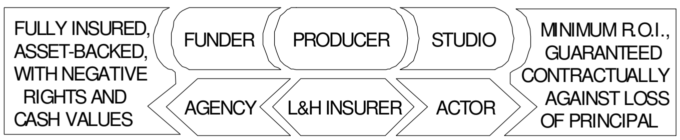
What is SFA risk?

Geneva Media keeps investors and banking institutions safe from financial risk.

With a combination of tax incentives (i.e., current U.S. state government tax credits and provincial Canadian cash rebates) and **CAIC** (**C**ash **A**ccumulation **I**nsurance **C**ontracts), **Geneva Media** offers investors a best-in-class principal protection plan for 100% recoupment of all negative costs.



***It's simple*:** **Geneva Media** is a company that can fully protect banks and equity investors from financial loss in media verticals.

The benefit of **Geneva Media**'s structure is vast... Soon, billions in new spending can flow into California, Florida, Georgia, Alaska, Louisiana, North Carolina, Illinois, Connecticut, etc. Additionally, major banks can now begin supporting studio slates again, while hedge funds, pension plans, and private equity investors can secure massive profit guarantees --without risk.

In the past, SFA (**S**late **F**inancing **A**rrangements) only purchased P&C (i.e., **P**roperty **&** **C**asualty coverage) on funds for performance loss. Today, billions of dollars of slate film arrangements can be protected against media performance loss using L&H (i.e., **L**ife **&** **H**ealth coverage) with CAIC. Bad box office, low TV ratings or marketing misfires are unimportant. This is a radical departure from old SFA structures that put bank loans at risk, or failed to recoup funding capital (See page 2 for details on past performance of film and television slate financing arrangements).

Because "portfolio diversification" can never guarantee performance (or break-even) , the new and improved risk structure from **Geneva Media** can even guarantee profits of 15% and 45% on all SFA's, regardless of market performance, with full principal protection on invested assets.

Today, a media fund of $1b (as an example) is raised via Wall Street or through national banks. A film studio or TV network provides $500mm toward the slate. In total, $1.5b is fully expensed.

Tax credits are collected on $1.5b of expenditures, returning $500mm via incentives (U.S. state and Canadian credits). $500mm remains inside A+ rated ***C**ash **A**ccumulation* I*nsurance **C**ontracts* as fully liquid, cash reserves. The studio or TV network can produce programs at a 50% lower cost because of new capital. Normally, a slate investor asks for 50% of studio profits. Because **Geneva Media** protects the investor's full $1b ($500mm in credits and $500mm in insurance cash values), the studio only needs to pay **Geneva Media**'s structure 25% of the gross profits.

Everyone wins.

Investors and banks avoid loss. Studios and TV networks have 1/2 of their production budgets covered by a slate fund. Studios keep 75% of their film (and TV show) profits.

As for the U.S. states who host theatrical productions, $1b is spent on worker's salaries --or for goods and services-- moving directly into the state's economy. The remaining $500mm is held in L&H insurance companies (domiciled within a state), and the "cash values" add financial strength to the state insurance carriers thereby providing future liquidity and safety to families and retirees.

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VIRTUAL STUDIOS : Milwaukee, WI, Stark Investments will not release data, but the box office, DVD sales, and private investors may have seen as much as $200mm in losses. Stark Investments invested $537mm in single picture deals negotiated by Ryan Kavanaugh via Ben Waisbren's Virtual Studios, which began the fast growth period for the soon to be incorporated, Relativity Media.

GUN HILL I & II : Ryan Kavanaugh's Gun Hill I's had $600mm investment, but according to news and other sources, generated only $410mm in cash flow. Investors however had to receive funds from Deutsche Bank as loans (based on studio projections of future revenue), rather than actual profits. Gun Hill's share is estimated at $124mm. The first loan, which was committed by Deutsche Bank, provided some $234mm to investors. Thus far, the total returns for Gun Hill I & II are unknown. Deutsche Bank was unable to sell much of the $1.1b it held on Gun Hill I & II's debt. As well, due to investor pressure, Sony Studios was asked to renegotiate the terms of its deal, giving more profits to the Gun Hill I investors, in an attempt to reach breakeven. Until that restructuring, investors would have been lucky to make any profit on their investments, according to three people who saw the distribution statements and the studio's *ultimates*. Profits --if any-- remain a mystery.

BEVERLY I & II : In the $700mm Beverly deals headed by Ryan Kavanaugh, Fortress bought out Citi's interests (the Sony/Universal co-financing slate), which were worth $226.7mm, for just $113.5mm (Citi insisted on exiting the movie deal for 50¢ on the dollar). At the same time, Fortress is alleged to have convinced Sony Pictures to end the deal (Aramid is suing), which also stopped Beverly I from continuing to fund films through 2013.

RELATIVITY : NYC Hedge fund, Elliott Associates, sells most of it's interests in Relativity Media after disruptive management changes are undertaken to "rein in" Ryan Kavanaugh's spending. Now billionaire, Ron Burkle, steps in and puts up hundreds of millions to purchase Elliott's shares, and to keep Ryan's company solvent. Attempts to become a full-fledged studio strain Relativity's cash flow as it undertakes it's own distribution and marketing on summer blockbuster releases in 2011 (i.e., "War of Gods" AKA "The Immortals"), and is accused in court documents of being "functionally insolvent" (according to the legal filing by Aramid Entertainment). This then caused billionaire, Ron Burkle, to ante up another $350mm and change to keep Relativity viable --and liquid?

MELROSE I & II : It is public knowledge that Melrose Investors 2, LP has yet reached any true break even or see a penny of profits on it's 25% share in 29 Paramount/Dreamworks films, and are now suing Paramount for additional profits owed above their cost-of-capital or original investment amount. The updated lawsuit now seeks to investigate all of Viacom's corporate entities cash flow interactions.

CONTENT PARTNERS : Purchased 34 films and over 200 hours of television from studios and networks because they are "being squeezed for every penny." Mark Cuban and Todd Wagner are pioneers in acquiring films in the secondary market from hedge funds, private equity firms and banks.

SCREEN CAPITAL PARTNERS : Another investor swooping in on slates of movie deals in Hollywood is David Molner, managing director of Beverly Hills, California-based Screen Capital International. "*I'm five times as busy as I used to be. We launched a $500 million fund that is financing the acquisition of assets in studio slate deals*," said Molner. "We are taking the participants in finance deals out of their capital positions in studio slate deals."

MGM STUDIOS : $500mm loan at 6.5 percent rate, to retire debt taken on during recent bankruptcy.

LEGENDARY PICTURES : Retired old debt (i.e., *tried to raise $800mm. Found $278mm, landed an additional $443mm, of which $150mm is debt for a total of $571mm*), with a $700mm credit facility.

WARNER BROS : Seeks $1b debt (i.e., *10 year notes/debentures*) via Wall Street, to fund tent poles.

VILLAGE ROAD SHOW: Debt financing (i.e., *access to $1b through 2017*), without giving investors any guarantees.

DISNEY STUDIOS : One bad film (*John Carter*), with a $100mm loss, creates an epic dollar drain.

NBC/UNIVERSAL: Box office bombs (*Battleship*), force the studio to post cash flow loss of $85mm.

DREAMWORKS ANIMATION: *The Guardians* force $87mm write off while 300 staffers get fired.

NEW LINE: *Jack The Giant Slayer* faces a potential loss of $100m according to inside sources.

SUMMER FIZZLE : *R.I.P.D., Turbo, Lone Ranger, Pacific Rim,* and other filmss have lost $340mm.

NBC/UNIVERSAL : greenlit under Adam Fogelson's tenure, Keanu Reeves' *47 Ronin* has lost over $50mm in both production and prints & ad costs combined according to numerous inside sources.

IN SUMMARY: After the credit freeze of 2008, banks have reduced their presence in Hollywood. Some are trying to sell off their positions in slate deals for discounts of 30% to 70%. "*Because of the credit crisis, banks and hedge funds have been writing down securities, including those backed by film assets, and are willing to sell them at lower prices*," said Stephen Prough, founder of Salem Partners.