing Person as a hedge with respect to a bona fide derivatives trade or position of such Proposing Person arising in the ordinary course of such Proposing Person' s business as a derivatives dealer, (2) any rights to dividends on the shares of any class or series of stock of the Corporation owned beneficially by such Proposing Person that are separated or separable from the underlying shares of the Corporation, (3)(x) if such Proposed Person is (i) a general or limited partnership, syndicate or other group, the identity of each general partner and each person who functions as a general partner of the general or limited partnership, each member of the syndicate or group and each person controlling the general partner or member, (ii) a corporation or a limited liability company, the identity of each officer and each person who functions as an officer of the corporation or limited liability company, each person controlling the corporation or

limited liability company and each officer, director, general partner and person who functions as an officer, director or general partner of any entity ultimately in control of the corporation or limited liability company or (iii) a trust, any trustee of such trust (each such Person or Persons set forth in the preceding clauses (i), (ii) and (iii), a "Responsible Person"), any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proposing Person and any material interests or relationships of such Responsible Person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, and (y) if such Proposing Person is a natural person, any material interests or relationships of such natural person that are not shared generally by other record or beneficial holders of the shares of any class or series of the Corporation and that reasonably could have influenced the decision of such Proposing Person to propose such business to be brought before the meeting, (4) any material shares or any Synthetic Equity Position in any principal competitor of the Corporation in any principal industry of the Corporation held by such Proposing Persons, (5) a summary of any material discussions regarding the business proposed to be brought before the meeting (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other record or beneficial holder of the shares of any class or series of the Corporation (including their names), (6) any material pending or threatened legal proceeding in which such Proposing Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, (7) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand, (8) any direct or indirect material interest in any material contract or agreement of such Proposing Person with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (9) a representation that such Proposing Person intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of the Corporation' s outstanding capital stock required to approve or adopt the proposal or otherwise solicit proxies from stockholders in support of such proposal and (10) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act (the disclosures to be made pursuant to the foregoing clauses (1) through (10) are referred to as "Disclosable Interests"); *provided, however*, that Disclosable Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner; and

(c) As to each item of business that the stockholder proposes to bring before the annual meeting, (1) a brief description of the business desired to be brought before the annual meeting, the reasons for conducting such business at the annual meeting and any material interest in such business of each Proposing Person, (2) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the

proposed amendment), (3) a reasonably detailed description of all agreements, arrangements and understandings (x) between or among any of the Proposing Persons or (y) between or among any Proposing Person and any other Person (including their names) in connection with the proposal of such business by such stockholder and (4) any other information relating to such item of business that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies in support of the business proposed to be brought before the meeting pursuant to Section 14(a) of the Exchange Act; *provided, however*, that the disclosures required by this Section 2.4(iii) shall not include any disclosures with respect to any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(iv) For purposes of this Section 2.4, the term "Proposing Person" shall mean (a) the stockholder of record providing the notice of business proposed to be brought before an annual meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the business proposed to be brought before the annual meeting is made, (c) any participant (as defined in paragraphs (a)(ii)-(vi) of Instruction 3 to Item 4 of Schedule 14A) with such stockholder in such solicitation or associate (within the meaning of Rule 12b-2 under the Exchange Act for the purposes of these Bylaws) of such stockholder or beneficial owner and (d) any other Person with whom such stockholder or such beneficial owner (or any of their respective other participants in such solicitation) is Acting in Concert. A Person shall be deemed to be "Acting in Concert" with another Person for purposes of these Bylaws if such Person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert or in parallel with, or towards a common goal with such other Person, relating to changing or influencing the control of the Corporation or in connection with or as a participant in any transaction having that purpose or effect, where (1) each Person is conscious of the other Person' s conduct, and this awareness is an element in their decision-making processes, and (2) at least one additional factor suggests that such Persons intend to act in concert or in parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in parallel; *provided*, that a Person shall not be deemed to be Acting in Concert with any other Person solely as a result of the solicitation or receipt of (A) revocable proxies or consents from such other Person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A or (B) tenders of securities from such other Person in a public tender or exchange offer made pursuant to, and in accordance with, Section 14(d) of the Exchange Act by means of a tender offer statement filed on Schedule TO. A Person Acting in Concert with another Person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person.

(v) A Proposing Person shall update and supplement its notice to the Corporation of its intent to propose business at an annual meeting, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.4 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the

meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) Notwithstanding anything in these Bylaws to the contrary, no business shall be conducted at an annual meeting that is not properly brought before the meeting in accordance with this Section 2.4. The presiding officer of the meeting shall, if the facts warrant, determine that the business was not properly brought before the meeting in accordance with this Section 2.4, and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

(vii) This Section 2.4 is expressly intended to apply to any business proposed to be brought before an annual meeting of stockholders, other than any proposal made in accordance with Rule 14a-8 under the Exchange Act and included in the Corporation' s proxy statement. In addition to the requirements of this Section 2.4 with respect to any business proposed to be brought before an annual meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such business. Nothing in this Section 2.4 shall be deemed to affect the rights of stockholders to request inclusion of proposals in the Corporation' s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(viii) For purposes of these Bylaws, "public disclosure" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission (the "Commission") pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

2.5 Advance Notice Procedures for Nominations of Directors.

(i) Nominations of any person for election to the Board at an annual meeting or at a special meeting (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting in accordance with the Certificate of Incorporation and these Bylaws) may only be made at such meeting only (a) by or at the direction of the Board, including by any committee or Persons authorized to do so by the Board or these Bylaws, or (b) by a stockholder present in person (as defined in Section 2.4) (1) who was a beneficial owner of shares of the Corporation both at the time of giving the notice provided for in this Section 2.5 and at the time of the meeting, (2) is entitled to vote at the meeting and (3) has complied with this Section 2.5 as to such notice and nomination. The foregoing clause (b) shall be the exclusive means for a stockholder to make any nomination of a person or persons for election to the Board at an annual or special meeting of stockholders.

(ii) Without qualification, for a stockholder to make any nomination of a person or persons for election to the Board at an annual meeting, the stockholder must (a) provide Timely Notice (as defined in Section 2.4(ii) of these Bylaws) thereof in writing and in proper form to the Secretary of the Corporation, (b) provide the information, agreements and questionnaires with respect to such stockholder and its candidate for nomination as required to be provided by this Section 2.5, and (c) provide any updates or supplements to such notice at the times and in the forms required by this Section 2.5. If the election of directors is a matter specified in the notice of meeting given by or at the direction of the Person calling such special meeting, then for a stockholder to make any nomination of a person or persons for election to the Board at a special meeting, the stockholder must (a) provide timely notice thereof in writing and in proper form to the Secretary of the Corporation at the principal executive offices of the Corporation, (b) provide the information, agreements and questionnaires with respect to such stockholder and its proposed nominee as required to be provided by this Section 2.5, and (c) provide any updates or supplements to such notice at the

times and in the forms required by this Section 2.5. To be timely, a stockholder' s notice for nominations to be made at a special meeting must be delivered to, or mailed and received at, the principal executive offices of the Corporation not earlier than the one hundred twentieth (120th) day prior to such special meeting and not later than the ninetieth (90th) day prior to such special meeting or, if later, the tenth (10th) day following the day on which public disclosure (as defined in Section 2.4(viii) of these Bylaws) of the date of such special meeting was first made. In no event shall any adjournment or postponement of an annual or special meeting or the announcement thereof commence a new time period for the giving of a stockholder' s notice as described above.

(iii) To be in proper form for purposes of this Section 2.5, a stockholder' s notice to the Secretary of the Corporation shall set forth:

(a) As to each Nominating Person (as defined below), the Stockholder Information (as defined herein, except that for purposes of this Section 2.5, the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(a));

(b) As to each Nominating Person, any Disclosable Interests (as defined herein, except that for purposes of this Section 2.5 the term "Nominating Person" shall be substituted for the term "Proposing Person" in all places it appears in Section 2.4(iii)(b) and the disclosure with respect to the business to be brought before the meeting in Section 2.4(iii)(c) shall be made with respect to nomination of each person for election as a director at the meeting); and

(c) As to each candidate whom a Nominating Person proposes to nominate for election as a director, (1) all information with respect to such candidate for nomination that would be required to be set forth in a stockholder' s notice pursuant to this Section 2.5 if such candidate for nomination were a Nominating Person, (2) all information relating to such candidate for nomination that is required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14(a) under the Exchange Act (including such candidate' s written consent to being named in the proxy statement as a nominee and to serving as a director if elected), (3) a description of any direct or indirect material interest in any material contract or agreement between or among any Nominating Person, on the one hand, and each candidate for nomination or his or her respective other participants in such solicitation, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 under Regulation S-K if such Nominating Person were the "registrant" for purposes of such rule and the candidate for nomination were a director or executive officer of such registrant (the disclosures to be made pursuant to the foregoing clauses (1) through (3) are referred to as "Nominee Information"), and (4) a completed and signed questionnaire, representation and agreement as provided in Section 2.5(vi).

(iv) For purposes of this Section 2.5, the term "Nominating Person" shall mean (a) the stockholder providing the notice of the nomination proposed to be made at the meeting, (b) the beneficial owner or beneficial owners, if different, on whose behalf the notice of the nomination proposed to be made at the meeting is made and (c) any other participant in such solicitation.

(v) A stockholder providing notice of any nomination proposed to be made at a meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.5 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation not later than five (5) business days after the record date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(vi) To be eligible to be a candidate for election as a director of the Corporation at an annual or special meeting, a candidate must be nominated in the manner prescribed in this Section 2.5 and the candidate for nomination, if not nominated by the Board, must have previously delivered (in accordance with the time period prescribed for delivery in a notice to such candidate given by or on behalf of the Board), to the Secretary of the Corporation at the principal executive offices of the Corporation, (a) a completed written questionnaire (in the form provided by the Corporation) with respect to the background, qualifications, stock ownership and independence of such candidate for nomination and (b) a written representation and agreement (in the form provided by the Corporation) that such candidate for nomination (1) is not and, if elected as a director during his or her term of office, will not become a party to (A) any agreement, arrangement or understanding with, and has not given and will not give any commitment or assurance to, any person or entity as to how such proposed nominee, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") or (B) any Voting Commitment that could limit or interfere with such proposed nominee' s ability to comply, if elected as a director of the Corporation, with such proposed nominee' s fiduciary duties under applicable law, (2) is not, and will not become a party to, any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation or reimbursement for service as a director of the Corporation that has not been disclosed therein or to the Corporation and (3) if elected as a director of the Corporation, will comply with all applicable corporate governance, conflict of interest, confidentiality, stock ownership and trading and other policies and guidelines of the Corporation applicable to directors and in effect during such person' s term in office as a director (and, if requested by any candidate for nomination, the Secretary of the Corporation shall provide to such candidate for nomination all such policies and guidelines then in effect).

(vii) The Board may also require any proposed candidate for nomination as a Director to furnish such other information as may reasonably be requested by the Board in writing prior to the meeting of stockholders at which such candidate' s nomination is to be acted upon in order for the Board to determine the eligibility of such candidate for nomination to be an independent director of the Corporation in accordance with the Corporation' s Corporate Governance Guidelines.

(viii) A candidate for nomination as a director shall further update and supplement the materials delivered pursuant to this Section 2.5, if necessary, so that the information provided or required to be provided pursuant to this Section 2.5 shall be true and correct as of the record date for stockholders entitled to vote at the meeting and as of the date that is ten (10) business days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to, or mailed and received by, the Secretary of the Corporation at the principal executive offices of the Corporation (or any other office specified by the Corporation in any public announcement) not later than five (5) business days after the record

date for stockholders entitled to vote at the meeting (in the case of the update and supplement required to be made as of such record date), and not later than eight (8) business days prior to the date for the meeting or, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed) (in the case of the update and supplement required to be made as of ten (10) business days prior to the meeting or any adjournment or postponement thereof).

(ix) In addition to the requirements of this Section 2.5 with respect to any nomination proposed to be made at a meeting, each Proposing Person shall comply with all applicable requirements of the Exchange Act with respect to any such nominations.

(x) No candidate shall be eligible for nomination as a director of the Corporation unless such candidate for nomination and the Nominating Person seeking to place such candidate' s name in nomination has complied with this Section 2.5, as applicable. The presiding officer at the meeting shall, if the facts warrant, determine that a nomination was not properly made in accordance with this Section 2.5, and if he or she should so determine, he or she shall so declare such determination to the meeting, the defective nomination shall be disregarded and any ballots cast for the candidate in question (but in the case of any form of ballot listing other qualified nominees, only the ballots case for the nominee in question) shall be void and of no force or effect.

(xi) Notwithstanding anything in these Bylaws to the contrary, no candidate for nomination shall be eligible to be seated as a director of the Corporation unless nominated and elected in accordance with Section 2.4 and this Section 2.5 of these Bylaws.

2.6 Notice of Stockholders' Meetings.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the notice of any meeting of stockholders shall be sent or otherwise given in accordance with either Section 2.7 or Section 8.1 of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.7 Manner of Giving Notice; Affidavit of Notice.

Notice of any meeting of stockholders shall be deemed given:

(i) if mailed, when deposited in the U.S. mail, postage prepaid, directed to the stockholder at his or her address as it appears on the Corporation' s records; or

(ii) if electronically transmitted as provided in Section 8.1 of these Bylaws.

An affidavit of the Secretary or an Assistant Secretary of the Corporation or of the transfer agent or any other agent of the Corporation that the notice has been given by mail or by a form of electronic transmission, as applicable, shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.8 Quorum.

Unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, the holders of a majority in voting power of the stock issued and outstanding and entitled to vote, present in person, or by remote communication, if applicable, or represented by proxy, shall constitute a quorum for the transaction of business at all meetings of the stockholders; *provided*, that in no event shall a quorum consist of less than a majority of the shares entitled to vote at any such meeting of the stockholders. If, however, a quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting or (ii) a majority in voting power of the stockholders entitled to vote at the meeting, present in person, or by remote communication, if applicable, or represented by proxy, shall have power to adjourn the meeting from time to time in the manner provided in Section 2.9 of these Bylaws until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

2.9 Adjourned Meeting; Notice.

When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At any adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

2.10 Conduct of Business.

The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the chairperson of any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the chairperson of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other Persons as the chairperson of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

2.11 Voting.

Except as may be otherwise provided in the Certificate of Incorporation, these Bylaws or the DGCL, each stockholder shall be entitled to one (1) vote for each share of capital stock held by such stockholder.

2.12 Record Date for Stockholder Meetings and Other Purposes.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is first given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of capital stock, or for the purposes of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

2.13 Proxies.

Each stockholder entitled to vote at a meeting of stockholders may authorize another Person or Persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL. A proxy may be in the form of a telegram, cablegram or other means of electronic transmission which sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other means of electronic transmission was authorized by the stockholder.

2.14 List of Stockholders Entitled to Vote.

The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting (*provided, however*, that if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth day before the meeting date), arranged in

alphabetical order, and showing the address of each stockholder entitled to vote and the number of shares registered in the name of each stockholder entitled to vote. The Corporation shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Corporation' s principal executive offices. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Such list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.14 or to vote in person or by proxy at any meeting of stockholders.

2.15 Inspectors of Election.

Before any meeting of stockholders, the Corporation shall appoint an inspector or inspectors of election to act at the meeting or its adjournment and make a written report thereof. The Corporation may designate one or more Persons as alternate inspectors to replace any inspector who fails to act. If any Person appointed as inspector or any alternate fails to appear or fails or refuses to act, then the chairperson of the meeting shall appoint a Person to fill that vacancy.

Such inspectors shall:

(i) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting and the validity of any proxies and ballots;

(ii) count all votes or ballots;

(iii) count and tabulate all votes;

(iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspector(s); and

(v) certify its or their determination of the number of shares represented at the meeting and its or their count of all votes and ballots.

Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspection with strict impartiality and according to the best of such inspector' s ability. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein. The inspectors of election may appoint such Persons to assist them in performing their duties as they determine.

## Article III - Directors

3.1 Powers.

Subject to the provisions of the DGCL and any limitations in the Certificate of Incorporation or these Bylaws related to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

3.2 Number of Directors.

The authorized number of directors constituting the Board shall be determined from time to time by one or more resolutions of the Board, *provided* the Board shall consist of at least one (1) member and not more than fifteen (15) members. No reduction of the authorized number of directors shall have the effect of removing any director before that director' s term of office expires.

3.3 Election, Qualification and Term of Office of Directors.

The Board shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board. The initial division of the Board into classes shall be made by the decision of the affirmative vote of a majority of the entire Board. The term of the initial Class I directors shall terminate on the date of the 2019 Annual Meeting; the term of the initial Class II directors shall terminate on the date of the 2020 Annual Meeting; and the term of the initial Class III directors shall terminate on the date of the 2021 Annual Meeting and, in each case, until their successors are duly elected and qualified or upon such director' s earlier death, resignation or removal. At each succeeding Annual Meeting of Stockholders beginning in 2019, successors to the class of directors whose term expires at that Annual Meeting shall be elected for a three-year term and until their successors are duly elected and qualified or upon such director' s earlier death, resignation or removal. If the number of directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case will a decrease in the number of directors have the effect of removing or shortening the term of any incumbent.

Each director to be elected by the stockholders of the Corporation shall be elected by the affirmative vote of a plurality of the votes cast by the shares represented and entitled to vote therefor at a meeting of the stockholders for the election of directors at which a quorum is present.

Directors need not be stockholders unless so required by the Certificate of Incorporation or these Bylaws. The Certificate of Incorporation or these Bylaws may prescribe other qualifications for directors.

3.4 Resignation, Removal and Vacancies.

Any director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. The resignation shall take effect at the time specified therein or upon the happening of an event specified therein, and if no time or event is specified, at the time of its receipt. When one or more directors so resigns and the resignation is effective at a future date or upon the happening of an event to occur on a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become

effective, and each director so chosen shall hold office as provided in this section in the filling of other vacancies.

Except as otherwise provided by the DGCL or the Certificate of Incorporation, any director may be removed at any time, but only for cause, by the affirmative vote of the holders of at least a majority of the voting power of the then-outstanding shares entitled to vote generally in the election of directors, voting together as a single class.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled only by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director appointed in accordance with the preceding sentence shall hold office for the remainder of the term to which the director is appointed and until such director' s successor shall have been elected and qualified. A vacancy in the Board shall be deemed to exist under these Bylaws in the case of the death, removal or resignation of any director, unless the size of the Board is reduced by the remaining directors.

3.5 Place of Meetings; Meetings by Telephone.

The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting pursuant to these Bylaws shall constitute presence in person at the meeting.

3.6 Regular Meetings.

Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

3.7 Special Meetings; Notice.

Special meetings of the Board for any purpose or purposes may be called at any time by the Chair of the Board, the Chief Executive Officer, the Secretary of the Corporation or a majority of the authorized number of directors constituting the Board.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by U.S. first-class mail, postage prepaid;

(iii) sent by facsimile or electronic mail; or

(iv) sent by other means of electronic transmission,

directed to each director at that director' s address, telephone number, facsimile number or electronic mail address, or other address for electronic transmission, as the case may be, as shown on the Corporation' s records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or electronic mail, or (iii) sent by other means of electronic transmission, it shall be delivered or sent at least twenty-four (24) hours before the time of the holding of the meeting. If the notice is sent by U.S. mail, it shall be deposited in the U.S. mail at least four (4) days before the time of the holding of the meeting. The notice need not specify the place of the meeting (if the meeting is to be held at the Corporation' s principal executive offices) nor the purpose of the meeting.

3.8 Quorum.

At all meetings of the Board, a majority of the authorized number of directors shall constitute a quorum for the transaction of business. The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

3.9 Board Action by Written Consent without a Meeting.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

3.10 Fees and Compensation of Directors.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the Board shall have the authority to fix the compensation, including fees and reimbursement of expenses, of directors for services to the Corporation in any capacity.

## Article IV - Committees

4.1 Committees of Directors.

The Board may designate one (1) or more committees, each committee to consist of one (1) or more of the directors of the Corporation. The Board may designate one (1) or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any

meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these Bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

4.2 Committee Minutes.

Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

4.3 Meetings and Actions of Committees.

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) Section 3.5 (place of meetings and meetings by telephone);

(ii) Section 3.6 (regular meetings);

(iii) Section 3.7 (special meetings and notice);

(iv) Section 3.8 (quorum);

(v) Section 3.9 (action without a meeting); and

(vi) Section 7.12 (waiver of notice),

with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) regular meetings of committees may be held without notice at such time and at such place as shall from time to time be determined by the applicable committee, or otherwise by either resolution of the Board or resolution of the applicable committee;

(ii) special meetings of committees may also be called by resolution of the Board or the chairperson of the applicable committee; and

(iii) the Board may adopt rules for the governance of any committee to override the provisions that would otherwise apply to the committee pursuant to this Section 4.3, *provided* that such rules do not violate the provisions of the Certificate of Incorporation or applicable law.

## Article V - Officers

5.1 Officers.

The officers of the Corporation shall include a president and a secretary. The Corporation may also have, at the discretion of the Board, an executive chair of the Board, a chief executive officer, a chief financial officer, a treasurer, one (1) or more vice presidents, one (1) or more assistant vice presidents, one (1) or more assistant treasurers, one (1) or more assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these Bylaws. Any number of offices may be held by the same person.

5.2 Appointment of Officers.

The Board shall appoint the officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 5.3 of these Bylaws.

5.3 Subordinate Officers.

The Board may appoint, or empower the Chief Executive Officer or, in the absence of a chief executive officer, the President, to appoint, such other officers and agents as the business of the Corporation may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.

5.4 Removal and Resignation of Officers.

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.5 Vacancies in Offices.

Any vacancy occurring in any office of the Corporation shall be filled by the Board or as provided in Section 5.2.

5.6 Representation of Shares of Other Corporations and Entities.

The Chair of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, the Secretary or Assistant Secretary of the Corporation, or any other person authorized by the Board, the Chief Executive Officer, the President or a Vice President, is authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations or other entity or entities standing in the name of the Corporation. The authority granted herein may be exercised either by such person directly or by any other Person authorized to do so by proxy or power of attorney duly executed by such Person having the authority.

5.7 Authority and Duties of Officers.

All officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be provided herein or designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

## Article VI - Records

A stock ledger consisting of one or more records in which the names of all of the Corporation' s stockholders of record, the address and number of shares registered in the name of each such stockholder, and all issuances and transfers of stock of the corporation are recorded in accordance with Section 224 of the DGCL shall be administered by or on behalf of the Corporation. Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device, or method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases), *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time and, with respect to the stock ledger, that the records so kept (i) can be used to prepare the list of stockholders specified in Sections 219 and 220 of the DGCL, (ii) record the information specified in Sections 156, 159, 217(a) and 218 of the DGCL, and (iii) record transfers of stock as governed by Article 8 of the Uniform Commercial Code.

## Article VII - General Matters

7.1 Execution of Corporate Contracts and Instruments.

The Board, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

7.2 Stock Certificates.

The shares of the Corporation shall not be represented by certificates but shall be uncertificated and represented by book-entry notations in the books of the Corporation, *provided* that the Board by resolution may provide that some or all of the shares of any class or series of stock of the Corporation shall be represented by certificates. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock represented by a certificate shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two officers authorized to sign stock certificates representing the number of shares registered in certificate form. The Chair of the Board, the President, Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Corporation shall be specifically authorized to sign stock certificates. Any or all of the signatures on the certificate may be a facsimile or electronic signature. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be

such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

7.3 Lost Certificates.

The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner' s legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

7.4 Shares Without Certificates

Unless the Board determines that all of the shares of any class or series of stock of the Corporation shall be represented by certificates, the Corporation shall adopt a system of issuance, recordation and transfer of its shares of stock by electronic or other means not involving the issuance of certificates, *provided* the use of such system by the Corporation is permitted in accordance with applicable law.

7.5 Construction; Definitions.

Unless the context requires otherwise, the general provisions, rules of construction and definitions in the DGCL shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural and the plural number includes the singular.

7.6 Dividends.

The Board, subject to any restrictions contained in either (i) the DGCL or (ii) the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock. Dividends may be paid in cash, in property or in shares of the Corporation' s capital stock.

The Board may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

7.7 Fiscal Year.

The fiscal year of the Corporation shall be fixed by resolution of the Board and may be changed by the Board.

7.8 Seal.

The Corporation may, but shall not be required to, adopt a corporate seal, which, if adopted by the Board, may be altered by the Board. The Corporation may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

7.9 Transfer of Stock.

Shares of the Corporation shall be transferable in the manner prescribed by law and in these Bylaws. Shares of stock of the Corporation shall be transferred on the books of the Corporation only by the holder of record thereof or by such holder' s attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates representing such shares endorsed by the appropriate Person or Persons (or by delivery of duly executed instructions with respect to uncertificated shares), with such evidence of the authenticity of such endorsement or execution, transfer, authorization and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing the names of the Persons from and to whom it was transferred.

7.10 Stock Transfer Agreements.

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

7.11 Registered Stockholders.

The Corporation:

(i) shall be entitled to recognize the exclusive right of a Person registered on its books as the owner of shares to receive dividends and to vote as such owner; and

(ii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

7.12 Waiver of Notice.

Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver, signed by the Person entitled to notice, or a waiver by electronic transmission by the Person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a Person at a meeting shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

## Article VIII - Notice by Electronic Transmission

8.1 Notice by Electronic Transmission.

Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the Certificate of Incorporation or these Bylaws, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if:

(i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent; and

(ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other Person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary of the Corporation or of the transfer agent or other agent of the Corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

8.2 Definition of Electronic Transmission.

An "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

**Article IX – Indemnification**

9.1 Indemnification of Directors and Officers.

The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, except for liability (i) for any breach of a director' s loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL (relating to the liability of directors for unlawful payment of a dividend or an unlawful stock purchase or redemption) or (iv) for any transaction from which the director derived an improper personal benefit, any director or officer of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding") by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees, judgments, fines ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred by such Person in connection with any such Proceeding. Notwithstanding the preceding sentence, except as otherwise provided in Section 9.4, the Corporation shall be required to indemnify a Person in connection with a Proceeding initiated by such Person only if the Proceeding was authorized in the specific case by the Board.

9.2 Indemnification of Others.

The Corporation shall have the power to indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any employee or agent of the Corporation who was or is made or is threatened to be made a party or is otherwise involved in any Proceeding by reason of the fact that he or she, or a Person for whom he or she is the legal representative, is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or non-profit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses reasonably incurred by such Person in connection with any such Proceeding, if such Person acted in good faith and in a manner such Person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such Person' s conduct was unlawful.

9.3 Prepayment of Expenses.

The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by any officer or director of the Corporation, and may pay the expenses incurred by any employee or agent of the Corporation, in defending any Proceeding in advance of its final disposition; *provided, however*, that, to the extent required by law, such payment of expenses in advance of the final disposition of the Proceeding shall be made only upon receipt of an undertaking by the Person to repay all amounts advanced if it should be ultimately determined that the Person is not entitled to be indemnified under this Article IX or otherwise.

9.4 Determination; Claim.

If a claim for indemnification (following the final disposition of such Proceeding) under this Article IX is not paid in full within sixty (60) days, or a claim for advancement of expenses under this Article IX is not paid in full within thirty (30) days, after a written claim therefor has been received by the Corporation the claimant may thereafter (but not before) file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim to the fullest extent permitted by law. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification or payment of expenses under applicable law.

9.5 Non-Exclusivity of Rights.

The rights conferred on any Person by this Article IX shall not be exclusive of any other rights which such Person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

9.6 Insurance.

The Corporation may purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust enterprise or non-profit entity against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability under the provisions of the DGCL.

9.7 Other Indemnification.

The Corporation' s obligation, if any, to indemnify or advance expenses to any Person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such Person may collect as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, enterprise or non-profit enterprise.

9.8 Continuation of Indemnification.

The rights to indemnification and to prepayment of expenses provided by, or granted pursuant to, this Article IX shall continue notwithstanding that the Person has ceased to be a director or officer of the Corporation and shall inure to the benefit of the estate, heirs, executors, administrators, legatees and distributees of such Person.

9.9 Amendment or Repeal; Interpretation.

The provisions of this Article IX shall constitute a contract between the Corporation, on the one hand, and, on the other hand, each individual who serves or has served as a director or officer of the Corporation (whether before or after the adoption of these Bylaws), in consideration of such Person' s performance of such services, and pursuant to this Article IX the Corporation intends to be legally bound to each such current or former director or officer of the Corporation. With respect to current and former directors and officers of the Corporation, the rights conferred under this Article IX are present contractual rights and such rights are fully

vested, and shall be deemed to have vested fully, immediately upon adoption of theses Bylaws. With respect to any directors or officers of the Corporation who commence service following adoption of these Bylaws, the rights conferred under this provision shall be present contractual rights and such rights shall fully vest, and be deemed to have vested fully, immediately upon such director or officer commencing service as a director or officer of the Corporation. Any repeal or modification of the foregoing provisions of this Article IX shall not adversely affect any right or protection (i) hereunder of any Person in respect of any act or omission occurring prior to the time of such repeal or modification or (ii) under any agreement providing for indemnification or advancement of expenses to an officer or director of the Corporation in effect prior to the time of such repeal or modification.

Any reference to an officer of the Corporation in this Article IX shall be deemed to refer exclusively to the executive chair of the Board, a chief executive officer, a chief financial officer, a treasurer appointed pursuant to Article V of these Bylaws, and to any vice president, assistant secretary, assistant treasurer, or other officer of the Corporation appointed by (x) the Board pursuant to Article V of these Bylaws or (y) an officer to whom the Board has delegated the power to appoint officers pursuant to Article V of these Bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the Board (or equivalent governing body) of such other entity pursuant to the Certificate of Incorporation and Bylaws (or equivalent organizational documents) of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise has been given or has used the title of "vice president" or any other title that could be construed to suggest or imply that such person is or may be an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article IX.

**Article X - Amendments**

The Board is expressly empowered to adopt, amend or repeal the Bylaws of the Corporation or waive the observance of any bylaw (either generally or in a particular instance, and either retroactively or prospectively). Any adoption, amendment or repeal of the Bylaws of the Corporation or waiver of the observance of any bylaw by the Board shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the Corporation or waive the observance of any bylaw (either generally or in a particular instance, and either retrospectively or prospectively); *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all the then-outstanding shares of voting stock of the Corporation with the power to vote at an election of directors, voting together as a single class.

**Article XI - Forum Selection**

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery (the "Chancery Court") of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of

Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or stockholder of the Corporation to the Corporation or to the Corporation' s stockholders, (iii) any action arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time) or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine; *provided* that this exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended, the Securities Act of 1933, as amended, or any other claim for which the federal courts have exclusive jurisdiction. If any action the subject matter of which is within the scope of the preceding sentence is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the preceding sentence and (b) having service of process made upon such stockholder in any such action by service upon such stockholder' s counsel in the Foreign Action as agent for such stockholder.

**PCI Media, Inc.**

**Certificate of Amendment and Restatement of Bylaws**

The undersigned hereby certifies that he is the duly elected, qualified and acting President and Chief Executive Officer of PCI Media, Inc., a Delaware corporation (the "Corporation"), and that the foregoing Amended and Restated Bylaws were approved on _____, ____, effective as of _____, ____ by the Corporation' s board of directors.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this __ day of _____, ____.

_____

Name:
Title:

**Exhibit 10.4**

# INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement ("Agreement") is made as of [●], 2019 by and between PCI Media, Inc., a Delaware corporation (the "Company"), and [●], [a member of the Board of Directors/ an officer] of the Company ("Indemnitee"). This Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering indemnification and advancement.

## RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification and advancement of expenses against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"). The Bylaws, Certificate of Incorporation, and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification and advancement of expenses;

WHEREAS, the uncertainties relating to such insurance, to indemnification, and to advancement of expenses may increase the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws, Certificate of Incorporation and any resolutions adopted pursuant thereto, and is not a substitute therefor, nor diminishes or abrogates any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Bylaws, Certificate of Incorporation, DGCL and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director without adequate additional protection, and the Company desires Indemnitee to serve or continue to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that Indemnitee be so indemnified and be advanced expenses.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a [director/officer] of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law). This Agreement does not create any obligation on the Company to continue Indemnitee in such position and is not an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions. As used in this Agreement:

(a) "Agent" means any person who is authorized by the Company or an Enterprise to act for or represent the interests of the Company or an Enterprise, respectively.

(b) A "Change in Control" occurs upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company' s then outstanding securities unless the change in relative beneficial ownership of the Company' s securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors;

ii. Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(b)(i), 2(b)(iii) or 2(b)(iv)) whose election by the Board or nomination for election by the Company' s stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

iii. Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 51% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

iv. Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company' s assets; and

v. Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Exchange Act (as defined below), whether or not the Company is then subject to such reporting requirement.

vi. For purposes of this Section 2(b), the following terms have the following meanings:

1. "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

2. "Person" has the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act; *provided*, *however*, that Person excludes (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

3. "Beneficial Owner" has the meaning given to such term in Rule 13d-3 under the Exchange Act; *provided*, *however*, that Beneficial Owner excludes any Person otherwise becoming a Beneficial Owner by reason of the stockholders of the Company approving a merger of the Company with another entity.

(c) "Corporate Status" describes the status of a person who is or was acting as a director, officer, employee, fiduciary, or Agent of the Company or an Enterprise.

(d) "Disinterested Director" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" means any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity for which Indemnitee is or was serving at the request of the Company as a director, officer, employee, or Agent.

(f) "Expenses" includes all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating

costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(e) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee' s rights under this Agreement, by litigation or otherwise. The parties agree that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that are certified by affidavit of Indemnitee' s counsel as being reasonable in the good faith judgment of such counsel will be presumed conclusively to be reasonable. Expenses, however, do not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee' s rights under this Agreement.

(h) "Potential Change in Control" means the occurrence of any of the following events: (i) the Company enters into any written or oral agreement, undertaking or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company' s then outstanding securities entitled to vote generally in the election of directors increases his beneficial ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(i) The term "Proceeding" includes any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of Indemnitee' s Corporate Status or by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any

action (or failure to act) on Indemnitee' s part while acting pursuant to Indemnitee' s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement. A Proceeding also includes a situation the Indemnitee believes in good faith may lead to or culminate in the institution of a Proceeding.

Section 3. Indemnity in Third-Party Proceedings. The Company will indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee' s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee' s conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company will indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee' s behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. The Company will not indemnify Indemnitee for Expenses under this Section 4 related to any claim, issue or matter in a Proceeding for which Indemnitee has been finally adjudged by a court to be liable to the Company, unless, and only to the extent that, the Delaware Court of Chancery or any court in which the Proceeding was brought determines upon application by Indemnitee that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection with any Proceeding the extent that Indemnitee is successful, on the merits or otherwise. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee' s behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 5 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, will be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement and to the fullest extent permitted by applicable law, the Company will indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee' s behalf in connection with any Proceeding to which Indemnitee is not a party but to which Indemnitee is a witness, deponent, interviewee, or otherwise asked to participate.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company will indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification. Notwithstanding any limitation in Sections 3, 4, or 5, the Company will indemnify Indemnitee to the fullest extent permitted by applicable law (including but not limited to, the DGCL and any amendments to or replacements of the DGCL adopted after the date of this Agreement that expand the Company' s ability to indemnify its officers and directors) if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor).

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company is not obligated under this Agreement to make any indemnification payment to Indemnitee in connection with any Proceeding:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except to the extent provided in Section 15(b) and except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Proceeding or part of any Proceeding is to enforce Indemnitee' s rights to indemnification or advancement, of Expenses, including a Proceeding (or any part of

any Proceeding) initiated pursuant to Section 14 of this Agreement, (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (iii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses.

(a) The Company will advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding (or any part of any Proceeding) initiated by Indemnitee if (i) the Proceeding or part of any Proceeding is to enforce Indemnitee' s rights to obtain indemnification or advancement of Expenses from the Company or Enterprise, including a proceeding initiated pursuant to Section 14 or (ii) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation. The Company will advance the Expenses within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding.

(b) Advances will be unsecured and interest free. Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, thus Indemnitee qualifies for advances upon the execution of this Agreement and delivery to the Company. No other form of undertaking is required other than the execution of this Agreement. The Company will make advances without regard to Indemnitee' s ability to repay the Expenses and without regard to Indemnitee' s ultimate entitlement to indemnification under the other provisions of this Agreement.

Section 11. Procedure for Notification of Claim for Indemnification or Advancement.

(a) Indemnitee will notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. Indemnitee will include in the written notification to the Company a description of the nature of the Proceeding and the facts underlying the Proceeding and provide such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. Indemnitee' s failure to notify the Company will not relieve the Company from any obligation it may have to Indemnitee under this Agreement, and any delay in so notifying the Company will not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company will, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification or advancement.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

Section 12. Procedure Upon Application for Indemnification.

(a) Unless a Change of Control has occurred, the determination of Indemnitee' s entitlement to indemnification will be made:

i. by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

ii. by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board;

iii. if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by written opinion provided by Independent Counsel selected by the Board; or

iv. if so directed by the Board, by the stockholders of the Company.

(b) If a Change in Control has occurred, the determination of Indemnitee' s entitlement to indemnification will be made by written opinion provided by Independent Counsel selected by Indemnitee (unless Indemnitee requests such selection be made by the Board)

(c) The party selecting Independent Counsel pursuant to subsection (a)(iii) or (b) of this Section 12 will provide written notice of the selection to the other party. The notified party may, within ten (10) days after receiving written notice of the selection of Independent Counsel, deliver to the selecting party a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection will set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected will act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within thirty (30) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, Independent Counsel has not been selected or, if selected, any objection to has not been resolved, either the Company or Indemnitee may petition the Delaware Court for the appointment as Independent Counsel of a person selected by such court or by such other person as such court designates. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel will be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) Indemnitee will cooperate with the person, persons or entity making the determination with respect to Indemnitee' s entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company will advance and pay any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making the indemnification determination irrespective of the determination as to Indemnitee' s entitlement to indemnification and the Company hereby

indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing of the determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied and providing a copy of any written opinion provided to the Board by Independent Counsel.

(e) If it is determined that Indemnitee is entitled to indemnification, the Company will make payment to Indemnitee within ten (10) days after such determination.

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination will, to the fullest extent not prohibited by law, presume Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company will, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, will be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the determination of the Indemnitee' s entitlement to indemnification has not made pursuant to Section 12 within sixty (60) days after the latter of (i) receipt by the Company of Indemnitee' s request for indemnification pursuant to Section 11(a) and (ii) the final disposition of the Proceeding for which Indemnitee requested Indemnification (the "Determination Period"), the requisite determination of entitlement to indemnification will, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee will be entitled to such indemnification, absent (A) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee' s statement not materially misleading, in connection with the request for indemnification, or (B) a prohibition of such indemnification under applicable law. The Determination Period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto; and *provided*, *further*, the Determination Period may be extended an additional fifteen (15) days if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 12(a)(iv) of this Agreement.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the

best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee' s conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee will be deemed to have acted in good faith if Indemnitee acted based on the records or books of account of the Company, its subsidiaries, or an Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company, its subsidiaries, or an Enterprise in the course of their duties, or on the advice of legal counsel for the Company, its subsidiaries, or an Enterprise or on information or records given or reports made to the Company or an Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Company, its subsidiaries, or an Enterprise. Further, Indemnitee will be deemed to have acted in a manner "not opposed to the best interests of the Company," as referred to in this Agreement if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan. The provisions of this Section 13(d) is not exclusive and does not limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise may not be imputed to Indemnitee for purposes of determining Indemnitee' s right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Indemnitee may commence litigation against the Company in the Delaware Court of Chancery to obtain indemnification or advancement of Expenses provided by this Agreement in the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) the Company does not advance Expenses pursuant to Section 10 of this Agreement, (iii) the determination of entitlement to indemnification is not made pursuant to Section 12 of this Agreement within the Determination Period, (iv) the Company does not indemnify Indemnitee pursuant to Section 5 or 6 or the second to last sentence of Section 12(d) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) the Company does not indemnify Indemnitee pursuant to Section 3, 4, 7, or 8 of this Agreement within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder. Alternatively, Indemnitee, at Indemnitee' s option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee must commence such Proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such Proceeding pursuant to this Section 14(a); *provided*, *however*, that the foregoing clause does not apply in respect of a Proceeding brought by Indemnitee to enforce Indemnitee' s rights under Section 5 of this Agreement. The

Company will not oppose Indemnitee' s right to seek any such adjudication or award in arbitration.

(b) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 will be conducted in all respects as a *de novo* trial, or arbitration, on the merits and Indemnitee may not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company will have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be and will not introduce evidence of the determination made pursuant to Section 12 of this Agreement.

(c) If a determination is made pursuant to Section 12 of this Agreement that Indemnitee is entitled to indemnification, the Company will be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee' s statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company is, to the fullest extent not prohibited by law, precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and will stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee' s rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company, to the fullest extent permitted by law, will (within ten (10) days after receipt by the Company of a written request therefor) advance to Indemnitee such Expenses which are incurred by Indemnitee in connection with any action concerning this Agreement, Indemnitee' s right to indemnification or advancement of Expenses from the Company, or concerning any directors' and officers' liability insurance policies maintained by the Company and will indemnify Indemnitee against any and all such Expenses unless the court determines that each of the Indemnitee' s claims in such Proceeding were made in bad faith or were frivolous or are prohibited by law.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The indemnification and advancement of Expenses provided by this Agreement are not exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. The indemnification and advancement of Expenses provided by this Agreement may not be limited or restricted by any amendment, alteration or repeal of this Agreement in any way with respect to any action taken or omitted by Indemnitee in Indemnitee' s Corporate Status occurring prior to any amendment, alteration or

repeal of this Agreement. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bylaws, Certificate of Incorporation, or this Agreement, it is the intent of the parties hereto that Indemnitee enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy is cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated.

i. The Company hereby acknowledges and agrees:

1. the Company is the indemnitor of first resort with respect to any request for indemnification or advancement of Expenses made pursuant to this Agreement concerning any Proceeding arising from or related to Indemnitee' s Corporate Status with the Company;

2. the Company is primarily liable for all indemnification and indemnification or advancement of Expenses obligations for any Proceeding arising from or related to Indemnitee' s Corporate Status, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise;

3. any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding are secondary to the obligations of the Company' s obligations;

4. the Company will indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person; and

ii. the Company irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company to Indemnitee pursuant to this Agreement.

iii. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss for Indemnitee, the payor has a right of subrogation against the Company or its insurers for all amounts so paid which would otherwise be payable by the Company or its insurers under this Agreement. In no event will payment by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Company hereunder or shift primary liability for the Company' s obligation to indemnify or advance of Expenses to any other Person with whom or which Indemnitee may be associated.

iv. Any indemnification or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated is specifically in excess over the Company' s obligation to indemnify and advance Expenses or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, the Company will obtain a policy or policies covering Indemnitee to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies, including coverage in the event the Company does not or cannot, for any reason, indemnify or advance Expenses to Indemnitee as required by this Agreement. If, at the time of the receipt of a notice of a claim pursuant to this Agreement, the Company has director and officer liability insurance in effect, the Company will give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company will thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Indemnitee agrees to assist the Company efforts to cause the insurers to pay such amounts and will comply with the terms of such policies, including selection of approved panel counsel, if required.

(d) The Company' s obligation to indemnify or advance Expenses hereunder to Indemnitee for any Proceeding concerning Indemnitee' s Corporate Status with an Enterprise will be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise. The Company and Indemnitee intend that any such Enterprise (and its insurers) be the indemnitor of first resort with respect to indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee' s Corporate Status with such Enterprise. The Company' s obligation to indemnify and advance Expenses to Indemnitee is secondary to the obligations the Enterprise or its insurers owe to Indemnitee. Indemnitee agrees to take all reasonably necessary and desirable action to obtain from an Enterprise indemnification and advancement of Expenses for any Proceeding related to or arising from Indemnitee' s Corporate Status with such Enterprise.

(e) In the event of any payment made by the Company under this Agreement, the Company will be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee from any Enterprise or insurance carrier. Indemnitee will execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 16. Duration of Agreement. This Agreement continues until and terminates upon the later of: (a) ten (10) years after the date that Indemnitee ceases to serve as a [[director [and] [officer]] of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of Expenses rights provided by or granted pursuant to this Agreement are binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect

successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and inure to the benefit of Indemnitee and Indemnitee' s spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and remain enforceable to the fullest extent permitted by law; (b) such provision or provisions will be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested thereby.

Section 18. Interpretation. Any ambiguity in the terms of this Agreement will be resolved in favor of Indemnitee and in a manner to provide the maximum indemnification and advancement of Expenses permitted by law. The Company and Indemnitee intend that this Agreement provide to the fullest extent permitted by law for indemnification in excess of that expressly provided, without limitation, by the Certificate of Incorporation, the Bylaws, vote of the Company stockholders or disinterested directors, or applicable law.

Section 19. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided*, *however*, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and is not a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 20. Modification and Waiver. No supplement, modification or amendment of this Agreement is binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement will be deemed or constitutes a waiver of any other provisions of this Agreement nor will any waiver constitute a continuing waiver.

Section 21. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company does not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement or otherwise.

Section 22. Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be deemed to have been duly given if (a) delivered by hand to the other party, (b) sent by reputable overnight courier to the other party or (c) sent by facsimile transmission or electronic mail, with receipt of oral confirmation that such communication has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee provides to the Company.

(b) If to the Company to:

Name: PCI Media, Inc.
Address: 523 Victoria Avenue
Venice, CA 90291
Attention: Tom Boyle
Email: tboyle@psyop.tv

or to any other address as may have been furnished to Indemnitee by the Company.

Section 23. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, will contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (a) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (b) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 24. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties are governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (a) agree that any action or Proceeding arising out of or in connection with this Agreement may be brought only in the Delaware Court of Chancery and not in any other state or federal court in the United States of America or any court in any other country, (b) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or Proceeding arising out of or in connection with this Agreement, (c) waive any objection to the laying of venue of any such

action or Proceeding in the Delaware Court, and (d) waive, and agree not to plead or to make, any claim that any such action or Proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 25. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which will for all purposes be deemed to be an original but all of which together constitutes one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 26. Headings. The headings of this Agreement are inserted for convenience only and do not constitute part of this Agreement or affect the construction thereof.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

COMPANY

By: _____
Name:
Office:

INDEMNITEE

_____
Name:
Address: PCI Media, Inc.
523 Victoria Avenue
Venice, CA 90291

**Exhibit 10.5**

# EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "***Agreement***"), effective as of December 7, 2018 (the "***Effective Date***"), is entered into by and between Psyop Productions, LLC, a Delaware limited liability company ("***Psyop Productions***"), Psyop Media Company, LLC a Delaware limited liability company ("***Psyop Media***" and, together with Psyop Productions, the "***Company***") and Hunt Ramsbottom (the "***Executive***").

WHEREAS, the Executive is currently serving as Interim President and Interim Chief Executive Officer of the Company;

WHEREAS, the Company desires to employ the Executive and to enter into an agreement embodying the terms of such employment; and

WHEREAS, the Executive desires to accept such employment with the Company, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the Executive' s employment hereunder shall be for a term (the "***Employment Period***") commencing on the Effective Date and ending on the six-month anniversary of the Effective Date (the "***Initial Termination Date***"). If not previously terminated in accordance with this Agreement, the Employment Period automatically shall be extended for an additional six-month period on the Initial Termination Date and on each subsequent six-month anniversary of the Initial Termination Date, unless either party elects not to so extend the Employment Period by notifying the other party, in writing, of such election (a "***Non-Renewal***") not less than 60 days prior to the last day of the Initial Termination Date or applicable subsequent six-month anniversary thereof. Notwithstanding the foregoing, in the event an IPO Event or an Equity Investment occurs during the Employment Period, the Employment Period automatically shall be extended until the third anniversary of the IPO Event or Equity Investment (as applicable), and any references to the "Initial Termination Date" in this Section 1 shall refer to such third anniversary. Such extension shall only apply to the first to occur of an IPO Event or an Equity Investment. The Executive' s employment hereunder is terminable at will by the Company or by the Executive at any time (for any reason or for no reason), subject to the provisions of Section 4 hereof.

2. Terms of Employment.

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as President and Chief Executive Officer ("***CEO***") of the Company, and shall perform such employment duties as are usual and customary for such positions. The Executive shall report directly to the Board. At the Company' s request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive' s position as President and CEO of the Company. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive' s compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive' s service in one or more of such additional capacities is terminated, the Executive' s compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) Exclusivity. During the Employment Period, and excluding any periods of leave to which the Executive may be entitled, the Executive agrees to devote his full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to: (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, and (C) manage his personal investments, in each case, so long as such activities do not individually or in the aggregate materially interfere or conflict with the performance of the Executive' s duties and responsibilities under this Agreement; provided, that with respect to the activities in subclauses (A) and/or (B), the Executive receives prior written approval from the Board.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Company' s principal offices located in Los Angeles, California (the "***Principal Location***"), except for travel to other locations as may be necessary to fulfill the Executive' s duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "***Base Salary***") of $450,000 per annum; provided, however, that following an IPO Event the Base Salary automatically shall be increased to $500,000 per annum effective as of the IPO Event. The Base Salary shall be reviewed annually by the Board or a subcommittee thereof and may be increased from time to time by the Board or such subcommittee in its discretion. The Base Salary shall be paid in accordance with the Company' s normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary may be increased in the discretion of the Board or such subcommittee, but not reduced, and the term "Base Salary" as utilized in this Agreement shall refer to the Base Salary as so increased.

(ii) 2018 Annual Cash Bonus. For calendar year 2018, the Executive shall be eligible to earn a cash performance bonus (the "***2018 Bonus***") in an amount determined based on the achievement of performance goals as set forth on Exhibit A attached hereto. Payment of the 2018 Bonus, to the extent any 2018 Bonus becomes payable, will be contingent upon the Executive' s continued employment through December 31, 2018, and will be made on the date on which annual bonuses are paid generally to the Company' s senior executives, but in no event later than March 15, 2019. Notwithstanding anything to the contrary contained herein, the Board shall not be precluded from awarding the Executive a discretionary bonus with respect to calendar year 2018.

(iii) Post-2018 Annual Cash Bonus. For each calendar year ending during the Employment Period following calendar year 2018, the Executive shall be eligible to earn a cash performance bonus (an "***Annual Bonus***") under the Company' s bonus plan or program applicable to senior executives. The actual amount of any Annual Bonus shall be determined by the Board (or a subcommittee thereof) in its discretion, based on the achievement of performance goals developed in consultation with the Executive. The payment of any Annual Bonus, to the extent any Annual Bonus becomes payable, will be contingent upon the Executive' s continued employment through December 31st of the applicable calendar year, and will be made on the date on which annual bonuses are paid generally to the Company' s senior executives, but in no event later than March 15th of the calendar year following the calendar year in which such Annual Bonus was earned. Notwithstanding anything to the contrary contained herein, the Board shall not be precluded from awarding the Executive a discretionary bonus with respect to any calendar year following 2018.

(iv) Special IPO Bonus. In addition, if an IPO Event occurs during the Employment Period, the Executive remains in continuous service with the Company until the IPO Event and, in connection with such IPO Event, a minimum of 20% of PubCo' s outstanding common stock (measured as of immediately following the closing of the IPO Event) is sold at an Enterprise Valuation of greater than or equal to $30,000,000 (the "***Special IPO Bonus Threshold***"), the Company shall pay the Executive a cash bonus equal to $350,000, which shall be payable within 15 calendar days following such IPO Event. In the event the Special IPO Bonus Threshold is not achieved in connection with an IPO Event, the Company and the Executive agree to negotiate in good faith regarding a bonus payment to the Executive.

(v) Equity Award.

(A) *Initial Equity Grant*. On or as soon as reasonably practicable following the Effective Date, and provided the Executive is employed by the Company on the date of grant, Psyop Media shall grant to the Executive, pursuant to that certain Third Amended and Restated Limited Liability Company Agreement of Psyop Media, LLC, dated as of August 1, 2014 (as amended from time-to-time, the "***LLC Agreement***"), an award of Class C Units (as defined in the LLC Agreement) (the "***Class C Unit Award***") equal to 3% of the fully diluted outstanding units of the Company on the date of grant. The parties intend for the Class C Units underlying the Class C Unit Award to be "profits interests" within the meaning of the Code and Revenue Procedure 93-27, 1993-2 C.B. 343, as clarified by Revenue Procedure 2001-43, 2001-2 C.B. 191. Subject to the Executive' s continued service with the Company through the applicable vesting date, the Class C Unit Award will vest in full on the earlier to occur of an IPO Event and an Equity Investment. The Class C Unit Award shall be evidenced by a separate award agreement (the "***Award Agreement***") in a form prescribed by Psyop Media, to be entered into by Psyop Media and the Executive. The Class C Unit Award shall be subject to the terms and conditions, including, without limitation, any distribution threshold and transfer restrictions, set forth in the LLC Agreement and the Award Agreement.

(B) *IPO Equity Grant*. In addition to the Class C Unit Award, in connection with an IPO Event PubCo shall grant to the Executive an option to purchase a number of shares of PubCo' s common stock representing up to 4% of the fully diluted capitalization of PubCo (but excluding, for the avoidance of doubt, any warrants and/or stock options that have an exercise or strike price greater than or equal to the IPO Price) as of the closing of the IPO Event (the "***IPO Option***"). It is expected that the IPO Option will be granted after the effectiveness of PubCo' s registration statement relating to its initial public offering and prior to the first date upon which PubCo' s common stock is listed upon notice of issuance on any securities exchange or designated upon notice of issuance as a national market security on an interdealer quotation system, subject to the Executive' s continued service with the Company until the applicable grant date. The IPO Option shall vest and become exercisable based on the attainment of Price Per Share goals, as set forth on Exhibit B, and further subject to the Executive' s continued service through the applicable vesting date. The IPO Option shall be evidenced by, and subject to the terms and conditions set forth in, a separate award agreement in a form prescribed by PubCo, to be entered into by PubCo and the Executive.

(vi) Benefits. During the Employment Period, the Executive (and the Executive' s spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible, at the sole cost of the Company, to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs including any medical, life, hospitalization, dental, disability, accidental death and dismemberment and travel accident insurance plans and programs. In addition, during the Employment Period, Executive shall be eligible to participate in any retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its senior executive officers. Nothing contained in this Section 2(b)(vi) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company' s ability to modify or terminate any such plan or program.

(vii) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company provided to employees of the Company.

(viii) Fringe Benefits. During the Employment Period, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company to its employees from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide.

(ix) Vacation. During the Employment Period, the Executive shall not be entitled to a fixed number of paid vacation or sick days per year, and therefore, no vacation or sick days shall accrue. As a salaried employee, the Company expects the Executive to use the Executive' s judgment to take time off from work for vacation or other personal time in a manner consistent with getting the Executive' s work done in a timely fashion, providing excellent service to the Company' s customers and partners and avoiding inconveniencing the Executive' s co-workers.

3. Termination of Employment.

(a) Death or Disability. The Executive' s employment shall terminate automatically upon the Executive' s death during the Employment Period. Either the Company or the Executive may terminate the Executive' s employment in the event of the Executive' s Disability during the Employment Period.

(b) Termination by the Company. The Company may terminate the Executive' s employment during the Employment Period for Cause or without Cause, or by reason of a Non-Renewal of the Employment Period.

(c) Termination by the Executive. The Executive' s employment may be terminated by the Executive for any reason, including with Good Reason or by the Executive without Good Reason, or by reason of a Non-Renewal of the Employment Period.

(d) Notice of Termination. Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 11(b) hereof. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or

Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive' s or the Company' s rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive' s employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive' s employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in his possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination.

(a) Accrued Obligations. In the event that the Executive' s employment under this Agreement terminates during the Employment Period for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary, (ii) reimbursement of any business expenses incurred by Executive prior to the Date of Termination that are reimbursable in accordance with Section 2(b)(vii) hereof and (iii) any vested amounts due to Executive under any plan, program or policy of the Company (together, the "***Accrued Obligations***"). The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law) and the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Qualifying Termination. Subject to Sections 4(c), 4(e) and 11(d), and the Executive' s continued compliance with the provisions of Section 7 hereof, if the Executive' s employment with the Company is terminated during the Employment Period due to a Qualifying Termination, then in addition to the Accrued Obligations:

(i) *Cash Severance*. The Company shall pay the Executive an amount equal to three months of the Executive' s Base Salary (or, if the Date of Termination occurs after an IPO Event or Equity Investment, the Severance shall instead be an amount equal to 12 months of the Executive' s Base Salary) in effect on the Date of Termination, disregarding any reduction constituting Good Reason (the "***Severance***"). The Severance shall be payable in substantially equal installments in accordance with the Company' s normal payroll procedures during the period commencing on the date of Executive' s Separation from Service and ending on the three or 12-month anniversary thereof, as applicable (the "***Severance Period***"). In addition, the Executive shall be paid a pro-rata 2018 Bonus or Annual Bonus to which the Executive would have become entitled (if any) for the calendar year of the Company during which the Date of Termination occurs, had the Executive remained employed through December 31st of the applicable calendar year and based on the achievement of any applicable performance goals or objectives, pro-rated based on the number of days during such calendar year that the Executive

was employed by the Company (the "***Bonus Severance***"). The Bonus Severance shall be payable in a single lump-sum payment on the date on which annual bonuses are paid to the Company' s senior executives generally for such year, but in no event later than March 15th of the calendar year immediately following the calendar year in which the Date of Termination occurs, with the actual date within such period determined by the Company in its sole discretion.

(ii) *COBRA*. Subject to the Executive' s valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide, during the Severance Period, the Executive and the Executive' s eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive' s employment had not been terminated based on the Executive' s elections in effect on the Date of Termination, provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof).

(iii) *Qualifying Termination Following a Change in Control*. In addition, in the event that, following an IPO Event, the Qualifying Termination occurs on or within 12 months following a Change in Control, then (i) the Executive shall receive a cash payment equal to the greater of (A) the Executive' s target 2018 Bonus or Annual Bonus for the year in which the Date of Termination occurs and (B) the Executive' s Base Salary in effect on the Date of Termination, disregarding any reduction constituting Good Reason, payable in a single lump sum within 75 days following the Date of Termination, (ii) all outstanding Company or PubCo equity awards that vest based solely on the passage of time that are held by the Executive on the Date of Termination immediately shall become fully vested and, to the extent applicable, exercisable and (iii) the IPO Option will be deemed vested and exercisable based on the Price Per Share as of such Change in Control.

(c) Release. Notwithstanding the foregoing, it shall be a condition to the Executive' s right to receive the amounts provided for in Section 4(b) hereof that the Executive execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit C (the "***Release***") within 21 days (or, to the extent required by law, 45 days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period. For the avoidance of doubt, all equity awards eligible for accelerated vesting pursuant to Section 4(b) hereof shall remain outstanding and eligible to vest following the Date of Termination and shall actually vest and become exercisable (if applicable) and non-forfeitable upon the effectiveness of the Release.

(d) Other Terminations. If the Executive' s employment is terminated for any reason not described in Section 4(b) hereof, the Company will pay the Executive only the Accrued Obligations.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six-month period following the Executive' s Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon

which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive' s death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive' s termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments; Limitation on Payments. Following an IPO Event, the following provisions will apply:

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive' s employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "***Total Payments***") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "***Excise Tax***"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash severance payments under this Agreement shall first be reduced, and the noncash severance payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "***Independent Advisors***") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants.

(a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company and its subsidiaries and affiliates, which shall have been obtained by the Executive in connection with the Executive' s employment by the Company and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive' s employment with the Company, the Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data, to anyone other than the Company and those designated by it; provided, however, that if the Executive receives actual notice that the Executive is or may be required by law or legal process to communicate or divulge any such information, knowledge or data, the Executive shall promptly so notify the Company.

(b) While employed by the Company and, for a period of six months after the Date of Termination (or, if such Date of Termination occurs after an IPO Event, for a period of 12 months after such Date of Termination), the Executive shall not directly or indirectly solicit, induce, or encourage any employee or consultant of any member of the Company and its subsidiaries and affiliates to terminate their employment or other relationship with the Company and its subsidiaries and affiliates or to cease to render services to any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity. During his employment with the Company and thereafter, the Executive shall not use any trade secret of the Company or its subsidiaries or affiliates to solicit, induce, or encourage any customer, client, vendor, or other party doing business with any member of the Company and its subsidiaries and affiliates to terminate its relationship therewith or transfer its business from any member of the Company and its subsidiaries and affiliates and the Executive shall not initiate discussion with any such person for any such purpose or authorize or knowingly cooperate with the taking of any such actions by any other individual or entity.

(c) In recognition of the facts that irreparable injury will result to the Company in the event of a breach by the Executive of his obligations under Sections 7(a) and 7(b) hereof, that monetary damages for such breach would not be readily calculable, and that the Company would not have an adequate remedy at law therefor, the Executive acknowledges, consents and agrees that in the event of such breach, or the threat thereof, the Company shall be entitled, in addition to any other legal remedies and damages available, to specific performance thereof and to temporary and permanent injunctive relief (without the necessity of posting a bond) to restrain the violation or threatened violation of such obligations by the Executive.

(d) The Executive hereby acknowledges that the Executive is concurrently entering into an agreement with the Company, substantially in the form attached hereto as Exhibit D, containing confidentiality, intellectual property assignment and other protective covenants (the "***PIIA***") and that the Executive shall be bound by the terms and conditions of the PIIA.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive' s obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive' s entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

9. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive' s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns (including, if applicable, PubCo).

10. Certain Definitions.

(a) "***Board***" means the Board of Managers of Psyop Media or, following an IPO Event, the Board of Directors of PubCo.

(b) "***Cause***" means the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within 15 days after receipt of the Notice of Termination:

(i) the Executive' s willful failure to substantially perform his duties with the Company (other than any such failure resulting from the Executive' s incapacity due to physical or mental illness or any such actual or anticipated failure after his issuance of a Notice of Termination for Good Reason), after a written demand for performance is delivered to the Executive by the Board, which demand specifically identifies the manner in which the Board believes that the Executive has not performed his duties;

(ii) the Executive' s commission of an act of fraud or material dishonesty resulting in reputational, economic or financial injury to the Company;

(iii) the Executive' s material misappropriation or embezzlement of the property of the Company or any of its affiliates;

(iv) the Executive' s commission of, including any entry by the Executive of a guilty or no contest plea to, a felony (other than a traffic violation) or other crime involving moral turpitude;

(v) the Executive' s willful misconduct or gross negligence with respect to any material aspect of the Company' s business or a material breach by the Executive of his fiduciary duty to the Company, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company; or

(vi) the Executive' s material breach of the Executive' s obligations under a written agreement between the Company and the Executive, including without limitation, such a breach of this Agreement.

(c) "***Change in Control***" means a "change in control" as defined in an applicable equity incentive plan of PubCo adopted in connection with an IPO Event.

(d) "***Code***" means the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(e) "***Company Party***" means any corporation formed by the Company for the purpose of effecting an initial public offering and of which the Company is a subsidiary.

(f) "***Date of Termination***" means the date on which the Executive' s employment with the Company terminates.

(g) "***Disability***" means that the Executive has become entitled to receive benefits under an applicable Company long-term disability plan or, if no such plan covers the Executive, as determined in the reasonable discretion of the Board.

(h) "***Enterprise Valuation***" means the aggregate value of 100% of the outstanding shares of common stock of the Company as of the closing of the IPO Event, measured on a fully diluted basis and after giving effect to the issuance of shares in the IPO Event (valuing each such share at the IPO Price), plus the amount of Net Debt as of the closing of the IPO Event (which amount may be a negative number).

(i) "***Equity Investment***" means one or a series of related purchases by one or more parties of equity securities issued by the Company to such parties which has an aggregate purchase price of at least $10,000,000 (determined as of immediately prior to the first of such purchases), whereby such investment was a direct result of the Executive' s efforts, as determined in good faith by the Board in its sole discretion.

(j) "***Excise Tax***" means the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(k) "***Good Reason***" means the occurrence of any one or more of the following events without the Executive' s prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) a material diminution in the Executive' s position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 2(a) hereof, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the Company' s material reduction of the Executive' s Base Salary, as the same may be increased from time to time;

(iii) a material change in the geographic location of the Principal Location which shall, in any event, include only a relocation of the Principal Location by more than 30 miles from its existing location;

(iv) the Company' s material breach of this Agreement.

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within 90 days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice, and (3) the effective date of the Executive' s termination for Good Reason occurs no later than 60 days after the expiration of the Company' s cure period.

(l) "***IPO Event***" means the closing of an initial public offering of the securities of PubCo.

(m) "***Net Debt***" means (a) the aggregate principal amount of all indebtedness of the Company and its subsidiaries as of the closing of the IPO Event, minus (b) the aggregate amount of cash and cash equivalents held by the Company and its subsidiaries as of the closing of the IPO Event.

(n) "***Notice of Termination***" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive' s employment under the provision so indicated and (iii) if the Date of Termination is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice).

(o) "***Payment***" means any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive.

(p) "***PubCo***" means the Company Party undergoing an IPO Event.

(q) "***Qualifying Termination***" means a termination of the Executive' s employment (i) by the Company without Cause (other than by reason of the Executive' s Disability), (ii) by the Company by reason of a Non-Renewal of the Employment Period prior to an IPO Event or an Equity Investment, and the Executive is willing and able, at the time of such Non-Renewal, to continue performing services on the terms and conditions set forth herein or (iii) by the Executive for Good Reason.

(r) "***Section 409A***" means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(s) "***Separation from Service***" means a "separation from service" (within the meaning of Section 409A).

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive' s most recent address on the records of the Company.

If to the Company:

Psyop Media Company
45 Howard Street
New York, NY 10013
Attn: Tom Boyle

with a copy to:

Latham & Watkins LLP
355 South Grand Ave., Suite 100
Los Angeles, CA 90071-1560
Attn: Tony Richmond & David Zaheer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "***Exchange Act***"), then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 11(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive' s Separation from Service.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive' s right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive' s or the Company' s failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. As of the Effective Date, this Agreement (including the Award Agreement) constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof.

(i) Amendment; Survival. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto. The respective rights and obligations of the parties under this Agreement shall survive the Executive' s termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

(j) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[**SIGNATURES APPEAR ON FOLLOWING PAGE**]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive' s hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

"COMPANY"

By: /s/ Bernard Cragg
Name: Bernard Cragg
Title: Director

"EXECUTIVE"

/s/ Hunt Ramsbottom
Hunt Ramsbottom

**Exhibit 10.6**

# EXECUTIVE EMPLOYMENT AGREEMENT

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this "**Agreement**") is made and entered into as of January 1, 2012 (the "**Effective Date**"), by and between Psyop Productions, LLC, a Delaware limited liability company (the "**Company**"), and Psyop Media Company, LLC, a Delaware limited liability company ("**Holdco**") on the one hand, and Thomas Boyle, an individual ("**Executive**"), on the other hand.

The parties hereby agree as follows:

1. **Employment**. The Company hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions set forth herein.

2. **Duties**.

2.1 Position; Authority. Executive is employed on a full-time basis as Chief Financial Officer, the Secretary and an Executive Vice President of Holdco and each of its operating subsidiaries including, but not limited to the Company. Any termination of Executive' s employment with the Company shall also result in the termination of Executive' s positions as Chief Financial Officer, the Secretary and Executive Vice President of Holdco and each of its operating subsidiaries. Executive shall report directly to the Chief Executive Officer of the Company (the "**CEO**") and shall have the duties, authorities and responsibilities that are commensurate with such positions for similarly situated companies as shall be in good faith determined by the CEO.

2.2 Location. Subject to the terms of Section 5.4, Executive shall generally be based at the Company' s offices in New York, New York, although it is anticipated that he will be required to travel from time to time in connection with the performance of his services.

2.3 Duties. Executive shall: (i) use reasonable efforts to abide by all U.S. and foreign federal, state and local laws, regulations, and ordinances reasonably known by Executive to be applicable to Holdco and each of its operating subsidiaries including, but not limited to the Company, and (ii) devote substantially all his business time, energy, skill, and best efforts to faithfully and diligently further the business interests of Holdco and each of its operating subsidiaries including, but not limited to the Company, provided, that, notwithstanding the foregoing, Executive (a) is not required to spend any specific amount of time at the Company' s offices so long as Executive uses reasonable judgment in time spent performing duties outside of the Company' s offices and remains in reasonable contact by telephone or computer, (b) may make and manage personal business investments of his choice, and (c) may serve on the Board of Directors (or other body serving similar functions) of other companies (subject to the restriction set forth in Section 9.1 below), and may serve in any capacity with any civic, educational, professional, religious or charitable organization, or any governmental entity or trade association, so long as such activities do not materially interfere with the performance of Executive' s duties and responsibilities.

3. **Term**. The initial term of this Agreement shall be a period commencing on the Effective Date and ending on January 1, 2015, unless sooner terminated as hereinafter provided (the "**Initial Term**"). This Agreement shall automatically renew thereafter for successive one-year

terms (each a "**Renewal Term**"), unless either party provides written notice to the other party of non-renewal at least 90 days prior to the expiration of the Initial Term or the then current Renewal Term, as applicable. The Initial Term and each Renewal Term shall be collectively referred to in this Agreement as the "**Term**."

4. **Compensation**.

4.1 Base Salary. As compensation for Executive' s performance of Executive' s duties, the Company shall pay to Executive a base salary of $250,000 per year (the "**Base Salary**"), payable in accordance with the normal payroll practices of the Company, less all legally required or authorized payroll deductions and tax withholdings.

4.2 EBITDA Bonus. During the Term, Executive is eligible to earn an annual EBITDA Bonus ("**EBITDA Bonus**") of up to $156,000 (the "**Bonus Potential**") based on the Consolidated EBITDA (as defined below).

(a) To determine what percentage, if any, of the Bonus Potential that Executive has earned for any given Fiscal Year (as defined below) during the Term, the Company shall measure the applicable year' s Consolidated EBITDA (as defined below) against a minimum and a maximum threshold: (i) the minimum threshold shall be the Consolidated EBITDA amount achieved by the Company for the immediate preceding Fiscal Year (the "**Minimum Threshold**"); and (ii) the maximum threshold shall be determined by the Company each Fiscal Year as set forth in the Annual Budget adopted pursuant to Section 5.2(a)(i) of that certain Limited Liability Company Agreement of Holdco, dated January 1, 2012, and any amendments and restatements thereto (the "**Holdco LLC Agreement**") (the "**Maximum Threshold**"). By way of example only, if the Consolidated EBITDA for the Fiscal Year 2012 is $8,000,000, then the Minimum Threshold for the EBITDA Bonus for the Fiscal Year 2013 shall be $8,000,000.

(b) Executive shall be eligible to earn this Bonus Potential as follows:

(i) If the Consolidated EBITDA in any Fiscal Year is *less than* or equal to the Minimum Threshold for such Fiscal Year, then Executive' s EBITDA Bonus for such Fiscal Year will equal 0% of the Bonus Potential.

(ii) If the Consolidated EBITDA in any Fiscal Year is equal to or *greater than* the Maximum Threshold for such Fiscal Year, then Executive' s EBITDA Bonus for such Fiscal Year will equal 100% of the Bonus Potential.

(iii) If the Consolidated EBITDA (as defined below) in any Fiscal Year is between the Minimum Threshold for such Fiscal Year and the Maximum Threshold for such Fiscal Year, then Executive' s EBITDA Bonus for such Fiscal Year will equal the applicable proportionate pro rata percentage of the Bonus Potential. By way of example only, if the Minimum Threshold for Fiscal Year 2013 is $8,000,000 and the Maximum Threshold for Fiscal Year 2013 is $9,000,000, and the Consolidated EBITDA in Fiscal Year 2013 is $8,500,000, then Executive shall earn 50% of the Bonus Potential for Fiscal Year 2013.

(c) The EBITDA Bonus for any given Fiscal Year shall be reduced by the Distributions of Operating Cash Flow made, in accordance with Section 7.1 of the Holdco LLC Agreement, to Executive with respect to such Fiscal Year.

(d) The EBITDA Bonus shall be paid within 105 days after the end of the Fiscal Year during which the Consolidated EBITDA threshold is achieved.

(e) For purposes hereof, (i) "**Consolidated EBITDA**" means, with respect to any period, for Holdco and its consolidated affiliates and subsidiaries, the consolidated net income of Holdco and such affiliates and subsidiaries for such period plus, to the extent deducted in determining such consolidated net income, without duplication, (1) consolidated interest expense for such period, (2) consolidated tax expense for such period, (3) consolidated depreciation and amortization, as well as non-cash stock-based compensation, for such period, in the case of (1), (2) and (3) as determined in accordance with United States generally accepted accounting principles, as in effect from time to time, and (4) non-recurring components of net income, such as unusual or infrequent items, discontinued operations, extraordinary items, and prior period adjustments, as determined in the good faith judgment of the CEO; and (ii) "**Fiscal Year**" means the fiscal year of Holdco, which shall be a calendar year. Consolidated EBITDA shall be determined from Holdco' s audited consolidated financial statements prepared by Holdco' s accountants within 90 days after the end of each Fiscal Year. During the Term and until such time as the Company has paid the EBITDA Bonus to Executive, Holdco shall keep at Holdco' s principal executive offices accurate and complete books and records that reflect Holdco' s and its consolidated subsidiaries' results of operations for all periods during the Term to the extent necessary to enable calculation of Consolidated EBITDA, and such books and records shall be subject to the reasonable review of Executive from time to time.

4.3 Discretionary Bonus. During the Term, Executive will meet with the CEO and determine mutually agreeable goals and objectives for each Fiscal Year. The CEO, in his sole discretion, will determine whether Executive has achieved the mutually agreed upon goals and objectives and the CEO, in his sole discretion, will decide whether Executive will receive any discretionary bonuses and, if so, in what amount (the "**Discretionary Bonus**").

4.4 Salary Increases. The Company shall review the Base Salary annually, and such amounts may be increased at the sole discretion of the Board of Managers taking into consideration Executive' s performance, the Company' s financial performance, and other economic conditions and relevant factors.

4.5 Timing of Payments. All compensation payable pursuant to Sections 4.1 through 4.3 of this Agreement shall be paid as set forth therein, and, except for the EBITDA Bonus which shall be paid in accordance with Section 4.2(d) above, may not be deferred by Executive or the Company beyond 2-1/2 months after the close of Company' s Fiscal Year in which such compensation is no longer subject to a "**Substantial Risk of Forfeiture**" (as defined in Section 6.5(g) below).

5. **Benefits and Reimbursements**.

5.1 Health, Welfare and Retirement Benefits. Executive and his qualified dependents shall be entitled to participate, at the sole cost of the Company, in all benefit plans made available from time to time to Company' s senior executives, including, without limitation, group medical, dental, vision, long-term disability, accidental death/dismemberment coverage, life insurance coverage, 401(k) and other retirement and deferred compensation plans the Company may establish from time to time in the sole discretion of the Board of Managers. Notwithstanding the foregoing, Executive shall be entitled to participate in the Company' s existing disability income plan on the same terms as the Members (as such term is defined below), and in any replacement or successor plan established by the Company from time to time.

5.2 D&O Coverage. Without limiting the generality of the foregoing, at all times the Company shall maintain directors and officers liability insurance coverage with an insurer, and in an amount determined by the Board of Managers. The benefits provided to Executive pursuant to Sections 5.1 and 5.2 are hereinafter referred to collectively as the "**Benefits**."

5.3 Vacation. Executive shall accrue 20 days of personal time off ("**PTO**") per year, to be utilized as vacation or sick days. PTO shall be accrued ratably during each year of the Term. Upon Executive' s termination of employment for any reason, the Company shall pay Executive for all accrued but unpaid PTO. PTO can be carried over each Fiscal Year on a basis not less favorable to Executive than the "carry over" of PTO allowed to any Member (as such term is defined in the Holdco LLC Agreement).

5.4 Business and Personal Expenses; Travel. During the Term, Executive shall have the right to be reimbursed for reasonable and actual (and necessary, when required to substantiate a tax deduction for the Company) business, travel and entertainment expenses incurred in connection with the performance of his duties hereunder, which expenses shall be reimbursed by the Company upon submission by Executive of an itemized accounting thereof, and presentation of supporting receipts or other appropriate documentation. Without limiting the generality of the foregoing, during the Term, (a) Executive shall be entitled to be reimbursed for not more than business class international air travel expenses, coach class domestic air travel expenses, and reasonable hotel and other business travel expenses, and (b) Executive shall be entitled to receive or be reimbursed for all customary office expenses (including, without limitation, expenses relating to cell phones, Blackberries, computers and other communications technologies reasonably required to perform his duties hereunder).

5.5 Reimbursement of Legal Fees. Executive shall be entitled to reimbursement of all reasonable attorneys' fees and costs incurred in connection with the negotiation, documentation and execution of this Agreement and the other instruments and agreements contemplated by this Agreement. Such reimbursement shall be made in full within 30 days after the presentation of a reasonably detailed invoice thereof.

6. **Termination**.

6.1 Death. If Executive dies during the Term, this Agreement and Executive' s employment with the Company shall terminate automatically on the date of his death, provided, however, that the Company shall pay to Executive (i) all accrued but unpaid Base Salary, Benefits, reimbursement of any accrued expenses pursuant to either Section 5.4 or 5.5, accrued but unused PTO, as well as any earned but unpaid EBITDA Bonus and/or Discretionary Bonus for previous Fiscal Years (collectively, the "**Accrued Obligations**"), and (ii) a bonus equal to the sum of the EBITDA Bonus, if any, plus the Discretionary Bonus, if any, paid to Executive in the immediately preceding Fiscal Year in which Executive' s death occurs (if occurrence is in Fiscal Year 2012, then the amount of the Bonus paid to Executive for Fiscal Year 2011), multiplied by a fraction, the numerator of which shall be the number of days during such Fiscal Year occurring prior to Executive' s death and the denominator of which shall be 365 (the "**Prorated Bonus**"). All payments hereunder shall be paid to Executive' s beneficiary designated in writing to the Company prior to his death (or to his estate, if he fails to make such designation). Said payments of the Accrued Obligations shall be made on the same dates as such payments would have been paid to Executive had he not died and said payments of the Prorated Bonus shall be made within 30 days after the determination of the amount of the Prorated Bonus is made, but in no event later than 45 days after the end of the Fiscal Year during which Executive died.

6.2 Disability.

(a) If Executive becomes "**Disabled**" (as hereinafter defined) during the Term, the Company shall have the right to terminate this Agreement and Executive' s employment with the Company. For purposes of this Agreement, Executive shall be deemed "**Disabled**" if Executive is unable, as a result of any medically determinable physical or mental disease or impairment, to discharge with or without reasonable accommodation the essential functions of Executive' s job for a continuous period of 120 days or a cumulative period of 180 days during any 12-month period. Notwithstanding anything to the contrary herein, Executive shall be deemed Disabled and this Agreement and Executive' s employment with the Company shall be terminated for purposes of the foregoing sentence as of the last day of the applicable period (the "**Disability Date**"), and Executive shall be entitled to payment of all compensation and benefits at all times prior to the Disability Date.

(b) If the Company determines that Executive has become Disabled and elects to terminate this Agreement and Executive' s employment with the Company as a result thereof, the Company shall deliver written notice (the "**Disability Notice**") thereof to Executive. Within five days after delivery of a Disability Notice by the Company, Executive may dispute the Company' s claim that he is disabled by delivering a written notice (the "**Dispute Notice**") thereof to the Company. Executive' s failure to deliver the Dispute Notice within said five day period shall be deemed an election not to dispute the Company' s determination that Executive is disabled or the Company' s election to terminate this Agreement and Executive' s employment with the Company. Within five days after delivery of the Dispute Notice, Executive and the Company shall each select a duly licensed physician, and such licensed physicians shall then mutually appoint a third duly licensed physician, who shall examine Executive for the purpose of determining whether Executive is Disabled for purposes of this Agreement and whose determination shall be binding on the Company and Executive. Said third physician shall endeavor to make a determination as to

the Disability of Executive as soon as possible, but in no event later than 14 days after such appointment. Executive hereby consents to be examined by such licensed physicians and agrees to cooperate with such examinations.

(c) If Executive becomes Disabled during the Term and this Agreement and Executive' s employment with the Company are thereby terminated, (i) the Company shall pay the Accrued Obligations to Executive, (ii) the Company shall pay a Prorated Bonus to Executive (except that, for purposes of this Section 6.2 only, the numerator of the fraction used to determine the Prorated Bonus shall be the number of days during the applicable Fiscal Year occurring prior to the Disability Date), and (iii) the Company shall continue to provide Benefits to Executive on substantially the same terms as the Benefits provided until the Disability Date through the end of the Initial Term or the applicable Renewal Term, as applicable. Said payments of the Accrued Obligations shall be made on the same dates as such payments would have been paid to Executive had he not become Disabled and said payments of the Prorated Bonus shall be made within 30 days after the determination of the amount of the Prorated Bonus is made, but in no event later than 45 days after the end of the Fiscal Year during which Executive became Disabled. Any termination for Disability under this Agreement shall not affect the rights, if any, that Executive may otherwise have under any other disability plan the Company may have in effect at the date of such termination and in which Executive is then participating.

6.3 For Cause or Without Good Reason. The Company may terminate this Agreement and Executive' s employment with the Company for "**Cause**," and Executive may terminate this Agreement and Executive' s employment with the Company without "**Good Reason**" (as defined in Section 6.4), each upon at least 10 days' notice to the other party. For purposes of this Agreement, "**Cause**" shall mean that one of the following events shall have occurred (the "**Cause Events**"): (i) Executive having been convicted of, or having pleaded guilty or nolo contendere to, a felony (other than a traffic violation or by reason of vicarious liability) or a misdemeanor involving moral turpitude; (ii) Executive' s substantial and repeated failure or refusal to perform his lawful duties under this Agreement, except during periods of physical or mental incapacity, or otherwise materially breach his obligations under this Agreement; (iii) Executive' s willful misconduct or gross negligence with respect to any material aspect of the Company' s business, which willful misconduct or gross negligence has a material and demonstrable adverse effect on the Company; or (iv) any material misappropriation or embezzlement of the property of the Company or any of its affiliates by Executive. The Board of Managers shall provide written notice to Executive setting forth the applicable Cause Event, and (with respect to the occurrence of a Cause Event occurring pursuant either to subclause (ii) or (iii) above) Executive shall have 15 days (the "**Cure Period**") in which to cure such Cause Event. If Executive fails to cure said Cause Event within the Cure Period, this Agreement and Executive' s employment with the Company shall terminate without any further action of the parties as of the end of the Cure Period. If this Agreement and Executive' s employment with the Company are terminated by the Company with Cause, or if Executive terminates this Agreement and Executive' s employment with the Company without Good Reason, the Company shall have no further obligation to Executive other than the obligation of Company to pay to Executive the Accrued Obligations. Said payments of the Accrued Obligations shall be made on the same dates as such payments would have been paid to Executive had this Agreement and Executive' s employment with the Company not been terminated for Cause or had Executive not terminated this Agreement and Executive' s employment with the Company without Good Reason.

6.4 Without Cause or for Good Reason. The Company may terminate this Agreement and Executive' s employment with the Company at any time without Cause, and Executive may terminate this Agreement and Executive' s employment with the Company at any time with "**Good Reason**." For purposes of this Agreement, "**Good Reason**" shall mean that one of the following events shall have occurred and shall not have been cured by the Company within 30 days after receipt of written notice from Executive of the occurrence of such event delivered to the Company within 90 days of the occurrence of such event: (i) the Company shall have materially reduced Executive' s compensation, materially diminished Executive' s duties, responsibilities or authority, materially changed Executive' s reporting structure, or otherwise breached the terms of this Agreement or any other agreement then in effect between Executive and the Company (or any of its affiliates); or (ii) the Company shall have relocated the principal location at which Executive is to provide his services hereunder to a location more than 15 miles from 124 Rivington Street, New York, NY 10002. If this Agreement and Executive' s employment with the Company are terminated by the Company without Cause or are terminated by Executive for Good Reason, the Company shall (a) pay to Executive the Accrued Obligations, (b) pay to Executive his then current Base Salary and then current Benefits from the effective date of termination up through and until the date which is six months from the date of termination (the "**Severance Period**"), and (c) pay to Executive a bonus equal to the sum of the EBITDA Bonus, if any, plus the Discretionary Bonus, if any, paid to Executive in the immediately preceding Fiscal Year (if occurrence is in Fiscal Year 2012, then the amount of the Bonus paid to Executive for Fiscal Year 2011) (the "**Severance Bonus**"). Said payments of the Accrued Obligations, the amounts due in respect of the Severance Period and the Severance Bonus shall be made within 30 days after the effective termination date. Any payments received through the subsequent employment with or performance of services for another entity, through self-employment or otherwise, during or after the Severance Period (including, without limitation, salaries, fees, commissions, bonuses and consulting fees) shall not reduce any amounts payable by the Company to Executive pursuant to this Section 6.4.

6.5 Section 409A Compliance.

(a) The parties intend for the Applicable Agreements to be exempt from the application of the Section 409A Provisions. To the extent that any payment under the Applicable Agreements is a Covered Payment, the provisions of this Section 6.5 shall apply to the Applicable Agreements and the Covered Payments notwithstanding any other provision contained in the Applicable Agreements. It is the intent of the parties that the terms and conditions of the Applicable Agreements and the making of any payment thereunder shall not result in a plan failure subject to Code Section 409A(a)(1). The Applicable Agreements shall be interpreted in a manner to prevent the occurrence of a plan failure subject to Code Section 409A(a)(1) and to comply with the Section 409A Provisions. Notwithstanding any other provision of the Applicable Agreements to the contrary, if the Company or Executive determines that any payment or benefit to Executive under the Applicable Agreements may be subject to Code Section 409A(a)(1), the Company and Executive, at the request of either but with the written consent of the other, which consent shall not be unreasonably withheld, shall adopt such amendments to the Applicable Agreements or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect) or take any other actions necessary or appropriate to cause the compensation and benefits payable under the Applicable Agreements to comply with the Section 409A Provisions, to be not subject to Code Section 409A(a)(1), and to preserve the intended tax treatment of such payments and the benefits under the Applicable Agreements.

(b) If a Covered Payment is payable upon a separation from service of the Executive, the term separation from service shall have the meaning set forth in Reg. Section 1.409A-1(h). If Executive is a specified employee, as defined in Reg. Section 409A-1(i), the Covered Payments payable upon a separation of service shall not be paid before the date that is six months after the separation from service or, if earlier, the date of death of Executive. Any Covered Payment which is delayed pursuant to the preceding sentence shall be paid on the first business day of the seventh month following the separation from service of Executive.

(c) To the extent necessary to ensure satisfaction with the requirements of Section 409A(b)(3) of the Code, assets shall not be set aside, reserved in a trust or other arrangement, or otherwise restricted for purposes of the payment of amounts payable under this Agreement.

(d) If a Covered Payment is payable at a specified time or on a fixed schedule which does not comply with the requirements of Reg. Section 1.409A-3(i)(1), the Applicable Agreements shall be modified to the extent necessary to comply with the requirements of Reg. Section 1.409A-3(i)(1).

(e) No acceleration of the time or schedule of any Covered Payment shall be made. No Covered Payment may be alienated, sold or used to secure a loan. The prohibition set forth in this Section 6.5 shall not apply to any Covered Payment to the extent such Covered Payment qualifies for an exception pursuant to Reg. Section 1-409A-3(j)(4).

(f) If any Applicable Agreement or policy of Company provides for separation pay, including the payments provided by Section 6 of this Agreement, the terms and conditions under which such separation pay is payable to Executive shall be modified if necessary, but only to the extent necessary, to satisfy the requirements of Reg. Section 1.409A-1(b)(9) to qualify the separation pay for the exception from characterization as deferred income.

(g) Definitions.

(i) "**Applicable Agreements**" shall mean this Agreement and any other plan, agreement or arrangement between Company or a Company affiliate and Executive with which this Agreement may be aggregated pursuant to Code Sections 409A(d)(3) and (6).

(ii) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(iii) "**Covered Payment**" shall mean any payment under an Applicable Agreement to the extent determined to be deferred compensation subject to the Section 409A Provisions.

(iv) "**Reg. Section**" shall mean the sections of the Treasury Regulations issued pursuant to the Code.

(v) "**Section 409A Provisions**" shall mean Code Section 409A(a)(1) and the Treasury regulations and other interpretive guidance issued pursuant thereto.

(vi) "**Substantial Risk of Forfeiture**" shall have the meaning set forth in Reg. Section 1.409A-1(d).

(h) The Company hereby informs Executive that the federal, state, local, and/or foreign tax consequences of this Agreement (including without limitation those tax consequences implicated by Section 409A) are complex and subject to change. Executive acknowledges and understands that Executive should consult with his own personal tax or financial advisor in connection with this Agreement and its tax consequences. Executive understands and agrees that the Company has no obligation and no responsibility to provide Executive with any tax or other legal advice in connection with this Agreement and its tax consequences. Executive agrees that Executive shall bear the sole and exclusive responsibility for any and all adverse federal, state, local, and/or foreign tax consequences (including without limitation any and all tax liability under Section 409A of this Agreement to which he may be subject under applicable law.

6.6 Taxes and Withholdings.

(a) The Company may withhold from any amounts payable under this Agreement such federal, state, and/or local taxes as may be required to be withheld pursuant to applicable law or regulations, which amounts shall be deemed to have been paid to Executive.

(b) If any payment under this Agreement is an "excess parachute payment" within the meaning of Section 280G(b) of the Code, the amount of such payment shall be increased by an amount (the "**adjustment amount**") such that the increased payment, after reduction for incremental taxes, as defined below, shall produce a net payment equal to the amount otherwise payable to Executive if such payment were not an "excess parachute payment." Incremental taxes shall mean the following taxes: (i) the tax imposed by Code Section 4999 on the excess parachute payment and the adjustment amount, (ii) the hospital insurance tax imposed by Code Section 3101(b) on the adjustment amount, (iii) the federal income tax on the adjustment amount determined at the highest rate of tax imposed by Code Section 1, and (iv) the state and local income tax on the adjustment amount at the highest rates of tax imposed by each applicable state or local income taxing law.

7. **Work for Hire**. To the maximum extent permitted by applicable law, Executive agrees that the Company shall be the sole and exclusive owner of all right, title and interest in and to any and all works, materials, ideas, products, services, developments, projects and other matters developed, created, conceived, suggested, submitted or otherwise worked on by Executive, either solely or in collaboration with others, at any time during Executive' s employment with the Company, and all other results and proceeds of services performed by Executive (collectively, the "**Property**"). In that connection, Executive acknowledges and agrees that all Property shall be considered a "work made for hire" for Company as that term is defined in §101 of the 1976 Copyright Act. Executive will promptly disclose in writing to the Board of Managers complete information concerning all Property developed, created or conceived by Executive, either solely or in collaboration with others. To the extent the Property, or any portion thereof, is determined by a court of competent jurisdiction or administrative agency not to be a "work made for hire," Executive hereby assigns all proprietary rights in the Property to Company without further compensation, and further agrees to execute, without any further compensation, any and all documents deemed necessary or appropriate by Company to effectuate a complete transfer of

ownership of all rights to Company throughout the world. Executive also agrees that Company shall have the sole and exclusive right in perpetuity to use, exploit, distribute and otherwise turn to account any or all of the Property, and that Company may modify, change or alter all or any part of the Property, all as Company may determine from time to time in its sole discretion. Executive hereby waives any "artist' s rights" or "moral rights" which Executive might otherwise have in any Property. Executive hereby agrees that Company may modify or change any Property in its sole or absolute discretion without notice to Executive. Notwithstanding the foregoing, the term "Property" shall not apply to or include, and the Company shall have no rights in, any intellectual property then in the public domain, or any intellectual property that Executive developed entirely on Executive' s own time without using the Company' s equipment, supplies, facilities, or trade secret information except for that intellectual property that either: (i) relates at the time of conception or reduction to practice of such intellectual property to the Company' s business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by the Executive for the Company.

8. **Proprietary Information**.

8.1 Defined. Executive acknowledges and agrees that Executive has learned and obtained information, and will in the future learn and obtain information, tangible or intangible, relating to: (i) the Company, its "**affiliates**" (as defined below) and their respective owners (collectively, the "**Company Parties**"); (ii) other employees or independent contractors of the Company Parties; (iii) the customers and clients of the Company Parties; and/or (iv) the business, operations, prospects and condition (financial or otherwise) of the Company Parties, such employees, independent contractors, customers and clients (collectively, "**Proprietary Information**"). Proprietary Information includes, but is not limited to, any and all written or electronic research, developments, engineering plans, trade secrets, know-how, inventions, techniques, processes, customer lists, financial data, sales, marketing or merchandising plans, specifications, blueprints, designs, budgets, schedules, source code, drawings, tapes, notes, works derived from source code and agreements. For purposes of this Agreement, an "**affiliate**" means (a) any individual or entity that owns (directly or indirectly) at least 50% of the outstanding equity securities (determined on a fully diluted basis) of the Company including but not limited to Holdco (a "**Parent**"), or (b) any individual or entity whose equity securities (determined on a fully diluted basis) are at least 50% owned, directly or indirectly, by the Company or the Company' s Parent.

8.2 Executive Obligations. Executive agrees to hold all Proprietary Information (whether received prior to or during Executive' s employment with the Company) in strict confidence and trust for the sole benefit of Company and not to, directly or indirectly, disclose, use, copy, publish or summarize any Proprietary Information, except or unless (i) during Executive' s employment with the Company, to the extent necessary to carry out Executive' s responsibilities under this Agreement; (ii) after termination of Executive' s employment with the Company, as specifically authorized in writing by the Board of Managers or as required by any law, court order or similar process or proceeding; (iii) such Proprietary Information is or becomes publicly known through lawful means; (iv) the Proprietary Information was rightfully in Executive' s possession or part of his general knowledge prior to his employment by the Company and Executive did not learn of it, directly or indirectly, from the Company; or (v) such Proprietary Information is disclosed to Executive without confidential or proprietary

restriction by a third party who rightfully possesses such Proprietary Information (without confidential or proprietary restriction) and did not learn of it, directly or indirectly, from any Company Party. Upon termination of this Agreement or Executive' s employment with the Company for any reason, Executive shall return to the Company all books, records, notes, manuals, recordings, and other personal property and tangible Proprietary Information obtained or prepared by Executive during the course of his employment, or otherwise belonging to the Company.

8.3 Economic Value to Company and its Customers; Potential Liabilities. Executive acknowledges that Proprietary Information has significant economic value to the Company Parties, other employees, independent contractors, customers and clients, which constitutes a substantial basis and foundation upon which the business of the Company Parties (and such customers and clients) is predicated, due to the fact that the Proprietary Information is not generally known to the public, and that the unauthorized use or disclosure of the Proprietary Information is likely to be extremely detrimental to the interests of the Company Parties and its customers and clients, and so may result in injunctive and other equitable relief, as well as liability for damages and other civil or criminal liability.

9. **Non-Competition and Non-Solicitation**.

9.1 Covenants Not to Compete. Except in connection with his performance of services for the Company, Executive agrees that at no time between the Effective Date and the termination of this Agreement will he, without the prior written consent of the Board of Managers, (i) directly or indirectly engage in; or (ii) have any direct or indirect interest in (whether as a proprietor, partner, investor, shareholder, member or lender) any corporation, partnership, limited liability company, trust or other entity (each, an "**Entity**") that directly or indirectly is or expects to engage in; or (iii) assist or render services (whether or not for compensation, and whether as a director, officer, employee, agent, advisor or consultant) to or for any Entity that, directly or indirectly, is engaged in or expects to become engaged in, any business conducted by any Company Party during the Term.

9.2 Covenant Not to Solicit or Interfere. Executive agrees that, between the Effective Date and the termination of this Agreement, he will not, without the prior written consent of the Board of Managers, directly or indirectly (i) solicit, divert or take away, or attempt to solicit, divert or take away, any individual who is on or at any time during the Term an employee of any Company Party, or induce or attempt to induce any such employee to terminate his/her employment with such Company Party; or (ii) solicit, divert or take away, or attempt to solicit, divert or take away, any individual or Entity who is, upon or at any time during the Term a customer or client of any Company Party, or advise or induce any such individual or Entity not to continue as a customer or client of such Company Party.

9.3 Exclusion for Publicly Traded Securities. Notwithstanding anything to the contrary contained in this Agreement, Executive may own (beneficially or of record) securities issued by any Entity, if such securities are listed on any national securities exchange or are registered under Section 12(g) of the Securities Exchange Act of 1934, and such ownership does not exceed 5% of the aggregate issued and outstanding shares or units of such securities.

9.4 Blue Penciling. In the event any provision of this Section 9 is held by an arbitrator or court of competent jurisdiction to be invalid, void or unenforceable, the remaining

provisions shall nevertheless continue in full force without being impaired or invalidated in any way. Without in any way limiting the generality of the preceding sentence, in the event the covenant not to compete contained herein, in the view of a court or arbitrator asked to rule upon the issue, is deemed unenforceable by reason of covering too large an area, too long a period of time or too many business activities, then the same shall be deemed to cover only the largest area, the longest time period or the most business activities, as the case may be, which will not render it unenforceable. In the event in any proceeding, a court of competent jurisdiction or arbitrator shall refuse to enforce any of the separate covenants deemed included in this Section 9, then such unenforceable covenants shall be deemed deleted from this Section 9 to the extent necessary to permit the remaining separate covenants to be enforced.

9.5 Covenants Reasonable. Executive agrees that the covenants provided for in this Section 9, including the term and geographical area encompassed therein, are necessary and reasonable in order to protect the Company in the conduct of its businesses and the utilization of the Proprietary Information of the Company, including good will.

10. **Remedies**. With respect to each and every breach or violation or threatened breach or violation by Executive of Sections 7, 8 or 9 above, the Company, in addition to all other remedies available to it at law or in equity (including, without limitation, specific performance of the provisions hereof), shall be entitled to seek to enjoin the commencement or continuance thereof and may apply to any court of competent jurisdiction for entry of equitable relief, as permitted by law, including, without limitation, an immediate restraining order or injunction.

11. **Agreement to Arbitrate**.

11.1 Except as otherwise provided in Section 10 above, any dispute or controversy arising out of or relating to any interpretation, construction, performance, termination or breach of this Agreement, will be settled by final binding arbitration by a single arbitrator to be held in the Borough of Manhattan, City and State of New York, in accordance with the American Arbitration Association national rules for resolution of employment disputes then in effect, except as provided herein. The arbitrator selected shall have the authority to grant any party all remedies otherwise available by law, including injunctions, but shall not have the power to grant any remedy that would not be available in a state or federal court in New York. The arbitrator shall be bound by and shall strictly enforce the terms of this Section 11 and may not limit, expand or otherwise modify its terms. The arbitrator shall make a good faith effort to apply the substantive law (and the law of remedies, if applicable) of the State of New York, or federal law, or both, as applicable, without reference to its conflicts of laws provisions, but an arbitration decision shall not be subject to review because of errors of law. The arbitrator is without jurisdiction to apply any different substantive law. The arbitrator shall have the authority to hear and rule on dispositive motions (such as motions for summary adjudication or summary judgment). The arbitrator shall have the powers granted by New York law and the rules of the American Arbitration Association which conducts the arbitration, except as modified or limited herein.

11.2 Notwithstanding anything to the contrary in the rules of the American Arbitration Association, the arbitration shall provide (i) for written discovery and depositions as provided under New York law, and (ii) for a written decision by the arbitrator that includes the essential findings and conclusions upon which the decision is based which shall be issued no later

than thirty (30) days after a dispositive motion is heard and/or an arbitration hearing has completed. The Company shall pay all fees and administrative costs charged by the arbitrator and American Arbitration Association.

11.3 Executive and the Company shall have the same amount of time to file any claim against any other party as such party would have if such a claim had been filed in state or federal court. In conducting the arbitration, the arbitrator shall follow the rules of evidence of the State of New York (including but not limited to all applicable privileges), and the award of the arbitrator must follow New York and/or federal law, as applicable.

11.4 The arbitrator shall be selected by the mutual agreement of the parties. If the parties cannot agree on an arbitrator, the parties shall alternately strike names from a list provided by the American Arbitration Association until only one name remains.

11.5 The decision of the arbitrator will be final, conclusive, and binding on the parties to the arbitration. The prevailing party in the arbitration, as determined by the arbitrator, shall be entitled to recover his or its reasonable attorneys; fees and costs, including the costs or fees charged by the arbitrator and the American Arbitration Association to the extent allowed by law. Judgment may be entered on the arbitrator' s decision in any court having jurisdiction.

12. **General Provisions**.

12.1 Successors and Assigns. The rights and obligations of the Company under this Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the Company. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) or assignee to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement. Executive shall not be entitled to assign any of Executive' s rights or obligations under this Agreement without the Company' s written consent, provided that upon Executive' s death, Executive' s named beneficiaries, estate or heirs, as the case may be, shall succeed to all of Executive' s rights under this Agreement.

12.2 Nonexclusivity Rights. Executive is not prevented from continuing or future participation in any Company benefit, bonus, incentive, or other plans, programs, policies, or practices provided by the Company subject to the terms and conditions of such plans, programs, or practices.

12.3 Waiver. Either party' s failure to enforce any provision of this Agreement shall not in any way be construed as a waiver of any such provision, or prevent that party thereafter from enforcing each and every other provision of this Agreement.

12.4 Attorneys' Fees. In any action to enforce the terms of this Agreement, the prevailing party shall be reimbursed by the non-prevailing party for such prevailing party' s reasonable attorneys' fees and costs, including the costs of enforcing a judgment.

12.5 Severability. In the event any provision of this Agreement is found to be unenforceable by an arbitrator or court of competent jurisdiction, such provision shall be deemed modified to the extent necessary to allow enforceability of the provision as so limited, it being

intended that the parties shall receive the benefit contemplated herein to the fullest extent permitted by law. If a deemed modification is not satisfactory in the judgment of such arbitrator or court, the unenforceable provision shall be deemed deleted, and the validity and enforceability of the remaining provisions shall not be affected thereby.

12.6 Interpretation; Construction. The headings set forth in this Agreement are for convenience only and shall not be used in interpreting this Agreement. Executive acknowledges that Executive has had an opportunity to review and revise the Agreement and have it reviewed by legal counsel, if desired, and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

12.7 Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York.

12.8 Notices. Any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (a) by personal delivery when delivered personally; (b) by overnight courier upon written verification of receipt; or (c) by certified or registered mail, return receipt requested, upon verification of receipt. Notice shall be sent to the addresses set forth below, or such other address as either party may specify in writing.

13. **Entire Agreement**. This Agreement, together with the other agreements and documents governing the benefits described in this Agreement and the Holdco LLC Agreement, constitutes the entire agreement between the parties relating to this subject matter hereof and supersedes all prior or simultaneous representations, discussions, negotiations, and agreements, whether written or oral. This Agreement may be amended or modified only with the written consent of Executive and the Board of Managers. No oral waiver, amendment, or modification will be effective under any circumstances whatsoever.

14. **Representations and Warranties**.

14.1 Executive Representations and Warranties. Executive represents and warrants to the Company that Executive has the right to enter into this Agreement (and all other documents and agreements contemplated by this Agreement) on the terms and subject to the conditions hereof; that this Agreement is binding and enforceable against Executive in accordance with its terms; that the execution, delivery and performance by Executive of this Agreement will not violate any other agreement to which Executive is a party or by which Executive is bound, including, without limitation, any non-competition, non-solicitation, confidentiality, non-disclosure, invention ownership or work-for-hire agreement; and Executive has not done or permitted to be done anything which might curtail or impair any of the rights granted to Company herein.

14.2 Company Representations and Warranties. Company represents and warrants to Executive that this Agreement (and all other documents and agreements contemplated by this Agreement) has been duly authorized by all requisite limited liability action on the part of the Company and has been approved by the Board of Managers; that this Agreement is binding

and enforceable against the Company in accordance with its terms; and that the execution, delivery and performance by the Company of this Agreement will not violate any other agreement to which the Company is a party or by which the Company is bound.

15. **Liability; Indemnification**. To the fullest extent permitted by applicable law, Executive shall not be personally liable to Holdco or any of its subsidiaries including, but not limited to the Company or to its or their equity holders for monetary damages for breach of fiduciary duty as an officer or director of Holdco or any of its subsidiaries including, but not limited to the Company. Holdco or the Company shall defend and indemnify Executive to the fullest extent permitted by applicable law if Executive is made or threatened to be made a party to an action or proceeding whether criminal, civil, administrative or investigative, by reason of the fact that he is or was a director, officer or employee of Holdco or any of its subsidiaries including, but not limited to the Company, or any predecessor of Holdco or any of its subsidiaries including, but not limited to the Company, or serves or served at any other enterprise as a director, officer or employee at the request of Holdco or any of its subsidiaries including, but not limited to the Company, or any predecessor of Holdco or any of its subsidiaries including, but not limited to the Company.

16. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. Executed copies of the signature pages of this Agreement sent by facsimile or transmitted electronically in either Tagged Image Format Files ("**TIFF**") or Portable Document Format ("**PDF**") shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment. Any party delivering an executed counterpart of this Agreement by facsimile, TIFF or PDF also shall deliver a manually executed counterpart of this Agreement but the failure to deliver a manually executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

17. **Holdco Guarantee**. If the Company fails to make any payments required by this Agreement in the form of Base Salary, Bonus, or otherwise, Holdco hereby agrees to assume and to cause its operating subsidiaries (other than the Company) to assume, jointly and severally with Holdco, the obligation to make any such required payments.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

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IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the date first above written.

THOMAS BOYLE

Dated: 1/1/12

/s/ Thomas Boyle

Address: PO Box 655, Stony Brook NY 11790

PSYOP MEDIA COMPANY, LLC,
a Delaware limited liability company

By: /s/ Robert T. Walston

Name: Robert T. Walston
Its: President and Chief Executive Officer
Address: 124 Rivington Street
New York, NY 10002

PSYOP PRODUCTIONS, LLC,
a Delaware limited liability company

By: PSYOP MEDIA SERVICES, LLC
Its: Member

By: /s/ Robert T. Walston

Name: Robert T. Walston
Its: President and Chief Executive Officer
Address: 124 Rivington Street
New York, NY 10002

**Exhibit 10.9**

# AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (this "**Agreement**") is dated April 23, 2015, and is between PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company, having its chief executive office at 124 Rivington Street, New York, New York 10002 ("**Borrower**"), and COMMUNITY NATIONAL BANK, a national commercial bank having its chief executive office at 200 Middle Neck Road, Great Neck, New York 11021 ("**Lender**").

## RECITALS

Borrower and Lender have entered into that certain Loan Agreement dated February 29, 2012 (as amended, the "**Existing Agreement**"), pursuant to which Lender made certain credit facilities available to Borrower.

Borrower has requested that the Existing Agreement be further amended and restated in its entirety in order to, among other things, extend the maturity of the line of credit facility thereunder, add a letter of credit facility and a term loan facility thereto, and make certain other amendments to the Existing Agreement. Lender is willing to amend and restate the Existing Agreement in the manner set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Amendment and Restatement; Definitions**.

(a) In order to facilitate the amendment and restatement contemplated by this Agreement and otherwise to effectuate the desires of Borrower and Lender:

(i) Borrower and Lender hereby agree that upon the effectiveness of this Agreement, the terms and provisions of the Existing Agreement which in any manner govern or evidence the obligations arising hereunder, the rights and interests of Lender and any terms, conditions or matters related to any thereof, shall be and hereby are amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Existing Agreement, except as otherwise expressly provided herein, shall be superseded by this Agreement. Borrower hereby ratifies, affirms and acknowledges all of its obligations in respect of the Existing Agreement and the related documents and agreements delivered by it thereunder, as amended and restated hereby.

(ii) Notwithstanding this amendment and restatement of the Existing Agreement, including anything in this Section l(a), and of any related "Loan Document" (as such term is defined in the Existing Agreement and referred to herein, individually or collectively, as the "**Existing Loan Documents**"), (i) all of the indebtedness, liabilities and obligations owing by the Borrower or any other Person under the Existing Agreement, the other Existing Loan Documents and in respect of the Existing Letters of Credit and the Issuer Documents pertaining thereto shall continue as obligations hereunder and thereunder and shall be and remain secured by the Security Documents, and (ii) this Agreement is given as a substitution of, and not as a payment of, the indebtedness, liabilities and obligations of Borrower under the Existing Agreement, any Existing Loan Document or in respect of the Existing Letters of Credit and the Issuer Documents

pertaining thereto and neither the execution and delivery of this Agreement nor the consummation of any other transaction contemplated hereunder is intended to constitute a novation of the Existing Agreement, of any of the other Existing Loan Documents, of the Existing Letters of Credit and the Issuer Documents pertaining thereto, or any obligations thereunder.

(iii) Upon the effectiveness of this Agreement, (x) all loans outstanding and owing by Borrower under the Existing Agreement as of the Closing Date shall constitute Loans hereunder accruing interest at the applicable Interest Rate; (y) the Existing Letters of Credit shall be deemed to have been issued as Letters of Credit hereunder and subject to and governed by the terms of this Agreement; and (z) the Reimbursement Obligations in respect of each Existing Letter of Credit shall be governed by the terms of this Agreement.

(iv) In furtherance of the foregoing, Borrower acknowledges that the liens heretofore granted to the Lender under the Security Documents shall not be impaired or limited in any manner whatsoever by reason of this Agreement. Upon the effectiveness of this Agreement, each reference in the Loan Documents (other than this Agreement) to "the Loan Agreement" shall mean and be a reference to this Agreement.

(b) As used herein the following terms have the following meanings:

"**Advances**" has the meaning given such term in Section 2(a)(1).

"**Additional Costs**" has the meaning given such term in Section 6.

"**Affected Foreign Subsidiary**" means any Foreign Subsidiary to the extent such Foreign Subsidiary entering into or joining a Guaranty would cause a Deemed Dividend Problem.

"**Affiliate**" means any Person (i) that, directly or indirectly, Controls is Controlled by, or is under common Control with, Borrower, or (ii) that is a member, director, manager, or officer of Borrower or of any Person that, directly or indirectly, Controls, is Controlled by, or is under common Control with, Borrower, together with, in each case, their respective relatives (whether by blood or marriage), heirs, executors, administrators, personal representatives, successors, and assigns, and (iii) any trust of which any of the foregoing Persons is a settlor, trustee or beneficiary.

"**All Asia Investment**" means the $8 million invested in Borrower by All Asia Digital Entertainment Inc. on or about July 22, 2013.

"**Anti-Terrorism Laws**" means any applicable Laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, applicable Laws comprising or implementing the Bank Secrecy Act, and applicable Laws administered by the United States Treasury Department' s Office of Foreign Asset Control.

"**Applicable Pledge Percentage**" means 65% in the case of a pledge by the Borrower or any Domestic Subsidiary of its Equity Interests in an Affected Foreign Subsidiary, and 100% in the case of any other pledge of Equity Interests.

"**Blocked Person**" means (i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (iii) a Person with which any lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (v) a Person that is named as a "specially designated national" on the most current list published by the US Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; or (vi) a Person who is affiliated or associated with a Person listed above.

"**Borrower' s Account**" has the meaning given such term in Section 2(a)(2).

"**Business Day**" means and refers to any day other than Saturday, Sunday or any other day on which commercial banks in New York are authorized or required to close under the Laws of the State of New York.

"**Capital Expenditure**" means with respect to any Person, the aggregate of all expenditures by such Person for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets, software or additions to equipment (including replacements, capitalized repairs and improvements) which are required to be capitalized under GAAP on a balance sheet of such Person.

"**CFC**" means a "controlled foreign corporation" within the meaning of Section 957 of the Code.

"**Closing Date**" means the date on which all of the conditions precedent in Article 7 are satisfied.

"**Closing Documents**" has the meaning given such term in Section 7(a)(i).

"**Code**" means the Internal Revenue Code of 1986.

"**Collateral**" means all property which is subject or is to be subject to the Lien granted by any of the Loan Documents.

"**Consolidated Basis**" means the consolidation in accordance with GAAP of the accounts or other items of the Obligors.

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "**Controlling**" and "**Controlled**" have meanings correlative thereto.

"**Current Executive Officers**" means each of the following persons holding the respective office(s) or title(s) set forth after his name: (i) Robert Walston, President and Chief Executive Officer; (ii) Mark Tobin, Executive Vice President and Chief Operating Officer; and (iii) Thomas Boyle, Chief Financial Officer.

"**Debt**" means with respect to any Person at any time, without duplication, (i) all items which, in accordance with GAAP, would be included in determining total liabilities of such Person as shown on the liability side of a balance sheet of such Person as at the date on which Debt is to be determined; (ii) all obligations secured by any Lien to which any property or asset owned by such Person is subject, whether or not the obligation secured thereby has been assumed by such Person; and (iii) lease obligations of such Person which, in accordance with GAAP, should be capitalized.

"**Debt Service**" means with respect to any period, the sum of Interest Expense for such period plus Principal Amortization for such period.

"**Debt Service Coverage Ratio**" means for any period, the ratio of EBITDA calculated on a trailing four quarter basis to Debt Service for the prior four quarter period.

"**Debt to Equity Ratio**" means, as of the date of determination thereof, the outstanding principal balance of all interest bearing Debt (including, without duplication, guarantees of interest bearing Debt) of Obligors on such date (but excluding from such calculation the outstanding principal balance of the Subordinated Debt) divided by the members' equity of Obligors as of such date as set forth on the most recent financial statements of Borrower.

"**Deemed Dividend Problem**" means, with respect to any Foreign Subsidiary, such Foreign Subsidiary' s accumulated and undistributed earnings and profits being deemed to be repatriated to the Borrower or the applicable parent Domestic Subsidiary under Section 956 of the Code and the effect of such repatriation causing materially adverse tax consequences to the Borrower or such parent Domestic Subsidiary, in each case as determined by the Borrower in its commercially reasonable judgment acting in good faith and in consultation with its legal and tax advisors.

"**Default**" means any of the events specified in Article 12 which constitutes an Event of Default or which, upon the giving of notice, the lapse of time, or both pursuant to Article 12 would, unless cured or waived, become an Event of Default.

"**Default Rate**" has the meaning given such term in Article 5.

"**Dispose**" has the meaning given such term in Section 10(g).

"**Domestic Subsidiary**" means a Subsidiary that is organized under the Laws of a jurisdiction located in the United States of America.

"**EBITDA**" means, with respect to any fiscal period of Borrower, the net income of Borrower on a Consolidated Basis for such fiscal period, as determined in accordance with GAAP and reported on the financial statements of Borrower for such period, plus to the extent deducted in the determination of such net income for that fiscal period, interest expenses, Federal, state, local and foreign income taxes, depreciation and amortization, and other non-cash charges, plus the net loss from start-up operations as included in Borrower' s income statement, plus to the extent deducted in the determination of such net income for that fiscal period, Funded Merger and Acquisition Costs, and minus, to the extent not deducted in the determination of such net income for that fiscal period, all non-cash revenues and gains.

"**Environmental Laws**" means any and all Laws as now or may at any time hereafter be in effect, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree, injunction or judgment, or settlement agreement, regulating, relating to or imposing liability or standards of conduct concerning protection of the environment or, to the extent relating to exposure to substances that are harmful or deleterious to the environment, of human health or safety.

"**Equity Interests**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership (or profit) interests in a Person (other than a corporation), securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person, and any and all warrants, rights or options to purchase any of the foregoing, whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) that is a member of a group which includes any Obligor and which is treated as a single employer under Section 414 of the Code.

"**Event of Default**" has the meaning given such term in Article 12.

"**Excluded Subsidiary**" has the meaning given such term in Section 9(k).

"**Excluded Subsidiary Cap**" has the meaning given such term in Section 10(c)(v).

"**Executive Order No. 13224**" means Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)).

"**Existing Letters of Credit**" means the letters of credit issued by Lender for the account of Borrower set forth on Schedule 1(b).

"**Facility Termination Date**" means the date as of which all of the following shall have occurred: (a) Lender' s obligation to make Advances has terminated as set forth in Section 2(a)(3), (b) all Obligations have been indefeasibly paid in full (other than contingent indemnification obligations) and (c) all Letters of Credit have terminated or expired (other than Letters of Credit as to which other arrangements with respect thereto satisfactory to Lender shall have been made), in each case without any pending draw thereon.

"**First Tier Foreign Subsidiary**" means each Foreign Subsidiary with respect to which any one or more of Borrower and its Domestic Subsidiaries directly owns or Controls more than 50% of such Foreign Subsidiary' s issued and outstanding Equity Interests.

"**Floating Rate**" means, on any date, the Prime Rate as in effect on such date plus one percent (1.0%) per annum. The Floating Rate shall change contemporaneously with any change in the Prime Rate.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Subsidiary.

"**Funded Merger and Acquisition Costs**" means merger and acquisition related costs incurred by Borrower if and to the extent funded out of the All Asia Investment.

"**Funded Start Up Costs**" means the net cash expended by Borrower to fund start up operations if and to the extent funded out of the All Asia Investment.

"**GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time.

"**Governmental Authority**" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"**Group**" has the meaning given such term in Section 8(a).

"**Guaranty**" means each unconditional, unlimited continuing guaranty of payment and performance of the Obligations executed by a Guarantor in favor of Lender.

"**Guarantor**" means any Operating Subsidiary of Borrower that executes or becomes party to a Guaranty.

"**Hazardous Materials**" means (i) any gasoline, petroleum or petroleum products or by-products, radioactive materials, friable asbestos or asbestos-containing materials, urea-formaldehyde insulation, polychlorinated biphenyls and radon gas, and (ii) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as pollutants or contaminants under any Environmental Law.

"**Indemnified Parties**" has the meaning given such term in Section 14(a).

"**Interest Expense**" means with respect to any period, all amounts accrued by Borrower on a Consolidated Basis, whether as interest, late charges, service fees, or other charge for money borrowed, on account of or in connection with Obligors' indebtedness for money borrowed from Lender or any other Person or with respect to which Obligors or any of their respective properties are liable by assumption, operation of law or otherwise, including any capital leases which are required, in accordance with GAAP, to be carried as a liability on Borrower' s consolidated balance sheet.

"**Interest Rate**" means the Line of Credit Interest Rate, the Term Loan A/B Interest Rate or the Term Loan C Interest Rate, as applicable.

"**ISP**" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

"**Issuer Documents**" means, with respect to any Letter of Credit, the relevant Letter of Credit Application and any other document, agreement and instrument entered into by Lender and Borrower or in favor of Lender and relating to such Letter of Credit

"**Laws**" means, collectively, all international, foreign, Federal, state and local statutes, laws, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"**L/C Borrowing"** means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when due or refinanced as an Advance.

"**L/C Credit Extension**" means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

"**L/C Obligations**" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with the last sentence of Section 15(w). For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"**Letter of Credit**" means (x) a standby letter of credit issued or to be issued by Lender for the account of Borrower pursuant to Section 2A and for the purpose specified in Section 9(j), and (y) any Existing Letter of Credit.

"**Letter of Credit Application**" means, with respect to each Letter of Credit, the Application for Irrevocable Standby Letter of Credit and the Standby Letter of Credit Agreement executed by Borrower and delivered to Lender to support the issuance or amendment of such Letter of Credit.

"**Letter of Credit Expiration Date**" means the day that is seven days prior to the Line of Credit Maturity Date (or, if such day is not a Business Day, the next preceding Business Day).

"**Letter of Credit Limit**" means an amount equal to $1,500,000.00. The Letter of Credit Limit is addition to, and not part of, the Line of Credit.

"**Lien**" means any mortgage, deed of trust, lien (statutory or other), pledge, hypothecation, assignment, preference, priority, security interest, or any other encumbrance or charge (including any conditional sale or other title retention agreement, any sale-leaseback, any financing lease having substantially the same economic effect as any of the foregoing, the filing

of any financing statement or similar instrument under the UCC or comparable Law of any other jurisdiction, domestic or foreign, and mechanics' , materialmen' s and other similar liens and encumbrances).

"**Line of Credit**" means the line of credit in an amount of up to $1,000,000.00 made available by Lender to Borrower pursuant to the provisions of Article 2.

"**Line of Credit Interest Rate**" means a rate per annum equal to the greater of (i) the Floating Rate and (ii) four and one-half percent (4.5%).

"**Line of Credit Maturity Date**" means the earlier of (i) November 1, 2015, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

"**Line of Credit Note**" has the meaning given such term in Section 2(a)(1).

"**Loan Documents**" means collectively this Agreement, the Notes, the Security Documents, each Guaranty, each Issuer Document, and any other agreement, instrument or document whether now or hereafter executed and delivered to Lender in connection herewith.

"**Loans**" means, collectively, Advances under the Line of Credit and the Term Loans.

"**Material Subsidiary**" means (x) Psyop Productions, LLC, and (y) any other Domestic Subsidiary of Borrower or of any of Borrower' s Subsidiaries with respect to which the net income of such Person for any period of four consecutive fiscal quarters comprises in excess of 20% of the net income of Borrower on a Consolidated Basis for such period, as determined in accordance with GAAP and reported on the financial statements of Borrower for such period. A Subsidiary that becomes a Material Subsidiary pursuant to clause (y) of this definition shall remain a Material Subsidiary notwithstanding any subsequent failure of such Subsidiary to qualify as such under clause (y).

"**Multiemployer Plan**" means a multiemployer plan (as defined in Section 4001(a)(3) of ERISA) to which any Obligor or any ERISA Affiliate contributes or is obligated to contribute.

"**Notes**" means, collectively, the Line of Credit Note and the Term Loan Notes.

"**Obligations**" means the Loans, together with interest thereon, and any and all other liabilities and obligations of whatever nature of Obligors to Lender including in respect of the Loans and the Letters of Credit, no matter how or when arising and whether under the Loan Documents, or under any other agreements, guarantees, instruments or documents, past, present or future, and the amount due on any notes, or other obligations of any Obligor given to, received by or held by Lender (including overdrafts or any debt, liability or obligation of any Obligor to others which Lender may obtain by assignment or otherwise) for or on account of any of the foregoing, whether, in each case, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. The term "**Obligations**" also includes all costs and expenses, including any and all attorneys' fees, costs and expenses relating to the appraisal and/or valuation

of assets and all other costs and expenses, incurred or paid by Lender in exercising, preserving, defending, collecting, administering, enforcing or protecting any of its rights under the Obligations or under the Loan Documents or with respect to the Collateral or in any litigation arising out of the transactions evidenced by the Obligations.

"**Obligors**" means, collectively, Borrower and Guarantors.

"**Operating Cash Flow**" means for any period, an amount equal to the consolidated operating cash flow for such period as shown on Borrower' s consolidated financial statements for such period plus Funded Merger and Acquisition Costs and Funded Start Up Costs minus to the extent not actually distributed in cash to Obligors by any Excluded Person during such period, the operating cash flow of such Excluded Person during such period minus the sum of the following items in such period: (i) all internally-funded Capital Expenditures of Obligors, and (ii) all principal payments required to be made by Obligors with respect to the Debt of Obligors. As used herein, "**Excluded Person**" means, with respect to any period, any Person (other than a Guarantor) the accounts of which are consolidated with those of Borrower in the Borrower' s consolidated financial statements for such period.

"**Operating Subsidiary**" means a direct or indirect Subsidiary of Borrower which (i) is engaged in a business, (ii) has a net book value of $25,000 or more, or (iii) owns any Equity Interests in any other Operating Subsidiary.

"**Organizational Documents**" means, with respect to any Person, the certificate of incorporation, articles of incorporation, certificate of formation, certificate of limited partnership, by-laws, operating agreement, limited partnership agreement or other such governing or constitutive document of such Person.

"**Outstanding Amount**" means with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by Borrower of Unreimbursed Amounts.

"**Participant**" has the meaning given such term in Section 15(h).

"**PBGC**" means the Pension Benefit Guaranty Corporation.

"**Pension Plan**" means a pension plan (as defined in Section 3(2) of ERISA) maintained for employees of any Obligor or any ERISA Affiliate and covered by Title IV of ERISA.

"**Permits**" has the meaning set forth in Section 8(k).

"**Permitted Acquisition**" means a merger, consolidation, acquisition of Equity Interests or assets, or other similar transaction where Borrower, any Guarantor or any Excluded Subsidiary directly or indirectly acquires all or a substantial part of the business and/or assets of another Person ("**such Person**"), provided that (i) Borrower or its Subsidiary is the surviving entity; (ii) the transaction has been approved by the board of directors or other similar governing body of such Person; (iii) such Person, or the assets of such Person, to be acquired shall be in, or

utilized in, a reasonably related line of business as Obligors; (iv) immediately prior to and immediately upon consummation of the transaction there shall not exist a Default or an Event of Default; (v) there exists, at the time of the acquisition, no material litigation pending, or any material judgment having been rendered (which has not been bonded or otherwise discharged), against the Equity Interests or assets being acquired; (vi) all material third party consents and approvals necessary in connection with the acquisition of such Person or such assets have been obtained and such approvals or consents carry no conditions or contingencies which may result in a material adverse effect on the operations, business, properties or financial condition of Obligors taken as a whole; (vi) Lender is provided with such information, documents, certificates or other evidence of the foregoing as it may reasonably request, including, without limitation, evidence that any Equity Interests or assets acquired are free and clear of any Liens (except Permitted Liens); and (vii) at least five Business Days prior to closing of any such transaction Borrower shall have provided Lender with written notice of the transaction, together with copies of all material agreements relating thereto, along with pro forma financial statements of Borrower of the types or categories referred to in Section 9(d) and projections for/covering a period of not less than one year from and after the closing date of any such Permitted Acquisition. All such financial statements and projections shall have been prepared in good faith by the management of Borrower based upon reasonable assumptions, shall not be incorrect or misleading in any material respect, and shall be reasonably satisfactory in form and substance to Lender.

"**Permitted Liens**" means Liens on an Obligor' s assets permitted under Section 10(a).

"**Person**" means any individual, corporation, partnership, joint venture, limited liability company, joint stock company, trust, unincorporated organization, Governmental Authority, or any other form of entity.

"**Plan**" means an employee benefit plan (as defined in Section 3(3) of ERISA) maintained for employees of any Obligor or any ERISA Affiliate.

"**Pledge Subsidiary**" means (i) each Domestic Subsidiary and (ii) each First Tier Foreign Subsidiary.

"**Prime Rate**" means, on any date, the rate most recently published as the "United States Prime Rate" in the Eastern print edition of the Wall Street Journal, or, if the Wall Street Journal ceases publication of the prime rate, the base, reference or other rate then designated by Lender, in its sole and absolute discretion, for general commercial loan reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, established from time to time, which serves as the basis upon which effective interest rates are calculated for loans making reference thereto.

"**Principal Amortization**" means with respect to any period, all amounts which Borrower and the Operating Subsidiaries are required to pay (whether regularly scheduled or as a result of a default and acceleration and whether or not actually paid) in reduction of the indebtedness referred to in the definition of Interest Expense, as required by the documents relating to such indebtedness; excluding, however, required principal payments with respect to the Line of Credit.

"**RCRA**" means the Resource Conservation and Recovery Act, 42 USC. §§ 6901 et seq.

"**Reimbursement Date**" means the date on which Borrower is required to reimburse Lender in respect of any drawing on a Letter of Credit pursuant to Section 2A(c)(i).

"**Releases**" has the meaning given such term in Section 8(q).

"**Restricted Payments**" has the meaning given such term in Section 10(m).

"**Security Agreement**" means a security agreement executed by an Obligor in favor of Lender pursuant to which such Obligor grants to Lender a first priority security interest in all of such Obligor' s assets to secure the Obligations.

"**Security Documents**" means the Security Agreements, the Trademark Security Agreements, and all other agreements, whether entered into prior to or after the Closing Date, made by any Obligor to Lender pursuant to which such Obligor has granted a Lien on all or certain of its assets to Lender to secure the Obligations.

"**Subordinated Debt**" has the meaning given such term in Section 10(b)(iv).

"**Subordination Agreement**" has the meaning given such term in Section 10(b)(iv).

"**Subsidiary**" means an entity (with respect to another entity) of which more than 50% of the outstanding equity interests having voting power to elect a majority of its Board of Directors or managers or similar controlling Persons (whether or not at the time the holders of any other class or classes of securities of such entity shall or might have such voting power by reason of the happening of any contingency) is at any time directly or indirectly owned by another entity or an Affiliate of any such other entity.

"**Term Loan A**" means the term loan in the amount of $1,250,000.00 made by Lender to Borrower on February 29, 2012.

"**Term Loan A Maturity Date**" means the earlier of (i) March 1, 2017, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

"**Term Loan A Note**" means the promissory note dated February 29, 2012, in the amount of $1,250,000.00 made by Borrower to Lender.

"**Term Loan A/B Interest Rate**" means five and three-quarters percent (5.75%) per annum.

"**Term Loan B**" means the term loan in the amount of $1,000,000.00 made by Lender to Borrower on March 1, 2013.

"**Term Loan B Maturity Date**" means the earlier of (i) April 1, 2018, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

"**Term Loan B Note**" means the promissory note dated March 1, 2013, in the amount of $1,000,000.00 made by Borrower to Lender.

"**Term Loan C**" means the term loan in the amount of $3,000,000.00 made by Lender to Borrower on Closing Date.

"**Term Loan C Interest Rate**" means (a) during the period commencing on the Closing Date and continuing through March 31, 2016, four and one-quarters percent (4.25%) per annum, and (b) thereafter, a fixed rate equal to the Prime Rate as in effect on May 1, 2016 plus 1% per annum but in no event less than four and one-quarters percent (4.25%) per annum.

**"Term Loan C Maturity Date"** means the earlier of (i) April 1, 2019, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

"**Term Loan C Note**" means the promissory note dated the Closing Date, in the amount of $3,000,000.00 made by Borrower to Lender.

"**Term Loan Notes**" means, collectively, Term Loan A Note, Term Loan B Note and Term Loan C Note.

"**Term Loans**" means, collectively, Term Loan A, Term Loan B and Term Loan C.

"**Third Party**" means any Person other than an Obligor, an owner of any Equity Interests of Borrower, or an Affiliate of an Obligor or such owner.

"**Trademark Security Agreement**" means a trademark security agreement and a trademark security agreement for recording executed by an Obligor in favor of Lender pursuant to which such Obligor grants to Lender a first priority security interest in all of such Obligor' s Trademark Collateral (as defined therein) to secure the Obligations, together with Assignments in the form attached to the trademark security agreement.

"**UCC**" means the New York Uniform Commercial Code.

"**Unreimbursed Amount**" has the meaning given such term in Section 2A(c)(i).

(c) Notwithstanding anything to the contrary contained in this Agreement, for the purpose of determining EBITDA and Operating Cash Flow with respect to any period, the aggregate "add back" for net losses from start-up operations, Funded Merger and Acquisition Costs and Funded Start Up Costs shall not exceed $1,700,000 with respect to fiscal 2013, $4,300,000 with respect to fiscal 2014, and $2,000,000 in the aggregate for all periods thereafter.

2. **Terms of Loans**.

(a) **Line of Credit**. Pursuant to the terms of this Agreement, Lender shall make the Line of Credit available to Borrower, upon the request of Borrower, upon the following terms and conditions:

(1) Borrower has the right, from time to time, to borrow, pay and reborrow on account of the Line of Credit and Lender shall make advances on account of the Line of Credit ("**Advances**") to Borrower as described herein, provided that Lender will not be required and shall have no obligation to make any Advance (x) so long as a Default has occurred and has not been cured by Borrower or waived by Lender or an Event of Default has occurred and has not been waived by Lender, (y) if Lender' s obligation to make Advances has terminated as set forth in Section 2(a)(3), or (z) if the amount of the requested Advance would exceed the amount available to be borrowed under the Line of Credit. The principal amount of the Line of Credit, or such part thereof as may be from time to time outstanding, shall be in an amount not to exceed $1,000,000 at any time and shall be evidenced by a promissory note dated the date hereof, executed by Borrower and payable to the order of Lender, in the form of **Exhibit A** (the "**Line of Credit Note**");

(2) All Advances made by Lender to Borrower pursuant to this Section 2(a) shall be recorded in an account on the books of Lender bearing Borrower' s name (hereinafter called "**Borrower' s Account**"). Lender shall render and send to Borrower a monthly statement of Borrower' s Account showing the outstanding aggregate principal balance of the Line of Credit, together with interest and other appropriate debits and credits as of the date of the statement. The statement of Borrower' s Account shall be considered correct in all respects, absent manifest error, and accepted by and be conclusively binding upon Borrower unless Borrower makes specific written objections thereto within 30 days after the date the statement of Borrower' s Account is sent; and

(3) Lender' s obligation to make Advances shall terminate on the Line of Credit Maturity Date. On the Line of Credit Maturity Date, Borrower shall immediately pay to Lender the then outstanding aggregate principal amount of the Line of Credit, together with interest accrued thereon to the date of payment. No such termination shall (i) in anyway affect or impair the security interest granted to Lender hereunder or any other rights of Lender under any of the Loan Documents, arising prior to any such termination or by reason thereof, (ii) relieve Borrower of any obligation to Lender under any of the Loan Documents, or otherwise, until all the Obligations are fully paid and performed, or (iii) affect any right or remedy of Lender under any of the Loan Documents.

(b) **Notice and Manner of Borrowing under Line of Credit**.

(1) Whenever Borrower desires to obtain an Advance hereunder, Borrower shall notify Lender (which notice shall be irrevocable) by efax (to (516) 706-2455 or such other number as Lender may determine by notice to Borrower) or by email (to loanadministration@cnbny.com or such other address as Lender may determine by notice to Borrower) received no later than 3:00 p.m. on the date which the requested Advance is to be made. Such notice shall (i) specify the effective date and amount of such Advance; (ii) shall be on letterhead of Borrower signed by an authorized officer of Borrower; and (iii) if sent by email, shall be transmitted as a PDF attachment to the email address set forth above; and

(2) Subject to the terms and conditions hereof, Lender shall make each Advance on the effective date specified therefor in the relevant borrowing notice by crediting the amount of such Advance to Borrower' s operating account with Lender.

(c) **Term Loan A**. Lender has made Term Loan A to Borrower upon the following terms and conditions:

(i) Term Loan A is evidenced by the Term Loan A Note. Lender is authorized to record the date and amount of each payment or prepayment of principal thereof in its records or on the grid schedule annexed to Term Loan A Note; provided, however, that the failure of Lender to set forth each payment and other information shall not in any manner affect the obligation of Borrower to repay Term Loan A in accordance with the terms of Term Loan A Note and this Agreement. Term Loan A Note, the grid schedule and the books and records of Lender shall constitute presumptive evidence of the information so recorded absent manifest error. Borrower hereby reaffirms that Term Loan A Note and all of Borrower' s obligations thereunder shall continue to remain in full force and effect and that nothing contained in this Agreement shall modify or release in any respect whatsoever Term Loan A Note or any of Borrower' s obligations thereunder; and

(ii) On the Term Loan A Maturity Date, Borrower shall immediately pay to Lender the then outstanding aggregate principal amount of Term Loan A, together with interest accrued thereon to the date of payment.

(d) **Term Loan B**. Lender has made Term Loan B to Borrower upon the following terms and conditions:

(i) Term Loan B is evidenced by the Term Loan B Note. Lender is authorized to record the date and amount of each payment or prepayment of principal thereof in its records or on the grid schedule annexed to Term Loan B Note; provided, however, that the failure of Lender to set forth each payment and other information shall not in any manner affect the obligation of Borrower to repay Term Loan B in accordance with the terms of Term Loan B Note and this Agreement. Term Loan B Note, the grid schedule and the books and records of Lender shall constitute presumptive evidence of the information so recorded absent manifest error. Borrower hereby reaffirms that Term Loan B Note and all of Borrower' s obligations thereunder shall continue to remain in full force and effect and that nothing contained in this Agreement shall modify or release in any respect whatsoever Term Loan B Note or any of Borrower' s obligations thereunder; and

(ii) On the Term Loan B Maturity Date, Borrower shall immediately pay to Lender the then outstanding aggregate principal amount of Term Loan B, together with interest accrued thereon to the date of payment.

(e) **Term Loan C**. Pursuant to the terms of this Agreement, Lender shall make Term Loan C to Borrower on the Closing Date, upon the following terms and conditions:

(i) Term Loan C shall be evidenced by a promissory note, substantially in the form of **Exhibit B**, with appropriate insertions ("**Term Loan C Note**"), payable to the order of Lender and representing the obligation of Borrower to pay the unpaid principal amount of Term Loan C, duly executed and delivered on behalf of Borrower, in the principal amount of Term Loan C. Lender is authorized to record the date and amount of each payment or prepayment of principal thereof in its records or on the grid schedule annexed to Term Loan C Note; provided, however, that the failure of Lender to set forth each payment and other information shall not in any manner affect the obligation of Borrower to repay Term Loan C in accordance with the terms of Term Loan C Note and this Agreement. Term Loan C Note, the grid schedule and the books and records of Lender shall constitute presumptive evidence of the information so recorded absent manifest error. Term Loan C Note shall (x) be dated the Closing Date, (y) be stated to mature on the Term Loan C Maturity Date, and (z) be payable in (1) 12 consecutive equal monthly installments of interest only, commencing on May 1, 2015 and continuing on the first day of each of the next 11 consecutive calendar months thereafter, and (2) 36 consecutive equal fully-amortizing monthly installments of principal and interest, commencing on May 1, 2016 and continuing on the first day of each of the next 35 consecutive calendar months thereafter; and

(ii) On the Term Loan C Maturity Date, Borrower shall immediately pay to Lender the then outstanding aggregate principal amount of Term Loan C, together with interest accrued thereon to the date of payment.

2A. **Letters of Credit.**

(a) **The Letter of Credit Commitment**.

(i) Subject to the terms and conditions set forth herein, Lender agrees (x) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit for the account of Borrower, and to amend or extend Letters of Credit previously issued by it, in accordance with clause (ii) below, and (y) to honor drawings under the Letters of Credit; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Limit. Each request by Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, Borrower' s ability to obtain Letters of Credit shall be fully revolving, and accordingly Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) Lender shall not issue any Letter of Credit if:

(A) the expiry date of the requested Letter of Credit would occur more than twelve months after the date of issuance or last extension;

(B) with respect to any Letter of Credit issued in lieu of a security deposit with respect to real property leased by any Obligor, the expiry date of the requested Letter of Credit would occur after the expiration date of such lease; or

(C) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date.

(iii) Lender shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain Lender from issuing the Letter of Credit, or any Law applicable to Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over Lender shall prohibit, or request that Lender refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon Lender with respect to the Letter of Credit any restriction, reserve or capital requirement (for which Lender is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon Lender any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which Lender in good faith deems material to it;

(B) the issuance of the Letter of Credit would violate one or more policies of Lender applicable to letters of credit generally;

(C) except as otherwise agreed by Lender, the Letter of Credit is in an initial stated amount less than $100,000;

(D) the Letter of Credit is to be denominated in a currency other than United States dollars; or

(E) the Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) Lender shall be under no obligation to amend any Letter of Credit if (A) Lender would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.

(b) **Procedures for Issuance and Amendment of Letters of Credit**.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of Borrower delivered to Lender in the form of a Letter of Credit Application, appropriately completed and signed by an authorized officer of Borrower. Such Letter of Credit Application must be received by Lender not later than 12:00 noon at least two Business Days (or such later date and time as Lender may agree in a particular instance in its sole discretion) prior to the proposed date of issuance or amendment, as the case may be. Borrower shall furnish to Lender such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as Lender may require.

(ii) Unless Lender has determined prior to the requested date of issuance or amendment (to extend the expiry date or increase the face amount) of the applicable Letter of Credit, that one or more applicable conditions contained in this Article 2A or in Article 7 shall not then be satisfied, then, subject to the terms and conditions hereof, Lender shall, on the requested date, issue a Letter of Credit for the account of Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with Lender' s usual and customary business practices.

(iii) If Borrower so requests in any applicable Letter of Credit Application, Lender may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "**Auto-Extension Letter of Credit**"); provided that any such Auto-Extension Letter of Credit must permit Lender to prevent any such extension in its sole discretion at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by Lender, Borrower shall not be required to make a specific request to Lender for any such extension.

(c) **Reimbursement**.

(i) If Borrower fails to reimburse Lender for any draw on a Letter of Credit on or before the time such reimbursement is required under the applicable Letter of Credit Application, Borrower shall be deemed to have requested an Advance to be disbursed on the Reimbursement Date in an amount equal to the amount of the unreimbursed drawing (the "**Unreimbursed Amount**"), without having to give the notice specified in Section 2(b)(1), but subject to the amount of the unutilized portion of the Line of Credit and the conditions set forth in Sections 2(a)(1) and 7(b). Borrower shall pay Lender interest on any Unreimbursed Amount from the date of any payment by Lender under a Letter of Credit, to the Reimbursement Date at the Line of Credit Interest Rate. Any notice given by Lender pursuant to this clause (c) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) With respect to any Unreimbursed Amount that is not fully refinanced by an Advance because any of the conditions set forth in Section 2(a)(1) and 7(b) cannot be satisfied or for any other reason, Borrower shall be deemed to have incurred from Lender an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate.

(d) **Letter of Credit Fees**. Borrower agrees to pay the following amounts with respect to Letters of Credit issued hereunder:

(i) with respect to each Letter of Credit, a letter of credit fee equal to the greater of 2% of the amount available to be drawn under such Letter of Credit and $600. Each such fee shall be payable on the issuance of such Letter of Credit and on each anniversary of the issuance thereof if such Letter of Credit remains outstanding on such date; and

(ii) with respect to the issuance, cancellation, amendment or transfer of each Letter of Credit and each payment of a drawing made thereunder (without duplication of the fees payable under clause (i) above), documentary and processing charges and any other out-of-pocket costs and expenses incurred in connection therewith, payable directly to Lender for its own account in accordance with Lender' s standard schedule for such charges in effect at the time of such issuance, cancellation, amendment, transfer or payment, as the case may be. Such fees, costs and charges are due and payable on demand (or as otherwise provided by Lender in the Issuer Documents) and are nonrefundable.

(e) **Conflict with Issuer Documents**. If any provision of an Issuer Document is inconsistent with any provision of this Agreement, the terms of this Agreement shall control unless such Issuer Document specifically states that such provision of such Issuer Document shall control.

3. **Payment of Interest on Loans; Computation of Interest and Fees**.

(a) All Advances shall bear interest at the Line of Credit Interest Rate. Term Loan A and Term Loan B shall bear interest at the Term Loan A/B Interest Rate. Term Loan C shall bear interest at the Term Loan C Interest Rate. Interest shall be charged on the principal balance of the Loans from time to time outstanding. Interest on the Advances shall be payable monthly, on the first Business Day of each month hereafter, commencing on the first Business Day of the month immediately following the date hereof. Interest on the Term Loans shall be paid as provided in the Term Loan Notes. All payments received by Lender on account of the Loans shall be in lawful money of the United States of America and in immediately available funds, and shall be applied by Lender first to outstanding accrued interest and then to outstanding principal. Borrower hereby authorizes Lender to debit Borrower' s operating account with Lender for the payment of the principal of and accrued interest on the Loans on the due dates thereof. If there are not sufficient funds in Borrower' s operating account to pay any such interest payment in full on the due date thereof, then Borrower shall immediately pay to Lender the amount of such installment payment then due (on the amount of such shortfall, as appropriate) in immediately available funds.

(b) Interest and all fees payable hereunder shall be computed daily on the basis of a year of 360 days and paid for the actual number of days for which due. If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment required by this Agreement becomes due on a day that is not a Business Day such payment may be made on the next succeeding Business Day, and such extension shall be included in computing interest and fees in connection with such payment.

4. **Late Charges**. If the entire amount of any payment required under any Loan Document is not paid in full within five days after the same is due, Borrower shall pay to Lender a late fee equal to 3.0% of such payment.

5. **Default Rate of Interest**. Interest on the Loans at all times after the occurrence and during the continuation of an Event of Default, and interest on all payments of interest that are not paid when due, shall accrue at a default rate per annum equal to the applicable Interest Rate plus 3% per annum until repaid in full (the "**Default Rate**").

6. **Increased Costs**. If applicable Law, treaty or regulation or directive from any Governmental Authority, or any change therein or in the interpretation or application thereof, or compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or Governmental Authority, shall:

(i) subject Lender to any tax of any kind whatsoever (except taxes on the overall net income of Lender) with respect to this Agreement, any Note or any Loan, or change the basis of taxation of payments to Lender in respect thereof (except for changes in the rate of tax on the overall net income of Lender);

(ii) impose, modify or hold applicable any reserve, premium, special deposit, compulsory loan or similar requirements against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of Lender, including pursuant to Regulations of the Board of Governors of the Federal Reserve System;

(iii) in the opinion of Lender, cause any Note, any Loan or this Agreement to be included in any calculations used in the computation of regulatory capital standards; or

(iv) impose on Lender any other condition;

and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining the Loans or any part thereof by an amount that Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of the Loans by an amount that Lender deems to be material, then, in any case, Borrower shall promptly pay to Lender, upon its demand, such additional amount as will compensate Lender for such additional costs or such reduction as the case may be ("**Additional Costs**"). Lender shall prepare a certificate as to any Additional Costs payable to it pursuant to this Article 6, which certificate shall be submitted by Lender to Borrower and shall, absent manifest error, be deemed conclusive.

7. **Conditions to Extensions of Credit**.

(a) **Conditions of Initial Extension of Credit**. The obligations of Lender to make Term Loan C and the Advances and to issue Letters of Credit shall not become effective until the date on which the following conditions shall have been satisfied, and Lender shall have received all of the following, in form and substance reasonably satisfactory to Lender:

(i) executed originals of each of:

(1) this Agreement;

(2) the Line of Credit Note;

(3) the Term Loan C Note;

(4) the Amended and Restated Borrower Security Agreement between Borrower and Lender, the Amended and Restated Guarantor Security Agreement between Blacklist Productions, LLC, Massmarket Media Services, LLC, Psyop Productions, LLC, Influence Content, LLC, Psyop Film and Television, LLC, Persuade Content, LLC, Psyop Filmed Entertainment, LLC, Psyop Games, LLC and Lender;

(5) a Joinder and Confirmation from Blacklist Productions, LLC, Massmarket Media Services, LLC, Psyop Productions, LLC, Influence Content, LLC, Psyop Film and Television, LLC, Persuade Content, LLC, Psyop Filmed Entertainment, LLC and Psyop Games, LLC, to Lender;

(6) a Supplement to Trademark Security Agreement executed by Massmarket Media Services, LLC; and

(7) the certificates and other documents required to be delivered under the Amended and Restated Borrower Security Agreement (collectively, the "**Closing Documents**");

(ii) a certificate of the Secretary of each Obligor which shall certify (a) resolutions of the members of each Obligor evidencing approval of each of the Closing Documents to which such Obligor is or will be a party and the other matters contemplated hereby and thereby; (b) the names and true signatures of the officers of such Obligor authorized to sign each of the Closing Documents to which such Obligor is or will be a party and the other documents or certificates to be delivered pursuant to this Agreement by such Obligor or any of its officers; (c) with respect to Borrower and to Guarantors in existence on February 29, 2012, that there has been no change to the Organizational Documents of such Obligors since such date (or, if there has been such change, attaching copies of the amended Organizational Documents);

(iii) certificates of good standing from the Secretary of State of the State of Delaware with respect to the legal existence of each Obligor;

(iv) with respect to Guarantors not in existence on February 29, 2012, (x) a copy of the certificate of formation of each such Guarantor certified by the Secretary of State of the State of Delaware, and (y) a copy of the operating agreement of each such Guarantor certified by the Secretary of such Guarantor;

(v) evidence that (x) Lender holds a perfected, first priority Lien on all Collateral, and (y) none of such Collateral is subject to any other Liens other than Permitted Liens;

(vi) payment of the non-refundable fees and disbursements of Lender' s independent counsel, Jaspan Schlesinger LLP, for the preparation of this Agreement and the instruments, documents and agreements delivered pursuant hereto to the extent invoiced prior to or on the Closing Date, plus such additional amounts as shall constitute Lender' s reasonable estimate of any such fees and expenses incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between Borrower and Lender with respect thereto);

(vii) an opinion of counsel for Obligors, dated the Closing Date, addressed to Lender and containing the opinions set forth on **Exhibit C** or other opinions acceptable to Lender; and

(viii) such other documents, instruments, certificates and opinions as Lender may reasonably request in connection with the consummation of the transactions contemplated hereby.

(b) **Conditions of Initial and Subsequent Extensions of Credit**. The obligations of Lender to make Term Loan C and any Advances and to issue any Letter of Credit on or subsequent to the Closing Date are subject to Lender' s satisfaction with or waiver of the following conditions precedent:

(i) the representations and warranties made by Obligors herein or which are contained in any of the Loan Documents and which are qualified by materiality shall be true and correct in all respects on and as of the date of Term Loan C or any such Advance or issuance of Letter of Credit as if made on and as of such date;

(ii) the representations and warranties made by Obligors herein or which are contained in any of the Loan Documents and which are not qualified by materiality shall be true and correct in all material respects on and as of the date of Term Loan C or any such Advance or issuance of Letter of Credit as if made on and as of such date;

(iii) at the time of and immediately after giving effect to Term Loan C, such Advance, or issuance of such Letter of Credit, each Obligor shall be in compliance with all the terms and provisions set forth herein or in any other Loan Document on its part to be observed or performed, and no Default or Event of Default shall have occurred and be continuing on the Closing Date or such subsequent date or will result after giving effect to Term Loan C, such Advance or the issuance of such Letter of Credit;

(iv) in the case of the issuance of a Letter of Credit, Borrower shall have executed and delivered to Lender a Letter of Credit Application in form and content acceptable to Lender and shall have complied with Sections 2A(a) and 2A(b); and

(v) Lender shall have received such other documents as Lender in its reasonable discretion may request.

(c) Each borrowing by Borrower hereunder (including the issuance of a Letter of Credit) constitutes a representation and warranty by Borrower to Lender as of the date of each such borrowing that the conditions set forth in Section 7(b) (other than those that have been waived by Lender) have been satisfied.

8. **Representations and Warranties**. Borrower represents and warrants to Lender that:

(a) **Financial Statements**. The audited financial statements of Borrower and its Affiliates (together, the "**Group**") dated as of December 31, 2011, December 31, 2012 and December 31, 2013, and the interim financial statements of the Group dated as of August 31, 2014,

present fairly, in all material respects, the financial position of the Group and the results of its operations and its cash flows as of such date, in conformity with GAAP; there has not been any material adverse change in the financial condition of any member of the Group since December 31, 2013, and no member of the Group has any liabilities, fixed or contingent, which are not fully shown or provided for in said financial statements as of the date thereof except obligations of such member of the Group created after such date in the ordinary course of business;

(b) **Organization**. Each Obligor is a limited liability company duly incorporated or organized and validly existing under the Laws of the State of Delaware, is duly qualified and is authorized to do business and is in good standing as a foreign corporation or limited liability company in each state or jurisdiction in which the failure of such Obligor to be so qualified would have a material adverse effect on its operations, business, properties or financial condition, and has all requisite power and authority to own, operate and lease its properties and to carry on its business as now being conducted;

(c) **Judgments; Litigation; Taxes**. There is no judgment, decree or order outstanding or arbitration, litigation or governmental proceeding or investigation pending, or, to Borrower' s knowledge, threatened against any Obligor which might have a material adverse effect upon such Obligor' s position, financial, operating or otherwise, and each Obligor has filed all tax returns and reports required to be filed by such Obligor with the United States government and all state and local governments and has paid in full or made adequate provision for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports;

(d) **Enforceability; Authorization**. The Loan Documents to which each Obligor is a party are each valid, legal and binding upon such Obligor and enforceable in accordance with their respective terms, subject to bankruptcy, insolvency and similar Laws affecting the enforceability of creditors' rights generally and to general principles of equity, whether such enforceability is considered in a proceeding in equity or at law, and the execution and delivery of the Loan Documents to which each Obligor is a party have been duly authorized by all necessary corporate action of such Obligor;

(e) **No Conflict or Default**. The execution and delivery by each Obligor of the Loan Documents to which it is a party, the consummation of the transactions contemplated therein and the fulfillment of or compliance with the terms and provisions thereof: (i) will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement, instrument or other undertaking to which such Obligor is a party or by which such Obligor is bound; (ii) do not constitute a default thereunder or under any of them; (iii) will not result in the creation or imposition of any Lien upon any of such Obligor' s property or assets pursuant to the terms of any such agreement, instrument or other undertaking; (iv) do not require the consent or approval of any Governmental Authority and will not violate the provisions of any Laws applicable to such Obligor; and (v) with respect to each Obligor, are within such Obligor' s powers, and are not in contravention of any provisions of its Organizational Documents. No Obligor is in default under any material agreement, indenture, mortgage, deed of trust, or any other agreement or any court order or other order issued by any Governmental Authority to which such Obligor is a party or by which such Obligor may be bound;

(f) **Accurate Information**. All information furnished or to be furnished by Obligors pursuant to the terms hereof or the other Loan Documents will not, at the time the same is furnished, contain any untrue statement of a material fact and, when taken as a whole, will not omit to state a material fact necessary in order to make the information so furnished, in light of the circumstances under which such information is furnished, not misleading;

(g) **Compliance with Laws**. Each Obligor is in compliance with all Laws applicable to it or its operations, except where the failure to comply by such Obligor would not have a material adverse effect on its operations, business, properties or financial condition or its ability to carry out its obligations under the Loan Documents to which it is a party;

(h) **Subsidiaries**. Schedule 8(h) sets forth a list of each Subsidiary of Borrower. Except for the Subsidiaries listed in Schedule 8(h), neither Borrower nor any Subsidiary of Borrower has any Subsidiaries and neither Borrower nor any Subsidiary of Borrower has invested in the Equity Interests of any other Person, and, except as set forth on Schedule 8(i), there are no fixed, contingent or other obligations on the part of any Obligor to issue any additional Equity Interests. Except as set forth on Schedule 8(i), each Subsidiary of Borrower is wholly owned by Borrower, and each Subsidiary of a Subsidiary of Borrower is wholly owned by such Subsidiary. Psyop Productions, LLC is the sole Material Subsidiary as of the date hereof;

(i) **Ownership of Obligors**. The outstanding Equity Interests of Borrower and the Subsidiaries of Borrower that are not wholly owned by Borrower are set forth on Schedule 8(i). Except as set forth on such Schedule, there are no outstanding options to purchase, or any rights or warrants to subscribe for, or any commitments or agreements to issue or sell, or any securities or obligations convertible into, or any powers of attorney relating to, the Equity Interests of any Obligor;

(j) **No Restrictions**. No Obligor is a party to any agreement or instrument or subject to any restriction (including any restriction set forth in its Organizational Documents) materially and adversely affecting, or insofar as Borrower may reasonably foresee, is reasonably likely to so affect, such Obligor' s operations, business, properties or financial condition or its ability to carry out its obligations under the Loan Documents to which it is a party;

(k) **Permits**. Each Obligor possesses all licenses and governmental consents, authorizations, certificates, permits, licenses, orders and approvals (collectively, "**Permits**"), or rights in any thereof, adequate for the conduct of its business as now conducted and presently proposed to be conducted, without conflict of the rights or claimed rights of others, is in good standing with respect thereto, and no action or filing with or consent by, any Person is required to authorize or is otherwise required in connection with the conduct of Borrower' s businesses as now and presently proposed to be conducted;

(l) **Solvency**. The fair salable value of the assets of each Obligor exceeds and will, immediately following the making and funding of the Loans, exceed its total liabilities (including contingent liabilities). The fair salable value of the assets of each Obligor is and will, immediately following the making and funding of the Loans, be greater than Obligor' s probable liabilities (including contingent liabilities) or its debts as such debts become absolute and matured. Borrower' s assets do not and, immediately following the making and funding of the Loans, will

not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. Neither Borrower nor, to Borrower' s knowledge, any other Obligor, intends to, or believes that it will, incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received by such Obligor and the amounts to be payable on or in respect of obligations of such Obligor);

(m) **Corporate Name**. The name of each Obligor has not changed since its incorporation or organization, and each Obligor has conducted and currently conducts its business solely in its own name or, in the case of Blacklist Productions, LLC, as "Blacklist";

(n) **ERISA**. Except as set forth on Schedule 8(n), no Obligor nor any ERISA Affiliate (i) maintains or has maintained any Pension Plan, (ii) contributes or has contributed to any Multiemployer Plan or (iii) provides or has provided post-retirement medical or insurance benefits with respect to employees or former employees (other than benefits required under Section 601 of ERISA, Section 4980B of the Code or applicable state Law). No Obligor nor any ERISA Affiliate has received any notice or has any knowledge to the effect that it is not in full compliance with any of the requirements of ERISA, the Code or applicable state Law with respect to any Plan. No Reportable Event exists in connection with any Pension Plan. Each Plan which is intended to qualify under the Code is so qualified, and no fact or circumstance exists which may have an adverse effect on the Plan' s tax-qualified status. No Obligor nor any ERISA Affiliate has (i) any accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code) under any Plan, whether or not waived, (ii) any liability under Section 4201 or 4243 of ERISA for any withdrawal, partial withdrawal, reorganization or other event under any Multiemployer Plan or (iii) any liability or knowledge of any facts or circumstances which could result in any liability to the Pension Benefit Guaranty Corporation, the Internal Revenue Service, the Department of Labor or any participant in connection with any Plan (other than routine claims for benefits under such Plan). No "prohibited transaction" within the meaning of Section 406 of Employee Retirement Income Security Act ("**ERISA**") or Section 4975 of the Internal Revenue Code exists or will exist upon the execution and delivery of this Agreement and the other Loan Documents, or the performance by the parties hereto or thereto of their respective duties and obligations hereunder and thereunder;

(o) **No Default**. No event has occurred and no condition exists which would, upon or after the execution and delivery of this Agreement or Obligors' performance hereunder, constitute a Default or an Event of Default;

(p) **Properties**. No Obligor owns any real property and each Obligor has valid and subsisting leasehold interests in the real property occupied by it. Each Obligor has good title to all of the Collateral as to which it has granted a Lien to Lender, in each case, free and clear of all Liens except Permitted Liens;

(q) **OHSA and Environmental Compliance**. Each Obligor has duly complied with in all material respects, and its facilities, business, assets, property, leaseholds, real property and equipment are in compliance in all material respects with, the provisions of the Federal Occupational Safety and Health Act, the Environmental Protection Act, RCRA and all other Environmental Laws; there have been no outstanding citations, notices or orders of non-compliance issued to any Obligor or relating to its business, assets, property, leaseholds or

equipment under any such Laws. Each Obligor has been issued all required federal, state and local licenses, certificates or permits relating to all applicable Environmental Laws. There are no visible signs of releases, spills, discharges, leaks or disposal (collectively referred to as "**Releases**") of Hazardous Materials at, upon, under or within any real property owned or leased by any Obligor; there are no underground storage tanks or polychlorinated biphenyls on any real property owned or leased by any Obligor; no real property owned or leased by any Obligor has ever been used as a treatment, storage or disposal facility of hazardous waste; and no Hazardous Materials are present on any real property owned or leased by any Obligor, excepting such quantities as are handled in accordance with all applicable manufacturer' s instructions and applicable Laws and in proper storage containers and as are necessary for the operation of the commercial business of Obligors; and

(r) **Anti-Terrorism**. No Obligor is in violation of any Anti-Terrorism Law, nor does any Obligor engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or violates or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law; no Obligor nor any of their respective Affiliates is a Blocked Person; and neither the Loans nor the use of the proceeds thereof will violate the Trading With the Enemy Act (50 USC. § 1 et seq., as amended) or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto (including (x) Executive Order No. 13224 and (y) the USA Patriot Act).

(s) **Intellectual Property**. All material patents, trademarks, service marks, tradenames, copyrights, licenses and other similar rights owned or possessed by Obligors are listed on Schedule 8(s).

9. **Affirmative Covenants**. Borrower covenants and agrees that, from the date hereof until the Facility Termination Date, unless Lender otherwise agrees in writing, Borrower shall, and shall cause each of the Guarantors to:

(a) **Primary Demand Deposit Account**. Maintain its primary depository accounts with Lender. If any Obligor fails to maintain such account with Lender, Lender may, upon at least 10 days' prior notice to Borrower, elect to increase each Interest Rate by two percentage points (2.0%) until such time as all Obligors are in compliance with this requirement;

(b) **Pay Obligations**. Pay and discharge all taxes, general and special, charges and assessments, and other governmental obligations, which may have been or shall be levied, charged or assessed on or against it, its property, or its income or profits before they become delinquent and pay and discharge on or before their due date any and all other lawful claims and demands whatsoever, including trade obligations;

(c) **Insurance**. Maintain such liability insurance, workers' compensation insurance, business interruption insurance and casualty insurance in amounts as may be required by Law, if applicable, or as are customary and usual for prudent businesses in its industry and any other insurance that may be reasonably required by Lender and shall insure and keep insured all Collateral and other properties with insurance companies reasonably satisfactory to Lender and as otherwise required by the other Loan Documents. Borrower shall furnish to Lender copies of all

such policies and shall provide evidence of insurance on an annual basis or such more frequent basis as may be requested by Lender from time to time. Lender shall be named as loss payee (with a lender' s loss payable endorsement) with respect to all personal property, and additional insured with respect to all liability insurance, as its interests may appear, with 30 days' prior written notice to be given to Lender by the insurance carrier prior to cancellation, non-renewal or material modification of such insurance coverage. Such insurance shall also insure Lender notwithstanding any act or neglect of Borrower;

(d) **Information**. Furnish to Lender:

(i) within 120 calendar days after the end of each of Borrower' s fiscal years following the date hereof, (x) Borrower' s consolidated financial statements including a consolidated balance sheet and statement of income of Borrower and the Operating Subsidiaries, together with related consolidated statements of shareholders' equity or members' capital and cash flows; and (y) Borrower' s unaudited balance sheet and statement of income for each Operating Subsidiary whose gross revenue is at least 10% of the aggregate gross revenue of Borrower and its Operating Subsidiaries, or whose gross assets are at least 10% of the aggregate gross assets of Borrower and its Operating Subsidiaries. Each of such financial statements described in clause (x) shall set forth in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail, including all supporting schedules, comments and notes; shall, with respect to the financial statements described in clause (x), be audited by independent certified public accountants of recognized standing selected by Borrower and reasonably satisfactory to Lender and be accompanied by an unqualified audit opinion/ report from Borrower' s independent certified public accountants; and shall be prepared in accordance with GAAP consistently applied from year to year, including the fiscal year preceding that for which such statement is being furnished;

(ii) within 60 calendar days after the end of each of the first three calendar quarters of each calendar year following the date hereof, (x) Borrower' s unaudited balance sheet and statement of income as at the end of such period and for the period between the end of the last fiscal year and the end of such period for each Operating Subsidiary whose gross revenue is at least 10% of the aggregate gross revenue of Borrower and its Operating Subsidiaries, or whose gross assets are at least 10% of the aggregate gross assets of Borrower and its Operating Subsidiaries; and (y) the unaudited consolidated balance sheet of Borrower and the Operating Subsidiaries as at the end of such period and the end of the corresponding period of the preceding fiscal year, and consolidated statements of income and cash flows (as applicable) of Borrower and the Operating Subsidiaries for the period between the end of the last fiscal year and the end of such period and for the corresponding period of the preceding fiscal year. All such financial statements described in this clause (ii) shall be certified by the chief financial officer of Borrower as fairly presenting the financial position of Borrower and the Operating Subsidiaries and the results of their operations as at the end of each such period in all material respects;

(iii) concurrently with the delivery of any and all financial statements required by this Agreement, a certificate of the President, Treasurer or Chief Financial Officer of Borrower stating that (x) to the best of his knowledge and belief, all taxes, assessments and charges levied upon Borrower which have become due have been paid, or specifying any such taxes, assessments or charges which have not been paid and stating why they remain unpaid; and (y) to the best of his knowledge and belief, after reviewing each and every covenant (both affirmative

and negative) of Borrower hereunder, Borrower is in compliance with each of such covenants in all material respects, or specifying each instance of covenant default or non-compliance of which the signer has knowledge and setting forth what action has been taken to cure any such default or non-compliance. Such certificate shall contain or have appended thereto calculations which set forth Borrower' s compliance with the requirements of Sections 9(m) and 9(n);

(iv) within 90 days after filing, true and signed copies of federal tax returns, complete with all schedules and attachments, filed by Obligors; and

(v) promptly upon Lender' s request therefor, such other information relating to Obligors as Lender may from time to time reasonably request;

(e) **Inspection**. Allow Lender by or through any of its officers, agents, attorneys, or accountants designated by it for the purpose of ascertaining whether the Loan Documents are being performed and for the purpose of examining its records, to enter its offices to examine or inspect its properties, books and financial records, to make and take away copies of such books and records or extracts therefrom, and to discuss its affairs, finances and accounts with its management and its accountants all at such reasonable times, upon reasonable prior notice, and as often as Lender may reasonably request;

(f) **Books and Records; Properties**. Keep complete and accurate books and records pertaining to its business and its covenants under this Agreement and maintain and preserve all of its property useful and necessary in its business in working order and condition, ordinary wear and tear and deterioration and casualty loss excepted;

(g) **Compliance; Permits**. Perform and observe all the terms and provisions of each material contract to be performed or observed by it, comply in all material respects with all Laws applicable to it, and comply with and maintain Permits required under such Laws for the operation of its business;

(h) **Environmental Compliance**.

(i) Ensure that the real property owned or leased by it and all operations and businesses conducted thereon remains in compliance in all material respects with all Environmental Laws and it shall not place or permit to be placed any Hazardous Materials on any such property except as permitted by applicable Law or appropriate Governmental Authorities;

(ii) Obtain, comply and maintain in all material respects, and ensure the same in all respects by all tenants and subtenants, if any, with all applicable Environmental Laws, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws; and

(iii) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions necessary to remove and clean up all Hazardous Materials from any of its properties required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws;

(i) **Further Assurances**. Execute and deliver, or cause to be executed and delivered, any and all further documents and take all further actions which may be required under applicable Law, or which Lender may reasonably request, to effect fully the purposes of this Agreement or any other Loan Document, including to grant, preserve, protect and perfect the security interest in the Collateral;

(j) **Use of Proceeds**. Borrower shall use the proceeds of Advances for working capital purposes and the proceeds of Term Loan C to pay or reimburse moving expenses, computer hardware purchases and leasehold improvements for Borrower' s New York City and California locations, not, in either case, in contravention of any applicable Law or any Loan Document; provided that Borrower will not use the proceeds of the Loans to purchase or carry any margin stock (within the meaning of Regulation U issued by the Federal Reserve Board) or to extend credit to others for the purpose of purchasing or carrying any margin stock in violation of the margin rules. The Letters of Credit shall be issued solely to provide security deposits with respect to real property leased by Borrower or the Operating Subsidiaries and such other purposes as Lender in its sole discretion may approve;

(k) **New Subsidiaries**. Except for any Operating Subsidiary of which a Third Party owning 20% or more of the outstanding Equity Interests of such Operating Subsidiary does not consent to the following (each such other Operating Subsidiary being referred to herein as an "**Excluded Subsidiary**"), with respect to any new Operating Subsidiary created by Borrower or any Guarantor after the Closing Date, promptly, and in any event within 10 days of the creation of such Subsidiary:

(i) if such Operating Subsidiary is a Pledge Subsidiary, execute and deliver to Lender such supplements or amendments to the applicable Security Agreement as Lender deems necessary or advisable to grant to Lender a perfected first priority security interest in the Applicable Pledge Percentage of such Operating Subsidiary' s Equity Interests and all proceeds of the foregoing;

(ii) if such Operating Subsidiary is not an Affected Foreign Subsidiary, cause such new Subsidiary (A) to execute and deliver to Lender a Guaranty and a Security Agreement and (B) to take all actions necessary or desirable to grant to Lender a perfected first priority security interest in the Collateral described in such Security Agreement with respect to such new Domestic Subsidiary, including the filing of UCC-1 financing statements in such jurisdictions as may be required by such Security Agreement or by Law or as may be requested by Lender;

(iii) cause such new Subsidiary to execute and deliver to Lender an acknowledgment of the pledge by Borrower or such Guarantor, as the case may be, of its Equity Interests in such Subsidiary as provided above; and

(iv) deliver to Lender a secretary' s certificate of such Subsidiary, with its Organizational Documents and appropriate resolutions attached;

(l) **Notices**. Promptly (and in any event within five Business Days after Borrower has actual notice of the occurrence of the same) give notice to Lender of (i) the

happening of any Default or Event of Default, including the details of such Default or Event of Default and the action Borrower is taking or proposes to take with respect thereto; (ii) the occurrence of any action, suit, investigation, proceeding, arbitration or litigation commenced by or against any Obligor (other than ordinary and routine litigation reasonably expected to be covered under the limits of existing insurance policies); (iii) Borrower knowing or having reason to know that any Reportable Event with respect to any Pension Plan has occurred, including a statement of Borrower' s chief financial officer setting forth details as to such Reportable Event and the action which Borrower proposes to take with respect thereto, together with a copy of the notice of such Reportable Event to the PBGC; (iv) any Obligor failing to make any quarterly contribution required with respect to any Pension Plan under Section 412(m) of the Code, including a statement of Borrower' s chief financial officer setting forth details as to such failure and the action which Borrower proposes to take with respect thereto, together with a copy of any notice of such failure required to be provided to the PBGC; (v) Borrower knowing or having reason to know that any Obligor has or is reasonably expected to have any liability under Section 4201 or 4243 of ERISA for any withdrawal, partial withdrawal, reorganization or other event under any Multiemployer Plan, including a statement of Borrower' s chief financial officer setting forth details as to such liability and the action which Borrower proposes to take with respect thereto; (vi) any termination or cancellation of any insurance policy which any Obligor is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting any Obligor' s property; and (vii) any default with respect to any contractual obligation or any other development in the business or affairs of any Obligor which has resulted in or which would reasonably be expected to result in a material adverse effect on its operations, business, properties or financial condition or its ability to carry out its obligations under the Loan Documents;

(m) **Debt Service Coverage Ratio**. Maintain a Debt Service Coverage Ratio of at least 1.50 to 1.00 as of the last day of each fiscal quarter of Borrower;

(n) **Debt to Equity Ratio**. Maintain a Debt to Equity Ratio of not more than 2.00 to 1.00 as of the last day of each fiscal quarter of Borrower;

(o) **Trademark Security Agreements**. If, at the time any Obligor acquires any Trademarks or Licenses (each as defined in the Trademark Security Agreements), such Obligor is not then a party to a Trademark Security Agreement, execute and deliver to Lender a Trademark Security Agreement and take all actions necessary or desirable to grant to Lender a perfected first priority security interest in the Trademark Collateral (as defined in the Trademark Security Agreements) with respect to such Obligor; and

(p) **Landlord Waivers**. Borrower will use its best efforts, without having to compensate the Lender therefor, to obtain Landlord Lien Waivers and Collateral Agreements with respect to Borrower' s new California and New York locations. Upon the request of Lender, Borrower will advise Lender of the status of such efforts.

10. **Negative Covenants**. Borrower covenants and agrees that, from the date hereof until the Facility Termination Date, unless Lender shall otherwise consent in writing, Borrower shall not, and shall not permit Guarantors to:

(a) **Liens**. Create, incur, assume or suffer to exist any Lien of any kind upon or defect in title to or restriction upon the use of any of its property or assets of any character, whether owned at the date hereof or hereafter acquired except:

(i) Liens in favor of Lender pursuant to the terms of the Security Documents;

(ii) Liens arising out of judgments or awards not in excess of the aggregate sum of $50,000.00 in respect of which it shall in good faith be prosecuting an appeal or proceedings for review and in respect of which the applicable Obligor has secured a subsisting stay of execution pending such appeal or proceedings for review, provided it has set aside on its books adequate reserves with respect to such judgment or award;

(iii) inchoate mechanic' s, workmen' s, repairmen' s, warehousemen' s, vendors' or carriers' liens, or other similar Liens arising in the ordinary course of business and securing sums which are not past due, or deposits or pledges to obtain the release of any such liens;

(iv) purchase money Liens created under security agreements, financing leases or similar title retention or deferred purchase devices on fixed or capital assets (other than inventory) acquired, constructed or improved by an Obligor prior to or after the date hereof, provided, however, that (i) such Liens secure Debt permitted by Section 10(b)(ii), (ii) any such Lien shall at all times be confined solely to the assets(s) financed and proceeds thereof (and shall not apply to any other property or assets of any Obligor), (iii) the amount of Debt secured by any such Lien shall in no event exceed 100% of the purchase price or construction or improvement cost of such fixed or capital asset and (iv) such Lien and the Debt secured thereby is incurred prior to or within 30 days after such acquisition or the completion of such construction or improvement; and

(v) liens for taxes or other governmental charges and other liens not at the time delinquent or thereafter payable without penalty or being contested in good faith by appropriate proceedings and, in each case, for which it maintains adequate reserves;

(b) **Debt**. Create, incur, assume, or suffer to exist any Debt, other than:

(i) trade Debt incurred in the ordinary course of business, including payments for goods and services;

(ii) Debt owed to Lender;

(iii) Debt secured by purchase money Liens permitted by Section 10(a)(iv); and

(iv) Debt owed to any other Obligor or to any Excluded Subsidiaries, provided that with respect to Debt owed to any Excluded Subsidiary, such Debt (each,

"**Subordinated Debt**") has been subordinated to repayment of the Obligations pursuant to a subordination agreement containing terms and conditions reasonably satisfactory to Lender (each a "**Subordination Agreement**");

(c) **Guaranties**. Assume, endorse, guaranty, or become surety for the obligations of any third Person, except for:

(i) the endorsement of checks in the ordinary course of business;

(ii) guarantees of the Debt of any Obligor to the extent such Debt is permitted under Section 10(b);

(iii) guarantees of any operating lease of any Obligor with a bona fide third party and upon commercially reasonable terms;

(iv) course of business; and guarantees of the Debt of any Obligor incurred in the ordinary course of business; and

(iv) guarantees of (x) the Debt of any Excluded Subsidiary to the extent such Debt is permitted under Section 10(b), (y) any operating lease of any Excluded Subsidiary entered into with a bona fide third party and upon commercially reasonable terms, and (z) Debt of any Excluded Subsidiary incurred in the ordinary course of business; provided, however, that the sum of (1) the amount of such Debt and such operating leases, plus (2) the amount of loans and advances made pursuant to Section 10(d)(ii), plus (3) the amount of investments made pursuant to Section 10(e)(iii), shall not exceed at any one time outstanding the sum of (A) 50% of the aggregate capital contributions made to Borrower by Persons other than Obligors after the date hereof plus (B) any Operating Cash Flow remaining after distributions permitted under Section 10(m)(iii) on a cumulative basis year-to-year (the "**Excluded Subsidiary Cap**").

(d) **Loans and Advances**. Make any loans or advances to any Person other than:

(i) loans and advances to another Obligor; and

(ii) loans and advances to Excluded Subsidiaries; provided, however, that the sum of (x) the amount of such loans and advances, plus (y) the amount of Debt and operating leases guaranteed pursuant to Section 10(c)(v), plus (z) the amount of investments made pursuant to Section 10( e)(iii), shall not exceed at any one time outstanding the Excluded Subsidiary Cap;

(e) **Securities**. Purchase or otherwise acquire any securities except (i) obligations of the United States Government or certificates of deposit issued by a commercial bank having total assets of not less than $50,000,000.00, and an office in the State of New York, provided that the same are pledged to and deposited with Lender; (ii) investments in Guarantors; (iii) investments in Excluded Subsidiaries and other investments in Equity Interests of other Persons; provided, however, that the sum of (x) the amount of investments under this clause (iii), plus (y) the amount of Debt and operating leases guaranteed pursuant to Section 10(c)(v), plus (z) the amount of loans and advances made pursuant to Section 10(d)(ii), shall not exceed at any one time outstanding the Excluded Subsidiary Cap; and (iv) as permitted under Section 10(g);

(f) **Affiliate Transactions**. Except for transactions by and among Obligors, and except as otherwise expressly permitted in other provisions of this Agreement, enter into any transactions of any kind with any of its Affiliates upon terms that are less favorable to it than terms that could be obtained elsewhere on an arm' s length basis;

(g) **Fundamental Changes**. (i) Enter into any merger or consolidation, (ii) liquidate, wind-up or dissolve itself, (iii) sell, convey, transfer, assign, lease, abandon or otherwise dispose (including in a sale and leaseback) ("**Dispose**") of (in one transaction or in a series of transactions), voluntarily or involuntarily, assets tangible or intangible (including but not limited to sale, assignment, discount or other disposition of accounts, contract rights, chattel paper or general intangibles with or without recourse) constituting all or substantially all of its assets and properties, or (iv) acquire all or substantially all of the assets of any other Person or any portion of the assets of any other Person constituting a business, division, branch or other unit of operation of such Person, except that, so long as no Default or Event of Default shall have occurred prior to such act which is then continuing or will occur as a result of such act:

(v) any Guarantor may be merged or consolidated with or into Borrower (provided that Borrower shall be the continuing or surviving entity) or with or into any other Guarantor or Excluded Subsidiary, provided that (1) if an Excluded Subsidiary is the continuing or surviving entity it will comply with clauses (i) and (ii) of Section 9(k) as if it was a new Subsidiary, within five Business Days after such merger or consolidation; and (2) no Domestic Subsidiary may merge or consolidate with or into any Foreign Subsidiary unless such Foreign Subsidiary is a Guarantor and the surviving or continuing entity is a Domestic Subsidiary;

(w) any Guarantor or Excluded Subsidiary may Dispose of all or substantially all of its assets to any Obligor or Excluded Subsidiary (upon the voluntary liquidation or otherwise), provided that (1) if an Excluded Subsidiary acquires all or substantially all of the assets of a Guarantor it will comply with clauses (i) and (ii) of Section 9 (k), as if it was a new Subsidiary, within five Business Days after such acquisition; and (2) no Domestic Subsidiary may Dispose of any its assets to any Foreign Subsidiary;

(x) any Guarantor or Excluded Subsidiary may sell or issue its Equity Interests to Borrower or any other Subsidiary of Borrower, provided that no Domestic Subsidiary may sell or issue its Equity Interests to any Foreign Subsidiary; and

(y) any Obligor may engage in a Permitted Acquisition;

(h) **Dispositions**. Dispose of any of its property, whether now owned or hereinafter acquired, except as permitted under Section 10(g) and except for:

(i) the Disposition of machinery and equipment no longer used or useful in the business of any Obligor;

(ii) the Disposition of obsolete or worn-out property in the ordinary course of business;

(iii) the sale of inventory in the ordinary course of business;

(iv) Dispositions of property to any Obligor or Excluded Subsidiary for fair consideration, as determined by the parties to such Disposition in their reasonable discretion, on prior notice to Lender (provided that, in the case of a Disposition to an Excluded Subsidiary, such Disposition does not adversely affect the ability of the Obligor making such disposition to conduct its business in the ordinary course); and

(v) the Disposition of the Equity Interests of Borrower or any of its Subsidiaries in any Person, for fair consideration, as determined by Borrower' s Board of Managers in their reasonable discretion.

(i) **Name; Organization; Fiscal Year**. Change its fiscal year or, except with at least thirty (30) days' prior written notice to Lender, its name, state of organization or the location of its chief executive office;

(j) **New Subsidiaries**. Except for acquisitions permitted under Section 10(e), acquire or form any Subsidiaries not in existence on the date hereof (provided that Borrower may form or acquire new Operating Subsidiaries that are Domestic Subsidiaries if Borrower complies with Sections 9(k) and 10(e));

(k) **Anti-Terrorism**. (i) Conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person; (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, the USA Patriot Act or any other Anti-Terrorism Law; or (iv) engage in any business or activity in violation of the Trading with the Enemy Act. Borrower shall deliver to Lender any certification or other evidence requested from time to time by any lender in its sole discretion, confirming Obligors' compliance with this provision;

(l) **Changes in Lines of Business**. Enter into any business, directly or indirectly, except for those businesses in which it is engaged on the date of this Agreement or that are reasonably related thereto;

(m) **Restricted Payments**. Declare or pay any dividend or declare or make any distribution on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any of its Equity Interests whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of Borrower or any of its Subsidiaries (collectively, "**Restricted Payments**") except that:

(i) any Person in which Borrower directly or indirectly owns Equity Interests may make Restricted Payments to Borrower;

(ii) Borrower may declare and pay dividends and make other distributions and payments with respect to its Equity Interests, in each case, payable solely in its Equity Interests; and

(iii) so long as no Default or Event of Default has occurred and is continuing or would result from the making of such distributions, Borrower may pay cash distributions to its members during any fiscal year of Borrower in an amount not to exceed the Operating Cash Flow with respect to the immediately preceding fiscal year;

(n) **Capital Expenditures**. In addition to transactions financed with Debt permitted under Section 10(b)(ii), make or commit to make any Capital Expenditure not in the ordinary course of business, except Capital Expenditures not in the ordinary course of business not exceeding $100,000 in any fiscal year in the aggregate among all Obligors; or

(o) **Restrictions on Subsidiary Distributions**. Enter into or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of Borrower to:

(i) make Restricted Payments in respect of any Equity Interests of such Subsidiary held by, or pay any indebtedness owed to, Borrower or any other Subsidiary of Borrower;

(ii) make loans or advances to, or investments in, Borrower or any other Subsidiary of Borrower; and

(iii) transfer any of its assets to Borrower or any other Subsidiary of Borrower, except for such encumbrances or restrictions existing under or by reason of any restrictions existing under the Loan Documents;

(p) **Subordinated Debt**.

(i) Make any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Subordinated Debt unless permitted under the applicable Subordination Agreement; or

(ii) Amend, modify, waive or extend or permit the amendment, modification, waiver or extension of any term of any document governing or relating to any Subordinated Debt in a manner that is materially adverse to the interests of Lender without the prior written consent of Lender in each instance; or

(q) **Anti-Corruption Laws**. Directly or indirectly use the proceeds of any Loan or L/C Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, or other similar legislation in other jurisdictions.

11. **Intentionally Omitted**.

12. **Default Provisions**. In the case of the happening of any of the following events (whether it shall be voluntary or involuntary or come about or be effected by any Law or otherwise) (each such event, an "**Event of Default**"):

(a) Any payment of principal or interest or any other payment required by any Note or by the terms of any of the other Loan Documents shall not be fully paid when demand is made for the payment of the same (to the extent the same is payable on demand) or within five (5) Business Days of its due date if payable other than on demand (provided that such cure period shall not be available more than twice during any period of 12 consecutive months);

(b) Any warranty or representation by any Obligor contained in the Loan Documents or in any report, certificate, financial statement or other instrument furnished by any Obligor to Lender proves incorrect in any material respect when made or furnished or when reaffirmed pursuant to Section 7(c);

(c) Default exists in the due observance of any of the covenants or agreements of any Obligor set forth in Sections 9(j), 9(m) or 9(n) or Article 10;

(d) Default exists in the due observance of any of the covenants or agreements of any Obligor set forth in this Agreement (other than those specified in any of the other clauses contained in this Article 12) and such breach or default shall continue unremedied for a period of 10 days after Borrower' s receipt of notice of such breach or default;

(e) Any payment of principal or interest or any other payment required by any of the obligations of any Obligor for any other money borrowed by any Obligor from Lender, or for money borrowed by any Obligor from any third person in excess of the aggregate sum of $25,000.00, shall not be fully paid when demand is made for the payment of the same (to the extent payable on demand) or when the same shall fall due, or if any of said obligations shall become or be declared or may be declared in default (and all applicable cure and grace periods have expired);

(f) A final unappealable judgment (not covered by insurance) in an amount in excess of $50,000.00 is entered against any Obligor and shall not have been paid, discharged or vacated or had execution thereof stayed pending appeal within 30 calendar days after entry or filing of such judgment;

(g) Any Obligor is voluntarily or involuntarily dissolved, or takes any action to effect a dissolution; or any Obligor ceases to conduct business or suffers the loss or revocation of any license or permit now held or hereafter acquired by such Obligor which is necessary to the continued or lawful operation of its business;

(h) Any Obligor (i) voluntarily commences any proceeding or file any petition seeking relief under Title 11 of the United States Code or any other federal or state bankruptcy, insolvency or similar Law, (ii) consents to the institution of, or fail to controvert in a timely and appropriate manner, any such proceeding or the filing of any such petition, (iii) applies for or consent to the employment of a receiver, trustee, custodian, sequestrator or similar official for any Obligor or for a substantial part of its property; (iv) files an answer admitting the material

allegations of a petition filed against it in such proceeding, (v) makes a general assignment for the benefit of creditors, (vi) takes corporate action for the purpose of effecting any of the foregoing, (vii) becomes unable or admit in writing its inability or fail generally to pay its debts as they become due, or (viii) takes corporate action for the purpose of effecting any of the foregoing

(i) An involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Obligor or of a substantial part of their respective property, under Title 11 of the United States Code or any other federal or state bankruptcy insolvency or similar Law, (ii) the appointment of a receiver, trustee, custodian, sequestrator or similar official for any Obligor or for a substantial part of their property, or (iii) the winding-up or liquidation of Borrower and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for 30 days;

(j) The Liens granted by Obligors to Lender in the Collateral cease to be continuing first priority Liens;

(k) An Event of Default (as defined therein) occurs under any other Loan Document;

(l) Any Loan Document shall for any reason cease to be in full force and effect without the prior written consent of Lender or in accordance with the terms thereof, or be declared null and void or unenforceable in whole or in part, or the validity or enforceability of any Loan Document shall be challenged or denied by any party thereto;

(m) Any criminal proceeding is instituted in any court against any Obligor or any members of senior management of any Obligor, or the indictment of any Obligor or any members of senior management of any Obligor for any crime;

(n) Any Obligor is enjoined, restrained, or in any way prevented by the order of any court or any administrative or regulatory agency, the effect of which order restricts Borrower from conducting all or any material part of its business;

(o) Any Obligor or any Affiliate of any Obligor shall challenge or contest in any action, suit or proceeding the validity or enforceability of this Agreement, or any of the other Loan Documents, the legality or enforceability of any of the Obligations or the perfection or priority of any Lien granted to Lender;

(p) If (1) any Person shall engage in any "prohibited transaction" (as defined in §406 of ERISA or §4975 of the Code) involving any Plan, (2) any failure to satisfy the minimum funding standard of §412 of the Code shall exist with respect to any Plan, or any Lien in favor of the PBGC or a Plan shall arise on the assets of Borrower or any ERISA Affiliate, (3) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan other than a Multiemployer Plan, which Reportable Event or commencement of proceedings or appointment of trustee is, in the reasonable opinion of Lender, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (4) any Plan other than a Multiemployer Plan shall terminate for purposes of Title IV of ERISA, or (5) any Obligor or any ERISA Affiliate shall in the reasonable opinion of

Lender be likely to incur any liability in connection with a withdrawal from, or the insolvency or reorganization of, a Multiemployer Plan, and in each case in clauses (1) through (5) above, such event or condition, together with all other such events or conditions, if any, could, in the sole judgment of Lender, reasonably be expected to have a material adverse effect on the business, assets, properties, liabilities, operations, condition (financial or otherwise) or prospects of Borrower, individually, or Obligors taken as a whole;

(q) Any change in the ownership of an aggregate of 50% or more of the Equity Interests of Borrower occurs; or

(r) If any two or more of the Current Executive Officers for any reason to cease to have the corporate titles, or to cease to have and fulfill the responsibilities and duties in the management and operation of Obligors and their respective businesses, at least equal to those currently in effect, unless the second (or third, if applicable) such Current Executive Officer is replaced within sixty (60) days by a suitable person who is reasonably acceptable to Lender,

then, at any time thereafter during the continuance of any such event, Lender may, without notice to any Obligor, (i) terminate Borrower' s right to request and Lender' s obligation to make any further Advances and L/C Credit Extensions; (ii) declare the Notes, both as to principal and interest, and all other Obligations to be forthwith due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the Notes to the contrary notwithstanding; and (iii) exercise any or all of the rights and remedies afforded to Lender in the Loan Documents, by the UCC or otherwise possessed by Lender; provided, however, that if an event specified in Section 12(h) or (i) occurs, Borrower' s right to request and Lender' s obligation to make any further Advances and L/C Credit Extensions shall automatically terminate, the Notes, both as to principal and interest, and all other Obligations shall automatically become immediately due and payable, in each case without further act of Lender.

13. **Set-Off**. Borrower hereby grants to Lender a Lien and right of setoff as security for all liabilities and obligations to Lender, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lender or any Affiliate of Lender, or in transit to any of them, except for any payroll account, pension or profit sharing balances or similar trust fund accounts or balances of Borrower. At any time after the occurrence of and during the continuance of an Event of Default, without demand or notice, Lender may set off the same or any part thereof and apply the same to any liability or obligation of Borrower whether or not matured at the time of such application and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THE LOANS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

14. **Indemnity; Costs and Expenses; Waiver of Consequential Damages**.

(a) Borrower shall indemnify and hold harmless Lender and its officers, directors, employees, agents and attorneys (herein collectively called the "**Indemnified Parties**") from and against any and all claims, damages, liabilities, costs and expenses which may be incurred by or asserted against any of the Indemnified Parties in connection with or arising out of any investigation, litigation or proceeding related to this Agreement or the negotiation and preparation of documentation in connection herewith, except for claims or losses resulting solely from such Indemnified Parties' gross negligence or willful misconduct. The provisions of this Section 14(a) are in addition to any indemnification obligations of Borrower set forth in the Issuer Documents.

(b) Borrower shall pay to Lender on demand any and all reasonable costs and expenses (including reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by Lender in the preparation of this Agreement and in establishing, maintaining, protecting or enforcing any of Lender' s rights or the Obligations, including any and all such reasonable costs and expenses incurred or paid by Lender (i) in defending Lender' s security interest in, title or right to the Collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of the Obligations; (ii) in any bankruptcy or other proceeding related to any Obligor; and (iii) in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder.

(c) To the fullest extent permitted by applicable Law, the Borrower shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof.

(d) The agreements in this Article 14 shall survive the Facility Termination Date.

15. **General Provisions**.

(a) **No Waiver**. No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges.

(b) **Survival**. This Agreement, the security interests granted to Lender in the Collateral and every representation, warranty, covenant, promise and other term herein contained shall survive until the Obligations have been paid in full.

(c) **Entire Agreement**. This Agreement is an integrated document, contains a complete statement of all agreements between Borrower and Lender with respect to the subject matter hereof and supersedes any and all previous agreements, written or oral, between such parties concerning its subject matter (including the Existing Agreement). This Agreement shall not be varied by parol evidence.

(d) **Governing Law**. THIS AGREEMENT HAS BEEN EXECUTED AND IS TO BE PERFORMED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

(e) **Jurisdiction**. Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Nassau County or Federal court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable Law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Borrower' s agent for service of process, Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq., or as notified to Lender in accordance with the terms of this Agreement, or (ii) by serving the same upon Borrower in any other manner otherwise permitted by Law, and agrees that such service shall in every respect be deemed effective service on Borrower.

(f) **Usury Clause**. All agreements between Obligors and Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lender for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable Law; provided, however, that in the event there is a change in Law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new Law as of its effective date. In this regard, it is expressly agreed that it is the intent of Borrower and Lender in the execution, delivery and acceptance of this Agreement to contract in strict compliance with the Laws of the State of New York from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable Law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever Lender should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between Obligors and Lender.

(g) **Lost Note**. Upon receipt by Borrower of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of a Note or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Note or other security document, Borrower will issue, in lieu thereof, a replacement note or other security document in the same principal amount thereof and otherwise of like tenor.

(h) **Assignment by Lender**. Lender may transfer and assign this Agreement and deliver the Collateral to the assignee, who shall thereupon have all of the rights of Lender; and Lender shall then be relieved and discharged of any responsibility or liability with respect to this Agreement and the Collateral. In addition, Lender has the unrestricted right at any time and from time to time, and without the consent of or notice to any Obligor, to grant to one or more banks or other financial institutions (each, a "**Participant**") participating interests in Lender' s obligation to lend hereunder and in the Loans. In the event of any such grant by Lender of a participating interest to a Participant, whether or not upon notice to Borrower, Lender shall remain responsible for the performance of its obligations hereunder and Borrower shall continue to deal solely and directly with Lender in connection with Lender' s rights and obligations hereunder. Lender may furnish any information concerning Borrower in its possession from time to time to prospective Participants, provided that Lender shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information. Lender may at any time pledge all or any portion of its rights under the Loan Documents including any portion of the Notes to any of the Federal Reserve Banks organized under Section 4 of the Federal Reserve Act, 12 USC. Section 341. No such pledge or endorsement thereof shall release Lender from its obligations under the Loan Documents.

(i) **Captions**. The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, conditions or terms hereof.

(j) **Binding Effect**. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Borrower shall not assign, voluntarily, by operation of law or otherwise, any of its rights or obligations hereunder without the prior written consent of Lender and any such attempted assignment without such consent shall be null and void. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

(k) **Waiver of Jury Trial**. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.

(l) **Waivers by Borrower**. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, BORROWER WAIVES (i) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (ii) ANY OBJECTION AS TO NASSAU OR SUFFOLK COUNTY, NEW YORK, BASED ON FORUM NON CONVENIENS OR VENUE, AND (iii) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

(m) **Acknowledgement by Borrower**. BORROWER ACKNOWLEDGES THAT IT MAKES THE WAIVERS SET FORTH IN SECTIONS 15(k) AND 15(l) KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF SUCH WAIVER WITH ITS ATTORNEYS. BORROWER FURTHER ACKNOWLEDGES THAT LENDER HAS NOT AGREED WITH OR REPRESENTED TO BORROWER THAT THE PROVISIONS OF SECTIONS 15(k) AND 15(1) WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(n) **Continuing Effect**. This Agreement shall continue in full force and effect so long as any Obligations shall be outstanding, or Lender shall have any obligation to extend any financial accommodation hereunder, and is supplementary to each and every other agreement between or among any Obligor and Lender and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of or among Obligors under any such agreement, nor shall any contemporaneous or subsequent agreement between or among any Obligor and Lender be construed to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of or among Obligors hereunder and under the other Loan Documents, unless such other agreement specifically refers to this Agreement and expressly so provides.

(o) **Amendments; Waivers; Remedies**. No amendment, modification or waiver of any provision of this Agreement or any of the Loan Documents and no consent by Lender to any departure herefrom or therefrom by any Obligor shall be effective unless such amendment, modification or waiver shall be in writing and signed by Lender, and the same shall then be effective only for the period and on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand on any Obligor not required by the terms of the Loan Documents in any case shall entitle such Obligor or any other Obligor to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein or therein. The rights and remedies of Lender under this Agreement shall be cumulative and not alternative.

(p) **Relationship with Borrower.** Borrower hereby acknowledges that: (i) Lender does not have any fiduciary relationship with or duty to Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Lender and Borrower in connection herewith or therewith is solely that of debtor and creditor; and (ii) no joint venture, partnership, tenancy-in-common, or joint tenancy relationship is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby between Borrower and Lender.

(q) **Severability**. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under applicable Law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(r) **Counterparts**. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all Persons required to bind any party, appear

on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart. Delivery of an executed signature page of this Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

(s) **Lender' s Consent**. Except where otherwise expressly provided to the contrary therein, whenever Lender' s consent is required to be obtained under this Agreement or any of the other Loan Documents as a condition to any action, inaction, condition or event, Lender shall be authorized to give or withhold such consent in its sole and absolute discretion and to condition its consent upon the giving of additional collateral security for the obligations of Borrower to Lender, the payment of money or any other matter.

(t) **Credit Inquiries**. Borrower hereby authorizes and permits Lender to respond to usual and customary credit inquiries from third parties concerning Borrower.

(u) **Notices**. Except as specifically provided to the contrary herein, all notices or other communications provided for or permitted herein shall be in writing and either mailed by certified mail, return receipt requested, or delivered by nationally recognized overnight courier, to the party intended to receive the same at its address first set forth above or at such other address as such party shall designate by a notice given pursuant to this clause (u). All such notices, etc., shall be deemed given when received or delivery is refused. All such notices, etc., to Borrower shall be to the attention of the Office of the President.

(v) **USA Patriot Act**. Lender hereby notifies Obligors that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies Obligors, which information includes the name and address of each Obligor and other information that will allow Lender to identify each Obligor in accordance with the USA Patriot Act.

(w) **Interpretation**. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, renewed, supplemented, replaced or otherwise modified (subject to any restrictions on such amendments, restatements, renewals, supplements, replacements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person' s successors and assigns, (iii) the words "herein", "hereof and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) the words "asset" and "property" shall be construed to have the

same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (vi) any references to a Person' s Affiliates or Subsidiaries refers to all existing and future Affiliates and Subsidiaries of such Person, (vii) any reference to any Law means such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Law means that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision, and (viii) any reference to a specific time means New York, New York time. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any L/C Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit then in effect after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

(x) **Construction**. Borrower acknowledges that Borrower has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Borrower has carefully considered and negotiated the language of the Loan Documents. Accordingly, none of the Loan Documents shall be subject to the principle of construing their meaning against the party that drafted same. Borrower acknowledges that, with respect to the Loan Documents and the transactions contemplated by each of them and by all of them together, Borrower has and will rely solely on its own judgment and advisors in entering into each of the Loan Documents and performing the obligations required by each of them to be performed by Borrower without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or Affiliate of Lender.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.**
**SIGNATURE PAGE FOLLOWS.]**

**IN WITNESS WHEREOF**, the parties hereto have executed this Amended and Restated Loan Agreement on the date first above written.

BORROWER:

PSYOP MEDIA COMPANY, LLC

By: /s/ Robert Walston
Robert Walston,
President and Chief Executive Officer

By: /s/ Thomas Boyle
Thomas Boyle, Chief Financial Officer

LENDER:

COMMUNITY NATIONAL BANK

By: /s/ JoAnn Bello
JoAnn Bello,
First Vice President

**SCHEDULE 1(b)**
**EXISTING LETTERS OF CREDIT**

| Letter of Credit Number | Amount | Date of Expiry |
|---|---|---|
| 2012030024 | $500,000 | April 2, 2016 |
| 2014090003 | $604,500 | September 30, 2015 |

**SCHEDULE 8(h)**
**SUBSIDIARIES OF BORROWER**

| Name | Jurisdiction of Organization and Type of Entity | Type of Subsidiary |
|---|---|---|
| Blacklist Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Influence Content, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| MassMarket Media Services, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Feature Animation, LLC | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Film and Television, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Film and Television, ULC | British Columbia unlimited liability corporation | First Tier Foreign Operating Subsidiary |
| Persuade Content, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Filmed Entertainment, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Games, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Live, Inc. | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Media Company Cyprus Limited | Cyprus limited liability company | First Tier Foreign (Operating) Subsidiary |
| Psyop Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop UK Ltd. | United Kingdom corporation | Foreign Non-Operating Subsidiary |

**SCHEDULE 8(i)**
**OWNERSHIP OF BORROWER AND CERTAIN SUBSIDIARIES**

**Ownership of Borrower**

| Member Name | Capital Contribution | Number and Class of Units Outstanding | Residual Interest |
|---|---|---|---|
| Psyop, Inc. | $11,000,000 fair market value of certain assets contributed in-kind | 63,768 Class A-1 Units | 5.36% |
| Psyop Services, LLC | $2,800,000 fair market value of certain assets contributed in-kind | 16,232 Class A-1 Units | 1.36% |
| Medici Partners, L.P. | $0* | 225,000 Class B-1 Units | 18.90% |
| Mark Tobin | $0* | 85,000 Class B-2 Units | 7.14% |
| Thomas Boyle | $0* | 28,400 Class B-3 Units | 2.39% |
| Hejung Marie Hyon | $0* | 115,920 Class B-3 Units | 9.74% |
| Kylie Matulick | $0* | 73,917 Class B-3 Units | 6.20% |
| Eben Mears | $0* | 115,920 Class B-3 Units | 9.74% |
| Todd Mueller | $0* | 115,920 Class B-3 Units | 9.74% |
| Marco Spier | $0* | 115,920 Class B-3 Units | 9.74% |
| Laurent Ledru | $0* | 5,404 Class B-4 Units | 0.45% |
| Neysa Horsburgh | $0* | 18,600 Class B-4 Units | 1.56% |
| Lucia Grillo | $0* | 20,000 Class B-4 Units | 1.68% |
| All Asia Digital Entertainment, Inc. | $8,000,000 | 190,476 Class A-2 Units | 16.00% |

| Member Name | Capital Contribution | Number and Class of Units Outstanding | Residual Interest |
|---|---|---|---|
| TOTALS: | $21,800.000 | 80,000 Class A-1 Units | 100.00% |
| | | 190,476 Class A-2 Units | |
| | | 225,000 Class B-1 Units | |
| | | 85,000 Class B-2 Units | |
| | | 565,996 Class B-3 Units | |
| | | 44,004 Class B-4 Units | |
| | | 0 Class C Units** | |

* Issued in connection with such persons being Service Providers to Psyop Media Company, LLC, and its subsidiaries

** Up to 187,777 Class C Units reserved for issuance to Service Providers from time to time

**Ownership of Subsidiaries That Are Not Wholly-Owned+**

| Subsidiary Name | Equity Owner(s) | Number and Class of Units Owned |
|---|---|---|
| Persuade Content, LLC | Psyop Media Company LLC | 500,000 Class A-1 Units |
| | Jerry Solomon | 500,000 Class A-2 Units |
| Psyop Games, LLC | Psyop Media Company LLC | 900,000 Class A-1 Units |
| | Rocco Scandizzo | 100,000 Class A-2 Units |

+ Does not reflect Class A-3 Units of Influence Content, LLC, Persuade Content, LLC and Psyop Games, LLC reserved for issuance to Service Providers

**SCHEDULE 8(n)**
**PLANS**

Psyop Productions, LLC 401K Plan

**SCHEDULE 8(s)**
**INTELLECTUAL PROPERTY**

1. Obligors' patents: None

2. Obligors' trademarks and service marks:

| Registered Owner | Trademark | Registration Number | Registration Date | Country |
|---|---|---|---|---|
| Blacklist Productions, LLC | BLACKLIST | 3,527,159 | 11/04/08 | US |
| Blacklist Productions, LLC | BLACKLIST  | 3,527,160 | 11/04/08 | US |
| Psyop Productions, LLC | PSYOP | 3,653,145 | 07/14/09 | US |
| Psyop Productions, LLC | PSYOP | 3,611,286 | 04/28/09 | US |
| MassMarket Media Services, LLC | MASS MARKET NO. 6104 COPYRIGHTED  | 3,629,644 | 06/02/09 | US |
| Massmarket Media Services, LLC | MASSMARKET | 3,635,286 | 06/09/09 | US |

3. Obligors' tradenames:

| Owner | Tradename |
|---|---|
| Blacklist Productions, LLC | Blacklist |

4. Obligors' copyrights: None

5. Obligors' intellectual property licenses: None

**EXHIBIT A**
**LINE OF CREDIT NOTE**

**SUBSTITUTE LINE OF CREDIT NOTE**

$1,000,000 April __, 2015

FOR VALUE RECEIVED, PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company, ("**Maker**"), promises to pay to the order of COMMUNITY NATIONAL BANK, a national commercial bank ("**Payee**"), at its chief executive office at 200 Middle Neck Road, Great Neck, New York 11021, or at such other place as may be designated in writing from time to time by Payee or any other holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of ONE MILLION AND NO/100 DOLLARS ($1,000,000), or so much thereof as may have been advanced from time to time by Payee to Maker and remains outstanding, as conclusively evidenced by the books and records of Payee absent manifest error, on the Line of Credit Maturity Date (as defined below), together with interest on the outstanding principal sum at the Line of Credit Interest Rate (as defined in the Loan Agreement referred to below), for the period commencing on the date hereof until the date on which the entire principal balance hereof has been paid in full, on the dates provided for in said Loan Agreement.

As used herein, "**Line of Credit Maturity Date**" means the earlier of (x) November 1, 2015, or (y) the date the maturity of this Note is accelerated pursuant to Article 12 of the Agreement upon the occurrence of an Event of Default.

In addition to said principal sum and interest, Maker further promises to pay, on demand, all reasonable costs and expenses, including, without limitation, attorneys' fees, incurred by Payee in the collection of this Note after the occurrence of an Event of Default.

This Note is issued pursuant to a certain Amended and Restated Loan Agreement dated April __, 2015 (as amended or restated from time to time, the "**Agreement**"), by and between Maker and Payee, and is the Line of Credit Note referred to therein. Capitalized terms not defined in this Note are used herein as defined in the Agreement. The terms of the Agreement are incorporated into this Note by reference, and reference is hereby made to the Agreement for a more particular statement of certain representations, warranties, covenants and agreements of Maker and of Events of Default.

This Note is a revolving note and, subject to the terms and conditions of the Agreement, the Maker may, at its option, borrow, pay, prepay and reborrow under this Note, all in accordance with the provisions hereof; provided, however, that the principal balance outstanding shall at no time exceed $1,000,000.

Notwithstanding anything to the contrary contained in this Note, upon the occurrence and during the continuation of any Event of Default, interest on the outstanding principal balance of this Note and accrued but unpaid interest shall bear interest, which shall be payable on demand, at a default rate fixed in accordance with Article 5 of the Agreement until such principal and interest have been paid in full. Further, if payment of all sums due hereunder is accelerated under the terms of the Agreement, this Note, and all other indebtedness of Borrower to Lender, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

No delay or failure of Payee in exercising any right, power or privilege hereunder or under the Agreement shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges. This Note may be amended only by written agreement of Maker and Payee.

Maker acknowledges that Maker has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Maker has carefully considered and negotiated the language of this Note. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Note against the party that has drafted it is not applicable and is waived. Maker acknowledges that, with respect to this Note and the transactions contemplated by it, Maker has and will rely solely on Maker' s own judgment and advisors in entering into this Note and performing the obligations required by it to be performed by Maker without relying in any manner on any statements, representations or recommendations of Payee or any parent, subsidiary or Affiliate of Payee.

Maker irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Nassau County or Federal court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Note. Maker irrevocably waives, to the fullest extent it may effectively do so under applicable Law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Maker hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Maker' s agent for service of process, Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq., or as notified to Payee in accordance with the terms of the Agreement, or (ii) by serving the same upon Maker in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Maker.

MAKER WAIVES DILIGENCE, DEMAND, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS NOTE, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS NOTE OR THE INDEBTEDNESS EVIDENCED HEREBY (OTHER THAN NOTICES SPECIFICALLY REQUIRED BY THE AGREEMENT).

ADDITIONALLY, MAKER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, DEFENSE, COUNTERCLAIM, SETOFF, CROSSCLAIM AND ANY FORM OF PROCEEDING BROUGHT IN CONNECTION WITH THIS NOTE OR RELATING TO ANY INDEBTEDNESS EVIDENCED HEREBY.

MAKER ACKNOWLEDGES THAT IT HAS MADE THE FOREGOING WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THESE WAIVERS WITH ITS ATTORNEYS. MAKER FURTHER ACKNOWLEDGES THAT PAYEE HAS NOT AGREED WITH OR REPRESENTED TO MAKER THAT THE FOREGOING WAIVERS WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

This Note is issued in substitution for but not in payment of that certain Substitute Line of Credit A Note made by Maker to Payee, dated December 16, 2014, in the principal amount of $1,000,000 (the "**Prior Note**") and does not and shall not be deemed to constitute a novation thereof. The Prior Note shall be of no further force and effect upon the execution of this Note; provided, however, that the outstanding amount of principal and interest under the Prior Note as of the date of this Note, if any, is hereby deemed indebtedness evidenced by this Note and incorporated herein by this reference.

PSYOP MEDIA COMPANY, LLC

By: _____
Robert Walston,
President and Chief Executive Officer

By: _____
Thomas Boyle,
Chief Financial Officer

**EXHIBIT B**
**TERM LOAN C NOTE**

$3,000,000 April __, 2015

FOR VALUE RECEIVED, PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company ("**Maker**"), promises to pay to the order of COMMUNITY NATIONAL BANK, a national commercial bank ("**Payee**"), at its chief executive office at 200 Middle Neck Road, Great Neck, New York 11021, or at such other place as may be designated in writing from time to time by Payee or any other holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of THREE MILLION AND NO/100 DOLLARS ($3,000,000), together with interest at the on the outstanding principal sum at the Term Loan C Interest Rate (as defined in the Loan Agreement, dated April_, 2015, between Maker and Payee [as amended or restated from time to time, the "**Agreement**"]), in (x) 12 consecutive equal monthly installments of interest only, commencing on May 1, 2015 and continuing on the first day of each of the next 11 consecutive calendar months thereafter, and (y) 36 consecutive equal fully-amortizing monthly installments of principal and interest, commencing on May 1, 2016 and continuing on the first day of each of the next 35 consecutive calendar months thereafter. This Note is a term note and principal payments made by Maker pursuant to this Note cannot be reborrowed.

On the Term Loan C Maturity Date, Maker shall immediately pay to Payee the then outstanding principal balance of this Note, together with accrued interest thereon. As used herein, "**Term Loan C Maturity Date**" means the earlier of (x) April 1, 2019, or (y) the date the maturity of this Note is accelerated pursuant to Article 12 of the Agreement upon the occurrence of an Event of Default.

In addition to said principal sum and interest, Maker further promises to pay, on demand, all reasonable costs and expenses, including, without limitation, attorneys' fees, incurred by Payee in the collection of this Note.

This Note is issued pursuant to the Agreement, and is the Term Loan C Note referred to therein. Capitalized terms not defined in this Note are used herein as defined in the Agreement. The terms of the Agreement are incorporated into this Note by reference, and reference is hereby made to the Agreement for a more particular statement of certain representations, warranties, covenants and agreements of Maker and of Events of Default.

Notwithstanding anything to the contrary contained in this Note, upon the occurrence and during the continuation of any Event of Default, interest on the outstanding principal balance of this Note and accrued but unpaid interest shall bear interest, which shall be payable on demand, at a default rate per annum equal to 3% per annum in excess of the Term Loan C Interest Rate then in effect until such principal and interest have been paid in full. Further, if payment of all sums due hereunder is accelerated under the terms of the Agreement, this Note, and all other indebtedness of Borrower to Lender, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

No delay or failure of Payee in exercising any right, power or privilege hereunder or under the Agreement shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges. This Note may be amended only by written agreement of Maker and Payee.

Maker authorizes Payee to keep a record of the amounts and dates of all principal payments hereunder, which record shall, in the absence of manifest error, be conclusive as to the outstanding principal amount due hereunder; provided, however, that the failure to record any payment hereunder shall not limit or otherwise affect the obligation of Maker under this Note.

Maker acknowledges that Maker has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Maker has carefully considered and negotiated the language of this Note. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Note against the party that has drafted it is not applicable and is waived. Maker acknowledges that, with respect to this Note and the transactions contemplated by it, Maker has and will rely solely on Maker' s own judgment and advisors in entering into this Note and performing the obligations required by it to be performed by Maker without relying in any manner on any statements, representations or recommendations of Payee or any parent, subsidiary or Affiliate of Payee.

Maker irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Nassau County or Federal court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Note. Maker irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Maker hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Maker' s agent for service of process, Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq., or as notified to Payee in accordance with the terms of the Agreement, or (ii) by serving the same upon Maker in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Maker.

MAKER WAIVES DILIGENCE, DEMAND, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS NOTE, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS NOTE OR THE INDEBTEDNESS EVIDENCED HEREBY (OTHER THAN NOTICES SPECIFICALLY REQUIRED BY THE AGREEMENT).

ADDITIONALLY, MAKER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, DEFENSE, COUNTERCLAIM, SETOFF, CROSSCLAIM AND ANY FORM OF PROCEEDING BROUGHT IN CONNECTION WITH THIS NOTE OR RELATING TO ANY INDEBTEDNESS EVIDENCED HEREBY.

MAKER ACKNOWLEDGES THAT IT HAS MADE THE FOREGOING WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER

CONSIDERATION OF THE RAMIFICATIONS OF THESE WAIVERS WITH ITS ATTORNEYS. MAKER FURTHER ACKNOWLEDGES THAT PAYEE HAS NOT AGREED WITH OR REPRESENTED TO MAKER THAT THE FOREGOING WAIVERS WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

IN WITNESS WHEREOF, Maker has executed this Term Loan C Note on the date first above written.

PSYOP MEDIA COMPANY, LLC

By: _____
Robert Walston,
President and Chief Executive Officer

By: _____
Thomas Boyle, Chief Financial Officer

**SCHEDULE TO TERM LOAN C NOTE**
**DATED APRIL , 2015**
**MADE BY PSYOP MEDIA COMPANY, LLC**
**TO THE ORDER OF COMMUNITY NATIONAL BANK**

| Date of Payment | Amount of Principal Paid | Notation Made By |
|---|---|---|

**EXHIBIT C**
**REQUIRED OPINIONS**

1. Each Obligor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified to transact business in all jurisdictions where the failure to so qualify might have a material adverse impact on its business.

2. Each Obligor has all requisite power and authority, limited liability company or otherwise, and all requisite governmental licenses, authorizations, consents and approvals, to conduct its business, to own its properties and to execute and deliver, and to perform all of its obligations under, the Loan Documents to which it is a party.

3. The execution, delivery and performance by each Obligor of the Loan Documents to which it is a party have been duly authorized by all necessary limited liability company and member action.

4. Each Obligor has duly executed and delivered the Loan Documents to which it is a party and such Loan Documents constitute its legal, valid and binding obligations, enforceable against it in accordance with their respective terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, and to general principles of equity, regardless of whether enforcement is sought in a proceeding in equity or at law).

5. The execution and delivery by each Obligor of the Loan Documents to which it is a party, and the performance by such Obligor of its obligations thereunder, do not and will not: (i) require any consent or approval of such Obligor' s members; (ii) require any authorization, consent or approval by, registration, declaration or filing with, or notice to, any Governmental Authority, or any third party, except such authorizations, consents, approvals, registrations, declarations, filings or notices as have been obtained, accomplished or given prior to the date hereof; (iii) violate or conflict with (x) any law, rule or regulation or any order, writ, injunction or decree applicable to such Obligor, or (y) the Organizational Documents of such Obligor; (iv) violate or conflict with, or cause any default or event of default to occur under, any indenture, loan or credit agreement or any other material agreement, lease or instrument to which such Obligor is a party or by which its properties may be bound or affected; or (v) result in, or require, the creation or imposition of any Lien (other than in favor of Lender) upon or with respect to any of the properties now owned or hereafter acquired by such Obligor.

6. To our knowledge, no actions, suits, claims or proceedings of a material nature are pending or threatened against or affecting any Obligor or the properties of any Obligor before any court or Governmental Authority and no judgment or order of any court or administrative agency is outstanding against any Obligor.

7. The Amended and Restated Borrower Security Agreement and the Amended and Restated Guarantor Security Agreement are effective to create a valid security interest in the Collateral in which a security interest may be created under Article 9 of the New York Uniform Commercial Code (the "**UCC**") in favor of the Lender, as security for the Obligations.

8. Upon the filing of the UCC financing statements in the form attached hereto as **Exhibit A** (the "**Financing Statements**") with the UCC filing office of the Secretary of State of Delaware, the security interests created by the Security Agreements with respect to the Obligors identified on such financing statements will be perfected with respect to all of the Collateral in which a security interest may be perfected under Article 9 of the UCC by means of the filing of a financing statement (collectively, the "**Article 9 Filing Collateral**"), which such Article 9 Filing Collateral specifically includes all of such Obligors' right, title and interest in and to those items of the Collateral constituting accounts, chattel paper, instruments, documents, goods, equipment, inventory, general intangibles or investment property (each as defined in Articles 8 and 9 of the UCC).

**Exhibit 10.10**

## FIRST AMENDMENT TO LOAN DOCUMENTS

This First Amendment to Loan Documents (this "**Amendment**") is dated December 15, 2015, and is between **PSYOP MEDIA COMPANY, LLC,** a Delaware limited liability company, having its chief executive office at 124 Rivington Street, New York, New York 10002 ("**Borrower**") and **BRIDGEHAMPTON NATIONAL BANK,** as successor by merger to Community National Bank, a national commercial bank having an office at 2200 Montauk Highway, Bridgehampton, New York 11932 ("**Lender**").

## RECITALS

Borrower and Lender are parties to a certain Amended and Restated Loan Agreement dated April 23, 2015 (the "**Loan Agreement**"). Capitalized terms not defined in this Amendment are used as defined in the Loan Agreement.

Borrower has requested, and Lender has agreed, to extend the Line of Credit Maturity Date to November 1, 2016, upon and subject to the terms, conditions and provisions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Amendments to Loan Documents**.

(a) The definition of "Line of Credit Maturity Date" set forth in Section 1(b) of the Loan Agreement is hereby amended by replacing "November 1, 2015" with "November 1, 2016."

(b) Exhibit A to the Loan Agreement is hereby replaced by Exhibit A to this Amendment.

(c) Each Loan Document to which Borrower is a party is hereby amended by deleting the words "sitting in Nassau County or Federal court."

2. **Change of Address.** Lender hereby notifies Borrower that Lender has changed its address for notice under all Loan Documents to:

Bridgehampton National Bank
2200 Montauk Highway
Bridgehampton, New York 11932

Borrower hereby waives any requirement that notice of such change of address be given by certified mail, by overnight courier or in any other manner.

3. **Confirmation by Borrower**.

(a) Borrower hereby confirms and agrees that all Loan Documents, as amended hereby, are, and shall continue to be, in full force and effect and are hereby ratified and reaffirmed in all respects. Borrower hereby reaffirms each and every one of the representations, warranties,

covenants, grants, conveyances, transfers, assignments, certifications, waivers, consents, submissions to jurisdiction, acknowledgements, confirmations, indemnifications and guaranties set forth in the Loan Documents (as amended hereby). Borrower shall continue to perform and observe all terms and conditions contained in the Loan Documents, as amended hereby.

(b) Borrower hereby confirms and agrees that, notwithstanding the consummation of the transactions contemplated by this Amendment, each Security Document is, and shall continue to be, in full force and effect and is hereby ratified and reaffirmed in all respects. Without limiting the generality of the foregoing, Borrower further confirms that all indebtedness, obligations and liabilities of Borrower to Lender under the Loan Documents (as amended hereby) constitute Obligations (as defined in the Security Documents) secured by the Liens granted by Borrower to Lender pursuant to the Security Documents. In furtherance of the foregoing, Borrower acknowledges that the Liens heretofore granted to Lender under the Security Documents shall not be impaired, limited or affected in any manner whatsoever by reason of this Amendment.

4. **Continuing Validity**. Except as expressly changed by this Amendment, the terms of the Loan Documents remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender' s right to strict performance of the Loan Documents as amended hereby, nor obligate Lender to make any future amendments.

5. **Conditions of Effectiveness**. This Amendment shall become effective on the Business Day (the "**First Amendment Effective Date**") on which (x) Lender has received all of the documents and payments set forth below, and (y) Lender has delivered an executed counterpart of this Amendment to Borrower.

(i) two copies of this Amendment executed by Borrower;

(ii) one copy of the Second Substitute Line of Credit Note annexed hereto as Exhibit A executed by Borrower;

(iii) two copies of a Confirmation and Amendment of Guarantor Documents executed by the Guarantors; and

(iv) payment from Borrower of all costs and expenses incurred by Lender in connection with the drafting, negotiation, execution and implementation of this Amendment.

If and to the extent Lender has not received at least the requisite number of originals of the documents set forth in clauses (i) through (iii) above on the First Amendment Effective Date, Borrower shall cause such originals to be delivered to Lender or its counsel within three Business Days thereafter.

6. **Representations and Warranties**. Borrower represents and warrants to Lender that:

(a) There exists no Default or Event of Default under the Loan Documents;

(b) This Amendment constitutes the legal, valid and binding obligation of Borrower and is enforceable against Borrower in accordance with its terms;

(c) The execution, delivery and performance by Borrower of this Amendment (i) are and will be within its powers and authority, (ii) have been duly authorized by all necessary action of its managers and members, and (iii) do not contravene and will not be in contravention of any applicable law, or of the organizational documents of Borrower or any agreement or order by which it or any of its property is bound; and

(d) Borrower has no knowledge of any defense, counterclaim or offset Borrower may have with respect to any acts of Lender heretofore taken with respect to the Loan Documents or otherwise.

7. **General Release and Covenant Not to Sue**.

(a) In consideration of the agreements of Lender contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender, its predecessors, successors and assigns (Lender and all such other parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the date of this Amendment.

(b) Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the release set forth above.

(d) Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, jointly and severally, covenants and agrees with each Releasee that Borrower will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by Borrower pursuant to this Section. If Borrower violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

(e) This Article 7 shall survive the termination of the Notes and payment in full of the Obligations.

8. **Entire Agreement; Waiver of Counterclaims**. This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof. No representations or warranties have been made by or on behalf of Lender, or relied upon by Borrower, pertaining to the subject matter of this Amendment, other than those set forth in this Amendment. **Borrower, to the extent permissible by law, waives offset and counterclaim with respect to any action arising out of or relating to this Amendment.**

9. **No Release of Obligations**. Nothing contained herein shall in any way release Borrower of its obligations to make all payments under the Line of Credit Note, as amended hereby. This Amendment does not constitute the creation of a new debt or extinguishment of the debt evidenced by the Line of Credit Note, nor shall it be deemed or construed to be a satisfaction, reinstatement, novation or release of the Line of Credit Note.

10. **No Limitation of Remedies**. No right, power or remedy conferred upon or reserved to or by Lender in this Amendment is intended to be exclusive of any other right, power or remedy conferred upon or reserved to or by Lender under Loan Documents, in equity or at law, but each and every remedy shall be cumulative and concurrent, and shall be in addition to each and every other right, power and remedy given under the Loan Documents or now or subsequently existing in equity or at law.

11. **No Other Waivers or Amendments**. The execution, delivery and effectiveness of this Amendment shall not: (a) constitute an extension, modification, or waiver of any aspect of the Loan Documents; (b) constitute a waiver of any rights or remedies of Lender under the Loan Documents, in equity or at law; (c) give rise to any obligation on the part of Lender to modify or waive any term or condition of the Loan Documents or to further extend the maturity date of the Loan Documents; (d) give rise to any defenses or counterclaims to the right of Lender to compel payment of the obligations of Borrower under the Loan Documents or to otherwise enforce its rights and remedies under the Loan Documents; or (e) establish a custom or course of dealing between Borrower or Lender, except as specifically set forth herein. Except as expressly limited herein, Lender hereby expressly reserves all of its rights and remedies under the Loan Documents and under applicable law. No delay or failure on the part of any party hereto in the exercise of any right or remedy under this Amendment shall operate as a waiver, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action or forbearance by any party hereto contrary to the provisions of this Amendment shall be construed to constitute a waiver of any of the express provisions. Any party hereto may in writing expressly waive any of such party' s rights under this Amendment without invalidating this Amendment.

12. **Successors or Assigns**. This Amendment is binding upon Borrower, its successors and permitted assigns and shall inure to the benefit of Lender, its successors and assigns. Borrower may not assign this Amendment or any of its obligations hereunder without the prior written consent of Lender.

13. **Construction**. Each party hereto acknowledges that it has participated in the negotiation of this Amendment and no provision shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Borrower at all times has had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Amendment. Borrower has had the opportunity to review and analyze this Amendment for a sufficient period of time prior to execution and delivery. All of the terms of this Amendment were negotiated at arm' s length, and this Amendment was prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any of the parties upon the others. The execution and delivery of this Amendment is the free and voluntary act of Borrower. Unless the context requires otherwise, all words used herein in the singular number will extend to and include the plural, all words in the plural number will extend to and include the singular and all words in any gender will extend to and include all genders.

14. **Invalid Provisions**. If any clause or provision operates or would prospectively operate to invalidate this Amendment, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Amendment shall remain operative and in full force and effect.

15. **Headings**. The headings of the articles of this Amendment are for the convenience of reference only, are not to be considered a part of this Amendment and shall not be used to construe, limit or otherwise affect this Amendment.

16. **Modifications**. The terms of this Amendment may not be modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against whom the enforcement of the modification, waiver, discharge or termination is asserted.

17. **Counterparts; Facsimile Copies**. This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer' s execution.

18. **Governing Law**. THIS AMENDMENT HAS BEEN EXECUTED AND IS TO BE PERFORMED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

19. **Jurisdiction**. Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the

laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Borrower' s agent for service of process, Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq., or as notified to Lender in accordance with the terms of this Agreement, or (ii) by serving the same upon Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Borrower.

20. **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AMENDMENT. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, Borrower and Lender have signed this Amendment on the date first set forth above.

BORROWER:

PSYOP MEDIA COMPANY, LLC

By: /s/ Robert Walston
Robert Walston
President and Chief Executive Officer

By: /s/ Thomas Boyle
Thomas Boyle
Chief Financial Officer

LENDER:

BRIDGEHAMPTON NATIONAL BANK

By: /s/ JoAnn Bello
JoAnn Bello, Vice President

**EXHIBIT "A"**

**SECOND SUBSTITUTE LINE OF CREDIT NOTE**

$1,000,000 December 15, 2015

FOR VALUE RECEIVED, PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company, ("**Maker**"), promises to pay to the order of BRIDGEHAMPTON NATIONAL BANK, as successor by merger to Community National Bank, a national commercial bank ("**Payee**"), at 2200 Montauk Highway, Bridgehampton, New York 11932, or at such other place as may be designated in writing from time to time by Payee or any other holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of ONE MILLION AND NO/100 DOLLARS ($1,000,000), or so much thereof as may have been advanced from time to time by Payee to Maker and remains outstanding, as conclusively evidenced by the books and records of Payee absent manifest error, on the Line of Credit Maturity Date (as defined below), together with interest on the outstanding principal sum at the Line of Credit Interest Rate (as defined in the Amended and Restated Loan Agreement referred to below), for the period commencing on the date hereof until the date on which the entire principal balance hereof has been paid in full, on the dates provided for in said Amended and Restated Loan Agreement.

As used herein, "**Line of Credit Maturity Date**" means the earlier of (x) November 1, 2016, or (y) the date the maturity of this Note is accelerated pursuant to Article 12 of the Agreement upon the occurrence of an Event of Default.

In addition to said principal sum and interest, Maker further promises to pay, on demand, all reasonable costs and expenses, including, without limitation, attorneys' fees, incurred by Payee in the collection of this Note after the occurrence of an Event of Default.

This Note is issued pursuant to a certain Amended and Restated Loan Agreement dated April 23, 2015 (as amended or restated from time to time, the "**Agreement**"), by and between Maker and Payee, and is the Line of Credit Note referred to therein. Capitalized terms not defined in this Note are used herein as defined in the Agreement. The terms of the Agreement are incorporated into this Note by reference, and reference is hereby made to the Agreement for a more particular statement of certain representations, warranties, covenants and agreements of Maker and of Events of Default.

This Note is a revolving note and, subject to the terms and conditions of the Agreement, the Maker may, at its option, borrow, pay, prepay and reborrow under this Note, all in accordance with the provisions hereof; provided, however, that the principal balance outstanding shall at no time exceed $1,000,000.

Notwithstanding anything to the contrary contained in this Note, upon the occurrence and during the continuation of any Event of Default, interest on the outstanding principal balance of this Note and accrued but unpaid interest shall bear interest, which shall be payable on demand, at a default rate fixed in accordance with Article 5 of the Agreement until such principal and interest have been paid in full. Further, if payment of all sums due hereunder is accelerated under the terms of the Agreement, this Note, and all other indebtedness of Borrower to Lender, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

No delay or failure of Payee in exercising any right, power or privilege hereunder or under the Agreement shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges. This Note may be amended only by written agreement of Maker and Payee.

Maker acknowledges that Maker has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Maker has carefully considered and negotiated the language of this Note. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Note against the party that has drafted it is not applicable and is waived. Maker acknowledges that, with respect to this Note and the transactions contemplated by it, Maker has and will rely solely on Maker' s own judgment and advisors in entering into this Note and performing the obligations required by it to be performed by Maker without relying in any manner on any statements, representations or recommendations of Payee or any parent, subsidiary or Affiliate of Payee.

Maker irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Note. Maker irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Maker hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Maker' s agent for service of process, Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq., or as notified to Payee in accordance with the terms of the Agreement, or (ii) by serving the same upon Maker in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Maker.

MAKER WAIVES DILIGENCE, DEMAND, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS NOTE, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS NOTE OR THE INDEBTEDNESS EVIDENCED HEREBY (OTHER THAN NOTICES SPECIFICALLY REQUIRED BY THE AGREEMENT).

ADDITIONALLY, MAKER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, DEFENSE, COUNTERCLAIM, SETOFF, CROSSCLAIM AND ANY FORM OF PROCEEDING BROUGHT IN CONNECTION WITH THIS NOTE OR RELATING TO ANY INDEBTEDNESS EVIDENCED HEREBY.

MAKER ACKNOWLEDGES THAT IT HAS MADE THE FOREGOING WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THESE WAIVERS WITH ITS ATTORNEYS. MAKER FURTHER ACKNOWLEDGES THAT PAYEE HAS NOT AGREED WITH OR REPRESENTED TO MAKER THAT THE FOREGOING WAIVERS WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

This Note is issued in substitution for but not in payment of that certain Substitute Line of Credit Note made by Maker to Payee, dated April 23, 2015, in the principal amount of $1,000,000 (the "**Prior Note**") and does not and shall not be deemed to constitute a novation thereof. The Prior Note shall be of no further force and effect upon the execution of this Note; provided, however, that the outstanding amount of principal and interest under the Prior Note as of the date of this Note, if any, is hereby deemed indebtedness evidenced by this Note and incorporated herein by this reference.

PSYOP MEDIA COMPANY, LLC

By: _____
Robert Walston
President and Chief Executive Officer

By: _____
Thomas Boyle
Chief Financial Officer

**Exhibit 10.11**

## WAIVER AND SECOND AMENDMENT TO LOAN DOCUMENTS

This Waiver and Second Amendment to Loan Documents (this "**Amendment**") is dated December 10, 2016, and is between **PSYOP MEDIA COMPANY, LLC**, a Delaware limited liability company, having its chief executive office at 45 Howard Street, Floor 5, New York, New York 10013 ("**Borrower**") and **BRIDGEHAMPTON NATIONAL BANK**, as successor by merger to Community National Bank, a national commercial bank having an office at 2200 Montauk Highway, Bridgehampton, New York 11932 ("**Lender**").

## RECITALS

Borrower and Lender are parties to a certain Amended and Restated Loan Agreement dated April 23, 2015 (as amended by First Amendment to Loan Documents dated December 15, 2015, the "**Loan Agreement**"). Capitalized terms not defined in this Amendment are used as defined in the Loan Agreement.

Borrower has informed Bank that Massmarket Media Services, LLC, Influence Content, LLC, and Persuade Content, LLC, each formerly a Delaware limited liability company and a Guarantor, have been dissolved without the consent of Lender, resulting in a breach of Section 10(g) of the Loan Agreement and an Event of Default under Section 12(c) of the Loan Agreement (the "**Existing Default**"), which is continuing.

Borrower has requested Lender to (x) waive the Existing Default, (y) extend the Line of Credit Maturity Date to November 1, 2017, and (z) make certain other amendments to the Loan Documents, and Lender has agreed to do so upon and subject to the terms, conditions and provisions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Waiver**. In reliance upon the representations and warranties set forth in Article 16 hereof and subject to the satisfaction of the conditions to effectiveness set forth in Article 15 hereof, Lender hereby waives the Existing Default, including any right to charge or collect default interest with respect thereto. This is a limited waiver and shall not be deemed to constitute a waiver of any other Default or Event of Default (whether any such breach or non-compliance occurred or occurs prior to, on, or after the date hereof) other than the Existing Default.

2. **Section 1(b) of the Loan Agreement**.

(a) The following defined terms set forth in Section 1 (b) of the Loan Agreement are hereby amended and restated in their entirety to read as follows:

"**Facility Termination Date**" means the date as of which all of the following shall have occurred: (a) Lender' s obligation to make Advances has terminated as set forth in Section 2(a)(3), and (b) all Obligations have been indefeasibly paid in full (other than contingent indemnification obligations).

"**Floating Rate**" means, on any date, the Prime Rate as in effect on such date plus one-half of one percent (.50%) per annum. The Floating Rate shall change contemporaneously with any change in the Prime Rate.

"**Line of Credit Interest Rate**" means a rate per annum equal to the Floating Rate.

"**Line of Credit Maturity Date**" means the earlier of (i) November 1, 2017, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

"**Loan Documents**" means collectively this Agreement, the Notes, the Security Documents, each Guaranty, and any other agreement, instrument or document whether now or hereafter executed and delivered to Lender in connection herewith.

"**Security Documents**" means the Security Agreements, the Trademark Security Agreements, the Chattel Mortgage and all other agreements, whether entered into prior to or after the Closing Date, made by any Obligor to Lender pursuant to which such Obligor has granted a Lien on all or certain of its assets to Lender to secure the Obligations.

(b) The definition of "Obligations" in Section 1(b) of the Loan Agreement is hereby amended by deleting "and the Letters of Credit" where it appears therein.

3. **Article 2A**. Article 2A of the Loan Agreement is hereby deleted in its entirety. Borrower hereby acknowledges that the letter of credit facility previously contained in the Loan Agreement has been terminated and that Borrower has no right to request, nor does Lender have any obligation to issue, any letters of credit under the Loan Agreement.

4. **Section 7(b)**. Section 7(b) of the Loan Agreement is hereby amended by deleting the words "and to issue any Letter of Credit", "or issuance of Letter of Credit" and "or the issuance of such Letter of Credit" wherever such words appear therein and by replacing clause (iv) thereof in its entirety with "(intentionally omitted); and".

5. **Section 7(c)**. Section 7(c) of the Loan Agreement is hereby amended by deleting the words "(including the issuance of a Letter of Credit)".

6. **Section 9(j)**. The last sentence of Section 9(j) of the Loan Agreement is hereby deleted in its entirety.

7. **Section 10(q)**. Section 10(q) of the Loan Agreement is hereby amended by deleting the words "or L/C Credit Extension."

8. **Article 12**. The last paragraph of Article 12 of the Loan Agreement is hereby amended by deleting the words "and L/C Credit Extensions" wherever they appear therein.

9. **Schedule 8(h)**. Schedule 8(h) of the Loan Agreement is hereby amended and replaced in its entirety by Schedule 8(h) to this Amendment.

10. **Schedule 8(i)**. Schedule 8(i) of the Loan Agreement is hereby amended and replaced in its entirety by Schedule 8(i) to this Amendment.

11. **Exhibit A.** Exhibit A to the Loan Agreement is hereby replaced by Exhibit A to this Amendment (the "**Substitute Note**").

12. **Amendment to Loan Documents**. Each of the Loan Documents to which Borrower is a party is hereby amended by replacing "Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq." wherever the same appears therein with "Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq."

13. **Confirmation by Borrower; Change of Borrower Address**.

(a) Borrower hereby confirms and agrees that all Loan Documents, as amended hereby, are, and shall continue to be, in full force and effect and are hereby ratified and reaffirmed in all respects. Borrower hereby reaffirms each and every one of the representations, warranties, covenants, grants, conveyances, transfers, assignments, certifications, waivers, consents, submissions to jurisdiction, acknowledgements, confirmations, indemnifications and guaranties set forth in the Loan Documents (as amended hereby]. Borrower shall continue to perform and observe all terms and conditions contained in the Loan Documents, as amended hereby.

(b) Borrower hereby confirms and agrees that, notwithstanding the consummation of the transactions contemplated by this Amendment, each Security Document is, and shall continue to be, in full force and effect and is hereby ratified and reaffirmed in all respects. Without limiting the generality of the foregoing, Borrower further confirms that all indebtedness, obligations and liabilities of Borrower to Lender under the Loan Documents (as amended hereby) constitute Obligations (as defined in the Security Documents) secured by the Liens granted by Borrower to Lender pursuant to the Security Documents. In furtherance of the foregoing, Borrower acknowledges that the Liens heretofore granted to Lender under the Security Documents shall not be impaired, limited or affected in any manner whatsoever by reason of this Amendment or the issuance of the Substitute Note.

(c) Borrower hereby notifies Lender that Borrower has changed its address for notice under all Loan Documents to which Lender is a party to: 45 Howard Street, Floor 5, New York, New York 10013. Lender waives any requirement that notice of such change of address be given by certified mail, return receipt requested, or delivered by nationally recognized overnight courier or in any other manner.

14. **Continuing Validity**. Except as expressly changed by this Amendment, the terms of the Loan Documents remain unchanged and in full force and effect. Consent by Lender to this Amendment, including the granting of the waiver contained herein, does not waive Lender' s right to strict performance of the Loan Documents as amended hereby, nor obligate Lender to make any future amendments or grant any future waivers.

15. **Conditions of Effectiveness.** This Amendment shall become effective on the Business Day (the "**Second Amendment Effective Date**") on which (x) Lender has received all of the documents and payments set forth below, and (y) Lender has delivered an executed counterpart of this Amendment to Borrower.

(i) two copies of this Amendment executed by Borrower;

(ii) one copy of the Substitute Note executed by Borrower;

(iii) two copies of a Confirmation and Amendment of Guarantor Documents executed by the Guarantors (the "**Confirmation**");

(iv) a certificate of the Secretary of Borrower (the "**Borrower Secretary' s Certificate**") which shall certify (a) resolutions of the managers of Borrower evidencing approval of this Agreement and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of Borrower authorized to sign this Agreement; and (c) that there has been no change to the Organizational Documents of Borrower since April 23, 2015;

(v) a certificate of the Secretary of each Guarantor (the "**Guarantor Secretary' s Certificate**") which shall certify (a) resolutions of the managers of each Guarantor evidencing approval of the Confirmation and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of such Guarantor authorized to sign the Confirmation; and (c) that there has been no change to the Organizational Documents of such Guarantor since April 23, 2015;

(vi) certificates of good standing with respect to each Obligor from the jurisdictions indicated on the Borrower Secretary' s Certificate and the Guarantor Secretary' s Certificate; and

(vii) payment from Borrower of all costs and expenses incurred by Lender in connection with the drafting, negotiation, execution and implementation of this Amendment, the Confirmation and the other documents referred to herein.

If and to the extent Lender has not received at least the requisite number of originals of the documents set forth in clauses (i) through (v) above on the Second Amendment Effective Date, Borrower shall cause such originals to be delivered to Lender or its counsel within three Business Days thereafter.

16. **Representations and Warranties.** Borrower represents and warrants to Lender that:

(a) The representations and warranties made by Obligors in the Loan Documents and which are qualified by materiality are true and correct in all respects on and as of the date hereof as if made on and as of such date;

(b) The representations and warranties made by Obligors in the Loan Documents and which are not qualified by materiality are true and correct in all material respects on and as of the date hereof as if made on and as of such date;

(c) After giving effect to the waiver set forth in this Amendment, (x) each Obligor is in compliance with all the terms and provisions set forth the Loan Documents on its part to be observed or performed, and (y) no Default or Event of Default is continuing on the date hereof or will result after giving effect to this Amendment;

(d) This Amendment constitutes the legal, valid and binding obligation of Borrower and is enforceable against Borrower in accordance with its terms;

(e) The execution, delivery and performance by Borrower of this Amendment (i) are and will be within its powers and authority, (ii) have been duly authorized by all necessary action of its managers and members, and (iii) do not contravene and will not be in contravention of any applicable law, or of the organizational documents of Borrower or any agreement or order by which it or any of its property is bound;

(f) No Obligor has acquired any Trademarks or Licenses (each as defined in the Trademark Security Agreements) since April 23, 2015;

(g) Borrower has no knowledge of any defense, counterclaim or offset Borrower may have with respect to any acts of Lender heretofore taken with respect to the Loan Documents or otherwise; and

(h) Massmarket Media Services, LLC, Influence Content, LLC, and Persuade Content, LLC, each formerly a Delaware limited liability company, have each been dissolved in accordance with applicable law.

17. **General Release and Covenant Not to Sue.**

(a) In consideration of the agreements of Lender contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender, its predecessors, successors and assigns (Lender and all such other parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the date of this Amendment.

(b) Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the release set forth above.

(d) Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, jointly and severally, covenants and agrees with each Releasee that Borrower will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by Borrower pursuant to this Section. If Borrower violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

(e) This Article 17 shall survive the termination of the Notes and payment in full of the Obligations.

18. **Entire Agreement; Waiver of Counterclaims.** This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof. No representations or warranties have been made by or on behalf of Lender, or relied upon by Borrower, pertaining to the subject matter of this Amendment, other than those set forth in this Amendment. **Borrower, to the extent permissible by law, waives offset and counterclaim with respect to any action arising out of or relating to this Amendment.**

19. **No Release of Obligations.** Nothing contained herein shall in any way release Borrower of its obligations to make all payments under the Loan Agreement or the Line of Credit Note, each as amended hereby. This Amendment does not constitute the creation of a new debt or extinguishment of the debt evidenced by the Line of Credit Note, nor shall it be deemed or construed to be a satisfaction, reinstatement, novation or release of the Line of Credit Note.

20. **No Limitation of Remedies.** No right, power or remedy conferred upon or reserved to or by Lender in this Amendment is intended to be exclusive of any other right, power or remedy conferred upon or reserved to or by Lender under Loan Documents, in equity or at law, but each and every remedy shall be cumulative and concurrent, and shall be in addition to each and every other right, power and remedy given under the Loan Documents or now or subsequently existing in equity or at law.

21. **No Other Waivers or Amendments.** The execution, delivery and effectiveness of this Amendment shall not: (a) except as expressly set forth herein, constitute an extension, modification, or waiver of any aspect of the Loan Documents; (b) except as expressly set forth herein, constitute a waiver of any rights or remedies of Lender under the Loan Documents, in equity or at law; (c) give rise to any obligation on the part of Lender to modify or waive any term or condition of the Loan Documents or to further extend the maturity date of the Loan Documents;

(d) give rise to any defenses or counterclaims to the right of Lender to compel payment of the obligations of Borrower under the Loan Documents or to otherwise enforce its rights and remedies under the Loan Documents; or (e) establish a custom or course of dealing between Borrower or Lender, except as specifically set forth herein. Except as expressly limited herein, Lender hereby expressly reserves all of its rights and remedies under the Loan Documents and under applicable law. No delay or failure on the part of any party hereto in the exercise of any right or remedy under this Amendment shall operate as a waiver, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action or forbearance by any party hereto contrary to the provisions of this Amendment shall be construed to constitute a waiver of any of the express provisions. Any party hereto may in writing expressly waive any of such party' s rights under this Amendment without invalidating this Amendment.

22. **Successors or Assigns.** This Amendment is binding upon Borrower, its successors and permitted assigns and shall inure to the benefit of Lender, its successors and assigns. Borrower may not assign this Amendment or any of its obligations hereunder without the prior written consent of Lender.

23. **Construction.** Each party hereto acknowledges that it has participated in the negotiation of this Amendment and no provision shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Borrower at all times has had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Amendment. Borrower has had the opportunity to review and analyze this Amendment for a sufficient period of time prior to execution and delivery. All of the terms of this Amendment were negotiated at arm' s length, and this Amendment was prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any of the parties upon the others. The execution and delivery of this Amendment is the free and voluntary act of Borrower. Unless the context requires otherwise, all words used herein in the singular number will extend to and include the plural, all words in the plural number will extend to and include the singular and all words in any gender will extend to and include all genders.

24. **Invalid Provisions.** If any clause or provision operates or would prospectively operate to invalidate this Amendment, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Amendment shall remain operative and in full force and effect.

25. **Headings.** The headings of the articles of this Amendment are for the convenience of reference only, are not to be considered a part of this Amendment and shall not be used to construe, limit or otherwise affect this Amendment.

26. **Modifications.** The terms of this Amendment may not be modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against whom the enforcement of the modification, waiver, discharge or termination is asserted.

27. **Counterparts; Facsimile Copies.** This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer' s execution.

28. **Governing Law.** THIS AMENDMENT HAS BEEN EXECUTED AND IS TO BE PERFORMED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

29. **Jurisdiction.** Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Borrower' s agent for service of process, Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq., or as notified to Lender in accordance with the terms of this Agreement, or (ii) by serving the same upon Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Borrower.

30. **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AMENDMENT. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, Borrower and Lender have signed this Second Amendment to Loan Documents on the date first set forth above.

BORROWER:

PSYOP MEDIA COMPANY, LLC

By: /s/ Robert Walston
Robert Walston
President and Chief Executive Officer

By: /s/ Thomas Boyle
Thomas Boyle
Chief Financial Officer

LENDER:

BRIDGEHAMPTON NATIONAL BANK

By: /s/ JoAnn Bello
JoAnn Bello
Vice President

**SCHEDULE 8(h)**

**SUBSIDIARIES OF BORROWER**

| Name | Jurisdiction of Organization and Type of Entity | Type of Subsidiary |
|---|---|---|
| Blacklist Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Feature Animation, LLC | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Film and Television, LLC | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Film and Television, ULC | British Columbia unlimited liability corporation | First Tier Foreign Operating Subsidiary |
| Psyop Filmed Entertainment, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Games, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Live, Inc. | New York corporation | Domestic Non-Operating Subsidiary |
| Psyop Media Company Cyprus Limited | Cyprus limited company | First Tier Foreign Non-Operating Subsidiary |
| Psyop Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |

**SCHEDULE 8(i)**

**OWNERSHIP OF BORROWER AND CERTAIN SUBSIDIARIES**

**Ownership of Borrower**

| Member Name | Number and Class of Units Outstanding | Residual Interest |
|---|---|---|
| Medici Partners, L.P. | 225,000 Class B-l Units | 19.22 % |
| All Asia Digital Entertainment, Inc. | 190,476 Class A-2 Units | 16.27 % |
| Hejung Marie Hyon | 115,920 Class B-3 Units | 9.90 % |
| Eben Mears | 115,920 Class B-3 Units | 9.90 % |
| Todd Mueller | 115,920 Class B-3 Units | 9.90 % |
| Marco Spier | 115,920 Class B-3 Units | 9.90 % |
| Mark Tobin | 85,000 Class B-2 Units | 7.26 % |
| Kylie Matulick | 73,917 Class B-3 Units | 6.32 % |
| Psyop, Inc. | 63,768 Class A-l Units | 5.45 % |
| Thomas Boyle | 28,400 Class B-3 Units | 2.43 % |
| Neysa Horsburgh | 18,600 Class B-4 Units | 1.59 % |
| Psyop Services, LLC | 16,232 Class A-l Units | 1.39 % |
| Laurent Ledru | 5,404 Class B-4 Units | 0.46 % |
| TOTALS: | 80,000 Class A-l Units 190,476 Class A-2 Units 225,000 Class B-l Units 85,000 Class B-2 Units 565,997 Class B-3 Units 24,004 Class B-4 Units 0 Class C Units* | 100.00% |

* Up to 187,777 Class C Units reserved for issuance to Service Providers from time to time

**Ownership of Subsidiaries That Are Not Wholly-Owned+**

| Subsidiary Name | Equity Owner(s) | Number and Class of Units Owned |
|---|---|---|
| Psyop Games, LLC | Psyop Media Company LLC | 900,000 Class A-l Units |
| | Rocco Scandizzo | 100,000 Class A-2 Units |

\+ Does not reflect Class A-3 Units of Psyop Games, LLC reserved for issuance to Service Providers

**EXHIBIT "A"**

**THIRD SUBSTITUTE LINE OF CREDIT NOTE**

$1,000,000 December __, 2016

FOR VALUE RECEIVED, PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company, ("**Maker**"), promises to pay to the order of BRIDGEHAMPTON NATIONAL BANK, as successor by merger to Community National Bank, a national commercial bank ("**Payee**"), at 45 Howard Street, Floor 5, New York, New York 10013, or at such other place as may be designated in writing from time to time by Payee or any other holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of ONE MILLION AND NO/100 DOLLARS ($1,000,000), or so much thereof as may have been advanced from time to time by Payee to Maker and remains outstanding, as conclusively evidenced by the books and records of Payee absent manifest error, on the Line of Credit Maturity Date (as defined below), together with interest on the outstanding principal sum at the Line of Credit Interest Rate (as defined in the Amended and Restated Loan Agreement referred to below), for the period commencing on the date hereof until the date on which the entire principal balance hereof has been paid in full, on the dates provided for in said Amended and Restated Loan Agreement.

As used herein, "**Line of Credit Maturity Date**" means the earlier of (x) November 1, 2017, or (y) the date the maturity of this Note is accelerated pursuant to Article 12 of the Agreement upon the occurrence of an Event of Default.

In addition to said principal sum and interest, Maker further promises to pay, on demand, all reasonable costs and expenses, including, without limitation, attorneys' fees, incurred by Payee in the collection of this Note after the occurrence of an Event of Default.

This Note is issued pursuant to a certain Amended and Restated Loan Agreement dated April 23, 2015 (as amended or restated from time to time, the "**Agreement**"), by and between Maker and Payee, and is the Line of Credit Note referred to therein, Capitalized terms not defined in this Note are used herein as defined in the Agreement. The terms of the Agreement are incorporated into this Note by reference, and reference is hereby made to the Agreement for a more particular statement of certain representations, warranties, covenants and agreements of Maker and of Events of Default.

This Note is a revolving note and, subject to the terms and conditions of the Agreement, the Maker may, at its option, borrow, pay, prepay and reborrow under this Note, all in accordance with the provisions hereof; provided, however, that the principal balance outstanding shall at no time exceed $1,000,000.

Notwithstanding anything to the contrary contained in this Note, upon the occurrence and during the continuation of any Event of Default, interest on the outstanding principal balance of this Note and accrued but unpaid interest shall bear interest, which shall be payable on demand, at a default rate fixed in accordance with Article 5 of the Agreement until such principal and interest have been paid in full. Further, if payment of all sums due hereunder is accelerated under the terms of the Agreement, this Note, and all other indebtedness of Borrower to Lender, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

No delay or failure of Payee in exercising any right, power or privilege hereunder or under the Agreement shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges. This Note may be amended only by written agreement of Maker and Payee.

Maker acknowledges that Maker has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Maker has carefully considered and negotiated the language of this Note. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Note against the party that has drafted it is not applicable and is waived. Maker acknowledges that, with respect to this Note and the transactions contemplated by it, Maker has and will rely solely on Maker' s own judgment and advisors in entering into this Note and performing the obligations required by it to be performed by Maker without relying in any manner on any statements, representations or recommendations of Payee or any parent, subsidiary or Affiliate of Payee.

Maker irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Note. Maker irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Maker hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Maker' s agent for service of process, Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq., or as notified to Payee in accordance with the terms of the Agreement, or (ii) by serving the same upon Maker in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Maker.

MAKER WAIVES DILIGENCE, DEMAND, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS NOTE, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS NOTE OR THE INDEBTEDNESS EVIDENCED HEREBY (OTHER THAN NOTICES SPECIFICALLY REQUIRED BY THE AGREEMENT).

ADDITIONALLY, MAKER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, DEFENSE, COUNTERCLAIM, SETOFF, CROSSCLAIM AND ANY FORM OF PROCEEDING BROUGHT IN CONNECTION WITH THIS NOTE OR RELATING TO ANY INDEBTEDNESS EVIDENCED HEREBY.

MAKER ACKNOWLEDGES THAT IT HAS MADE THE FOREGOING WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THESE WAIVERS WITH ITS ATTORNEYS. MAKER FURTHER ACKNOWLEDGES THAT PAYEE HAS NOT AGREED WITH OR REPRESENTED TO MAKER THAT THE FOREGOING WAIVERS WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

This Note is issued in substitution for but not in payment of that certain Second Substitute Line of Credit Note made by Maker to Payee, dated December 15, 2015, in the principal amount of $1,000,000 (the "**Prior Note**") and does not and shall not be deemed to constitute a novation thereof. The Prior Note shall be of no further force and effect upon the execution of this Note; provided, however, that the outstanding amount of principal and interest under the Prior Note as of the date of this Note, if any, is hereby deemed indebtedness evidenced by this Note and incorporated herein by this reference.

PSYOP MEDIA COMPANY, LLC

By: _____
Robert Walston
President and Chief Executive Officer

By: _____
Thomas Boyle
Chief Financial Officer

**Exhibit 10.12**

## WAIVER AND THIRD AMENDMENT TO LOAN DOCUMENTS

This Waiver and Third Amendment to Loan Documents (this "**Amendment**") is dated April 10, 2018, and is between **PSYOP MEDIA COMPANY, LLC**, a Delaware limited liability company, having its chief executive office at 45 Howard Street, Floor 5, New York, New York 10013 ("**Borrower**") and **BNB BANK**, f/k/a Bridgehampton National Bank, as successor by merger to Community National Bank, a New York State chartered bank having an office at 2200 Montauk Highway, Bridgehampton, New York 11932 ("**Lender**").

## RECITALS

Borrower and Lender are parties to a certain Amended and Restated Loan Agreement dated April 23, 2015 (as amended, the "**Loan Agreement**"). Capitalized terms not defined in this Amendment are used as defined in the Loan Agreement.

Borrower has informed Lender that Borrower has formed Psyop Media Company UK Limited, a company incorporated in England and Wales with registered number 11272866 ("**Psyop UK**"), for the purpose of acquiring from Mark Stewart Graham (the "**Seller**") forty percent (40%) of the entire fully diluted share capital in Broken Bone Club Limited, a company incorporated in England and Wales with registered number 09986693 (the "**Broken Bone Shares**"). In connection with Psyop UK' s acquisition of the Broken Bone Shares (the "**Transaction**"), Psyop UK desires to issue vendor loan notes in an aggregate principal amount of £1,000,000 to the Seller in consideration for the 80% of the purchase price of the Broken Bone Shares (the "**Loan Notes**") and Borrower desires to guaranty to Seller payment of the Loan Notes by Psyop UK to Seller pursuant to that certain Loan Note Instrument, dated the date hereof, among Borrower, Psyop UK and Seller (the "**Loan Note Instrument**"). Psyop UK is a wholly owned Subsidiary of Psyop Media Company UK Holdings, Inc., a Delaware corporation ("**Psyop Holdings**"). Psyop Holdings is a wholly owned Subsidiary of Borrower.

Borrower has requested Lender to waive the provisions of (w) Section 10(c) of the Loan Agreement, to permit Borrower to enter into the Loan Note Instrument; (x) Section (9)(k)(i) of the Loan Agreement, to waive the requirement to provide security over Psyop UK as a Pledge Subsidiary; (y) Section 10 (j) of the Loan Agreement, to permit Borrower to form Psyop UK, to permit Psyop Holdings to acquire the share capital of Psyop UK, and to permit Borrower to make an indirect cash investment in Psyop UK of not more than £1,250,000; and (z) Section 10(e) of the Loan Agreement, to permit Psyop Holdings to acquire the share capital of Psyop UK, and Lender has agreed to do so upon and subject to the terms, conditions and provisions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Waiver.** In reliance upon the representations and warranties set forth in Article 10 and subject to the satisfaction of the conditions to effectiveness set forth in Article 9, Lender hereby waives (w) compliance with Section 10(c) of the Loan Agreement to permit Borrower to guaranty to Seller the payment by Psyop UK of the Loan Notes as set forth in the Loan Note Instrument as in effect on the date hereof; (x) the requirement under Section (9) (k)(i) of the

Loan Agreement to provide security over Psyop UK as a Pledge Subsidiary; (y) compliance with Section 10(j) of the Loan Agreement to permit Borrower to form Psyop UK, to permit Psyop Holdings to acquire the share capital of Psyop UK, and to permit Borrower to make an indirect cash investment in Psyop UK of not more than £1,250,000, such investment to consist solely of payments made if, as and when required under the Loan Note Instrument as permitted by the terms of this Agreement and the Subordination Agreement, as defined below (the "**Newco Formation Investment**"); and (z) compliance with Section 10(e) of the Loan Agreement to permit Psyop Holdings to acquire the share capital of Psyop UK. This is a limited waiver and shall not be deemed to constitute a waiver of any other provision of the Loan Documents.

2. **Section 1(b) of the Loan Agreement.** Section 1(b) of the Loan Agreement is hereby amended by adding the following new defined terms in appropriate alphabetical order:

"**Broken Bone**" means Broken Bone Club Limited, a company incorporated in England and Wales with registered number 09986693.

"**Loan Notes**" means the £1,000,000 principal amount 3% fixed rate guaranteed secured loan notes due 2022 issued by Psyop UK.

"**Psyop UK**" means Psyop Media Company UK Limited, a company incorporated in England and Wales with registered number 11272866.

"**Share Purchase Agreement**" means that certain Share Purchase Agreement, dated April 10, 2018, between Psyop UK and Mark Stewart Graham ("**Graham**") in respect of the purchase by Psyop UK from Graham of forty percent (40%) of the entire fully diluted share capital in Broken Bone.

3. **Section 9(d) of the Loan Agreement.** Clause (v) of Section 9(d) of the Loan Agreement is hereby amended and restated in its entity to read as follows:

(v) promptly upon Lender' s request therefor, such other information relating to Obligors or any Person in which any Obligor directly or indirectly owns any Equity Interests, as Lender may from time to time reasonably request.

4. **Article 9 of the Loan Agreement.** Article 9 of the Loan Agreement is hereby amended by (x) adding and" in place of the period at the end of Section 9(p); and (y) adding the following new Section 9(q):

(q) **Broken Bone Events.** Promptly (and in any event within five Business Days after Borrower the occurrence of the same) give notice to Lender of any default or claim for indemnification by either party thereto under the Share Purchase Agreement, and promptly (and in any event at least five Business Days prior to the occurrence of the same) give notice to Lender of the acquisition by Psyop UK of any additional share capital of Broken Bone.

5. **Section 10(d) of the Loan Agreement.** Section 10(d) of the Loan Agreement is hereby amended by replacing "Make any loans or advances to any Person other than:" with "Make any loans or advances to, acquire any Debt of, or make any investment (by way of contribution of capital or otherwise) in, any Person other than:",

6. **Schedule 8(h) of the Loan Agreement.** Schedule 8(h) of the Loan Agreement is hereby amended and replaced in its entirety by Schedule 8(h) to this Amendment.

7. **Confirmation by Borrower.**

(a) Borrower hereby confirms and agrees that all Loan Documents, as amended hereby, are, and shall continue to be, in full force and effect and are hereby ratified and reaffirmed in all respects. Borrower hereby reaffirms each and every one of the representations, warranties, covenants, grants, conveyances, transfers, assignments, certifications, waivers, consents, submissions to jurisdiction, acknowledgements, confirmations, indemnifications and guaranties set forth in the Loan Documents (as amended hereby). Borrower shall continue to perform and observe all terms and conditions contained in the Loan Documents, as amended hereby.

(b) Borrower hereby confirms and agrees that, notwithstanding the consummation of the transactions contemplated by this Amendment, each Security Document is, and shall continue to be, in full force and effect and is hereby ratified and reaffirmed in all respects. Without limiting the generality of the foregoing, Borrower further confirms that all indebtedness, obligations and liabilities of Borrower to Lender under the Loan Documents (as amended hereby) constitute Obligations (as defined in the Security Documents) secured by the Liens granted by Borrower to Lender pursuant to the Security Documents. In furtherance of the foregoing, Borrower acknowledges that the Liens heretofore granted to Lender under the Security Documents shall not be impaired, limited or affected in any manner whatsoever by reason of this Amendment.

8. **Continuing Validity.** Except as expressly changed by this Amendment, the terms of the Loan Documents remain unchanged and in full force and effect. Consent by Lender to this Amendment, including the granting of the waiver contained herein, does not waive Lender' s right to strict performance of the Loan Documents as amended hereby, nor obligate Lender to make any future amendments or grant any future waivers.

9. **Conditions of Effectiveness.** This Amendment shall become effective on the Business Day (the "**Third Amendment Effective Date**") on which (x) Lender has delivered an executed counterpart of this Amendment to Borrower, (y) Lender has received all of the following documents and payments:

(i) two copies of this Amendment executed by Borrower;

(ii) two copies of a Joinder and Confirmation of Guarantor Documents executed by the Guarantors and Psyop Holdings (the "**Confirmation**");

(iii) two copies of a Subordination Agreement in the form of Exhibit A hereto, executed by Borrower and Seller (the "**Subordination Agreement**");

(iv) two copies of a Pledge Amendment executed by Borrower (the "**Pledge Amendment**");

(v) two copies of an Acknowledgment of Pledge executed by Psyop Holdings (the "**Pledge Acknowledgment**");

(vi) a certificate of the Secretary of Borrower, which shall certify (a) resolutions of the managers of Borrower evidencing approval of this Amendment, the Subordination Agreement and the Pledge Amendment (the "**Borrower Documents**") and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of Borrower authorized to sign the Borrower Documents; and (c) that there has been no change to the Organizational Documents of Borrower since December 10, 2016;

(vii) a certificate of the Secretary of each Guarantor, which shall certify (a) resolutions of the managers of each Guarantor evidencing approval of the Confirmation and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of such Guarantor authorized to sign the Confirmation; and (c) that there has been no change to the Organizational Documents of such Guarantor since December 10, 2016;

(viii) a certificate of a Director of Psyop UK, which shall certify (a) resolutions of the governing body of Psyop UK evidencing approval of the Loan Note Instrument and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of Psyop UK authorized to sign the Loan Note Instrument; and (c) true, correct and complete copies of the Organizational Documents of Psyop UK;

(ix) a certificate of the Secretary of Psyop Holdings, which shall certify (a) resolutions of the board of directors of Psyop Holdings evidencing approval of the Confirmation and the Pledge Acknowledgment and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of Psyop Holdings authorized to sign the Confirmation and the Pledge Acknowledgment; and (c) true, correct and complete copies of the Organizational Documents of Psyop Holdings;

(x) the certificate(s) evidencing all of the capital stock in Psyop Holdings owned by Borrower together with an undated stock power, duly executed in blank and in form and substance reasonably satisfactory to Lender; and

(xi) payment from Borrower of all costs and expenses incurred by Lender in connection with the drafting, negotiation, execution and implementation of this Amendment and the other documents referred to herein.

If and to the extent Lender has not received at least the requisite number of originals of the documents set forth in clauses (i) through (ix) above on the Third Amendment Effective Date, Borrower shall cause such originals to be delivered to Lender or its counsel within three Business Days thereafter.

10. **Representations and Warranties.** Borrower represents and warrants to Lender that:

(a) The representations and warranties made by Obligors in the Loan Documents and which are qualified by materiality are true and correct in all respects on and as of the date hereof as if made on and as of such date;

(b) The representations and warranties made by Obligors in the Loan Documents and which are not qualified by materiality are true and correct in all material respects on and as of the date hereof as if made on and as of such date;

(c) At the time of and immediately after giving effect to this Amendment, each Obligor is in compliance with all the terms and provisions set forth the Loan Documents on its part to be observed or performed, and no Default or Event of Default is continuing on the date hereof or will result after giving effect to this Amendment;

(d) This Amendment constitutes the legal, valid and binding obligation of Borrower and is enforceable against Borrower in accordance with its terms;

(e) The execution, delivery and performance by Borrower of this Amendment (i) are and will be within its powers and authority, (ii) have been duly authorized by all necessary action of its managers and members, and (iii) do not contravene and will not be in contravention of any applicable law, or of the organizational documents of Borrower or any agreement or order by which it or any of its property is bound;

(f) No Obligor has acquired any Trademarks or Licenses (each as defined in the Trademark Security Agreements) since December 10, 2016;

(g) Borrower has no knowledge of any defense, counterclaim or offset Borrower may have with respect to any acts of Lender heretofore taken with respect to the Loan Documents or otherwise;

(h) Borrower at all times shall own 100% of the issued and outstanding shares of capital stock of Psyop Holdings, free and clear of all Liens;

(i) The Newco Formation Investment shall be used solely to pay a portion of the purchase price for the Broken Bone Shares;

(j) The purchase price for the Broken Bone Shares shall not exceed £1,250,000, of which £250,000 shall be paid at the closing of the Transaction and the balance of which shall be paid in 48 equal monthly installments, with interest at not more than 3% per annum;

(k) After giving effect to the Transaction, Psyop UK will own 40% of the entire fully diluted share capital in Broken Bone Club Limited, free and clear of all Liens other than the Liens (x) securing payment of the portion of the purchase price of the Broken Bones Shares not being paid at the closing of the Transaction (which Lien shall be limited to 80% of the Broken Bone Shares); and (y) existing under the shareholders' agreement of Broken Bone Club Limited;

(l) Psyop UK, upon consummation of the Transaction, will be an Affected Foreign Subsidiary and will not be a Material Subsidiary. Borrower shall promptly notify Lender if, at any time after the consummation of the Transaction, Psyop UK ceases to be an Affected Foreign Subsidiary and or becomes a Material Subsidiary; and

(m) Psyop Holdings is a Domestic Subsidiary and is not a Material Subsidiary. Borrower shall promptly notify Lender if, at any time after the consummation of the Transaction, Psyop Holdings ceases to be a Domestic Subsidiary and or becomes a Material Subsidiary.

11. **Transaction Documents.** Within ten Business Days after consummation of the Transaction, Borrower shall deliver to Lender a true, correct and complete set of all agreements and documents executed or delivered in connection with the Transaction.

12. **General Release and Covenant Not to Sue.**

(a) In consideration of the agreements of Lender contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender, its predecessors, successors and assigns (Lender and all such other parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the date of this Amendment.

(b) Borrower understands, acknowledges and agrees that the release set forth above may be pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the release set forth above,

(d) Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, jointly and severally, covenants and agrees with each Releasee that Borrower will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by Borrower pursuant to this Section. If Borrower violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

(e) This Article 12 shall survive payment in full of the Obligations.

13. **Entire Agreement; Waiver of Counterclaims.** This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof. No representations or warranties have been made by or on behalf of Lender, or relied upon by Borrower, pertaining to the subject matter of this Amendment, other than those set forth in this Amendment. **Borrower, to the extent permissible by law, waives offset and counterclaim with respect to any action arising out of or relating to this Amendment.**

14. **No Release of Obligations.** Nothing contained herein shall in any way release Borrower of its obligations to make all payments under the Loan Agreement, as amended hereby, or the Line of Credit Note. This Amendment does not constitute the creation of a new debt or extinguishment of the debt evidenced by the Line of Credit Note, nor shall it be deemed or construed to be a satisfaction, reinstatement, novation or release of the Line of Credit Note.

15. **No Limitation of Remedies.** No right, power or remedy conferred upon or reserved to or by Lender in this Amendment is intended to be exclusive of any other right, power or remedy conferred upon or reserved to or by Lender under Loan Documents, in equity or at law, but each and every remedy shall be cumulative and concurrent, and shall be in addition to each and every other right, power and remedy given under the Loan Documents or now or subsequently existing in equity or at law.

16. **No Other Waivers or Amendments.** The execution, delivery and effectiveness of this Amendment shall not: (a) except as expressly set forth herein, constitute an extension, modification, or waiver of any aspect of the Loan Documents; (b) except as expressly set forth herein, constitute a waiver of any rights or remedies of Lender under the Loan Documents, in equity or at law; (c) give rise to any obligation on the part of Lender to modify or waive any term or condition of the Loan Documents or to further extend the maturity date of the Loan Documents; (d) give rise to any defenses or counterclaims to the right of Lender to compel payment of the obligations of Borrower under the Loan Documents or to otherwise enforce its rights and remedies under the Loan Documents; or (e) establish a custom or course of dealing between Borrower or Lender, except as specifically set forth herein. Except as expressly limited herein, Lender hereby expressly reserves all of its rights and remedies under the Loan Documents and under applicable law. No delay or failure on the part of any party hereto in the exercise of any right or remedy under this Amendment shall operate as a waiver, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action or forbearance by any party hereto contrary to the provisions of this Amendment shall be construed to constitute a waiver of any of the express provisions. Any party hereto may in writing expressly waive any of such party' s rights under this Amendment without invalidating this Amendment.

17. **Successors or Assigns.** This Amendment is binding upon Borrower, its successors and permitted assigns and shall inure to the benefit of Lender, its successors and assigns. Borrower may not assign this Amendment or any of its obligations hereunder without the prior written consent of Lender.

18. **Construction.** Each party hereto acknowledges that it has participated in the negotiation of this Amendment and no provision shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Borrower at all times has had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Amendment. Borrower has had the opportunity to review and analyze this Amendment for a sufficient period of time prior to execution and delivery. All of the terms of this Amendment were negotiated at arm' s length, and this Amendment was prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any of the parties upon the others. The execution and delivery of this Amendment is the free and voluntary act of Borrower. Unless the context requires otherwise, all words used herein in the singular number will extend to and include the plural, all words in the plural number will extend to and include the singular and all words in any gender will extend to and include all genders.

19. **Invalid Provisions.** If any clause or provision operates or would prospectively operate to invalidate this Amendment, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Amendment shall remain operative and in full force and effect.

20. **Headings.** The headings of the articles of this Amendment are for the convenience of reference only, are not to be considered a part of this Amendment and shall not be used to construe, limit or otherwise affect this Amendment.

21. **Modifications.** The terms of this Amendment may not be modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against whom the enforcement of the modification, waiver, discharge or termination is asserted.

22. **Counterparts; Facsimile Copies.** This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer' s execution.

23. **Governing Law.** THIS AMENDMENT HAS BEEN EXECUTED AND IS TO BE PERFORMED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

24. **Jurisdiction.** Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the

fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Borrower' s agent for service of process, Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq., or as notified to Lender in accordance with the terms of this Agreement, or [ii) by serving the same upon Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Borrower.

25. **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AMENDMENT. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.**

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SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, Borrower and Lender have signed this Waiver and Third Amendment to Loan Documents on the date first set forth above.

BORROWER:

PSYOP MEDIA COMPANY, LLC

By: /s/ Thomas Boyle
Name: Thomas Boyle
Title: C.F.O

By: /s/ Hunt Ramsbottom
Name: Hunt Ramsbottom
Title: CEO

LENDER:

BNB BANK

By: /s/ JoAnn Bello
JoAnn Bello, Vice President

*SIGNATURE PAGE TO WAIVER AND THIRD AMENDMENT TO LOAN DOCUMENTS*

**SCHEDULE 8(h)**
**SUBSIDIARIES OF BORROWER**

| Name | Jurisdiction of Organization and Type of Entity | Type of Subsidiary |
|---|---|---|
| Blacklist Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Feature Animation, LLC | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Film and Television, LLC | Delaware limited liability company | Domestic Non-Operating Subsidiary |
| Psyop Film and Television, ULC | British Columbia unlimited liability corporation | First Tier Foreign Operating Subsidiary |
| Psyop Filmed Entertainment, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Games, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Live, Inc. | New York corporation | Domestic Non-Operating Subsidiary |
| Psyop Media Company Cyprus Limited | Cyprus limited company | First Tier Foreign Non-Operating Subsidiary |
| Psyop Productions, LLC | Delaware limited liability company | Domestic Operating Subsidiary |
| Psyop Media Company UK Limited | Private limited company incorporated in England and Wales | First Tier Foreign Operating Subsidiary and Affected Foreign Subsidiary |
| Psyop Media Company UK Holdings, Inc. | Delaware corporation | Domestic Operating Subsidiary |

**SUBORDINATION AGREEMENT**

THIS SUBORDINATION AGREEMENT (this "**Agreement**") is dated April 10, 2018, and is among **MARK STEWART GRAHAM,** having an address at 276 Sea Front, Hayling Island, Hampshire, PO11 OAZ, United Kingdom ("**Graham**"), **PSYOP MEDIA COMPANY, LLC,** a Delaware limited liability company, having its chief executive office at 45 Howard Street, Floor 5, New York, New York 10013 ("**Obligor**"), and **BNB BANK,** f/k/a Bridgehampton National Bank, as successor by merger to Community National Bank, a New York State chartered bank having an office at 2200 Montauk Highway, Bridgehampton, New York 11932 ("**BNB**").

RECITAL

Obligor and BNB have entered into that certain Amended and Restated Loan Agreement dated April 23, 2015, pursuant to which Lender makes certain credit facilities available to Borrower.

Obligor is the sole shareholder of Psyop Media Company Holdings, Inc., a Delaware corporation ("**Psyop Holdings**"). Psyop Holdings is the sole shareholder of Psyop Media Company UK Limited, a company incorporated in England and Wales with registered number 11272866 ("**Psyop UK**"). Psyop UK and Graham have entered into a certain Share Purchase Agreement dated the date hereof, pursuant to which Psyop UK has agreed to purchase from Graham 40% of the entire fully diluted share capital in Broken Bone Club Limited, a company incorporated in England and Wales with registered number 09986693 (the "**Broken Bone Shares**").

Obligor, Psyop UK and Graham have entered into that certain Loan Note Instrument, pursuant to which, among other things, Obligor has agreed to guaranty to Graham the payment of £1,000,000 principal amount 3% fixed rate guaranteed secured loan notes due 2022 issued by Psyop UK for the purpose of satisfying part of the consideration to be provided by Psyop UK with respect to the purchase of the Broken Bone Shares (the "**Psyop UK Notes**") (as amended, restated, supplemented or otherwise modified from time to time in accordance with Article 11 and the Senior Credit Agreement, the "**Loan Note Instrument**").

Obligor has requested that BNB consent to Obligor entering into the Loan Note Instrument, and BNB has agreed to do so pursuant to and in accordance with the Third Amendment if, among other things, the Subordinated Creditor agrees to subordinate the Subordinated Obligations in the manner set forth in this Agreement.

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. **Definitions.** As used herein the following terms have the following meanings:

"**Bankruptcy**" means the occurrence of any of the events in Section 12(h) or 12 (i) of the Senior Credit Agreement.

"**Bankruptcy Code**" means Title 11 of the United States Code or any similar federal or state law for the relief of debtors, each as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which commercial banks in New York City, New York are authorized or required by law to close.

"**Collateral**" means all Property and interests in Property that now or hereafter secures the payment and performance of any of Senior Debt, including all proceeds thereof,

"**Indebtedness**" as applied to any Person, means (i) all indebtedness for borrowed money, (ii) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with generally accepted accounting principles, (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (iv) any obligation owed for all or any part of the deferred purchase price of property or services, which purchase price is (a) due more than six months from the date of incurrence of the obligation in respect thereof or (b) evidenced by a note or similar written instrument, (v) all indebtedness secured by any lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, and (vi) any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (i) through (v) above.

"**Lender**" means BNB and each other bank or other financial institution now or hereafter party to the Senior Credit Agreement, and "**Lenders**" means BNB and all other such banks and financial institutions, collectively.

"**Lien**" means any mortgage, deed of trust, lien (statutory or other), pledge, hypothecation, assignment, preference, priority, security interest, or any other encumbrance or charge (including any conditional sale or other title retention agreement, any sale-leaseback, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement or similar instrument under the Uniform Commercial Code or comparable law of any other jurisdiction, domestic or foreign, and mechanics' , materialmen' s and other similar liens and encumbrances).

"**Loan Note Instrument**" has the meaning given such term in the Recitals.

"**Non-Payment Blockage Notice**" has the meaning set forth in Section 4(b).

"**Non-Payment Default**" has the meaning set forth in Section 4(b).

"**Payment Default**" has the meaning set forth in Section 4(b).

"**Payment in Full**" means that (i) all Senior Debt has been paid indefeasibly in full in cash (and then only after any such payment may not be set aside under any provision of law), (ii) Senior Creditors' Lien in the Collateral has been terminated, (iii) any commitments to lend under the Senior Credit Agreement have been terminated, and (iv) any letters of credit issued under the Senior Credit Agreement have been cancelled or have terminated.

"**Permitted Payments**" has the meaning set forth in Section 4(b).

"**Person**" means any individual, corporation, partnership, joint venture, limited liability company, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity.

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"**Senior Credit Agreement**" means the Amended and Restated Loan Agreement dated April 23, 2015, by and among Obligor and the Lenders from time to time parties thereto, as such agreement may be amended, supplemented, restated, amended and restated, refinanced, restructured or otherwise modified from time to time (in whole or in part without limitation as to terms, extensions of maturities, increasing the amount of borrowings or other conditions or covenants), and all related notes, collateral documents, guarantees, instruments and agreements entered into in connection therewith, as the same may be amended, supplemented, restated, restructured, amended and restated, refinanced or otherwise modified from time to time.

"**Senior Creditor**" means any Person now or hereafter holding Senior Debt, including BNB or any other Lender, and "**Senior Creditors**" means all such Persons, collectively.

"**Senior Creditor Majority**" has the meaning set forth in Section 9(f).

"**Senior Debt**" means (i) all Indebtedness, obligations and other liabilities of Obligor, whether outstanding as of the date hereof or hereafter created, incurred or assumed by Obligor, arising under or in respect of the Senior Credit Agreement and the other Loan Documents (as defined in the Senior Credit Agreement) including, without limitation, the principal of, the premium and interest on, all loans, letters of credit, guaranties and other extensions of credit under the Senior Credit Agreement and the other Loan Documents and all commitment, facility, agency and other fees payable under or in connection therewith and all expenses, reimbursements, indemnities and other amounts and liabilities payable or owing by Obligor thereunder and further including any of the foregoing obligations and amounts which would become due or accrue or arise but for the commencement of any applicable Bankruptcy, whether or not a claim is allowed for the same in any such proceeding and (ii) any amendments, supplements, amendments and restatements, refinancings, restructurings, renewals, extensions or modifications of any of the foregoing.

"**Subordinated Creditor**" means each of Graham and each other Person who, now or in the future, is a beneficiary under the Loan Note Instrument, and "**Subordinated Creditors**" means all such Persons, collectively.

"**Subordinated Obligations**" means (i) all Indebtedness and any other obligations or liabilities of Obligor, whether outstanding as the date hereof or hereafter created, incurred or assumed by Obligor, arising under or in respect of the Loan Note Instrument, including the principal of and interest on, the Psyop UK Notes and any other payments or fees payable thereunder or pursuant thereto and all expenses, reimbursements, indemnities and amounts and liabilities payable or owing by Obligor thereunder and further including any of the foregoing obligations and amounts which would become due or accrue or arise but for the commencement of any applicable Bankruptcy, whether or not a claim is allowed for the same in any such proceeding, and (ii) any amendments, restatements, refinancings, restructurings, renewals, extensions or modifications of any of the foregoing.

"**Third Amendment**" means that certain Waiver and Third Amendment to Loan Documents, dated the date hereof, between Obligor and BNB.

2. **Obligations Subordinate to Senior Debt.** Obligor covenants and agrees, and each Subordinated Creditor likewise covenants and agrees, that (a) to the extent and in the manner hereinafter set forth in this Agreement, the payment of the Subordinated Obligations is hereby expressly made subordinated and subject in right of payment to the prior payment in full in cash of all Senior Debt and (b) the terms and conditions of such subordination are for the benefit of Senior Creditors and each Senior Creditor may enforce such subordination. The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of Senior Creditors and Subordinated Creditor even if all or part of the Senior Debt or the Liens securing the Senior Debt are subordinated, set aside, avoided, invalidated or disallowed in connection with any Bankruptcy.

3. **Payment of Proceeds Upon Dissolution; Bankruptcy.**

(a) In the event of any Bankruptcy:

(i) Senior Creditors shall be entitled to receive payment in full in cash of all amounts due or to become due on or in respect of all Senior Debt (including any interest, fees or other amounts that will become due but for the commencement of any Bankruptcy at the rates specified in the Senior Credit Agreement, whether or not a claim for any of the same is allowed) before any Subordinated Creditor is entitled to receive any direct or indirect payment, redemption or other distribution on account of Subordinated Obligations, including by exercise of set-off and any payment, redemption or other distribution that may be payable or deliverable by reason of any other Indebtedness being subordinated in right of payment to the Subordinated Obligations;

(ii) any payment, redemption or other distribution of assets of Obligor of any kind or character, whether in cash, property or securities (including securities of Obligor or any successor), by set-off or otherwise, to which any Subordinated Creditor would be entitled

on account of the Subordinated Obligations but for the provisions of this Agreement, including any such payment, redemption or other distribution that may be payable or deliverable by reason of the payment of any other Indebtedness of such Obligor being subordinated to the payment of Subordinated Obligations, shall be paid by the liquidating trustee or agent or other Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to Senior Creditors, to the extent necessary to make payment in full in cash of all such Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution to or for Senior Creditors;

(iii) if, notwithstanding the foregoing, any Subordinated Creditor shall have received any such payment, redemption or other distribution of assets of Obligor of any kind or character on account of the Subordinated Obligations, whether property or securities (including securities of Obligor or any successor thereto), including any such payment, redemption or other distribution that may be payable or deliverable by reason of the payment of any other Indebtedness of Obligor being subordinated to the payment of the Subordinated Obligations before all Senior Debt is paid in full, then such payment, redemption or other distribution shall be paid over or delivered, in accordance with Article 9, forthwith to the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee, agent or other Person making payment or distribution of assets of Obligor for application to the payment of all Senior Debt remaining unpaid, to the extent necessary to pay such Senior Debt in full in cash, after giving effect to any concurrent payment, redemption or other distribution to or for Senior Creditors;

(iv) Subordinated Creditor shall not, in its capacity as a Subordinated Creditor, support or vote in favor of any plan of reorganization (and it shall be deemed to have voted to reject any plan of reorganization) that is inconsistent with any of the terms of this Agreement;

(v) Subordinated Creditor agrees that, until Payment in Full, Subordinated Creditor shall not, without the prior written consent of Senior Creditors, seek or request relief from or modification of the automatic stay or any other stay in any Bankruptcy with respect to Obligor in respect of any part of the Collateral, any proceeds thereof or any lien of Subordinated Creditor; and

(vi) this Agreement shall be applicable both before and after the institution of any proceeding involving Obligor, including the filing of any petition by or against Obligor under the Bankruptcy Code, and all references herein to Senior Creditors shall be deemed to apply to the trustee of Senior Creditors as debtor-in-possession. This Agreement shall constitute a Subordination Agreement for the purpose of Section 510(a) of the Bankruptcy Code and shall be enforceable in any proceeding in accordance with its terms.

(b) If, notwithstanding the provisions of this Agreement, there shall occur any consolidation of Obligor with, or any merger of Obligor into, another corporation or other entity or the liquidation or dissolution of Obligor following any conveyance, transfer or lease of its properties and assets substantially as an entirety to another corporation or entity in accordance with the terms of the Senior Credit Agreement, such consolidation, merger or liquidation shall not be deemed a Bankruptcy; provided that no Bankruptcy other than as described in this Section 3(b) shall have occurred and be continuing at the time of such consolidation, merger or liquidation.

(c) In order to enable any Senior Creditor or any trustee, agent or representative acting on behalf of any Senior Creditor to enforce its rights hereunder in any Bankruptcy, each Senior Creditor is hereby irrevocably authorized and empowered during the course of any such Bankruptcy in its respective discretion to present for and on behalf of the Subordinated Creditors such proofs of claim against Obligor on account of the Subordinated Obligations as such Senior Creditor may deem expedient or proper and to vote such proofs of claim in any such Bankruptcy if the Subordinated Creditors shall not have filed a proof of claim and provided such Senior Creditor with a copy of such proof of claim with an acknowledgement of filing by a date ten days prior to the date on which such filing would be barred.

4. **Payments.**

(a) Until Payment in Full, Subordinated Creditor shall not, without the prior written consent of a Senior Creditor Majority, ask for, demand, receive (by way of voluntary payment, acceleration, set-off or counterclaim, foreclosure or other realization on security, dividends in Bankruptcy or otherwise) or accept any payment, redemption or other distribution on account of the Subordinated Obligations, take any action, judicial or otherwise, to accelerate or collect payment on the Subordinated Obligations, pursue any other remedy with respect to the Subordinated Obligations (including commencing or joining with any other creditor of any Obligor in commencing any proceeding in bankruptcy), or exercise any right of or permit any setoff in respect of the Subordinated Obligations.

(b) Notwithstanding the foregoing, in accordance with the terms of the Loan Note Instrument, Obligor may make, and Subordinated Creditor may accept and receive, payments in redemption of the Psyop UK Notes on the dates and in the amounts set forth on Exhibit A hereto (but not prepayments, whether upon acceleration or otherwise) together with accrued and unpaid interest up to (but excluding) the date of such payment (at a per annum rate not in excess of 3% per annum) ("**Permitted Payments**"); provided, however, that if (i) Obligor fails to pay when due (after giving effect to any applicable grace periods), upon acceleration or otherwise, any amount or obligation with respect to Senior Debt (a "**Payment Default**"), which Payment Default shall not have been cured or waived in writing in accordance with the terms of the Senior Credit Agreement, or (ii) an Event of Default (other than a Payment Default) under and as defined in the Senior Credit Agreement shall occur and be continuing, which shall not have been cured or waived in writing in accordance with the terms of the Senior Credit Agreement or otherwise cease to exist (a "**Non-Payment Default**"), and Obligor and each Subordinated Creditor receives written notice of such Non-Payment Default from the holders of at least a majority in aggregate principal amount of the Senior Debt under the Senior Credit Agreement at the time outstanding fa "**Non-Payment Blockage Notice**"), then no Permitted Payment or any other payment, redemption or other distribution on account of the Subordinated Obligations shall thereafter be made by Obligor or accepted by Subordinated Creditor (x) in the case of any Payment Default, unless and until the earlier of (1) the date on which Payment in Full occurs, or (2) the date, if any, such Payment Default shall have been cured or waived in writing in accordance with the terms of the Senior Credit Agreement, or (y) in the case of any Non-Payment Default, from the date on which Obligor and each Subordinated Creditor receive

such Non-Payment Blockage Notice until (but excluding) the earlier of (1) 179 days after such date, or (2) the Payment in Full occurs, or (3) the date, if any, on which such Non-Payment Default is waived in accordance with the terms of the Senior Credit Agreement or otherwise cured or ceases to exist.

(c) If, notwithstanding the foregoing, any Subordinated Creditor shall have received any payment, redemption or other distribution on account of the Subordinated Obligations contrary to the foregoing provisions of this Article 4, then such payment, redemption or other distribution shall be paid over and delivered forthwith to Senior Creditors (or their agent or trustee) in accordance with Article 9.

5. **Subrogation to Rights of Senior Creditors.** Subject to, and solely effective following, Payment in Full, the Subordinated Creditors shall be subrogated to the rights of Senior Creditors to receive payments and distributions of cash, property and securities applicable to Senior Debt to the extent of the payments or distributions made to any Senior Creditor, or otherwise applied to payment of the Senior Debt pursuant to the provisions of this Agreement, until the principal of and interest on the Subordinated Obligations shall be paid in full in cash. For purposes of such subrogation, no payments or distributions to any Senior Creditor of any cash, property or securities to which the Subordinated Creditors would be entitled except for the provisions of this Agreement, and no payments over pursuant to the provisions of this Agreement to any Senior Creditor by the Subordinated Creditors shall, as among Obligor, its creditors (other than Senior Creditors) and the Subordinated Creditors, be deemed to be a payment or distribution by Obligor to or on account of the Senior Debt.

6. **Provisions Solely to Define Relative Rights; Limited Notice and Consent Requirements.** The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the Subordinated Creditors on the one hand and Senior Creditors on the other hand. Nothing contained in this Agreement is intended to or shall (i) impair, as among Obligor, its creditors (other than Senior Creditors) and the Subordinated Creditors, the obligation of Obligor, which is absolute and unconditional, to pay to the Subordinated Creditors any amount payable by Obligor under the Loan Note Instrument as and when the same shall become due and payable in accordance with its terms; or (ii) affect the relative rights against Obligor of the Subordinated Creditors and Obligor' s creditors (other than Senior Creditors); or (iii) prevent the Subordinated Creditors from exercising all remedies otherwise permitted by applicable law upon default under the Subordinated Documents, subject to the rights, if any, of Senior Creditors under this Agreement (x) upon the occurrence of a Bankruptcy, to receive, pursuant to and in accordance with Article 3, cash, property and securities otherwise payable or deliverable to the Subordinated Creditors, or (y) under the conditions specified in Article 4, to prevent any payment, redemption or other distribution prohibited by such Article.

7. **No Waiver of Subordination Provisions; Amendment.** No right of any present or future Senior Creditor to enforce subordination as provided herein shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Obligor or by any act, or failure to act, in good faith on the part of any such Senior Creditor, or by any non-compliance by Obligor with the terms, provisions, and covenants of this Agreement, regardless of any knowledge thereof any such Senior Creditor may have or be otherwise charged with.

8. **Reliance on Judicial Order or Certificate of Liquidating Agent.** Upon any payment or distribution of assets of Obligor or any other payment, redemption or other distribution on account of the Subordinated Obligations referred to in this Agreement, the Subordinated Creditors shall be entitled to rely upon any unstayed, final, nonappealable order or decree entered by any court of competent jurisdiction in which a Bankruptcy is pending for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, Senior Creditors, and all other facts pertinent thereto or to this Agreement.

9. **Turnover; Miscellaneous Subordination Provisions.**

(a) If a payment, redemption or other distribution is made to any holder of Subordinated Obligations that because of this Agreement should not have been made to it, such holder shall segregate such payment redemption or other distribution from its other funds and property and hold it in trust for the benefit of, and, upon written request, pay it over (in the same form as received, with any necessary endorsement) to, Senior Creditors as their respective interests may appear, for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for the payment or prepayment of, all obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for Senior Creditors.

(b) A distribution may consist of cash, securities or other property, by set-off or otherwise, and a payment or distribution on account of any obligations with respect to the holders of Subordinated Obligations shall include any redemption, purchase or other acquisition of the Subordinated Obligations.

(c) For the purpose of this Agreement, all Senior Debt now or hereafter existing shall not be deemed to have been paid in full unless Senior Creditors shall have received payment in full in cash.

(d) All rights and interests under this Agreement of Senior Creditors, and all agreements and obligations of the holders of Subordinated Obligations and Obligor under this Agreement, shall remain in full force and effect irrespective of (i) any lack of validity or enforceability of the Senior Credit Agreement, any promissory notes evidencing the Indebtedness thereunder, or any other agreement or instrument relating thereto or to any other Senior Debt, including any agreement referred to in the definition of Senior Credit Agreement, (ii) any change in the time, manner, place or terms of payment, or in any other term of, all or any part of the Senior Debt, or any other amendment or waiver of or any consent to modify the Senior Debt or the Senior Credit Agreement, including any increase in the obligations under the Senior Debt from additional extensions of credit to Obligor or otherwise, (iii) any taking, exchange, release or non-perfection of any Collateral, or any taking, release or amendment or other modification of any guaranty, for the Senior Debt, (iv) any exercise or failure to exercise any right against Obligor or any other Person, or (v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any holder of Subordinated Obligations or Obligor. Senior Creditors may take any of the actions described in clauses (ii), (iii), and (iv), and may take any action which might otherwise constitute a defense to or a discharge of any holder

of Subordinated Obligations or Obligor, at anytime and from time to time without the consent of or notice to Subordinated Creditor, without incurring liability to Subordinated Creditor and without impairing or releasing the obligations of Subordinated Creditor under this Agreement.

(e) The provisions set forth in this Agreement constitute a continuing agreement and shall (i) be and remain in full force and effect until Payment in Full, (ii) be binding upon the holders of Subordinated Obligations, Obligor and their respective successors, transferees and assigns, and (iii) inure to the benefit of, and be enforceable directly by, each of Senior Creditors and their respective successors, transferees and assigns.

(f) No waiver of the rights of Senior Creditors hereunder shall be deemed made unless the same shall be in writing, duly signed by authorized officers of the holders of a majority of the outstanding principal amount of the Senior Debt (a "**Senior Creditor Majority**"), and each waiver, if any, shall apply only to the specific instance involved and shall in no way impair the rights of such holder, or the obligations of the Subordinated Creditors, in any other respect at any other time.

(g) The subordination provisions contained herein are for the benefit of the holders of the Senior Debt from time to time and, until Payment in Full may not be rescinded, canceled or modified in any way without the prior written consent thereto of all holders of Senior Debt and the Subordinated Creditors.

(h) No Subordinated Creditor shall make or permit any assignment, transfer, pledge, or disposition for collateral purposes or otherwise, of all or any part of the Subordinated Obligations, so long as this Agreement remains in effect; provided that any Subordinated Creditor shall be permitted to make an assignment, transfer, pledge, or disposition for collateral purposes or otherwise, of all or any part of the Subordinated Obligations, so long as prior to any such assignment, transfer, pledge, or disposition such Person agrees in a writing delivered to Senior Creditors to be bound by the terms of this Agreement, such writing to be satisfactory in form and substance to a Senior Creditor Majority.

(i) This Agreement constitutes a continuing agreement of subordination, even though at times there are no outstanding extensions of credit under the Senior Credit Agreement or other agreements evidencing the Senior Debt.

(j) Each Subordinated Creditor delivers this Agreement based solely on such Subordinated Creditor' s independent investigation of (or decision not to investigate) the financial condition of Obligor and Psyop UK and is not relying on any information furnished by any Senior Creditor. Each Subordinated Creditor assumes full responsibility for obtaining any further information concerning the financial condition of Obligor and Psyop UK, the status of the Senior Debt or any other matter which such Subordinated Creditor may deem necessary or appropriate now or later. Each Subordinated Creditor waives any duty on the part of any Senior Creditor and agrees that such Subordinated Creditor is not relying upon nor expecting any Senior Creditor to disclose to such Subordinated Creditor any fact now or later known by any Senior Creditor, whether relating to the operations or condition of Obligor, Psyop UK, the existence, liabilities or financial condition of any guarantor of the Senior Debt, the occurrence of any default with respect to the Senior Debt, or otherwise, notwithstanding any effect such fact may

have upon such Subordinated Creditor' s risk or such Subordinated Creditor' s rights against Obligor. Each Subordinated Creditor knowingly accepts the full range of risk encompassed in this Agreement, which risk includes, without limitation, the possibility that Obligor may incur Senior Debt to Senior Creditors after the financial condition of Obligor, or its ability to pay its debts as they mature, has deteriorated. Each Subordinated Creditor acknowledges and agrees that Senior Creditors' rights under this Agreement are not conditioned upon pursuit by any Senior Creditor of any remedy any Senior Creditor may have against any Obligor, Psyop UK or any other Person or any other security.

(k) The Senior Creditors, in their sole discretion, without notice to any Subordinated Creditor, may release, exchange, enforce and otherwise deal with any security now or later held by any Senior Creditors for payment of the Senior Debt or release any party now or later liable for payment of the Senior Debt without affecting in any manner Senior Creditors' rights under this Agreement. Each Subordinated Creditor acknowledges and agrees that no Senior Creditor has any obligation to acquire or perfect any lien on or security interest in any asset(s), whether realty or personalty, to secure payment of the Senior Debt, and such Subordinated Creditor is not relying upon assets in which Senior Creditors have or may have a lien or security interest for payment of the Senior Debt.

(l) Notwithstanding any prior revocation, termination, surrender, or discharge of this Agreement in whole or in part, the effectiveness of this Agreement shall automatically continue or be reinstated to the extent effective under applicable law if any payment received or credit given by any Senior Creditor in respect of the Senior Debt is returned, disgorged, or rescinded under any applicable state or federal law, including laws pertaining to bankruptcy or insolvency, in which case this Agreement shall be enforceable against any Subordinated Creditor as if the returned, disgorged, or rescinded payment or credit had not been received or given by any Senior Creditor, and whether or not any Senior Creditor relied upon this payment or credit or changed its position as a consequence of it. In the event of continuation or reinstatement of this Agreement, each Subordinated Creditor agrees upon demand by a Senior Creditor Majority to execute and deliver to Senior Creditors those documents which a Senior Creditor Majority determines are necessary to further evidence (in the public records or otherwise) this continuation or reinstatement, although the failure of such Subordinated Creditor to do so shall not affect in any way the reinstatement or continuation.

(m) Each Subordinated Creditor waives any right to require any Senior Creditor to: (i) proceed against any Person or property; (ii) give notice of the terms, time and place of any public or private sale of personal property security held from Obligor or any other Person, or otherwise comply with Section 9-504 of any applicable Uniform Commercial Code; or (iii) pursue any other remedy in such Senior Creditor' s power. Except as otherwise provided in this Agreement, each Subordinated Creditor waives notice of acceptance of this Agreement and presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment of any Senior Debt, any and all other notices to which the undersigned might otherwise be entitled, and diligence in collecting any Senior Debt, and agrees that Senior Creditors may, once or any number of times, modify the terms of any Senior Debt, compromise, extend, increase, accelerate, renew or forbear to enforce payment of any or all Senior Debt, or permit Obligor to incur additional Senior Debt, all without notice to any Subordinated Creditor and without affecting in any manner the unconditional obligations of any Subordinated Creditor under this Agreement.

(n) Each Subordinated Creditor acknowledges that Senior Creditors have the right to sell, assign, transfer, negotiate or grant participations or any interest in, any or all of the Senior Debt and any related obligations, including this Agreement. Each Subordinated Creditor further agrees that each Senior Creditor may disclose such documents and information to Obligor or any of its Subsidiaries or Affiliates (each as defined in the Senior Credit Agreement). Each Subordinated Creditor further agrees that any Senior Creditor may provide information relating to this Agreement or relating to such Subordinated Creditor such Senior Creditor' s parent, Affiliates, Subsidiaries and service providers. Each Subordinated Creditor further agrees that if the Senior Debt is replaced with a new credit facility, such Subordinated Creditor shall enter into a subordination agreement with the refinancing or replacing lenders with substantially the same terms and conditions of this Agreement and such subordination shall extend for the term of the replacing or refinanced credit facility.

(o) Subordinated Creditors agree to reimburse Senior Creditors upon demand for any and all reasonable costs and expenses (including court costs, legal fees, and reasonable attorney fees, whether or not suit is instituted and, if instituted, whether at the trial or appellate level, in a bankruptcy, probate or administrative proceeding, or otherwise) incurred in successfully enforcing any of the duties and obligations of Subordinated Creditors under this Agreement.

(p) Each Subordinated Creditor waives any defense against the enforceability of this Agreement based upon or arising by reason of the application by Obligor of the proceeds of any Indebtedness for purposes other than the purposes represented by Obligor to Senior Creditors or intended or understood by Senior Creditors or any Subordinated Creditor.

(q) The rights of Senior Creditors under this Agreement are in addition to, and not in substitution of, their respective rights under applicable law.

(r) Subordinated Creditors shall not to initiate, prosecute or participate in any claim, action or other proceeding contesting the enforceability, validity, perfection or priority of the Senior Debt or any Liens securing the Senior Debt.

(s) At no time shall the Subordinated Obligations be secured, in whole or in party, by a Lien on any Property of Obligor.

10. **Loan Note Instrument Provisions.** Subordinated Creditors and Obligor will cause the Loan Note Instrument to contain substantially the following provisions:

> "The obligations of Guarantor contained in Clause 6 of the Loan Note Instrument and paragraph 12 of Schedule 2 *(Conditions)* of the Loan Note Instrument and all amounts payable by Guarantor thereunder are subordinated to the extent and in the manner provided in the Subordination Agreement dated as of April , 2018, among Mark Graham, Guarantor and BNB Bank (as such Subordination Agreement may be amended, restated, amended and

restated, supplemented or otherwise modified from time to time, the "Subordination Agreement"). The provisions of each of such Clause 6, paragraph 12 and the Subordination Agreement shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold Senior Debt (as defined in the Subordination Agreement), and such provisions are made for the benefit of the holders of the Senior Debt, and such holders are made obligees hereunder and any one or more of them may enforce such provisions."

11. **Amendment of Loan Note Instrument.** Each Subordinated Creditor hereby agrees that it will not amend, modify or otherwise alter (or suffer to be amended, modified or altered, to the extent such matters are within the control of any such Subordinated Creditor) any provision of the Loan Note Instrument binding upon the Obligor, including Clause 6 of the Loan Note Instrument and paragraph 12 of Schedule *2 (Conditions)* of the Loan Note Instrument, without prior written notice to and the approval of a Senior Creditor Majority.

12. **Representations and Warranties.** Each Subordinated Creditor represents and warrants to Senior Creditors that:

(a) Subordinated Creditor is the holder of the Subordinated Obligations free and clear of all Liens, is not subject to any contractual limitation or restriction which would impair in any way its ability to execute or perform its obligations under this Agreement, and has not made or permitted to be made any assignment, transfer, pledge, or disposition for collateral purposes or otherwise, of all or any part of the Subordinated Obligations; and

(b) The Subordinated Obligations are not secured by a Lien on any asset of Obligor.

13. **General Provisions.**

(a) **Entire Agreement.** This Agreement is an integrated document, contains a complete statement of all agreements among the parties hereto with respect to the subject matter hereof and supersedes any and all previous agreements, written or oral, between such parties concerning its subject matter. This Agreement shall not be varied by parol evidence.

(b) **Governing Law.** THIS AGREEMENT AND ALL THE TERMS HEREIN, INCLUDING THE TERMS REGARDING SUBORDINATION, SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF.

(c) **Jurisdiction; Service of Process.** Obligor and each Subordinated Creditor irrevocably submits to the nonexclusive jurisdiction of any United States Federal or state court sitting in Nassau County or United States Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Obligor and each Subordinated Creditor irrevocably waives, to the fullest extent it

may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Final judgment against Obligor or any Subordinated Creditor in any such suit, action, or proceeding shall be conclusive and may be enforced in any other jurisdiction, including the country in which Obligor or any Subordinated Creditor is domiciled, by suit on the judgment. Obligor and each Subordinated Creditor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on such Person' s agent for service of process, or (ii) by serving the same upon such Person in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on such Person. Nothing in this Article 13 shall affect the right of any Senior Creditor to (x) commence legal proceedings or otherwise sue Obligor or any Subordinated Creditor in the country in which it is domiciled or in any other court having jurisdiction over such Person, or (y) serve process upon Obligor or any Subordinated Creditor in any manner authorized by the laws of any such jurisdiction.

(d) **Agent for Process.** Obligor and each Subordinated Creditor will maintain an agent for service of process in New York, New York or Los Angeles, California (or, in the case of any Subordinated Creditor, England), and give at least 30 days' prior written notice to Senior Creditors of the name and address of any new agent appointed by it or the change of address of any existing agent (provided that Graham' s appointment of Clarke Willmott LLP as his process agent shall be irrevocable). In addition, if for any reason an agent designated by Obligor or a Subordinated Creditor ceases to exist or otherwise ceases to be able to act as agent hereunder, such Person shall, as soon as reasonably practicable, appoint another agent. Obligor and each Subordinated Creditor agrees that service made upon the most recent address of such party' s agent as stated herein or otherwise notified by such party to Senior Creditors shall be deemed proper and valid service notwithstanding such agent' s ceasing to maintain an office at such address. Any agent based in England shall either be a law firm or an entity that regularly engages in the business of acting as a process agent for compensation. The appointment of any new agent by a Subordinated Creditor shall not become effective unless and until such agent has delivered an agreement in form and substance reasonably satisfactory to Senior Creditors by which such agent agrees to act as such in accordance with the terms hereof. Unless and until the appointment of a new agent becomes effective, the existing agent shall continue to be deemed the agent for service of process hereunder. Obligor and each Subordinated Creditor further agree that the failure of its agent for service of process to give it notice of any service of process will not impair or affect the validity of such service or of any judgment based thereon. In addition, Obligor and each Subordinated Creditor irrevocably consent to service of process by registered or certified mail, postage prepaid, or by Federal Express or other internationally recognized overnight courier, to it at its address given or referred to in Section 13 (n).

(e) **Designation of Agent.** Obligor initially designates Manatt, Phelps & Phillips, LLP, 11355 W. Olympic Blvd., Los Angeles, California 90064, Attention: David M. Grinberg, Esq, to receive and accept for and on behalf of Obligor service of process with respect to this Agreement. Graham irrevocably designates FAO: Richard Swain, Clarke Willmott LLP, Burlington House, Botleigh Grange Business Park, Hedge End, Southampton, Hampshire SO30 2AF, United Kingdom, to receive and accept for and on behalf of Graham service of process with respect to this Agreement. Clarke Willmott LLP' s designation as agent for service of process upon Graham shall remain in full force and effect notwithstanding the termination of its engagement by Graham or any other event.

(f) **Captions.** The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, conditions or terms hereof.

(g) **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither Obligor nor any Subordinated Creditor shall assign, voluntarily, by operation of law or otherwise, any of its rights or obligations hereunder without the prior written consent of a Senior Creditor Majority and any such attempted assignment without such consent shall be null and void *ab initio.* Except as expressly provided herein, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

(h) **Waiver of Jury Trial.** TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, OBLIGOR, EACH SUBORDINATED CREDITOR AND EACH SENIOR CREDITOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT. OBLIGOR AND EACH SUBORDINATED CREDITOR ACKNOWLEDGES THAT SENIOR CREDITORS ARE RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.

(i) **Waivers by Obligor and Subordinated Creditors**. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, OBLIGOR AND EACH SUBORDINATED CREDITOR WAIVES (i) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (ii) ANY OBJECTION AS TO NASSAU OR SUFFOLK COUNTY, NEW YORK, BASED ON FORUM NON CONVENIENS OR VENUE, AND (iii) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.

(j) **Acknowledgement by Obligor and Subordinated Creditors**. OBLIGOR AND EACH SUBORDINATED CREDITOR ACKNOWLEDGES THAT IT MAKES THE WAIVERS SET FORTH IN SECTIONS 13(h) AND 13(i) KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF SUCH WAIVER WITH ITS ATTORNEYS. OBLIGOR AND EACH SUBORDINATED CREDITOR FURTHER ACKNOWLEDGES THAT NO SENIOR CREDITOR HAS AGREED WITH OR REPRESENTED TO OBLIGOR OR ANY SUBORDINATED CREDITOR THAT THE PROVISIONS OF SECTIONS 13(h) AND 13(i) WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

(k) **Amendments; Waivers; Remedies.** No amendment, modification or waiver of any provision of this Agreement and no consent by any Senior Creditor to any departure herefrom or therefrom by Obligor or any Subordinated Creditor shall be effective

unless such amendment, modification or waiver shall be in writing and signed by such Senior Creditor, and the same shall then be effective only for the period and on the conditions and for the specific instances and purposes specified in such writing. No notice to or demand on Obligor or any Subordinated Creditor not required by the terms of this Agreement in any case shall entitle Obligor or any Subordinated Creditor to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein or therein. The rights and remedies of Senior Creditors under this Agreement shall be cumulative and not alternative.

(l) **Severability.** Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(m) **Counterparts.** To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all Persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single document. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart. Delivery of an executed signature page of this Agreement by facsimile or e-mail transmission shall be effective as delivery of a manually executed counterpart hereof.

(n) **Notices.** All notices or other communications provided for or permitted herein shall be in writing and either mailed by certified mail, return receipt requested, or delivered by internationally recognized overnight courier, to the party intended to receive the same at its address first set forth above or at such other address as such party shall designate by a notice given pursuant to this Section 13(n); provided, however, that notwithstanding anything to the contrary contained herein, notices given to Obligor' s or any Subordinated Creditor' s agent for service of process at such agent' s address first set forth above or at such other address for such agent as designated by a notice given pursuant to Section 13(d) and this Section 13(n) shall be deemed notice given to Obligor or such Subordinated Creditor, as the case may be. Notices to any Senior Creditor other than BNB shall be given to such Senior Creditor at BNB' s address for notices hereunder, unless and until such other Senior Creditor designates a different address by a notice given pursuant to this Section 13(n). Notices to any Subordinated Creditor other than Graham shall be given to such Subordinated Creditor at Graham' s address for notices hereunder, unless and until such other Subordinated Creditor designates a different address by a notice given pursuant to this Section 13 (n). All such notices, etc., shall be deemed given when received or delivery is refused.

(o) **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”.

Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, renewed, supplemented, replaced or otherwise modified (subject to any restrictions on such amendments, restatements, renewals, supplements, replacements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person' s permitted successors and permitted assigns, (iii) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (iv) all references herein to Articles and Sections shall be construed to refer to Articles and Sections of this Agreement, (v) any references to a Person' s Affiliates or Subsidiaries refers to all existing and future Affiliates and Subsidiaries of such Person, and (vi) any reference to any law means such law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any law means that provision of such law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision.

(p) **Construction.** Obligor and each Subordinated Creditor acknowledges that it has been represented by, or has had the opportunity to be represented by, independent legal counsel and that such Person has carefully considered and negotiated the language of this Agreement. Accordingly, this Agreement shall not be subject to the principle of construing its meaning against the party that drafted this Agreement.

(q) **Judgment Currency.** All payments required to be made by Obligor or any Subordinated Creditor hereunder shall be made in United States Dollars. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder in United States Dollars into another currency, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Senior Creditors could purchase United States Dollars with such other currency at the buying spot rate of exchange in the New York foreign exchange market on the Business Day immediately preceding that on which any such judgment, or any relevant part thereof, is given. The obligations of Obligor and each Subordinated Creditor in respect of any sum due to Senior Creditors hereunder and under the other Loan Documents shall, notwithstanding any judgment in a currency other than United States Dollars, be discharged only to the extent that on the Business Day following receipt by Senior Creditors of any sum adjudged to be so due in such other currency Senior Creditors may, in accordance with normal banking procedures, purchase Unites States Dollars with such other currency. If the amount of United States Dollars so purchased is less than the sum originally due to Senior Creditors in United States Dollars, the party required to pay such sum to Senior Creditors agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify Senior Creditors against such loss. If the amount of Unites States Dollars so purchased exceeds the sum originally due to Senior Creditors in Unites States Dollars, Senior Creditors shall remit such excess to the party paying such sum.

[SIGNATURE PAGE FOLLOWS.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement on the date first above written.

OBLIGOR:

PSYOP MEDIA COMPANY, LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

MARK STEWART GRAHAM, AS INITIAL SUBORDINATED CREDITOR:

_____
MARK STEWART GRAHAM

_____
Signature of Witness

_____
Name of Witness

_____

_____
Address of Witness

_____
Occupation of Witness

*SIGNATURE PAGE TO SUBORDINATION AGREEMENT*

BNG, AS INITIAL SENIOR CREDITOR:

BNG BANK

By: _____
JoAnn Bello, Vice President

*SIGNATURE PAGE TO SUBORDINATION AGREEMENT*

EXHIBIT A

| Redemption Date | Redemption Amount |
|---|---|
| May 2018 | £20,849 |
| _ June 2018 and each _ day of each calendar month thereafter until the last Redemption Date of __ April 2022 | £20,833 |

*EXHIBIT TO SUBORDINATION AGREEMENT*

**Exhibit 10.13**

## WAIVER AND FOURTH AMENDMENT TO LOAN DOCUMENTS

This Waiver and Fourth Amendment to Loan Documents (this "**Amendment**") is dated May 31, 2018, and is between **PSYOP MEDIA COMPANY, LLC,** a Delaware limited liability company, having its chief executive office at 45 Howard Street, Floor 5, New York, New York 10013 ("**Borrower**") and **BNB BANK,** as successor in interest to The Bridgehampton National Bank, a New York State chartered bank having an office at 2200 Montauk Highway, Bridgehampton, New York 11932 ("**Lender**").

## RECITALS

Borrower and Lender are parties to a certain Amended and Restated Loan Agreement dated April 23, 2015 (as amended, the "**Loan Agreement**"). Capitalized terms not defined in this Amendment are used as defined in the Loan Agreement.

Borrower has informed Lender that Robert Walston has ceased to be Borrower' s President and Chief Executive Officer and Mark Tobin has ceased to be Borrower' s Executive Vice President and Chief Operating Officer. As a result, an Event of Default has occurred under Section 12 (r) of the Loan Agreement (the "**Existing Default**"), which is continuing. Borrower has requested Lender to waive the Existing Default, and Lender has agreed to do so upon and subject to the terms of this Amendment.

In addition, Borrower has informed Lender that Borrower has formed Content & Co., LLC, a Delaware limited liability company ("**C&C**"), and has requested that Lender waive the provisions of Section 9(k) of the Loan Agreement which require C&C to guaranty Borrower' s obligations to Lender and to secure such guaranty by granting to Lender a first priority security interest on C&C' s assets, and Lender has agreed to do so upon and subject to the terms of this Amendment.

In addition, Borrower and Lender desire to amend the Loan Agreement as follows.

NOW, THEREFORE, *for good and* valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Waiver.** In reliance upon the representations and warranties set forth in Article 9 hereof and subject to the terms of this Article 1 and satisfaction of the conditions to effectiveness set forth in Article 8 hereof, Lender hereby (i) waives the Existing Default; and (ii) waives compliance with Section 9(k) of the Loan Agreement with respect to C&C guaranteeing Borrower' s obligations to Lender and securing such guaranty by granting to Lender a first priority security interest on C&C' s assets, **provided that** Lender reserves the right to require compliance with Section 9(k) of the Loan Agreement as it pertains to C&C at anytime after the date hereof upon notice to Borrower.

2. **Section 1(b) of the Loan Agreement.** Section 1(b) of the Loan Agreement is hereby amended as follows:

(a) The definition of "Current Executive Officers" set forth in Section 1(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"**Current Executive Officers**" means each of the following persons holding the respective office(s) or title(s) set forth after his name: (i) Donald H. "Hunt" Ramsbottom, President and Chief Executive Officer; and (ii) Thomas Boyle, Chief Financial Officer and Secretary.

(b) The definition of "Line of Credit" set forth in Section 1(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"**Line of Credit**" means the line of credit in an amount of up to $3,000,000.00 made available by Lender to Borrower pursuant to the provisions of Article 2.

(c) The definition of "Line of Credit Maturity Date" set forth in Section 1(b) of the Loan Agreement is hereby amended and restated in its entirety to read as follows:

"**Line of Credit Maturity Date**" means the earlier of (i) June 30, 2019, or (ii) the date the payment of the Obligations has been accelerated pursuant to Article 12 upon the occurrence of an Event of Default.

3. **Section 2(a) of the Loan Agreement.** Section 2(a) of the Loan Agreement is hereby amended by adding the following new clause (4):

(4) Notwithstanding anything to the contrary contained in this Agreement, during each period of 12 consecutive calendar months, commencing the date hereof, there shall be a single period comprised of any 30 consecutive days during which there shall be no Advances under the Line *of* Credit outstanding under this Agreement.

4. **Section 9(m) of the Loan Agreement.** Section 9(m) of the Loan Agreement is hereby amended and restated in its entity to read as follows:

**Debt Service Coverage Ratio.** Maintain a Debt Service Coverage Ratio of at least 1.25 to 1.00 as of the last day of each fiscal quarter of Borrower.

5. **Exhibit A to Loan Agreement.** Exhibit A to the Loan Agreement is hereby replaced by Exhibit A to this Amendment (the "**Substitute Note**").

6. Confirmation by Borrower.

(a) Borrower hereby confirms and agrees that all Loan Documents, as amended hereby, are, and shall continue to be, in full force and effect and are hereby ratified and reaffirmed in all respects. Borrower hereby reaffirms each and every one of the representations, warranties, covenants, grants, conveyances, transfers, assignments, certifications, waivers, consents, submissions to jurisdiction, acknowledgements, confirmations, indemnifications and guaranties set forth in the Loan Documents (as amended hereby). Borrower shall continue to perform and observe all terms and conditions contained in the Loan Documents, as amended hereby.

(b) Borrower hereby confirms and agrees that, notwithstanding the consummation of the transactions contemplated by this Amendment, each Security Document is, and shall continue to be, in full force and effect and is hereby ratified and reaffirmed in all respects. Without limiting the generality of the foregoing, Borrower further confirms that all indebtedness, obligations and liabilities of Borrower to Lender under the Loan Documents (as amended hereby) constitute Obligations (as defined in the Security Documents) secured by the Liens granted by Borrower to Lender pursuant to the Security Documents. In furtherance of the foregoing, Borrower acknowledges that the Liens heretofore granted to Lender under the Security Documents shall not be impaired, limited or affected in any manner whatsoever by reason of this Amendment.

7. **Continuing Validity.** Except as expressly changed by this Amendment, the terms of the Loan Documents remain unchanged and in full force and effect. Consent by Lender to this Amendment does not waive Lender' s right to strict performance of the Loan Documents as amended hereby, nor obligate Lender to make any future amendments or grant any future waivers.

8. **Conditions of Effectiveness.** This Amendment shall become effective on the Business Day (the "**Fourth Amendment Effective Date**") on which (x) Lender has delivered an executed counterpart of this Amendment to Borrower, and (y) Lender has received all of the following documents and payments:

(i) two copies of this Amendment executed by Borrower;

(ii) one copy of the Substitute Note executed by Borrower;

(iii) two copies of a Pledge Amendment, with respect to C&C, executed by Borrower (the "**Pledge Amendment**");

(iv) two copies of an Assignment of Membership Interest, with respect to C&C, executed by Borrower (the "**Assignment**");

(v) two copies of a Confirmation of Guarantor Documents executed by Guarantors (the "**Confirmation**");

(vi) two copies of an acknowledgment of pledge, executed by C&C (the "**Acknowledgment**");

(vii) a certificate of the Secretary of Borrower, which shall certify (a) the resolutions of the managers of Borrower evidencing approval of this Amendment, the Substitute Note, the Pledge Amendment and the Assignment (collectively, the "**Borrower Documents**") and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of Borrower authorized to sign the Borrower Documents; and (c) that there has been no change to the Organizational Documents of Borrower since December 10, 2016;

(viii) a certificate of the Secretary of each Guarantor, which shall certify (a) the resolutions of the managers of each Guarantor evidencing approval of the Confirmation and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of such Guarantor authorized to sign the Confirmation; and (c) that there has been no change to the Organizational Documents of such Guarantor since December 10, 2016;

(ix) a certificate of the Secretary of C&C, which shall certify (a) the resolutions of the sole member-manager of C&C evidencing approval of the Acknowledgment and authorizing the execution and delivery of the same; (b) the names and true signatures of the officers of C&C authorized to sign the Acknowledgment; (c) the Certificate of Formation of C&C; and (d) the Limited Liability Company Agreement of C&C; and

(x) (payment from Borrower of all costs and expenses incurred by Lender in connection with the drafting, negotiation, execution and implementation of this Amendment and the other documents referred to herein.

If and to the extent Lender has not received at least the requisite number of originals of the documents set forth in clauses (i) through (ix) above on the Fourth Amendment Effective Date, Borrower shall cause such originals to be delivered to Lender or its counsel within three Business Days thereafter.

9. **Representations and Warranties.** Borrower represents and warrants to Lender that:

(a) The representations and warranties made by Obligors in the Loan Documents and which are qualified by materiality are true and correct in all respects on and as of the date hereof as if made on and as of such date;

(b) The representations and warranties made by Obligors in the Loan Documents and which are not qualified by materiality are true and correct in all material respects on and as of the date hereof as if made on and as of such date;

(c) At the time of and immediately after giving effect to this Amendment, each Obligor is in compliance with all the terms and provisions set forth the Loan Documents on its part to be observed or performed, and no Default or Event of Default is continuing on the date hereof or will result after giving effect to this Amendment;

(d) This Amendment constitutes the legal, valid and binding obligation of Borrower and is enforceable against Borrower in accordance with its terms;

(e) The execution, delivery and performance by Borrower of this Amendment (i) are and will be within its powers and authority, (ii) have been duly authorized by all necessary action of its managers and members, and (iii) do not contravene and will not be in contravention of any applicable law, or of the organizational documents of Borrower or any agreement or order by which it or any of its property is bound;

(f) No Obligor has acquired any Trademarks or Licenses (each as defined in the Trademark Security Agreements) since December 10, 2016;

(g) Psyop Film and Television, LLC, a Delaware limited liability company, is not an Operating Subsidiary;

(h) C&C is not a Material Subsidiary; and

(i) Borrower has no knowledge of any defense, counterclaim or offset Borrower may have with respect to any acts of Lender heretofore taken with respect to the Loan Documents or otherwise.

10. **General Release and Covenant Not to Sue.**

(a) In consideration of the agreements of Lender contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Borrower on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably releases, remises and forever discharges Lender, its predecessors, successors and assigns (Lender and all such other parties being hereinafter referred to collectively as the "**Releasees**" and individually as a "**Releasee**"), of and from all demands, actions, causes of action, suits, covenants, contracts, controversies, agreements, promises, sums of money, accounts, bills, reckonings, damages and any and all other claims, counterclaims, defenses, rights of set-off, demands and liabilities whatsoever (individually, a "**Claim**" and collectively, "**Claims**") of every name and nature, known or unknown, suspected or unsuspected, both at law and in equity, which Borrower, or any of its successors, assigns, or other legal representatives may now or hereafter own, hold, have or claim to have against the Releasees or any of them for, upon, or by reason of any nature, cause or thing whatsoever which arises at any time on or prior to the date of this Amendment.

(b) Borrower understands, acknowledges and agrees that the release set forth above maybe pleaded as a full and complete defense and may be used as a basis for an injunction against any action, suit or other proceeding which may be instituted, prosecuted or attempted in breach of the provisions of such release.

(c) Borrower agrees that no fact, event, circumstance, evidence or transaction which could now be asserted or which may hereafter be discovered shall affect in any manner the final and unconditional nature of the release set forth above.

(d) Borrower, on behalf of itself and its successors, assigns, and other legal representatives, hereby absolutely, unconditionally and irrevocably, jointly and severally, covenants and agrees with each Releasee that Borrower will not sue (at law, in equity, in any regulatory proceeding or otherwise) any Releasee on the basis of any Claim released, remised and discharged by Borrower pursuant to this Section. If Borrower violates the foregoing covenant, Borrower agrees to pay, in addition to such other damages as any Releasee may sustain as a result of such violation, all attorneys' fees and costs incurred by any Releasee as a result of such violation.

(e) This Article 10 shall survive payment in full of the Obligations.

11. **Entire Agreement; Waiver of Counterclaims.** This Amendment embodies the entire agreement between the parties hereto with respect to the subject matter hereof. No representations or warranties have been made by or on behalf of Lender, or relied upon by Borrower, pertaining to the subject matter of this Amendment, other than those set forth in this Amendment. **Borrower, to the extent permissible by law, waives offset and counterclaim with respect to any action arising out of or relating to this Amendment.**

12. **No Release of Obligations.** Nothing contained herein shall in any way release Borrower of its obligations to make all payments under the Loan Agreement, as amended hereby, or the Line of Credit Note. This Amendment does not constitute the creation of a new debt or extinguishment of the debt evidenced by the Line of Credit Note, nor shall it be deemed or construed to be a satisfaction, reinstatement, novation or release of the Line of Credit Note.

13. **No Limitation of Remedies.** No right, power or remedy conferred upon or reserved to or by Lender in this Amendment is intended to be exclusive of any other right, power or remedy conferred upon or reserved to or by Lender under Loan Documents, in equity or at law, but each and every remedy shall be cumulative and concurrent, and shall be in addition to each and every other right, power and remedy given under the Loan Documents or now or subsequently existing in equity or at law.

14. **No Other Waivers or Amendments.** The execution, delivery and effectiveness of this Amendment shall not: (a) except as expressly set forth herein, constitute an extension or modification of any aspect of the Loan Documents; (b) constitute a waiver of any rights or remedies of Lender under, or any provision of, the Loan Documents, in equity or at law; (c) give rise to any obligation on the part of Lender to modify or waive any term or condition of the Loan Documents or to further extend the maturity date of the Loan Documents or to further increase the amount of the Line of Credit; (d) give rise to any defenses or counterclaims to the right of Lender to compel payment of the obligations of Borrower under the Loan Documents or to otherwise enforce its rights and remedies under the Loan Documents; or (e) establish a custom or course of dealing between Borrower or Lender, except as specifically set forth herein. Except as expressly limited herein, Lender hereby expressly reserves all of its rights and remedies under the Loan Documents and under applicable law. No delay or failure on the part of any party hereto in the exercise of any right or remedy under this Amendment shall operate as a waiver, and no single or partial exercise of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action or forbearance by any party hereto contrary to the provisions of this Amendment shall be construed to constitute a waiver of any of the express provisions. Any party hereto may in writing expressly waive any of such party' s rights under this Amendment without invalidating this Amendment.

15. **Successors or Assigns.** This Amendment is binding upon Borrower, its successors and permitted assigns and shall inure to the benefit of Lender, its successors and assigns. Borrower may not assign this Amendment or any of its obligations hereunder without the prior written consent of Lender.

16. **Construction.** Each party hereto acknowledges that it has participated in the negotiation of this Amendment and no provision shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured, dictated or drafted such provision. Borrower at all times has had access to an attorney in the negotiation of the terms of and in the preparation and execution of this Amendment. Borrower has had the opportunity to review and analyze this Amendment for a sufficient period of time prior to execution and delivery. All of the terms of this Amendment were negotiated at arm' s length, and this Amendment was prepared and executed without fraud, duress, undue influence or coercion of any kind exerted by any of the parties upon the others. The execution and delivery of this

Amendment is the free and voluntary act of Borrower. Unless the context requires otherwise, all words used herein in the singular number will extend to and include the plural, all words in the plural number will extend to and include the singular and all words in any gender will extend to and include all genders.

17. **Invalid Provisions.** If any clause or provision operates or would prospectively operate to invalidate this Amendment, in whole or in part, then such clause or provision only shall be deemed deleted, as though not contained, and the remainder of this Amendment shall remain operative and in full force and effect.

18. **Headings.** The headings of the articles of this Amendment are for the convenience of reference only, are not to be considered a part of this Amendment and shall not be used to construe, limit or otherwise affect this Amendment.

19. **Modifications.** The terms of this Amendment may not be modified, waived, discharged or terminated orally, but only by an instrument or instruments in writing, signed by the party against whom the enforcement of the modification, waiver, discharge or termination is asserted.

20. **Counterparts; Facsimile Copies.** This Amendment may be executed in multiple counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same instrument. An electronic transmission or other facsimile of this document or any related document shall be deemed an original and shall be admissible as evidence of the document and the signer' s execution.

21. **Governing Law.** THIS AMENDMENT HAS BEEN EXECUTED AND IS TO BE PERFORMED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

22. **Jurisdiction.** Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Borrower' s agent for service of process, Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq., or as notified to Lender in accordance with the terms of this Agreement, or (ii) by serving the same upon Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Borrower.

23. **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LENDER AND BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AMENDMENT. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION.**

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.
SIGNATURE PAGE FOLLOWS.]

**IN WITNESS WHEREOF,** Borrower and Lender have signed this Waiver and Fourth Amendment to Loan Documents on the date first set forth above.

BORROWER:

PSYOP MEDIA COMPANY, LLC

By: /s/ Hunt Ramsbottom
Hunt Ramsbottom, President

By: /s/ Thomas J. Boyle
Thomas J. Boyle, Secretary

LENDER

BNB BANK

By: /s/ JoAnn Bello
JoAnn Bello, Vice President

EXHIBIT A

SUBSTITUTE NOTE

EXHIBIT A-1

**FOURTH SUBSTITUTE LINE OF CREDIT NOTE**

$3,000,000 May 31, 2018

FOR VALUE RECEIVED, PSYOP MEDIA COMPANY, LLC, a Delaware limited liability company, ("**Maker**"), promises to pay to the order of BNB BANK, as successor in interest to The Bridgehampton National Bank, a New York State chartered bank ("**Payee**"), at 2200 Montauk Highway, Bridgehampton, New York 11932, or at such other place as may be designated in writing from time to time by Payee or any other holder hereof, in lawful money of the United States of America and in immediately available funds, the principal sum of THREE MILLION AND NO/100 DOLLARS ($3,000,000), or so much thereof as may have been advanced from time to time by Payee to Maker and remains outstanding, as conclusively evidenced by the books and records of Payee absent manifest error, on the Line of Credit Maturity Date (as defined below), together with interest on the outstanding principal sum at the Line of Credit Interest Rate (as defined in the Amended and Restated Loan Agreement, dated April 23, 2015, by and between Maker and Payee [as amended or restated from time to time, the "**Agreement**"]), for the period commencing on the date hereof until the date on which the entire principal balance hereof has been paid in full, on the dates provided for in said Amended and Restated Loan Agreement.

As used herein, "**Line of Credit Maturity Date**" means the earlier of (x) June 30, 2019, or (y) the date the maturity of this Note is accelerated pursuant to Article 12 of the Agreement upon the occurrence of an Event of Default.

In addition to said principal sum and interest, Maker further promises to pay, on demand, all reasonable costs and expenses, including, without limitation, attorneys' fees, incurred by Payee in the collection of this Note after the occurrence of an Event of Default.

This Note is issued pursuant to the Agreement and is the Line of Credit Note referred to therein. Capitalized terms not defined in this Note are used herein as defined in the Agreement. The terms of the Agreement are incorporated into this Note by reference, and reference is hereby made to the Agreement for a more particular statement of certain representations, warranties, covenants and agreements of Maker and of Events of Default.

This Note is a revolving note and, subject to the terms and conditions of the Agreement, the Maker may, at its option, borrow, pay, prepay and reborrow under this Note, all in accordance with the provisions hereof; provided, however, that the principal balance outstanding shall at no time exceed $3,000,000.

Notwithstanding anything to the contrary contained in this Note, upon the occurrence and during the continuation of any Event of Default, interest on the outstanding principal balance of this Note and accrued but unpaid interest shall bear interest, which shall be payable on demand, at a default rate fixed in accordance with Article 5 of the Agreement until such principal and interest have been paid in full. Further, if payment of all sums due hereunder is accelerated under the terms of the Agreement, this Note, and all other indebtedness of Borrower to Lender, shall become immediately due and payable, without presentation, demand, protest or notice of any kind, all of which are hereby waived by Borrower.

No delay or failure of Payee in exercising any right, power or privilege hereunder or under the Agreement shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges. This Note may be amended only by written agreement of Maker and Payee.

Maker acknowledges that Maker has been represented by, or has had the opportunity to be represented by, independent legal counsel and that Maker has carefully considered and negotiated the language of this Note. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Note against the party that has drafted it is not applicable and is waived. Maker acknowledges that, with respect to this Note and the transactions contemplated by it, Maker has and will rely solely on Maker' s own judgment and advisors in entering into this Note and performing the obligations required by it to be performed by Maker without relying in any manner on any statements, representations or recommendations of Payee or any parent, subsidiary or Affiliate of Payee.

Maker irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Suffolk County, New York, over any suit, action or proceeding arising out of or relating to this Note. Maker irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Maker hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by personal service on Maker' s agent for service of process, Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, California 90067, Attn: David M. Grinberg, Esq., or as notified to Payee in accordance with the terms of the Agreement, or (if) by serving the same upon Maker in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service on Maker.

MAKER WAIVES DILIGENCE, DEMAND, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS NOTE, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS NOTE OR THE INDEBTEDNESS EVIDENCED HEREBY (OTHER THAN NOTICES SPECIFICALLY REQUIRED BY THE AGREEMENT),

ADDITIONALLY, MAKER HEREBY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY ACTION, DEFENSE, COUNTERCLAIM, SETOFF, CROSSCLAIM AND ANY FORM OF PROCEEDING BROUGHT IN CONNECTION WITH THIS NOTE OR RELATING TO ANY INDEBTEDNESS EVIDENCED HEREBY.

MAKER ACKNOWLEDGES THAT IT HAS MADE THE FOREGOING WAIVERS KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THESE WAIVERS WITH ITS ATTORNEYS. MAKER FURTHER ACKNOWLEDGES THAT PAYEE HAS NOT AGREED WITH OR REPRESENTED TO MAKER THAT THE FOREGOING WAIVERS WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

THIS NOTE HAS BEEN MADE, EXECUTED AND DELIVERED IN THE STATE OF NEW YORK, AND IT AND ALL TRANSACTIONS HEREUNDER OR PURSUANT HERETO SHALL BE GOVERNED AS TO INTERPRETATION, VALIDITY, EFFECT, RIGHTS, DUTIES AND REMEDIES OF THE PARTIES HEREUNDER AND IN ALL OTHER RESPECTS BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PRINCIPLES THEREOF, BUT INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW.

This Note is issued in substitution for but not in payment of that certain Third Substitute Line of Credit Note made by Maker to Payee, dated December 10, 2016, in the principal amount of $1,000,000 [the "**Prior Note**") and does not and shall not be deemed to constitute a novation thereof. The Prior Note shall be of no further force and effect upon the execution of this Note; provided, however, that the outstanding amount of principal and interest under the Prior Note as of the date of this Note, if any, is hereby deemed indebtedness evidenced by this Note and incorporated herein by this reference.

PSYOP MEDIA COMPANY, LLC

By: _____
Hunt Ramsbottom, President

By: _____
Thomas J. Boyle, Chief Financial Officer

**Exhibit 10.14**

**STANDARD FORM OF OFFICE LEASE**

**The Real Estate Board of New York, Inc.**

Agreement of Lease, made as of this 1st day of October in the year 2014, between THE A.J.D. BUILDING LLC, having an address c/o The Chetrit Group LLC, 404 Fifth Avenue, 6th Floor, New York, New York 10018, party of the first part, hereinafter referred to as OWNER, and PSYOP MEDIA COMPANY, LLC, having an address at 124 Rivington Street, Ground Floor, New York, New York 10002, party of the second part, hereinafter referred to as TENANT,

Witnesseth: Owner hereby leases to Tenant and Tenant hereby hires from Owner the entire rentable area of the third floor, the entire rentable area of the fourth floor and the entire rentable area of the fifth floor, all as more particularly depicted by the cross-hatching on the floor plans annexed hereto as Exhibit A in the building known as 427-429 Broadway in the Borough of Manhattan, City of New York, for the term of see Rider.

(or until such term shall sooner cease and expire as hereinafter provided) to commence on the Commencement Date (as defined in Section 39.1), and to end on the Expiration Date (as defined in Section 40.1.1(xi)), and both dates Inclusive, at the annual rental rate set forth in the Rider

which Tenant agrees to pay in lawful money of the United States, which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance on the first day of each month during said term, at the office of Owner or such other place as Owner may designate, without any setoff or deduction whatsoever, except as expressly set forth in this lease, and except that Tenant shall pay the first monthly installment(s) on the execution hereof (unless this lease be a renewal).

The parties hereto, for themselves, their heirs, distributees, executors, administrators, legal representatives, successors and assigns, hereby covenant as follows:

**Rent:**

1. Tenant shall pay the rent as above and as hereinafter provided.

**Occupancy:**

2. Tenant shall use and occupy demised premises for general, executive and administrative offices and for no other purpose.

**Tenant Alterations:**

3. Except as otherwise provided in this lease, Tenant shall make no structural or building system changes in or to the demised premises of any nature without Owner' s prior written consent, which consent, subject to the provisions of Article 67 below, shall not be unreasonably withheld or delayed. Except as otherwise provided in this lease, Tenant, at Tenant' s expense, may make

alterations, installations, additions or improvements which are non-structural and which do not affect utility services or plumbing and electrical lines, in or to the interior of the demised premises, by using contractors or mechanics first reasonably approved in each instance by Owner. Tenant shall, before making any alterations, additions, installations or improvements, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof, and shall deliver promptly duplicates of all such permits, approvals and certificates to Owner and Tenant agrees to carry, and will cause Tenant' s contractors and sub-contractors to carry, such worker' s compensation, commercial general liability, personal and property damage insurance as Owner may reasonably require. If any mechanic' s lien is filed against the demised premises, or the building of which the same forms a part, for work claimed to have been done for, or materials furnished to, Tenant, whether or not done pursuant to this article, the same shall be discharged by Tenant after 30 days' written notice of the filing thereof, at Tenant' s expense, by payment or filing a bond as permitted by law. All fixtures and all paneling, partitions, railings and like installations, installed in the demised premises at any time, either by Tenant or by Owner on Tenant' s behalf, shall, upon lease expiration or earlier termination, become the property of Owner and shall remain upon and be surrendered with the demised premises unless Owner, by notice to Tenant no later than twenty days prior to the date fixed as the termination of this lease, elects to relinquish Owner' s rights thereto and to have them removed by Tenant, in which event the same shall be removed from the demised premises by Tenant prior to the expiration of the lease, at Tenant' s expense. Notwithstanding anything to the contrary herein contained, Tenant shall not be required to remove the alterations or improvements in the demised premises, or any subsequent alterations: (a) made by Owner in accordance with this Lease, or (b) which are alterations, physical additions or improvements made to the demised premises by Tenant (i) without Owner' s written consent, if such consent was not required; or (ii) with the written consent of Owner, if such consent was required, unless Owner shall have expressly notified Tenant of such removal requirement, in writing, at the time of granting said written consent; provided that Owner may only notify Tenant of such removal requirement with respect to installations that are atypical for normal office use and cost materially more to remove and demolish as would typical office installations, such as, without limitation, raised floors, louvered windows, internal staircases and vaults. Nothing in this article shall be construed to give Owner title to, or to prevent Tenant' s removal of, trade fixtures, moveable office furniture and equipment, but upon removal of same from the demised premises or upon removal, of other installations as may be required by Owner. Tenant shall immediately, and at its expense, repair and restore the demised premises to the condition existing prior to any such installations, and repair any damage to the demised premises or the building due to such removal. All property permitted or required to be removed by Tenant at the end of the term remaining in the demised premises after Tenant' s removal shall be deemed abandoned and may, at the election of Owner, either be retained as Owner' s property or may be removed from the demised premises by Owner, at Tenant' s expense.

**Maintenance and Repairs:**

4. Tenant shall, throughout the term of this lease, take good care of the demised premises and the fixtures and appurtenances therein. Tenant shall be responsible for all damage or injury to the demised premises or any other part of the building and the systems and equipment thereof, whether requiring structural or nonstructural repairs caused by, or resulting from, the negligence or willful misconduct of Tenant, Tenant' s subtenants, agents, employees, invitees or licensees, or which arise out of any work, labor, service or equipment done for, or supplied to, Tenant or any

subtenant, or arising out of the installation, use or operation of the property or equipment of Tenant or any subtenant. Tenant shall also repair all damage to the building and the demised premises caused by the moving of Tenant' s fixtures, furniture and equipment. Tenant shall promptly make, at Tenant' s expense, all repairs in and to the demised premises for which Tenant is responsible, using only the contractor for the trade or trades in question, selected from a list of at least two contractors per trade submitted by Owner. Any other repairs in or to the building or the facilities and systems thereof, for which Tenant is responsible, shall be performed by Owner at the Tenant' s expense. Owner shall maintain in good working order and repair the exterior and the structural portions of the building, including the structural portions of the demised premises, and the public portions of the building interior and the building plumbing, electrical, heating and ventilating systems (to the extent such systems presently exist) serving the demised premises and shall keep the roof and windows within the Premises free from leaks and the windows operable. Anything contained herein to the contrary notwithstanding, except by reason of a fire or other casualty, Owner shall not be required to make any repairs caused by the negligence or willful misconduct of Tenant or Tenant' s agents, contractors, invitees or employees. Tenant agrees to give prompt notice of any defective condition in the demised premises for which Owner may be responsible hereunder. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or others making repairs, alterations, additions or improvements in or to any portion of the building or the demised premises or in and to the fixtures, appurtenances or equipment thereof, except as otherwise expressly set forth herein. It is specifically agreed that except as hereinafter otherwise expressly provided, Tenant shall not be entitled to any setoff or reduction of rent by reason of any failure of Owner to comply with the covenants of this or any other article of this lease. Except as otherwise expressly set forth herein, Tenant agrees that Tenant' s sole remedy at law in such instance will be by way of an action for damages for breach of contract. The provisions of this Article 4 shall not apply in the case of fire or other casualty, which are dealt with in Article 9 hereof.

**Window Cleaning:**

5. Tenant will not clean nor require, permit, suffer or allow any window in the demised premises to be cleaned from the outside in violation of Section 202 of the Labor Law or any other applicable law, or of the Rules of the Board of Standards and Appeals, or of any other Board or body having or asserting jurisdiction.

**Requirements of Law, Fire Insurance, Floor Loads:**

6. Tenant, at Tenant' s sole cost and expense, shall promptly comply with all present and future laws, orders and regulations of all state, federal, municipal and local governments, departments, commissions and boards and any direction of any public officer pursuant to law, and all orders, rules and regulations of the New York Board of Fire Underwriters, Insurance Services Office, or any similar body which shall impose any violation, order or duty upon Owner or Tenant with respect to the demised premises, whether or not arising out of Tenant' s use or manner of use thereof, (including Tenant' s permitted use) or, with respect to the building if arising out of Tenant' s particular manner of use of the demised premises or the building. Nothing herein shall require Tenant to make structural repairs or alterations unless Tenant has, by its particular manner of use of the demised premises or method of operation therein, violated any such laws, ordinances, orders,

rules, regulations or requirements with respect thereto. Tenant may, contest and appeal any such laws, ordinances, orders, rules, regulations or requirements provided same is done with all reasonable promptness and provided such appeal shall not subject Owner to prosecution for a criminal offense, or constitute a default under any lease or mortgage under which Owner may be obligated, or cause the demised premises or any part thereof to be condemned or vacated. Tenant shall not do or permit any act or thing to be done in or to the demised premises which is contrary to law, or which will invalidate or be in conflict with public liability, fire or other policies of insurance at any time carried by or for the benefit of Owner with respect to the demised premises or the building of which the demised premises form a part, or which shall or might subject Owner to any liability or responsibility to any person, or for property damage. Tenant shall not keep anything in the demised premises, except as now or hereafter permitted by the Fire Department, Board of Fire Underwriters, Fire Insurance Rating Organization or other authority having jurisdiction, and then only in such manner and such quantity so as not to increase the rate for fire insurance applicable to the building, nor use the demised premises in a manner which will increase the insurance rate for the building or any property located therein over that in effect on the day prior to the Commencement Date. Tenant shall pay all costs, expenses, fines, penalties, or damages, which may be imposed upon Owner by reason of Tenant' s failure to comply with the provisions of this article, and if by reason of such failure the fire insurance rate shall, at the beginning of this lease, or at any time thereafter, be higher than it otherwise would be, as a direct result of Tenant' s business in the demised premises, other than business permitted pursuant to Article 2 hereof, then, Tenant shall reimburse Owner, as additional rent hereunder, for that portion of all fire insurance premiums thereafter paid by Owner which shall have been charged because of such failure by Tenant. In any action or proceeding wherein Owner and Tenant are parties, a schedule or "make-up" of rate for the building or the demised premises issued by the New York Fire Insurance Exchange, or other body making fire insurance rates applicable to said premises, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rates then applicable to said premises. Tenant shall not place a load upon any floor of the demised premises exceeding the floor load per square foot area which it was designed to carry and which is allowed by law. Owner reserves the right to prescribe the weight and position of all safes, business machines and mechanical equipment. Such installations shall be placed and maintained by Tenant, at Tenant' s expense, in settings sufficient, in Owner' s reasonable judgement, to absorb and prevent unreasonable vibration, noise and annoyance.

**Property Loss, Damage Reimbursement Indemnity:**

8. Owner or its agents shall not be liable for any damage to property of Tenant or of others entrusted to employees of the building, nor for loss of or damage to any property of Tenant by theft or otherwise, nor for any injury or damage to persons or property resulting from any cause of whatsoever nature, unless caused by, or due to, the negligence or willful misconduct of Owner, its agents, servants or employees. Owner or its agents will not be liable for any such damage caused by other tenants or persons in, upon or about said building or caused by operations in construction of any private, public or quasi-public work. If at any time any windows of the demised premises are temporarily closed, darkened or bricked up (or permanently closed, darkened or bricked up, if required by law) for any reason whatsoever excluding, but not limited to, Owner' s own acts. Subject to the other provisions of this Lease, Owner shall not be liable for any damage Tenant may sustain thereby, and Tenant shall not be entitled to any compensation therefor, nor abatement or

diminution of rent, nor shall the same release Tenant from its obligations hereunder, nor constitute an eviction.

**Destruction, Fire and Other Casualty:**

9. (a) If the demised premises or any part thereof shall be damaged by fire or other casualty, Tenant shall give immediate notice thereof to Owner, and this lease shall continue in full force and effect except as hereinafter set forth. (b) If the demised premises are partially damaged or rendered partially unusable by fire or other casualty, the damages thereto shall be repaired by, and at the expense of, Owner, and the rent and other items of additional rent, until such repair shall be substantially completed, shall be apportioned from the day following the casualty, according to the part of the demised premises which is usable. (c) If the demised premises are totally damaged or rendered wholly unusable or inaccessible by fire or other casualty, then the rent and other items of additional rent as hereinafter expressly provided, shall be proportionately paid up to the time of the casualty and thenceforth shall cease until the date when the demised premises shall have been repaired and restored by Owner (or if sooner reoccupied in part by the Tenant then rent shall be apportioned as provided in subsection (b) above), subject to Owner' s right to elect not to restore the same as hereinafter provided, (d) If the demised premises are rendered wholly unusable or (whether or not the demised premises are damaged in whole or in part) if the building shall be so damaged that Owner shall decide to demolish it or to rebuild it, then, in any of such events, Owner may elect to terminate this lease by written notice to Tenant, given within ninety (90) days after such fire or casualty, or thirty (30) days after adjustment of the insurance claim for such fire or casualty, whichever is sooner, specifying a date for the expiration of the lease, which date shall not be more than sixty (60) days after the giving of such notice, and upon the date specified in such notice the term of this lease shall expire as fully and completely as if such date were the date set forth above for the termination of this lease, and Tenant shall forthwith quit, surrender and vacate the demised premises without prejudice however, to Landlord' s rights and remedies against Tenant under the lease provisions in effect prior to such termination, and any rent owing shall be paid up to such date, and any payments of rent made by Tenant which were on account of any period subsequent to such date shall be returned to Tenant. Unless Owner shall serve a termination notice as provided for herein, Owner shall make the repairs and restorations under the conditions of (b) and (c) hereof, with all reasonable expedition, subject to delays due to adjustment of insurance claims, labor troubles and causes beyond Owner' s control. After any such casualty, Tenant shall cooperate with Owner' s restoration by removing from the demised premises as promptly as reasonably possible, all of Tenant' s salvageable inventory and moveable equipment, furniture, and other property. Tenant' s liability for rent shall resume five (5) days after written notice from Owner that the demised premises are substantially ready for Tenant' s occupancy. Notwithstanding anything herein to the contrary, if the demised premises are totally damaged or rendered substantially untenantable by fire or other casualty, Owner shall, within thirty (30) days after the date of the fire or other casualty, deliver a notice to Tenant of (i) the estimated repair period of the demised premises from such fire or other casualty, and (ii) whether Owner intends to repair and restore the demised premises in accordance with the terms of this Lease. If Owner intends to repair and restore the demised premises, and if such period exceeds two hundred forty (240) days from the date of the fire or other casualty, then Tenant, within thirty (30) days after Owner' s notice, may give Owner notice of termination of this Lease, in which event the term hereof shall expire ten (10) days after Tenant' s termination notice is given. If this Lease has not ' theretofore expired or been terminated, and Owner does not substantially complete the repair and restoration of the

demised premises within said two hundred forty (240) day period after the date of the casualty, Tenant shall give Owner a ten (10) day notice to cure. Failure to give notice shall not be deemed a default. If Owner shall not complete said repair and restoration within thirty (30) days after the expiration of such ten (10) day period, Tenant may give Owner notice of termination of this Lease, in which event the term hereof shall expire ten (10) days after Tenant' s termination notice is given.

If the demised premises shall be substantially damaged or destroyed by fire or other casualty occurring during the last eighteen (18) months of the term of this Lease, Tenant, by notice given no later than thirty (30) days after the date of the occurrence of such fire or other casualty, may terminate this Lease, in which event this Lease shall terminate ten (10) days after Tenant' s termination notice is given.

Anything contained in this Lease to the contrary notwithstanding, Owner shall only have the right to terminate this Lease pursuant to Article 9 hereof (except during the last eighteen (18) months of the term hereof, during which period Landlord may terminate this Lease pursuant to Article 9 hereof irrespective 'of whether the conditions set forth in this paragraph have been met) if (x) at or about the time Owner does so, Owner terminates all leases of office space in the Building, and (y) the repair or restoration would cost more than 25% of the full replacement value of the Building.

Tenant acknowledges that Owner will not carry insurance on Tenant' s furniture and/or furnishings or any fixtures or equipment, improvements, or appurtenances removable by Tenant, and agrees that Owner will not be obligated to repair any damage thereto or replace the same. (f) Tenant hereby waives the provisions of section 227 of the Real Property Law and agrees that the provisions of this article shall govern and control in lieu thereof.

**Eminent Domain:**

10. If the whole or any part of the demised premises shall be acquired or condemned by Eminent Domain for any public or quasi-public use or purpose, then, and in that event, the term of this lease shall cease and terminate from the date of title vesting in such proceeding, and Tenant shall have no claim for the value of any unexpired term of said lease, and assigns to Owner, Tenant' s entire interest in any such award. Tenant shall have the right to make an independent claim to the condemning authority for the value of Tenant' s moving expenses and personal property, trade fixtures and equipment, provided Tenant is entitled pursuant to the terms of the lease to remove such property, trade fixtures and equipment at the end of the term, and provided further such claim does not reduce Owner' s award.

**Assignment, Mortgage, Etc.:**

11. See Article 48 of the Rider annexed hereto.

**Electric Current:**

12. Tenant covenants and agrees that at all times its use of electric current shall not exceed the capacity of existing feeders to the building or the risers or wiring installation, and Tenant may not use any electrical equipment which, in Owner' s opinion, reasonably exercised, will overload such installations or interfere with the use thereof by other tenants of the building. The change at

any time of the character of electric service shall in no way make Owner liable or responsible to Tenant, for any loss, damages or expenses which Tenant may sustain.

**Access to Premises:**

13. Owner or Owner' s agents shall have the right (but shall not be obligated) to enter the demised premises in any emergency at any time, and, at other reasonable times, to examine the same and to make such repairs, replacements and improvements as Owner may deem necessary and reasonably desirable to the demised premises or to any other portion of the building or which Owner may elect to perform. Tenant shall permit Owner to use and maintain and replace pipes, ducts, and conduits in and through the demised premises and to erect new pipes, ducts, and conduits therein, provided they are concealed within the walls, floor, or ceiling. Owner may, during the progress of any work in the demised premises, take all necessary materials and equipment into said premises without the same constituting an eviction, nor shall the Tenant be entitled to any abatement of rent while such work is in progress, nor to any damages by reason of loss or interruption of business or otherwise. Throughout the term hereof, Owner shall have the right to enter the demised premises at reasonable hours for the purpose of showing the same to prospective purchasers or mortgagees of the building, and during the last six months of the term, for the purpose of showing the same to prospective tenants. If Tenant is not present to open and permit an entry into the demised premises after notice, except in the event of an emergency, Owner or Owner' s agents may enter the same whenever such entry may be necessary or permissible by master key or forcibly, and provided reasonable care is exercised to safeguard Tenant' s property, such entry shall not render Owner or its agents liable therefor, nor in any event shall the obligations of Tenant hereunder be affected.

**Vault, Vault Space, Area:**

14. No Vaults, vault space or area, whether or not enclosed or covered, not within the property line of the building, is leased hereunder, anything contained in or indicated on any sketch, blue print or plan, or anything contained elsewhere in this lease to the contrary notwithstanding. Owner makes no representation as to the location of the property line of the building. All vaults and vault space and all such areas not within the property line of the building, which Tenant may be permitted to use and/or occupy, is to be used and/or occupied under a revocable license, and if any such license be revoked, or if the amount of such space or area be diminished or required by any federal, state or municipal authority or public utility, Owner shall not be subject to any liability, nor shall Tenant be entitled to any compensation or diminution or abatement of rent, nor shall such revocation, diminution or requisition be deemed constructive or actual eviction. Any tax, fee or charge of municipal authorities for such vault or area shall be paid by Tenant.

**Occupancy:**

15. Tenant will not at any time use or occupy the demised premises in violation of the certificate of occupancy issued for the building of which the demised premises are a part. Tenant has inspected the demised premises and accepts them as is, subject to the riders annexed hereto with respect to Owner' s work, if any. In any event, Owner makes no representation as to the condition of the demised premises, and Tenant agrees to accept the same subject to violations, whether or not of record, provided Tenant' s use of the demised premises shall not be adversely

affected thereby, except temporarily or to a *de minimis* extent. Owner represents and warrants that annexed hereto as Exhibit E is a true copy of the current temporary Certificate of Occupancy for the second through fifth floors of the Building and, except by reasons caused by Tenant in violation of this lease, Owner will maintain in full force and effect during the term of this lease, a temporary or permanent Certificate of Occupancy for such floors permitting Tenant' s use of such floors for the use permitted under this lease. If, as a result of Landlord' s failure or inability to obtain a temporary or permanent Certificate of Occupancy that permits the Basement Room (defined below), or the portion of the basement of the Building that includes the Basement Room, to be used for storage, a violation is noted or issued by any governmental authority against the Building. Landlord or Tenant relating to or arising out of Tenant' s use of the Basement Room for storage, Landlord (and expressly not Tenant) shall be solely responsible to pay such violation and any ensuing fines or penalties resulting therefrom. Owner agrees that Tenant shall have access to and the right to use and occupy the demised premises 24 hours per day, 7 days per week during the term hereof, except when the Premises are inaccessible due to *force majeure.*

**Bankruptcy:**

16. (a) Anything elsewhere in this lease to the contrary notwithstanding, this lease may be cancelled by Owner by the sending of a written notice to Tenant within a reasonable time after the happening of any one or more of the following events: (1) the commencement of a case in bankruptcy or under the laws of any state naming Tenant (or a guarantor of any of Tenant' s obligations under this lease) as the debtor; or (2) the making by Tenant (or a guarantor of any of Tenant' s obligations under this lease) of an assignment or any other arrangement for the benefit of creditors under any state statute. Neither Tenant nor any person claiming through or under Tenant, or by reason of any statute or order of court, shall thereafter be entitled to possession of the premises demised but shall forthwith quit and surrender the demised premises. If this lease shall be assigned in accordance with its terms, the provisions of this Article 16 shall be applicable only to the party then owning Tenant' s interest in this lease.

(b) it is stipulated and agreed that in the event of the termination of this lease pursuant to (a) hereof, Owner shall forthwith, notwithstanding any other provisions of this lease to the contrary, be entitled to recover from Tenant as and for liquidated damages, an amount equal to the difference between the rent reserved hereunder for the unexpired portion of the term demised and the fair and reasonable rental value of the demised premises for the same period. In the computation of such damages the difference between any installment of rent becoming due hereunder after the date of termination, and the fair and reasonable rental value of the demised premises for the period for which such installment was payable, shall be discounted to the date of termination at the rate of four percent (4%) per annum. If such demised premises or any part thereof be re-let by the Owner for the unexpired term of said lease, or any part thereof, before presentation of proof of such liquidated damages to any court, commission or tribunal, the amount of rent reserved upon such re-letting shall be deemed to be the fair and reasonable rental value for the part or the whole of the demised premises so re-let during the term of the re-letting. Nothing herein contained shall limit or prejudice the right of the Owner to prove for and obtain as liquidated damages, by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount be greater, equal to, or less than, the amount of the difference referred to above.

**Default:**

17. (1) If Tenant defaults in fulfilling any of the covenants of this lease other than the covenants for the payment of rent or additional rent; or if any execution or attachment shall be issued against Tenant or any of Tenant' s property, whereupon the demised premises shall be taken or occupied by someone other than Tenant; or if this lease be rejected under § 365 of Title 11 of the U.S. Code (Bankruptcy Code); or if Tenant shall have failed, after ten (10) days' written notice, to redeposit with Owner any portion of the security deposit hereunder which Owner has applied to the payment of any rent and additional rent due and payable hereunder; or if Tenant shall be in default with respect to any other lease between Owner and Tenant; then, in any one or more of such events, upon Owner serving a written twenty (20) days' notice upon Tenant specifying the nature of said default, and upon the expiration of said twenty (20) days, if Tenant shall have failed to comply with or remedy such default, or if the said default or omission complained of shall be of a nature that the same cannot be completely cured or remedied within said twenty (20) day period, and shall not thereafter with reasonable diligence and in good faith, proceed to remedy or cure such default, then Owner may serve a written five (5) days' notice of cancellation of this lease upon Tenant, and upon the expiration of said five (5) days this lease and the term thereunder shall end and expire as fully and completely as if the expiration of such five (5) day period were the day herein definitely fixed for the end and expiration of this lease and the term thereof, and Tenant shall then quit and surrender the demised premises to Owner, but Tenant shall remain liable as hereinafter provided.

(2) If the notice provided for in (1) hereof shall have been given, and the term shall expire as aforesaid; or if Tenant shall make default in the payment of the rent reserved herein, or any item of additional rent herein mentioned, or any part of either, or in making any other payment herein required and in each such instance such default shall continue for a period of ten (10) days after written notice from Owner to Tenant that the same is due; then, and in any of such events, Owner may without notice, re-enter the demised premises either by force or otherwise, and dispossess Tenant by summary proceedings or otherwise, and the legal representative of Tenant or other occupant of the demised premises, and remove their effects and hold the demised premises as if this lease had not been made, and Tenant hereby waives the service of notice of intention to re-enter or to institute legal proceedings to that end. If Tenant shall make default hereunder prior to date fixed as the commencement of any renewal or extension of this lease, Owner may cancel and terminate such renewal or extension agreement by written notice.

**Remedies of Owner and Waiver of Redemption:**

18. In case of any such default, re-entry, expiration and/or dispossess by summary proceedings or otherwise, (a) the rent shall become due thereupon and be paid up to the time of such re-entry, dispossess and/or expiration, (b) Owner may re-let the demised premises or any part or parts thereof, either in the name of Owner or otherwise, for a term or terms, which may at Owner' s option be less than or exceed the period which would otherwise have constituted the balance of the term of this lease, and may grant concessions or free rent or charge a higher rental than that in this lease, and/or (c) Tenant or the legal representatives of Tenant shall also pay to Owner as liquidated damages for the failure of Tenant to observe and perform said Tenant' s covenants herein contained, the rent due hereunder when due less any amounts received by Landlord for such period or, at Landlord' s election, as final liquidated damages, the present value

(discounted by the prime rate as published in the Wall Street Journal) of any deficiency between the rent hereby reserved and/or covenanted to be paid and the then fair market rental value of the Premises for the period which would otherwise have constituted the balance of the term of this lease. The failure of Owner to re-let the demised premises, or any part or parts thereof, shall not release or affect Tenant' s liability for damages. In computing such liquidated damages there shall be added to the said deficiency such expenses as Owner may incur in connection with re-letting, such as legal expenses, reasonable attorney' s fees, brokerage, advertising and for keeping the demised premises in good order or for preparing the same for re-letting. If Landlord does not elect to receive a lump sum as final liquidated damages, then any other liquidated damages shall be paid in monthly installments by Tenant on the rent day specified in this lease, and any suit brought to collect the amount of the deficiency for any month shall not prejudice in any way the rights of Owner to collect the deficiency for any subsequent month by a similar proceeding. Owner, in putting the demised premises in good order or preparing the same for re-rental may, at Owner' s option, make such alterations, repairs, replacements, and/or decorations in the demised premises as Owner, in Owner' s sole judgement, considers advisable and necessary for the purpose of re-letting the demised premises, and the making of such alterations, repairs, replacements, and/or decorations shall not operate or be construed to release Tenant from liability hereunder as aforesaid. Owner shall in no event be liable in any way whatsoever for failure to re-let the demised premises, or in the event that the demised premises are re-let, for failure to collect the rent thereof under such re-letting, and in no event shall Tenant be entitled to receive any excess, if any, of such net rents collected over the sums payable by Tenant to Owner hereunder. In the event of a breach or threatened breach by Tenant of any of the covenants or provisions hereof, Owner shall have the right of injunction and the right to invoke any remedy allowed at law or inequity as if re-entry, summary proceedings and other remedies were not herein provided for. Mention in this lease of any particular remedy, shall not preclude Owner from any other remedy, in law or in equity. Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event of Tenant being evicted or dispossessed for any cause, or in the event of Owner obtaining possession of the demised premises, by reason of the violation by Tenant of any of the covenants and conditions of this lease, or otherwise.

**Fees and Expenses:**

19. If Tenant shall default in the observance or performance of any term or covenant on Tenant' s part to be observed or performed under, or by virtue of, any of the terms or provisions in any article of this lease, after notice, if required, and upon expiration of any applicable grace period, if any, (except in an emergency), then, unless otherwise provided elsewhere in this lease, Owner may immediately, or at any time thereafter and without notice, perform the obligation of Tenant thereunder. If Owner, in connection with the foregoing, or in connection with any default by Tenant in the covenant to pay rent hereunder, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorneys' fees, in instituting, prosecuting or defending any action or proceeding, and prevails in any such action or proceeding, then Tenant will reimburse Owner for such sums so paid, or obligations incurred, with interest and costs. The foregoing expenses incurred by reason of Tenant' s default shall be deemed to be additional rent hereunder, and shall be paid by Tenant to Owner within ten (10) days of rendition of any bill or statement to Tenant therefore. If Tenant' s lease term shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Owner, as damages.

**Building Alterations and Management:**

20. Owner shall have the right at any time without the same constituting an eviction and without incurring liability to Tenant therefore, to change the arrangement and/or location of public entrances, passageways, doors, doorways, corridors, elevators, stairs, toilets or other public parts of the building, and to change the name, number or designation by which the building may be known unless the same interferes (except temporarily or to a *de minimis* extent or as hereinafter provided) with Tenant' s use of or access to the demised premises or the Roof Deck. There shall be no allowance to Tenant for diminution of rental value and no liability on the part of Owner by reason of inconvenience, annoyance or injury to business arising from Owner or other Tenants making any repairs in the building or any such alterations, additions and improvements except as otherwise provided in this lease. Furthermore, Tenant shall not have any claim against Owner by reason of Owner' s imposition of such controls of the manner of access to the building by Tenant' s social or business visitors as the Owner may deem necessary for the security of the building and its occupants.

**No Representations by Owner:**

21. Neither Owner nor Owner' s agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected or the demised premises, the rents, leases, expenses of operation or any other matter or thing affecting or related to the demised premises, except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise, except as expressly set forth in the provisions of this lease. Tenant has inspected the building and the demised premises and is thoroughly acquainted with their condition and except as otherwise expressly provided herein, agrees to take the same "as is", and acknowledges that except as provided in Paragraph 88 and as to latent defects as to which Tenant has given Landlord written notice within ninety (90) days after Tenant' s taking of possession or the demised premises, the taking of possession of the demised premises by Tenant shall be conclusive evidence that the said premises and the building of which the same form a part were in good and satisfactory condition at the time such possession was so taken, except as to latent defects. All understandings and agreements heretofore made between the parties hereto are merged in this contract, which alone fully and completely expresses the agreement between Owner and Tenant, and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it in whole or in part, unless such executory agreement is in writing and signed by the party against whom enforcement of the change, modification, discharge or abandonment is sought.

**End of Term:**

22. Upon the expiration or other termination of the term of this lease, Tenant shall quit and surrender to Owner the demised premises, "broom-clean", in good order and condition, ordinary wear and damages which Tenant is not required to repair as provided elsewhere in this lease excepted, and Tenant shall remove all its property. Tenant' s obligation to observe or perform this covenant shall survive the expiration or other termination of this lease. If the last day of the term of this lease or any renewal thereof, falls on Sunday, this lease shall expire at noon on the preceding Saturday, unless it be a legal holiday, in which case it shall expire at noon on the preceding business day.

**Quiet Enjoyment:**

23. Owner covenants and agrees with Tenant that upon Tenant paying the rent and additional rent and observing and performing all the terms, covenants and conditions, on Tenant' s part to be observed and performed, Tenant may peaceably and quietly enjoy the premises hereby demised, subject, nevertheless, to the terms and conditions of this lease including, but not limited to, Article 31 hereof, and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

**Failure to Give Possession:**

24. If Owner is unable to give possession of the demised premises on the date of the commencement of the term hereof because of the holding-over or retention of possession of any tenant, undertenant or occupants, or if the demised premises are located in a building being constructed, because such building has not been sufficiently completed to make the demised premises ready for occupancy, or because of the fact that a certificate of occupancy has not been procured, or for any other reason, Owner shall not be subject to any liability for failure to give possession on said date and the validity of the lease shall not be impaired under such circumstances, nor shall the same be construed in any way to extend the term of this lease, but the rent payable hereunder shall be abated (provided Tenant is not responsible for Owner' s inability to obtain possession or complete construction) until after Owner shall have given Tenant written notice that the Owner is able to deliver possession in condition required by this lease. If permission is given to Tenant to enter into the possession of the demises premises, or to occupy premises other than the demised premises, prior to the date specified as the commencement of the term of this lease, Tenant covenants and agrees that such possession and/or occupancy shall be deemed to be under all the terms, covenants, conditions and provisions of this lease, except the obligation to pay the fixed annual rent set forth in the preamble to this lease. The provisions of this article are intended to constitute "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law.

**No Waiver:**

25. The failure of Owner or Tenant to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this lease or of any of the Rules or Regulations, set forth or hereafter adopted by Owner, shall not prevent a subsequent act which would have originally constituted a violation from having all the force and effect of an original violation. The receipt by Owner of rent and/or additional rent with knowledge of the breach of any covenant of this lease shall not be deemed a waiver of such breach, and no provision of this lease shall be deemed to have been waived by Owner unless such waiver be in writing signed by Owner. No payment by Tenant or receipt by Owner of a lesser amount than the monthly rent herein stipulated shall be deemed to be other than on account of the earliest stipulated rent, nor shall any endorsement or statement of any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Owner may accept such check or payment without prejudice to Owner' s right to recover the balance of such rent or pursue any other remedy in this lease provided. No act or thing done by Owner or Owner' s agents during the term hereby demised shall be deemed an acceptance of a surrender of said premises, and no agreement to accept such surrender shall be valid unless in writing signed by Owner. No employee of Owner or Owner' s

agent shall have any power to accept the keys of said premises prior to the termination of the lease, and the delivery of keys to any such agent or employee shall not operate as a termination of the lease or a surrender of the premises.

**Waiver of Trial by Jury:**

26. It is mutually agreed by and between Owner and Tenant that the respective parties hereto shall, and they hereby do, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of, or in any way connected with, this lease, the relationship of Owner and Tenant, Tenant' s use of, or occupancy of, the demised premises, and any emergency statutory or any other statutory remedy. It is further mutually agreed that in the event Owner commences any proceeding or action for possession, including a summary proceeding for possession of the demised premises, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding, including a counterclaim under Article 4, except for statutory mandatory counterclaims.

**Inability to Perform:**

27. This Lease and the obligation of Tenant to pay rent hereunder and perform all of the other covenants and agreements hereunder on part of Tenant to be performed shall in no way be affected, impaired or excused because Owner is unable to fulfill any of its obligations under this lease, or to supply, or is delayed in supplying, any service expressly or impliedly to be supplied, or is unable to make, or is delayed in making, any repair, additions, alterations, or decorations, or is unable to supply, or is delayed in supplying, any equipment, fixtures, or other materials, if Owner is prevented or delayed from so doing by reason of strike or labor troubles or any cause whatsoever including, but not limited to, government preemption or restrictions, or by reason of any rule, order or regulation of any department or subdivision thereof of any government agency, or by reason of the conditions which have been or are affected, either directly or indirectly, by war or other emergency.

**Bills and Notices:**

28. Except as otherwise in this lease provided, any notice, statement, demand or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this lease or pursuant to any applicable law or requirement of public authority, shall be in writing (whether or not so stated elsewhere in this lease) and shall be deemed to have been properly given, rendered or made, if sent by registered or certified mail (express mail, if available), return receipt requested, or by courier guaranteeing overnight delivery and furnishing a receipt in evidence thereof, addressed to the other party at the address hereinabove set forth (except that after the date specified as the commencement of the term of this lease. Tenant' s address, unless Tenant shall give notice to the contrary, shall be the building), and shall be deemed to have been given, rendered or made (a) on the date delivered, if delivered to Tenant personally, (b) on the date delivered, if delivered by overnight courier or (c) on the date which is two (2) days after being mailed. Either party may, by notice as aforesaid, designate a different address or addresses for notices, statements, demand or other communications intended for it. Notices given by Owner' s managing agent shall be deemed a valid notice if addressed and set in accordance with the

provisions of this Article. At Owner' s option, notices and bills to Tenant may be sent by hand delivery.

**Services Provided by Owner:**

29. Owner reserves the right to stop services of the heating, elevators, plumbing, air-conditioning, electric, power systems or cleaning or other services, if any, when necessary by reason of accident, or for repairs, alterations, replacements or improvements necessary or desirable in the judgment of Owner, for as long as may be reasonably required by reason thereof. If the building of which the demised premises are a part supplies manually operated elevator service, Owner at any time may substitute automatic control elevator service and proceed diligently with alterations necessary therefor without in any way affecting this lease or the obligation of Tenant hereunder. Owner shall, at its expense, exterminate all common and/or unrented areas of the Building on an "as-needed" basis.

**Captions:**

30. The Captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this lease nor the intent of any provisions thereof.

**Definitions:**

31. The term "office", or "offices", wherever used in this lease, shall not be construed to mean premises used as a store or stores, for the sale or display, at any time, of goods, wares or merchandise, of any kind, or as a restaurant, shop, booth, bootblack or other stand, barber shop, or for other similar purposes, or for manufacturing. The term "Owner" means a landlord or lessor, and as used in this lease means only the owner, or the mortgagee in possession for the time being, of the land and building (or the owner of a lease of the building or of the land and building) of which the demised premises form a part, so that in the event of any sale or sales or conveyance, assignment or transfer of said land and building, or of said lease, or in the event of a lease of said building, or of the land and building, the said Owner shall be, and hereby is, entirely freed and relieved of all covenants and obligations of Owner hereunder, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and the purchaser, at any such sale, or the said lessee of the building, or of the land and building, that the purchaser, grantee, assignee or transferee or the lessee of the building has assumed and agreed to carry out any and all covenants and obligations of Owner, hereunder. The words "re-enter" and "re-entry" as used in this lease are not restricted to their technical legal meaning. The term "business days" as used in this lease shall exclude Saturdays, Sundays and all days as observed by the State or Federal Government as legal holidays and those designated as holidays by the applicable building service union employees service contract, or by the applicable Operating Engineers contract with respect to HVAC service. Wherever it is expressly provided in this lease that consent shall not be unreasonably withheld, such consent shall not be unreasonably delayed.

**Adjacent Excavation-Shoring:**

32. If an excavation shall be made upon land adjacent to the demised premises, or shall be authorized to be made, Tenant shall afford to the person causing or authorized to cause such excavation, a license to enter upon the demised premises for the purpose of doing such work as

said person shall deem necessary to preserve the wall or the building, of which demised premises form a part, from injury or damage, and to support the same by proper foundations, without any claim for damages or indemnity against Owner, or diminution or abatement of rent.

**Rules and Regulations:**

33. Tenant and Tenant' s servants, employees, agents, visitors, and licensees shall observe faithfully, and comply strictly with, the Rules and Regulations and such other and further reasonable Rules and Regulations as Owner and Owner' s agents may from time to time adopt. If there is any inconsistency between the Rules and Regulations and the terms of this Lease, the terms of this Lease shall govern and control. All Rules and Regulations shall be enforced in a non-discriminatory manner. Notice of any additional Rules or Regulations shall be given in such manner as Owner may elect. In case Tenant disputes the reasonableness of any additional Rules or Regulations hereafter made or adopted by Owner or Owner' s agents, the parties hereto agree to submit the question of the reasonableness of such Rules or Regulations for decision to the New York office of the American Arbitration Association, whose determination shall be final and conclusive upon the parties hereto. The right to dispute the reasonableness of any additional Rules or Regulations upon Tenant' s part shall be deemed waived unless the same shall be asserted by service of a notice, in writing, upon Owner, within fifteen (15) days after the giving of notice thereof. Nothing in this lease contained shall be construed to impose upon Owner any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease, as against any other tenant, and Owner shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, visitors or licensees, unless the violation of any such other tenant interferes (except temporarily or to a *de minimis* extent) with the Tenant' s use and occupancy of the premises, in which case(s), as Tenant' s sole remedy, Owner shall use reasonable efforts to enforce the Rules and Regulations against such other tenants.

**Security:**

34. Tenant has deposited with Owner the sum of $604,500.00 as security for the faithful performance and observance by Tenant of the terms, provisions and conditions of this lease; it is agreed that in the event Tenant defaults in respect of any of the terms, provisions and conditions of this lease, including, but not limited to, the payment of rent and additional rent and such default continues beyond all applicable notice and cure periods, Owner may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any rent and additional rent, or any other sum as to which Tenant is in default, or for any sum which Owner may expend or may be required to expend by reason of Tenant' s default in respect of any of the terms, covenants and conditions of this lease, including but not limited to, any damages or deficiency in the re-letting of the demised premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Owner. In the case of every such use, application or retention, Tenant shall, within ten (10) days after demand, pay to Owner the sum so used, applied or retained which shall be added to the security deposit so that the same shall be replenished to its former amount. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this lease, the security shall be returned to Tenant after the date fixed as the end of the lease and after delivery of entire possession of the demised premises to Owner. In the event of a sale of the land and building, or leasing of the building, of which the demised premises form a part, Owner shall have the right to transfer the

security to the vendee or lessee, and Owner shall thereupon be released by Tenant from all liability for the return of such security; and Tenant agrees to look to the new Owner solely for the return of said security, and it is agreed that the provisions hereof shall apply to every transfer or assignment made of the security to a new Owner. Tenant further covenants that it will not assign or encumber, or attempt to assign or encumber, the monies deposited herein as security, and that neither Owner nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

**Estoppel Certificate:**

35. Tenant, at any time, and from time to time, upon at least 10 days' prior notice by Owner, shall execute, acknowledge and deliver to Owner, and/or to any other person, firm or corporation specified by Owner, a statement certifying that this lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the dates to which the rent and additional rent have been paid, and stating whether or not there exists any default by Owner under this Lease, and, if so, specifying each such default and such other information as shall be required of Tenant.

**Successors and Assigns:**

36. The covenants, conditions and agreements contained in this lease shall bind and inure to the benefit of Owner and Tenant and their respective heirs, distributees, executors, administrators, successors, and except as otherwise provided in this lease, their assigns. Tenant shall look only to Owner' s estate and interest in the land and building, for the satisfaction of Tenant' s remedies for the collection of a judgment (or other judicial process) against Owner in the event of any default by Owner hereunder, and no other property or assets of such Owner (or any partner, member, officer or director thereof, disclosed or undisclosed), shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant' s remedies under, or with respect to, this lease, the relationship of Owner and Tenant hereunder, or Tenant' s use and occupancy of the demised premises.

**SEE RIDER AND EXHIBITS ATTACHED HERETO AND MADE A PART HEREOF**

**In Witness Whereof, Owner and Tenant have respectively signed and sealed this lease as of the day and year first above written.**

RIDER
ANNEXED TO LEASE DATED AS OF OCTOBER 1, 2014
BETWEEN
THE A.J.D. BUILDING LLC, AS LANDLORD
AND
PSYOP MEDIA COMPANY, LLC, AS TENANT

37. RIDER PROVISIONS PREVAIL

If and to the extent that any of the provisions of this Rider conflict or are otherwise inconsistent with any of the preceding printed provisions of this Lease, or of the Rules and Regulations attached to this Lease, whether or not such inconsistency is expressly noted in this Rider, the provisions of this Rider shall prevail, and in case of inconsistency of any provision of the Lease with said Rules and Regulations, the provisions of the Lease shall govern.

38. PREMISES

Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the entire rentable area of the third (3rd) floor, the entire rentable area of the fourth (4th) floor, and the entire rentable area of the fifth (5th) floor (hereafter collectively referred to as the "Premises") (as more particularly depicted by cross hatching on the floor plans annexed hereto as Exhibit A) in the building known as 427-429 Broadway in the Borough of Manhattan, City of New York.

39. COMMENCEMENT OF TERM

39.1 The commencement date of the term of this Lease ("Commencement Date") shall be October 16, 2014 or such later date as Landlord shall deliver to Tenant (or its counsel) a fully executed counterpart of this Lease (which for this purpose may be done electronically).

40. FIXED RENTAL AND ADDITIONAL RENTAL

40.1 Tenant covenants to pay Landlord, at the above address, or at such other address as Landlord shall designate:

40.1.1 A fixed rental ("Fixed Rental") at an annual rate of:

(i) $1,209,000.00 per year ($100,750.00 per month) for each lease year commencing on the Commencement Date (defined in Article 39 above) and continuing thereafter to and including the day immediately preceding the one year anniversary of the Commencement Date;

(ii) $1,245,270.00 per year ($100,772.50 per month) for each lease year commencing on the one year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the two year anniversary of the Commencement Date;

(iii) $1,282,628.10 per year ($106,885.68 per month) for each lease year commencing on the two year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the three year anniversary of the Commencement Date;

(iv) $1,321,106.94 per year ($110,092.25 per month) for each lease year commencing on the three year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the four year anniversary of the Commencement Date;

(v) $1,360,740.15 per year ($113,395.01 per month) for each lease year commencing on the four year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the five year anniversary of the Commencement Date;

(vi) $1,479,562.36 per year ($123,296.86 per month) for each lease year commencing on the five year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the six year anniversary of the Commencement Date;

(vii) $1,523,949.23 per year ($126,995.77 per month) for each lease year commencing on the six year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the seven year anniversary of the Commencement Date;

(viii) $1,569,667.71 per year ($130,805.64 per month) for each lease year commencing on the seven year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the eight year anniversary of the Commencement Date;

(ix) $1,616,757.74 per year ($134,729.81 per month) for each lease year commencing on the eight year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the nine year anniversary of the Commencement Date;

(x) $1,665,260.47 per year ($138,771.71 per month) for each lease year commencing on the nine year anniversary or the Commencement Date and continuing thereafter to and including the day immediately preceding the ten year anniversary of the Commencement Date; and

(xi) $1,715,218.28 per year ($142,934.86 per month) for each lease year commencing on the ten year anniversary of the Commencement Date and continuing thereafter to and including the last day of the sixth full calendar month following the month in which occurs the ten year anniversary of the Commencement Date (the “Expiration Date”).

Fixed Rental shall be payable by Tenant by check drawn on a bank which is a member or which clears through a bank that is a member of the New York City Clearing House Association, having an office in the City of New York, in lawful money of the United States, in equal monthly installments in advance at the office of Landlord without previous demand therefor and without any setoff or deduction whatsoever, except as otherwise expressly set forth herein, on the first day of each and every calendar month throughout the term of this Lease, except that the first monthly installment of Fixed Rental due hereunder shall be paid on the execution of this Lease. Provided that Landlord countersigns and delivers a fully-executed copy of this Lease, Landlord may deposit the first monthly payment of rent. So long as Tenant is not in monetary or material non-monetary default hereunder beyond all applicable notice and cure periods at the time that the Fixed Rental becomes due and payable, the payment made on this date shall be applied to the first installment of Fixed Rental due, after application of the Initial Credit (defined below); otherwise, the same shall be applied to the damages, if any, to which Landlord is entitled upon Tenant' s breach of this Lease. If the payment made on this date is uncollectible, this Lease shall, at Landlord' s option, be of no force and effect, *ab initio*, whether or not Tenant shall have entered into possession of the Premises. If the Commencement Date (as defined in Article 39 above) occurs on a day other than the first day of a calendar month, the Fixed Rental due after the application of the Initial Credit shall be prorated, and the balance of the first month' s Fixed Rental theretofore paid shall be credited against the next monthly installment of Fixed Rental.

Subject to the other provisions of this Lease, Tenant' s obligation to pay for the cost of electricity for the Premises and any and all other Additional Rental (defined below) set forth in this Lease shall commence on the Commencement Date.

40.1.2 Additional rental ("Additional Rental"), which shall consist of all such monies other than Fixed Rental as shall be due and payable under this Lease by Tenant. Landlord shall, for a default in timely payment of Additional Rental beyond all applicable notice and cure periods, have available to it all of the rights and remedies available for a default in the timely payment of Fixed Rental beyond all applicable notice and cure periods.

40.2 Provided that Tenant is not then in monetary or material non-monetary default under the terms of this Lease beyond all applicable notice and cure periods, Tenant shall be entitled to a one-time, non-recurring credit against the obligation to pay Fixed Rental, in the aggregate amount of $613,567.50 (the "Credit"), to be applied as follows: (i) $302,250.00 (the "Initial Credit") to be applied against the Fixed Rental due commencing on the Commencement Date and continuing thereafter until exhausted, and (ii) $311,317.50 (the "Second Portion") to be applied against the Fixed Rental due for the thirteenth (13th), fourteenth (14th), and fifteenth (15th) full calendar months following the month in which occurs the Commencement Date; provided, however, if any portion of the Credit is not applied due to the existence or a default, if such default is subsequently cured, and this Lease is in full force and effect, and Tenant is not otherwise in default under this Lease, such unapplied portion of such Credit shall be applied to the next installments of Fixed Rental. Notwithstanding the foregoing, the Credit shall not be applied against any Additional Rental, electricity charges, or other like sums from time to time payable by Tenant pursuant to this Lease, which amounts shall, except as otherwise set forth in this Lease, be paid without abatement in accordance with the terms of this Lease.

41. AS IS CONDITION.

41.1 Tenant has thoroughly examined the Premises and is fully familiar with the condition thereof, and, except as otherwise expressly set forth in this Lease, neither Landlord nor Landlord' s agents have made any representations, warranties or promises, either express or implied, with regard to the physical condition of the Building, or the Premises, the use or uses to which the Premises may be put, or the condition of any mechanical, plumbing, electrical, flue, ventilation or exhaust systems servicing the Premises. It is expressly understood that, except as otherwise expressly set forth in this Lease, Landlord shall not be liable for any latent or patent defects in the Premises. Except as otherwise expressly set forth in this Lease, Tenant agrees to accept the Premises "as is" and in such condition as the same may be in at the Commencement Date, and Landlord shall not be obligated or required to do any work or to make any alterations or decorations or install any fixtures, equipment or improvements, or make any repairs or replacements to or in the Premises to prepare or fit the same for Tenant' s initial occupancy.

41.2 Notwithstanding anything herein to the contrary, (x) the Premises shall be delivered to Tenant: vacant, broom-clean with the Units (defined below) and all Building systems, including the Building wide fire alarm system and the sprinkler system serving the Premises in good working order and (y) within thirty (30) days after the Commencement Date, Landlord shall repair the broken window on the fifth (5th) floor of the Premises.

42. TENANT' S INITIAL INSTALLATIONS.

42.1 The installations, facilities, materials and work that are undertaken by or for the account of Tenant to prepare, equip, decorate and furnish the Premises for Tenant' s occupancy are herein collectively referred to as "Tenant' s Initial Installations." For the sake of certainty, Tenant' s Initial Installations shall be performed (i) entirely at Tenant' s sole cost and expense (other than Landlord' s Contribution), and (ii) entirely by or on behalf of Tenant (and Landlord shall not be obligated or required to perform any of such work). Tenant' s Initial Installations shall constitute Tenant' s Changes and, except as expressly set forth herein, shall therefore be performed subject to and in accordance with the requirements of this Lease applicable to Tenant' s Changes (including, without limitation Article 3 and 67) in addition to the requirements of this Article 42. Without limiting the generality of the foregoing, Tenant agrees, at Tenant' s sole cost and expense, to prepare and submit to Landlord for Landlord' s prior written approval, plans ("Plans") for Tenant' s Initial Installations along with any other items required under Article 67 of this Lease. Except to the extent set forth in Sections 67.1.1, 67.1.2 and 67.1.3, and provided Tenant otherwise complies with the provisions of Article 67 hereof, Landlord shall not unreasonably withhold or condition its consent to any Tenant request to make any Tenant' s Initial Installations or other alterations and Landlord shall either approve or reject Tenant' s submissions within ten (10) Business Days after receipt of same and, if Landlord rejects the same, Landlord shall specify the reasons therefore in reasonable detail. Landlord' s failure to consent or disapprove Tenant' s submissions within ten (10) Business Days (as hereinafter defined) after receipt thereof shall be deemed consent, provided that Tenant' s written request for consent contains a statement to the effect that if Landlord fails to respond to Tenant' s request within ten (10) Business Days, Landlord shall be deemed to have consented to the request. If any of Tenant' s submissions are not approved by Landlord, Tenant may revise and resubmit any disapproved items and Landlord shall approve (or provide details of disapproval) within ten (10) Business Days after Landlord' s receipt of such

items in accordance with the terms of this Paragraph. For the sake of certainty (and again, without limiting the generality of the foregoing) Tenant shall pay to Landlord or its designee, in accordance with Section 67.5 of this Lease, within thirty (30) days after demand, all reasonable third party out-of-pocket costs and expenses actually incurred by Landlord in connection with Tenant' s Initial Installations, including, without limitation, all costs incurred in connection with Landlord' s review of Tenant' s proposed Plans and other submissions.

42.2 Tenant' s Initial Installations may be commenced promptly after (i) receipt by Tenant of Landlord' s written approval of the Plans, (ii) receipt by Tenant of all permits and approvals necessary for the same to be legally carried out, and (iii) delivery to Landlord of all insurance required by Section 67.4 of this Lease.

42.3 Once the Plans have been approved by Landlord, Tenant shall not modify the Plans or issue any change order or any change which in Landlord' s reasonable judgment will affect the Building' s structure or adversely affect any Building systems or any other tenant of the Building or, unless Tenant reimburses Landlord for same, will cause any additional cost (other than a *de minimis* cost) to be incurred by Landlord. Any other modification to the Plans or change order shall be subject to Landlord' s prior written approval, not to be unreasonably withheld, conditioned or delayed. The cost of changing the Plans and/or performing any additional work or making any such changes or modifications shall be borne entirely by Tenant. Landlord shall cure, with reasonable diligence, any Building violations that preclude Tenant from obtaining a building permit for Tenant' s Initial Installations, except if such violations were caused by Tenant.

42.4 None of (a) Landlord' s rejecting, revising or approving the proposed Plans (or any approved Plans pursuant to Section 42.3), (b) Landlord' s paying all or any portion of the Landlord' s Contribution (as hereafter defined), or (c) any other Landlord action or inaction in connection with the Plans, and/or Tenant' s Initial Installations shall constitute a representation or warranty by Landlord with respect to the adequacy, correctness, or efficiency of the Plans or with respect to Tenant' s Initial Installations including, without limitation, whether Tenant' s Initial Installations can be lawfully completed, whether the Plans, and Tenant' s Initial Installations will cause the Premises to be usable by Tenant, or whether the Plans or Tenant' s Initial Installations are in compliance with law, or with respect to (in the case of the Plans), whether same will be acceptable to the Department of Buildings of the City of New York or to any other authorities having jurisdiction thereof. Landlord makes no representation or warranty whatsoever with respect to any of the foregoing.

42.5 Tenant shall be responsible for all of the following at Tenant' s sole cost and expense (except as expressly set forth herein) and Landlord shall have no responsibility for same other than to reasonably and in good faith cooperate at no cost, expense (except as expressly set forth herein) or liability to Landlord: (i) filing the Plans (and any modifications thereto), and Tenant hereby agrees that Tenant shall, at Tenant' s sole cost and expense, retain William Vitacco Jr. as Tenant' s expediter in connection with all expediting work required in connection with Tenant' s Initial Installations, (ii) obtaining any and all permits and governmental approvals required for the performance of Tenant' s Initial Installations, (iii) ensuring that Tenant' s Initial Installations conform to the Plans that Landlord has approved, (iv) ensuring that Tenant' s Initial Installations comply with law, (v) ensuring that the quality and workmanship of Tenant' s Initial Installations meet the requirements set forth in this Lease, (vi) paying all non-hard costs incurred

in connection with Tenant' s Initial Installations, including, without limitation, all soft costs, environmental and other investigatory expenses, permits, filings, expediter fees, architectural fees, engineering fees, other professional fees and other like items necessary in order to lawfully complete Tenant' s Initial Installations (subject to reimbursement of any applicable Landlord' s Contribution), (vii) paying all hard costs incurred in connection with Tenant' s Initial Installations over and above Landlord' s Contribution, (viii) correcting, at Tenant' s sole cost and expense, any deficiencies in Tenant' s Initial Installations (ix) repairing, at Tenant' s sole cost and expense, any damage to the Building (including, without limitation, any damage to the Building structure, the common areas, façade, Building systems, and the Premises), caused by or resulting from Tenant' s Initial Installations, and (x) remedying any fines, penalties, charges, monies, mechanics or other liens, caused directly by or resulting directly from Tenant' s Initial Installations.

42.6 In the event that Tenant shall be unable to procure any building permit required in order to permit Tenant to perform Tenant' s Initial Installations solely due to any violation of record against the Building of any legal requirement not caused by Tenant, those claiming by, through or under Tenant or any of Tenant' s or such other person' s employees, agents, contractors or subcontractors and as a result, such violation prevents Tenant from performing Tenant' s Initial Installations in accordance with the terms of this Lease or from commencing Tenant' s initial occupancy of all or any portion (other than a *de minimis* portion) of the Premises for the conduct of Tenant' s business (any such situation, a "Violation Delay"), then Tenant shall be granted an abatement of Fixed Rental hereunder (which abatement shall be in addition to the Credit) in an amount equal to one (1) day of that part of the Fixed Rental applicable to that part of the Premises adversely affected by the Violation Delay for each day of such Violation Delay for the period commencing on the date that is four (4) Business Days immediately following the date that Tenant has delivered a written notice to Landlord with respect to such Violation Delay and continuing until the earliest of the date on which (i) such violation is cured or discharged of record, (ii) Tenant procures such building permit, (iii) Tenant shall have taken occupancy of the Premises for the conduct of its business, and (iv) Landlord shall have taken other steps to have allowed Tenant to lawfully commence or resume construction, or legally occupy that part of the Premises then being altered, as the case may be, and shall have notified Tenant thereof. The foregoing notwithstanding, Tenant shall not be entitled to such a Fixed Rental abatement with respect to any days of delay caused by any acts or omissions (when a duty exists) of any of Tenant' s employees, agents, contractors or subcontractors, which, based upon good construction practice, could be reasonably expected to have caused a delay. In no event shall Tenant receive an abatement of any Fixed Rental for more than one (1) day on account of any one (1) day of such delay regardless of whether stemming from one or more reasons for such delay to Tenant. Anything contained in this Lease to the contrary notwithstanding, in no event shall Tenant be entitled to any abatement of fixed Rental or Additional Rental pursuant to this Section 42.6 if Tenant is delayed from commencing, undertaking or completing the work contemplated by Articles 85, 86, 88 and/or 89 hereof by reason of (x) any violations, whether or not of record, against the Building, and/or (y) the fact that the Building does not have a current Certificate or Occupancy for the ground floor and basement.

43. LOCAL LAWS

43.1.1 All work performed or installations made by Tenant (or by Landlord at Tenant' s request and expense) in and to the Premises shall be in compliance with the requirements of Local Law 5 of 1973 of the City of New York, as heretofore and hereafter amended ("Local

Law 5"). The foregoing shall include, without limitation, (i) compliance with the compartmentalization requirements of Local Law 5, (ii) relocation of existing fire detection devices, alarm signals and/or communication devices necessitated by the alteration of the Premises, and (iii) installation of such additional fire control or detection devices as may be required by applicable governmental or quasi-governmental rules, regulations or requirements (including, without limitation, any requirements of the New York Board of Fire Underwriters) as a result of Tenant' s particular manner of use of the Premises. The design of such installations shall be at Tenant' s discretion so long as the results comply with Local Law 5.

43.1.2 All Local Law 5 work and installations required to be undertaken by Tenant shall be performed at Tenant' s sole cost and expense and in accordance with plans and specifications and by contractors reasonably approved by Landlord.

44. LANDLORD' S CONTRIBUTION

44.1 Subject to Tenant' s satisfaction of the requirements of this Article 44, Landlord shall contribute as hereinafter provided, an amount ("Landlord' s Contribution") not to exceed the maximum sum of $195,000.00 toward the actual hard costs of performing and completing Tenant' s Initial Installations provided that Tenant may use up to $19,500 of Landlord' s Contribution for any "soft" costs relating to Tenant' s Initial Installations.

44.2 Provided that the Lease is in full force and effect and no event of default shall then exist and be continuing hereunder, and provided further that there are no outstanding mechanic' s lien, financing statement or other lien, charge or order (collectively, a "Work Lien") in existence filed against Landlord, or against all or any portion of the Premises, or the Building due to any act or omission of Tenant or any of Tenant' s contractors or affiliates that has not been actually released and discharged of record or bonded or insured over to the reasonable satisfaction of Landlord, Landlord shall make progress payments to Tenant on account of the Landlord' s Contribution on a periodic basis (but not more frequently than as permitted below) in reimbursement of the actual hard costs of the work performed by or on behalf of Tenant or for "soft" costs paid by Tenant (to the extent provided herein) and paid for by Tenant for Tenant' s Initial Installations. Concurrently with a request by Tenant for re imbursement out of the Landlord' s Contribution, Tenant shall provide documentation to Landlord evidencing that Tenant has retained a portion of the total amounts then due to Tenant' s general contractor which portion shall not be less than (a) ten percent (10%) until at least fifty percent (50%) of the Tenant' s Initial Installations have been substantially completed and (b) five percent (5%) until all of Tenant' s Initial Installations have been substantially completed. All requisitions shall be submitted on AIA Form 702 and 703. Each of Landlord' s progress payments will be an amount equal to the aggregate amounts theretofore paid by Tenant (as certified by an authorized officer of Tenant) to Tenant' s contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from Landlord' s Contribution) for the performance of all of Tenant' s Initial Installations and Landlord shall withhold any such retainage from distribution to Tenant until the Tenant' s Initial Installations have been substantially completed and Tenant shall have otherwise fulfilled the conditions set forth in Section 44.3 below. Provided that Tenant delivers requisitions to Landlord no more than once every thirty (30) days, such progress payments shall be made within thirty (30) days after the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and

subcontractor to whom payment was made, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials that were the subject of previous progress payments by Landlord and Tenant (ii) a written certification from Tenant that the work for which the requisition is being made has been completed substantially in accordance with the Plans approved by Landlord, and (iii) such other documents and information as Landlord may reasonably request. If only a portion of the requisition is rejected by Landlord as provided in this Article, Landlord shall cause the non-rejected portion of such requisition to be paid within the original thirty (30)-day timeframe set forth above. If by reason of a Work Lien Landlord refuses to pay any part of Landlord' s Contribution, upon Tenant' s discharge of same by bonding or otherwise, Landlord shall within thirty (30) days thereafter pay to Tenant such portion of Landlord' s Contribution.

44.3 The amounts requested under Tenant' s final requisition of the Landlord' s Contribution (which shall include, without limitation, the 5% Retainage) shall not be disbursed until all documentation required under this Article 44, together with (A) proof of the satisfactory completion of all required inspections and issuance of any required approvals, permits and signoffs for Tenant' s Initial Installations by all Governmental Authorities having jurisdiction thereover (it being acknowledged that a copy of the back of the building permit with "sign-offs" from the applicable inspectors shall satisfy the requirements of this subsection (A)), (B) final "as-built" Plans, and (C) the issuance of final lien waivers by all contractors, subcontractors and material covering all of Tenant' s Initial Installations.

44.4 All requisitions must be submitted on or before December 31, 2015 (the ' 'Final Submission Date"), ***time being of the essence*** as to such date. Notwithstanding anything to the contrary set forth in this Lease, the Landlord' s Contribution shall be paid by Landlord in not less than three (3) installments with each installment other than the final installment constituting no more than thirty-three and one-third percent (33-1/3%) of the Landlord' s Contribution. If Landlord fails to timely pay any requisition for an installment of the Landlord' s Contribution, within forty-five (45) days after Tenant has made the appropriate requisition therefor in compliance with Sections 44.2 or 44.3 above, as applicable, Tenant, as Tenant' s sole remedy hereunder, shall be entitled to offset the unpaid portion of the installment against the next ensuing installment(s) of Fixed Rental payable hereunder. Notwithstanding anything to the contrary set forth in this Article 44, if Tenant fails to pay when due any sums due and payable to any of Tenant' s contractors or material suppliers, and Tenant shall fail to remove or bond any lien within thirty (30) days after notice from Landlord of such failure, such failure shall constitute an event of default under the Lease without the requirement of any other notice of any kind, and, without limitation of Landlord' s other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly bond any such liens, and sums so paid by Landlord shall be deemed Additional Rental and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor. Under no circumstance shall Landlord be required pursuant to this Lease to contribute in excess of the Landlord' s Contribution. Any costs in excess of the Landlord' s Contribution shall be the sole responsibility of Tenant. For the sake of certainty, in the event that as of the day immediately following the Final Submission Date, with ***time being of the essence***, Tenant shall have failed to requisition (in accordance with the Lease) all or any portion of the Landlord' s Contribution, Tenant shall forever waive Tenant' s right to receive (in every respect, including, without limitation as a rent credit and/or as a work contribution) such portion of the Landlord' s Contribution. No portion of the Landlord' s Contribution may be assigned by Tenant

prior to the actual payment thereof by Landlord. Landlord has made no representations as to the projected cost of Tenant' s Initial Installations.

45. ESCALATIONS FOR INCREASE IN REAL ESTATE TAXES

45.1 For each Tax Year or portion thereof occurring in whole or in part during the term of this Lease commencing with the Tax Year commencing on July 1, 2015, Tenant shall pay, as Additional Rental, the Tax Payment (hereafter defined) for such Tax Year or portion thereof.

45.2 "Taxes" shall mean the total of all real estate taxes and assessments and special assessments, business improvement district charges, and other levies of a similar or dissimilar nature levied, assessed or imposed upon or against the Landlord, the land and/or Building located at 427-429 Broadway, New York, New York (individually referred to hereinafter as the "Land" and the "Building"). If at any time during the term of this Lease the methods of taxation prevailing at the commencement of the term hereof shall be altered so that if and to the extent that in lieu of or as a substitute for the whole or any part of the taxes, assessments, levies or impositions or charges now levied, assessed or imposed on real estate and the improvements thereon, there shall be levied, assessed or imposed: (i) a tax, assessment, levy, imposition or charge wholly or partially as capital levy or otherwise on the rents received therefrom; (ii) a tax, assessment, levy, imposition or charge measured by or based in whole or in part upon the Building or the Land or the Premises and imposed upon Landlord; (iii) a license fee measured by the rents payable by Tenant to Landlord; or (iv) any additional or substitute tax assessment, levy, imposition or charges against the Land and/or the Building and/or the Premises; then all such taxes, assessments, levies, impositions or charges or part thereof so measured or based, shall be deemed to be included with the term "Taxes." "Taxes" shall not include (x) late payment charges or penalties, or (y) income, value added, inheritance or franchise taxes, except if any of the aforementioned impositions are expressly imposed or assessed by the applicable taxing authority in lieu of Taxes. Further, if any assessment may be payable in installments same shall be deemed payable over the maximum number of installments and only the installments without penalty (but including any interest payable to the municipality) then deemed due in a Tax Year shall be so included in such Tax Year for the purpose of this Article 45.

45.3 "Tax Year" shall mean the fiscal year for which Taxes are levied by the applicable governmental authority.

45.4 "Base Tax" shall mean the Taxes for the fiscal year commencing July 1, 2014 and ending June 30, 2015 (such fiscal year being hereinafter referred to as the "Base Tax Year").

45.5 "Tenant' s Proportionate Share" shall mean sixty percent (60.00%).

45.6 If the Taxes for any Tax Year occurring wholly or partially within the term of this Lease or any renewal or extension thereof shall be greater than the Base Tax, Tenant shall pay as Additional Rental for such Tax Year a sum equal to Tenant' s Proportionate Share of the amount by which the Taxes for such Tax Year are greater than the Base Tax (which amount is hereinafter called the "Tax Payment"). Should this Lease terminate prior to the expiration of a Tax Year, such Tax Payment shall be prorated to correspond with that portion of a Tax Year occurring within the term of this Lease. Tenant' s obligation to pay such Additional Rental and Landlord' s obligation

to refund pursuant to Paragraph 45.7 below, as the case may be, shall survive the termination or sooner expiration of this Lease, but Tenant shall have no obligation to make any Tax Payments not billed within three (3) years after the end of the applicable Tax Year.

45.7 Only Landlord shall be eligible to institute proceedings to contest the Taxes or reduce the assessed valuation of the Land and Building. Landlord shall be under no obligation to contest the Taxes or the assessed valuation of the Land and Building for any Tax Year or to refrain from contesting the same, and may settle any such contest on such terms as Landlord in its sole judgment considers proper provided that if Taxes increase by more than ten percent (10%) in any Tax Year, and provided that (x) Tenant is not then in monetary or material nonmonetary default hereunder beyond any applicable period of notice and grace, and (y) there are at least two (2) years remaining in the term of this Lease, upon Tenant' s request, given at least ninety (90) days before the last day Taxes can be contested under applicable law, Landlord shall contest such Taxes. If Landlord shall receive a refund for any Tax Year for which a Tax Payment shall have been made by Tenant pursuant to Paragraph 45.6 above, Landlord shall repay to Tenant, within thirty (30) days of Landlord' s receipt thereof or credit therefor, provided that Tenant is then not in monetary default under the Lease. Tenant' s Proportionate Share of such refund after deducting from such refund the reasonable costs and expenses (including experts' and attorneys' fees) of obtaining such refund. If Tenant is then in monetary default under this Lease, Landlord shall pay Tenant Tenant' s Proportionate Share of such refund promptly after such default has been cured. If the assessment for the Base Tax Year shall be reduced from the amount originally imposed after Landlord shall have rendered a comparative statement (as provided in Paragraph 45.8) to Tenant with respect to a Tax Year, the amount of each Tax Payment shall be retroactively adjusted in accordance with such change, and Tenant, on Landlord' s demand, shall pay any retroactive increase in Tax Payments resulting from such adjustment.

45.8 Landlord shall render to Tenant a comparative statement, with a copy of the then current tax bill, showing the amount of the Base Tax, the amount of the Taxes for the then current Tax Year, and the Tax Payment, if any, due from Tenant for such Tax Year. The Tax Payment shown on such comparative statement shall be paid by Tenant in two (2) installments on the later of (a) fifteen (15) days after Landlord provides such statement, and (b) July l and January 1 of such Tax Year. Each comparative statement shall be conclusive and binding on Tenant, unless within thirty (30) days after receipt of such comparative statement, Tenant shall notify Landlord of any discrepancy in specific detail. Pending the determination of such dispute, by agreement or otherwise, Tenant shall pay the Tax Payment set forth on the comparative statement.

46. WATER, SEWER AND SPRINKLER CHARGES

Tenant shall pay to Landlord, as Additional Rental hereunder, (i) $300 per month for water and sewer rents imposed against the Building and the Land and (ii) $300 per month for sprinkler supervisory services for the Building. The amounts payable by Tenant under the preceding sentence shall be payable on the first day of each and every month during the term of this Lease commencing from and after the Commencement Date.

47. ALL ADDITIONAL RENTAL PAYMENTS

47.1 Landlord' s delay or failure during the term of this Lease to prepare and deliver any statements or bills required to be delivered to Tenant under this Lease shall not in any way be deemed to be a waiver of, or cause Landlord to forfeit or surrender its rights to collect any Additional Rental which may have become due pursuant to these Articles during the term of this Lease provided that Tenant shall have no obligation to pay Additional Rental payments if not billed within three (3) years after the period in which such charges were applicable. Tenant' s liability for Additional Rental due under this Lease, shall continue unabated during the remainder of the term of this Lease and shall survive the expiration or sooner termination of this Lease provided that Tenant shall have no obligation to pay Additional Rental payments if not billed within three (3) years after the period in which such charges were applicable.

47.2 In no event shall any adjustment of any payments payable by Tenant in accordance with the provisions of this Lease result in a decrease in the Fixed Rental or (except as expressly set forth in Section 45.7 of this Lease) any Additional Rental theretofore payable by Tenant pursuant to these Articles.

47.3 If any Additional Rental is payable with respect to any period that shall end after the expiration or termination of this Lease, the Additional Rental payable by Tenant in respect thereof shall be prorated to correspond to that portion of such expense year occurring within the term of this Lease.

48. ASSIGNMENT AND SUBLETTING

48.1 Except as otherwise expressly set forth herein, Tenant, for itself, its heirs, distributees, executors, administrators, legal representatives, successors and assigns, expressly covenants that it shall not assign, mortgage, or encumber this Lease or any of its rights or estates hereunder, sublet the Premises or any part thereof, or permit the Premises, or any part thereof, to be used or occupied by others, pursuant to a management agreement, license agreement or otherwise, without the prior written consent of Landlord in each instance. If this Lease be assigned, or if the Premises or any part thereof be sublet or occupied by anybody other than Tenant, Landlord may, after default by Tenant, collect rent from the assignee, subtenant, or occupant, and apply the net amount collected to the rent herein reserved, but no assignment, subletting, occupancy, or collection shall be deemed a waiver of the provisions hereof, the acceptance of the assignee, subtenant, or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. Landlord' s consent to an assignment or subletting shall not, in any wise, be construed to relieve Tenant from obtaining Landlord' s express written consent to any further assignment or subletting. In no event shall any permitted sublessee assign or encumber its sublease, further sublet all or any portion of its sublet space, or otherwise suffer to permit the sublet space, or any part thereof to be used or occupied by others, without Landlord' s prior written consent in each instance based on the approval standards set forth herein, except under circumstances described in Section 48.17, as applicable to such subtenant) and the foregoing prohibitions and restrictions shall be expressly set forth in each sublease entered into by Tenant. A modification, amendment or extension of a sublease shall be deemed to be a subletting, except to the extent expressly provided for in a sublease previously approved by Landlord. Landlord agrees that if any subtenant of Tenant violates the prohibition against further sublet or

assignment and Landlord serves Tenant with a notice of default and opportunity to cure, the period within which Tenant may cure the default shall be extended for so long as Tenant is actually, and with due diligence, enforcing its rights against the subtenant based upon subtenant' s default.

48.2 Except as otherwise provided in Section 48.17 hereof, if Tenant shall, at any time or times during the term of this Lease, desire to assign this Lease or sublet all or part of the Premises, Tenant shall give notice thereof to Landlord, which notice shall be accompanied by: (a) a term sheet setting forth in reasonable detail the terms of the proposed assignment or sublease, the effective or commencement date of which shall be not less than fifteen (15) nor more than forty-five (45) days after the giving of such notice; (b) a statement setting forth, in reasonable detail, the identity of the proposed assignee or subtenant and its principals, the nature of its business and its proposed use of the Premises; and (c) current financial information with respect to the proposed assignee or subtenant.

48.3 (a) Upon receipt of the documentation set forth in Section 48.2 above with respect to an assignment of this Lease, Landlord shall have the right to elect, by notifying Tenant within twenty-five (25) days of such delivery, to terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease.

(b) Upon receipt of the documentation set forth in Section 48.2 above with respect to a sublease of all or part of the Premises constituting at least one (1) full floor of the Building, for the balance or substantially all of the balance of the remaining term, Landlord shall have the right to elect, by notifying Tenant within twenty-five (25) days of such delivery, to terminate this Lease as to the portion of the Premises affected by such subletting or as to the entire Premises in the case of a subletting thereof, as of such effective date.

(c) If pursuant to the exercise of Landlord' s option (in Section 48.3(b) of this Lease), this Lease is terminated as to only a portion of the Premises, then the Fixed Rental and Additional Rental payable hereunder hereof shall be adjusted in proportion to the portion of the Premises affected by such termination.

48.4 In the event that Landlord does not exercise any of the options available to it pursuant to Section 48.3 above and provided that Tenant is not in default of any of Tenant' s obligations under this Lease beyond all applicable notice and cure periods, Landlord' s consent (which shall be in form reasonably satisfactory to Landlord and Tenant) to the proposed assignment or sublease shall not be unreasonably withheld or conditioned, provided and upon condition that:

48.4.1 Tenant shall have complied with the provisions of Article 48.2 above;

48.4.2 In Landlord' s reasonable judgment, the proposed assignee or subtenant is engaged in a business or activity, and the Premises will be used in a manner, which is (a) limited to the use of the Premises permitted herein; (b) will not violate any negative covenant as to use contained in any other lease of space in the Building as to which Tenant was notified in writing; and (c) will not be in violation of the use restrictions set forth elsewhere in this Lease.

48.4.3 The proposed assignee or subtenant (and its principals) are reputable persons of good character and with sufficient financial worth considering the responsibility involved and Landlord has been furnished with reasonable proof thereof;

48.4.4 The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the Premises is, in Landlord' s reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the Premises are located;

48.4.5 Provided Landlord then has comparable space available for a comparable term, neither the proposed assignee or subtenant nor any person who, directly or indirectly, controls, is controlled by, or is under common control with, the proposed assignee or subtenant, (a) is then a tenant or an occupant of any part of the Building nor (b) is a party who dealt with, or is then negotiating with, Landlord or Landlord' s agent (directly or through a broker) with regard to space in the Building either currently or during the six (6) months immediately preceding Tenant' s request for consent;

48.4.6 The form of the proposed sublease or instrument of assignment shall be in form reasonably satisfactory to Landlord and shall comply with the applicable provisions of this Article;

48.4.7 Tenant shall reimburse Landlord for the reasonable out-of-pocket third party costs that may be incurred by Landlord in connection with said assignment or sublease, including, without limitation, the costs of making investigations as to the acceptability of the proposed assignee or subtenant, and legal fees incurred in connection with the requested consent (which reimbursement shall be due on demand and shall not be refundable under any circumstance, including, without limitation, the occurrence or failure to occur of said assignment or sublease and/or Landlord' s consenting to said assignment or sublease) not to exceed $7,500.00 per assignment or sublet (provided that such "cap" shall not apply if the Lease is being amended in connection with such assignment or sublease transaction);

48.4.8 The Premises shall not, without Landlord' s prior written consent, have been publicly advertised for assignment or subletting at a rental rate lower than the then prevailing rental for other similar space in the Building; and

48.4.9 The proposed occupancy shall not impose any extra burden (except to a *de minimis* extent) upon services to be supplied by Landlord to Tenant.

48.4.10 If Tenant has delivered to Landlord all information and documents required under this Article, Landlord' s consent to an assignment or sublet shall be deemed given if Landlord has not responded to Tenant' s request within fifteen (15) Business Days after Tenant' s request and compliance with this Article, on the condition that Tenant' s request to Landlord must be in writing and contain language in bold letters to the effect that Landlord' s consent will be deemed given if Landlord fails to respond within said fifteen (15) Business Days. Any disapproval by Landlord shall be in writing.

48.5 No assignment or subletting shall be made:

48.5.1 by the legal representatives of Tenant or by any person to whom Tenant' s interest under this Lease passes by operation of law, except in compliance with the provisions of this Article; or

48.5.2 to any person or entity for the conduct of a business which is not in keeping with the then Certificate of Occupancy for the Building and applicable zoning laws.

48.6 The sublease shall expressly prohibit the use of the Premises or any part thereof for any use other than the use set forth in paragraph 2 of the prefixed printed form.

48.7 In the event that Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within ninety (90) days after the giving of such consent, then Tenant shall again comply with all of the provisions and conditions of Section 48.2 before assigning this Lease or subletting all or part of the Premises.

48.8 Each subletting pursuant to this Article shall be subject to all of the applicable covenants, agreements, terms, provisions and conditions contained in this Lease. Notwithstanding any such subletting and/or acceptance of fixed rental or additional rental by Landlord from any subtenant, Tenant shall and will remain fully liable for the payment of the Fixed Rental and Additional Rental due, and to become due, hereunder, for the performance of all of the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and for all acts and omissions of any licensee, subtenant, or any other person claiming under or through any subtenant that shall be in violation of any of the obligations of this Lease, and any such violation shall be deemed to be a violation by Tenant. Tenant further agrees that, notwithstanding any such subletting, no other and further subletting of the Premises by Tenant, or any person claiming through or under Tenant shall, or will be made, except upon compliance with, and subject to, the provisions of this Article. If Landlord shall decline to give its consent to any proposed assignment or sublease, Tenant shall indemnify, defend and hold Landlord harmless from and against any and all losses, liabilities, damages, costs and expenses (including reasonable counsel fees) resulting from any claims that may be made against Landlord by the proposed assignee or subtenant or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease, unless and to the extent there is a final judicial determination that Landlord acted maliciously or in bad faith in declining to give its consent. In no event shall Landlord or Tenant (except as provided in Paragraph 57) be liable for consequential or punitive damages.

48.9 With respect to each and every sublease or subletting, it is further agreed that:

48.9.1 no subletting shall be for a term ending later than one day prior to the expiration date of the term of this Lease;

48.9.2 no sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until an executed counterpart of such sublease has been delivered to Landlord;

48.9.3 each sublease shall provide that it is subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and that, in the event of termination, re-entry, or dispossess by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant as sublandlord under such sublease, and such subtenant shall, at Landlord' s option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not: (a) be liable for any previous act or omission of Tenant under such sublease; (b) be subject to any offset, not expressly provided in such sublease, that theretofore accrued to such subtenant against Tenant; or (c) be bound by any previous modification of such sublease (except to the extent expressly consented to in writing by Landlord) or by any previous prepayment of more than one month' s fixed rental or any additional rental then due under the sublease.

48.10 Any assignment or transfer shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement in form and substance reasonably satisfactory to Landlord, complying with this Article, whereby the assignee shall assume all of the obligations of this Lease on the part of Tenant to be performed or observed from and after the effective date of such assignment and whereby the assignee shall agree that the provisions contained in Section 48.1 shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect of all future assignments and transfers. The original named Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of Fixed Rental and/or Additional Rental by Landlord from an assignee, transferee, or any other party, the original named Tenant shall remain fully liable for the payment of Fixed Rental and Additional Rental and for the other obligations of this Lease on the part of the Tenant to be performed or observed, but not with respect to any modification made between Landlord and such assignee (if not a Related Entity) not consented to in writing by the original named Tenant hereunder.

48.11 In no event shall Tenant be entitled to make, nor shall Tenant make, any claim, and Tenant hereby waives any claims, for money damages (nor shall Tenant claim any money damages by way of set-off counterclaim or defense) based upon any claim or assertion by Tenant that Landlord has unreasonably withheld or unreasonably delayed its consent or approval to a proposed assignment or subletting as provided for in this Article, except in the event a court of law has made a final judicial determination that Landlord acted maliciously or in bad faith. Except as expressly set forth herein, Tenant' s sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance, injunction or declaratory judgment. In no event shall Landlord be liable for punitive or consequential damages under any circumstances whatsoever.

48.12 If applicable, one or more sales or transfers, by operation of law or otherwise, or creation of new stock, partnership, membership or voting interests, aggregating in excess of fifty percent (50%) of (i) the voting stock of any corporate tenant, or (ii) the limited or general partnership interest in any partnership tenant, or (iii) the membership interests in any limited liability company tenant, whether in a single transaction or in a series of transactions, shall be deemed an assignment within the meaning of this Article and shall require Landlord' s prior written consent to the extent provided in this Article. From time to time, if applicable, at Landlord' s request, Tenant shall provide Landlord with a statement of Tenant, certified by Tenant' s Secretary, of its then current shareholders and persons having a beneficial interest in the shares of stock of Tenant, the names of such shareholders and beneficial interest holders, and the percentage of shares

held by each of them. The foregoing shall not apply if Tenants' stock is traded in an over-the-counter or other public exchange, or if Tenant is "going public" or in connection with a re-capitalization of Tenant.

48.13 Except as set forth in the last sentence of Section 48.10 hereof, the joint and several liability of Tenant and any immediate or remote successor in interest to Tenant, and the due performance of the obligations of this Lease on Tenant' s part to be performed or observed, shall not be discharged, released, or impaired in any respect by any agreement or stipulation made by Landlord extending the time of, or modifying any of the obligations of this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of this Lease.

48.14 The listing of any name other than that of Tenant, whether on the doors of the Premises, or otherwise, shall not operate to vest any right or interest in this Lease or in the Premises, nor shall it be deemed to be the consent of Landlord to any assignment or transfer of this Lease, to any sublease of the Premises, or to the use or occupancy thereof by others.

48.15 If Tenant shall assign this Lease or sublease all or any part of the Premises, Tenant shall pay to Landlord, as Additional Rent:

(i) in the case of an assignment, an amount equal to fifty percent (50%) of (x) all sums and other considerations paid to Tenant by the assignee for such assignment (including, but not limited to, sums paid for the sale of Tenant' s fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant' s federal income tax returns), less (y) the actual and reasonable out-of-pocket costs incurred by Tenant directly in connection with such assignment (which, for the sake of certainty, shall specifically exclude the cost of Tenant' s Initial Installations); and

(ii) in the case of a sublease, fifty percent (50%) of (x) any rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant for such sublet which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant' s fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant' s federal income tax returns), less (y) the actual and reasonable out-of-pocket costs incurred by Tenant directly in connection with such sublease (which, for the sake of certainty, shall specifically exclude the cost of Tenant' s Initial Installations).

The sums payable under this Section 48.15 shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

48.16 No assignment of this Lease or subletting of all or a portion of the Premises shall release or affect the obligations of any guarantor of this lease under any guaranty of this Lease except to the extent expressly provided in the last sentence of Section 48.4.10 above.

48.17 Tenant shall have the right, subject to the terms and conditions hereinafter set forth, without the consent of, but on written notice to, Landlord, but subject to Tenant' s satisfaction of the conditions set forth in Sections 48.1 (except for the second to last sentence thereof), 48.2, 48.4.2, 48.4.4, 48.5.2 and 48.10 above, to assign its interest in this Lease (i) to any corporation which is a successor to Tenant either by merger or by consolidation, (ii) to a purchaser of all or substantially all of Tenant' s assets (provided such purchaser shall have also assumed substantially all of Tenant' s liabilities) or stock or other equity of Tenant, or (iii) to an entity which shall control, be under the control of, or be under common control with Tenant (any such entity referred to in this clause (iii) being a Related Entity). Further (x) Tenant shall have the right to sublet the Premises to a Related Entity without the consent of Landlord (but on written notice to Landlord) and (y) Tenant may permit any Related Entity to co-occupy the Premises without a sublease and without the consent of Landlord and, in each case, without payment of sums due under Section 48.15 above. If requested by Landlord, Tenant shall furnish Landlord with written evidence of Tenant' s relationship with such Related Entity.

48.18 Notwithstanding anything in this Lease to the contrary, without the consent of, but on written notice to, Landlord, Tenant may from time to time, subject to all of the provisions of this Lease, permit portions of the Premises to be used or occupied under so-called "desk sharing" arrangements by a "Desk Space User"; provided, that (i) any such use or occupancy of desk or office space shall be without the installation of any separate entrance, (ii) at any time during the term, the aggregate of the rentable square footage then used by all Desk Space Users pursuant to this Section shall not exceed 15% of the rentable area of the then-current Premises, (iii) each Desk Space User shall use the Premises in accordance with all of the provisions of this Lease, and only for the use expressly permitted pursuant to this Lease, (iv) in no event shall the use of any portion of the Premises by a Desk Space User create or be deemed to create any right, title or interest of such Desk Space User in any portion of the Premises or this Lease, (v) such "desk sharing" arrangement shall be subject and subordinate to this Lease and terminate automatically upon the expiration or sooner termination of this Lease, (vi) such Desk Space User shall not have any signage outside of the Premises; (vii) each Desk Space User shall be engaged in a business or activity which is in keeping with standards of the Building; and (viii) such desk sharing arrangement is for a valid business purpose and not to circumvent the provisions of this Article 48. Upon request by Landlord, Tenant shall provide Landlord with a list of any Desk Space Users in the Premises, which notice shall include (1) a description of the nature and character of the business being conducted in the Premises by such Desk Space User and (2) the rentable square feet and location of the Premises occupied by such Desk Space User, together with a copy of the agreement, if any, relating to the use or occupancy of such portion of the Premises by such Desk Space User. "Desk Space User" means bona fide clients, business partners, joint venture partners and concessionaries of Tenant, accountants engaged by Tenant, government auditors having jurisdiction over Tenant' s business in the Premises for a purpose associated with the business of Tenant, and persons or entities to whom Tenant has outsourced business functions or with which

Tenant has an active and meaningful business relationship, including governmental oversight. The number of occupants in the Premises (or any portion thereof) at any time shall not exceed the maximum allowable under applicable law.

49. LIMITATION OF LIABILITY

49.1 If Landlord shall be an individual, joint venture, tenancy in common, co-partnership, limited liability company, unincorporated association, or other unincorporated aggregate of individuals and/or entities or a corporation, Tenant shall look only to such Landlord' s estate and property in the Land and the Building (including any sale, condemnation and insurance proceeds) for the satisfaction of Tenant' s remedies for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord in the event of any default by Landlord hereunder, and no other property or assets of Landlord or any member, partner, shareholder, director, officer or principal of Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant' s remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or Tenant' s use or occupancy of the Premises.

49.2 If Tenant shall request Landlord' s consent or approval pursuant to any of the provisions of this Lease or otherwise, and Landlord shall fail or refuse to give, or shall delay in giving, such consent or approval (except as provided in Article 48 above), Tenant shall in no event make, or be entitled to make, any claim for damages (nor shall Tenant assert, or be entitled to assert, any such claim by way of defense, set-off, or counterclaim) based upon any claim or assertion by Tenant that Landlord unreasonably withheld or delayed its consent or approval, and Tenant hereby waives any and all rights that it may have from whatever source derived, to make or assert any such claim. Tenant' s sole remedy for any such failure, refusal, or delay (except as provided in Article 48) shall be an action for a declaratory judgment, specific performance, or injunction, and such remedies shall be available only in those instances where Landlord has expressly agreed in writing not to unreasonably withhold or delay its consent or approval or where, as a matter of law, Landlord may not unreasonably withhold or delay the same.

50. INDEMNIFICATION

50.1 Except as otherwise expressly provided herein and subject to Sections 51.4 and 51.5, Tenant shall, at all times and at its sole cost and expense, indemnify, defend and hold Landlord, any holder of a Superior Mortgage (defined below), and any lessor under a Superior Lease (defined below), together with their respective agents, affiliates, employees, partners, members, officers, directors and shareholders (collectively, the "Indemnitees") harmless from and against any and all claims, suits, actions, damages, fines, charges, penalties, losses, liens, fees, costs, court costs, expenses (including, but not limited to, all reasonable fees and disbursements of attorneys, architects, engineers and other professionals engaged by one or more Indemnitees) and liabilities which may be incurred by or imposed on any Indemnitee or which may arise in connection with any claims, suits or actions, the investigation thereof or the defense of any action or proceeding brought thereon, or from the enforcement of this indemnity, or from and against any orders, judgments and/or decrees which may be entered or which may arise, wholly or in part, with respect to or on account of: (a) any personal injury, bodily injury, loss of life and/or damage to property that may occur or be claimed by or with respect to any person(s) or property on or about

the Premises or the appurtenances thereto or upon the adjacent vaults (if any), sidewalks, ramps, curbs or streets, and resulting from the use, misuse, occupancy, operation and/or management of the Premises by Tenant, its successors, permitted assigns or any subcontractors, or by other persons or entities claiming by, through or under Tenant, or by their respective agents, employees, contractors, licensees, invitees, guests or other such persons or entities, except to the extent such injury, loss and/or damage is due to Landlord' s willful misconduct or negligence, (b) the breach of any term, covenant or condition of this Lease by Tenant, its successors, permitted assigns or any subcontractors, or by other persons or entities claiming by, through or under Tenant, or by their respective agents, employees, contractors, licensees, invitees, guests or other such persons or entities, (c) the filing of any mechanic' s or materialmen' s lien or of any other attachment or encumbrance against the Land and/or the Building due to work done by or on behalf of Tenant, (d) the condition of the Premises, including any repairs, replacements, changes or Alterations that Tenant has or will perform or fail to perform therein, (e) Tenant' s use or storage of any Hazardous Materials (defined below) or (f) the negligence or wilful misconduct of Tenant' s lobby guard or lobby attendant. All such actions, suits, claims, damages and/or proceedings shall be resisted and defended by Tenant at its sole cost and expense. Except to the extent of Landlord' s gross negligence or willful misconduct and except as otherwise expressly set forth herein, Landlord shall in no event be liable for any injury or damage to the Premises or to Tenant or any successors, permitted assigns or subcontractors, or other persons claiming by, through or under Tenant or their respective agents, employees, licensees, invitees, business visitors and guests or other such persons, or to any property of any such persons. Tenant shall promptly reimburse each Indemnitee for any and all expenditures covered by this indemnity and hold harmless. Tenant' s obligations under this Article 50 shall survive the expiration or earlier termination of this Lease.

50.2 Except as otherwise expressly provided herein and subject to the provisions of Sections 51.4 and 51.5, Landlord shall, at its sole cost and expense, indemnify, defend and hold Tenant, its shareholders, directors, officers and employees (the "Tenant Indemnified Parties") harmless from and against any and all claims, suits, actions, damages, fines, charges, penalties, losses, liens, fees, costs, court costs, expenses (including, but not limited to, all reasonable fees and disbursements of attorneys, architects, engineers and other professionals engaged by Tenant Indemnified Parties) and liabilities which may be incurred by or imposed on Tenant Indemnified Parties or which may arise in connection with any claims, suits or actions, the investigation thereof or the defense of any action or proceeding brought thereon, or from the enforcement of this indemnity, or from and against any orders, judgments and/or decrees which may be entered or which may arise, wholly or in part, with respect to or on account of: (a) any personal injury, bodily injury, loss of life and/or damage to property that may occur or be claimed by or with respect to any person(s) or property on or about the public portions of the Building and the Premises or the appurtenances thereto or, if resulting from a slip or fall, upon the vaults (if any) or sidewalks in front of the Building, in each case only if the same results from the negligence or willful misconduct of Landlord, and specifically excluding any such injury, loss and/or damage which is due to Tenant Indemnified Parties' negligence or willful misconduct, or (b) the breach of any term, covenant or condition of this Lease by Landlord, its subcontractors, or by other persons or entities claiming by, through or under Landlord, or by their respective agents, employees, contractors, licensees, invitees, guests or other such persons or entities. All such actions, suits, claims, damages and/or proceedings shall be resisted and defended by Landlord counsel of its choice, at Landlord' s sole cost and expense. This indemnity under this Section 50.2 runs for the benefit of the Tenant Indemnified Parties only, and does not create any right or benefit in favor of any other person or

entity. Landlord' s obligations under this Section 50.2 shall survive the expiration or earlier termination of this Lease.

51. INSURANCE

51.1 Tenant shall obtain and keep in full force and effect during the term of this Lease:

51.1.1 a policy of commercial general public liability insurance, including bodily injury, personal injury and property damage coverage, with a broad form contractual liability endorsement or its equivalent, naming Tenant as insured and protecting Landlord, Landlord' s employees and managing agent, and any mortgagees or lessors having an interest in the Building (provided such names have been provided to Tenant in writing), as additional insureds (issued on an "occurrence" basis and not a "claims made" basis) against claims for personal injury, bodily injury, death and/or third-party property damage occurring in or about the Premises or, to the extent caused by the negligence or willful misconduct of Tenant, the Building, and under which the insurer agrees to waive any right of recovery such insurer may have had against Landlord, Landlord' s employees and managing agent, and any mortgagees or lessors having an interest in the Building and to indemnify, defend and hold Landlord harmless from and against, among other things, all cost, expense and/or liability (including, without limitation, reasonable attorneys' fees) arising out of or based upon any and all claims, accidents, injuries and damages occurring in, on or about the Premises (whether or not such claims, accidents, injuries and damages occurred as a result of Landlord' s negligence). The minimum limits of liability applicable exclusively to the Premises shall be a combined single limit with respect to each occurrence in an amount of not less than $8,000,000 (or in any increased amount (or in the form of an umbrella liability policy for "excess" liability coverage) required by Landlord in the exercise of Landlord' s commercially reasonable discretion, which amounts shall not be increased more than one time in any five (5)-year period); and

51.1.2 insurance against loss or damage by fire and such other risks and hazards (including burglary, theft, vandalism, sprinkler leakage, water damage, explosion, breakage of glass within the Premises and, if the Premises are located at or below grade, broad form flood insurance) as are insurable under then available standard forms of "all risk" insurance policies, to Tenant' s personal property and business equipment and fixtures (hereinafter, "Tenant' s Property") and, whether or not such alterations or tenant improvements had been paid for or performed by Tenant, any alterations and tenant improvements in and to the Premises for the full replacement cost value thereof (with such policy having a commercially reasonable deductible) protecting Tenant, Landlord, Landlord' s employees and managing agent, and any mortgagees or lessors having an interest in the Building provided such names have been furnished to Tenant in advance in writing; and

51.1.3 business interruption insurance in an amount sufficient to cover Tenant' s continuing expenses for a period at least twelve (12) months while Tenant is unable to do business in the Premises; and

51.1.4 Statutory Workmen' s Compensation insurance.

51.2 Prior to the time such insurance is first required to be carried by Tenant and thereafter, at least thirty (30) days prior to the expiration or other termination or lapse of any such policies, Tenant shall deliver to Landlord evidence of payment for the policies and certificates evidencing such insurance. In addition, Tenant shall give Landlord at least thirty (30) days written notice prior to any changes in any of the insurance to be maintained by Tenant hereunder. All such policies shall contain endorsements that (a) such insurance may not be modified or cancelled or allowed to lapse except upon thirty (30) days' written notice to Landlord by certified mail, return receipt requested, containing the policy number and the names of the insured and the certificate holder, and (b) Tenant shall be solely responsible for payment of all premiums under such policies and Landlord shall have no obligation for the payment thereof notwithstanding that Landlord and managing agent, and any mortgagees or lessors are named as additional insureds and certificate holders. Tenant' s failure following notice and any applicable cure period, to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder, entitling Landlord to exercise any or all of the remedies as provided in this Lease in the event of Tenant' s default. All insurance required to be carried by Tenant pursuant to the terms of this Lease shall be effected under valid and enforceable policies issued by reputable and independent insurers permitted to do business in the State of New York which rate, in Best' s Insurance Guide, or any successor thereto (or if there be none, an organization having a national reputation), as having a general policy-holder rating of "A-__" and a financial rating of at least "XI." Tenant shall not carry separate or additional insurance, whether concurrent or contributing, in the event of any loss or damage, with any insurance required to be obtained by Tenant under this Lease. Any insurance required to be provided by Tenant under this Article 51 may be provided by blanket insurance covering both the Premises and other properties or locations of Tenant if (i) such blanket insurance complies with all of the other requirements of this Lease, and (ii) the amounts payable to Landlord under such blanket insurance shall at all times be no less than the amount of insurance that would have been payable to it and/or them if such insurance had not been provided by blanket insurance, whether or not Tenant, as an additional insured, may be otherwise entitled to any proceeds of the policy, and (iii) the insurance protection to be provided hereunder for Landlord is not impaired or diminished by such blanket insurance or inclusion of Tenant as an insured thereunder. If Tenant shall provide blanket insurance in conformity with the foregoing, then the requirements herein for delivery of insurance policies by Tenant shall be deemed satisfied by Tenant' s delivery of an underlying certificate(s) of such blanket insurance (in form reasonably satisfactory to Landlord) with respect to the insurance involved.

51.3 All policies to be maintained by Tenant hereunder and by Landlord with respect to the Building shall contain a provision that no act or omission of Landlord or Tenant, as the case may be, shall affect or limit the obligation of the insurer to pay the amount of any loss sustained.

51.4 The parties hereto shall procure an appropriate clause in, or endorsement on, any "all risk" or fire or extended coverage insurance covering the Premises, the Building, the personal property, fixtures or equipment located thereon or therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery by the insured prior to any loss. The waiver of subrogation or permission for waiver of the right of recovery in favor of Tenant shall also extend to all other persons or entities occupying or using the Premises in accordance with the terms of the Lease. It is expressly understood and agreed that Landlord will not be obligated to carry insurance on Tenant' s Property or Tenant' s alterations or insurance against interruption of Tenant' s business.

51.5 Each party hereby waives all rights of recovery, claim, action, cause of action and releases the other party with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damage or destruction with respect to its property (including rental value or business interruption) occurring during the term of this Lease. Tenant and Landlord shall advise insurers of the foregoing and such waiver shall be part of each policy maintained by Tenant and Landlord which applies to the Premises and Building, as the case may be.

51.6 Landlord shall carry during the term of this Lease general public liability insurance and fire and casualty insurance in such limits as may be required by the holder of the Superior Mortgage (defined below) or, if no such Superior Mortgage exists, in such limits as are customary for a building substantially similar to the Building and in the same general location, provided that the fire and casualty coverage must be on a standard "all risk' ' or "special form" insurance policy written on a full replacement cost basis.

52. ELECTRIC CURRENT

52.1 Tenant agrees that Tenant shall not make any electrical or mechanical installations, alterations, additions or changes to the electrical equipment or appliances in the Premises (except that Tenant may connect standard office equipment and small kitchen appliances without Landlord' s consent) without the prior written consent of Landlord, in each such instance, which shall not be unreasonably withheld, conditioned or delayed, and Tenant will at all times comply with the rules and regulations applicable to the service, equipment, wiring and requirements of Landlord and of the utility company supplying electricity to the Building. Tenant covenants and agrees that at all times its use of electricity will not exceed the capacity of existing feeders to the Building or the risers or wiring installations therein and Tenant shall not use any electrical equipment which, in Landlord' s reasonable judgment, will overload such installations or interfere with the use thereof by other tenants in the Building. In the event that, in Landlord' s reasonable judgment (considering the needs and consumption of power by other tenants or anticipated tenants in the Building), Tenant' s electrical requirements above those needed for normal office use necessitate installation of an additional riser, risers or other proper and necessary equipment or services, including additional ventilating or air conditioning, the same shall be provided or installed by Landlord at Tenant' s sole expense, provided Tenant' s proposed installations shall be reasonably accommodated in the Building and shall not be detrimental, in Landlord' s sole judgment, to the proper and economic functioning of the Building or the use and enjoyment by other tenants therein. The preceding sentence shall not give rise to any obligation of Landlord to deliver Tenant electrical service in excess of the amount provided for in this Lease. Any such installations shall be paid for by Tenant prior to Landlord' s commencement of the work therefor, such charges shall be chargeable and collectible as Additional Rental. In all electrical installations only rigid conduits or electrical metal tubing will be allowed. Landlord represents that at least eight (8) watts per rentable square foot demand load are currently available to the Premises.

If either the quantity or character of the electrical service is changed by the utility company supplying electrical service to the Building or is no longer available or suitable for Tenant' s requirements, no such change, unavailability or unsuitability shall constitute an actual or constructive eviction, in whole or, subject to Section 66.4, in part, or entitle Tenant to any abatement or diminution of Fixed Rental or Additional Rental, or relieve Tenant from any of its

obligations under this Lease or impose any liability upon Landlord, or its agents, by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant' s business, or otherwise, unless such change, unavailability or unsuitability is due solely to Landlord' s negligence or willful misconduct.

52.2 Electricity shall be furnished by Landlord to Tenant on a "submetering" basis, as follows:

52.2.1 If not already installed, Landlord shall, at its sole cost and expense, install a meter or meters for the purpose of measuring the electric current consumed solely in the Premises; and

With respect to the Premises and/or any portion(s) thereof that constitute less than a full floor of the Building, Landlord shall:

52.2.2 Install a meter to measure the amount of Usage (hereinafter defined) with respect solely to the Premises and/or to such portion(s) (and Landlord hereby consents to the installation of a totalizer by Tenant if more than one (1) meter measures electricity to the Premises, and, if installed, Tenant shall maintain such totalizer); or

52.2.3 Measure the amount of Usage with respect thereto through common meter(s).

Landlord shall, from time to time, furnish Tenant with a statement indicating the appropriate period during which the Usage was measured and the amount of Tenant' s Cost payable by Tenant to Landlord for furnishing electrical current. Within fifteen (15) days after receipt of each such statement, Tenant shall pay to Landlord as Additional Rental hereunder, the amount of Tenant' s Cost as set forth thereon.

For the purposes of this subsection, "Usage" shall mean the number of kilowatt hours of electric current consumed in the Premises, as measured by a meter or meters through which the electric current supplied to the Premises is drawn, for each calendar month or such other period as Landlord shall determine during the term of this Lease. In the event that all or a portion of the Premises is serviced by a meter that also services other space in the Building, then Usage with respect to the Premises or the portion thereof serviced by a common meter, as the case may be, shall be deemed to be an amount equal to the product of:

(x) The number of kilowatt hours measured by such meter, multiplied by

(y) The result (hereinafter called "Tenant' s Electric Share") of:

(1) The rentable area of the Premises divided by

(2) The aggregate rentable area of the premises serviced by such meter.

Provided that such amount shall be equitably adjusted if any material rentable area of the area serviced by such meter uses a disproportionately greater amount of electricity (e.g., a Data Center).

"Rate" shall mean the actual cost to Landlord per kilowatt hour paid by Landlord, at the time in question, to the public utility company supplying electric current to the Building, including, without limitation, all applicable surcharges, demand charges, time-of-day charges, energy charges, fuel adjustment charges, rate adjustment charges, taxes, and other sums payable in respect thereof.

"Tenant' s Cost" shall mean an amount equal to the product of (i) the Rate, multiplied by (ii) the Usage, multiplied by (iii) 103%. If any tax is imposed upon Landlord' s receipt from the sale or resale of electrical energy or gas or telephone service to Tenant by any Federal, State or Municipal Authority, Tenant covenants and agrees that, where permitted by law, Tenant' s pro-rata share of such taxes shall be passed on to, and in included in the bill of, and paid by, Tenant to Landlord.

The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering additional rent to be less than an amount equal to the total of Landlord' s payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus three percent (3%) for transmission line loss and other redistribution costs.

52.3 Notwithstanding anything contained herein, Landlord also reserves the right to, upon thirty (30) days' written notice to Tenant, terminate the furnishing of electricity to the Premises in which event, Tenant shall make application directly to the public utility for the Tenant' s entire separate supply of electric current and Landlord may, upon expiration of the aforementioned thirty (30) days (but only provided that Tenant is then receiving, or is in a position to receive, electricity from the utility on a direct basis), discontinue furnishing electric current to Tenant. Any meters, risers or other equipment or connections necessary to enable Tenant to obtain electric current directly from such utility as set forth above, shall be installed at Landlord' s sole cost and expense, except in the event Landlord is required to discontinue furnishing electricity by applicable law, in which event such installation costs shall be equally shared by Landlord and Tenant. Rigid conduits only will be allowed. Landlord shall also permit its wire and conduits, to the extent available and safely compatible, to be used for such purpose. Irrespective of whether Landlord exercises any of its options set forth in this Article 52, Tenant shall not be released from any liability under this Lease and the Lease shall remain in full force and effect.

Any meter(s) installed by Landlord pursuant to this Article 52 shall be maintained and repaired by Tenant at Tenant' s sole cost and expense.

53. BROKER

Tenant represents and warrants to Landlord that Tenant neither consulted nor negotiated with any broker or finder with regard to the rental of the Premises from Landlord, other than Newmark Grubb Knight Frank whose commission shall be paid by Landlord pursuant to Landlord' s separate agreement with said broker. Tenant agrees to indemnify and hold Landlord harmless from any damages, liabilities, settlement payments, costs and expenses (including, without limitation, reasonable attorneys' fees incurred in defending an action or claim or enforcing this indemnity) suffered, incurred or paid by Landlord by reason of any claim or action for a commission or other compensation by any broker or other entity or person other than Newmark Grubb Knight Frank who has dealt with Tenant in connection with this Lease or the rental of the Premises from Landlord. The provisions of this Article shall survive the expiration or earlier termination of this Lease.

54. BINDING EFFECT

It is specifically understood and agreed that this Lease is offered to Tenant for signature by the managing agent of the Building solely in its capacity as such agent and subject to Landlord' s acceptance and approval, and that Tenant shall have affixed its signature hereto with the understanding that such act shall not, in any way, bind Landlord or its agent until such time as this Lease shall have been executed by Landlord and delivered to Tenant.

55. LATE FEE

In the event that any payment to be made by Tenant hereunder shall become overdue for a period in excess of five (5) days after notice that same was due and not paid, a "late charge" equal to the lesser of (a) three percent (3%) of the overdue payment, or (b) the maximum amount allowable by law may be charged by Landlord and shall be payable by Tenant as Additional Rental on the 1st day of the month following Landlord' s demand therefor; provided that Landlord shall not be required to send a notice with respect to late payments of Fixed Rental more than one (1) time in any twelve (12)-month period in order for such late charge to be applicable, and same shall thereafter be applicable if such next payment of Fixed Rental is not paid within five (5) days after the due date thereof, until the next period of twelve (12) months. It is expressly acknowledged and agreed that nothing herein contained shall be deemed or construed as permitting or allowing Tenant to make any payment of Fixed Rental and/or Additional Rental at a time other than when same shall be required to be paid pursuant to the provisions of this Lease. The acceptance of the late charge referred to in this Article shall not in any manner preclude Landlord from enforcing any of its rights contained elsewhere in this Lease.

56. SECURITY

56.1 It is agreed that in the event Tenant defaults under the terms of this Lease beyond the expiration of all grace and notice periods, Landlord may (but shall not be required to) use, apply or retain the whole or any part of the security so deposited for any sum Landlord may expend by reason of Tenant' s default, or for the payment of any past-due Fixed Rental or Additional Rental. In the event Landlord shall apply all or any portion of Tenant' s security in accordance with this lease, Tenant shall deposit with Landlord, within ten (10) days after demand therefor, an

amount sufficient to restore such security to the amount set forth in Article 34. If Landlord retains or applies all or a portion of Tenant' s security deposit as a result of Tenant' s default in the payment of Fixed Rental or Additional Rental and Tenant fails to restore the same as aforesaid, Tenant' s failure to restore such security deposit shall be deemed to be a default in the payment of Additional Rental, for default in the payment of which Landlord shall have the same remedies as for a default in the payment of Fixed Rental. Any cash deposit of security shall be deposited into an interest-bearing account with all interest (less a one percent [1%] per annum administrative charge payable to Landlord) accruing in the account payable to Tenant upon the termination of this Lease.

56.2 In lieu of depositing the entire security deposit in cash, Tenant may deposit as security simultaneously herewith in the form of a clean, irrevocable and unconditional letter of credit in the amount of $604,500.00 issued by and drawn upon a commercial bank which is a member of the New York Commerce Clearing House Association or other reasonably acceptable banking institution (hereinafter referred to as the "Issuing Bank") with offices for banking purposes in the City of New York and having a net worth of not less than $500,000,000.00, which letter of credit shall have an initial term of not less than one year, be in form and content reasonably satisfactory to Landlord (and substantially as shown on Exhibit D annexed hereto), and shall be for the account of Landlord. Landlord hereby approves Community National Bank as the issuer of any such letter of credit. The letter of credit shall provide that:

(i) The letter of credit shall be deemed to be automatically renewed, without amendment, for consecutive periods of one year each during the entire term hereof (the last such automatic renewal to expire not earlier than a date that is two (2) months after the Expiration Date unless the Issuing Bank sends written notice (hereinafter called the " Non-Renewal Notice") to Landlord by certified or registered mail, return receipt requested, not less than sixty (60) days next preceding the then expiration date of the letter of credit, that it elects not to have such letter of credit renewed;

(ii) Landlord, after receipt of the Non-Renewal Notice, unless Tenant replaces the letter of credit with a replacement letter of credit or cash within thirty (30) days after the date of the Non-Renewal Notice, shall have the right, exercisable by a sight draft, to receive the moneys represented by the letter of credit; and

(iii) Upon Landlord' s sale of the Building, or the transfer of Landlord' s interest therein, or a leasing of the Building, the letter of credit shall be transferable by Landlord to purchaser, vendee or transferee, and all fees and expenses of such transfer shall be paid by Tenant.

56.3 In the event of a sale or lease of the Building, Landlord shall have the right to transfer the security to the purchaser, and, to the extent such funds (or letter of credit, if applicable) are or is actually transferred by Landlord, Landlord shall thereupon be released by Tenant from all liability for the return of such security.

56.4 Tenant agrees that it shall not assign or encumber the funds deposited as security hereunder.

56.5 Tenant may initially deposit a cash security deposit and then substitute same with a letter of credit otherwise complying with the provisions of this Lease, and Landlord shall, within five (5) Business Days thereafter, return to Tenant its cash security deposit.

57. HOLDOVER

Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights which Tenant or any such person may have under the provisions of Section 2201 of the New York Civil Practice Law and Rules, the stay provisions of the Real Property Actions and Proceedings Law, and of any similar or successor law of same import then in force, in connection with any holdover proceedings which Landlord may institute to enforce the provisions of this Lease. Tenant acknowledges that the timely surrender by Tenant of the Premises upon the expiration of the term of this Lease is an important inducement to Landlord in entering into this Lease. If the Premises are not surrendered within forty-five (45) days after the termination of this Lease, Tenant hereby indemnifies Landlord against liability, including, without limitation, all reasonable attorneys' fees incurred by Landlord and related expenses, resulting from the delay by Tenant in so surrendering the Premises, and including any claims made by any succeeding tenant or prospective tenant founded upon such delay. In the event Tenant remains in possession of the Premises after the termination of this Lease, without the execution of a new lease, Tenant, at the option of Landlord, shall be deemed to be occupying the Premises as a tenant from month to month, at a monthly rental equal to one-and-one-half (1½) times the Fixed Rental payable during the last month of the term for the first sixty (60) days after the Expiration Date and two (2) times such Fixed Rental thereafter, subject to all of the other terms of this Lease insofar as the same are applicable to a month-to-month tenancy and Tenant shall also pay the Additional Rental that was due hereunder during the last month of the term. Tenant acknowledges that the monthly rental payable to Landlord during the period Tenant holds over past the term of this Lease is not a penalty and constitutes the fair value of the Premises for the applicable holdover period. Tenant' s obligations under this Article shall survive the termination of this Lease. Except as expressly set forth in this Article 57, Tenant shall not be liable to Landlord for any consequential damages incurred by Landlord as a result of Tenant holding over past the term of this Lease or for any other reason with respect to this Lease. Nothing contained in this Article shall be construed to mean that Landlord has given permission for Tenant or anyone else who occupies the Premises to remain on in the Premises as a monthly tenant. No holding-over by Tenant shall operate to extend the term of this Lease or create any tenancy other than a month-to-month tenancy at will.

58. APPLICABLE LAW

This Lease shall be governed in all respects by the laws of the State of New York. Tenant hereby specifically consents to jurisdiction in the State of New York in any action or proceeding arising out of this Lease and/or the use and occupation of the Premises and waives any right to trial by jury and the right to interpose any counterclaim in any summary proceeding commenced by Landlord other than a compulsory counterclaim. If Tenant at any time after the date of the execution hereof or during the term hereof shall not be a New York partnership or a New York corporation or a foreign corporation qualified to do business in New York State, Tenant shall designate in writing an agent in New York County for service of process under the laws of the State of New York for the entry of a personal judgment against Tenant. Tenant, by notice to Landlord, shall have the right to change such agent, provided that at all times there shall be an

agent in New York County for service. In the event of any revocation by Tenant of such agency, such revocation shall be void and have no force and effect unless and until a new agent has been designated for service and Landlord notified to such effect. If any such agency designation shall require a filing in the office of the Clerk of the County of New York, same shall be promptly accomplished by Tenant, at its expense, and a certified copy transmitted to Landlord. Landlord and Tenant hereby waive trial by jury in any action arising under this Lease.

59. HAZARDOUS MATERIALS

Tenant shall not cause or permit any Hazardous Materials (hereinafter defined) to be used, stored, transported, released, handled, produced or installed in, on or from the Premises or the Building, except for commercially reasonable amounts of cleaning products and other products normally used in connection with the operation of a Tenant' s business, provided they are used and stored in compliance with applicable laws. "Hazardous Materials," as used herein, shall mean any flammables, explosives, radioactive materials, hazardous wastes, hazardous and toxic substances or related materials, asbestos or any material containing asbestos, or any other substance or material as defined by any federal, state or local environmental law, ordinance, rule or regulation, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, the Hazardous Materials Transportation Act, as amended, the Resource Conservation and Recovery Act, as amended, and in the regulations adopted and publications promulgated pursuant to each of the foregoing.

60. ROOF DECK

60.1 Throughout the term of this Lease, Tenant shall have the non exclusive right to access and use the deck located on the roof of the Building ("Roof Deck") at no additional cost to Tenant but subject to the following: Tenant' s right to access and use the Roof Deck shall be non exclusive and Tenant shall not interfere with Landlord' s and other tenants' or occupants of the Building or their respective officers, employees, agents or business invitees' rights, to the extent provided in this Lease, to access and use the Roof Deck. Prior to Tenant' s accessing the Roof Deck for any reason, all of Tenant' s insurance (as required by this Lease) shall include the Roof Deck as an additional location of Tenant' s operations. Tenant shall use the common area stairs to gain access to the Roof Deck. No alterations of any kind shall be performed by or on behalf of Tenant to the Roof Deck except with the consent of Landlord as provided in this Lease. Without limiting the foregoing, Tenant shall not, without Landlord' s consent in accordance with this Lease, install any antennas, generators, satellite dishes, transmitters, flags, signs, awnings, or other projections on, from or over the Roof Deck. Tenant and Tenant' s employees, guests and invitees shall use the Roof Deck at their own risk. Tenant shall clean and maintain the roof deck at Tenant' s sole cost and expense, except to the extent that such clean and/or maintenance is necessitated by someone other than Tenant or Tenant' s officers, or employees, or their business invitees, but, subject to the other provisions hereof, Landlord shall remain liable for the roof structure and the roof membrane. Tenant' s right of access and use of the Roof Deck is strictly limited to Tenant and any subtenant, Deck Space User, and their officers, employees, and their business invitees. Except as provided in this Article 60, Tenant may use the Roof Deck for any lawful purposes; provided that (x) Tenant shall not permit smoking on the Roof Deck, (y) Tenant shall not sell liquor to invitees on the Roof Deck, and (z) Tenant shall not play amplified music on the Roof Deck such that same results in tenants of the Building or residents of neighboring buildings making

complaints with respect to the volume thereof. If Tenant violates any of the foregoing restrictions, Tenant shall immediately cease such offending conduct upon notice from Landlord or, with respect to the situation described in (z) above, upon notice from such other tenants or neighboring residents. Tenant shall comply with all applicable laws with respect to its use of the Roof. Tenant may serve and consume food on the Roof Deck in connection with office parties for Tenant, its subtenant, Deck Space Users, any Related Entity and its employees, and functions designed for marketing and/or gatherings of Tenant' s, its subtenant' s, Desk Space Users' and its Related Entity' s clients provided and on condition that in connection therewith, Tenant complies with this Lease and any and all applicable laws, codes, rules and regulations. Tenant shall, at Tenant' s sole cost and expense, obtain any licenses and permits required for Tenant' s use of the Roof Deck. This Lease is in no way contingent upon Tenant obtaining any such licenses or permits or any licenses or permits of any kind or upon Tenant' s ability to access and use the Roof Deck. Tenant shall not use the Roof Deck in a hazardous manner or in violation of any applicable zoning law, ordinance, building code, or other law or in a manner that would cause physical damage to any portion of the roof, room membrane or any other portion of the Building. If Tenant installs any furniture on the Roof Deck, Tenant shall attach any and all furniture, tables, equipment and other personal property of any kind in a manner so as not to damage the roof or the roof membrane and so as to secure such items so that they do not blow off or fall off of the Roof Deck. Landlord assumes no responsibility whatsoever for safeguarding any such items or for the damage, destruction or theft thereof. No furniture, tables, equipment or other personal property shall at any time be located within five (5) feet of the perimeter of the Roof Deck. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant' s sole cost and expense, remove all of Tenant' s furniture, tables, equipment and other personal property from the Roof Deck and Building and repair any damage to the Building (including, without limitation, the Roof Deck) caused by such removal. In no event shall Landlord grant any rights to use the Roof Deck other than to the existing tenant/occupants of the 2nd floor of the Building and Landlord and Landlord' s employees, agents and invitees (solely for the purposes of performing work and making inspections). Further, as of the date hereof the only parties other than Tenant and Landlord (for the above purposes) that may use the Roof Deck are the existing tenant/occupants of the 2nd floor of the Building, and, at such time as the existing lease of the 2nd floor terminates, no other Building tenant or occupant shall have access to or rights to use the Roof Deck, and Tenant' s rights thereto shall be exclusive except for Landlord' s rights described in this Paragraph. If Landlord is required to make repairs to and/or replace the roof or any portion thereof, Landlord and Landlord' s agents and contractors shall have access to all or a portion of the roof to perform such work and Landlord may temporarily suspend Tenant' s access to the roof. Such suspension shall be without liability to Landlord, shall not entitle Tenant to any rent abatement, nor otherwise reduce Tenant' s obligations under this Lease.

61. NOTICES

Any notice or demand which, under the terms of this Lease or under any statute, must or may be given or made by the parties hereto, shall be in writing, and shall be given or made by mailing the same by certified mail, return receipt requested, by a nationally recognized overnight courier service, or by personal delivery, addressed to the parties at their respective address set forth in the opening paragraph (but from and after the date that Tenant commences its business operations at the Premises, then addressed to Tenant at the Premises), in either case, such Notice to Tenant must be to the attention of Mr. Rob Walston, CEO, with a copy of any notice to Landlord

to be delivered simultaneously in the same manner to Landlord' s attorneys, Gerstein Strauss & Rinaldi LLP, 57 West 38th Street, 9th floor, New York, New York 10018, Attention: Jonathan Henry Gerstein, Esq. and with a copy of any notice to Tenant to be delivered simultaneously in the same manner to Tenant' s attorneys, Loeb & Loeb, LLP, 345 Park Avenue, New York, NY 10154 Attn: Scott I. Schneider, Esq. Either party, however, may designate in writing such new or other address to which such notice or demand shall thereafter be so given, made or mailed. Any notice given hereunder shall be deemed delivered on the third (3rd) day after the notice is deposited in a United States General branch post office, maintained by the United States Government in the City of New York, enclosed in a certified, prepaid wrapper addressed as hereinbefore provided, or on the next business day after delivery to a nationally recognized overnight courier service, or, if sent by hand, on the date the same is actually delivered.

62. ADDENDUM TO ARTICLE 16 – BANKRUPTCY

62.1 If Tenant assumes this Lease and proposes to assign the same pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. 101 *et seq*. (the "Bankruptcy Code") to any person or entity who shall have made a bona fide offer to accept an assignment of this Lease on terms acceptable to Tenant, then notice of such proposed assignment, setting forth (i) the name and address of such person, (ii) all of the terms and conditions of such offer, and (iii) the adequate assurance to be provided Landlord to assure such person' s future performance under the Lease. including, without limitation, the assurance referred to in Section 365(b)(3) of the Bankruptcy Code, shall be given to Landlord by Tenant not later than twenty (20) days after receipt by Tenant, but in no event later than ten (10) days prior to the date that Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option, to be exercised by notice to Tenant given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such person, less any brokerage commissions which may be paid by such person for the assignment of this Lease.

62.2 Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption.

62.3 Nothing contained in this Article shall, in any way, constitute a waiver of the provisions of this Lease relating to assignment. Tenant shall not, by virtue of this Article, have any further rights relating to assignment other than those granted in the Bankruptcy Code.

62.4 Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b)(7) of the Bankruptcy Code.

62.5 The term "Tenant," as used in this Article, includes any trustee, debtor in possession, receiver, custodian or other similar officer.

63. RENT CONTROL

In the event the Fixed Rental or Additional Rental or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then, to the extent permitted by applicable law, Tenant, within thirty (30) days after request by Landlord, shall, in writing, lawfully agree that the rentals herein reserved are a reasonable rental and agrees to continue to pay said rentals.

64. REPAIRS

64.1 Notwithstanding anything contained in Articles 3, 4, 6 or elsewhere in this Lease, all repairs and other work which Tenant is required to perform under any provision of this Lease and which Tenant fails to perform may be performed by Landlord at Tenant' s cost, provided, however, that Tenant shall have fifteen (15) days' notice prior to Landlord' s undertaking of any non-emergency repair which Landlord intends to undertake. Tenant shall be permitted to perform such non-emergency repair if it diligently pursues the undertaking thereof within such fifteen (15) day period and continues diligently to complete the same after Landlord' s notice referenced in the first sentence of this Section 64.1. If Landlord undertakes any such repairs and/or other work in accordance herewith, Tenant shall pay the cost of such repairs and/or other work, as Additional Rental, within ten (10) days after rendition of a statement therefor by Landlord.

64.2 In addition to Tenant' s obligations under Article 4, Tenant, at its sole cost and expense, shall take good care of the Premises and all improvements, and internal distribution of air conditioning and heating systems used by Tenant within the Premises, internal distribution of building systems used by Tenant within the Premises, fire and safety systems within the Premises, and personal property located therein or throughout the Building, including, without limitation, all fixtures, machinery, equipment and all other personal property and stock purchased by Tenant or used in connection with the operation of its business at the Premises (all of the foregoing being hereinafter collectively referred to as "Repair Property"), and Tenant shall make all necessary repairs to the Premises and/or Repair Property in accordance with the provisions contained herein, whether ordinary, extraordinary, foreseen, or unforeseen, provided, however, that Tenant shall not be obligated to make any repairs to the extent that the same is necessitated by the negligence or willful misconduct of Landlord, its agents, employees or contractors. Notwithstanding anything herein to the contrary, but subject to the provisions of the following sentence, Landlord shall, at its cost, maintain the building systems themselves, but Tenant shall be responsible for any internal distribution of same up to but not including the main panels or main connection points to the Premises or main lines that run through the Premises. Nevertheless, (and without limiting (a) Tenant' s other obligations under this Section 64.2 with respect to the Premises and Repair Property or, (b) Tenant' s other obligations under the other provisions of this Lease), subject to Sections 51.4 and 51.5 hereof, any damage to the Building (including, without limitation, the roof), interior and exterior, arising from or caused by the negligence or willful misconduct of Tenant (or its agents, servants, employees, invitees or contractors) shall be the liability of Tenant.

64.3 Tenant shall, at its sole cost and expense, operate and maintain the HVAC units (one per floor of the Premises) that exclusively serve the Premises (collectively, the "Unit") in accordance with the provisions of this Article. Such maintenance obligations shall be performed throughout the term of this Lease, on Tenant' s behalf and at Tenant' s expense, by a reputable HVAC maintenance company, first reasonably approved by Landlord. Notwithstanding the foregoing, Tenant' s sole obligation to maintain the Unit shall be the periodic cleaning and/or replacement of filters, replacements of fuses and belts, the calibration of thermostats and all startup and shut down of the Unit which are typically included in a standard maintenance contract. Landlord shall, at its sole cost and expense, perform any and all other necessary repairs to the Unit and any needed replacements of the Unit. The Unit, the components of the Unit and any replacements thereof shall be and remain at all times the property of Landlord, and Tenant shall surrender the Unit (including, without limitation, its components) and all replacements thereof in good working order, to Landlord on the Expiration Date reasonable wear and tear excepted, and subject to Landlord' s obligations to make needed repairs and replacements of such Unit. Landlord will not be required to furnish any other services, except as otherwise provided in this Lease. Without limiting the obligations of Landlord under this Section 64.3, Tenant may authorize repairs to the HVAC Unit of up to $5,000 per occurrence without the consent of Landlord, and Tenant will submit such invoice to Landlord for prompt payment, and if not paid to Tenant within fifteen (15) days, Tenant may offset such cost of repair against the next installment of Fixed Rental and Additional Charges due under this Lease.

64.4 When used in this Article, the term ' 'repairs" shall include replacements and substitutions of all property when necessary, of a quality, class and value at least equal to the property replaced or substituted.

64.5 Anything contained in this Lease to the contrary notwithstanding, Tenant acknowledges that it shall be Tenant' s responsibility to clean (subject to applicable legal requirements) the windows and window frames in the Premises, and any and all interior bathrooms within the Premises at Tenant' s sole cost and expense. Landlord shall be responsible for the repair and replacement of all windows (and shall replace same as necessary) unless, subject to Articles 51.4 and 51.5, the same is necessitated by the negligence or willful misconduct of Tenant, and, except as aforesaid, keep the windows leak free.

Nothing contained herein shall obligate Tenant to make any structural repairs to the Premises except, subject to Articles 51.4 and 51.5, if caused by or resulting from the negligence or willful misconduct of Tenant, Tenant' s employees, contractors, invitees or licensees. Tenant acknowledges that it shall be Tenant' s responsibility to repair any leaks in the bathrooms or emanating through the windows or walls in the Premises. The obligation to repair any other leaks in the pipes servicing the Premises shall be that of Landlord, except if the same are caused by or resulting from the carelessness, omission, neglect or improper conduct of Tenant, Tenant' s employees, contractors, invitees or licensees.

65. CONDITIONAL LIMITATION

If Tenant shall default beyond all applicable notice and cure periods in the payment of the rent reserved herein, or any items of Additional Rental herein mentioned, or any part of either, during any two (2) months, whether or not consecutive, in any twelve (12)-month period, and

Landlord served upon Tenant petitions and notices of petition to dispossess Tenant by summary proceedings in each such instance, then, notwithstanding that such defaults may have been cured prior to the entry of a judgment against Tenant, any further default in the payment of any moneys due Landlord hereunder which shall continue for more than ten (10) days after written notice thereof shall be deemed to be deliberate, and Landlord may thereafter serve a written five (5) days' notice of cancellation of this Lease, and the term hereunder shall end and expire as fully and completely as if the expiration of such five (5)-day period were the day herein definitely fixed for the end and expiration of this Lease and the term thereof, and Tenant shall then quit and surrender the Premises to Landlord, but Tenant shall remain liable as elsewhere provided in this Lease.

66. LANDLORD' S SERVICES

66.1 Landlord shall furnish Tenant with the following services:

66.1.1 Non-exclusive passenger elevator service during regular hours (that is, between the hours of 8:00 a.m. and 6:00 p.m. ("Regular Hours") of Business Days (which term is used to mean all days except Saturdays, Sundays, those days that are observed by the State or Federal governments as legal holidays, and those days designated as holidays by the applicable building service union employees' contract) through the year ("Business Days"). Notwithstanding the foregoing, subject to force majeure, to Section 66.4 of this Lease, and to applicable law, Landlord shall make available at least one passenger elevator for use 24 hours a day, seven days a week, 365 days a year. There shall be no use of the passenger elevator at any time whatsoever for construction deliveries or move-in or move-out.

66.1.2 Furnish cold water for lavatory, pantry, kitchen (if existing on the Commencement Date) and office cleaning purposes. Tenant, at Tenant' s sole cost and expense, shall have the right to install a hot water heater to provide hot water to the Premises. If Tenant requires, uses or consumes water for any other purposes, Tenant agrees to Landlord installing a meter or meters or other means to measure Tenant' s additional water consumption, and Tenant further agrees to reimburse Landlord for the cost of the meter or meters and the installation thereof, and to pay for the maintenance of said meter equipment and/or to pay Landlord' s cost of other means of measuring such water consumption by Tenant. Tenant shall reimburse Landlord on demand for the cost of all additional water consumed, as measured by said meter or meters or as otherwise measured, including sewer rents.

66.2 Tenant shall clean and maintain the Premises at Tenant' s sole cost and expense and shall contract directly with a cleaning company designated by Landlord and paid for by Tenant. All waste and garbage shall be removed from the Premises to the outside of the Building, at Tenant' s sole cost and expense, on a daily basis, by a private sanitation company independently contracted for and paid for by Tenant and designated by Landlord. Tenant shall not store any garbage, cartons or inventory outside of the Premises. Tenant covenants and agrees, at its sole cost and expense, to comply with all present and future laws, orders and regulations of all state, federal, municipal and local governmental, departments, commissions and boards regarding the collection, sorting, separation and recycling of waste products, garbage, refuse and trash. Tenant shall sort and separate such waste products, garbage, refuse and trash into such categories as provided by law.

66.3 INTENTIONALLY DELETED

66.4 Provided that such use is permitted by applicable laws and by Landlord' s insurance carriers, Tenant shall have the non-exclusive right to use, at Tenant' s sole risk, the fire stairwells connecting any contiguous floors of the Premises as internal circulation stairs, and (subject to compliance by Tenant with all applicable provisions of this Lease and to the extent permitted by applicable law) to install and maintain security devices therein on the doors providing access to the Premises; provided, that (A) Tenant shall comply with any reasonable rules and regulations adopted by Landlord from time to time in respect of such use (it being acknowledged that such rules and regulations may include requirements to install in such stairwells on the doors providing access to the Premises card readers and/or other security devices), (B) Tenant shall comply with all requirements of law and of Landlord' s insurance carriers in respect of such use, (C) Landlord shall not be required to bear any cost or expense in order to enable Tenant to so use the fire stairwells, (D) Tenant shall not block the stairwells or limit access thereto, and (E) Landlord shall have no liability for any injury or death resulting from Tenant' s use of such fire stairwells and Tenant shall indemnify Landlord from and hold Landlord harmless from and against any liability, damages, settlement payments, costs and expenses (including, without limitation, legal fees incurred in defending any claim or in enforcing this indemnity) resulting from Tenant' s (or its employees, agents or invitees) use of the stairwell or installation of any such security system. If a violation is issued by any governmental authority as a result of Tenant' s use of the stairwells, Tenant shall immediately cure such violations, pay any fines or penalties resulting therefrom and, if required by the applicable governmental authority, cease to use the stairwells, except for emergencies.

66.5 Landlord reserves the right, without any liability to Tenant, except as otherwise set forth herein, to stop operating any of the heating, ventilating, electric, sanitary, elevator, or other Building systems serving the Premises, and to stop the rendition of any of the other services required of Landlord under this Lease, whenever and for so long as may be necessary by reason of accidents, emergencies, strikes, or the making of repairs or changes that Landlord is required by this Lease or by law to make or in good faith deems necessary, or by reason of difficulty in securing proper supplies of fuel, steam, water, electricity, labor, or supplies, or by reason of any other cause beyond Landlord' s reasonable control. Notwithstanding anything to the contrary contained in this Section 66.5, should there be a lack of services or repairs to be provided by Landlord to the Premises or Tenant pursuant to the terms of this Lease that causes Tenant to be reasonably unable to conduct its business in all (or at least one full floor) of the Premises, and provided that (x) Tenant entirely ceases operating its business in and vacates all (or at least one full floor) of the Premises, (y) Tenant shall give Landlord written notice prior to Tenant' s vacating of all (or at least one full floor of) the Premises, and (z) Landlord' s inability to provide services or repairs is not a result of Tenant' s negligence or willful misconduct or force majeure or breach by Tenant of the terms of this Lease, and should the lack of services or repairs and the inability to conduct business continue for a period in excess of five (5) consecutive Business Days, Tenant, as Tenant' s sole remedy under this Lease by reason of such lack of services, shall be entitled to an equitable abatement of rent for the period from the day immediately following the expiration of such five (5) business day period to the day that is the first to occur of (A) the resumption of services to the Premises, (B) Tenant' s resumption of its business in the affected portion of the Premises and (C) Tenant' s resumption of occupancy of the affected portion of the Premises. The foregoing provisions shall

not apply in the event of the damage or destruction of the Building in whole or in part, in which event the provisions of Article 9 of the Lease shall govern.

67. TENANT' S ALTERATIONS

67.1 Tenant may, without the consent of Landlord, from time to time during the term of this Lease and at Tenant' s sole expense, make such alterations, additions, installations, substitutions, improvements and decorations (hereinafter collectively called changes and, as applied to changes provided for in this Article, Tenant' s Changes) in and to the Premises, the estimated cost of which does not exceed $100,000.00 (exclusive of the costs of painting, carpeting and other decorating work, computer and telco wiring and cabling and of any architect' s and engineer' s fees), as Tenant may reasonably consider necessary for the conduct of its business therein, on the following conditions:

67.1.1 the outside appearance (except for the alterations described in Articles 85, 88 and 89 of this Lease) or strength of the Building, or of any of its structural parts, shall not be affected;

67.1.2 except for the alterations described in Articles 85, 88 and 89 of this Lease, no part of the Building outside of the Premises shall be physically affected;

67.1.3 the proper functioning of any of the mechanical, electrical, sanitary and other service systems of the Building (other than that which exclusively services the Premises) shall not be adversely affected (except to a *de minimis* extent), and the usage of such systems by Tenant shall not be increased in excess of its design specifications;

67.1.4 except for the alterations described in Article 89 hereof, before proceeding with any change either costing in excess of $100,000.00 (exclusive of the costs of painting, carpeting and other decorating work, computer and telco wiring and cabling and of any architect' s and engineer' s fees), or involving any change to the mechanical, electrical, sanitary, HVAC and/or other service systems (other than that which exclusively services the Premises), irrespective of cost, Tenant shall submit to Landlord, for Landlord' s prior approval, plans and specifications for the work to be done, drawn by a registered architect or duly licensed engineer, which approval shall not be unreasonably withheld, delayed or conditioned. Landlord' s failure to consent or disapprove Tenant' s plans and specifications within ten (10) Business Days in the case of Tenant' s Initial Installations (or fifteen (15) Business Days in the case of any other Tenant' s Changes) after receipt thereof shall be deemed consent, provided that Tenant' s written request for consent contains a statement in bold letters to the effect that if Landlord fails to respond to Tenant' s request within ten (10) Business Days, or, if applicable as aforesaid, fifteen (15) Business Days, Landlord shall be deemed to have consented to the request. Landlord shall state its objections with reasonable specificity and the portions of the plans and specifications not objected to shall be deemed approved. Without limiting the generality of the foregoing, Tenant shall cause to be prepared all drawings, plans and specifications, and all other reports, applications and materials, required by the Department of Buildings of the City of New York, the New York City Landmarks Preservation Commission (the "Landmarks Commission"), the Department of Labor and any other governmental authorities having jurisdiction with respect to Tenant' s Changes and any permits and special licenses (to the extent available for such stage of the Work) which may be required for

or in connection with Tenant' s Changes or the permitted use. Any and all filings of such drawings, plans, specifications, reports, applications and other materials with the Department of Buildings of the City of New York, the Department of Labor and any other governmental authorities having jurisdiction shall be made solely by Tenant at Tenant' s sole cost and expense. Landlord shall reasonably cooperate with Tenant in connection with the execution and delivery of documents necessary to obtain work permits. Nothing herein shall be deemed to, or operate to create any liability or other obligation on the part of Landlord in the event that any such filings shall not be approved by the Department of Buildings of the City of New York or any other governmental authority having jurisdiction, unless caused by Landlord' s failure to reasonably cooperate with Tenant' s requests or by reason of the existence of violations against any other portion of the Building caused by Landlord as opposed to by Tenant or another Building tenant.

67.2 Before commencing any work (other than Tenant' s Initial Installations) the cost of which exceeds $250,000.00 in the aggregate, Tenant shall furnish to Landlord such bonds for payment and completion or such other security for completion thereof and payment therefor as Landlord shall require and in such form as is satisfactory to Landlord and in an amount which will be one hundred twenty percent (120%) of Landlord' s estimate of the cost of performing such work.

67.3 Prior to the commencement of any work to the Premises, Tenant shall obtain from its contractor and all subcontractors performing work or delivering material to the Premises, and deliver to Landlord, written acknowledgements that (a) the work is being performed only at the request of Tenant, and not at Landlord' s request, and (b) Landlord is not deriving any benefit from the performance or completion of the work, and (c) that Landlord is not responsible for the payment for the work being performed.

67.4 Tenant shall, at its expense, obtain all necessary governmental licenses, permits and certificates for the commencement and prosecution of Tenant' s Changes, and, upon completion, obtain all necessary signoffs and certificates of acceptance and completion which may be required from such governmental authorities, and Tenant shall cause Tenant' s Changes to be performed in compliance with such licenses, permits and certificates, as well as with all applicable laws, codes, ordinances, regulations and requirements of public authorities (including, without limitation, the Landmarks Commission) and all applicable standards and requirements of insurance bodies, the New York Board of Fire Underwriters, the National Electric Code, the Occupational Safety and Health Administration, the American Society of Heating, Refrigeration and Air Conditioning Engineers, I.S.O., and any similar or successor bodies thereto, in a good and workmanlike manner, using new materials and equipment of a quality and class at least equal to the original installations in the Premises. Tenant' s Changes shall be performed during the hours of 8:00 a.m. to 6:00 p.m. on days other than Saturdays, Sundays and holidays (and at such other times as Landlord may consent, which consent shall not be unreasonably withheld, delayed or conditioned) in such a manner as not to interfere (except to a *de minimis* extent) with the operation of the Building or has an adverse effect on other tenants of the Building and (unless Tenant shall indemnify Landlord therefor to the latter' s reasonable satisfaction), so as not to impose any additional expense upon Landlord in the maintenance or operation of the Premises, and so as not to interfere with the safety, use, occupancy, comfort or quiet enjoyment of any other tenant or occupant of the Building. If Landlord incurs any third party out-of-pocket costs or expenses in connection with the performance of Tenant' s Changes, Tenant shall reimburse Landlord for the third party actual out-of-pocket costs and expenses incurred by Landlord. Throughout the performance of Tenant' s

Changes, Tenant shall, at its expense, carry, or cause to be carried, builder' s risk insurance, insuring against loss from fire, vandalism or other risks as are customarily covered by a broad-form extended coverage endorsement on a completed value basis for the full insurable value at all times, workers' compensation insurance in statutory limits, and general liability insurance for any occurrence in or about the Building, all as set forth in, and written by insurance companies described in, Article 51 hereof. All such insurance policies (other than the workers' compensation) shall name Landlord and its agents as additional parties insured, and shall be in commercially reasonable limits given the trade. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of Tenant' s Changes and, on request, at reasonable intervals thereafter during the continuance of Tenant' s Changes. Tenant shall not cause damage to the Building, building systems or any personal property of Landlord or any other tenant or occupant of the Building, and in the event of any such damage will promptly repair any such damage to Landlord' s satisfaction. If any of Tenant' s Changes shall involve the removal of any fixtures, equipment, or other property in the Premises that are not Tenant' s Property, such fixtures, equipment, or other property shall be, upon Landlord' s request, stored and preserved, and returned to Landlord upon the expiration or sooner termination of this lease. All electrical and plumbing work in connection with Tenant' s Changes shall be performed by contractors or subcontractors licensed therefor by all governmental agencies having or asserting jurisdiction, and subject to Landlord' s reasonable approval. Landlord' s failure to consent or disapprove of a contractor or subcontractor within ten (10) days after receipt of Tenant' s written request for consent shall be deemed consent, provided that Tenant' s written request for consent contains a statement in bold letters that Landlord' s failure to respond to Tenant' s request within ten (10) days shall be deemed consent.

67.5 Tenant shall pay to Landlord or its designee, within thirty (30) days after demand, all reasonable third party out-of-pocket costs and expenses actually incurred by Landlord in connection with Tenant' s Changes, including the costs incurred in connection with Landlord' s review of the Tenant Changes (including review of requests for approval thereof).

67.6 Upon Landlord' s written request therefor, Tenant, at its sole cost and expense, shall: (i) furnish evidence satisfactory to Landlord that all of Tenant' s Changes have been completed and paid for in full and that any and all liens therefor that have been filed have been discharged of record (by payment, bond, order of a court of competent jurisdiction, or otherwise), and that no security interests relating thereto are outstanding; (ii) pay Landlord for the cost of any Tenant' s Changes done for Tenant by Landlord, and all other charges due hereunder; (iii) to the extent not previously provided, furnish to Landlord the certificates of insurance required by this Lease; and (iv) if an architect has been used, furnish an affidavit in the form recommended by the American Institute of Architects from Tenant' s registered architect certifying that all work performed in the Premises is substantially in accordance with the plans and specifications.

67.7 Tenant shall, at its expense and with diligence and dispatch, procure the cancellation or discharge of all notices of violation arising from, or otherwise connected with, Tenant' s Changes that shall be issued by the Department of Buildings of the City of New York, the Landmarks Commission, or any other public or quasi-public authority having or asserting jurisdiction. Tenant shall defend, indemnify and save Landlord harmless from and against any and all notices of violation and mechanic' s and other liens filed in connection with Tenant' s Changes, including the liens of any security interest in, conditional sales of, or chattel mortgages

upon, any materials, fixtures, or articles so installed in and constituting part of the Premises, and against all costs, expenses and liabilities incurred in connection with any such lien, security interest, conditional sale, or chattel mortgage or any action or proceeding brought thereon. Tenant, at its expense, shall procure the satisfaction or discharge of, by bonding, payment or otherwise, all such liens within thirty (30) days after Landlord makes written demand therefor. Notice is hereby given that neither Landlord, Landlord' s agents, nor any mortgagee shall be liable for any labor or materials furnished or to be furnished to Tenant upon credit, and that no mechanic' s or other lien for such labor or materials shall attach to or affect any estate or interest of Landlord, or any mortgagee in and to the Premises or the Building.

67.8 Tenant agrees that the exercise of its rights pursuant to the provisions of this Article shall not be done in a manner that would, in the reasonable judgment of Landlord: (a) create any work stoppage, picketing, labor disruption, or dispute; or (b) violate the Building' s union contracts affecting the Land and/or Building or Landlord' s union and/or service contracts, if any, affecting the Premises. In the event of the occurrence of any condition described above arising from Tenant' s exercise of any of its rights pursuant to the provisions of this Section 67.8, Tenant shall, immediately upon notice from Landlord, cease the manner of exercise of such right giving rise to such condition. In the event that Tenant fails to cease such manner of exercise of its rights as aforesaid, Landlord, in addition to any rights available to it under this Lease and pursuant to law, shall have the right to seek an injunction.

67.9 Any approval or consent by Landlord shall in no way obligate Landlord in any manner whatsoever in respect to the finished product designed and/or constructed by Tenant, nor be deemed a representation or warranty of Landlord as to the adequacy or sufficiency of any matter approved or consented to for Tenant' s purposes or otherwise. Any deficiency in design or construction, although approved by Landlord, shall be solely the responsibility of Tenant.

67.10 Landlord shall have the right to inspect Tenant' s work during Regular Hours on Business Days to verify compliance by Tenant with the provisions of this Article.

67.11 For Tenant' s Changes, Tenant must use Landlord' s expediter (William Vitacco, Jr.), at Tenant' s expense, for all filings and for the obtaining of all permits.

68. SUBORDINATION AND ATTORNMENT

68.1 Except as otherwise set forth herein, this Lease and all rights of Tenant hereunder are, and shall be, subject and subordinate to: (i) all present and future ground leases, operating leases, superior leases, underlying leases and grants of term of the land on which the Building stands ("Land") and the Building or any portion thereof (collectively, including the applicable items set forth in subdivision (iv) below, the "Superior Lease"); (ii) all mortgages and building loan agreements, including leasehold mortgages and spreader and consolidation agreements, which may now or hereafter affect the Land, the Building or the Superior Lease (collectively, including the applicable items set forth in subdivisions (iii) and (iv) below, the "Superior Mortgage") whether or not the Superior Mortgage shall also cover other lands or buildings or leases, except that a mortgage on the Land only shall not be a Superior Mortgage so long as there is in effect a Superior Lease which is not subordinate to such mortgage; (iii) each advance made or to be made under the Superior Mortgage; and (iv) all amendments, modifications, supplements,

renewals, substitutions, refinancings and extensions of the Superior Lease and the Superior Mortgage and all spreaders and consolidations of the Superior Mortgage. The provisions of this Article shall be self-operative and no further instrument of subordination shall be required. Tenant shall promptly execute and deliver, at its own expense, any instrument in form and substance reasonably satisfactory to Tenant, in recordable form, if requested, that Landlord, the Superior Lessor or the Superior Mortgagee may reasonably request at any time and from time to time to evidence such subordination. The Superior Mortgagee may elect that this Lease shall be deemed to have priority over such Superior Mortgage, whether this Lease is dated prior to, or subsequent to, the date of such Superior Mortgage. If, in connection with obtaining, continuing or renewing of financing for which the Building, Land or the interest of the lessee under the Superior Lease represents collateral, in whole or in part, the Superior Mortgagee shall request reasonable modifications of this Lease as a condition of such financing, Tenant will not unreasonably withhold its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder (other than to a deminimis extent), diminish the rights of Tenant hereunder, or cause a change in Tenant' s financial obligations hereunder.

68.2 Notwithstanding the provisions of Section 68.1, Landlord shall obtain from the holder of any present or future Superior Mortgage an agreement (a "Non-Disturbance Agreement") in recordable form between the holder of the Superior Mortgage and Tenant providing in substance that so long as Tenant shall not be in default under this Lease beyond any applicable grace and notice periods given to Tenant to cure such default, that the holder of such Superior Mortgage shall not name or join Tenant as a party defendant or otherwise in any suit, proceeding or action to enforce the Superior Mortgage, nor will this Lease be terminated by enforcement of any rights given to such holder of the Superior Mortgage or its successors or assigns pursuant to the terms, covenants or conditions contained in the Superior Mortgage (including the foreclosure of the same) or otherwise disturb the right of Tenant to the quiet enjoyment of the Premises in the event of the enforcement of the terms of the Superior Mortgage by such holder (including the foreclosure of the same); except that to the extent required by law, Tenant may be named in such proceeding so long as the relief requested does not contravene the provisions of this Section. Tenant shall join in any reasonable agreement issued by the holder of the Superior Mortgage to evidence its agreement and consent thereto, provided that any such Non-Disturbance Agreement shall not increase the obligations (other than to a deminimis extent) or reduce the rights of Tenant under this Lease or increase the rights or reduce the obligations of Landlord under this Lease. Landlord must, as a condition to the occurrence of the Commencement Date, unless waived by Tenant in writing, obtain a Non-Disturbance Agreement from the holder of any existing Superior Mortgage and Superior Lease. Anything contained in this Lease to the contrary notwithstanding, if Landlord shall be unable to obtain a Non-Disturbance Agreement from the holder of a future Superior Mortgage, then this Lease shall nevertheless remain in full force and effect on all of its terms, the obligations of Tenant hereunder shall not be reduced or affected, and Landlord shall have no liability to Tenant by reason of Landlord' s inability to obtain the same, but in such event this Lease shall not be subordinate to such Superior Mortgage. In connection with Landlord' s attempts to obtain a Non-Disturbance Agreement from any holder of any Superior Mortgage, Landlord shall in no event be required to (x) make any payment to the holder of any Superior Mortgage or to incur any expense other than the reasonable attorneys' fees in connection with such holder' s review of this Lease and the preparation of such agreement (it being understood and agreed that Landlord shall pay the entire cost of such attorneys' fees), or (y) alter any of the terms of any Superior Mortgage, or (z) commence any action against any holder of a Superior Mortgage.

68.3 Notwithstanding the provisions of Section 68.1, Landlord shall obtain from the holder of any future Superior Lease an agreement in recordable form between the holder of the Superior Lease and Tenant and in form reasonably satisfactory to Tenant and providing in substance that so long as Tenant shall not be in default under this Lease beyond any notice and grace periods given to such Tenant to cure such default, that the holder of such Superior Lease shall not name or join Tenant as a party defendant or otherwise in any suit, proceeding (including any summary proceeding) or action to enforce the Superior Lease nor will this Lease be terminated by enforcement of any rights given to such holder of such Superior Lease or its successors or assigns pursuant to the terms, covenants or conditions contained in the Superior Lease or otherwise disturb the right of Tenant to the quiet enjoyment of the Premises in the event of the termination of the Superior Lease. Notwithstanding anything in this Lease to the contrary, a Superior Lease entered into after the date hereof shall *not* be superior to this Lease and this Lease shall not be subordinate to such Superior Lease if the holder thereof did not deliver to Tenant a Non-Disturbance Agreement, and this Lease shall remain in full force and effect notwithstanding the fact that a Non-Disturbance Agreement was not issued by the holder of such future superior Lease, and Landlord shall have no liability to Tenant by reason thereof. Tenant shall join in any agreement consistent with the terms of this Lease issued by the holder of the Superior Lease to evidence Tenant' s agreement and consent thereto, provided that any such agreement shall not increase the obligations (other than to a deminimis extent) or reduce the rights of Tenant under this Lease or increase the rights or reduce the obligations of Landlord under this Lease, and such agreement is on terms otherwise reasonably satisfactory to Tenant. In connection with Landlord' s attempts to obtain a Non-Disturbance Agreement from any holder of any future Superior Lease, Landlord shall in no event be required to (x) make any payment to the holder of any future Superior Lease or to incur any expense other than the reasonable attorneys' fees in connection with such holder' s review of this Lease and the preparation of such agreement (it being understood that Landlord shall pay the entire cost of such attorneys' fees), or (y) alter any of the terms of any future Superior Lease, or (z) commence any action against any holder of a future Superior Lease.

68.4 Landlord hereby notifies Tenant that, except in connection with the enforcement of Tenant' s rights or as otherwise expressly provided herein, this Lease may not be voluntarily cancelled or surrendered, or modified or amended so as to reduce the Fixed Rental or Additional Rental, shorten the term or adversely affect in any other respect, to any material extent, the rights of Landlord hereunder, and that Landlord may not accept prepayments of any installments of Fixed Rental or Additional Rental except for prepayments in the nature of security for the performance of Tenant' s obligations hereunder without the consent of any Superior Lessor or Superior Mortgagee in each instance, except that said consent shall not be required for the prosecution of any action or proceedings against Tenant by reason of a default under the terms of this Lease.

68.5 Subject to the other provisions hereof, if, at any time prior to the termination of this Lease, any Superior Lessor or Superior Mortgagee or any other person or the successors or assigns of the foregoing (collectively referred to as "Successor Landlord") shall succeed to the rights of Landlord under this Lease, Tenant agrees, at the election and upon request of any such Successor Landlord, to fully and completely attorn to and recognize any such Successor Landlord, as Tenant' s Landlord under this Lease upon the then executory terms of this Lease, provided such Successor Landlord shall agree in writing to accept Tenant' s attornment. Subject to the other provisions hereof, the foregoing provisions of this subparagraph shall inure to the benefit of any such Successor Landlord, shall apply notwithstanding that, as a matter of law, this Lease may

terminate upon the termination of the Superior Lease, shall be self-operative upon any such demand, and no further instrument shall be required to give effect to said provisions. Provided Tenant has received a Non-Disturbance Agreement from such party, upon the request of any such Successor Landlord, Tenant shall execute and deliver, from time to time, instruments satisfactory to any such Successor Landlord in recordable form, if requested, to evidence and confirm the foregoing provisions of this subparagraph, acknowledging such attornment and setting forth the terms and conditions of its tenancy. Subject to the terms of a Non-Disturbance Agreement and except as otherwise set forth herein, upon such attornment this Lease shall continue in full force and effect as a direct lease between such Successor Landlord and Tenant upon all of the then executory terms of this Lease except that such Successor Landlord shall not be: (i) liable for any previous act or omission or negligence of Landlord under this Lease but such Successor Landlord shall be liable to correct any continuing defaults; (ii) subject to any counterclaim, defense or offset, not expressly provided for in this Lease and asserted with reasonable promptness, which theretofore shall have accrued to Tenant against Landlord; (iii) bound by any previous modification or amendment of this Lease made after notice to Tenant of the granting of such senior interest, or by any previous prepayment of more than one month' s Fixed Rental or Additional Rental, unless such modification or prepayment shall have been approved in writing by any Superior Lessor or Superior Mortgagee through or by reason of which the Successor Landlord shall have succeeded to the rights of Landlord under this Lease; (iv) obligated to repair the Premises or the Building or any part thereof, in the event of total or substantial damage beyond such repair as can reasonably be completed with the net proceeds of insurance actually made available to Successor Landlord, provided all insurance to be maintained by the Landlord hereunder is thus maintained; or (v) obligated to repair the Premises or the Building or any part thereof, in the event of partial condemnation beyond such repair as can reasonably be completed with the net proceeds of any award actually made available to Successor Landlord, or consequential damages allocable to the part of the Premises or the Building not taken. Nothing contained in this subparagraph shall be construed to impair any right otherwise exercisable by any such Successor Landlord.

68.6 Except as set forth in Article 9 hereof, if any default by Landlord would give Tenant the right, immediately or after lapse of time, to cancel or terminate this Lease or to claim a partial or total eviction, Tenant will not exercise any such right until (i) it has given written notice of such act or omission to each Superior Mortgagee and each Superior Lessor, whose name and address shall have previously been furnished to Tenant, by delivering notice of such act of omission addressed to each such party at its last address so furnished, and (ii) a ten (10)-day period for remedying such act or omission shall have elapsed following such giving of notice and following the time when such Superior Mortgagee or Superior Lessor shall have become entitled under such Superior Lease or Superior Mortgage, as the case may be, to remedy the same (which shall in no event be less than the period to which Landlord would be entitled under this Lease to effect such remedy) provided such Superior Mortgagee or Superior Lessor shall, with reasonable diligence, give Tenant notice (within such ten (10)-day period) of its intention to remedy such act or omission and shall commence and continue to act upon such intention.

69. MISCELLANEOUS

69.1 If either party places the enforcement of this Lease or any part thereof, or the collection of any Fixed Rent, Additional Rental or other payment due or to become due hereunder,

or recovery of the possession of the Premises, in the hands of an attorney, or files suit upon the same, the prevailing party shall be reimbursed by the losing party, within 30 days after demand, for its reasonable, out-of-pocket attorneys' fees and disbursements and court costs.

The Tenant' s obligations under this Section shall survive the expiration of the term hereof or any other termination of this Lease. This Section is intended to supplement, and not to limit, other provisions of this Lease pertaining to indemnities and/or attorneys' fees.

69.2 If any of the provisions of this Lease, or the application thereof to any person or circumstances, shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such provision or provisions to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and every provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

69.3 No agreement to accept a surrender of all or any part of the Premises shall be valid unless in writing and signed by Landlord. The delivery of keys to an employee of Landlord or of its agent shall not operate as a termination of this Lease or a surrender of the Premises. If Tenant shall, at any time, request Landlord to sublet the Premises for Tenant' s account, Landlord or its agent is authorized to receive said keys for such purposes without releasing Tenant from any of its obligations under this Lease, and Tenant hereby releases Landlord from any liability for loss or damage to any of Tenant' s property in connection with such subletting.

69.4 The receipt by Landlord of rent with knowledge of breach of any obligation of this Lease shall not be deemed a waiver of such breach. The payment by Tenant of Fixed Rental or Additional Rental with knowledge of a breach by Landlord of any obligation of this Lease shall not be deemed a waiver of such breach.

69.5 No payment by Tenant, or receipt by Landlord, of a lesser amount than the correct Fixed Rental or Additional Rental due hereunder shall be deemed to be other than a payment on account, nor shall any endorsement or statement on any check or payment be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord' s right to recover the balance or pursue any other remedy in this Lease or at law provided.

69.6 The terms "person" and "persons" as used in this Lease shall be deemed to include natural persons, firms, corporations, associations and any other private or public entities.

69.7 If Tenant is in arrears in the payment of Fixed Rental or Additional Rental, Tenant waives its right, if any, to designate the items in arrears against which any payments made by Tenant are to be credited, and Landlord may apply any of such payments to any such items in arrears as Landlord, in its sole discretion, shall determine, irrespective of any designation or request by Tenant as to the items against which any such payments shall be credited.

69.8 The terms "Owner" and "Landlord" as used in this Lease are interchangeable. The terms "Article," "Section" and "Paragraph" as used in this Lease are interchangeable.

69.9 If Tenant is a corporation, the person executing this Lease on behalf of Tenant hereby covenants, represents and warrants that Tenant is duly incorporated and is authorized to do

business in New York State and that the person executing this Lease on behalf of Tenant is an officer of the organization authorized to execute this Lease.

70. LEASE NOT BINDING UNLESS EXECUTED

Submission by Landlord of this Lease for execution by Tenant shall confer no rights nor impose any obligations on either party unless and until (i) Tenant shall have submitted to Landlord (a) at least four copies of this Lease to Landlord, duly executed by or on behalf of Tenant, (b) separate checks payable to the direct order of Landlord on a bank account in Tenant' s name or of a Related Entity in the amount of the first monthly installment of Fixed Rental payable upon the execution of this Lease and the security deposit (if paid in cash), (c) the security deposit in the form of a Letter of Credit (if by letter of credit), (d) a certificate of insurance in form required in this Lease and (e) any other deliveries specifically called for under this Lease to be submitted to Landlord on or prior to the commencement date of the Term and (ii) Landlord shall have countersigned this Lease and duplicate originals thereof shall have been delivered by Landlord to Tenant together with such other deliveries as are required of Landlord under this Lease. In the event Landlord countersigns and delivers this Lease to Tenant at a time when any of the aforementioned deliveries of Tenant have not been received by Landlord or are not in proper form, this Lease shall be effective, but Tenant shall remain obligated to provide such deliveries, the same not being waived by Landlord, unless Landlord specifically waives receipt of the same in writing. Tenant reserves the right to revoke this Lease if not countersigned by Landlord and returned to Tenant within thirty (30) days of Tenant' s delivering of a signed Lease to Landlord or its attorney.

71. SUBMISSION TO JURISDICTION

This Lease shall be deemed to have been made in New York County, City and State of New York, and shall be construed in accordance with the laws of the State of New York. All actions or proceedings relating, directly or indirectly, to this Lease shall be litigated only in courts located within the County of New York. Tenant and its successors and assigns, hereby subject themselves to the jurisdiction of any state or federal court located within such county, waive personal service of any process upon them in any action or proceeding therein, and consent that such process be served by certified or registered mail, return receipt requested, directed to the Tenant and any successor at Tenant' s address hereinabove set forth and to any assignee at the address set forth in the instrument of assignment. Such service shall be deemed made when personally served or three (3) days after such process is so mailed by certified mail.

72. QUALIFICATIONS AS TO USE

Tenant shall not suffer or permit the Premises or any part thereof to be used in any manner or anything to be done therein, or suffer or permit anything to be brought into or kept therein, which would in any way, (i) violate any of the provisions of any existing Superior Mortgage or Superior Lease as to which Tenant has received a copy, or the requirements of public authorities (Landlord represents that Tenant' s permitted use hereunder will not violate any such provisions), (ii) make void or voidable any fire or liability insurance policy then in force with respect to the Building; (iii) make unobtainable from reputable insurance companies authorized to do business in the State of New York any fire insurance with extended coverage, or liability, elevator, boiler, or other insurance required to be furnished by Landlord under the terms of any Superior Mortgage

or Superior Lease at standard rates, if obtainable at such rates prior to the execution and delivery of this Lease; (iv) cause or, in Landlord' s reasonable opinion, be likely to cause material physical damage to the Building or any part thereof, (v) constitute a public or private nuisance or otherwise violate any law relating to the protection of the environment or requiring manufacture, treatment or disposal of any material used by Tenant at the Premises in any particular manner; (vi) impair, in the reasonable opinion of Landlord, the reputation or character of the Building, but this restriction shall not apply to the alterations that Tenant can make pursuant to Articles 85, 88 and 89 of this Lease; (vii) discharge objectionable fumes, vapors or odors into the Building air conditioning system or into the Building flues or vents not designed to receive them or otherwise in a manner as may offend other tenants or occupants of the Building; (viii) impair or interfere (except to a *de minimis* extent) with any of the Building services or the proper and economic heating, cleaning, air conditioning or other servicing of the Building or the Premises, or impair or interfere with (except to a *de minimis* extent) the use of any of the other areas of the Building by any of the other tenants or occupants of the Building, any such impairment or interference to be in the reasonable judgment of Landlord; or (ix) violate any provision of law pursuant to which Landlord may incur civil or criminal liability as a result of Tenant' s action, including, without limitation, civil or criminal forfeiture, padlocking or other restraint of the Premises or the Building by governmental authority. Landlord shall not be liable for the violation by any tenant or other party of the rules and regulations of the Building or for such other party' s breach of its lease, but Landlord will enforce all Rules and Regulations in a non-discriminatory manner.

73. PARTNERSHIP TENANT

If Tenant is a partnership (or is comprised of two [2] or more persons, individually and as co-partners of a partnership), or if Tenant' s interest in this Lease shall be assigned to a partnership (or to two [2] or more persons, individually and as co-partners of a partnership) pursuant to Article 48 (any such partnership and such persons are referred to in this Article as "Partnership Tenant"), the following provisions of this Article shall apply to such Partnership Tenant: (i) the liability of each of the parties comprising Partnership Tenant shall be joint and several, and (ii) each of the parties comprising Partnership Tenant hereby consents in advance to, and agrees to be bound by, any written instrument which may hereafter be executed by the Partnership Tenant, changing, modifying or discharging this Lease, in whole or in part, or surrendering all or any part of the Premises to Landlord, and by any notices, demands, requests or other communications which may hereafter be given by Partnership Tenant or by any of the parties comprising Partnership Tenant, and (iii) any bills, statements, notices, demands, requests or other communications given or rendered to Partnership Tenant and all such parties shall be binding upon Partnership Tenant and all such parties, and (iv) if Partnership Tenant shall admit new partners, all of such new partners shall, by their admission to Partnership Tenant, be deemed to have assumed performance of all of the terms, covenants and conditions of this Lease on Tenant' s part to be observed and performed, and (v) Partnership Tenant shall give prompt notice to Landlord of the admission of any such new partners, and upon demand of Landlord, shall cause each such new partner to execute and deliver to Landlord an agreement in form satisfactory to Landlord, wherein each such new partner shall assume performance of all the terms, covenants and conditions of this Lease on Tenant' s part to be observed and performed (but neither Landlord' s failure to request any such agreement nor the failure of any such new partner to execute or deliver any such agreement to Landlord shall vitiate the provisions of subdivision (iv) of this Article).

74. CERTIFICATE OF OCCUPANCY

Tenant shall not at any time use or occupy the Premises in violation of the Certificate of Occupancy issued for the Premises or for the Building, and in the event that any department of the City or State of New York shall hereafter at any time contend and/or declare by notice, violation, order or in any other manner whatsoever that the Premises are used for a purpose which is a violation of such Certificate of Occupancy, Tenant shall, upon five (5) days' written notice from Landlord, immediately discontinue such use of the Premises. Failure by Tenant to discontinue such use after such notice shall be considered a default in the fulfillment of a covenant of this Lease, and Landlord shall have the right to terminate this Lease immediately, and in addition thereto shall have the right to exercise any and all rights and privileges and remedies given to Landlord by and pursuant to the provisions of this Lease.

75. ACCESS TO PREMISES

Tenant understands and agrees that all parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises (including exterior Building walls, core corridor walls, doors and entrances), all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air cooling, plumbing and other mechanical facilities, service closets and other Building facilities are not part of the Premises, and Landlord shall have the use thereof, as well as access thereto at reasonable times during Regular Hours on Business Days upon reasonable prior notice (except in the case of an emergency or to comply with applicable law (which compliance requires immediate access to avoid a health or life safety concern or to avoid a penalty or to avoid damage to the Building), in which events Landlord may access the Premises at any time, with or without notice) through the Premises for the purposes of operation, maintenance, alteration and repair. The method of installation and location of any pipes or wiring to be installed within the Premises and benefiting another tenant shall be subject to Tenant' s approval, not to be unreasonably withheld, conditioned or delayed. Any piping or conduit shall, to the extent feasible, be installed along the ceiling, existing walls or existing columns. After the installation of any such pipes or wiring, Landlord shall restore or repair so much of the Premises affected by the installation. Landlord shall, upon any entry into the Premises, use reasonable efforts to minimize interference with the operation of Tenant' s business, provided however that Landlord shall not be obligated to use overtime labor or incur additional costs in connection with such efforts.

76. USE OF PREMISES

Under no circumstances whatsoever shall the Premises or any part thereof be used: (1) as a multiple tenancy; (2) by a foreign or domestic governmental agency; (3) as a betting parlor or gambling casino; (4) by a utility company; (5) as a restaurant, luncheonette or coffee shop; (6) for the on-premises or off-premises sale of alcoholic beverages or as a catering or events facility; (7) for the sale of candy or cigarettes; (8) as an amusement arcade or for use of video games, pinball machines or other customer-attracting devices; (9) for the playing of amplified music, for live entertainment, for dancing or as a discotheque or club (but the foregoing shall not apply to the Roof Deck); (10) for the sale, display or rental of "adult" or pornographic books, magazines or videos; (11) as a medical, psychiatric, abortion, drug or alcohol clinic; (12) as an employment

agency or search firm or school or training center; (13) for retail, manufacturing or residential use; (14) a bank or trust company, industrial bank, safe deposit business, savings & loan association or loan company for off-the-street use to the general public; (15) school, college, university or educational institution whether profit or not-for-profit; (16) a public stenographer or typist or secretarial service; (17) barber shop, beauty shop, beauty parlor; (18) telephone or telegraph agency; (19) messenger service; (20) travel or tourist agency; (21) commercial document reproduction or offset printing service; (22) labor union; and/or (23) for any use other than the use set forth in Article 2. Notwithstanding the foregoing, Tenant may have pantries, kitchens (if existing on the Commencement Date) and vending machines for its employees and invitees.

77. EXCLUSION OF PERSONS FROM PREMISES, AND DELIVERY SYSTEMS

Landlord reserves the right to install or maintain any security system(s) or procedure(s) that Landlord deems necessary in the Building and exclude from all portions of the Building at any time or times during the term hereof, all messengers, couriers and delivery people other than those who are employees of Tenant. In such event Landlord shall accept on behalf of Tenant all deliveries of mail, air courier packages, express packages and other packages sent by similar means (including any hand deliveries of such mail and packages), shall permit messengers and couriers to pick up mail or packages left by Tenant, and shall provide an area to be used for such purposes to which Tenant' s employees shall deliver mail and packages to be picked up by others and from which such employees shall pick up and distribute mail and packages to be delivered to Tenant. Tenant shall comply with Landlord' s rules relating to such area and services. Neither Landlord nor Landlord' s agents or security personnel shall be liable to Tenant or Tenant' s agents, employees, contractors, customers, clients, invitees or licensees or to any other person for, and Tenant hereby indemnifies Landlord and Landlord' s agents and security personnel against, liability in connection with or arising out of damage to mail or packages, or the performance or non-performance by Landlord or any person acting by, through or under the direction of Landlord of the services set forth in this Paragraph (including any liability in respect of the property of such persons), unless due to the gross negligence or willful misconduct of Landlord or Landlord' s agents or security personnel. No representation, guaranty or warranty is made or assurance given that the communications or security systems, devices or procedures of the Building will be effective to prevent injury to Tenant or any other person or damage to, or loss (by theft or otherwise) of, any property of Tenant or of any other person, and Landlord reserves the right to discontinue or modify at any time such communications or security systems or procedure without liability to Tenant.

78. ADDENDUM TO RULES AND REGULATIONS

The following additional Rules and Regulations are hereby incorporated into and made a part of the Rules and Regulations set forth at the end of the printed form of the Lease:

78.1 Except as otherwise expressly provided in this Lease, fire exits and stairways are for emergency use only, and they shall not be used for any other purpose by Tenant or Tenant' s employees, licensees or invitees. Except for the Roof Deck, Landlord reserves the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

78.2 Subject to the provisions of Article 81 below, notwithstanding anything provided to the contrary in this Lease, Tenant shall not cause any machinery, equipment, sign, banner, or any other thing to protrude from the Premises to the exterior of the Building beyond the horizontal plane of the exterior windows of the Premises or beyond the Premises within the interior of the Building nor may Tenant place any signs on or in any windows.

78.3 Attached hereto as Exhibit B is a copy of additional Rules and Regulations for the Building.

79. SCAFFOLDING

In the event Landlord shall desire (or becomes obligated) to modify portions of the Building or to alter or renovate the same or clean, repair or waterproof the Building' s façade (whether at Landlord' s option or to comply with law), Landlord may erect scaffolding, "bridges" and other temporary structures to accomplish the same, notwithstanding that such structures may obscure signs or windows forming a part of the Premises, and notwithstanding that access to portions of the Premises may be temporarily diverted or partially obstructed, provided, however, that Landlord agrees to use reasonable efforts to (i) minimize impairment of access to the Premises, and (ii) minimize interference with the operation of Tenant' s business from the Premises, provided, however, that Landlord shall not be obligated to use overtime labor. If any such scaffolding obscures Tenant' s signage, subject to Landlord' s reasonable approval, Tenant shall have the right to place identification signs on such scaffolding. Landlord shall keep all areas covered by any sidewalk bridge well lit. Landlord shall not be liable to Tenant or any party claiming through Tenant for loss of business or other consequential damages arising out of any change in the Building or temporary diversion or partial obstruction resulting from such alteration, renovation, repair or cleaning, out of the foregoing structures, or out of any noise, dust and debris from the performance of work in connection therewith, nor out of the disruption of Tenant' s business or access to the Premises necessary to perform such repairs, nor shall any matter arising out of any of the foregoing be deemed a breach of Landlord' s covenant of quiet enjoyment or entitle Tenant to any abatement of rent except as otherwise expressly set forth herein.

80. CERTIFICATES

Tenant and Landlord agree, at any time and from time to time, as requested by the other, upon not less than ten (10) days prior notice, to execute and deliver to the requesting party a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force as modified and stating the modifications), certifying that there are no offsets or defenses to enforcement of the Lease (or if there are offsets or defenses, specifying them in the statement), certifying the dates to which the Fixed Rental and Additional Rental have been paid, and stating whether or not, to the best knowledge of such party, the requesting party is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which such party may have knowledge, and certifying such other information as the requesting party may reasonably request, it being intended that any such statement delivered pursuant hereto may be relied upon by others with whom the requesting party may be dealing.

81. SIGNAGE

81.1 Except as expressly set forth herein, Tenant shall not, under any circumstance, place or install any sign on the Building exterior or in any portion of the Building other than in the 3rd, 4th and/or 5th floors of the Building and in the lobby of the entrance off Howard Street. Further, Tenant may, with the consent of Landlord, which shall not be unreasonably withheld or delayed, and subject to compliance with applicable laws and obtaining all requisite permits and approvals, be entitled to place a banner on the exterior of the Building (identifying Tenant) similar in size to that previously hung by "American Apparel" on the Building; provided that Landlord makes no representation that such banner hung by "American Apparel" complies with applicable laws. The placement or installation of any sign on the exterior of the Building or lobby shall be subject to Tenant' s compliance with this Lease, including, without limitation, Section 81.2, and Tenant shall restore any damage caused by the removal of the same. Landlord makes no representation as to whether such banner or other signage is or will be permitted under applicable law.

81.2 Tenant' s placement of any sign on the exterior of the Building or lobby shall be subject to Landlord' s prior written consent (including, without limitation, with respect to the specific location, size, shape, and content thereof (other than Tenant name and logo)) and otherwise in compliance with all applicable laws, codes, rules and regulations, including, without limitation, the requirements of the New York City Landmark Preservation Commission (the "Landmarks Commission"), if applicable. In no event shall such sign be a neon, flashing or other sign containing lights of any type. If the Department of Buildings, the Landmarks Commission or any other governmental authority issues a violation, Tenant, at Tenant' s expense, shall promptly cure such violation and pay any fines and penalties.

81.3 In the event that Tenant does not comply with the provisions of this Article 81 in connection with signs or the installation thereof, Landlord reserves the right, upon one (1) day' s prior written notice to Tenant and at Tenant' s sole cost and expense, to remove any such sign. The rights of Landlord as set forth in this Article 81 shall not be deemed Landlord' s exclusive remedy for Tenant' s default or failure to comply with the provisions of this Article 81.

81.4 As used in this Lease, the word "sign" shall be construed to include any placard, light or other advertising symbol or object irrespective of whether same be temporary or permanent.

81.5 In the event that a Building directory is installed in the lobby of the entrance off Howard Street, Landlord shall include Tenant' s name in such directory.

82. PHONE/INTERNET PROVIDERS

82.1 Tenant hereby acknowledges that as of the date hereof, the following company currently provides internet and/or telephone service to one or more tenants within the Building: Time Warner. Should Tenant desire to contract with an additional telephone and/or internet provider, Landlord will (after receipt of Tenant' s written notification of such desire) use reasonable efforts to permit such company to install fibre in the Building so that Tenant may have the benefit of services from such provider provided and only condition that (i) Landlord incurs no costs whatsoever in connection therewith, (ii) Tenant is solely responsible for any costs in connection

therewith, (iii) Tenant' s indemnification in Article 50 of this Lease shall apply and extend to any claims, suits, actions, damages, fines, charges, penalties, losses, liens, fees, costs, court costs, expenses (including, but not limited to, all reasonable fees and disbursements of attorneys, architects, engineers and other professionals engaged by one or more Indemnitees) and liabilities which may be incurred by or imposed on any Indemnitee as a result of this Section 82.1, (iv) no other Building tenant, Building occupant, or provider shall be unreasonably disturbed or interfered with in any way as a result of such new provider or Tenant' s use of such new provider' s services, and (v) Tenant shall reimburse Landlord within ten (10) days after demand for the reasonable legal fees incurred in connection with any such company installing fibre in the Building (including, without limitation, in connection with any license or other agreement with such provider that may be required) so that Tenant may have the benefit of services from such provider (which reimbursement shall not be refundable under any circumstance, including, without limitation, such provider actually entering into such license or other agreement and/or installing fibre in the Building and/or providing services to Tenant).

83. LEASE OF 2ND FLOOR PREMISES.

83.1 At such time as the entire rentable area of the 2nd Floor as more particularly shown on Exhibit H hereto (the "2nd Floor Premises") becomes vacant and free of tenancies (Landlord has advised Tenant that the 2nd Floor Premises is currently occupied by a tenant (the "Existing Tenant") pursuant to a lease that is scheduled to expire on January 31, 2017 (the "Scheduled 2nd Floor Expiration Date")), Landlord shall send to Tenant a written notice stating that the 2nd Floor Premises is available for lease by Tenant. Subject to the other provisions hereof, Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, the 2nd Floor Premises as of the date (the "2nd Floor Commencement Date") that the 2nd Floor Premises are delivered to Tenant vacant, broom-clean, free of tenancies with all windows repaired and otherwise in the condition that the Premises were required to be delivered in on the Commencement Date, and otherwise upon the terms of this Article 83. Effective as of the 2nd Floor Commencement Date, (i) the Premises shall be deemed to include the 2nd Floor Premises, and (ii) all references to the term "the Premises" herein shall be deemed to be comprised of the 2nd Floor Premises and the third, fourth and fifth floors.

Subject to the other provisions hereof, commencing on the 2nd Floor Commencement Date, the 2nd Floor Premises is hereby leased by Tenant upon all of the same terms and conditions of this Lease applicable to the balance of the Premises (i.e., the third, fourth and fifth Floors), except that (i) the Fixed Rental for the 2nd Floor Premises (which shall be payable commencing as of the 2nd Floor Commencement Date) shall be at an annual rate equal to one-third of the aggregate Fixed Rental then payable from time to time for the balance of the Premises (i.e., third, fourth and fifth Floors) as set forth in Section 40.1.1 hereof, subject to increase when and as Fixed Rental increases pursuant to such Section 40.1.1 (it being understood and agreed that in the event the Fixed Rental rates set forth in such Section 40.1.1 are decreased pursuant to the operation of Section 48.3 above, the Fixed Rental rates for the 2nd Floor Premises shall nevertheless continue to be equal to one-third of the applicable amounts as originally set forth in Section 40.1.1 hereof, without regard to the adjustment of the same pursuant to such Section 48.3(c)); (ii) in lieu of the Credit set forth in Section 40.2 above, Tenant shall be entitled to a credit against the Fixed Rental due for the 2nd Floor Premises in an amount equal to the product of (x) $204,522.00, multiplied by a fraction (the "Fraction"), the numerator of which shall be the number of months (including partial

months) in the term of the lease of the 2nd Floor Premises (*i.e.*, commencing as of the 2nd Floor Commencement Date), and the denominator of which shall be 126, which Fixed Rental credit shall be applied against the monthly installments of Fixed Rental payable for the 2nd Floor Premises commencing as of the 2nd Floor Commencement Date and continuing thereafter until the same has been fully applied; (iii) in lieu of Landlord' s Contribution set forth in Section 44.1 above, Tenant shall be entitled to a Landlord contribution toward Tenant' s actual hard costs of performing and completing Tenant' s Initial Installations in the 2nd Floor Premises (provided that Tenant may use up to 10% of such contribution toward the "soft costs" relating to Tenant' s Initial Installations in the 2nd Floor Premises) in an amount not to exceed the product of $65,000.00, multiplied by the Fraction; (iv) effective as of the 2nd Floor Commencement Date, Tenant shall pay for the 2nd Floor Premises, (a) real estate tax escalation as Additional Rental pursuant to Article 45 of the Lease, except that Tenant' s Proportionate Share for the purpose of calculating Tenant' s obligation to make Tax Payments pursuant to Article 45 hereof shall increase to 80% (assuming all four (4) floors, i.e., the second, third, fourth and fifth floors are then leased by Tenant); (b) electricity for the 2nd Floor Premises pursuant to Article 52 of the Lease, (c) an additional $100 per month for water and sewer rents and an additional $100 per month for sprinkler supervisory services (in addition to the monthly amounts set forth in Article 46 of the Lease for the Premises (i.e., for the third, fourth and fifth floors), and (d) all other Additional Rental set forth in the Lease and applicable to the 2nd Floor Premises determined in the same manner as is Additional Rent that is otherwise payable for the balance of the Premises (*i.e.*, the third, fourth and fifth floors). In no event, however, shall Tenant be required to deposit any additional security deposit pursuant to Articles 34 or 56 with respect to the 2nd Floor Premises.

For the sake of certainty, and to illustrate the Fixed Rental rate payable for the 2nd Floor Premises, the Fixed Rental for the 2nd Floor Premises shall be at an annual rate of (x) $427,542.70 per year ($35,628.56 per month) for each lease year commencing on the two year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the three year anniversary of the Commencement Date, and (y) $440,368.98 per year ($36,697.42 per month) for each lease year commencing on the three year anniversary of the Commencement Date and continuing thereafter to and including the day immediately preceding the four year anniversary of the Commencement Date.

If the Existing Tenant does not vacate the Premises and deliver same to Landlord free of occupants on or before the Scheduled 2nd Floor Expiration Date, Landlord agrees immediately thereafter to use its commercially reasonable good faith efforts to remove the Existing Tenant (and any other occupants claiming through such Existing Tenant), including, without limitation, Landlord agrees to promptly thereafter commence and diligently prosecute to completion the appropriate summary proceedings in order to evict the Existing Tenant (and any other such occupants) from the 2nd Floor Premises.

Promptly after the occurrence of the 2nd Floor Commencement Date, Landlord and Tenant shall confirm the occurrence thereof and the inclusion of the 2nd Floor Premises in the Premises by executing an instrument reasonably satisfactory to Landlord and Tenant; provided that failure by Landlord or Tenant to execute such instrument shall not affect the inclusion of the 2nd Floor Premises in the Premises in accordance with this Article 83.

If Landlord is unable to deliver possession of the 2nd Floor Premises to Tenant for any reason on or before the Scheduled 2nd Floor Expiration Date or thereafter, Landlord shall have no liability to Tenant therefor and, except as hereafter set forth, this Lease shall not in any way be impaired. This provision of this Article 83 constitutes "an express provision to the contrary" within the meaning of Section 223-a of the New York Real Property Law and any other law of like import now or hereafter in effect. Notwithstanding anything to the contrary contained herein if Landlord is unable to deliver to Tenant the 2nd Floor Premises in the condition required hereby on or before January 31, 2018, then from and after such date, and until the occurrence of the 2nd Floor Premises Commencement Date, either Landlord or Tenant on written notice to the other, shall have the right to terminate the provisions of this Article 83 such that the 2nd Floor Premises shall not become part of the Premises, but this Lease shall remain in full force and effect on all of its terms (except that this Article 83 shall be deemed deleted therefrom) as to the Premises as then constituted (*i.e.*, comprised of the third, fourth and fifth floors).

84. USE OF LANDLORD' S PERSONAL PROPERTY IN THE PREMISES.

Attached hereto as Exhibit C is a description of personal property belonging to Landlord that is presently located in the Premises ("Landlord' s Personal Property"). Throughout the term of this Lease, Tenant shall have the right to use Landlord' s Personal Property subject to the following: (i) Landlord makes no representation or warranty as to the safety, adequacy, or suitability of Landlord' s Personal Property except that Landlord represents that it owns the Landlord' s Personal Property free of any encumbrances, except the lien of the Superior Mortgage, (ii) Tenant shall be responsible for any death and/or injuries caused in connection with use of Landlord' s Personal Property by Tenant and/or Tenant' s contractors, subcontractors, agents, employees, principals, officers, directors, members, shareholders, guests, invitees, assignees, subtenants, and/or licensees, (iii) Tenant shall indemnify Landlord for any claims made against Landlord in connection with any death and/or injuries described in (ii) above, (iv) Tenant shall be responsible for any theft of or damages caused to Landlord' s Personal Property during the term of the Lease, (v) Tenant shall not, at any time, remove any Landlord' s Personal Property from the Premises, (vi) Landlord' s Personal Property shall remain the property of Landlord and shall be surrendered to Landlord upon the expiration or earlier termination of this Lease in good order and condition, reasonable wear and tear excluded. Tenant' s obligations under this paragraph shall survive the expiration or earlier termination of this Lease.

85. BICYCLE STORAGE SPACE AND BASEMENT SPACE

85.1 Provided that this Lease is in full force and effect, Tenant shall have the exclusive right during the term of this Lease to use the basement storage room shown on Exhibit F hereto and labeled "Bike Room" (the "Basement Room") for general storage and/or bicycle storage and same shall, if used for bicycle storage be without charge to Tenant, but if Tenant uses same, at any time, other than for bicycle storage, Tenant shall pay to Landlord the sum of $2,500 per annum, in equal monthly installments of $208.33 per month, on the first day of each month, during any such period of usage, and same shall be deemed Additional Rent under this Lease. Further, Tenant shall have the right during the term of this Lease, at its sole cost and expense, to make cosmetic alterations to the Basement Room (including shelving) and install a battery powered uninterrupted power supply system to serve the Premises provided (x) same are in accordance with all applicable laws, (y) any alterations shall be subject to Landlord' s approval which shall be given or withheld

(as if such alterations were internal to the Premises) in accordance with the provisions of this Lease applicable to alterations to the Premises and (z) any alterations are otherwise made in accordance with the provisions of this Lease applicable to alterations made by Tenant (as if such alterations were made entirely within the Premises). Notwithstanding anything herein to the contrary, Landlord shall be provided keys to all locks on such Basement Room and the Landlord and its employees and contractors and employees of the City of New York shall be given access to such Basement Room at all times without notice to Tenant. Tenant' s employees shall use such Basement Room at their own risk, it being understood and agreed that Landlord shall not be liable for any injuries resulting from the use of such Basement Room nor for any damage to or theft of the bicycles stored therein. Access to such storage area shall be through a Building location designated by Landlord. Landlord shall deliver such Basement Room on an "as is" basis and shall not provide any services to the same, except electricity for basic lighting and existing outlets, if any.

85.2 Tenant shall have the right during the term of this Lease, at its sole cost and expense, to make cosmetic alterations to the basement space in the Building, in the areas shown on Exhibit F hereto provided (x) same are in accordance with all applicable laws, and (y) any alterations shall be subject to Landlord' s approval which shall be given or withheld (as if such alterations were internal to the Premises) in accordance with the provisions of this Lease applicable to alterations to the Premises.

86. ROOF SPACE

86.1 Tenant shall be entitled, without charge, to utilize a portion of the Building' s roof (the dimensions of the area of which and location of which shall be designated by Landlord) solely for the installation by Tenant, at Tenant' s sole cost and expense, of Tenant' s satellite dish and Tenant' s equipment for Tenant' s supplemental air-conditioning system. Tenant, before installing any roof installations, shall submit to Landlord for Landlord' s approval (not to be unreasonably withheld or delayed) detailed plans and specifications therefor, showing the size and location thereof and the manner in which the roof installations shall be secured to the roof. Any roof installations shall be installed in a manner so as not to damage the roof or roof membrane or void any roof warranty. Without limiting the generality of the foregoing, the roof installations shall not be placed on the roof in a manner that would interfere with or diminish the views from the interior of the Building (other than from the Premises) or diminish the light entering into the Building (other than into the Premises). Tenant shall obtain all requisite permits and approvals for such installations (including, without limitation, from the Landmarks Commission) and shall install the same in accordance with applicable laws and building codes.

86.2 Landlord makes no representation as to the condition of the roof included within the Premises, including, without limitation, as to whether the roof is capable of supporting any structure(s), improvement(s) or installation(s) Tenant desires or intends to erect thereon.

86.3 The privileges granted hereunder shall constitute a license and shall not be deemed to grant Tenant a leasehold estate in the roof or any portion thereof. At the expiration or sooner termination of the term of this Lease, such license shall automatically terminate and Tenant shall remove, at Tenant' s expense, the roof installations from the roof area included within the Premises (unless, at least sixty (60) days prior to the Expiration Date, Landlord notifies Tenant that such

installations shall remain in place) and shall repair any damage to the roof caused by such removal using a contractor designated by Landlord.

86.4 Tenant and its employees, representatives, contractors, licensees and invitees (i) shall use such roof area in accordance with and to the extent permitted by all applicable laws, (ii) shall use and have access to such roof area at Tenant' s own risk. Subject to Article 9 and Paragraphs 51.4 and 51.5, Tenant shall indemnify and hold Landlord harmless from and against any damage to property or injuries to person, or any other loss, liability, damages, costs and expenses (including, without limitation, reasonable attorneys' fees) resulting from (x) the use or occupancy of such roof area by Tenant and/or its employees, representatives, contractors, licensees and invitees, or (y) from the installation of the roof installation(s). Landlord shall have no liability for any damage that may result to any such roof installations, irrespective of the cause.

86.5 If Tenant requires riser space in the Building for a conduit connecting the Premises to such satellite dish or air-conditioning equipment, Landlord shall make such riser space available to Tenant in a location and of a size to be designated by Landlord in its discretion. Such conduit shall be installed by Tenant at Tenant' s sole cost and expense in a manner and at such times as Landlord shall prescribe.

86.6 Tenant' s installation of the satellite dish and air-conditioning equipment shall comply with all the requirements and the insurance, indemnity, repair and maintenance provisions of this Lease. Anything in this Lease to the contrary notwithstanding, all alterations and subsequent repairs or other work relating to the rooftop installations must be performed at Tenant' s expense. The satellite dish shall be installed in compliance with all federal, state and local laws, ordinances, rules and regulations, including those of the Federal Communications Commission ("FCC"). Tenant shall obtain, at Tenant' s expense, all permits, variances, licenses and approvals required with respect to the installation and maintenance of the satellite dish and air-conditioning equipment.

86.7 Tenant shall use the rooftop installations so as not to cause any interference (except to a deminimis extent) to Landlord' s use of the roof, including the use by Landlord or other tenants or occupants of the Building of other equipment thereon (including data transmission or other similar or dissimilar equipment), or damage to or interference with the operation of the Building or the Building systems. If in Landlord' s reasonable judgment Tenant' s satellite dish interferes with any equipment installed by Landlord or any other tenant in the Building, or interferes with the operation of the Building or the Building systems, causes a health hazard or danger to the Building or any of its occupants, then Tenant, at Tenant' s sole cost and expense, shall promptly take all commercially reasonable steps necessary to eliminate such interference, and if Tenant shall fail to eliminate such interference, Tenant, at Tenant' s expense, shall relocate the satellite dish to another area on the roof designated by Landlord. In the event Tenant fails, within ten (10) days after notice, to relocate or remove the satellite dish, Landlord may do so, and Tenant shall promptly reimburse Landlord for any costs and expenses incurred by Landlord in connection therewith.

86.8 Landlord may, at its option, at any time during the Term upon not less than thirty (30) days' prior notice to Tenant (except in the event of an emergency), relocate Tenant' s roof installations to another area on the roof designated by Landlord, or to cause Tenant to remove the same for a period not in excess of one hundred twenty (120) days, and except as set forth in this

Article 86, such relocation or removal shall be performed at Landlord' s sole cost and expense, but Tenant shall not be entitled to a rent abatement by reason of Landlord' s exercise of Landlord' s rights under this Section 86.8.

86.9 Tenant shall (i) be solely responsible for any damage caused as a result of the use of the roof installations installed and used by Tenant, (ii) pay when due any tax, license, permit or other fees or charges imposed pursuant to any legal requirements relating to the installation, maintenance or use of the roof installations installed and used by Tenant, (iii) promptly comply with all precautions and safeguards that are mandatory recommendations by Landlord' s insurance company and all governmental authorities with respect to such installations, and (iv) promptly and diligently perform all necessary repairs or replacements to, or maintenance of, the rooftop installations installed and used by Tenant; provided, however, that if Tenant' s failure to commence and thereafter to diligently prosecute to completion such repair, replacement or maintenance of the rooftop installations jeopardizes in any way Landlord' s or any other tenant' s property located on the roof, or elsewhere within the Building, Landlord may, at Landlord' s option, elect to perform such repairs, replacements or maintenance at Tenant' s sole cost and expense. Landlord shall give Tenant ten (10) days' prior notice of its election to perform such repairs, except in an emergency.

87. SELF-HELP

If Landlord defaults in any of its material covenants, agreements or obligations under this Lease within thirty (30) days after notice from Tenant, or if such default shall not be the payment of money and shall be of a nature that it cannot be cured within such 30-day period, and only provided that Landlord' s default prevents or materially impairs Tenant' s use and occupancy of the Premises (including life/safety issues, security issues, elevators, electricity, heating and air-conditioning), if Landlord shall fail to commence the cure of such default within such 30-day period and thereafter diligently prosecute such cure to completion, then Tenant, in addition to all other rights and remedies available to Tenant under this Lease, at law or in equity, may elect, on at least ten (10) days' additional prior written notice to Landlord, to cure such default at Landlord' s expense. Landlord shall provide access to Tenant and otherwise cooperate with Tenant to effect any such cure. In the case of a non-monetary default, Landlord shall, within sixty (60) days after a written demand therefor, reimburse Tenant for all of Tenant' s reasonable and actual costs incurred in connection with such cure. In the case of a monetary default not cured within the 30-day period referenced in the first sentence of this Article 87, or in the case of a non-monetary default and failure of Landlord to reimburse Tenant within the 60-day period referenced in the preceding sentence, Tenant may offset the amount of such monetary default and/or costs against the next succeeding installments of Fixed Rental. Nothing contained in this Article 87 shall permit Tenant to make any structural alterations to the Building or perform any work to the façade of the Building, the Building' s windows or portion of the Building systems outside of the Premises. Any work performed by Tenant pursuant to this Article 87 shall comply with the alteration criteria set forth in Article 67 above and with the other applicable terms and conditions of this Lease. Anything contained in this Lease to the contrary notwithstanding, the maximum expenditure by Tenant for which Landlord shall be liable under this Article 87 shall be $15,000.00 in any year and an aggregate of $100,000.00 during the entire term of the Lease provided, however, the limitations of this Article 87 shall not apply to the rights of Tenant under Section 64.3 of this Lease or any other provision of this Lease where Tenant has an express right of self-help or set-off.

88. LOBBY WORK; ENTRANCE WORK; BRANDING AND LOBBY PERSONNEL

88.1 Without limiting any of Landlord' s obligations hereunder, within thirty (30) days after the Commencement Date, Landlord, at Landlord' s expense, shall repair the existing water leak in the lobby, repair the ceiling damaged by such water leak, repair the lobby' s tile floor, paint the entire lobby in a color selected by Landlord in a Building-standard manner and put all lighting in the lobby in good working order. In addition, within thirty (30) days after the Commencement Date, Landlord, at Landlord' s expense, shall substantially remove the existing graffiti at the Howard Street entranceway, clean the Howard Street entranceway and paint over such graffiti.

88.2 Tenant shall have the right during the term of this Lease, at its sole cost and expense, to renovate the Howard Street lobby of the Building provided (x) same is in accordance with all applicable laws, (y) any alterations shall be subject to Landlord' s approval which shall be given or withheld (as if such alterations were internal to the Premises) in accordance with the provisions of this Lease applicable to alterations to the Premises and (z) any alterations are otherwise made in accordance with the provisions of this Lease applicable to alterations made by Tenant (as if such alterations were made entirely within the Premises).

88.3 Tenant shall have the exclusive right during the term of this Lease to have one (1) receptionist or security guard located at a concierge desk in the Howard Street lobby of the Building and Tenant shall have the right, subject to the applicable provisions of this Lease governing alterations, to install telecommunications equipment to allow such receptionist or security guard to communicate with Tenant at the Premises, which telecommunications equipment shall be maintained, repaired and replaced by Tenant at Tenant' s expense. Tenant' s guard or Tenant' s lobby attendant shall not unreasonably interfere with the tenant on the 2nd floor of the Building. Tenant may utilize any existing conduit, wiring and risers in the lobby (or between floors) to provide telecommunications, data and security wiring to Tenant' s concierge desk, which work shall be performed by Tenant, at Tenant' s expense, and in accordance with all of the applicable provisions of this Lease (as if such alterations were made entirely within the Premises). Tenant' s personnel at the Building concierge desk shall be solely persons employed by Tenant, or by a security contractor retained by Tenant subject to Landlord' s reasonable approval.

88.4 Tenant shall have the exclusive right during the term of this Lease, at its sole cost and expense, to decorate and, subject to (z) below and the last sentence of this Section 88.4, install identifying signage (Tenant' s name and logo) in the Howard Street lobby of the Building to showcase Tenant' s "brand", identity and presence in the Building provided that (w) same is performed in accordance with all applicable laws, including, without limitation, requirements of the Landmark' s Commission to the extent applicable; (x) any alterations to such lobby are made with Landlord' s consent, which shall be given or withheld (as if such alterations were internal to the Premises) in accordance with the provisions of this Lease applicable to alterations in the Premises; (y) any alterations are otherwise made in accordance with the provisions of this Lease applicable to alterations made by Tenant (as if such alterations were made entirely within the Premises) and (z) if applicable, Tenant shall design a building directory that will accommodate listings and/or signage for occupants of the 2nd floor of the Building as well as occupants of the Premises, and Tenant will, upon request, list any such 2nd floor occupants (or permit their signage) on such directory. Notwithstanding anything herein to the contrary, the existing tenant on the 2nd floor of the Building may, until the expiration of its lease or until January 31, 2017, whichever is

sooner, have the right to have identification signage in the Howard Street lobby which signage shall be subject to Tenant' s reasonable approval in all respects.

88.5 Tenant shall have the exclusive right during the term of this Lease, at its sole cost and expense, to decorate and install identifying signage (Tenant' s name and logo) on the exterior of the entrance door of the Broadway entrance to the Building and in the interior area of such entrance provided that (x) same is performed in accordance with all applicable laws, including, without limitation, requirements of the Landmark' s Commission, to the extent applicable; (y) any alterations to such entrance door and inside area of such entrance are made with Landlord' s consent, which shall be given or withheld (as if such alterations were internal to the Premises) in accordance with the provisions of this Lease applicable to alterations in the Premises; and (z) any alterations are otherwise made in accordance with the provisions of this Lease applicable to alterations made by Tenant (as if such alterations were made entirely within the Premises).

89. BUILDING FAÇADE

89.1 Tenant shall have the non-exclusive right during the term of this Lease, at its sole cost and expense (but subject to the reimbursement as provided herein) to clean, paint and/or refurbish and/or restore the façade of the Building, upon notice to Landlord, but without the consent of Landlord; provided that (v) same is performed in accordance with all applicable laws and (w) Landlord shall have the right to approve any change in the color of the façade, which consent shall not be unreasonably withheld, conditioned or delayed, but Landlord hereby approves of any combination of black and grey; (x) Tenant complies with the scaffolding and other provisions contained in the American Apparel Lease to the extent set forth on Exhibit G attached hereto; (y) any such alterations are otherwise made in accordance with the provisions of this Lease applicable to alterations made by Tenant (as if such alterations were made entirely within the Premises); and (z) if the cost of such work on the façade would exceed the sum of $300,000, then the Tenant shall furnish Landlord with security (in form reasonably satisfactory to Landlord) to assure completion thereof in an amount equal to the amount by which such total cost exceeds the sum of $300,000 and upon lien free completion of such work, any such security shall promptly be returned to Tenant. If Tenant repaints the façade of the Building, Landlord will not thereafter paint the façade a different color during the term of this Lease without the consent of Tenant. Notwithstanding the foregoing, Landlord agrees to reimburse Tenant for the costs incurred by Tenant in performing such façade work up to $50,000, but in no event more than fifty percent (50%) of the cost to Tenant of such work (the "Façade Contribution"), which amount shall be payable within thirty (30) days after Tenant completes any such work and presents Landlord with paid invoices relative to such façade work. If Landlord does not reimburse Tenant for any portion of the Façade Contribution within thirty (30) days after Tenant completes such work and presents Landlord with paid receipts therefor, Tenant may offset any such unpaid amounts of such Façade Contribution against the Fixed Rental and Additional Rent then payable under this Lease.

[*The rest of this page is intentionally left blank. Next page is signature page.*]

***In Witness whereof***, Landlord and Tenant have respectively signed and sealed this Lease as of the day and year first above written.

LANDLORD:

A.J.D. BUILDING LLC

By: /s/ [Illegible]
Name:
Title: Member

Federal ID No.:

TENANT:

PSYOP MEDIA COMPANY, LLC

By: /s/ Robert Walston
Name: Robert Walston
Title: President and CFO

Federal ID No.: 45-3916082

**Exhibit 10.15**

# LEASE

**SANTA CLARA, LLC**
***a* California limited liability company**

**Landlord**

**and**

**PSYOP, INC.,**
**a New York corporation**
**Tenant**

**Dated as of**
**November 1, 2007**

**TABLE OF CONTENTS**

# LEASE

THIS LEASE (this "Lease") made as of the 1st day of November, 2007, by and between Santa Clara, LLC, a California limited liability company (hereinafter referred to as "Landlord"), and PSYOP, Inc., a New York corporation (hereinafter referred to as "Tenant").

**WITNESSETH:**

ARTICLE I
PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the terms and provisions of this Lease, the area ("**demised premises**") in a building (the "**Building**") constructed on the parcel of land located in the City of Los Angeles County of Los Angeles, State of California described on Exhibit "A" hereto (the "**Lot**") commonly known as 523 Victoria Avenue, Venice, California 90291. The Building contains approximately 10,000 square feet' of floor area shown and dimensioned on the site plan attached hereto and made a part of Exhibit "A-1" ("**Site Plan**"), subject to all of the covenants, conditions, restrictions, easements and right of ways of record (collectively, the "**CC&Rs**").

ARTICLE II
TERM OF LEASE AND EARLY OCCUPANCY

2.1 Initial Term. The initial term of this Lease shall, subject to the provisions of Section 5.1 below, commence on January 1, 2008, subject to the provisions of Section 5.1, (the "**Commencement Date**") and shall end December 31, 2017 (the "**Expiration Date**") unless said term shall be earlier terminated or extended, as provided in this Lease (the "**Lease Term**").

2.2 Early Occupancy by Tenant. Subject to the provisions of this Section 2.2, Tenant shall have the right to enter the demised premises and occupy the ground floor space delineated on Exhibit "B" attached hereto and made a part hereof ("**Temporary Space**" ) for the period November 15, 2007 through the Commencement Date ("**Early Occupancy Period**") under the following terms and conditions:

2.2.1 Delivery of Temporary Space. Landlord shall deliver the Temporary Space to Tenant on or before November 15, 2007 "AS IS" in its present configuration, but without any personal property, furniture, fixtures or equipment; but otherwise, "broom clean" and free of debris. Notwithstanding the foregoing, in the event Landlord is unable to vacate the Temporary Space before November 15, 2007 and gives written notice to Tenant no later than November 12, 2007, delivery of the Temporary Space may be delayed by the number of days set forth in Landlord' s notice, but Landlord may not delay delivery by more than fifteen (15) days. In the event Landlord shall delay delivery of the Temporary Space, Tenant shall be entitled to a credit against minimum rent of $928.00 per day for each day of delay in delivery of the Temporary Space.

2.2.2 Common Areas. During the Early Occupancy Period, Landlord and Tenant shall share the common areas consisting of the second floor kitchen, restrooms, reception area and pathways for ingress and egress to the second floor kitchen area of the demised premises (the "**Common Areas**") and cooperate with one another in order to permit both Landlord and Tenant to utilize the Common Areas in a manner which will not be materially disruptive to either party' s ongoing operations during the Early Occupancy period.

2.2.3 Rent. During the Early Occupancy Period, Tenant shall pay Landlord as rent for the Temporary Space the sum of $928.00 per day, the total amount $42,688.00 of which shall be paid by Tenant to Landlord concurrently with the execution and delivery of this Lease.

2.2.4 Temporary Space Operating Expenses. The amount of rent payable by Tenant to Landlord during the Temporary Occupancy Period shall be inclusive of all operating expenses, i.e., utilities, cleaning, maintenance and repairs with respect to the Temporary Space. Notwithstanding the foregoing, Tenant shall be responsible for its telephone and computer connections, as well as any ongoing services with respect thereto.

2.2.5 Parking. During the Early Occupancy Period, Tenant shall be entitled to eight (8) of the parking spaces at the demised premises and Landlord shall be entitled to four (4) of the parking spaces at the demised premises.

2.2.6 Other Terms. Tenant agrees that (i) Tenant shall comply with all provisions of this Lease other than the obligation to pay minimum rent (except as provided in Section 2.2.3 above), Taxes (as defined at Section 4.1), Landlord' s hazard insurance (as set forth in Section 10.1.3), and assessments (as set forth in ARTICLE XVIII), and all of the provisions of this Lease, other than those provided above, shall be binding upon Tenant; (ii) Tenant shall pay for and provide Landlord with all required evidence of insurance by the terms of this Lease for all insurance required to be maintained by Tenant pursuant to this Lease; (iii) in connection therewith, Tenant and its employees, contractors, agents and representatives shall comply with all applicable laws, regulations, permits and other approvals applicable to such beneficial occupancy of the demised premises; and (iv) notwithstanding and in addition to any other provision of this Lease Tenant shall indemnify, defend, protect and hold Landlord and the demised premises harmless from and against all liens, liabilities, losses, damages, costs, expenses, demands, actions, causes of action and claims (including, without limitation, attorneys' fees and costs) arising out of the use, construction or occupancy of the demised premises by Tenant and/or its agents, employees, contractors and representatives ("**Tenant Parties**") prior to the Commencement Date.

2.3 Option Term.

2.3.1 Option Rights. Landlord hereby grants PSYOP, Inc. (the "**Original Tenant**") or a Non-Transferee (as defined at Section 6.2.6), one (1) option to extend the Lease Term for a period of five (5) years (the "**Option Term**"), which shall be exercisable only by written notice delivered by Tenant to Landlord as provided below. Upon the proper exercise of the option to extend, and provided that, as of the end of the initial Lease Term, Tenant is not in default under this Lease and Tenant has not previously been in default under this Lease beyond the applicable cure period provided in this Lease more than once, the Lease Term as it applies to the demised premises, shall be extended for a period of five (5) years. The rights contained in this Section 2.3 shall be personal to the Original Tenant or a Non-Transferee, and may only be exercised by the Original Tenant or a Non-Transferee of the Original Tenant (and not any other assignee, sublessee or transferee of Tenant' s interest in this Lease) if the Original Tenant or such Non-Transferee, either separately or together, occupy the entire demised premises.

2.3.2 Option Rent. The minimum rent payable by Tenant during an Option Term (the "**Option Rent**") shall be equal to ninety-five percent (95%) the FMV Rent (as defined at Section 2.3.4); provided, however, in no event shall the minimum rent for any Option Term be less than $48,108.66 per month ("**Minimum Extension Rent**").

2.3.3 Exercise of Options. The extension option contained in this Section 2.3 shall be exercised by Tenant, if at all, by delivery of written notice to Landlord not more than eighteen (18) nor less than nine (9) months prior to the expiration of the initial Lease Term stating that Tenant is exercising its option to extend as provided herein and stating Tenant' s election to lease the demised premises. During the Option Term, all terms and provisions of this Lease, except for the amount of minimum rent to be paid by Tenant, shall remain in full force and effect.

2.3.4 FMV Rent. "FMV Rent" shall be the amount as of the commencement of an Option Term, tenants are leasing non sublease, non renewal, non encumbered, non equity space comparable in size, location and quality to the demised premises, for a term of five (5) years, which comparable retail space is located in comparable buildings of comparable size and quality as the Building located within the Venice area of Los Angeles County, in either case taking into consideration the following concessions: (a) rental abatement concessions, if any, being granted such tenants in connection with such comparable space; and (b) other monetary concessions being granted such tenants in connection with such comparable space; provided, however, that in calculating the FMV Rent, no consideration shall be given to (i) the fact that Landlord is or is not required to pay a real estate brokerage commission in connection with Tenant' s exercise of its right to lease the demised premises during such Option Term or the fact that landlords are or are not paying real estate brokerage commissions in connection with such comparable space, (ii) any period of rental abatement, if any, granted to tenants in comparable transactions for the design, permitting and construction of tenant improvements in such comparable spaces, and (iii) any tenant improvements or allowances provided or to be provided for such comparable space.

Not less than thirty (30) days following Tenant' s notice of exercise, Landlord shall deliver notice to Tenant setting forth Landlord' s determination of the FMV Rent amount ("**FMV Rent Notice**"). The FMV Rent shall be as set forth in Landlord' s FMV Rent Notice unless within thirty (30) days after delivery of the FMV Rent Notice, Tenant gives Landlord written notice that Tenant does not accept the FMV Rent set forth in the FMV Rent Notice, whereupon the parties shall follow the procedure, and the FMV Rent shall be determined as set forth below.

If Tenant timely objects to Landlord' s proposed FMV Rent as set forth in the FMV Rent Notice, Landlord and Tenant shall each submit their determination of the FMV Rent (the minimum rent component of which may not be less than the Minimum Extension Rent) to arbitration, and Landlord and Tenant shall each appoint one (1) arbitrator who shall by profession be a licensed real estate broker or a certified MAI real estate appraiser who shall have been active over the first (5)‑ year period ending on the date of such appointment in the appraisal or leasing of office and retail space in the Venice area of Los Angeles County. The determination of the arbitrators shall be limited solely to the issue of determining whether Landlord' s or Tenant' s submitted FMV Rent is the closest to the actual FMV Rent, as determined by such arbitrators, taking into account the requirements of this Section 2.3.4. Each such arbitrator shall be appointed within thirty (30) days after Tenant' s timely objection to Landlord' s proposed FMV Rent. In the event that the FMV Rent has not been determined as of the commencement date of the Option

Term pursuant to this Section 2.3.4, Tenant shall pay ninety-five percent (95%) FMV Rent, or the Minimum Extension Rent, whichever is greater to Landlord beginning on the commencement date of the Option Term, at the rental rate of Landlord' s submitted FMV Rent, and, thereafter, in the event Tenant 's submitted FMV Rent is selected as the FMV Rent pursuant to this Section 2.3.4, Tenant shall receive a credit against rent next due under this Lease for any excess rent paid by Tenant prior to the actual determination of the FMV Rent.

With respect to a determination of the FMV Rent by the appointed arbitrators, the following shall apply:

(a) The two (2) arbitrators so appointed shall within ten (10) days of the date of the appointment of the last appointed arbitrator agree upon and appoint a third arbitrator who shall be qualified under the same criteria set forth hereinabove for qualification of the initial two (2) arbitrators.

(b) The three (3) arbitrators shall within thirty (30) days of the appointment of the third arbitrator reach a decision as to whether the parties shall use Landlord' s or Tenant' s submitted FMV Rent and shall notify Landlord and Tenant thereof.

(c) The decision of the majority of the three arbitrators shall be binding upon Landlord and Tenant.

(d) If either Landlord or Tenant fails to appoint an arbitrator within thirty (30) days after Tenant' s exercise of Tenant' s option to extend, then the arbitrator appointed by one of them shall reach a decision which shall be binding upon Landlord and Tenant.

(e) If the two (2) arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be forthwith submitted t o arbitration under the provisions of the American Arbitration Association, but subject to the instructions set forth in this Section 2.3.4.

(f) The cost of arbitration shall be paid equally by Landlord and Tenant.

2.4 Surrender of Demised Premises. At the expiration or termination of the term of this Lease, Tenant shall surrender the demised premises to Landlord in good order and in the condition provided for in the next sentence, reasonable wear and tear, and damage due to fire and casualty (which is an insured loss and not the result of an act of negligence or intentional misconduct on the part of Tenant, its agents, representatives or contractors) excepted. Subject to the other terms of this Lease, Tenant shall, at its expense, restore the demised premises to the condition of such demised premises on the date hereof to the extent such restoration is required as part of Landlord' s consent to any Tenant Improvements under Section 5.2, remove all Tenant' s personal property, business and trade fixtures, machinery and equipment and furniture and moveable partitions and repair any damage caused by such removal. If Tenant shall holdover at the demised premises beyond the expiration of the term of this Lease the same shall be deemed to be a holdover as a tenant on a month to month basis at one and one-half times the Minimum Extension Rent and at the other rents and charges provided for hereunder, and either party may terminate such holdover tenancy at will by thirty (30) days written notice to the other party. Nothing contained in this

Section 2.4 shall be construed as consent by Landlord to any holding over by Tenant, and Landlord expressly reserves the right to require Tenant to surrender possession of the demised premises to Landlord as provided in this Lease upon the expiration or other termination of this Lease. The provisions of this Section 2.4 shall not be deemed to limit or constitute a waiver of any other rights or remedies of Landlord provided herein or at law. Tenant acknowledges that if Tenant holds over without Landlord' s consent, such holding over may compromise or otherwise affect Landlord' s ability to enter into new leases with prospective tenants regarding the demised premises. Therefore, if Tenant fails to surrender the demised premises upon the termination or expiration of this Lease, except with the consent of Landlord, in addition to any other liabilities to Landlord accruing therefrom, Tenant shall protect, defend, indemnify and hold Landlord harmless from all loss, costs (including reasonable attorneys' fees) and liability resulting from such failure, including, without limiting the generality of the foregoing, any claims made by any succeeding tenant founded upon such failure to surrender, and any losses suffered by Landlord, including lost profits resulting from such failure to surrender.

## ARTICLE III
## MINIMUM RENT

3.1 Minimum Rent for Initial Term. Except as otherwise provided herein, Tenant covenants and agrees to pay to Landlord without deduction, offset, prior notice or demand, in advance on the first (1st) day of each calendar month, at the address set forth in this Lease or at such other place as Landlord shall from time to time designate in writing upon at least thirty (30) days advance written notice to Tenant, minimum rent for the demised premises of Four Hundred Sixty-Eight Thousand Two Hundred Thirty-Eight and 20/100 Dollars ($468,238.20) per annum, payable in monthly installments on the first day of each month of Thirty-Nine Thousand, Nineteen and 85/100 Dollars ($39,019.85) per month.

On the Commencement Date, Tenant shall deliver to Landlord the sum of Two Hundred Thirty Four Thousand, One Hundred Nineteen and 10/100 Dollars ($234,119.10) as minimum base rent for the first six (6) months of the term of this Lease.

3.2 Minimum Rent – Partial Payment. In the event Tenant is obligated to pay minimum rent for a period which is less than a calendar month, the minimum rent stated as payable pursuant to Section 3.1 of this ARTICLE III shall be prorated based upon the ratio which the number of days in such partial month bears to the total number of days in the month in which such partial month occurs. Any payment by Tenant or acceptance by Landlord of a lesser amount than shall be due from Tenant to Landlord shall be treated as a payment on account. The acceptance by Landlord of a check for a lesser amount with an endorsement or statement made thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Landlord may accept such check without prejudice to any other rights or remedies which Landlord may have against Tenant.

## ARTICLE IV
## TAXES

4.1 Real Property Taxes. Beginning with the Commencement Date and continuing throughout the Lease Term, as the same may be extended, Tenant shall pay Taxes to the Landlord

for each tax year. The term "Taxes" means any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Landlord in the demised premises, Landlord' s right to income therefrom, and/or Landlord' s business of leasing, or any authority having the direct or indirect power to tax and where the funds are generated with reference to the demised premises and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the demised premises are located. Taxes shall also include any tax, fee, levy, assessment or charge, or any increase therein: (a) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the demised premises; and (b) levied or assessed on the machinery or equipment provided by Landlord to Tenant pursuant this Lease. Anything herein contained to the contrary notwithstanding the term "Taxes" shall not include federal or state taxes on net income or capital gains or estate or inheritance taxes. If, at any time during the term of this Lease, the present method of taxation shall be changed so that in lieu of the whole or any part of any Taxes levied, assessed or imposed on real estate and the improvements thereon there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents for the demised premises, then all such taxes, assessments, levies or charges, or the part thereof so measured or based, shall be deemed to be included within the term "Taxes" for the purposes hereof. Tenant at Tenant' s sole cost and expense shall have the right to contest Taxes upon the prior approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed, and keep any abatement, refund, or reduction of Taxes directly or indirectly paid by Tenant. If the Landlord shall receive any abatement or reduction or refund of Taxes directly or indirectly paid by Tenant, then the Landlord shall pay to Tenant the same after deduction of the reasonable costs and expenses incurred by Landlord in obtaining the same.

4.2 Payment of Taxes. Tenant shall pay all Taxes during the Lease Term, as the same may be extended, in as many installments as permitted, without penalty, by the appropriate taxing authority. Upon receipt of all tax bills and assessments attributed to any calendar year during the term of this Lease, Landlord shall furnish Tenant with a written statement of the actual amount of the Taxes for such year or part thereof, together with legible copies of such tax bills and assessments, and Tenant shall pay such actual amount within thirty (30) days of such statement from Landlord, but no less than thirty (30) days prior to the date Landlord is required to pay said Taxes. A copy of a tax bill or assessment submitted by Landlord to Tenant shall at all times be sufficient evidence of the amount of Taxes levied or assessed against the property to which such bill relates. Landlord' s and Tenant' s obligations under this Section 4.2, shall survive the expiration of the term. No Taxes referred to in this Section 4.2 shall be considered taxes under Section 4.3 below.

4.3 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against or levied upon the fixtures furnishings, equipment, and other personal property of Tenant located in the demised premises. Tenant shall cause such personal property to be assessed and billed separately from the real property of Landlord.

4.4 Proposition 13 Protection. Anything herein contained to the contrary notwithstanding, during the calendar years 2008 and 2009, Tenant shall not be obligated to pay

any portion of the Taxes attributable to a change in ownership of the demised premises occurring prior to December 31, 2009. The limitation on Taxes provided for in this Section 4.4 shall not be applicable with respect to any Taxes payable for any periods after January 1, 2010.

## ARTICLE V
## CONDITION OF DEMISED PREMISES

5.1 Delivery of Demised Premises. If by reason of Force Majeure (as defined at Section 17.11), Landlord has not delivered the portion of the demised premises not constituting the Temporary Space (the "**Remaining Premises**") to Tenant on or before January 1, 2008, the Commencement Date shall be delayed until the date Landlord actually delivers the Remaining Premises to Tenant; provided, however, in the event Landlord has not delivered the Remaining Premises to Tenant on or before March 31, 2008, Tenant may, by written notice to Landlord, terminate this Lease if Landlord, within five (5) business days following receipt of such written notice, does not deliver the Remaining Premises to Tenant and neither Landlord nor Tenant shall have any further liability to the other under this Lease. On the Commencement Date, as the same may be extended as provided herein, Landlord shall deliver the Remaining Premises to Tenant broom clean and free of debris in substantially the same condition as is the Remaining Premises on the date hereof. Tenant has inspected the demised premises and has satisfied itself with respect to the condition of the demised premises including, but not limited to, electrical, plumbing, security systems, environmental aspects, compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws and the present and future suitability of the demised premises, as presently improved, for Tenant' s Intended Use (as defined at Section 6.1) and Tenant has made such investigations as it deems necessary with reference to such matters and is satisfied with respect thereto and assumes all responsibility for the condition of the demised premises as the same relate to Tenant' s occupancy of the demised premises and the terms of this Lease. Tenant accepts the demised premises "AS IS" and acknowledges that neither the Landlord, nor any agent of the Landlord has made any oral or written representation or warranties with respect to the condition of the demised premises or the suitability of the demised premises for Tenant' s Intended Use.

5.2 Tenant Improvements. Tenant shall do any and all work that Tenant desires to initially adapt the demised premises to Tenant' s Intended Use and any other work at any time to the demised premises, other than the installation of Tenant' s furniture, trade fixtures or moveable equipment (collectively, the "**Tenant Improvements**") subject to the provisions of this Section 5.2. Prior to the commencement of construction of any Tenant Improvements, Tenant shall submit to Landlord for its approval plans and specifications for any Tenant Improvements prepared by Tenant at its sole cost and expense. Landlord' s approval shall not be unreasonably withheld, delayed or conditioned; provided, however, Landlord may condition its approval on the removal of the proposed Tenant Improvements and restoration of the demised premises (or portions thereof) to the extent that, in Landlord' s reasonable judgment, the proposed Tenant Improvements, or portion thereof, will materially change the character, functionality or quality of the demised premises. If not expressly objected to by Landlord in writing within ten (10) business days following Landlord' s receipt of Tenant' s plans and specifications, such plans and specifications shall be deemed approved by Landlord. Upon final approval of Tenant' s plans and specifications for Tenant' s intended Tenant Improvements, Tenant shall perform all of such Tenant Improvement work at its sole cost and expense strictly in accordance with the approved plans and

specifications approved by Landlord, in a good and workmanlike manner and in accordance with all Applicable Requirements (as defined at Section 14.6). Upon completion of the initial Tenant Improvements, Tenant shall deliver to Landlord a certificate of occupancy or other like governmental approval for Tenant' s use and occupancy of the demised premises. After the approval of the plans and specifications and the issuance of all necessary permits and approvals, Tenant shall use all reasonable efforts to complete its Tenant Improvements in order to open for business as soon as reasonably possible. Notwithstanding the foregoing, during the Early Occupancy Period, no work on Tenant Improvements shall be performed during normal business hours without the Landlord' s prior written consent, which may be given or withheld in Landlord' s sole discretion.

5.3 Use of Roof, Exterior Walls. Tenant shall have the right to use the roof and exterior walls of the demised premises to install telecommunications equipment and HVAC equipment; provided, however, Tenant shall not use the roof and/or exterior walls in a manner that unreasonably interferes with Landlord' s obligations with respect to the demised premises, and in no event shall Tenant erect any signs on the roof of the demised premises nor any signs on the exterior walls of the demised premises, except in strict compliance with all Applicable Requirements, as defined in Section 14.6. Landlord also reserves the right to enter the demised premises, upon reasonable advance written notice to Tenant except in case of emergency, to shore up the foundations and walls thereof and make any necessary repairs to the roof.

## ARTICLE VI
## USE; ASSIGNMENT AND SUBLETTING

6.1 Intended Use. The demised premises may be used for general office and other uses reasonably incidental thereto except as may be prohibited by the CC&Rs or any applicable zoning rules or regulations, or any other municipal, county, state or federal laws, regulations or ordinances affecting the demised premises ("**Applicable Laws**") (the "**Intended Use**").

6.2 Assignment and Subletting.

6.2.1 Transfers. Except as otherwise permitted herein, Tenant shall not, without the prior written consent of Landlord, assign, mortgage, pledge, hypothecate, encumber, or permit any lien to attach to, or otherwise transfer, this Lease or any interest hereunder, permit any assignment or other such foregoing transfer of this Lease or any interest hereunder by operation of law, sublet the demised premises or any part thereof, or permit the use of the demised premises (including use of the demised premises by anyone, other than Tenant, for filming) by any persons other than Tenant and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "**Transferee**"). If Tenant shall desire Landlord' s consent to any Transfer, Tenant shall notify Landlord in writing, which notice (the "**Transfer Notice**") shall include (i) the proposed effective date of the Transfer, which shall not be less than thirty (30) days nor more than ninety (90) days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the demised premises to be transferred (the "**Subject Space**"), (iii) all of the terms of the proposed Transfer and the consideration therefor, including a calculation of the Transfer Premium (as defined at Section 6.3), in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing and/ or proposed documentation

pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee certified by an officer, partner or owner thereof, and any other information reasonably required by Landlord, which will enable Landlord to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee' s business and proposed use of the Subject Space, (v) and such other information as Landlord may reasonably require. Any Transfer made without Landlord' s prior written consent shall, at Landlord' s option, be null, void and of no effect, and shall, at Landlord' s option, constitute a default by Tenant under this Lease. Whether or not Landlord shall grant consent, Tenant shall pay Landlord' s reasonable review and processing fees, as well as any reasonable legal fees incurred by Landlord, within thirty (30) days after written request by Landlord.

6.2.2 Landlord' s Consent. Landlord shall not unreasonably withhold, condition or delay its consent to any proposed Transfer of the Subject Space to the Transferee on the terms specified in the Transfer Notice. The parties hereby agree that it shall be deemed to be reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

(a) The Transferee' s intended use of the demised premises is inconsistent with the Intended Use;

(b) The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under the Lease on the date consent is requested;

(c) The proposed Transfer would cause Landlord to be in violation of the CC&R' s or Applicable Laws; or

(d) The terms of the proposed Transfer will allow the Transferee to exercise a right of renewal, right of expansion, right of first offer, or other similar right held by Tenant (or will allow the Transferee to occupy space leased by Tenant pursuant to any such right).

In the event Landlord withholds or conditions its consent and Tenant believes that Landlord did so contrary to the terms of this Lease, Tenant may prosecute an action for declaratory relief to determine if Landlord properly withheld or conditioned its consent, but Tenant waives and discharges any claims it may have against Landlord for damages arising from Landlord' s withholding or conditioning its consent in any such action, each party shall bear its own attorneys' fees. Tenant shall indemnify, defend and hold harmless Landlord from any and all liability, losses, claims, damages, costs, expenses, causes of action and proceedings involving any third party or parties (including, without limitation, Tenant' s proposed subtenant or assignee) who claim they were damaged by Landlord' s wrongful withholding or conditioning of Landlord' s consent. If Landlord consents to any Transfer pursuant to the terms of this Section 6.2.2, Tenant may within six (6) months after Landlord' s consent, but not later than the expiration of said six-month period, enter into such Transfer of the demised premises or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord

pursuant to Section 6.2.1 of this Lease, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer under this Section 6.2.2, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in Tenant' s original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this ARTICLE VI. Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed Transferee claims that Landlord has unreasonably withheld or delayed its consent under Section 6.2.1 or otherwise has breached or acted unreasonably under this ARTICLE VI, their sole remedies shall be declaratory judgment and an injunction for the relief sought out without any monetary damages, and Tenant hereby waives all other remedies on its own behalf and, to the extent permitted under all applicable laws, on behalf of the proposed Transferee.

6.2.3 Transfer Premium. If Landlord consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, Tenant shall pay to Landlord fifty percent (50%) of any Transfer Premium (as defined below) received by Tenant from such Transferee. "Transfer Premium" shall mean all rent, additional rent or other consideration payable by such Transferee in excess of the minimum rent and additional rent payable by Tenant under this Lease, on a per rentable square foot basis if less than all of the demised premises is transferred, after deducting the reasonable expenses incurred by Tenant for (i) any changes, alterations and improvements to the demised premises in connection with the Transfer, (ii) any brokerage commissions or reasonable attorneys' fees incurred in connection with the Transfer, and (iii) any costs to buy-out or takeover the previous lease of a Transferee. "Transfer Premium" shall also include, but not be limited to, location fees, filing fees or similar fees paid to Tenant (or its successor) for use of the demised premises as a filming site, key money and bonus money paid by Transferee to Tenant in connection with such Transfer, and any payment in excess of fair market value for services rendered by Tenant to Transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to Transferee in connection with such Transfer. In the calculations of the rent (as it relates to the Transfer Premium calculated under this Section 6.2.3), the rent paid during each annual period for the Subject Space shall be computed after adjusting such rent to the actual effective rent to be paid, taking into consideration any and all leasehold concessions granted in connection therewith, including, but not limited to, any rent credit and tenant improvement allowance. For purposes of calculating any such effective rent, all such concessions shall be amortized on a straight-line basis over the relevant term.

6.2.4 Effect of Transfer. If Landlord consents to a Transfer, (i) the terms and conditions of this Lease shall in no way be deemed to have been waived or modified (except as agreed upon by both Landlord and Tenant in writing), (ii) such consent shall not be deemed consent to any further Transfer by either Tenant or Transferee, (iii) Tenant shall deliver to Landlord, promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to Landlord, (iv) Tenant shall furnish, at Landlord' s request a complete statement, certified by an independent certified public accountant, or Tenant' s chief financial officer, setting forth in detail the computation of any Transfer Premium Tenant has received, derived and shall derive from such Transfer, and (v) no Transfer relating to this Lease or agreement entered into with respect thereto, whether with or without Landlord' s consent, shall relieve Tenant or any guarantor of the Lease from liability under this Lease. Landlord or its authorized representatives shall have the right at all reasonable times to audit the books, records

and papers of Tenant relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, Tenant shall, within thirty (30) days after demand, pay the deficiency and Landlord' s costs of such audit, and if understated by more than ten percent (10%), Landlord shall have the right to cancel this Lease upon thirty (30) days written notice to Tenant.

6.2.5 Additional Transfers. For purposes of this Lease, the term "Transfer" shall also include (i) if Tenant is a partnership, or limited liability company, the withdrawal or change, voluntary, involuntary or by operation of law, of twenty-five percent (25%) or more of the partners or members, or transfer of twenty-five percent or more of partnership or membership interests, within a twelve (12)-month period, or the dissolution of the partnership or limited liability company without immediate reconstitution thereof, and (ii) if Tenant is a closely held corporation (i.e., whose stock is not publicly held and not traded through an exchange or over the counter), (a) the dissolution, merger, consolidation or other reorganization of Tenant, the sale or other transfer of more than an aggregate of twenty-five percent (25%) of the voting shares of Tenant (other than to immediate family members by reason of gift or death), within a twelve (12)-month period, or (b) the sale, mortgage, hypothecation or pledge of more than an aggregate of twenty-five percent (25%) of the value of the total unencumbered assets of Tenant within a twelve (12)-month period.

6.2.6 Non-Transfers. Notwithstanding anything to the contrary contained in this Lease, neither (i) an assignment to a transferee of all or substantially all of the assets of Tenant, (ii) an assignment of the demised premises to a transferee which is the resulting entity of a merger or consolidation of Tenant with another entity, (iii) a legal change in the name of Tenant, nor (iv) an assignment or subletting of all or a portion of the demised premises to an affiliate of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant) (an "**Affiliate**"), shall be deemed a Transfer under this ARTICLE VI, provided that: (a) Tenant notifies Landlord of any such assignment or sublease and promptly supplies Landlord with any documents or information reasonably requested by Landlord regarding such transfer or transferee as set forth in items (i) through (iv) above; (b) such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease; and (c) such Affiliate shall have a net worth (not including goodwill as an asset) computed in accordance with generally accepted accounting principles (the "**Net Worth**") at least equal to the greater of (A) the Net Worth of Tenant immediately prior to such assignment or sublease, or (B) the Net Worth on the date of this Lease of the original named Tenant. "Control," as used in this Section 6.2.6, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities or interests of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity. "Non-Transferee," as used in this Lease, shall mean any permitted transferee under this Section 6.2.6.

## ARTICLE VII
## MAINTENANCE OF BUILDING

7.1 Landlord' s Obligations. Landlord agrees to keep in good order, condition and repair the roof (excluding gutters and downspouts), foundations, structural condition of interior bearing walls and the exterior walls of the Building, but, excluding pressure cleaning and painting and excluding the maintenance of any signage attached to the exterior of the demised premises.

Except as provided in this Section 7.1, it is intended by the parties hereto that Landlord has no obligation, in any manner whatsoever, to repair or maintain the demised premises, or the equipment therein, all of which obligations are intended to be that of the Tenant. Furthermore, it is the intention of the parties hereto that the terms of this Lease govern the respective obligations of Landlord and Tenant as to the maintenance and repair of the demised premises and Landlord and Tenant expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.2 Tenant' s Obligations. Tenant shall be responsible for all non-structural repairs to the demised premises (including window and door repairs and, at least every two years, inspection and cleaning (if necessary) the gutters and downspouts replacement but excepting the roof and exterior walls) and shall also be responsible for any necessary maintenance, repairs and/or replacements to the HVAC system and to any of the other utility systems (including any plumbing or electrical systems) serving the demised premises. Tenant shall maintain the non-structural portions of the demised premises in good order and repair, reasonable wear and tear and damage due to fire and casualty excepted, unless the need for any such repairs shall result from: (i) Landlord' s failure to perform its obligations hereunder; (ii) the active negligence or intentional misconduct of Landlord, Landlord' s invitees, agents, employees, contractors or those claiming by, through or under Landlord; or (iii) damage by fire or casualty (which is an insured loss) encompassed in Landlord' s obligation of repair and restoration. Tenant shall repair promptly, at Tenant' s sole cost and expense, any damage to the demised premises caused by any construction or alterations performed by Tenant its agents, employees or contractors or by the delivery, installation or removal of Tenant' s property or by Tenant' s negligence or intentional misconduct or the negligence or intentional misconduct of Tenant' s invitees, agents, employees, or contractors. Further, Tenant shall not drill holes into the interior or exterior brick or brick mortar of the building without Landlord' s prior written approval.

7.3 Additional Tenant Improvements. Subject to the provisions above in ARTICLE V regarding Tenant Improvements to the demised premises, Tenant shall not make exterior or structural alterations or improvements to the demised premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed. Tenant may make non-structural and/or non-storefront alterations or improvements to the demised premises without Landlord' s consent provided the cost of such alterations or improvements do not exceed the sum of $50,000.00. All such work shall be made in conformity with Applicable Requirements (as defined at Section 14.6), and insurance requirements and in a good and workmanlike manner, employing materials of first quality. All alterations, improvements and additions made by Tenant shall remain upon the demised premises at the expiration or earlier termination of this Lease and shall become the property of Landlord except for Tenant' s trade fixtures, signs and other personal property which Tenant shall remove at or prior to the end of the term of this Lease. If Tenant has not removed such fixtures, signs and other personal property at or prior to the end of the term of this Lease, then Landlord, at its option, may remove the same at the cost of the Tenant. Tenant shall procure all necessary governmental permits before undertaking any work and shall comply with all applicable governmental requirements in respect of such work, and Landlord shall reasonably cooperate with Tenant in respect of obtaining such permits. All work of Tenant shall be made solely at Tenant' s expense and Tenant agrees to indemnify, defend and save harmless Landlord (a) on account of any injury to any third person or property by reason of any such alterations, additions, or improvements and (b) from the payment of any claim on account of bills for labor or materials furnished or claimed to have been furnished in connection with such alterations, additions or improvements made by Tenant.

7.4 Liens. Nothing in this Lease shall be construed as in any way constituting a consent or request by Landlord, express or implied, by inference or otherwise, to any contractor, subcontractor, laborer or materialmen for the performance of any labor or the furnishing of any materials for any specified or general improvement, addition or alteration or repair of or to the demised premises or to any buildings or other improvements on the Lot or to any part thereof. Notwithstanding anything in this Lease, or in any writing signed by Landlord to the contrary, neither this Lease nor any other writing signed by Landlord shall be construed as evidencing that any erection, construction, alteration or repair to be done, or caused to be done, by Tenant is or was in fact for the immediate use and benefit of Landlord. The interest of Landlord in the demised premises shall not be subject to liens for improvements made by or for the account of Tenant.

7.5 Utilities and Other Services. Beginning on the Commencement Date, Tenant shall pay for all utilities, janitorial, cleaning, telephone and other services for the demised premises which it consumes in exercising its rights and responsibilities hereunder and on the demised premises, during the term hereof.

## ARTICLE VIII
## TENANT INSURANCE REQUIREMENTS

8.1 Liability Insurance. Beginning with the date hereof and thereafter continuously until the expiration of the term of this Lease, Tenant shall purchase and keep in force, or cause to be kept in force, with respect to Tenant' s obligations in the demised premises, a policy of Commercial General Liability Insurance in the broadest form of coverage commercially available in limits of not less than $2,000,000 combined single limit, under which Landlord and Landlord' s mortgagees of which Tenant is given notice shall be designated as additional insureds, and Tenant shall furnish certificates evidencing such coverage to Landlord.

8.2 Insurance Policies; Certificates of Insurance. All policies required under this ARTICLE VIII shall be issued by insurers having a rating no less than an A- in the most recent addition of Best' s Insurance Reports and be issued as primary policies. Tenant' s policy shall provide that it cannot be cancelled or materially modified without thirty (30) days' prior written notice to Landlord, unless waived by the Landlord. Tenant shall provide Landlord upon Tenant' s execution and delivery of this Lease and on each anniversary of the Commencement Date during the term of this Lease, current certificates of insurance evidencing that Tenant' s insurance requirements hereunder are fully maintained. Such certificates shall state that Landlord shall be notified in the event Tenant is given any notice of default or notice of impending or actual termination of coverage under the applicable insurance policy.

8.3 Modification of Insurance. In the event that, as a result of changed circumstances from time to time, comparable landlords and/or tenants in the area in which the demised premises are located are typically carrying kinds or amounts of insurance that exceed the requirements of this Lease, Tenant shall, within thirty (30) days following written demand by Landlord, obtain and thereafter maintain in effect such additional insurance, which shall, to the extent reasonably applicable, conform to, and be governed by, the existing insurance provisions of this Lease.

ARTICLE IX
HAZARD INSURANCE

9.1 Insurance Requirement and Reimbursement.

9.1.1 Casualty Insurance. Beginning with the date hereof and thereafter continuously until the expiration of the term of this Lease, Landlord shall purchase and keep in force, or cause to be purchased and kept in force, insurance upon the Building and common area improvements against loss or damage by a hazard insured under a so-called fire and extended coverage policy (which may, in Landlord' s reasonable discretion, include earthquake coverage provided such coverage may be obtained at commercially reasonable rates) in an amount equal to the actual replacement cost of the Building. The phrase "actual replacement cost" shall mean the actual replacement cost (excluding cost of excavations, foundations, footings, underground pipes, conduits, flues and drains) without diminution of such cost for depreciation or obsolescence. The foregoing policy shall contain an agreed-amount clause waiving coinsurance and Landlord shall annually update the amount of insurance coverage and arrange to continue the agreed-amount clause.

9.1.2 Rental Insurance. Landlord shall obtain and keep in force a policy or policies in the name of Landlord with loss payable to Landlord and any mortgagee, insuring the loss of the full applicable minimum rent for one year with an extended period of indemnity for an additional sixty (60) days ("**Rental Value Insurance**"). Said insurance shall contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage may be adjusted annually to reflect the projected minimum rent otherwise payable by Tenant, for the next twelve (12)-month period. During any period the insurer is reimbursing Landlord for rent under the Rental Value Insurance, Tenant' s rent shall be abated as more particularly described in Section 11.3.

9.1.3 Insurance Policies. All policies required under this ARTICLE IX shall be issued by insurers having a rating no less than an A- in the most recent addition of Best' s Insurance Reports and be issued as primary policies. Landlord' s policy shall provide that it cannot be cancelled or materially modified without thirty (30) days prior written notice to Tenant. Upon Tenant' s execution and delivery of this Lease and on each anniversary of the Commencement Date during the Lease Term, Landlord shall provide Tenant with current certificates of insurance evidencing that Landlord' s insurance requirements hereunder are fully satisfied.

9.1.4 Reimbursement of Cost of Insurance. From and after the Commencement Date, Tenant agrees to pay, as additional rent, the actual annual costs incurred by Landlord in maintaining the foregoing all risk insurance policy on the Building and the Rental Value Insurance during the term hereof. Such payment shall be due and payable from Tenant to Landlord within twenty (20) days after billing therefor, which billing shall include a copy of the appropriate receipted insurance bill.

9.1.5 Tenant' s Casualty Insurance. Tenant shall maintain a so-called all risk policy covering its personal property at the demised premises at all times during the Lease Term.

9.2 Release of Insured Claims. Landlord and Tenant each hereby releases the other from all claims and liabilities relating to any costs or other losses to the extent that (a) the releasing

party either carries or is required by this Lease to carry (regardless of whether the released party consents to any self-insurance), insurance sufficient to cover such losses and (b) the released party is not required to indemnify the releasing party with respect to such cost or loss; provided, however, that the foregoing release shall not apply to the extent that its application would impair the effectiveness of the applicable insurance policy. In recognition of Tenant' s insurance obligations hereunder and as a material part of the consideration to Landlord, Tenant hereby assumes all risk of damage or destruction to Tenant' s trade fixtures and/or personal property or injury to persons in, upon or about the demised premises from any cause, including but not limited to, theft, (except for an uninsured loss and the damage or injury is caused by the acts or omissions of Landlord, its contractors, agents or employees) and hereby waives all such claims against Landlord.

## ARTICLE X
## MUTUAL SELF-HELP

10.1 Landlord' s Right to Self Help. Upon reasonable advance written notice to Tenant, Landlord and its designees shall have the right to enter upon the demised premises at all reasonable hours for the purpose of inspecting or making repairs to the same. While any Self-Help Default (as defined herein) by Tenant exists, Landlord may, if it chooses, perform the defaulted obligation or otherwise reasonably remedy the situation, in which event Tenant shall reimburse Landlord upon demand for all costs and expenses reasonably incurred in connection with such performance or other remedy (plus ten percent (10%) of such costs and expenses to cover internal administrative and related costs in connection therewith). In the case of any Tenant Default which is not yet a Self-Help Default (but which would be following notice and the expiration of the cure period) and the nature of which is such that emergency or other circumstances make it unreasonable for Landlord to wait until such cure period expires to act, Landlord shall have the remedies set forth herein for a Self-Help Default as soon as reasonably necessary in connection therewith. The term "Self-Help Default" means any Tenant Default, the continuation of which materially impairs or threatens to materially impair Landlord' s interests with respect to the demised premises. Landlord agrees that any such repairs shall be made at such times and in such manner as will minimize interference with the business being conducted in the demised premises.

10.2 Tenant' s Right to Self Help.

10.2.1 Repair Notice(s). If Tenant provides notice (the "**Repair Notice**") to Landlord of an event or circumstance which pursuant to the terms of this Lease requires Landlord to repair, alter, improve and/or maintain the demised premises (a "**Required Action**"), and Landlord fails to provide the Required Action within the time period required by this Lease, or a reasonable period of time, if no specific time period is specified in this Lease, after the receipt of the Repair Notice (the "**Notice Date**"), or, in any event, does not commence the Required Action within ten (10) business days after the Notice Date and complete the Required Action within thirty (30) days after the Notice Date (provided that if the nature of the Required Action is such that the same cannot reasonably be completed within a thirty (30)-day period, Landlord' s time period for completion shall not be deemed to have expired if Landlord diligently commences such cure within such period and thereafter diligently proceeds to rectify and complete the Required Action, as soon as possible), then Tenant may proceed to take the Required Action, pursuant to the terms of this Lease, and shall deliver a second notice to Landlord specifying that Tenant is taking the Required Action (the "**Second Notice**").

10.2.2 Emergency. Notwithstanding the foregoing, if there exists an emergency such that there is an immediate threat to persons or property and if Tenant gives Landlord notice (the "**Emergency Notice**") of Tenant' s intent to take action with respect thereto (the "**Necessary Action**") and the Necessary Action is also a Required Action, and the emergency could be cured by such Necessary Action, Tenant may take the Necessary Action if Landlord does not commence the Necessary Action within one (1) business day after the Emergency Notice (the "**Emergency Cure Period**") and thereafter use its best efforts and due diligence to complete the Necessary Action as soon as possible.

10.2.3 Action by Tenant. If any Required Action or Necessary Action is taken by Tenant pursuant to the terms of this Section 10.2, then Landlord shall reimburse Tenant for its reasonable and documented costs and expenses (plus ten percent (10%) of such costs and expenses to cover internal administration and related costs in connection therewith) in taking the Required Action or Necessary Action within thirty (30) days after receipt by Landlord of an invoice from Tenant which sets forth a reasonably particularized breakdown of its costs and expenses in connection with taking the Required Action or Necessary Action on behalf of Landlord (the "**Repair Invoice**"). If Landlord delivers to Tenant within thirty (30) days after receipt of the Repair Invoice, a written objection to the payments of such invoice, setting forth with reasonable particularity Landlord' s reason for its claim that the Required Action or Necessary Action did not have to be taken by Landlord pursuant to the terms of the Lease or that Tenant breached the terms of this Section 10.2, or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then the dispute may be submitted to arbitration pursuant to the rules of the American Arbitration Association in Los Angeles County, California.

10.3 Exercise of Self-Help Right. The right of self-help set forth in Sections 10.1 and 10.2 hereof shall be carefully and judiciously exercised by both Landlord and Tenant, it being understood and agreed that wherever possible, the party initially responsible for taking such action should be given sufficient opportunity so to do, in order to avoid any conflict with respect to whether or not self-help should have been availed of, or with respect to the reasonableness of the expenses incurred.

## ARTICLE XI
## DAMAGE OR DESTRUCTION

11.1 Damage; Not Substantial. In the event that during the term hereof the demised premises shall be damaged by fire or other casualty which is a covered event under the policy of insurance required under Section 9.1.1 or by another casualty where such damage resulting therefrom is not substantial damage ("**substantial damage**" or "**substantially damaged**" means damage for which the repair or restoration thereof would require more than one hundred eighty (180) days to complete once commenced), Landlord shall forthwith proceed to repair such damage and restore the demised premises to substantially its condition at the time of such damage.

11.2 Damage During Last Two Years; Substantial Damage. Notwithstanding anything to the contrary herein, if during the last two (2) years of the term hereof the demised premises shall

be substantially damaged by fire or other casualty which is a covered event under the policy of insurance required under Section 9.1.1, either party shall have the right to terminate this Lease, provided that written notice thereof is given to the other party not later than sixty (60) days after such damage, and further provided that if at such time the Tenant has the option to extend the term of this Lease, then Tenant may avoid such termination by giving written notice to Landlord within fifteen (15) days after its receipt of Landlord' s notice of termination that Tenant exercises such option. If said right of termination is exercised, this Lease and the term hereof shall cease and come to an end as of the date of such damage.

If there is substantial damage to the demised premises due to an event which is not covered under the policy required under Section 9.1.1, the Landlord may elect to terminate this Lease in lieu of restoring the Building provided that the Landlord gives such written notice of termination no later than sixty (60) days after the date of such damage or destruction. If the Landlord, having the right to so terminate this Lease, does not elect to terminate this Lease then the Landlord shall promptly restore the Building as provided herein.

In performing its obligation of restoration under this ARTICLE XI, the Landlord shall not be compelled to expend more than the total amount of the proceeds of such insurance and any deductible maintained by the Landlord on such insurance policy. If for whatever reasons the Landlord has failed to maintain the insurance policy required under Section 9.1.1 then for the purposes of this ARTICLE XI the Landlord shall be deemed to have maintained such insurance in any event.

11.3 Rent Abatement. During any period of repair or restoration work at the demised premises pursuant to this ARTICLE XI, the rent and all other charges payable hereunder shall be abated or reduced proportionately during any period in which, by reason of such damage, there is interference with the operation of business in the demised premises, taking into account the extent of such interference; and if Tenant exercises its reasonable business judgment to discontinue the operation of business in the demised premises, there shall be a full abatement of rent and other charges payable hereunder until the first to occur of (i) the date on which Tenant shall reopen for business to the public in the demised premises, or (ii) the expiration of a period of fifteen (15) days after Landlord shall have completed such repair or restoration work as Landlord is obligated to perform hereunder and the interference with the operation of business in the demised premises has ceased. In the event of the termination of this Lease, pursuant to this ARTICLE XI, this Lease, and the term hereof, shall cease and come to an end as of the date of such damage. Any rent or other charges paid in advance by Tenant shall be promptly refunded by Landlord.

11.4 Repair Work. In any event, if Landlord shall not commence, in good faith, repair and restoration work: (i) with respect to "partial damage" (meaning damage which is not substantial damage, as hereinbefore defined) forthwith, or (ii) with respect to "substantial damage" within one hundred eighty (180) days after any damage which Landlord is required to repair pursuant to the terms hereof, or if Landlord shall fail with all due diligence to continue with such repair and restoration work to completion, then Tenant shall have the right, in addition to all other rights and remedies available under this Lease or available at law or in equity, to terminate this Lease by giving thirty (30) days' advance written notice of its election so to do to Landlord; provided, however, if Landlord has filed all required applications with governmental agencies for the reconstruction and there is any delay in the receipt of such permits, the one hundred eighty (180)-day period will be extended for such additional time as may be required for Landlord to receive the required permits and have its contractor commence construction.

ARTICLE XII
EMINENT DOMAIN

12.1 Substantial Taking. If any portion of the demised premises shall be taken by condemnation or right of eminent domain or if any portion of the parking lot or access to the demised premises is taken as shall materially adversely affect Tenant' s operations in the demised premises, Landlord shall immediately send written notice thereof to Tenant, and Tenant shall have the right to terminate this Lease by giving written notice to Landlord of its intention so to do not later than thirty (30) days after receipt by Tenant of such notice. This Lease shall terminate if all of the parking area shall be so taken. Should Tenant fail to exercise its right of termination aforesaid, Landlord shall promptly restore that which remains of the Building and other improvements to an architectural unit as nearly like its condition prior to such taking less the portion lost in such taking, to the extent of the condemnation award available for restoration as provided in Section 12.2 below.

12.2 Condemnation Award. All awards for such taking shall belong to the Landlord and the Tenant hereby waives any right thereto except as follows: Tenant shall have the right to claim in any proceeding for its loss of business, and for moving and relocation expenses and for any loss of leasehold improvements made by it and/or for its trade fixtures. Landlord and Tenant hereby waive the provisions of California Code of Civil Procedure Section 1265.130 to the extent that such provisions are inconsistent with this Lease.

12.3 Continuation of Lease. In the event of the taking of any portion of the demised premises where this Lease does not terminate, Landlord shall proceed promptly: (i) to restore that which may remain of the Building or other improvements affected by the taking; and (ii) to restore the remaining property to a sightly condition. After such restoration, Tenant may, at its election, perform such additional work to the demised premises as it deems necessary in order to reopen for business.

12.4 Rent Abatement Following Taking. In the event of a termination of this Lease following such taking, all rent and other charges shall be pro-rated up to the date of such termination, and Landlord shall promptly repay to Tenant any rent or other charges paid in advance. In the event of a taking which does not result in the termination of this Lease, the rent and all other charges payable hereunder shall be abated or reduced proportionately during any period in which, by reason of the performance of restoration work, there is interference with the operation of business in the demised premises, taking into account the extent of such interference; and if Tenant exercises its reasonable business judgment to discontinue the operation of business in the demised premises or is otherwise closed, there shall be a full abatement of rent and all other charges payable hereunder until the first to occur of (i) the date on which Tenant shall reopen for business to the public in the demised premises, or (ii) the expiration of a period of fifteen (15) days after Landlord shall have completed such restoration work as Landlord is obligated to perform hereunder and the interference with the operation of the business of Tenant in the demised premises has ceased. Except for the foregoing rent abatement and except as otherwise expressly provided herein, Landlord shall have no liability to Tenant for any costs, damages or other losses incurred by Tenant in connection with any taking of the demised premises. Further, rent and all other charges payable hereunder shall be abated or reduced on a permanent basis in direct proportion to the amount of the demised premises so taken.

ARTICLE XIII
OBLIGATIONS TO MORTGAGEES AND ESTOPPELS

13.1 Subordination of Lease. This Lease is subject and subordinate to all present and future ground or underlying leases of the demised premises and to the lien of any mortgages or trust deeds now and hereafter in force against the demised premises and to all renewals, extensions, modifications, consolidations and replacements thereof, and to all advances made or hereafter to be made upon the security thereof, provided that, and as a condition thereto, Landlord shall deliver to Tenant from the holder thereof a Subordination Non-Disturbance and Attornment Agreement in a commercial reasonable form.

13.2 Estoppel Certificate. Each party agrees that, from time to time upon not less than fifteen (15) days' prior request by the other party, it will deliver to the requesting party a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, a description of such modifications and that the Lease as modified is in full force and effect); (ii) the dates to which rent and other charges have been paid; (iii) that to the best of the receiving party' s actual knowledge, the requesting party is not in default under any provision of this Lease, or, if in default, the nature thereof in detail; and (iv) such further matters as may be reasonably requested by the requesting party, it being intended that any such statement may be relied upon by any prospective lender, assignee or sublessee of Tenant, any mortgagees or prospective mortgagees, or any prospective assignee of any mortgagee thereof, or any prospective and/or subsequent purchaser or transferee of all or a part of Landlord' s interest in the demised premises or any portion thereof. Each party shall execute and deliver whatever reasonable instruments may be required for such purposes.

ARTICLE XIV
ENVIRONMENTAL MATTERS

14.1 Environmental Compliance. Tenant shall not engage in any activity in or on the demised premises which constitutes a Reportable Use (as defined at Section 14.6) of Hazardous Substances (also as defined in Section 14.6) without the express written consent of Landlord (which consent may be withheld in Landlord' s sole and absolute discretion) and shall timely comply (at Tenant' s expense) with all Applicable Requirements (also defined at Section 14.6). Furthermore, Tenant shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the demised premises (including through the plumbing or sanitary sewer system) and shall promptly, at Tenant' s expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formerly ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the demised premises or neighboring properties, that was caused or materially contributed to by Tenant, or pertaining to or involving any Hazardous Substance brought on to the demised premises during the term of this Lease, or any extension thereof, by or for Tenant or any third party except for Landlord, its agents, employees and contractors.

14.2 Compliance With Applicable Requirements. Except as otherwise provided in this Lease, Tenant shall, at Tenant' s sole cost and expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the reasonable recommendations of Landlord' s engineers and/or consultants which relate in any manner to such Applicable Requirements, without regard to whether such Applicable Requirements are now in effect or become effective after the Commencement Date. Tenant shall, within ten (10) days after receipt of Landlord' s written request, provide Landlord with all copies of permits and other documents, and other information evidencing Tenant' s compliance with any Applicable Requirements specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Tenant or the demised premises to comply with any Applicable Requirements.

14.3 Right of Entry. Landlord and Landlord' s mortgagee and consultants shall have the right to enter onto the demised premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable written notice, for the purpose of inspecting the condition of the demised premises and for verifying compliance with this ARTICLE XIV. Any such entry by Landlord shall be done so as not to interfere with Tenant' s conduct of its business and if possible shall be done outside of Tenant' s operating hours.

14.4 Indemnity. Tenant shall indemnify, defend and hold Landlord, it' s agents, employees and lenders harmless from and against any and all losses of rents and/or damages, liabilities, judgments, claims, expenses, penalties and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the demised premises by or for Tenant, or any third party except for Landlord, its agents, employees and contractors. Tenant' s obligation shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. **NO TERMINATION, CANCELLATION OR RELEASE AGREEMENT ENTERED INTO BY LANDLORD AND TENANT SHALL RELEASE TENANT FROM ITS OBLIGATIONS UNDER THIS LEASE WITH RESPECT TO HAZARDOUS SUBSTANCES, UNLESS SPECIFICALLY SO AGREED BY LANDLORD IN WRITING AT THE TIME OF SUCH TERMINATION, CANCELLATION OR RELEASE AGREEMENT**.

14.5 Right to Materials Related to Intended Use. Notwithstanding the foregoing, Tenant may use any ordinary and customary materials reasonably required to be used in the normal course of its Intended Use, ordinary office supplies (copier, toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with Applicable Requirements, is not a Reportable Use, and does not expose the demised premises or neighboring property to any meaningful risk of contamination or damage or expose Landlord to any liability therefor.

14.6 Definitions. The term "Hazardous Substance" as used in this Lease shall mean any product, substance or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the demised premises is either: (i) potentially injurious to public health, safety or welfare, the environment or the demised

premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Landlord to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. The term "Reportable Use" shall mean (a) the installation or use of any above or below ground storage tank, (b) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (c) the presence at the demised premises of a Hazardous Substance with respect to which any Applicable Requirements require that a notice be given to persons entering or occupying the demised premises or neighboring properties. The term "Applicable Requirements" as used in this Lease shall mean any and all building codes, Applicable Laws, covenants or restrictions of record, regulations, and ordinances that effect the demised property and/or Tenant' s Intended Use.

## ARTICLE XV
## REPRESENTATIONS AND WARRANTIES

15.1 Landlord Representations and Warranties. To induce Tenant to execute this Lease, and in consideration thereof, Landlord warrants and represents and covenants and agrees as follows:

15.1.1 Organization. Landlord is a limited liability company duly organized under the laws of the State of California. This Lease does not violate the provisions of any instrument heretofore executed by Landlord and the execution of this Lease has been duly and validly authorized on behalf of Landlord.

15.1.2 Brokers. No broker, finder or similar person has acted for Landlord in connection with this Lease other than Cushman & Wakefield of California, Inc. Landlord hereby agrees to indemnify and hold Tenant harmless with respect to all claims, causes of action, liabilities, losses, costs and expenses arising from a breach of the foregoing representation and warranty.

15.2 Tenant Representations and Warranties. To induce Landlord to execute this Lease and in consideration thereof, Tenant warrants and represents and covenants and agrees as follows:

15.2.1 Organization. Tenant is a corporation duly organized under the laws of the State of New York and qualified to do business in the State of California. This Lease does not violate the provisions of any instrument heretofore executed by Tenant; and the execution of this Lease has been duly and validly authorized on behalf of Tenant.

15.2.2 Brokers. Tenant has not dealt with any broker in connection with the negotiation of this Lease other than Lee & Associates, which will be compensated by Cushman & Wakefield of California, Inc. or Landlord, as appropriate, pursuant to a separate agreement. Tenant agrees to indemnify and hold Landlord harmless of and from the claim of any person or entity claiming a brokerage commission or other payment by reason of the execution of this Lease in breach of the foregoing representation.

ARTICLE XVI
DEFAULT AND REMEDIES

16.1 Tenant Default. The occurrence of any of the following shall constitute a "Tenant Default" hereunder:

(a) Tenant fails to pay any minimum rent due hereunder within five (5) business days following written notice from Landlord that such minimum rent payment was not timely made;

(b) Tenant fails to pay any other amount owing to Landlord hereunder within five (5) business days following written notice from Landlord that the applicable payment was not timely made;

(c) Tenant fails to perform any other obligation or observe any other provision hereunder within thirty (30) days following written notice, or any material breach of a representation or warranty of Tenant herein remains uncured on the thirtieth (30th) day following written notice; provided that, if such default is curable but cure cannot reasonably be effected within such thirty (30)-day period, such default shall not be a Tenant Default so long as Tenant promptly commences cure (in any event, within such thirty (30)-day period) and thereafter diligently prosecutes such cure to completion;

(d) (i) Tenant or any guarantor of Tenant' s obligations hereunder generally fails to pay its debts as they become due, admits in writing its inability to pay its debts, or makes a general assignment for the benefit of creditors; (ii) Tenant or any such guarantor commences any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or similar official for it or for all or any substantial part of its property; (iii) Tenant or any such guarantor takes any corporate action to authorize any of the actions set forth in clauses (i) and (ii); or (iv) any case, proceeding or other action against Tenant or any such guarantor is commenced which seeks to have an order for relief entered against it as debtor, or which seeks reorganization, arrangement, adjustment, liquidation, dissolution or composition, bankruptcy, insolvency, reorganization or relief of debtors, or which seeks appointment of a receiver, trustee, custodian or similar official for it or for all or any substantial part of its property, and such case, proceeding or other action (A) results in the entry of an order for relief against it which is not fully stayed within fourteen (14) business days after the entry thereof or (B) remains undismissed for a period of ninety (90) days;

(e) If any policy of insurance upon the demised premises or any part thereof from time to time effected by Landlord shall be canceled or about to be canceled by the insurer by reason of the use or occupation of the demised premises by Tenant or any permitted assignee, subtenant, agent, employee, contractor, invitee or licensee of Tenant, or anyone permitted by Tenant or such other parties to be upon the demised premises or in, on or about the demised premises, and Tenant after receipt of notice in writing from Landlord shall have failed to take such immediate steps as shall enable Landlord to reinstate or avoid cancellations (as the case may be) of such policy of insurance;

(f) The demised premises shall, without the prior written consent of Landlord, be used (i) by any persons other than Tenant or its permitted assigns or subtenants, (ii) for any purpose other than the Intended Use or (iii) by any persons whose occupancy is prohibited by this Lease;

(g) The demised premises shall be (i) vacated or abandoned for fifteen (15) consecutive days or more while capable of being occupied and (ii) such vacation or abandonment is in direct violation of the CC&Rs (Landlord agrees that any closure of the demised premises after Tenant initially opens for business for one (1) day shall not be considered a Tenant Default unless the aforementioned conditions are satisfied, there being no continuous operating covenant contained in this Lease); or

(h) Tenant makes, or has made, or furnishes, or has furnished, any written warranty, representation or statement to Landlord in connection with this Lease, or any other agreement to which Tenant and Landlord are parties, that is or was false or misleading in any material respect when made or furnished.

16.2 Landlord' s Remedies. Upon the occurrence of any Tenant Default, Landlord shall have the right to pursue one or more of the following remedies:

16.2.1 Landlord may terminate this Lease by written notice to Tenant and, following termination, may enter and take possession of the demised premises and remove Tenant and any other person occupying the demised premises by arrangement with Tenant and may recover from Tenant the following:

(a) The worth at the time of the award of any unpaid rent that has been earned at the time of termination;

(b) The worth at the time of the award of the amount by which the unpaid rent which would have been earned following termination and until the time of the award exceeds the amount of such rental loss that Tenant proves could reasonably have been avoided;

(c) The worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of such rental loss that Tenant proves could reasonably have been avoided;

(d) Any other amounts necessary to compensate Landlord for all detriment proximately caused by Tenant' s defaults under this Lease or which in the ordinary course of things would be likely to result therefrom, including brokerage commissions, advertising expenses, remodeling expenses, and concessions to a new tenant; and

(e) At Landlord' s election, any other amounts in addition to or in lieu of the foregoing that may be permitted by law from time to time.

As used in this Section 16.2, "rent" means all amounts of every nature required to be paid by Tenant hereunder, whether to Landlord or to third parties. Any such amounts which must be based on increased costs or other historical information shall be calculated based on estimates and projections reasonably made by Landlord. As used in subparagraphs (a) and (b) of this

Section 16.2, the "worth at the time of the award" shall be calculated based on an interest rate equal to the lesser of the maximum rate then allowed by law or a rate which is five percent (5%) per annum plus the discount rate set by the Federal Reserve Bank of San Francisco on advances to member banks under Sections 13 and 13(a) of the Federal Reserve Act as now in effect or hereafter from time to time amended. As used in subparagraph (c) of this Section 16.2, the "worth at the time of the award" shall be calculated based on a discount rate equal to one percent (1%) plus the discount rate set by the Federal Reserve Bank of San Francisco at the time of the award.

16.2.2 Landlord may continue this Lease in effect and pursue any other rights and remedies it may have hereunder or otherwise, including the right to recover all rent from Tenant as it becomes due, all as permitted by California Civil Code § 1951.4 (as modified or recodified from time to time) and/or as otherwise permitted by law from time to time.

16.2.3 Whether or not Landlord terminates this Lease, Landlord shall have the right, as Landlord chooses in its absolute discretion, (i) to terminate any or all subleases, licenses, concessions and other agreements entered into by Tenant in connection with its occupancy of the demised premises and/or (ii) to maintain any or all such agreements in effect and succeed to Tenant' s interests in connection therewith (in which event Tenant shall cease to have any interest in any such agreement).

16.3 Landlord Default. The occurrence of any of the following shall constitute a "Landlord Default" hereunder:

(a) Landlord fails to pay any amount owing to Tenant hereunder within twenty (20) days following written notice from Tenant that the applicable payment was not timely made; or

(b) Landlord fails to perform any other obligation or observe any other provision hereunder within thirty (30) days following written notice, or any material breach of a representation or warranty of Landlord herein remains uncured on the thirtieth (30th) day following written notice; provided that, if such default is curable but cure cannot reasonably be effected within such thirty (30)-day period, such default shall not be a Landlord Default so long as Landlord promptly commences cure (in any event, within such thirty (30)-day period) and thereafter diligently prosecutes such cure to completion.

16.4 Tenant' s Remedies. Upon the occurrence of any Landlord Default, Tenant shall, except as otherwise expressly provided herein, have all rights and remedies provided hereunder and by law or equity from time to time.

16.5 Interest. All amounts owing by Landlord or Tenant to the other hereunder from time to time shall bear interest from the date due until paid at a rate equal to the lesser of the maximum rate permitted by applicable law or, at a rate which is five percent (5%) per annum plus the discount rate set by the Federal Reserve Bank of San Francisco at the due date; provided however, that, in the event of a termination of this Lease by either party pursuant to this ARTICLE XVI, any conflicting provisions of this ARTICLE XVI with respect to the applicable interest rate on unpaid obligations shall prevail over the provisions of this Section 16.5.

16.6 Cumulative Rights; No Waiver. All rights and remedies of Landlord and Tenant hereunder shall be cumulative and in addition to all rights and remedies provided by law or in any other document from time to time, and each such right or remedy may be exercised independently or concurrently. No waiver of any default shall be implied from any omission by Landlord or Tenant to take action on account of such default, and no waiver of any default shall be construed as a waiver of any subsequent breach of the same provision. No payment or other performance (or acceptance of the same) by either party to this Lease shall (a) be construed as an acknowledgment that the applicable payment or obligation was in fact owed or has been fully performed or (b) be construed as a waiver of any right the performing or accepting party may have (i) to claim any refund or additional performance from the other party or (ii) with respect to any default by the other party or dispute with the other party that existed at the time of the applicable performance or acceptance. Without limiting the generality of the foregoing, no restrictive endorsement on any check delivered by either party to the other shall be effective for any purpose, it being agreed that any waiver or settlement which the delivering party would otherwise hope to accomplish thereby may only be accomplished by a separate written agreement executed by the other party. Except as otherwise expressly provided herein, the mere fact that any default does not, for some period of time or ever, become a Default shall not be construed to imply that the defaulting party is not liable to the other party for any damages resulting therefrom. Landlord shall have the same remedies for the nonpayment by Tenant of any amount other than minimum rent as Landlord would have for nonpayment of minimum rent. No agreement by Landlord to accept a surrender of the demised premises shall be effective unless in writing, and no other act by Landlord (including acceptance of keys) shall constitute an effective surrender of the demised premises by Tenant. The term "Default" means (a) with respect to Tenant, a Tenant Default and (b) with respect to Landlord a Landlord Default.

16.7 Effect of Notices. All notices required hereunder in connection with Defaults and remedies shall, where sufficient, be in lieu of, and not in addition to, any notices required by law.

## ARTICLE XVII
## MISCELLANEOUS PROVISIONS

17.1 Mechanic' s Liens. Tenant shall pay promptly all contractors and materialmen hired by it so as to minimize the possibility of mechanic' s or materialmen' s lien attaching to the demised premises, the Building, or the Lot. Tenant agrees promptly to discharge (either by payment or by filing of the necessary bond, or otherwise) any mechanic' s, materialmen' s, or other lien against the demised premises and/or Landlord' s interest therein, which liens may arise out of any payment due for, or purported to be due for, any labor, services, materials, supplies, or equipment alleged to have been furnished to or for Tenant in, upon or about the demised premises.

17.2 Invalidity of Particular Provisions. If any term or provision of this Lease, or the application thereof to any person or circumstance, shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

17.3 Provisions Binding, Etc. Except as herein otherwise expressly provided, the terms hereof shall be binding upon and shall inure to the benefit of the successors and assigns, respectively, of Landlord and Tenant. All negotiations, considerations, representations and understandings between the Landlord and Tenant relative to this leasing are being incorporated herein and may be modified or altered only by agreement in writing between Landlord and Tenant.

17.4 Governing Law. This Lease shall be governed exclusively by the provisions hereof, and by the laws of the State of California as the same may from time to time exist.

17.5 Recording. Tenant and Landlord agree not to record the within Lease nor any Memorandum of Lease.

17.6 Notices. Whenever by the terms of this Lease notice, demand, or other communication shall or may be given, either to Landlord or to Tenant, the same shall be in writing, and, shall be sent by registered or certified mail, postage prepaid, or shall be personally delivered or delivered by overnight carrier:

To Landlord:
Santa Clara, LLC
Attention: Nely Galan
2508 Strongs Drive
Venice, CA 90291
Facsimile: (____) ____-_____
E-Mail: ngalan@galanent.com

With a copy to:
Brian D. Ulf
Cushman & Wakefield of California
601 South Figueroa Street, 47th Floor
Los Angeles, CA 90017-5752
Facsimile: (213) 627-0020
E-Mail: brian.ulf@cushwake.com

Clark & Trevithick
Attention: Kevin P. Fiore, Esq.
800 Wilshire Boulevard, Suite 1200
Los Angeles, California 90017
Facsimile: (213) 624-9441
E-Mail: kfiore@clarktrev.com

To Tenant:
PSYOP, Inc.
Attention: Sandy Selinger
124 Rivington Street
New York, NY 10002
Facsimile: (212) 533-9112
E-Mail: Sandy@psyop.tv

With a copy to:
Neysa Hoesburgh
523 Victoria Avenue
Venice Beach, CA 90291

Except as otherwise specifically provided herein, all such notices shall be effective three (3) business days after deposit in the United States mail or when received if personally delivered or the next business day if delivered to a private overnight carrier within the Continental United States, provided that the same are received in the ordinary course at the address to which the same were sent. Notice from an attorney acting or purporting to act on behalf of a party shall be deemed to be notice from such party provided that such attorney is authorized to act on behalf of such party.

17.7 Paragraph Headings. The paragraph headings throughout this instrument are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Lease.

17.8 Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or materials or reasonable substitutes therefor, enemy or hostile governmental action, riot, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, excluding the financial inability of such party to perform (any such causes or events to be referred to herein as a "Force Majeure"), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage; provided, however, the foregoing shall not be applicable to (i) Tenant' s obligation to pay rent, additional rent and any other sums or charges pursuant to this Lease, and (ii) Landlord' s obligation to pay any sums or charges pursuant to this Lease (to Tenant or otherwise).

17.9 Late Payments. Tenant hereby acknowledges that the late payment by Tenant to Landlord of rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs may include, but are not limited to, administrative, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any ground lease, mortgage or trust deed covering the demised premises. Accordingly, if any installment of minimum rent or any other sum due from Tenant shall not be actually received by Landlord or Landlord' s designee within ten (10) business days after the date due, then Tenant shall pay to Landlord, in addition to the interest provided above, as liquidated damages, a late charge in the amount of five percent (5%) of such installment of rent or other sum. The parties agree that such late charge represents a fair and reasonable estimate of the cost Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant' s default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

17.10 Limitation On Landlord' s Liability. Neither Landlord nor any member in Landlord shall be personally liable for any default or breach in the payment or performance of any obligation under, or for any action taken by Landlord with respect to this Lease or any other document executed in connection herewith, and the sole recourse of Tenant with respect to any such default,

breach or action shall be against Landlord' s interests in the demised premises and no attachment, execution, writ or other process shall be initiated, by or on behalf of Tenant against Landlord or any member in Landlord personally or Landlord' s or any such partner' s assets (other than such interest as they may have in the demised premises) as a result of any such breach, default or action.

17.11 Further Assurances. Each party hereto shall execute, acknowledge and deliver to each other party all documents, and shall take all actions, reasonably required by such other party from time to time to confirm or effect the matters set forth herein, or otherwise to carry out the purposes of this Lease.

17.12 Attorneys' Fees. In the event that any litigation or arbitration shall be commenced concerning this Lease by any party hereto, the party prevailing in such litigation or arbitration shall be entitled to recover, in addition to such other relief as may be granted, its reasonable costs and expenses, including without limitation reasonable attorneys' fees and court costs, whether or not taxable, as awarded by a court of competent jurisdiction, or the arbitration panel, as the case may be. As a separate and distinct right, independent of the foregoing provisions, attorneys' fees incurred in enforcing any judgment shall be recoverable by the party seeking enforcement of any such judgment. The obligation to pay the enforcing party' s post-judgment attorneys' fees incurred in enforcing any judgment shall survive any termination of this Lease and the judgment itself and this provision shall not be deemed merged into any judgment.

17.13 Obligations Independent. The obligations of each party hereunder are independent and do not constitute conditions to the effectiveness of the other party' s obligations. The nonperformance by either party of any of its obligations shall not excuse any nonperformance by the other party except to the extent that it makes such other party' s performance impossible or impracticable.

17.14 Entire Agreement. This Lease, together with any other documents executed concurrently herewith, contains the entire agreement between Landlord and Tenant with respect to the matters set forth herein and supersedes all prior negotiations, letters of intent and other agreements. Tenant acknowledges that it is not relying upon any representation or warranty with respect to the demised premises except as expressly set forth herein.

17.15 Joint and Several Obligations. If this Lease is executed by more than one (1) tenant, Tenant' s obligations hereunder shall be joint and several obligations of such tenants.

17.16 No Third Parties Benefited. This Lease is made for the purpose of setting forth certain rights and obligations of Landlord and Tenant, and no other person shall have any rights hereunder or by reason hereof.

17.17 Severability. No provision of this Lease that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all such provisions are hereby declared to be severable.

17.18 Waiver of Suretyship Defenses. In the event under any circumstances as for any purpose the Tenant shall be deemed to be a guarantor of any obligations under this Lease, Tenant hereby waives (a) any and all rights of subrogation, reimbursement, indemnification and contribution and any other rights and defenses that are or may become available to the Tenant by

reason of Sections 2787 to 2855, inclusive, of the California Civil Code and (b) all rights and defenses arising out of an election of remedies by the Landlord, even though that election of remedies, such as a non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Tenant' s rights of subrogation and reimbursement against the principal by operation of Section 580d of the California Code of Civil Procedure or otherwise.

17.19 Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING ARISING UNDER OR WITH RESPECT TO THIS LEASE, OR IN ANYWAY CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE DEALINGS OF LANDLORD AND TENANT WITH RESPECT TO THIS LEASE, OR THE TRANSACTIONS RELATED HERETO, IN EACH CASE, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LANDLORD AND TENANT HEREBY AGREE THAT ANY SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY AND AGREE THAT NO SUCH ACTION, CAUSE OF ACTION, CLAIM, DEMAND OR PROCEEDING SHALL BE SOUGHT TO BE CONSOLIDATED WITH ANY OTHER ACTION, CLAIM, DEMAND OR PROCEEDINGS WITH RESPECT TO WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED.

17.20 Parking. Effective on the Commencement Date, Tenant shall be permitted the exclusive use of the parking spaces set forth on Exhibit "A-1".

## ARTICLE XVIII
## SECURITY DEPOSIT

18.1 Security Deposit; Letter of Credit.

18.1.1 Delivery of Letter of Credit. Upon execution of this Lease, Tenant shall deliver to Landlord an irrevocable, unconditional and transferable letter of credit (the "**Letter of Credit**"), issued by Citibank, or an institution acceptable to Landlord, having an effective date of November 15, 2007, and in substantially a form and content reasonably satisfactory to Landlord as the security deposit for the faithful performance and observation by Tenant of all of the terms, provisions and conditions of this Lease.

18.1.2 Term of Letter of Credit. The Letter of Credit shall remain in effect until the Expiration Date of this Lease, as the same may be extended pursuant to Section 2.3. If the expiration date of the Letter of Credit is earlier than the Expiration Date or the last day of the Option Term, whichever is later, Tenant shall renew or replace the Letter of Credit at least thirty (30) days prior to its expiration date. If Tenant fails to so renew or replace the Letter of Credit within such time period, Landlord may, upon five (5) business days prior written notice to Tenant, draw on the Letter of Credit and shall hold the amount drawn as the security deposit for the faithful performance and observation by Tenant of all of the terms, provisions and conditions of this Lease. So long as Landlord shall receive the proceeds of such draw and there is existing no Tenant Default hereunder, Tenant shall not be deemed in default (i.e., no Tenant Default shall be deemed to have occurred) under this Lease.

18.1.3 Amount of Letter of Credit. The Letter of Credit shall initially be in the face amount of $1,000,000.00. Provided no Tenant Default shall be outstanding, or with the passage of time would occur, on any date for the reduction of the face amount of such Letter of Credit, the face amount of the Letter of Credit shall be reduced by $100,000.00 on each December 31, commencing December 31, 2008 and continuing to December 31 , 2013, at which time the face amount shall be and remain at $500,000.00 until the later of the Expiration Date or the last day of the Option Term if Tenant elects to extend the term of this Lease pursuant to Section 2.3.

18.1.4 Draw on Letter of Credit; Application of Proceeds. Although Landlord hereby agrees that it may only draw upon the Letter of Credit if Tenant is in default under this Lease beyond any applicable cure period, or if Tenant fails to renew or replace the Letter of Credit as provided under Section 18.1.2, the Letter of Credit shall, on its face provide that Landlord may draw upon the Letter of Credit by presenting appropriate identification to the issuing bank, a statement that a Tenant Default has occurred and requesting a draw. In the event Landlord draws on the Letter of Credit, Landlord shall hold the funds as a security deposit and may only use, apply or retain all or any portion of that security deposit for the payment of any amounts due Landlord by reason of any Tenant Default under this Lease. Landlord, however, shall not be obligated to apply any such amounts to the Tenant Default and Landlord' s draw on the Letter of Credit shall not be deemed to cure any Tenant Default under this Lease. Further, in the event Landlord shall apply any amounts from the cash security deposit towards a Tenant Default, Tenant shall deposit in the cash security deposit, within ten (10) business days following written notice from Landlord to Tenant, the amount necessary to restore the cash security deposit to the amount which, together with any undrawn amount under any Letter of Credit then outstanding in favor of the Landlord, shall equal the minimum amounts required to be maintained under Section 18.1.3 for the Letter of Credit. In the event Tenant cures any Tenant Default prior to Landlord' s application of any portion of such cash security deposit to the same Tenant Default, Tenant may provide a replacement Letter of Credit in the full amount required under Section 18.1.3, and Landlord shall deliver the funds to Tenant within ten (10) business days after receipt of the replacement of the Letter of Credit. If, however, Tenant fails to cure any Tenant Default under this Lease prior to the application by Landlord of any funds received under a draw on the Letter of Credit, Tenant shall have no right to provide a replacement Letter of Credit.

18.1.5 No Trust, Interest or Deemed Cure. No part of any security deposit, including any cash security deposit shall be considered to be held in trust, to bear interest or to be prepayment for or cure of monies owed by Tenant to Landlord.

18.1.6 Return of Security Deposit. If Tenant shall fully and faithfully perform, every provision of this Lease to be performed by it, the Security Deposit, or any balance thereof, shall be returned to Tenant, or, at Landlord' s option, to the last assignee of Tenant' s interest thereunder, within sixty (60) days following the expiration of the Lease Term. Tenant shall not be entitled to any interest on the security deposit.

18.1.7 Waiver of Limitation of Use of Security Deposit. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or

hereafter in force, which provide that Landlord may claim from a security deposit only those amounts reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the demised premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the act or omission of Tenant or any officer, employee, agent or invitee of Tenant.

## ARTICLE XIX
## SIGNAGE

Tenant shall submit its standard sign package to Landlord, for Landlord' s approval, which approval (subject to the CC&Rs and Applicable Laws) shall not be unreasonably withheld conditioned or delayed. Landlord will fully cooperate with Tenant in filing any required signage application, permit and/or variance for said signage or with respect to the demised premises generally. Tenant agrees that its signage must comply with the ARB, CC&Rs and all Applicable Laws.

## ARTICLE XX
## NO LIEN

Notwithstanding anything to the contrary herein, Landlord shall have no lien on any of Tenant' s leasehold improvements, fixtures or equipment, signage or other merchandise or other personal property and agrees to execute and deliver to Tenant' s lender, from time to time, such instruments of waiver of such lien as such lender shall reasonably require.

## ARTICLE XXI
## INDEMNIFICATION

Tenant shall hold harmless, indemnify and defend Landlord from and against all claims, suits, actions, damages, judgments, liabilities, fines, penalties and expense for loss of life, personal injury or damage to property (a) arising from Tenant' s occupancy of the demised premises during the term, including, without limitation, any activity of Tenant which violates any Applicable Requirement except to the extent caused by Landlord or its agents, contractors, customers, employees, servants, other lessees or concessionaires, or (b) occasioned wholly or in part (and if in part such indemnification shall be proportional) by any act, omission, or breach of this Lease by Tenant or by its agents, contractors, customers, employees, servants or invitees.

WITNESS THE EXECUTION HEREOF, under seal, in any number of counterpart copies, each of which counterpart copies shall be deemed an original for all purposes, as of the day and year first above written.

| "Landlord" | "Tenant" |
| --- | --- |
| SANTA CLARA, LLC,<br>a California limited liability company | PSYOP, INC.,<br>a New York corporation |
| By: /s/ Nely Galan<br>Nely Galan, Manager | By: /s/ Sandy Selinger<br>Name: Sandy Selinger<br>Its: CFO/COO |

**EXHIBIT "A"**

**LEGAL DESCRIPTION OF THE DEMISED PREMISES**

LOTS 47, 48, 49 and 50 of TRACT NO. 6002, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 63, Pages 79 and 80 of Maps, in the Office of the County Recorder of said County.

(commonly known as 523 Victoria Avenue, Venice, CA 90291-4832)

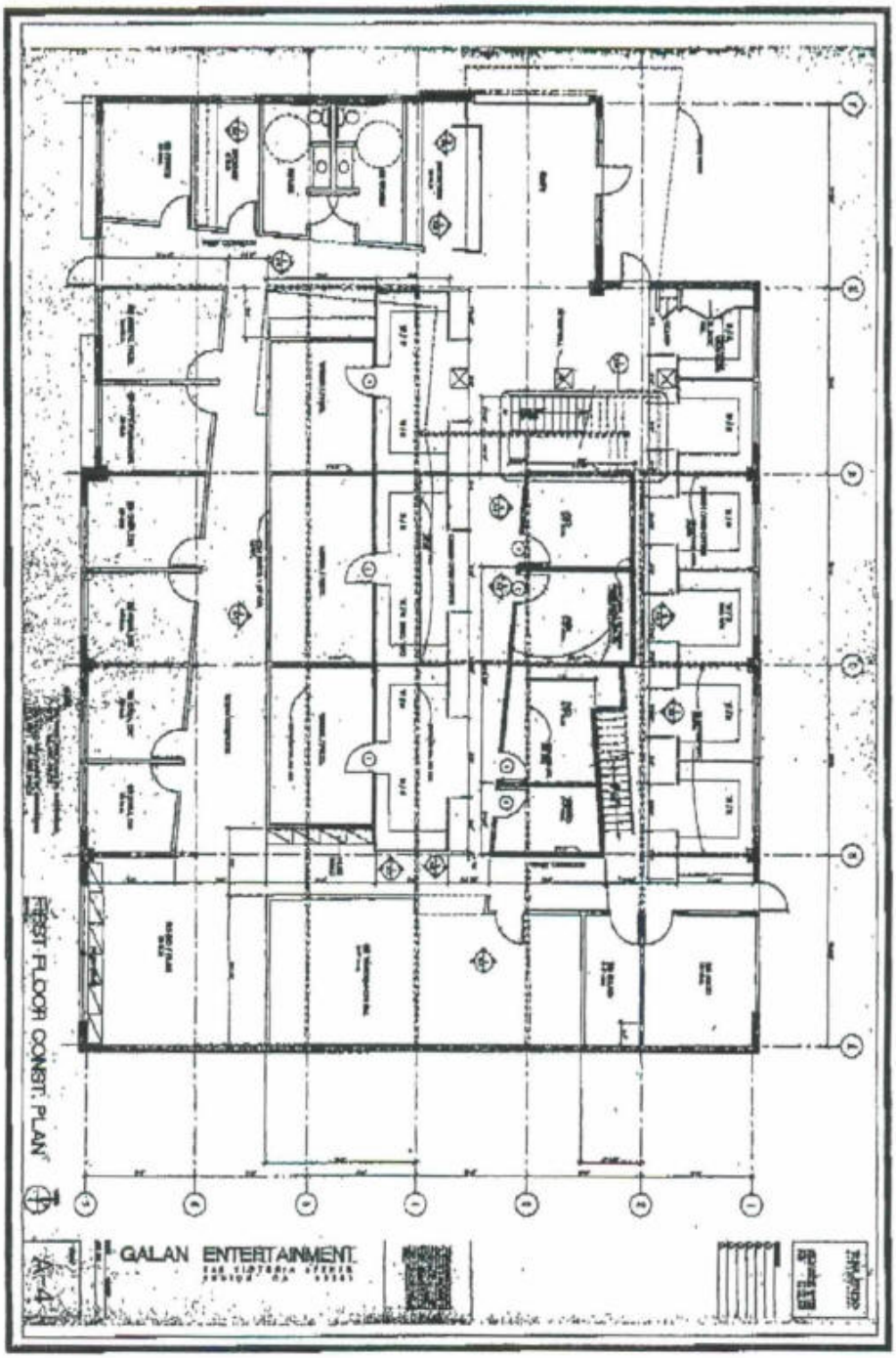
EXHIBIT "A"

**EXHIBIT "A-1"**

**SITE PLAN**

[See attached.]

EXHIBIT "A-1"



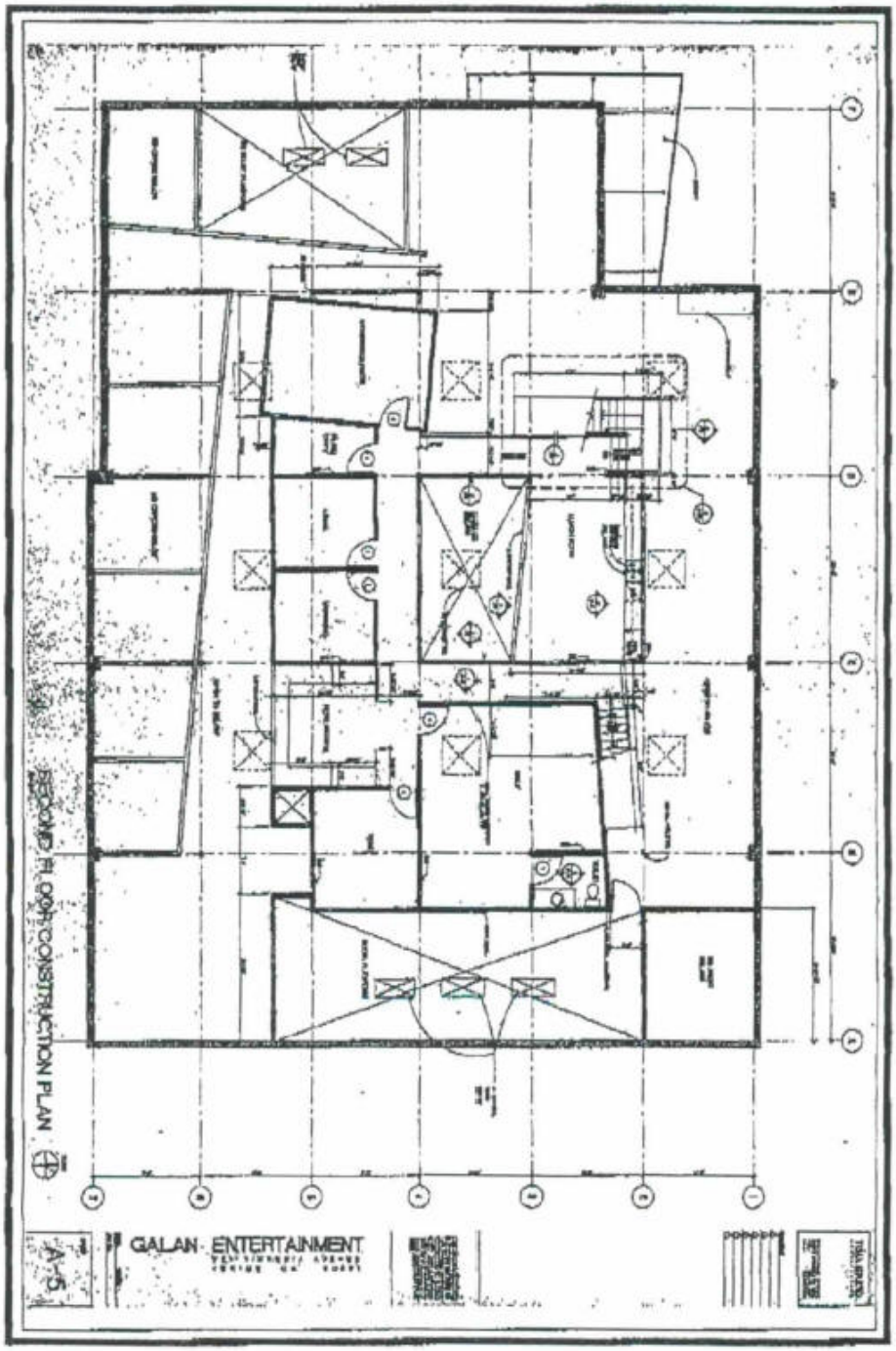


**Exhibit 10.16**

## FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("**First Amendment**") is made and entered into January 23, 2008 by and between Santa Clara, LLC, a California limited liability company ("**Landlord**") and PSYOP, Inc., a New York corporation ("**Tenant**").

## RECITALS

A. Landlord and Tenant entered into that certain Lease (the "**Lease**"), dated November 1, 2007 pursuant to which, among other things, Landlord leases to Tenant and Tenant leases from Landlord those certain premises commonly known as 523 Victoria Avenue, Venice, California 90291 (the "**demised premises**").

B. Landlord and Tenant desire to amend certain provisions of the Lease as hereinafter more particularly described.

## AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning provided for such terms in the Lease.

2. Minimum Rent. Section 3.1 of the Lease is hereby deleted in its entirety and the following substituted in place thereof:

"Except as otherwise provided herein, Tenant covenants and agrees to pay to Landlord, without deduction, offset, prior notice or demand, in advance on the first (1st) day of each calendar month, at the address set forth in this Lease or at such other place as Landlord shall from time to time designate in writing to Tenant, minimum rent for the demised premises, as follows:

(a) Two Hundred Thirty Four Thousand, One Hundred Nineteen and 10/100 Dollars ($234,119.10) as consideration for entering into this Lease, which such amount has been paid by Tenant to Landlord and is deemed earned by Landlord in consideration for entering into this Lease;

(b) Thirty Four Thousand, Seven Hundred Six and 36/100 Dollars ($34,706.36) per month for the months of January, 2008, February, 2008 and March, 2008;

(c) Zero dollars for the period April 1, 2008 through June 30, 2008;

(d) Except as provided in Section 3.1(f) below, Thirty Nine Thousand, Nineteen and 85/100 Dollars ($39,019.85) per month for the period July 1, 2008 through June 1, 2017;

(e) Zero dollars per month for the period July 1, 2017 through December 31, 2017; and

(f) In the event Tenant shall timely increase the Security Deposit in accordance with the terms of Section 18.1.8. Thirty Two Thousand, Five Hundred Sixteen and 54/100 Dollars ($32,516.54) per month for the period August 1, 2008 through July 31, 2011.

3. Tenant Broker. Section 15.2.2 of the Lease is hereby deleted and the following substituted in place thereof:

"15.2.2 Brokers. Tenant has not dealt with any broker in connection with the negotiation of this Lease other than Lee & Associates, which will be compensated solely by the Tenant in the amount of One Hundred, Thirty Thousand and No/100 Dollars ($130,000.00) pursuant to a separate agreement between Tenant and Lee & Associates. Tenant shall indemnify and hold Landlord and Cushman & Wakefield of California, Inc. harmless from and against any claim (including, but not limited to, costs, expenses, and attorneys' fees incurred in connection with any such claim) by any person or entity, including Lee & Associates (but excluding Cushman & Wakefield of California, Inc.), claiming a brokerage commission or other payment by reason of the execution of this Lease by Tenant."

4. Initial Letter of Credit. Section 18.1.3 of the Lease is hereby deleted in its entirety and the following substituted in place thereof:

"18.1.3 Amount of Letter of Credit. The Letter of Credit shall initially be in the face amount of Five Hundred Thousand Dollars ($500,000.00) which such initial Letter of Credit shall at all times remain at Five Hundred Thousand Dollars ($500,000.00) until sixty (60) days following the Expiration Date or sixty (60) days following the last day of the Option Term, if Tenant elects to extend the term of this Lease pursuant to Section 2.3."

5. Increase of Security Deposit. There is hereby added to the Lease the following Section 18.l.8:

"18.1.8 Additional Letter of Credit. At any time on or before July 31, 2008, Tenant shall have the right, but not the obligation, to deliver to Landlord an additional Letter of Credit for an additional face amount of Five Hundred Thousand Dollars ($500,000.00) (the "**Additional Letter of Credit**"), which such Additional Letter of Credit shall be on all of the same terms and conditions as the initial Letter of Credit provided under the terms of Section 18.1 of this Lease, except that provided no Tenant Default shall be outstanding, or with the passage of time would occur on any date for the reduction of the face amount of the Additional Letter of

Credit, the face amount of the Additional Letter of Credit shall be reduced by One Hundred Thousand Dollars ($100,000.00) on each August 1, commencing August 1, 2009 and continuing to August 1, 2014. In the event the Additional Letter of Credit is not reduced because a Tenant Default exists, or with the passage of time would occur, the then outstanding amount of the Additional Letter of Credit shall remain in force until the earlier of the cure of the Tenant Default, or the event which, with the passage of time, would cause a Tenant Default or sixty (60) days following the Expiration Date or the last day of the Option Term, if Tenant elects to extend the term of this Lease pursuant to Section 2.3; provided, however, nothing herein contained shall be construed as limiting Landlord' s rights to draw on the initial Letter of Credit or the Additional Letter of Credit under the terms of this Lease."

6. Termination of Landlord' s Occupancy. Anything in the Lease to the contrary notwithstanding, Landlord shall vacate the entirety of the demised premises on or before February 1, 2008.

7. Alterations. Landlord hereby approves the construction of Tenant Improvements as described in Exhibit "A" attached hereto and by this reference made a part hereof; provided, however, Tenant agrees that on or before the Expiration Date (as the same may be extended), Tenant will restore the demised premises to its original condition, ordinary wear and tear excepted, as of the Commencement Date.

8. Estoppel Provisions. As additional consideration for this First Amendment, Lessee her by certifies that, as of the date hereof:

(a) The Lease, as amended, is in full force and effect.

(b) Tenant is in possession of the demised premises.

(c) There are no uncured defaults on the part of Landlord under the Lease, as amended.

(d) There are no existing defenses or offsets which Tenant has against the enforcement of the Lease, as amended, by Landlord.

9. No Other Modification. Except as modified by this First Amendment, the Lease remains in full force and effect.

10. Miscellaneous. This First Amendment shall bind, and shall inure to the benefit of, the successors and assigns of the parties. This document may be executed in counterparts with the same force and effect as if the parties had executed one instrument, and each such counterpart shall constitute an original hereof. No provision of this First Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining provisions, and to this end all provisions hereof are hereby declared to be severable. This First Amendment shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this First Amendment effective the date first above written.

| LANDLORD | TENANT |
| --- | --- |
| SANTA CLARA, LLC,<br>a California limited liability company | PSYOP, INC.,<br>a New York corporation |
| By: /s/ Nely Galan | By: /s/ Sandy Selinger |
| Name: Nely Galan | Name: Sandy Selinger |
| Its: Manager | Its: VP Operation & Finance |

**Exhibit 10.17**

## SECOND AMENDMENT TO LEASE

This Second Amendment to Lease ("**Second Amendment**") is made and entered into April 13, 2017, by and between Santa Clara, LLC, a California limited liability company ("**Landlord**") and Psyop Media Company, LLC, a Delaware limited liability company ("**Tenant**"), successor in interest to PSYOP, Inc., a New York corporation.

## RECITALS

A. The Tenant has exercised its Option to Extend the Lease Term for a period of Five (5) years on the terms and conditions hereinafter provided.

## AMENDMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning provided for such terms in the Lease, as amended by the First Amendment.

2. Minimum Rent During Option Period. The adjusted FMV minimum rent during the Option Term shall be as follows:

| Period | Minimum Rent Per Month | Parking Per Month | Total Per Month |
|---|---|---|---|
| January 1, 2018 – December 31, 2018 | $ 75,000.00 | $ 2,400.00 | $ 77,400.00 |
| January 1, 2019 – December 31, 2019 | $ 77,250.00 | $ 2,400.00 | $ 79,650.00 |
| January 1, 2020 – December 31, 2020 | $ 79,567.50 | $ 2,400.00 | $ 81,967.50 |
| January 1, 2021 – December 31, 2021 | $ 81,954.52 | $ 2,400.00 | $ 84,354.52 |
| January 1, 20221 – December 31, 2022 | $ 84,413.16 | $ 2,400.00 | $ 86,813.16 |

3. Estoppel Provision. As additional consideration for this Second Amendment, Tenant hereby certifies that, as of the date hereof,

(a) The Lease, as amended, is in full force and effect;

(b) Tenant is in possession of the demised premises;

(c) There are no uncured defaults on the part of the Landlord under the Lease, as amended;

(d) There are no existing defenses or offsets which the Tenant has against the enforcement of the Lease, as amended, by Landlord.

4. No Other Modifications. Except as modified by this Second Amendment, the Lease as amended by the First Amendment, remains in full force and effect.

5. Miscellaneous. This Second Amendment shall bind and shall inure to the benefit of the successors and assigns of the parties hereto. This document may be executed in counterparts with the same force and effect as if the parties have executed one instrument, that each such counterpart shall constitute an original hereof. No provision of this Second Amendment that is held to be inoperative, unenforceable or invalid shall affect the remaining the provisions hereof and to this end, all provisions hereof are hereby declared to be severable. This Second Amendment shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the parties have executed this Second Amendment effective the date first above written.

| LANDLORD | TENANT |
|---|---|
| Santa Clara, LLC,<br>a California limited liability company | Psyop Media Company, LLC,<br>a Delaware limited liability company |
| By: /s/ Nely Galan | By: /s/ Thomas Boyle |
| Name: Nely Galan | Name: Thomas Boyle |
| Its: Manager | Its: Chief Financial Officer |

**Exhibit 10.18**

**10 APRIL 2018**

**MARK STEWART GRAHAM**
(as Vendor)

and

**PSYOP MEDIA COMPANY UK LIMITED**
(as Purchaser)

---

**SHARE PURCHASE AGREEMENT**

related to shares in the capital of

**BROKEN BONE CLUB LIMITED**

---

LATHAM&WATKINS

99 Bishopsgate
London EC2M 3XF
United Kingdom
Tel: +44.20.7710.1000
www.lw.com

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**THIS AGREEMENT** is made on 10 April 2018

**BETWEEN**

(1) **MARK STEWART GRAHAM**, of 276 Sea Front, Hayling Island, Hampshire PO11 0AZ, United Kingdom (the "**Vendor**"); and

(2) **PSYOP MEDIA COMPANY UK LIMITED**, a company incorporated in England and Wales with registered number 11272866 and having its registered office at c/o Legalinx Ltd, One Fetter Lane, London, EC4A 1BR, United Kingdom (the "**Purchaser**").

**WHEREAS**

The Vendor wishes to sell and the Purchaser wishes to acquire certain shares in the Company subject to the terms of this Agreement.

**IT IS AGREED THAT**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement, unless the context otherwise requires:

"**Accounts**" means:

(a) the unaudited balance sheet of each Group Company and the unaudited consolidated balance sheet of the Company made up as at the Balance Sheet Date; and

(b) the unaudited profit and loss account of each Group Company and the unaudited consolidated profit and loss account of the Company in respect of the financial year ended on the Balance Sheet Date,

as set out in the Disclosure Documents, and includes all notes thereto;

"**Affiliate**" means, in relation to a body corporate, any subsidiary or holding company of such body corporate, and any subsidiary of any such holding company, in each case from time to time;

"**Agreed Form**" means, in relation to a document, the form of that document initialled by or on behalf of each of the parties for identification;

"**Anticorruption Laws**" means any laws, regulations, or orders relating to anti-bribery, anti-corruption (governmental or commercial), including laws that prohibit the corrupt payment, offer, promise, or authorisation of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any foreign government official, foreign government employee, person or commercial entity, to obtain a business advantage, or the offer, promise, or gift of, or the request for, agreement to receive or receipt of a financial or other advantage to induce or reward the improper performance of a relevant function or activity; such as, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, as amended from time to time, the UK Bribery Act of 2010 and all national and international laws enacted to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

"**Antitrust Authority**" means any Authority that enforces any Antitrust Law;

"**Antitrust Laws**" means all applicable legislation, statutes, directives, regulations, judgments, decisions, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time governing the conduct of any person in relation to restrictive or other anti-competitive agreements or practices (including, but not limited to, cartels, pricing, resale pricing, market sharing, bid rigging, terms of trading, purchase or supply and joint ventures), abuse of dominant or monopoly market positions (whether held individually or collectively) and the control of acquisitions or mergers;

"**Authority**" means any competent governmental, administrative, supervisory, regulatory, judicial, determinative, disciplinary, enforcement or tax raising body, authority, agency, board, department, court or tribunal of any jurisdiction and whether supranational, national, regional or local;

"**Balance Sheet Date**" means 30 June 2017;

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks in the City of London are open for ordinary banking business;

"**Business Intellectual Property**" has the meaning given in paragraph 17.2 of Schedule 2 (Warranties);

"**Change of Control**" occurs where a person who Controls any body corporate ceases to do so or if another person acquires Control of such body corporate;

"**Claim**" means any claim by the Purchaser for breach of any of the Warranties;

"**Company**" means Broken Bone Club Limited, a company incorporated in England and Wales with registered number 09986693 and having its registered office at 3 Acorn Business Centre, Northarbour Road, Cosham, Portsmouth, PO6 3TH, United Kingdom;

"**Completion**" means completion of the sale and purchase of the Shares in accordance with Clause 5;

"**Completion Date**" means the date of this Agreement;

"**Confidential Information**" has the meaning given in Clause 10.1;

"**Control**" means in relation to a body corporate, the power of a person to secure that the affairs of the body corporate are conducted in accordance with the wishes of that person:

(a) by means of the holding of shares, or the possession of voting power, in or in relation to that or any other body corporate; or

(b) by virtue of any powers conferred by the constitutional or corporate documents, or any other document, regulating that or any other body corporate;

"**Counsel**" means a barrister of not less than ten years standing having experience in claims similar to a relevant Outstanding Claim, as agreed by the Purchaser and the Vendor, or failing such agreement, as appointed by the Chairman for the time being of the Bar Council of England and Wales on the application of any such party;

"**Data Site**" means the 'Project Silver' virtual data room hosted by HighQ as at 5pm on the day before the Completion Date, containing documents, information, and replies to enquiries relating to the Group Companies;

"**Disclosure Documents**" means the Agreed Form CD annexed to the Disclosure Letter and two copies of which have been initialled by the Purchaser and the Vendor for the purposes of identification, containing copies of all the documents and information contained on the Data Site at Completion;

"**Disclosure Letter**" means the disclosure letter dated the date hereof, written and delivered by or on behalf of the Vendor to the Purchaser immediately before the signing of this Agreement, including the Disclosure Documents;

"**Due Amount**" means the amount due for payment by the Vendor to the Purchaser in respect of a Resolved Claim;

"**EHS Laws**" means all applicable laws (including, for the avoidance of doubt, common law), statutes, regulations, statutory guidance notes, by-laws, codes (including codes of practice), regulations, decrees, orders and any final and binding court, tribunal or other official decision of any relevant authority in any jurisdiction, insofar as they relate or apply to EHS Matters from time to time;

"**EHS Matters**" means matters relating to human health, safety and welfare, the Environment, the use or exploitation of any environmental or natural resources and/or any Hazardous Substances;

"**Employees**" means the individuals employed by any of the Group Companies under a contract of employment;

"**Encumbrance**" means any interest or equity of any person (including any right to acquire, option or right of pre-emption), any mortgage, charge, pledge, lien, assignment, hypothecation, security interest (including any created by Law), title retention or other security agreement or arrangement;

"**Environment**" means all or any of the following media (alone or in combination): air (including the air within buildings or other natural or man-made structures whether above or below ground); water (including water under or within land or in drains or sewers); and soil and land (including buildings) and any ecological systems and living organisms supported by these media (including, for the avoidance of doubt, man);

"**Estimated Liability**" means in relation to an Outstanding Claim, a genuine and bona fide estimate of the amount of the liability of the Vendor to the Purchaser if the Outstanding Claim were to be resolved in the Purchaser' s favour;

"**Final Consideration**" has the meaning given in Clause 3.1;

"**Finance Documents**" means all agreements or arrangements entered into before Completion concerning or relating to the relationship of the Company with its bankers, lenders or other providers of finance, including any overdraft, loan or other facility agreements, credit agreements, fees letters, priority agreements, subordination agreements, inter-creditor agreements, deeds of adherence, security documents, guarantees, and hedging instruments;

"**Finance Facilities**" has the meaning given in paragraph 10.1 of Schedule 2;

"**Former Employee**" means any person who was previously an employee of any of the Group Companies and whose employment has terminated;

"**Government Entity**" means (i) any national, federal, state, county, municipal, local, or foreign government or any entity exercising executive, legislative, judicial, regulatory, taxing, or administrative functions of or pertaining to government, (ii) any public international organization, (iii) any agency, division, bureau, department, or other political subdivision of any government, entity, or organization described in the foregoing clauses (i) or (ii) of this definition, (iv) any company, business, enterprise, or other entity owned, in whole or in part, or controlled by any government, entity, organization, or other Person described in the foregoing clauses (i), (ii), or (iii) of this definition, or (v) any political party;

"**Government Official**" means (i) any official, officer, employee, or representative of, or any Person acting in an official capacity for or on behalf of, any Governmental Entity, (ii) any political party or party official or candidate for political office (iii) a Politically Exposed Person (PEP) as defined by the Financial Action Task Force ("**FATF**") or Groupe d' action Financière sur le Blanchiment de Capitaux ("**GAFI**"); (iv) any company, business, enterprise, or other entity owned, in whole or in part, or controlled by any Person described in the foregoing clause (i), (ii) or (iii) of this definition, or (v) an individual who (a) holds a legislative, administrative or judicial position of any kind, whether appointed or elected, of a country or territory (or any subdivision of such a country or territory), (b) exercises a public function for or on behalf of a country or territory (or any subdivision of such a country or territory) or for any public agency or public enterprise of that country or territory (or subdivision), or (c) is an official or agent of a public international organisation;

"**Group**" means the Company and the Subsidiaries;

"**Group Company**" means any member of the Group;

"**Guarantor**" means Psyop Media Company, LLC, a Delaware limited liability company and having its registered office at c/o Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, County of New Castle, United States;

"**GW Information**" has the meaning given in Clause 10.2;

"**Hazardous Substance**" means any wastes, pollutants, contaminants and any other natural or artificial substance (whether in the form of a solid, liquid, gas or otherwise and whether alone or in combination with any other material or substance) which is capable of causing harm or damage to the Environment or a nuisance to any person;

"**ILD**" means I Love Dust Limited, a company incorporated in England and Wales with registered number 04737832 and having its registered office at 3 Acorn Business Centre, Northarbour Road, Cosham, Hampshire, PO6 3TH;

"**ILD Restricted Work**" has the meaning given in Clause 9.6;

"**Intellectual Property**" means all rights in patents, utility models, trade marks, service marks, logos, getup, trade names, internet domain names, copyright (including rights in computer software), design rights, moral rights, database rights, topography rights, plant variety rights, confidential information and knowledge (including know how, inventions, secret formulae and processes, market information, and lists of customers and suppliers), and rights protecting goodwill and reputation, in all cases whether registered or unregistered; all other forms of protection having a similar nature or effect anywhere in the world to any of the foregoing; and applications for or registrations of any of the foregoing rights;

"**Interim Accounts**" means the unaudited monthly management accounts of the Group for the period from the Balance Sheet Date to 31 January 2018 as set out in the Disclosure Documents;

"**IT Systems**" means all computer hardware, including peripherals and ancillary equipment and network and telecommunications equipment, and all computer software, including associated proprietary materials, user manuals and other related documentation used by any of the Group Companies;

"**Laws**" means all applicable legislation, statutes, directives, regulations, judgments, decisions, decrees, orders, instruments, by-laws, and other legislative measures or decisions having the force of law, treaties, conventions and other agreements between states, or between states and the European Union or other supranational bodies, rules of common law, customary law and equity and all civil or other codes and all other laws of, or having effect in, any jurisdiction from time to time;

"**Licensed Intellectual Property**" has the meaning given in paragraph 17.4 of Schedule 2 (Warranties);

"**Loan Note Instrument**" means the deed constituting the Vendor Loan Notes to be entered into by the Purchaser in the Agreed Form;

"**Majority Shareholder**" means Ingi Erlingsson, of Basement Flat, 10 Milton Avenue, London N6 5QE, United Kingdom;

"**Material Contract**" means any agreement or arrangement to which any of the Group Companies is a party or is bound and which:

(a) is of material importance to the business, assets, liabilities, income or expenditure of the Group;

(b) involves or is likely to involve expenditure by any Group Company in excess of £25,000 per annum or an aggregate consideration payable by or to a Group Company in excess of £25,000;

(c) collectively with any other agreement(s) or arrangement(s) of similar type involves or is likely to involve an aggregate consideration payable by or to a Group Company in excess of £25,000;

(d) cannot be performed within its terms within 12 months after the date on which it is entered into or undertaken or cannot be terminated on less than 12 months' notice;

(e) may be terminated as a result of any Change of Control of any of the Group Companies;

(f) is not on arm' s length terms;

(g) was not entered into in the ordinary and usual course of business of that Group Company;

(h) restricts the freedom of a Group Company to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit;

(i) involves agency or distributorship, partnership, joint venture, consortium, joint development, shareholders or similar arrangements;

(j) is for the supply of goods and/or services by or to any of the Group Companies on terms under which retrospective or future discounts, price reductions or other financial incentives are given;

(k) the Vendor is aware cannot be readily fulfilled or performed by the relevant Group Company on time and or undue or unusual expenditure of money and effort; or

(l) requires a Group Company to pay any commission, finders' fee, royalty or a similar payment.

"**Outstanding Claim**" means a Claim or a Tax Indemnity Claim that has been notified by the Purchaser to the Vendor in accordance with this Agreement, but which is not a Resolved Claim;

"**Pension Benefits**" means any pension, superannuation, retirement (including on early retirement) incapacity, sickness, disability, accident, healthcare or death benefits (including in the form of a lump sum);

"**Personal Data**" has the meaning given by the Data Protection Act 1998;

"**Property**" means the leasehold land and premises particulars of which are set out in Schedule 4 (Property);

"**Purchaser Group**" means the Purchaser and each of its Affiliates;

"**Purchaser' s Bank Account**" means the bank account as notified by the Purchaser to the Vendor at least five (5) Business Days before the relevant due date for payment;

"**Purchaser' s Solicitors**" means Latham & Watkins (London) LLP of 99 Bishopsgate, London EC2M 3XF;

"**Redemption Date**" has the meaning given to such term in the Loan Note Instrument;

"**Relevant Percentage**" means 40%;

"**Relevant Scheme**" means any scheme or arrangement for the provision of Pension Benefits;

"**Representatives**" means, in relation to a party, its Affiliates and their respective directors, officers, employees, agents, consultants and advisers;

"**Resolved Claim**" means a Claim or a Tax Indemnity Claim that has been:

(a) agreed in writing between the Purchaser and the Vendor;

(b) finally determined by a court of competent jurisdiction in accordance with this Agreement from which there is no right of appeal, or from whose judgment the relevant party is debarred from making an appeal; or

(c) unconditionally withdrawn by the Purchaser in writing;

"**Restricted Business**" means any business which would be in competition with any part of the business of the Group as carried on at any time during the 12 months immediately prior to Completion, namely the business of animated and live action commercial production and branded content for advertising agencies and brands, save that it shall not include the business of ILD as currently conducted;

"**Restricted Territories**" means those countries in which the Group carried on business at any time during the 12 months immediately prior to Completion, including, but not limited to, the United States and the United Kingdom;

"**Shareholders' Agreement**" means the shareholders' agreement relating to the Company and the UK Subsidiary, by and between the Vendor, the Majority Shareholder, the Company and the UK Subsidiary, as in force immediately prior to Completion;

"**Shares**" means the 5,000 Class A ordinary shares of £0.01 nominal value each in the Company registered in the name of the Vendor, all of which have been issued and are fully paid;

"**Subsidiaries**" means the UK Subsidiary and the US Subsidiary, collectively;

"**Tax**" means:

(a) all forms of tax, levy, impost, contribution, duty, liability and charge in the nature of taxation (including payment under the Corporation Tax (Instalment Payments) Regulations 1998) and all related withholdings or deductions of any nature (including, for the avoidance of doubt, PAYE and National Insurance contribution liabilities in the United Kingdom and corresponding obligations elsewhere); and

(b) all related fines, penalties, charges and interest,

imposed or collected by a Tax Authority whether directly or primarily chargeable against, recoverable from or attributable to any of the Group Companies or another person (and "**Taxes**" and "**Taxation**" shall be construed accordingly);

"**Tax Authority**" means a taxing or other governmental (local or central), state or municipal authority (whether within or outside the United Kingdom) competent to impose a liability for or to collect Tax;

"**Tax Indemnity Claim**" means any claim under Clause 8;

"**Tax Warranty Claim**" means any claim for breach of any of the Tax Warranties;

"**Tax Warranties**" means the representations and warranties set out in paragraph 24 of Schedule 2 (Warranties);

"**Transaction**" means the transactions contemplated by this Agreement and/or the other Transaction Documents or any part thereof;

"**Transaction Documents**" means this Agreement, the Loan Note Instrument, the Vendor Loan Notes, the Vendor Share Charge, the Disclosure Letter and any other documents in Agreed Form;

"**UK Subsidiary**" means Golden Wolf Ltd, a company incorporated in England and Wales with registered number 08556905 and having its registered office at 3 Acorn Business Centre, Northarbour Road, Cosham, Hampshire, PO6 3TH, United Kingdom;

"**US Subsidiary**" means Golden Wolf, Inc., a company formed pursuant to the Business Corporation Law of the State of New York;

"**Vendor Loan Notes**" means the £1,000,000 aggregate principal amount guaranteed secured loan notes due 2022 to be issued by the Purchaser to the Vendor at Completion, constituted by the Loan Note Instrument in the Agreed Form;

"**Vendor Share Charge**" means the share charge in respect of certain of the Shares to be entered into between the Purchaser and the Vendor in the Agreed Form at Completion, as security for the Vendor Loan Notes;

"**Vendor' s Solicitors**" means Clarke Willmott LLP of Burlington House, Botleigh Grange Business Park, Hedge End, Southampton, Hampshire SO30 2AF;

"**Vendor' s Solicitor' s Bank Account**" means the bank account at HSBC Bank plc with account name: Clarke Willmott LLP Client Account, account number: 12535572 and sort code: 40-14-13, quoting reference: 1968/428290.1 (or such other account as the Vendor shall notify to the Purchaser at least five (5) Business Days before the relevant due date for payment);

"**Warranties**" means the warranties set out in Clause 6 and Schedule 2 (Warranties); and

"**Working Hours**" means 9:30 am to 5:30 pm on a Business Day.

1.2 In this Agreement, unless the context otherwise requires:

(a) "holding company" and "subsidiary" mean "holding company" and "subsidiary" respectively as defined in section 1159 of the Companies Act 2006 and "subsidiary undertaking" means "subsidiary undertaking" as defined in section 1162 of the Companies Act 2006;

(b) every reference to a particular Law shall be construed also as a reference to all other Laws made under the Law referred to and to all such Laws as amended, re-enacted, consolidated or replaced or as their application or interpretation is affected by other Laws from time to time and whether before or after Completion provided that, as between the parties, no such amendment or modification shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any party;

(c) Warranties qualified by the expression "so far as the Vendor is aware" (or any similar expression) are deemed to be given to the best of the knowledge, information and belief of the Vendor after it has made due and careful enquiries of the Majority Shareholder, and Grant Bartholomew and Adam Suffolk of Taylor Cocks, accountants to the Group;

(d) references to clauses and schedules are references to Clauses of and Schedules to this Agreement, references to paragraphs are references to paragraphs of the Schedule in which the reference appears and references to this Agreement include the Schedules;

(e) references to the singular shall include the plural and vice versa and references to one gender include any other gender;

(f) references to a "party" means a party to this Agreement and includes its successors in title, personal representatives and permitted assigns;

(g) references to a "person" includes any individual, partnership, body corporate, corporation sole or aggregate, state or agency of a state, and any unincorporated association or organisation, in each case whether or not having separate legal personality;

(h) references to a "company" includes any company, corporation or other body corporate wherever and however incorporated or established;

(i) references to "sterling", "pounds sterling" or "£" are references to the lawful currency from time to time of the United Kingdom;

(j) references to times of the day are to London time unless otherwise stated;

(k) references to writing shall include any modes of reproducing words in a legible and non-transitory form;

(l) references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court official or any other legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates in that jurisdiction to the English legal term;

(m) words introduced by the word "other" shall not be given a restrictive meaning because they are preceded by words referring to a particular class of acts, matters or things; and

(n) general words shall not be given a restrictive meaning because they are followed by words which are particular examples of the acts, matters or things covered by the general words and the words "includes" and "including" shall be construed without limitation.

1.3 The headings and sub-headings in this Agreement are inserted for convenience only and shall not affect the construction of this Agreement.

1.4 Each of the schedules to this Agreement shall form part of this Agreement.

1.5 References to this Agreement include this Agreement as amended or varied in accordance with its terms.

## 2. SALE OF SHARES

2.1 On the terms set out in this Agreement the Vendor shall sell and the Purchaser shall purchase the Shares with effect from Completion, with full title guarantee, free from all Encumbrances, together with all rights attaching to the Shares as at Completion (including all dividends and distributions declared, paid or made in respect of the Shares after the Completion Date).

2.2 The Purchaser shall be responsible for the payment of all stamp duty (and, if applicable, stamp duty reserve tax) on this Agreement and the transfers in respect of the Shares at Completion, and the cost of such Tax shall be borne solely by the Purchaser.

## 3. CONSIDERATION

3.1 The purchase price for the sale of the Shares shall be the sum of £1,250,000 (the "**Final Consideration**").

3.2 The Final Consideration shall be satisfied as follows:

(a) the payment at Completion by the Purchaser to the Vendor of the sum of £250,000 (the "**Cash Consideration**"); and

(b) the issuance at Completion by the Purchaser to the Vendor of the Vendor Loan Notes.

3.3 All payments to be made to the Vendor under this Agreement shall be made in sterling by electronic transfer of immediately available funds to the Vendor' s Solicitor' s Bank Account. Payment in accordance with this clause shall be a good and valid discharge of the Purchaser' s obligation to pay the sum in question.

3.4 The Final Consideration shall be deemed to be reduced by the amount of any payment made by the Vendor to the Purchaser for each and any Claim and/or Tax Indemnity Claim.

3.5 The Final Consideration shall, subject to any further adjustment in accordance with this Agreement, be adopted for all Tax reporting purposes.

## 4. SET-OFF AGAINST VENDOR LOAN NOTES

4.1 All Due Amounts shall, to the extent not first satisfied in cash pursuant to paragraph 1.4(a) of Schedule 3 (Limitations on Vendor Liability), be automatically set-off against an equivalent principal amount of the Vendor Loan Notes then outstanding (such set-off being against such Vendor Loan Notes in reverse chronological order of maturity and redemption), and the outstanding balance of the Vendor Loan Notes shall be reduced and cancelled pro tanto by the amount so set-off.

4.2 If on a Redemption Date there is any Outstanding Claim, the Purchaser shall be entitled (at its sole discretion) to:

(a) withhold an amount equal to the aggregate Estimated Liability in respect of all such Outstanding Claims from a proportion of the Purchaser' s obligations to repay the Vendor Loan Notes or, if lower, the entirety of the Purchaser' s obligations to repay the Vendor Loan Notes ("**Reserved Sum**"); and

(b) defer repayment of an amount of the Vendor Loan Notes that equals the Reserved Sum until such time as such an Outstanding Claim has become a Resolved Claim.

4.3 Where the provisions of Clause 4.2 apply, the Purchaser and the Vendor shall use all reasonable endeavours to agree the Estimated Liability in respect of the Outstanding Claim as soon as possible, and in any event within the period of ten (10) Business Days following the relevant Redemption Date. In the absence of such agreement, the following procedure shall apply:

(a) the determination of the Estimated Liability shall be referred to Counsel at the request of either party;

(b) Counsel shall be requested to provide his determination of the Estimated Liability within fifteen (15) Business Days of accepting his appointment (or such other period as the Purchaser and the Vendor may otherwise agree with Counsel);

(c) Counsel shall act as an expert and not as arbitrator and his determination regarding the amount of the Estimated Liability shall, in the absence of manifest error, be final and binding on all the parties; and

(d) Counsel' s fees in making his determination of the Estimated Liability shall be borne by the Purchaser and the Vendor equally or as Counsel may otherwise direct having regard to the respective conduct of the parties.

4.4 Where a repayment of an amount of the Vendor Loan Notes that equals the Reserved Sum has been withheld by the Purchaser pursuant to Clause 4.2 in respect of an Outstanding Claim, upon that claim becoming a Resolved Claim the Purchaser shall:

(a) to the extent possible, be entitled (at its sole discretion) to satisfy all or part of the Vendor' s liability to pay the Due Amount in respect of the Resolved Claim by way of set-off against the corresponding repayment of the Vendor Loan Notes to the Vendor that equal the Reserved Sum in accordance with the provisions of Clause 4.1, and to treat its obligation to repay the Vendor Loan Notes to the Vendor that equal the Reserved Sum as being reduced pro tanto by the amount so set-off; and

(b) repay to the Vendor the balance of the corresponding Reserved Sum (if any) after the Purchaser has exercised the provisions of Clause 4.4(a). Such repayment shall be made by the Purchaser within ten (10) Business Days of the Outstanding Claim becoming a Resolved Claim.

4.5 Subject to Clause 4.1 and the provisions of Schedule 3, nothing in this Clause 4 shall prejudice, limit or otherwise affect:

(a) any right or remedy the Purchaser may have against the Vendor from time to time, whether arising under this Agreement or any of the documents executed pursuant to this Agreement; or

(b) the Purchaser' s right to recover against the Vendor.

4.6 The amount of a Reserved Sum withheld by the Purchaser in accordance with this Clause 4 shall not be regarded as imposing any limit on the amount of any claims under this Agreement or any of the documents executed pursuant to this Agreement.

4.7 If the Vendor' s liability to pay a Due Amount is not satisfied in full by way of set-off under Clause 4.1 or Clause 4.3, the Purchaser shall remain entitled to recover the balance from the Vendor and the Due Amount (to the extent not so satisfied) shall remain fully enforceable against the Vendor, subject to the any other applicable provisions of this Agreement (including without limitation, the provisions of Schedule 3).

4.8 For the purposes of this Clause 4, the amount of any obligation of the Purchaser to repay any amount under the Vendor Loan Notes shall be the amount owed by the Purchaser to the Vendor in respect of interest and principal under the Vendor Loan notes after taking account of any amount which the Purchaser is required by Law to withhold or deduct from the interest element of such repayment amount and account for to a Tax Authority.

## 5. COMPLETION

5.1 Completion shall take place at the offices of the Purchaser' s Solicitors, or at any other place as the Vendor and the Purchaser may agree, immediately following execution of this Agreement.

5.2 At Completion:

(a) the Vendor shall do or procure the carrying out of all those things listed in paragraph 1 of Schedule 1 (Completion Obligations); and

(b) the Purchaser shall do or procure the carrying out of all those things listed in paragraph 2 of Schedule 1 (Completion Obligations).

All documents and items delivered and payments made in connection with Completion shall be held by the recipient to the order of the person delivering them until such time as Completion takes place.

5.3 Without prejudice to any other rights and remedies the Purchaser may have, the Purchaser shall not be obliged to complete the sale and purchase of any of the Shares unless the sale and purchase of all of the Shares is completed simultaneously.

## 6. WARRANTIES OF THE VENDOR

6.1 The Vendor warrants to the Purchaser as at the date of this Agreement in the terms set out in Schedule 2 (Warranties).

6.2 The Vendor acknowledges that the Purchaser is entering into this Agreement on the basis of and in express reliance on the Warranties.

6.3 Each of the Warranties is separate and independent and, unless otherwise specifically provided, shall not be restricted or limited by reference to any other warranty or term of this Agreement.

6.4 The Warranties are given subject to matters fairly disclosed (with sufficient details to enable the Purchaser to identify the nature and scope of the matter disclosed and to make a reasonably informed assessment of its impact on the relevant Group Company and/or its business) in this Agreement or in the Disclosure Letter. No other information of which the Purchaser has knowledge (actual, constructive or imputed) shall prejudice any claim made by the Purchaser under this Agreement or operate to reduce any amount recoverable thereunder.

6.5 Any Claim shall be subject to the provisions of this Clause 6 and Schedule 3 (Limitations on Vendor Liability).

6.6 The Vendor irrevocably and unconditionally waives all and any rights and remedies it may have against any member of the Purchaser Group or any Group Company or any of their respective present or former employees, directors, agents, officers or advisers with respect to claims arising out of any information, opinion or advice supplied or given (or omitted to be supplied or given) in connection with the Transaction (including the preparation of the Disclosure Letter) other than in the case of fraud and agrees that no such rights or remedies shall constitute a defence to any claim by the Purchaser under this Agreement.

## 7. WARRANTIES OF THE PURCHASER

7.1 The Purchaser warrants to the Vendor that:

(a) the Purchaser has taken all necessary action and has all requisite power and authority to enter into and perform this Agreement and the other Transaction Documents to which the Purchaser is a party in accordance with their respective terms;

(b) this Agreement and the other Transaction Documents to which the Purchaser is a party constitute (or shall constitute when executed) valid, legal and binding obligations on the Purchaser in accordance with their respective terms;

(c) the execution and delivery by the Purchaser of this Agreement and the other Transaction Documents to which the Purchaser is a party and the performance by the Purchaser of and compliance by the Purchaser with their respective terms and provisions will not conflict with or result in a breach of any agreement or instrument to which the Purchaser is a party or by which the Purchaser is bound, or any Law, order or judgment that applies to or binds the Purchaser; and

(d) no consent, action, approval or authorisation of, and no registration, declaration, notification or filing with or to, any Authority is required to be obtained, or made, by the Purchaser to authorise the execution or performance of this Agreement or any other Transaction Document by the Purchaser.

## 8. TAX INDEMNITY

8.1 In this Clause 8, the following definition shall apply:

"**Accounts Relief**" means:

(a) any Relief shown as an asset in the Accounts; or

(b) any Relief taken into account in computing (and so reducing or eliminating) any provision for Tax which appears, or otherwise would have appeared, in the Accounts;

"**Actual Tax Liability**" means any liability of any Group Company to make an actual payment of or in respect of, or on account of Tax, in which case the amount of the Actual Tax Liability shall be the amount of the actual payment;

"**Deemed Tax Liability**" means:

(a) the loss, non-availability or reduction of any Accounts Relief, in which case the amount of the Deemed Tax Liability shall be the amount of Tax that would (on the basis of Tax rates current at the date of that loss) have been saved but for such loss, non-availability or reduction, or where the Relief is the right to repayment of Tax or to a payment in respect of Tax, the amount by which such repayment or payment is reduced; and

(b) the use or set-off of a Purchaser' s Relief available against any Liability to Tax or against any income, profits or gains where, but for such use or setting off, the Purchaser would have been entitled to make a claim under this Clause 8, in which case the amount of the Deemed Tax Liability shall be equal to the amount which would have been payable in the absence of that or any other Purchaser' s Relief;

"**Liability to Tax**" means an Actual Tax Liability or a Deemed Tax Liability;

"**Purchaser' s Relief**" means:

(a) any Accounts Relief; or

(b) any Relief to the extent that the same arises to a Group Company in respect of periods (or part of any period) after the Balance Sheet Date or in respect of any Relevant Event occurring after the Balance Sheet Date; or

(c) any Relief attributable to the Purchaser or any other member of the Purchaser' s Group;

"**Relevant Event**" means any event, act, omission, default, occurrence, circumstance, transaction, dealing or arrangement of any kind whatsoever done or omitted to be done by the Vendor or a Group Company or which in any way concerns or affects a Group Company whether or not done or omitted to be done by a Group Company or the Vendor; and

"**Relief**" means any loss, relief, allowance, credit, exemption or set off for Tax or any deduction in computing income, profits or gains for the purposes of Tax, and any right to a repayment of Tax or to a payment in respect of Tax.

8.2 Subject to the following provisions of this Clause 8, the Vendor undertakes to the Purchaser that he shall pay or to procure payment to the Purchaser of an amount equal to:

(a) the Relevant Percentage of any Actual Tax Liability of any Group Company resulting from or by reference to (i) any Relevant Event occurring or deemed for the purposes of any Tax to occur, on or before Completion, or (ii) any income, profits or gains earned, accrued or received on or before Completion; and

(b) where the Purchaser' s Relief in question falls under paragraph (c) of that definition, any Deemed Tax Liability and, for other Purchaser' s Reliefs, the Relevant Percentage of any Deemed Tax Liability;

(c) the Relevant Percentage of any reasonable costs and expenses properly incurred by any Group Company in connection with any Liability to Tax; and

(d) any reasonable costs and expenses properly incurred by any member of the Purchaser' s Group in connection with any Liability to Tax.

8.3 The Vendor shall not be liable to make a payment pursuant to Clause 8.2 to the extent that:

(a) any of the exclusions set out in Schedule 3 specifically apply to a Tax Indemnity Claim;

(b) any Relief which was available to the Group Companies on or before Completion (other than a Purchaser' s Relief), can be utilised by the Group Companies (for the avoidance of doubt, at no cost to the Group Companies);

(c) the Tax in question arises in the ordinary course of business of the relevant Group Company after the Balance Sheet Date but on or before Completion;

(d) the Liability to Tax would not have arisen but for a voluntary act of the Group Company or the Purchaser or any member of the Purchaser' s Group outside the ordinary course of business after Completion and which the Purchaser' s Group was aware, or ought reasonably to have been aware, would give rise to the Liability to Tax (other than any such act effected at the written request or with the written consent of the Vendor), and solely for the purposes of this paragraph (d), the withdrawal or amendment of a return, election, claim, surrender, disclaimer or notice shall be treated as an act that the relevant party ought reasonably to have been aware would give rise to such Liability to Tax;

(e) the Liability to Tax would not have arisen or would have been reduced or eliminated but for the failure or omission on the part of the Group Company on or after Completion (and otherwise than at the request or direction of the Vendor) to make any lawful and valid claim, election, surrender or disclaimer, the making or giving of which has been specifically taken into account in the preparation of the Accounts and the need for the making or giving of which is notified to the Purchaser in writing at least 20 Business Days prior to the last date on which such claim, election, surrender or disclaimer can be made;

(f) the Liability to Tax is a liability to interest and penalties which would not have arisen but for any material failure or delay by the Purchaser in paying over to any Tax Authority any payment previously made by the Vendor under this Agreement;

(g) the Purchaser is compensated for the Liability to Tax under any other provision of this Agreement in each case at no extra cost or loss to the Purchaser or the Group Company; or

(h) the Liability to Tax arises as a result of a Relief (other than a Purchaser' s Relief) being unavailable due to a cessation or any major change in the nature or conduct of any trade carried on by the Group Company being a change or cessation occurring after Completion.

8.4 Any amount which the Vendor is obliged to pay to the Purchaser under Clause 8.2 shall be paid in cleared funds on or before the following dates:

(a) in the case of a Liability to Tax which involves a liability to make an actual payment or increased payment of Tax or an amount in respect thereof the fifth Business Day prior to:

(i) in the case of a Liability to Tax in respect of which there is no provision for payment by instalments, the latest date on which the Tax in question can be paid to a Tax Authority in order to avoid a liability to interest or penalties;

(ii) in the case of a Liability to Tax in respect of which there is provision for payment by instalments, each date on which an instalment of such Tax becomes payable to a Tax Authority (and so that on each such date an appropriate proportion of the amount claimed shall be paid) such proportion to be notified to the Vendor at least five (5) Business Days prior to each such date;

(b) in the case of a Liability to Tax which involves a liability of the Company to make a payment or increased payment of Tax which would have arisen but for being satisfied, avoided or reduced by the use of a Purchaser' s Relief, the fifth Business Day prior to the date or dates referred to in Clause 8.4(a)(i) or 8.4(a)(ii) above that would have applied to the Tax satisfied, avoided or reduced by the Relief if that Tax had been payable; and

(c) in any other case (including any costs and expenses or other amounts incurred pursuant to Clauses 8.2(c) or 8.2(d)), the fifth Business Day after service by the Purchaser on the Vendor of a written demand for payment.

## 9. RESTRICTIONS ON THE VENDOR

9.1 In order to confer upon the Purchaser the full benefit of the Transaction, and in order to confer upon the Group the full benefit of certain restrictive covenants that would have applied post-Completion had the Shareholders' Agreement not been terminated in connection with the Transaction, the Vendor undertakes to the Purchaser, each member of the Purchaser Group and the Group, severally and not jointly, that it shall not (without the prior written consent of the Purchaser and the Company):

(a) (subject to the provisions of Clause 9.6) at any time during the period of 12 months beginning with the Completion Date, anywhere in the Restricted Territories, carry on or be employed, engaged or interested in any Restricted Business;

(b) (subject to the provisions of Clause 9.6) at any time during the period of 12 months beginning with the Completion Date, offer employment to, enter into a contract for the services of, or attempt to entice away from any of the Group Companies, any individual who is at that time, and was at the Completion Date, employed by or directly engaged with any of the Group Companies in a senior or managerial position (except a person who responds, without any form of approach or solicitation by or on behalf of the Vendor, to a general public advertisement made in the ordinary course of business) or procure or facilitate the making of any such attempt by any other person;

(c) (subject to the provisions of Clause 9.6) at any time during the period of 12 months beginning with the Completion Date, deal with or canvass, solicit or seek to solicit the custom of any person who has been a client or customer of any of the Group Companies at any time within the 12 months immediately prior to Completion, for the purposes of any Restricted Business;

(d) at any time during the period of 12 months beginning with the Completion Date, solicit or entice away from any of the Group Companies any supplier who had supplied goods and/or services to any of the Group Companies at any time during the 12 months immediately prior to Completion if that solicitation or enticement causes or could cause such supplier to cease supplying, or materially reduce its supply of, those goods and/or services to any of the Group Companies; or

(e) at any time after Completion, use in the course of any business:

(i) the words “Golden Wolf” or “Broken Bone Club”;

(ii) any trade or service mark, business or domain name, design or logo which, at Completion, was or had been used by any of the Group Companies; or

(iii) anything which is, in the reasonable opinion of the Purchaser, capable of confusion with such words, mark, name, design or logo.

9.2 The undertakings in this Clause 9 are intended for the benefit of the Purchaser and the Group and apply to actions carried out by the Vendor in any capacity whatsoever and whether directly or indirectly, on the Vendor’ s own behalf, on behalf of any other person or jointly with any other person.

9.3 The Vendor agrees that the undertakings contained in this Clause 9 are reasonable and necessary for the protection of the Purchaser’ s legitimate interests in the Shares acquired, and for the protection of the legitimate ongoing interests of the Group, and shall be construed as separate and independent undertakings. If any such undertaking is held to be void or unenforceable, the validity of the remaining undertakings shall not be affected. If any such undertaking is found to be void or unenforceable but would be valid and enforceable if some part or parts of the undertaking were deleted, such undertaking shall apply with such modification as may be necessary to make it valid and enforceable.

9.4 Without prejudice to Clause 9.3, if any undertaking in this Clause 9 is found by any court or other competent authority to be void or unenforceable the parties shall negotiate in good faith to replace such void or unenforceable undertaking with a valid provision which, as far as possible, has the same commercial effect as the provision which it replaces.

9.5 The consideration for the undertakings contained in this Clause 9 is included in the Final Consideration.

9.6 If during the restricted period of the undertakings set out in Clauses 9.1(a), (b) and (c), ILD is requested by any of its customers or clients to supply any goods or services which would constitute Restricted Business ("**ILD Restricted Work**"), the Vendor shall not be in breach of such undertaking, if and to the extent that:

(a) the UK Subsidiary provides such ILD Restricted Work to, or on behalf of, ILD, (as its sub-contractor); or

(b) the UK Subsidiary:

(i) has been notified by ILD of the costs budget for such ILD Restricted Work to be supplied (the "**Project Budget**"); and

(ii) is given a reasonable opportunity by ILD to agree to provide such ILD Restricted Work to, or on behalf of, ILD (as its sub-contractor), at a cost within the Project Budget,

but the UK Subsidiary is unable to agree to provide such ILD Restricted Work within the Project Budget, or otherwise declines or is unable to do so, and, provided the animation elements of the ILD Restricted Work represent less than 50 per cent. of the monetary value of the specific ILD Restricted Work (with such allocation of monetary value to be determined according to an allocation method reasonably agreed by the parties or, in the event that they cannot agree, Section 22), ILD subsequently engages a third party to provide the ILD Restricted Work at a cost within the Project Budget.

## 10. CONFIDENTIALITY AND ANNOUNCEMENTS

10.1 Subject to Clause 10.5, each party:

(a) shall treat as strictly confidential:

(i) the provisions of this Agreement and the other Transaction Documents and the process of their negotiation;

(ii) in the case of the Vendor, any information received or held by the Vendor or any of its Representatives which relates to the Purchaser Group or, following Completion, any of the Group Companies; and

(iii) in the case of the Purchaser, any information received or held by the Purchaser or any of its Representatives which relates to the Vendor,

(as applicable, "**Confidential Information**"); and

(b) shall not, except with the prior written consent of the other party (which shall not be unreasonably withheld or delayed), make use of (save for the purposes of performing its obligations under this Agreement) or disclose to any person (other than its Representatives in accordance with Clause 10.2) any Confidential Information.

10.2 Subject to Clause 10.5, the Vendor undertakes to each Group Company to not divulge to any person whomsoever or otherwise make use of (whether for his own or another' s benefit), take away, conceal, destroy or retain any trade secret or other confidential information concerning the businesses, finances, dealing, transactions or affairs of any Group Company or, in each case, any of its customers or clients entrusted to him or arising or coming to his knowledge as a result of his involvement with any Group Company ("**GW Information**").

10.3 Each party undertakes that it shall only disclose the applicable Confidential Information to Representatives where it is reasonably required for the purposes of performing its obligations under this Agreement or the other Transaction Documents and only where such recipients are informed of the confidential nature of the Confidential Information and the provisions of this Clause 10 and instructed to comply with this Clause 10 as if they were a party to it.

10.4 Subject to Clause 10.5, no party shall make any announcement (including any communication to the public, to any customers, suppliers or employees of any of the Group Companies) concerning the subject matter of this Agreement without the prior written consent of the other (which shall not be unreasonably withheld or delayed).

10.5 Clauses 10.1, 10.2 and 10.4 shall not apply if and to the extent that the party using or disclosing Confidential Information or making such announcement can demonstrate that:

(a) such disclosure or announcement is required by Law or by any stock exchange or any supervisory, regulatory, governmental or anti-trust body (including, for the avoidance of doubt, any Tax Authority) having applicable jurisdiction;

(b) the Confidential Information or GW Information (as the case may be) concerned has come into the public domain other than through its fault (or that of its Representatives) or the fault of any person to whom such Confidential Information or GW Information (as the case may be) has been disclosed in accordance with this Clause 10.5.

10.6 The provisions of this Clause 10 shall survive Completion and shall continue for a period of five (5) years from the date of this Agreement.

## 11. FURTHER ASSURANCE

The Vendor shall, at the Vendor' s reasonable cost, promptly execute and deliver all such documents and do all such things and provide all such information and assistance, as the Purchaser may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement and to secure for the Purchaser the full benefit of the rights, powers and remedies conferred upon it under this Agreement.

## 12. ENTIRE AGREEMENT AND REMEDIES

12.1 This Agreement and the other Transaction Documents together set out the entire agreement between the parties relating to the sale and purchase of the Shares and, save to the extent expressly set out in this Agreement or any other Transaction Document, supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties, promises, assurances and arrangements of any nature whatsoever, whether or not in writing, relating thereto. This Clause shall not exclude any liability for or remedy in respect of fraudulent misrepresentation.

12.2 Each party acknowledges that in entering into this Agreement and any other Transaction Documents it does not rely on, and shall have no rights or remedies in respect of, any statement, representation, assurance or warranty (whether made innocently or negligently) that is not set out in this Agreement.

12.3 If there is any conflict between the terms of this Agreement and any other agreement, this Agreement shall prevail (as between the parties to this Agreement) unless:

(a) such other agreement expressly states that it overrides this Agreement in the relevant respect; and

(b) the Vendor and the Purchaser are either also parties to that other agreement or otherwise expressly agree in writing that such other agreement shall override this Agreement in that respect.

12.4 The rights, powers, privileges and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers, privileges or remedies provided by Law.

## 13. POST-COMPLETION EFFECT OF AGREEMENT

Notwithstanding Completion:

(a) each provision of this Agreement and any other Transaction Document not performed at or before Completion but which remains capable of performance;

(b) the Warranties; and

(c) all covenants, indemnities and other undertakings and assurances contained in or entered into pursuant to this Agreement or any other Transaction Document,

will remain in full force and effect and, except as otherwise expressly provided, without limit in time.

## 14. WAIVER AND VARIATION

14.1 A failure or delay by a party to exercise any right or remedy provided under this Agreement or by Law, whether by conduct or otherwise, shall not constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict any further exercise of that or any other right or remedy. No single or partial exercise of any right or remedy provided under this Agreement or by Law, whether by conduct or otherwise, shall preclude or restrict the further exercise of that or any other right or remedy.

14.2 A waiver of any right or remedy under this Agreement shall only be effective if given in writing and shall not be deemed a waiver of any subsequent breach or default.

14.3 No variation or amendment of this Agreement shall be valid unless it is in writing and duly executed by or on behalf of all of the parties to this Agreement and no variation or amendment to Clauses 6.6, 9.1 or 10.2 shall be valid unless it is in writing and duly executed by or on behalf of all of the parties to this Agreement and the Company. Unless expressly agreed, no variation or amendment shall constitute a general waiver of any provision of this Agreement, nor shall it affect any rights or obligations under or pursuant to this Agreement which have already accrued up to the date of variation or amendment and the rights and obligations under or pursuant to this Agreement shall remain in full force and effect except and only to the extent that they are varied or amended.

## 15. INVALIDITY

Where any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the Laws of any jurisdiction then such provision shall be deemed to be severed from this Agreement and, if possible, replaced with a lawful provision which, as closely as possible, gives effect to the intention of the parties under this Agreement and, where permissible, that shall not affect or impair the legality, validity or enforceability in that, or any other, jurisdiction of any other provision of this Agreement.

## 16. ASSIGNMENT

16.1 Except as provided in this Clause 16 or as the parties specifically agree in writing, no person shall assign, transfer, charge or otherwise deal with all or any of its rights under this Agreement nor grant, declare, create or dispose of any right or interest in it.

16.2 Subject to Clause 16.3, the Purchaser may assign the benefit of this Agreement and/or of any other Transaction Document to which it is a party, in whole or in part, to, and it may be enforced by any member of the Purchaser Group for so long as that company remains a member of the Purchaser Group, and provided that the Purchaser shall procure that any such company assigns any rights assigned to it in accordance with this Clause 16.2 back to the Purchaser or to such other member of the Purchaser Group as it may nominate, immediately before that company ceases to be a member of the Purchaser Group.

16.3 Any assignment made pursuant to this Clause 16 shall be on the basis that:

(a) the Vendor may discharge its obligations under this Agreement to the assignor until it receives notice of the assignment;

(b) the liability of the Vendor to any assignee shall not be greater than its liability to the Purchaser; and

(c) the Purchaser will remain liable for any obligations under this Agreement.

## 17. PAYMENTS AND SET OFF

17.1 Any payment to be made pursuant to this Agreement by the Purchaser to the Vendor shall be made to the Vendor' s Solicitor' s Bank Account and any payment to be made pursuant to this Agreement by the Vendor to the Purchaser shall be made to the Purchaser' s Bank Account, in each case by way of electronic transfer in immediately available funds on or before the due date for payment. Receipt of such sum in such account on or before the due date for payment shall be a good discharge by the payor of its obligation to make such payment.

17.2 Where any payment is made in satisfaction of a liability arising under this Agreement it shall, to the extent permitted, be an adjustment to the Final Consideration.

17.3 All payments made by any party to this Agreement under this Agreement, or any of the other Transaction Documents, shall be made free from any set-off (subject to any set-off permitted under Clause 4), counterclaim or other deduction or withholding of any nature whatsoever, except for deductions or withholdings required to be made by Law. If any deductions or withholdings are required by Law to be made from any such payments, the amount of the payment shall be increased by such amount as will, after taking account of the deduction or withholding, leave the recipient of the payment with the same amount as it would have been entitled to receive in the absence of any such requirement to make a deduction or withholding.

## 18. NOTICES

18.1 Any notice or other communication given under this Agreement or in connection with the matters contemplated herein shall, except where otherwise specifically provided, be in writing in the English language, addressed as provided in Clause 18.2 and served:

(a) by leaving it at the relevant address in which case it shall be deemed to have been given upon delivery to that address;

(b) if within the United Kingdom, by first class pre-paid post, in which case it shall be deemed to have been given two (2) Business Days after the date of posting;

(c) if from or to any place outside the United Kingdom, by air courier, in which case it shall be deemed to have been given two (2) Business Days after its delivery to a representative of the courier;

(d) if from or to any place outside the United Kingdom, by pre-paid airmail, in which case it shall be deemed to have been given five (5) Business Days after the date of posting; or

(e) by e-mail, in which case it shall be deemed to have been given when despatched subject to confirmation of delivery by a delivery receipt,

provided that in the case of sub-clause (e) above any notice despatched outside Working Hours shall be deemed given at the start of the next period of Working Hours.

18.2 Notices under this Agreement shall be sent for the attention of the person and to the address or e-mail address, subject to Clause 18.3, as set out below:

**For the Vendor**:

| | |
|---|---|
| Name: | Mark Stewart Graham |
| Address: | 276 Sea Front<br>Hayling Island<br>Hampshire<br>PO11 0AZ<br>United Kingdom |
| E-mail address: | mark@ilovedust.com |
| with a copy to: | |
| Name: | Clarke Willmott LLP |
| For the attention of: | Richard Swain |
| Address: | Burlington House<br>Botleigh Grange Business Park<br>Hedge End<br>Southampton<br>SO30 2AF<br>United Kingdom |
| E-mail address: | Richard.Swain@clarkewillmott.com |

**For the Purchaser**:

| | |
|---|---|
| Name: | Psyop Media Company UK Limited |
| For the attention of: | Thomas Boyle and Eben Mears |
| Address: | c/o Legalinx Ltd<br>One Fetter Lane<br>London<br>EC4A 1BR<br>United Kingdom |
| E-mail address: | tom@psyop.tv, eben@psyop.tv |

with a copy to:

| | |
|---|---|
| Name: | Latham & Watkins LLP |
| For the attention of: | Anthony J. Richmond, David Zaheer and Matthew Bedrossian |
| Address: | 355 South Grand Avenue, Suite 100<br>Los Angeles, CA 90071-1560<br>United States of America |
| E-mail address: | Tony.Richmond@lw.com, David.Zaheer@lw.com, Matthew.Bedrossian@lw.com |

18.3 Any party to this Agreement may notify the other party of any change to its address or other details specified in Clause 18.2 provided that such notification shall only be effective on the date specified in such notice or five (5) Business Days after the notice is given, whichever is later.

## 19. COSTS

Except as otherwise expressly provided in this Agreement, each party shall bear its own costs arising out of or in connection with the preparation, negotiation and implementation of this Agreement and all other Transaction Documents.

## 20. RIGHTS OF THIRD PARTIES

20.1 The specified third party beneficiaries of the undertakings or rights referred to in Clauses 6.6, 9.1, 10.2 and 14.3 shall, in each case, have the right to enforce the relevant terms by reason of the Contracts (Rights of Third Parties) Act 1999.

20.2 Except as provided in Clause 20.1, a person who is not a party to this Agreement shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

20.3 Each party represents to the other that their respective rights to agree any amendment, variation, waiver or settlement under this Agreement are not subject to the consent of any person that is not a party to this Agreement.

## 21. COUNTERPARTS

This Agreement may be executed in any number of counterparts. Each counterpart shall constitute an original of this Agreement but all the counterparts together shall constitute but one and the same instrument.

## 22. GOVERNING LAW AND JURISDICTION

22.1 This Agreement and any non-contractual rights or obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England and Wales.

22.2 The parties irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any Disputes, and waive any objection to proceedings before such courts on the grounds of venue or on the grounds that such proceedings have been brought in an inappropriate forum.

22.3 For the purposes of this Clause, "**Dispute**" means any dispute, controversy, claim or difference of whatever nature arising out of, relating to, or having any connection with this Agreement, including a dispute regarding the existence, formation, validity, interpretation, performance or termination of this Agreement or the consequences of its nullity and also including any dispute relating to any non-contractual rights or obligations arising out of, relating to, or having any connection with this Agreement.

## SCHEDULE 1

## COMPLETION OBLIGATIONS

### 1. VENDOR' S OBLIGATIONS

1.1 At Completion the Vendor shall:

(a) deliver to the Purchaser or procure the delivery to the Purchaser of:

(i) all documents, duly executed and/or endorsed where required, required to enable title to all of the Shares to pass into the name of the Purchaser (or its nominees);

(ii) share certificates in respect of all of the Shares, or an indemnity in Agreed Form for any lost share certificates;

(iii) such waivers or consents as the Purchaser may require to enable the Purchaser to be registered as the holder of the Shares;

(iv) an irrevocable power of attorney in Agreed Form given by the Vendor in favour of the Purchaser in respect of rights attaching to the Shares;

(v) the original of any power of attorney in Agreed Form under which any document to be delivered to the Purchaser under this paragraph 1 has been executed;

(vi) in respect of each Group Company, letters of resignation in Agreed Form duly executed by the Vendor in his capacity as a director of such Group Company;

(vii) a deed of release from the Vendor in Agreed Form in respect of all and any liabilities, obligations and claims whatsoever whether actual or contingent which may be due or owing to the Vendor by any Group Company;

(viii) a termination agreement for the Shareholders' Agreement duly executed by the Vendor, the Company, the UK Subsidiary and the Majority Shareholder;

(ix) a copy of the resolutions as are referred to in paragraph (b), duly certified as correct by the Majority Shareholder in his capacity as a director of the relevant Group Company;

(b) procure that board resolutions of each Group Company are passed:

(i) approving, in the case of the Company, the transfers of the Shares and (subject only to due stamping) the registration, in the register of members, of the Purchaser as the holder of the Shares;

(ii) accepting the resignation of the Vendor as a director of each Group Company, and accepting the appointment of Hunt Ramsbottom as a director of each Group Company, such acceptances to take effect at the close of the meeting; and

(iii) approving the execution of each document required to be executed and delivered by a Group Company in connection with this Agreement.

## 2. PURCHASER' S OBLIGATIONS

2.1 At Completion the Purchaser shall subject to due performance by the Vendor of its obligations under paragraph 1 of this Schedule 1:

(a) pay the Cash Consideration to the Vendor as provided in Clause 3.2(a);

(b) issue the Vendor Loan Notes to the Vendor and deliver to the Vendor a certificate in respect of the Vendor Loan Notes duly executed by the Purchaser;

(c) procure the entry of the Vendor in the register of Vendor Loan Notes maintained by the Purchaser;

(d) deliver to the Vendor a counterpart of the Loan Note Instrument duly executed by the Purchaser and the Guarantor;

(e) deliver to the Vendor a counterpart of the Vendor Share Charge duly executed by the Purchaser;

(f) deliver to the Vendor certified resolutions adopted by the Purchaser' s board of directors approving execution and delivery of this Agreement, the Loan Note Instrument, the Vendor Share Charge, and any other documents to be delivered by the Purchaser at Completion; and

(g) deliver to the Vendor certified resolutions adopted by the Guarantor' s board of directors or equivalent approving execution and delivery of the Loan Note Instrument.

## SCHEDULE 2

## WARRANTIES

### 1. CAPACITY AND AUTHORITY

1.1 The Vendor has taken all necessary action and has all requisite power and authority to enter into and perform this Agreement and the other Transaction Documents to which it is a party in accordance with their terms.

1.2 This Agreement and the other Transaction Documents constitute (or shall constitute when executed) valid, legal and binding obligations on the Vendor in the terms of the Agreement and such other Transaction Documents.

1.3 The execution and delivery of this Agreement and the other Transaction Documents by the Vendor and the performance of and compliance with its terms and provisions will not conflict with or result in a breach of, or constitute a default under, any agreement or instrument to which the Vendor is a party or by which it is bound, or any Law, order or judgment that applies to or binds the Vendor or any of its property.

1.4 No consent, action, approval or authorisation of, and no registration, declaration, notification or filing with or to, any Authority is required to be obtained, or made, by the Vendor to authorise the execution or performance of this Agreement by the Vendor.

### 2. SHARES IN THE COMPANY AND THE SUBSIDIARIES

2.1 The Shares are fully paid and free from all Encumbrances.

2.2 The Vendor is the sole legal and beneficial owner of the Shares and is entitled to transfer the full ownership of the Shares on the terms set out in this Agreement.

2.3 The entire issued share capital of the Company consists of (i) the Shares and (ii) 7,500 Class B ordinary shares held by the Majority Shareholder. All of such outstanding shares are duly authorised, validly issued, fully paid and nonassessable and were issued in compliance with applicable securities laws. There are no outstanding pre-emptive rights, options, warrants, conversion privileges or rights (including but not limited to rights of first refusal or similar rights), orally or in writing, to purchase or acquire any securities from the Company including, without limitation, any ordinary shares, preferred shares or any securities convertible into or exchangeable or exercisable for ordinary shares or preferred shares.

2.4 The Company is the sole legal and beneficial owner of the whole allotted and issued share capital of the UK Subsidiary and all such shares are fully paid up and free from all Encumbrances. The UK Subsidiary is the sole legal and beneficial owner of the whole issued capital stock of the US Subsidiary and all such shares are free from all Encumbrances.

2.5 Each Group Company is validly incorporated, in existence and duly registered under the laws of its country of incorporation.

2.6 No right has been granted to any person to require any of the Group Companies to allot, issue, sell, transfer or convert any share capital and no Encumbrance has been created in favour of any person affecting any unissued shares or debentures or other unissued securities of any of the Group Companies.

2.7 No commitment has been given to create an Encumbrance affecting the Shares or the other issued shares of the Company or the Subsidiaries (or any unissued shares or debentures or other unissued securities of any of the Group Companies) or for any of them to issue any share capital and no person has claimed any rights in connection with any of those things.

2.8 None of the Group Companies:

(a) holds or beneficially owns, or has agreed to acquire, any interest of any nature in any shares, debentures or other securities of any company other than the Subsidiaries;

(b) is or has agreed to become a member of any partnership or other unincorporated association, joint venture or consortium (other than recognised trade associations);

(c) has any branch or permanent establishment outside its country of incorporation; or

(d) has allotted or issued any securities that are convertible into shares.

2.9 None of the Group Companies has at any time:

(a) purchased, redeemed or repaid any of its own share capital; or

(b) given any financial assistance in connection with any acquisition of its share capital or the share capital of its holding company in contravention of any Law.

2.10 All dividends or distributions declared, made or paid by any of the Group Companies have been declared, made or paid in accordance with its memorandum, articles of association or any other constitutional and corporate documents, all applicable Laws, the rules of any Authority and any agreements or arrangements made with any third party regulating the payment of dividends and distributions. None of the Group Companies has declared but not paid a dividend at the date of this Agreement.

## 3. CONSTITUTIONAL AND CORPORATE DOCUMENTS

3.1 The copies of the memorandum and articles of association or other constitutional, shareholder and corporate documents of each Group Company copies of which are included in the Disclosure Documents are true, accurate and complete in all respects and copies of all the resolutions and agreements required to be annexed to or incorporated in those documents by Law are annexed or incorporated.

3.2 All returns, particulars, resolutions and other documents which each Group Company is required by Law to file with or deliver to any Authority in any jurisdiction (including the Registrar of Companies in England and Wales) have been correctly made up and filed or delivered.

3.3 All statutory books and registers of the Group Companies have been properly kept in accordance with any applicable Laws, and no notice or allegation that any of them is incorrect or should be rectified has been received. The register of members of the Company provided to the Purchaser is true, accurate and complete in all respects.

## 4. ACCOUNTS

4.1 The Accounts:

(a) have been prepared in accordance with applicable Law and all applicable Statements of Standard Accounting Practice and Financial Reporting Standards issued or adopted by the Financial Reporting Council (or by the Accounting Standards Board or the Accounting Standards Committee, to the extent not superseded), all applicable abstracts issued or adopted by the Financial Reporting Council (or by the Urgent Issues Task Force, to the extent not superseded), and all applicable Statements of Recommended Practice issued or adopted by bodies recognised by the Financial Reporting Council and the policies, principles and practices generally accepted and consistent therewith;

(b) show a true and fair view of the commitments and financial position and affairs of each Group Company (and, in relation to the consolidated financial statements of the Company, of the Group as a whole) as at the Balance Sheet Date and of the profit and loss of each Group Company (and, in relation to the consolidated financial statements of the Company, of the Group as a whole) for the financial year ended on that date;

(c) are not affected by any unusual or non-recurring items;

(d) apply policies and estimation techniques of accounting which have been consistently applied in the audited financial statements of each Group Company and in the audited consolidated financial statements of the Company for the three accounting reference periods ending on the Balance Sheet Date;

(e) make proper and adequate provision for all bad and doubtful debts, obsolete or slow-moving stocks and for depreciation on fixed assets;

(f) do not overstate the value of current or fixed assets;

(g) do not understate any liabilities (whether actual or contingent); and

(h) contain either provision adequate to cover, or full particulars in notes of, all Taxation (including deferred Taxation) and other liabilities (whether quantified, contingent, disputed or otherwise) of each Group Company as at the Balance Sheet Date.

4.2 The Interim Accounts:

(a) have been properly prepared on a basis consistent with that employed in preparing the management accounts of the Group for the twelve months ending on the Balance Sheet Date; and

(b) having regard to the purpose for which they were prepared, are not misleading in any material respect and do not materially overstate the assets and profits or materially understate the liabilities and losses of the Group Companies for the periods to which they relate.

## 5. CHANGES SINCE THE BALANCE SHEET DATE

5.1 Since the Balance Sheet Date:

(a) each Group Company has conducted its business in the normal course and as a going concern;

(b) there has been no material adverse change in the turnover or financial position of any Group Company;

(c) no Group Company has issued or agreed to issue any share or loan capital;

(d) no dividend or other distribution of profits or assets has been, or has agreed to be, declared, made or paid by any Group Company;

(e) no Group Company has entered into any Material Contract;

(f) no Group Company has borrowed or raised any money or taken any form of financial security, and no capital expenditure has been incurred on any individual item by any Group Company, in excess of £25,000 and no Group Company has acquired, invested or disposed of (or agreed to acquire, invest or dispose of) any individual item in excess of £25,000; and

(g) no shareholder resolutions of any Group Company have been passed other than as routine business at the annual general meeting.

## 6. FINANCIAL AND OTHER RECORDS

The financial, statutory, accounting and other records of each of the Group Companies:

(a) have been properly prepared and maintained in all material respects;

(b) constitute an accurate record of all matters required by Law to appear in them;

(c) do not contain any material inaccuracies or discrepancies; and

(d) are in the possession or control of the Group Company to which they relate,

and no notice has been received or allegation made that any such records are incorrect or should be rectified.

## 7. COMPLIANCE WITH LAWS AND DISPUTES

7.1 Each Group Company has at all times in all material respects conducted its business in accordance with all applicable Laws.

7.2 All licences, registrations and authorisations (public and private) required by Law have been obtained to enable the Group Companies to carry on their businesses, in the jurisdictions, and in the manner in which such businesses are currently carried on, and, so far as the Vendor is aware, all such licences, registrations and authorisations are valid and subsisting.

7.3 No adverse reports have been issued by any Authority within the last three (3) years, specifically in respect of the Group Companies' operations and affairs.

7.4 No Group Company or any of its Affiliates, or any of their respective directors, officers, employees, agents, representatives or other persons for whom it is vicariously liable:

(a) is or has been engaged in any litigation, administrative, mediation or arbitration proceedings or other proceedings or hearings before any Authority (except for debt collection in the normal course of business) in respect of any Group Company; or

(b) is or has been the subject of any investigation, inquiry or enforcement proceedings by any Authority (including pursuant to any Anticorruption Law) in respect of any Group Company,

and, so far as the Vendor is aware, no such proceedings, investigations or inquiries have been threatened or are pending.

7.5 No Group Company is the subject of any existing or pending judgments or rulings and no Group Company has given any undertakings arising from legal proceedings to an Authority or other third party.

7.6 No Group Company is or has at any time engaged in any conduct, activity or practice which would constitute an offence under the Bribery Act 2010 or any similar Laws in any other jurisdiction in which the Group carries on its business.

7.7 No Group Company has conducted or initiated any internal investigation or made a voluntary, directed or involuntary disclosure to any Government Entity or similar agency with respect to any alleged or suspected act or omission arising under or relating to any noncompliance with or offence under any Anticorruption Law.

7.8 No Group Company or, so far as the Vendor is aware, any of their directors, officers, employees, agents or representatives has received any notice, request, or citation, or has been subject to investigation or prosecution by any authority for any actual or potential noncompliance with or offence under any Anticorruption Laws.

7.9 No Group Company or, so far as the Vendor is aware, any of their directors, officers, employees, agents or representatives has violated or committed an offence under any Anticorruption Laws.

7.10 No Group Company or, so far as the Vendor is aware, any of their directors, officers, employees, agents or representatives has bribed another person (within the meaning given in section 7(3) of the Bribery Act 2010) intending to obtain or retain business or an advantage in the conduct of business for any Group Company.

7.11 The Group has in all material respects maintained complete and accurate books and records, including records of payments to any agents, consultants, representatives, third parties, and Government Officials in accordance with generally accepted accounting principles in the United Kingdom.

**8. ANTI-TRUST**

8.1 Each Group Company has at all times conducted its business in accordance with all applicable Antitrust Laws.

8.2 No Group Company is or has been engaged in any agreement, arrangement, activity, practice or conduct which constitutes an infringement or breach of any applicable Antitrust Laws.

8.3 No adverse reports have been issued by any Antitrust Authority within the last three (3) years, specifically in respect of the Group Companies' operations and affairs.

8.4 No Group Company or any of its respective directors or any person for whom it is vicariously liable (including any person who is or has been employed by the Group) is or has been in the last three (3) years prior to the Completion Date:

(a) engaged in any litigation, administrative, mediation or arbitration proceedings or such other proceedings or hearings before any Antitrust Authority in relation to an infringement of any applicable Antitrust Laws by any Group Company; or

(b) the subject of any investigation, inquiry or enforcement proceedings by any Antitrust Authority in relation to an infringement of any applicable Antitrust Laws by any Group Company,

and, so far as the Vendor is aware, no such proceedings, investigations or inquiries have been threatened or pending.

8.5 No Group Company is the subject of any existing or pending judgements or rulings and no Group Company has given any undertakings arising from legal proceedings to any Antitrust Authority in connection with an infringement or breach of any applicable Antitrust Laws.

8.6 No Group Company or, as far as the Vendor is aware, any of its directors, officers or employees is or has agreed to become a member of any trade association or entered into any kind of collective agreement, understanding or arrangement with any trade association or member(s) of any such trade association.

**9. CONTRACTS**

9.1 True and complete copies of all of the Material Contracts are included in the Disclosure Documents.

9.2 So far as the Vendor is aware, each of the Material Contracts is in full force and effect and binding on the parties to it. No notice of termination of any Material Contract has been received or served by a Group Company and, so far as the Vendor is aware, there are no grounds for determination, rescission, avoidance, repudiation or a material change in the terms of any such Material Contract.

9.3 No Group Company is in material default under any agreement or arrangement to which it is a party and, so far as the Vendor is aware, no other party to such an agreement or arrangement is in material default thereunder. So far as the Vendor is aware, there are no circumstances likely to give rise to any such material default.

**10. FINANCE AND GUARANTEES**

10.1 All material particulars of any Finance Documents, and details of the indebtedness of each Group Company under such Finance Documents, (the "**Finance Facilities**") are set out at paragraph 10 of the Disclosure Letter.

10.2 No guarantee or Encumbrance has been given by or entered into by any Group Company or any third party in respect of any indebtedness or other obligations of any Group Company.

10.3 The total indebtedness of each Group Company does not exceed the Finance Facilities or any limitations on the borrowing powers contained in the memorandum or articles of association or other constitutional or corporate documents of that Group Company, or in any debenture or other deed or document binding on that Group Company.

10.4 No Group Company has any outstanding loan capital, or has lent any money that has not been repaid, and there are no debts owing to any Group Company other than debts that have arisen in the ordinary course of their respective businesses.

10.5 No Group Company has factored or discounted any of its debts or engaged in financing of a type which would not need to be shown or reflected in the Accounts or waived any right of set-off it may have against any third party.

10.6 No Finance Facility of any Group Company is due and payable and no encumbrance over any of the assets of any Group Company is now enforceable, whether by virtue of the stated maturity date of the Finance Facilities having been reached or otherwise.

10.7 No Group Company is responsible for the indebtedness, or for the default in the performance of any obligation, of any other person.

10.8 The Transaction will not result in any Finance Facilities of any Group Company becoming due, or capable of being declared due and payable, prior to its stated maturity.

10.9 All debts (less any provision for bad and doubtful debts) owing to any of the Group Companies reflected in the Accounts have been realised in cash their full amount as included in those Accounts, and no debt subsequently recorded in the books of any Group Company nor any part of them has been outstanding for more than three months from its due date for payment.

10.10 No Group Company has given or entered into any guarantee, mortgage, charge, pledge, lien, assignment or other security agreement or arrangement or is responsible for the indebtedness, or for the default in the performance of any obligation, of any other person.

10.11 No grants have ever been received by any Group Company.

## 11. INSOLVENCY

11.1 The Vendor is not bankrupt and no order or petition has been presented for the Vendor' s bankruptcy and no trustee in bankruptcy has been appointed in respect of the Vendor or its assets, and the Vendor has not received any written notification from any third party that it intends to initiate such a presentation or appointment.

11.2 None of the Group Companies:

(a) are insolvent or unable to pay their respective debts within the meaning of the Insolvency Act 1986 or any other insolvency legislation applicable to the company concerned; or

(b) have stopped paying their respective debts as they fall due.

11.3 No step has been taken to initiate any process by or under which:

(a) the ability of the creditors of the Vendor or any Group Company to take any action to enforce their debts is suspended, restricted or prevented;

(b) some or all of the creditors of the Vendor or any Group Company accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity;

(c) a person is appointed to manage the affairs, business and assets of the Vendor or any Group Company on behalf of its creditors; or

(d) the holder of an Encumbrance over the assets of the Vendor or any Group Company is appointed to control its business and assets.

11.4 In relation to each of the Group Companies:

(a) no administrator has been appointed;

(b) no documents have been filed with the court for the appointment of an administrator; and

(c) no notice of an intention to appoint an administrator has been given by the relevant company, its directors or by a qualifying floating charge holder.

11.5 No process has been initiated which could lead to any Group Company being dissolved and its assets being distributed among the relevant company' s creditors, shareholders or other contributors.

11.6 No floating charge created by the Vendor or any Group Company has crystallised and, so far as the Vendor is aware, there are no circumstances likely to cause such a floating charge to crystallise.

11.7 No distress, execution or other process has been levied on an asset of any member of the Vendor or any Group Company.

## 12. INSURANCE

Copies of all of the policies of insurance maintained by or covering each of the Group Companies are included in the Disclosure Documents and are true, accurate and complete. So far as the Vendor is aware, all such policies are currently in full force and effect and nothing has been done or omitted to be done by any Group Company which would make any policy of insurance void or voidable. All sums falling due in respect of premiums on such policies of insurance have been paid. There is no outstanding claim by any Group Company under any such policies, there have been no such claims in excess of £10,000 in the previous two (2) years and, so far as the Vendor is aware, there are no circumstances likely to give rise to such a claim.

## 13. POWERS OF ATTORNEY

13.1 The Disclosure Letter sets out details of all persons who have authority to bind any Group Company in the ordinary course of business.

13.2 There are no powers of attorney in force given by any of the Group Companies.

13.3 No person, as agent or otherwise, is entitled or authorised to bind or commit any Group Company to any obligation not in the ordinary course of that Group Company' s business.

## 14. TRANSACTIONS WITH THE VENDOR

14.1 There is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between a Group Company and the Vendor or any of its Representatives.

14.2 The Vendor has not assigned to any person the benefit of a claim against any of the Group Companies to which the Vendor would otherwise be entitled.

## 15. EFFECT OF SALE ON SHARES

15.1 Neither the acquisition of the Shares by the Purchaser nor compliance with the terms of this Agreement will:

(a) relieve any person of any obligation to any Group Company (whether contractual or otherwise), or entitle any person to determine any such obligation or any right or benefit enjoyed by the Group Company, or to exercise any right in respect of the Group Company;

(b) give rise to, or cause to become exercisable, any right of pre-emption over the Shares;

(c) entitle any customer or supplier to cease dealing with any Group Company or to reduce substantially its existing level of business or to change the terms on which it deals with any of the Group Companies;

(d) constitute a breach of contract, order, judgment, injunction, undertaking, decree or other like imposition by any Group Company;

(e) cause the creation, imposition, crystallisation or enforcement of any Encumbrance on any of the assets of any Group Company;

(f) entitle any person to receive from any of the Group Companies any finder' s fee, brokerage or other commission in connection with the purchase of the Shares by the Purchaser;

(g) so far as the Vendor is aware, result in any director, officer or senior Employee leaving any of the Group Companies;

(h) result in the loss or impairment of or any default under any licence, authorisation or consent required by any of the Group Companies for the purposes of its business;

(i) cause any present or future indebtedness of any of the Group Companies under any Finance Facility to become due and payable, or capable of being declared due and payable, prior to its stated maturity date or entitle any Financial Facility to be withdrawn; or

(j) entitle any person to acquire or affect the entitlement of any person to acquire shares in the Company.

## 16. ASSETS

16.1 All of the assets included in the Accounts are legally and beneficially owned by Group Companies, except for those disposed of since the Balance Sheet Date in the ordinary course of business and any assets acquired since the Balance Sheet Date.

16.2 None of the assets shown in the Accounts, acquired by any Group Company since the Balance Sheet Date or used by a Group Company, is the subject of any lease, lease hire agreement, hire purchase agreement or agreement for payment on deferred terms or is the subject of any licence or factoring arrangement.

16.3 None of the assets, undertakings or goodwill of any Group Company is subject to any Encumbrance, or to any agreement or commitment to create an Encumbrance, and no person has claimed to be entitled to create such an Encumbrance.

16.4 Group Companies are in possession or control of all the assets included in the Accounts or acquired since the Balance Sheet Date and all other assets used by the Group in the ordinary course of business.

## 17. INTELLECTUAL PROPERTY

17.1 There is no registerable Intellectual Property owned (or applied for) by the Group Companies.

17.2 The Group Companies either own free from Encumbrances, or have valid licences to use, all the Intellectual Property used in or created in the course of the Group' s business or otherwise required to carry on the Group' s business in the same manner as it is currently carried on (the "**Business Intellectual Property**"), and the execution or performance of any of the Transaction Documents will not cause the loss of any such rights. None of the Business Intellectual Property is owned by the Vendor or the Majority Shareholder.

17.3 The Business Intellectual Property:

(a) has not been licensed to any third party other than pursuant to the licences listed at paragraph 17 of the Disclosure Letter and such list is complete and accurate; and

(b) is not subject to any agreement that restricts its use, disclosure, licensing or transfer by the Group Companies.

17.4 The Disclosure Letter contains true and complete copies of all licences of third party Intellectual Property to or by the Group Companies (other than commercially available off the shelf software with aggregate license fees of less than £5,000 each) (the "**Licensed Intellectual Property**") and, so far as the Vendor is aware:

(a) each licence is in full force and effect and binding on the parties to it;

(b) the terms of the licences have been complied with by the parties in all material respects, no notice of termination of any Licensed Intellectual Property has been received or served by a Group Company; and

(c) there are no disputes in respect of any such Licensed Intellectual Property.

17.5 Each officer, employee, contractor or consultant that has undertaken work for the Group Companies has entered into a contract under which they are obliged to disclose and assign any Intellectual Property to a Group Company.

17.6 So far as the Vendor is aware, the activities of the Group Companies have not infringed or misappropriated the Intellectual Property of any third party during the last three (3) years.

17.7 So far as the Vendor is aware, no Business Intellectual Property has been infringed or misappropriated by a third party during the last three (3) years.

17.8 In the last three (3) years:

(a) no notice or allegation has been received by the Group Companies or the Vendor that the Group Companies or the Vendor are, or may be, infringing or misappropriating any third party Intellectual Property or has otherwise challenged the validity or ownership of any of the Business Intellectual Property; and

(b) no Group Company or the Vendor has notified any third party or otherwise alleged that the third party is, or may be, infringing or misappropriating any Business Intellectual Property.

17.9 Other than the domain names listed at paragraph 17 of the Disclosure Letter, none of the Group Companies owns any domain names.

17.10 None of the Group Companies operates a website or email account from a domain name owned by a third party.

17.11 The confidential information and knowhow used by the Group Companies is kept confidential, has not been disclosed to third parties other than in the ordinary course of business and subject to written confidentiality obligations from the third party and, so far as the Vendor is aware, has not been subject to unauthorised access by a third party.

## 18. INFORMATION TECHNOLOGY

18.1 The Group Companies own the IT Systems free from Encumbrances.

18.2 The Group Companies follow appropriate procedures for protecting their IT Systems from infection by software viruses and from access by unauthorised persons.

18.3 The Group Companies are in possession of the source code to any software in which they own the copyright and, so far as the Vendor is aware, no third party has a copy of that source code.

18.4 None of the Group Companies has used open source software as part of any application that it has licensed or otherwise made available to third parties.

## 19. DATA PROTECTION

19.1 All Group Companies that collect or use Personal Data are registered with the United Kingdom Information Commissioner.

19.2 The systems used by the Group Companies to store or use Personal Data are all located inside the European Economic Area.

19.3 The Group Companies operate appropriate measures and systems in order to prevent unauthorised access to or use of Personal Data held by the Group Companies.

19.4 None of the Group Companies is party to an agreement that requires the transfer of Personal Data to a third party or that requires a third party to transfer Personal Data to a Group Company.

19.5 In the last three (3) years:

(a) none of the Group Companies has received a written complaint or objection to its collection or use of Personal Data that remains unresolved; and

(b) the collection or use of Personal Data by a Group Company has not been the subject of any investigation or proceedings (whether of a criminal, civil or administrative nature).

**20. EMPLOYEES**

20.1 The names of all of the Employees are set out at paragraph 20 of the Disclosure Letter.

20.2 All terms and conditions and benefits offered by the Group Companies (whether discretionary or otherwise) in respect of each Employee have been disclosed in full in the Disclosure Documents.

20.3 All policies and procedures of the Group Companies (whether contractual or not and including any collective agreements) applicable to the Employees have been disclosed in full in the Disclosure Documents.

20.4 All prior, pending, current or potential claims of the Employees under any benefit or insurance policy of the Group Companies have been disclosed in full in the Disclosure Document.

20.5 No contractual or gratuitous payment (including in the form of a "golden parachute") or other lump sum payment has been made or may become due to be made by the Group Companies to any Employee in connection with the Transaction.

20.6 The acquisition of the Shares by the Purchaser or compliance with the terms of this Agreement of themselves will not grant any director or Employee the legal right to terminate their employment or engagement.

20.7 No amounts due to, or in respect of, any Employee or Former Employee are in arrears or unpaid and there are no amounts that have accrued but are not yet due to be paid.

20.8 Full details of any bonus that a Group Company has determined and has accrued to any Employee at the Completion Date but which remains unpaid at the Completion Date have been set out in the Disclosure Letter.

20.9 The Group Companies have paid to HMRC and any other appropriate authority all taxes, National Insurance contributions and other levies and charges in respect of the Employees and accruing in the period up to and including the Completion Date.

20.10 At the date of this Agreement, no Employee:

(a) has given, has threatened to give or received notice terminating his office and/or employment (where that notice has not yet expired); or

(b) is subject to an unexpired disciplinary penalty.

20.11 There is no existing, pending or threatened claim or dispute with any Group Company brought by or in respect of any Employee or by an employee representative representing any Employee ("**Employment Dispute**") and no Employee or employee representative (as the case may be) has been involved in any Employment Dispute in the 12 month period before Completion.

20.12 So far as the Vendor is aware, there are no facts that might indicate that there may be grounds for any Employment Dispute; or that any of the provisions of this Agreement (including the identity of the Purchaser) may lead to any Employment Dispute.

20.13 No Group Company has made any loan or advance to any Employee that is outstanding.

20.14 During the last three (3) years, each Group Company has complied in all material respects with all applicable laws and codes of practice in respect of each Employee and Former Employee.

20.15 Each Group Company has up to the Completion Date maintained all records required to be made by law in respect of each Employee and full disciplinary records and will deliver these records to the Purchaser or to such representative of the Purchaser as the Purchaser may direct, at the Completion Date.

20.16 No Group Company has at any time discriminated against or caused to suffer any detriment any Employee on the grounds of sex, gender, sexual orientation, age, race, religion, belief, disability, hours that they work, temporary nature of their employment, membership of a trade union or status as an employee representative or otherwise in contravention of any legislation.

20.17 Each Group Company has at all times complied with all notices, orders, decisions and recommendations made by any United Kingdom based Commission, Executive, Inspectorate, Court, Tribunal or other United Kingdom government authority in respect of the Employees.

20.18 All Employees have leave to enter and remain in the United Kingdom and are entitled to work in the United Kingdom in terms of the Immigration, Asylum and Nationality Act 2007.

20.19 During the 12 month period prior to Completion, no Group Company has been party to any relevant transfer as defined in the Transfer of Undertakings (Protection of Employment) Regulations 2006 applicable to any Employee (a "**Relevant Transfer**").

20.20 No Employee has transferred to a Group Company under a Relevant Transfer who at any time before the Relevant Transfer:

(a) was a member of an occupational pension scheme; or

(b) was a member of a scheme providing an interest in or option over shares where that scheme has not been materially replicated by such Group Company.

20.21 Each Group Company has at all times maintained adequate employer' s liability and directors and officers liability insurance in relation to any Employee if applicable.

20.22 No Group Company has, in relation to any of the Employees, recognised any trade union or entered into any kind of collective arrangement with any trade union or employee representative body of any kind.

20.23 No Group Company has granted or is obliged to grant any options or rights under any share ownership or share option plan.

## 21. PENSIONS

21.1 None of the Group Companies are or have been at any time been a party to or had any liability in respect of any Relevant Scheme or been obliged to provide, participate in or contribute towards any Pension Benefits to any person.

21.2 None of the Group Companies are or have been connected with or an associate of (within the meaning of sections 38 and 51 of the Pensions Act 2004) a person who is or was at any time on or from 27 April 2004 an employer in relation to an occupational pension scheme within the meaning of section 1 of the Pensions Scheme Act 1993.

21.3 In relation to the provision of any Pension Benefits, the Group Companies comply with and have always complied in all material respects with all applicable Laws (including sex and other discrimination laws and equal pay laws).

**22. REAL ESTATE**

22.1 The Property is the only land and buildings owned, controlled, used or occupied by any Group Company in connection with its existing business or in relation to which any Group Company has any right, interest or liability and the particulars of the Property set out in Schedule 4 (Property) are true, complete and accurate in all respects so far as the Vendor is aware.

22.2 A Group Company is the beneficial owner in possession of the Property and is in exclusive occupation of it.

22.3 All fixtures and fittings at the Property are the absolute property of a Group Company and are free from all Encumbrances.

22.4 So far as the Vendor is aware, the Property is not subject (or likely to become subject) to any matter which might materially adversely affect a Group Company' s ability to carry on, or the cost of carrying on, its existing business from the Property in substantially the same manner as at present.

22.5 The Property is not affected by a subsisting contract for sale or other disposition of any interest in it.

22.6 No Group Company knows of any imminent or likely interruption of the passage or provision of drainage, water, electricity or gas services.

22.7 The Property is free from Encumbrances.

22.8 The Vendor is not aware of any material breach of any covenant affecting the lease for the Property and all principal and properly due additional rent has been paid up to date in relation to the Property.

22.9 So far as the Vendor is aware, there are no disputes regarding boundaries, easements, covenants or other matters relating to the Property or its use.

22.10 All licences, consents and approvals required from the lessor and any superior lessor under the lease of the Property and from their respective mortgagees (if any) have been obtained and the covenants on the part of the lessee contained in such licences, consents and approvals have been duly performed and observed and, subject thereto, there are no collateral agreements, undertakings, waivers or concessions which are binding upon either the landlords or the Group Company.

22.11 None of the Group Companies are aware of any major item of expenditure already incurred by the lessor of the Property or expected to be incurred by any such lessor within the next 12 months which is recoverable in whole or in part from a Group Company.

22.12 No Group Company has received any notice or order affecting the Property from any Authority or any third party and, so far as the Vendor is aware, there are no proposals on the part of any Authority which would adversely affect the Property.

22.13 All deeds and documents necessary to prove the title of a Group Company to the Property are in the possession or under the control of a Group Company.

22.14 None of the Group Companies have any continuing liability in respect of any properties formerly owned or occupied by a Group Company.

**23. ENVIRONMENT, HEALTH & SAFETY**

23.1 So far as the Vendor is aware, there are no claims, proceedings or other form of dispute pending or threatened against any Group Company in either case relating to any breach of any liability under EHS Laws and, so far as the Vendor is aware, there are no facts, matters or circumstances likely to give rise to any such claims, proceedings or other form of dispute.

23.2 No complaints, notices or other communication have been received by any Group Company alleging or specifying any breach of or liability under any EHS Laws and, so far as the Vendor is aware, there are no facts, matters or circumstances likely to give rise to any such complaints, notices or other communication.

**24. TAX**

24.1 All notices, returns (including any land transaction returns), reports, accounts, computations, statements, assessments and registrations and any other necessary information required by Law to be submitted by each Group Company to any Tax Authority for the purposes of Tax have been submitted within applicable time limits, were accurate and complete in all material respects when supplied and remain accurate and complete in all material respects.

24.2 All Tax for which each Group Company has been liable or is liable to account, has been duly paid (insofar as such Tax ought to have been paid).

24.3 Each Group Company has, within applicable time limits, kept and maintained complete and accurate records, invoices and other information in relation to Tax as it is required by Law to keep and maintain.

24.4 All Tax (including any national insurance contributions and any other social security contributions) has, so far as has been required to be deducted, been deducted from all payments made (or treated as made) by each Group Company and all records, invoices and other information that are required by Law to be kept and maintained in relation to such deductions have been properly kept and maintained. All amounts due to be paid to the relevant Tax Authority prior to the date of this Agreement in connection with such deductions have been so paid, including without limitation all Tax chargeable on benefits provided for directors, employees or former employees of each Group Company or any persons required to be treated as such.

24.5 No Group Company is involved in any dispute with any Tax Authority and has not, within the past four (4) years, been subject to any visit, audit, investigation, discovery or access order by any Tax Authority.

24.6 No Group Company is, or will become, liable to make to any person (including any Tax Authority) any payment in respect of any liability to Tax which is primarily or directly chargeable against, or attributable to, any other person.

24.7 The Accounts make full provision or reserve in accordance with generally accepted accounting practice in the United Kingdom for any period ended on or before the date to which they were drawn up for all Tax assessed or liable to be assessed on each Group Company, or for which each Group Company is accountable at that date, whether or not a Group Company has (or may have) any right of reimbursement against any other person. Proper provision has been made and shown in the Accounts for deferred Tax in accordance with generally accepted accounting practice in the United Kingdom.

24.8 Each Group Company has, since its date of incorporation, been resident only in its jurisdiction of incorporation for Tax purposes and no Group has, or has had, a permanent establishment outside its jurisdiction of incorporation.

24.9 All transactions or arrangements made by each Group Company have been made on fully arm' s length terms and the processes by which prices and terms have been arrived at have, in each case, been fully documented.

24.10 No Group Company has not been involved in any transaction or series of transactions the main purpose, or one of the main purposes, of which was the avoidance of Tax or any transaction that produced, or was intended to produce, a Tax relief with no corresponding commercial cost.

24.11 Any document that may be necessary in proving title of any Group Company to any asset which is owned by that Group Company at Completion and each document which any Group Company may wish to enforce or produce in evidence, is duly stamped for stamp duty purposes in accordance with any applicable Laws. No such documents which are outside the United Kingdom would attract stamp duty if they were brought into the United Kingdom.

24.12 No Group Company is bound by or party to any Tax indemnity, Tax sharing or any Tax allocation agreement in respect of which claims against a Group Company would not be time barred.

## SCHEDULE 3

## LIMITATIONS ON VENDOR LIABILITY

### 1. CAPS ON LIABILITY

1.1 Subject to the following provisions of this paragraph 1, the Vendor' s aggregate liability for all Claims or Tax Indemnity Claims shall not exceed an amount equal to the Final Consideration.

1.2 The Vendor shall have no liability for any Claim or Tax Indemnity Claim until such time as it becomes a Resolved Claim.

1.3 For the avoidance of doubt, the Purchaser shall only be entitled to bring a claim and to recover losses or damages incurred by the Group Companies under the provisions of this Agreement for any breach of the Warranties, in respect of the Relevant Percentage of the total loss and damage suffered or incurred by the Group Companies as a result of such breach of the Warranties, provided, however, that the foregoing limitation shall not apply to the Warranties at paragraphs 1, 2.1, 2.2 and 14 of Schedule 2.

1.4 The Purchaser shall only be entitled to claim and to recover damages, or to otherwise obtain payment, reimbursement, restitution or indemnity from the Vendor under the provisions of this Agreement in respect of any Resolved Claim, as follows and in the following order of priority:

(a) in the first instance, in cash, up to such amount of the Purchase Price as has actually been received by the Vendor in cash (whether by way of the Cash Consideration, or by way of redemption of the Vendor Loan Notes, pursuant to the provisions of this Agreement and the Loan Note Instrument) at such time; and

(b) thereafter, by way of set-off against any outstanding and unredeemed Vendor Loan Notes under the provisions of Clause 4.

### 2. SMALL CLAIMS AND CLAIMS THRESHOLD

2.1 Subject to paragraph 2.2 below, the Vendor shall not be liable for a Claim unless:

(a) the Vendor' s liability in respect of such Claim exceeds £2,000;

(b) the amount of the Vendor' s liability in respect of such Claim, either individually or when aggregated with the Vendor' s liability for all other Claims (other than those excluded under paragraph 2.1(a)), exceeds £50,000, in which case the Vendor shall be liable for the whole amount claimed (and not just the amount above the threshold specified in this paragraph 2.1(b)).

2.2 The limitation on liability set out in paragraph 2.1 above shall not apply to any Tax Warranty Claim or, for the avoidance of doubt, any Tax Indemnity Claim.

### 3. TIME LIMITS ON CLAIMS

3.1 The Vendor shall not be liable in respect of any Claim or Tax Indemnity Claim unless the Purchaser has given notice in writing of such claim to the Vendor:

(a) in the case of a claim made under the Tax Warranties or a Tax Indemnity Claim, on or before the sixth (6th) anniversary of the Completion Date; and

(b) in any other case, on or before the second (2nd) anniversary of the Completion Date.

3.2 The notice referred to in paragraph 3.1 shall include a summary of the nature of the Claim or Tax Indemnity Claim as far as it is known to the Purchaser and the amount claimed.

3.3 Any Claim notified in accordance with paragraph 3.1 shall (if not previously satisfied, settled or withdrawn) be deemed to have been irrevocably withdrawn 12 months after the date on which notice of the relevant Claim was given unless on or before that date, legal proceedings have been issued and served on the Vendor in respect of the relevant Claim.

## 4. CONTINGENT LIABILITIES

The Vendor shall not be liable in respect of any contingent liability in relation to any Claim unless and until such contingent liability becomes an actual liability and is due and payable. This is without prejudice to the right of the Purchaser to give notice of the relevant Claim to the Vendor notwithstanding the fact that the liability may not have become an actual liability. The fact that the liability may not have become an actual liability within the time limits provided in paragraph 1 shall not exonerate the Vendor in respect of any Claim properly notified within such time limits.

## 5. SUBSEQUENT RECOVERY

5.1 If the Vendor makes a payment to the Purchaser (or any sum is set-off against the Vendor Loan Notes under the provisions of Clause 4) in respect of a Claim or Tax Indemnity Claim, and the Purchaser or any Group Companies subsequently becomes entitled to recovery from a third party (including without limitation, any Tax Authority) a sum which is referable to that Claim or Tax Indemnity Claim, the Purchaser shall give notice to the Vendor, and shall (or shall use reasonable endeavours to procure that the relevant Group Companies shall) use reasonable endeavours to recovery from such third party. If any amount is actually recovered from such third party, the Purchaser shall promptly repay to the Vendor:

(a) in the case of a Claim, the lower of:

(i) the amount recovered from such third party (less all reasonable costs, charges and expenses incurred by the Purchaser or the relevant Group Companies in recovering that sum); and

(ii) the amount paid to the Purchaser by the Vendor, or the amount set-off against the Vendor Loan Notes, as the case may be, in respect of the relevant Claim; and

(b) in the case of a Tax Indemnity Claim, the lower of:

(i) the Relevant Percentage of the amount recovered from such third party (less the Relevant Percentage of all reasonable costs, charges and expenses incurred by the Purchaser or the relevant Group Companies in recovering that sum); and

(ii) the amount paid to the Purchaser by the Vendor in respect of the relevant Tax Indemnity Claim.

5.2 If any amount is repaid to the Vendor in accordance with paragraph 5.1, the amount so repaid shall be deemed to have never been paid by the Vendor to the Purchaser.

## 6. NO DUPLICATION OF RECOVERY

The Purchaser shall not be entitled to recover damages or obtain payment, reimbursement, restitution or indemnity more than once in respect of the same loss, regardless of whether more than one Claim or Tax Indemnity Claim arises in respect of it.

## 7. VENDOR ACCESS

In the event of a Claim or Tax Indemnity Claim, the Purchaser shall, subject to the Vendor giving such undertakings as to confidentiality as the Purchaser may reasonably require, use reasonable endeavours to procure that the Vendor and its Representatives are provided, upon reasonable notice and during Working Hours, access to such information, records, premises and personnel of the relevant Group Companies as the Vendor may reasonably require (not being any which would otherwise be subject to legal privilege) to investigate, avoid, remedy, dispute, resist, appeal, compromise or contest such Claim or Tax Indemnity Claim.

## 8. FRAUD AND WILFUL MISCONDUCT

The provisions of this Schedule 3 shall not apply in respect of a Claim or Tax Indemnity Claim if it is (or the delay in the discovery of which is) the consequence of fraud, wilful misconduct or wilful concealment by the Vendor.

## 9. ACCOUNTS PROVISION

The Vendor shall have no liability in respect of any Claim or Tax Indemnity Claim if and to the extent that any allowance, provision or reserve was made in the Accounts specifically and identifiably in respect of the matter or circumstances giving rise to the Claim or Tax Indemnity Claim.

## 10. INSURANCE

The Vendor shall not be liable in respect of a Claim where the Purchaser or any of the Group Companies is entitled to make a claim under a policy of insurance in respect of any matter or circumstance giving rise to the Claim unless the Purchaser first makes (or uses reasonable endeavours to procure that the relevant Group Company makes) a claim against its insurers pursuant to the relevant policy. The Vendor' s liability in respect of any such Claim shall then be reduced by the amount recovered under such policy of insurance (less all reasonable costs, charges and expenses incurred by the Purchaser, or the relevant Group Company, as the case may be, in recovering that sum), or extinguished if the amount so recovered exceeds the amount of the Claim.

## 11. CHANGE IN LAW OR TAX RATES

The Vendor shall not be liable in respect of any Claim or Tax Indemnity Claim to the extent that it arises, or its value is increased, as a result of a change in any law, legislation, rule or regulation (including any new law, legislation, rule or regulation), or any change in the rates of Tax, that comes into force or otherwise takes effect after the Completion Date, or the withdrawal of any extra-statutory concession previously made by a Tax Authority (whether or not the change is retrospective in whole or in part).

## 12. VOLUNTARY ACTS

12.1 The Vendor shall not be liable in respect of any Claim to the extent that the matter or circumstance giving rise to such Claim arises, occurs or is otherwise attributable to, or the Vendor' s liability pursuant to such Claim is increased as a result of:

(a) any voluntary act, omission, transaction or arrangement of the Purchaser or any of the Group Companies (or their respective directors, employees or agents) on or after Completion, and which the Purchaser (or its directors, employees or agents) was aware, or ought reasonably to have been aware, would give rise to such Claim or increase the Vendor' s liability pursuant to such Claim, except where such act, transaction, omission or arrangement was:

(i) carried out or effected pursuant to a legally binding obligation entered into on or before the date of this Agreement;

(ii) in the ordinary course of business of any of the Group Companies as carried on at Completion;

(b) any voluntary act, omission, transaction or arrangement carried out at the request or with the consent of the Purchaser before Completion; or

(c) any change in the accounting bases, policies, practices or methods applied in preparing any accounts or valuing any assets or liabilities of any of the Group Companies introduced or having effect after Completion (other than to the extent necessary to comply with the law or accounting policies, principles and practices generally accepted in the United Kingdom applying and in force on or prior to Completion).

**13. DUTY TO MITIGATE**

Nothing in this Schedule 3 restricts or limits the Purchaser' s general obligation at law to mitigate any loss or damage which it may incur. For the avoidance of doubt, there is no obligation for the Purchaser to mitigate any loss or damage in respect of a Tax Indemnity Claim.

## SCHEDULE 4

## PROPERTY

### Leasehold Properties

| | |
|---|---|
| **Description of the Property** | Ground and First Floors North Block, Green Mews, Bevenden Street, London, N1 6AS |
| **Description of Lease (lease, underlease, licence, date and parties)** | Lease dated 15 August 2016 and made between Studio RHE Ltd (1) and Golden Wolf Ltd (2) |
| **Registered/unregistered (and title number)** | Lease has not been registered at HM Land Registry |
| **Contractual date of termination of lease** | 3 August 2021 |
| **Occupier** | Golden Wolf Ltd |
| **Current Use** | As offices within Class B1 of the Town and Country Planning (Use Classes) Order 1987 |

This Agreement has been entered into on the date stated at the beginning of it.

Signed by **MARK STEWART GRAHAM** /s/ Mark Stewart Graham

Signed by THOMAS BOYLE

for and on behalf of **PSYOP MEDIA COMPANY**

**UK LIMITED** /s/ Thomas Boyle

Director

**Exhibit 21.1**

## List of Subsidiaries

| Subsidiary | Jurisdiction of Incorporation |
|---|---|
| Psyop Productions, LLC | Delaware |
| Blacklist Productions, LLC | Delaware |
| Psyop Feature Animation, LLC | Delaware |
| Psyop Games, LLC | Delaware |
| Psyop Filmed Entertainment, LLC | Delaware |
| Content & Co, LLC | Delaware |
| Psyop Film and Television, ULC | Victoria, British Columbia |
| Psyop Film and Television, LLC | Delaware |
| Psyop Live, Inc. | New York |
| Psyop Media Company UK Holdings | Delaware |
| Psyop Media Company UK Limited | England & Wales |

**Exhibit 23.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the inclusion in this Registration Statement on Form S-1 of our report dated August 6, 2018, with respect to the consolidated balance sheets of Psyop Media Company, LLC and Subsidiaries (the "Company") as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income (loss), changes in members' equity and cash flows for each of the years in the two year period ended December 31, 2017 and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Citrin Cooperman & Company, LLP

New York, New York
January 14, 2019