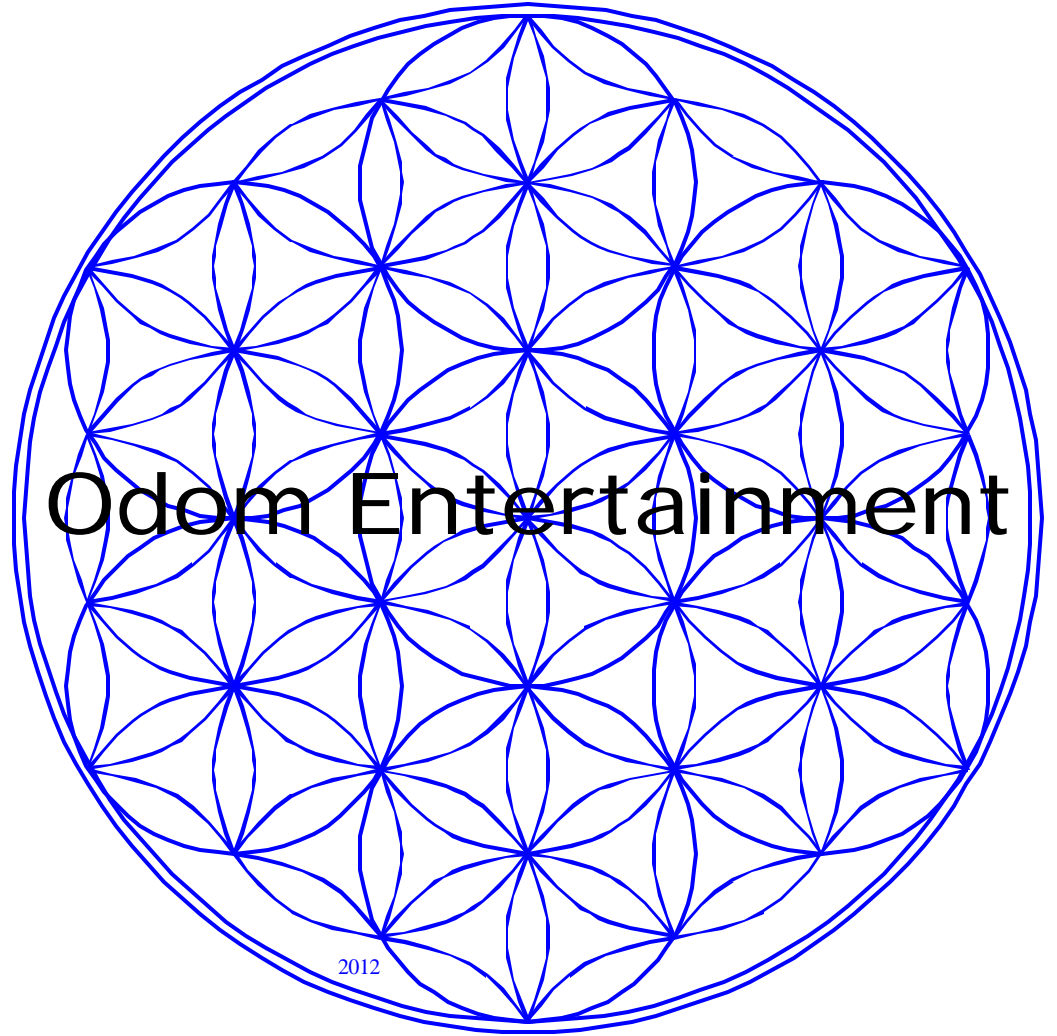


DIGITAL MEDIA ENTERTAINMENT

a division of



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“Unleashing a new reality...”

DIGITAL MEDIA ENTERTAINMENT, a division of ODOM
ENTERTAINMENT – EXECUTIVE SUMMARY

FOR INFORMATION ONLY

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EXECUTIVE SUMMARY

Overview

DIGITAL MEDIA ENTERTAINMENT, a division of Odom Entertainment, is a wholly owned and operated minority start-up enterprise engaged in the development, production, and distribution of digital features for domestic and international release. DME's goals are to develop, produce, and distribute tangible and relatable stories, by writer-directors, dealing with diverse and under-served groups, individuals, and stories. Over the next five years, the Company plans to develop, produce, and distribute a total of 16 independently financed digital features with budgets of approximately \$2.5 million each. A total of eight writer-directors will be able to write and direct two digital features each during the Company's initial five year period.

Management Team

DME's two principal officers – Edward J. Odom IV and Christopher Odom – have experience in operations, development, and production. Mr. Odom, the Company's Chief Operating Officer, has over 12 years experience in operations management including "P and L" accountability, sales revenue, and marketing strategies for Fortune 1000 businesses. He most recently worked in the New Media sector overseeing the Tennessee offices for InFlow, an International Technology Company. Prior to his work with InFlow, Mr. Odom was President & Chief Executive Officer of Stanton Systems, Inc. – a Digital Fiber Optic Construction Company, and Co-Founder of Cumberland Distributors – a Procurement Sourcing Company.

Mr. Christopher Odom, the Company's Head of Development & Production, is the former Vice-President of Dan Gordon Productions, Inc. (THE HURRICANE, WYATT EARP, PASSENGER 57). Mr. Odom holds a Master of Fine Arts from the world-renowned UCLA School of Film Theatre & Television, where he studied under the tutelage of movie moguls such as Joe Roth (President, Revolution Studios), Jeremy Zimmer (President, United Talent Agency), and Peter Guber (President, Mandalay Pictures). . He has also worked as a production consultant on various documentaries in national distribution.

In addition to the Company's principal officers, DME will utilize the services and experiences of a seasoned Co-Producer and Associate Producer for each of the 16 digital features.

The Product

DME currently controls the rights to seven feature length screenplays from four prospective writers. The subject matter for the material includes, but is not limited to, a Comedy, Romantic Comedy, Coming of Age Story, Political Thriller, Detective Thriller, and Dark Drama. The combined experience of our prospective writers includes formal training from the UCLA School of Film, Theater, Television, & Digital Studies as well as professional credits. Once financing is in place, we will commit to eight writer-directors.

Although the Company will be making digital features about diverse and under-served groups, individuals, and stories, the subject matter will be tangible, relatable, and

appealing to a mass audience. The stories will cover romance, mystery, coming of age, and other generally popular subjects. People of African descent, Native Americans, Asians, Latinos, Gays & Lesbians, and women are not a new phenomenon to our country, but have been continuously under-appreciated and under-utilized by Hollywood. Now is the time for the entertainment media to reflect the true faces of their audiences in the faces of their casts. DME will present diverse and under-served individuals in their true light, as regular everyday heroes, with all the sincerity of other current cinema favorites.

The Industry

The structure of the motion picture business has been changing over the past few years. Years ago features depended 100% on box office sales to recoup their investments. Today many independent features recoup 300% on their investment through pay per view, direct to video, rentals and international sales alone.

Independent features have been steadily gaining market share. Today the worldwide market for these features is estimated to be more than \$4.5 billion.

During the prestigious 53rd Annual Cannes Film Festival of 2000, Danish director Lars von Trier shocked the world of cinema when he won the Palme d'Or for his digital feature DANCER IN THE DARK. Von Trier's triumph marked the first all-digital video production ever to garner the award. Both distributors and exhibitors agree that digital distribution and exhibition is the mandate of the future. And, both distributors and exhibitors are actively striving to utilize digital distribution and exhibition within the next

five years. Now is the time to take advantage of the pulse of the entertainment industry by developing and producing low budget digital features.

The Market

Over the last decade, the market has become more open to features dealing with diverse and under-served groups, individuals, and stories as seen by the international success of SCARY MOVIE and the domestic success of BOYS DON'T CRY and SAVE THE LAST DANCE. SCARY MOVIE is a landmark event picture, which exemplifies diversity in international box office success. SCARY MOVIE has accumulated over \$170 million worldwide in box office receipts alone. BOYS DON'T CRY is a fresh twist on the universal, tangible, and relatable story of finding and being one's self. BOYS DON'T CRY was nominated for three Academy Awards and Winner of Best Supporting Actress. SAVE THE LAST DANCE is a cross-cultural osmosis, which promotes racial harmony and acceptance indicative of the racial richness of America. SAVE THE LAST DANCE has accumulated over \$88 million in domestic box office receipts alone.

By targeting diverse and under-served groups, individuals, and themes, DME will not only monopolize a specialty and niche market, but will also cater to a sizeable audience, which is also responsible for a major portion of the mainstream market share. Just as SCARY MOVIE, SAVE THE LAST DANCE, and BOYS DON'T CRY smashed stereotypical expectations, and garnered tremendous financial success, so will the digital features that DME will produce.

Distribution

Independent distributors often have the knowledge and patience to give special care to eclectic or mixed-genre features. Many independents will “platform” or “tier” a release. This allows a feature to find its audience slowly and methodically. However, this does not mean that independent distributors will not want to release features with mass appeal. For such features with smaller budgets and lesser names, they often have an expertise that the studios lack. In addition, by focusing their marketing and promotional efforts on a handful of primary markets, these companies are able to keep their costs relatively low.

Upon completion of each digital feature, DME will sell each digital feature to a major studio if an acquisition offer is on the table for at least three times the digital feature’s original investment - approximately \$7 - \$9 million. For digital features that do not have an acquisition offer or a distribution deal with an established distributor, the Company will act as its own independent domestic distributor for theatrical and ancillary markets (pay per view, premium cable, sell-through, rentals, basic cable, and broadcast television). DME will distribute its digital features theatrically through an alliance of independent cinema houses capable of digital projection - a \$7,500 investment per screen. DME will also focus upon sell-through as DVD/CD Soundtrack combos, which provide music producers with a viable avenue to promote new artists. Because the DVD/CD combos will have a DVD *universal purchase code*, the compensation rates for the music producer and the music talent are reduced, thus generating greater profits for

DME and its investors. For international distribution, DME will utilize the services of a foreign sales agent to set up international distribution deals.

Investment Opportunity and Financial Highlights

The founders are seeking an initial first round financing equity investment of \$10 million for the development, production, and *distribution* of the first two digital features and overhead expenditures. The founders are seeking a total equity investment of approximately \$50 million for the development, production, and distribution of all 16 digital features and overhead expenditures. Current projections indicate a pretax net profit of \$80 million, a 60% profit on the initial investment for all 16 digital features. DME will also entertain proposals to make one digital feature at a time and roll those profits over into the subsequent digital features.

Five Reasons To Invest

1) **Experience**

For each of DME's 16 digital features, the Company will hire a Producer / Co-Producer that has experience producing independent low budget features.

2) **Completion Guarantor**

Each low budget feature will have a 10% contingency fee and a 4% completion bond. The contingency fee is a fee charged by a Completion Guarantor company which guaranties that a feature will be made on time and on budget. If the producer or a director of a feature is unable to complete a feature on time

and on budget, the Completion Guarantor takes over the feature and completes the feature on time and on budget. If additional funds are required by the Completion Guarantor to complete the feature, the Completion Guarantor utilizes the completion bond.

3) **Better Odds**

When a feature makes money, it makes a lot of money. At a major studio, one or two features, otherwise known as a “tent pole” feature, will make enough money to pay for the production, development, and distribution costs of all the other features, in effect, driving the development, production, and distribution units for the entire studio. The odds of making money from a single feature are approximately 1.375:100. The odds of making money off from 16 features are approximately 22:100.

4) **Distribution Strategy**

The major reason why independent features do not make money is the fact that they lack a distribution deal. DME is prepared to self distribute any of it's features that are not acquired by a third party as a negative pick-up or that do not garner a third party distribution deal. To assist with the marketing of each self-distributed feature, we will dedicate \$1.25 million towards casting in order to have star cameos and to be able to cast one major role as a recognizable face and name.

5) **Combined Wisdom of Hollywood**

The combined talents of DME's officers represent over 10 years of formal

training and over \$150,000 of our money. The most successful people in Hollywood, including Joe Roth (President, Revolution Studios), Peter Guber (President, Mandalay Pictures), and Jeremy Zimmer (President, United Talent Agency) have shared their secrets for success with DME's founders. Together, DME represents the combined wisdom of Hollywood.

Individual Digital Feature Timeline

		Year 1												Year 2													
		Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4				
		Mo.	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	
Development																											
	Development	1	X																								
Production																											
	Pre-Production	1		X																							
	Production	1			X																						
	Post Production	3				X	X	X																			
Promotion																											
	Film Festivals/ Markets/ Press Junkets	3							X	X	X																
Distribution																											
	Art Houses & Independents	1										X															
	International											X	X	X	X	X	X	X	X	X							
	DVD-CD Sell-Through/ DVD Rentals/ VHS Rentals & Sell-Through / Pay Per View	6										X	X	X	X	X	X										
	Premium Cable	1																X									
	Basic Cable / Broadcast Television	1																	X								
Revenues																											
	Art Houses & Independents	1													X												
	International														X	X	X	X	X	X	X	X	X				
	DVD-CD Sell-Through/ DVD Rentals/ VHS Rentals & Sell-Through / Pay Per View	6													X	X	X	X	X	X							
	Premium Cable	1																					X				
	Basic Cable / Broadcast Television	1																						X			

MARKET RESEARCH & FINANCIAL PROJECTIONS AVAILABLE UPON REQUEST

Table 1 Selected Features with Budgets of \$200,000 to \$3,500,000 (\$Millions)

Features	Domestic Revenue			Foreign Revenue ^c	Total Revenue ^d	Costs			Distributor's Gross Profit
	Box Office	Rentals ^a	Other ^b			Budget	P&A	TOTAL	
Blair Witch Project	140.5	70.3	40.1	100.0	210.4	(0.2)	(10.0)	(10.2)	200.2
Boys Don't Cry	11.5	30.0	17.0	0.7	47.7	(2.0)	(4.0) ¹	(6.0)	41.7
Buena Vista Social Club	7.0	1.5	0.9	11.6	14.0	(0.9)	(0.2)	(1.1)	12.9
Chasing Amy	12.0	19.5	11.3		30.8	(0.4)	(3.1) ¹	(3.5)	27.3
Full Monty, The	46.0	32.4	21.2	200.1	253.7	(3.0)	(10.0)	(13.0)	240.7
House Party	26.0	13.0	8.1		21.1	(2.6)	(3.2)	(5.8)	15.3
Menace II Society	27.7	14.0	10.4		24.4	(3.5)	(6.7)	(10.2)	14.2
Originals Kings of Comedy	38.2	38.2	25.5		63.7	(3.0)	(12.8) ¹	(15.8)	47.9
Spanish Prisoner, The	9.6	8.9	4.6		13.5	(1.5)	(0.3)	(1.8)	11.7
Trainspotting	15.0	8.0	6.1	55.6	69.7	(3.1)	(4.1)	(7.2)	62.5

^aRentals equal distributor's share of U.S. box office which is customarily 45% - 55%

^bDomestic Other Revenue estimate includes television, cable, video, and all other non-theatrical sources of revenue.

^cForeign Revenue includes both theatrical and ancillary revenues.

^dTotal Revenue equals Domestic Rentals, Domestic Other, and Foreign.

^eGross Profit before Distributor's fee is removed.

¹Estimated

Source: Daily Variety, Hollywood Reporter, Showbizdata, Worldwideboxoffice.com, Box Office Guru, Kagan World Media

Table 2 Selected Features with Budgets of \$6,100,000 to \$10,000,000 (\$Millions)

Features	Domestic Revenue			Foreign Revenue ^c	Total Revenue ^d	Costs			Distributor's Gross Profit
	Box Office	Rentals ^a	Other ^b			Budget	P&A	TOTAL	
Boyz In the Hood	55.0	29.0	21.3		50.3	(6.5)	(13.5)	(20.0)	30.3
Bring It On	68.4	34.2	25.2	13.0	72.4	(10.0)	(16.2) ¹	(26.2)	46.2
Crying Game, The	62.5	31.0	21.5		52.5	(6.0)	(12.0)	(18.0)	34.5
Life is Beautiful	57.6	28.8	15.7	171.4	215.9	(7.2)	(2.6)	(9.8)	206.1
New Jack City	47.6	25.0	17.7		42.7	(7.5)	(10.3)	(17.8)	24.9
Piano, The	40.2	20.0	13.4	88.9	122.3	(7.3)	(6.8)	(14.1)	108.2
Problem Child	51.7	25.9	18.6		44.5	(9.0)	(11.4)	(20.4)	24.1
Pulp Fiction	108.0	12.0	12.4	105.0	129.4	(8.4)	(12.8)	(21.2)	108.2
Rich Man's Wife, The	55.9	28.0	22.1		50.0	(9.0)	(16.2)	(25.2)	24.8
Shine	28.8	18.0	16.2	53.3	87.5	(6.2)	(14.4)	(20.6)	66.9

^aRentals equal distributor's share of U.S. box office which is customarily 45% - 55%

^bDomestic Other Revenue estimate includes television, cable, video, and all other non-theatrical sources of revenue.

^cForeign Revenue includes both theatrical and ancillary revenues.

^dTotal Revenue equals Domestic Rentals, Domestic Other, and Foreign.

^eGross Profit before Distributor's fee is removed.

¹Estimated

Source: Daily Variety, Hollywood Reporter, Showbizdata, Worldwideboxoffice.com, Box Office Guru, Kagan World Media

Table 3 Estimated Income Statement for 16 Digital Features over 5 Years (\$Millions)

Features	Acquisition Fee	Box Office	Revenue				Costs			Distributor's Gross Profit	Est. Dist. Fees	Producer/Investor Gross Profit	Company Overhead	Net Producer/Investor Income
			Domestic Rentals ^a	Ancillary ^b	Foreign ^c	TOTAL	Budget	P&A	TOTAL					
No. 1 Self-Distributed ¹		2.1	1.1	3.2	2.5	6.7	(2.5)	(1.3)	(3.8)			5.1	(0.3)	4.8
No. 2 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.3)	5.2
No. 3 Self-Distributed ¹		2.1	1.1	3.2	2.5	6.7	(2.5)	(1.3)	(3.8)			5.0	(0.2)	4.8
No. 4 Distribution Deal ²		7.0	3.5	10.7	7.9	22.1	(2.5)	(6.7)	(9.2)	12.9	(7.7)	5.2	(0.2)	5.0
No. 5 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.2)	5.2
No. 6 Self-Distributed ¹		2.1	1.1	3.2	2.5	6.7	(2.5)	(1.3)	(3.8)			5.0	(0.3)	4.8
No. 7 Distribution Deal ²		7.0	3.5	10.7	7.9	22.1	(2.5)	(6.7)	(9.2)	12.9	(7.7)	5.2	(0.3)	5.0
No. 8 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.3)	5.2
No. 9 Self-Distributed ¹		2.1	1.1	3.2	2.5	6.7	(2.5)	(1.3)	(3.8)			5.0	(0.2)	4.8
No. 10 Distribution Deal ²		7.0	3.5	10.7	7.9	22.1	(2.5)	(6.7)	(9.2)	12.9	(7.7)	5.2	(0.2)	5.0
No. 11 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.2)	5.2
No. 12 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.2)	5.2
No. 13 Distribution Deal ²		7.0	3.5	10.7	7.9	22.1	(2.5)	(6.7)	(9.2)	12.9	(7.7)	5.2	(0.2)	5.0
No. 14 Distribution Deal ²		7.0	3.5	10.7	7.9	22.1	(2.5)	(6.7)	(9.2)	12.9	(7.7)	5.2	(0.2)	5.0
No. 15 Negative Pick-Up	8.0						(2.5)		(2.5)	bv		5.5	(0.2)	5.2
No. 16 Negative Pick-Up	8.0						(2.5)		(2.5)			5.5	(0.2)	5.2
TOTALS	56.0	43.4	21.7	66.3	49.3	137.6	(40.0)	(38.4)	(78.4)	64.7	(38.7)	84.8	(3.9)	80.0

¹Prints & Advertising for self-distributed features is paid by DME

²Prints & Advertising for features with a distribution deal is paid by the distributor

^aRental revenue includes domestic VHS & DVD

^bAncillary revenue includes domestic VHS & DVD sell-through, pay per view, cable, and broadcast television

^cForeign revenue includes theatrical, VHS & DVD rentals, VHS & DVD sell-through, pay per view, cable, and broadcast television

Table 4 DIGITAL MEDIA Entertainment, Projected Cash Flow by Quarter, Years 1 to 5 (\$Millions)

	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5				YEAR 6				YEAR 7							
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
#6 - Self-Distributed¹																																
Production								(1.3)	(1.3)																							
Prints & Ads									(0.3)	(0.3)	(0.3)	(0.3)																				
DME Domestic Theatrical									2.1																							
Domestic Rentals ^a									0.7	0.3	0.1																					
Domestic Ancillary ^b											1.5								1.7													
Foreign Revenue ^c											0.8	0.5	0.3	0.6	0.2																	
#7 - Distribution-Deal²																																
Production								(1.3)	(1.3)																							
Prints & Ads									(3.6)	(0.9)	(1.7)	(0.5)																				
Domestic Rentals ^a									2.0	1.0	0.5																					
Domestic Ancillary ^b											5.0								5.7													
Foreign Revenue ^c											2.3		1.9	1.2	2.0	0.5																
Distributor Fees											(7.7)																					
#8 - Negative Pick-Up																																
Production								(1.3)	(1.3)																							
Prints & Ads																																
Negative Pick-Up									8.0																							
#9 - Self-Distributed¹																																
Production									(1.3)	(1.3)																						
Prints & Ads											(0.3)	(0.3)	(0.3)	(0.3)	(0.3)																	
DME Domestic Theatrical									2.1																							
Domestic Rentals ^a													0.7	0.3	0.1																	
Domestic Ancillary ^b															1.5				1.7													
Foreign Revenue ^c															0.8	0.5	0.3	0.6	0.2													
#10 - Distribution Deal²																																
Production									(1.3)	(1.3)																						
Prints & Ads													(3.6)	(0.9)	(1.7)	(0.5)																
Domestic Rentals ^a													2.0	1.0	0.5																	
Domestic Ancillary ^b															5.0				5.7													
Foreign Revenue ^c															2.3		1.9	1.2	2.0	0.5												
Distributor Fees															(7.7)																	

Table 4 DIGITAL MEDIA Entertainment, Projected Cash Flow by Quarter, Years 1 to 5 (\$Millions)

	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5				YEAR 6				YEAR 7			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
#11 - Negative Pick-Up																												
Production									(1.3)	(1.3)																		
Prints & Ads																												
Negative Pick-Up													8.0															
#12																												
Production									(1.3)	(1.3)																		
Prints & Ads																												
Negative Pick-Up															8.0													
#13 - Distribution Deal																												
Production													(1.3)	(1.3)														
Prints & Ads															(3.6)		(0.9)	(1.7)	(0.5)									
Domestic Rentals ^a																	2.0	1.0	0.5									
Domestic Ancillary ^b																			5.0								5.7	
Foreign Revenue ^c																			2.3	1.9	1.2	2.0	0.5					
Distributor Fees																			(7.7)									
#14 - Distribution Deal																												
Production													(1.3)	(1.3)														
Prints & Ads																	(3.6)	(0.9)	(1.7)	(0.5)								
Domestic Rentals ^a																	2.0	1.0	0.5									
Domestic Ancillary ^b																			5.0								5.7	
Foreign Revenue ^c																			2.3	1.9	1.2	2.0	0.5					
Distributor Fees																			(7.7)									
#15 - Negative Pick-Up																												
Production													(1.3)	(1.3)														
Prints & Ads																												
Negative Pick-Up																			8.0									
#16 - Negative Pick-Up																												
Production													(1.3)	(1.3)														
Prints & Ads																												
Negative Pick-Up																			8.0									

Table 4 DIGITAL MEDIA Entertainment, Projected Cash Flow by Quarter, Years 1 to 5 (\$Millions)

	YEAR 1				YEAR 2				YEAR 3				YEAR 4				YEAR 5				YEAR 6				YEAR 7			
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4
OVERHEAD	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)								
TOTALS	(1.4)	(1.4)	(1.4)	0.4	(1.0)	5.3	(0.5)	0.9	(4.3)	6.9	0.7	0.4	(2.5)	8.1	2.7	5.3	(3.7)	8.1	10.6	(0.2)	(1.6)	10.1	10.7	7.6	3.1	3.2	8.2	6.2
Cumulative Totals	(1.4)	(2.8)	(4.3)	(3.8)	(4.8)	0.4	(0.1)	0.8	(3.5)	3.3	4.0	4.4	1.9	10.0	12.6	17.9	14.2	22.3	32.9	32.6	31.0	41.1	51.8	59.3	62.4	65.6	73.8	80.0

¹Prints & Advertising for self-distributed features is paid by DME

²Prints & Advertising for features with a distribution deal is paid by the distributor

³Rental revenue includes domestic VHS & DVD

⁴Ancillary revenue includes domestic VHS & DVD sell-through, pay per view, cable, and broadcast television

⁵Foreign revenue includes theatrical, VHS & DVD rentals, VHS & DVD sell-through, pay per view, cable, and broadcast television

DME Budget Template - 7 Week Shoot - 5 Day Work Week - Local Non-Union Crew - SAG / WGA		
Description		TOTAL
Story, Rights, & Continuity		\$37,500.00
Producers Unit		\$80,000.00
Direction		\$22,500.00
Cast		\$1,250,000.00
Fringes ¹		\$80,000.00
Total Above-The-Line		\$1,470,000.00
Production		
Production Staff		\$70,000.00
Extra Talent		\$50,000.00
Art Direction		\$12,500.00
Set Construction		\$27,500.00
Set Striking		\$5,500.00
Set Operations		\$12,500.00
Special Effects		\$12,500.00
Set Dressing		\$10,000.00
Property		\$15,500.00
Wardrobe		\$15,500.00
Make-up/Hairdressing		\$15,500.00
Electric/Lighting		\$35,000.00
Camera Operations		\$32,500.00
Production Sound		\$15,500.00
Location		\$50,000.00
Transportation		\$37,500.00
Stage Facilities		\$10,000.00
2nd unit/Miniatures/ Effects		\$2,000.00
Tests		\$672.41
Fringes ²		\$45,000.00
Total Production Period		\$475,172.41
Post Production		
Editorial		\$30,000.00
Music		\$50,000.00
Post-production Sound		\$27,500.00
Post-production Film Lab / Transfer		\$45,000.00
Visual Effects & Titles		\$10,000.00
Fringes ²		\$2,500.00
Total Post Production		\$165,000.00
Other		
Publicity		\$7,500.00
General Overhead		\$37,500.00
TOTAL OTHER CHARGES		\$45,000.00
Above-The-Line		\$1,470,000.00
Below -The-Line		\$685,172.41
Direct Costs		\$2,155,172.41
Insurance	2%	\$43,103.45
Contingency	10%	\$215,517.24
Completion Bond	4%	\$86,206.90
TOTAL NEGATIVE COSTS		\$2,500,000.00

¹ATL Fringes: Cash Bond (SAG), Provision for Double Time & Meal Penalties, Stunt Adjustments, SAG/ WGA Pension & Welfare, Payroll Tax

²BTL Fringes: Payroll Tax

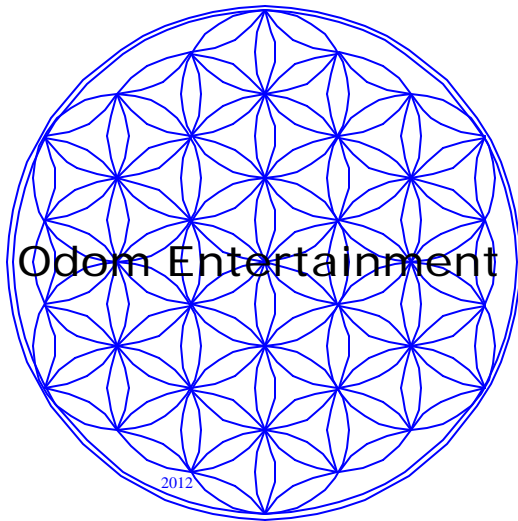
General Administrative & Overhead Costs - Year 1

Startup Costs	No.	Unit Cost	Monthly Cost	Annual Costs
Notebook Computer	3	\$ 2,000	\$ 6,000	\$ 6,000
Palm Pilot	3	\$ 450	\$ 1,350	\$ 1,350
Desktop Computer	1	\$ 1,000	\$ 1,000	\$ 1,000
Workstations	4	\$ 750	\$ 3,000	\$ 3,000
Additional Furniture			\$ 1,044	\$ 1,044
Subtotal			\$ 12,394	\$ 12,394
Monthly Operating Costs				
Office Space	1	\$ 3,500	\$ 3,500	\$ 42,000
Utilities	1	\$ 400	\$ 400	\$ 4,800
Phones	4	\$ 175	\$ 700	\$ 8,400
Office supplies	4	\$ 150	\$ 600	\$ 7,200
Insurance			\$ 750	\$ 9,000
Office Equipment Rental			\$ 750	\$ 9,000
Postage & Shipping			\$ 500	\$ 6,000
Printing & Xeroxing			\$ 500	\$ 6,000
Petty Cash				\$ 1,500
Misc.			\$ 1,000	\$ 12,000
Subtotal			\$ 8,700	\$ 105,900
Personnel Costs				
Chief Operations Officer	1		\$ 7,500.00	\$ 90,000
Head of Production	1		\$ 4,166.67	\$ 50,000
Head of Development	1		\$ 4,166.67	\$ 50,000
Office Manager / Asst.	1		\$ 2,083.33	\$ 25,000
Payroll Taxes			\$ 3,135.42	\$ 37,625
Employee Benefits			\$ 8,958.33	\$ 107,500
Subtotal			\$ 30,010.42	\$ 360,125
Consultant Services				
Technical Support	1		\$ 100	\$ 1,200
Professional Fees	1		\$ 1,000	\$ 12,000
Subtotal			\$ 1,100	\$ 13,200
Other Expenses				
Car Lease	3	\$ 725	\$ 2,175	\$ 26,100
Other Expenses	3	\$ 175	\$ 525	\$ 6,300
Travel	3	\$ 3,000	\$ 9,000	\$ 108,000
Meals & Entertainment	3	\$ 725	\$ 2,175	\$ 26,100
Cell Phone	3	\$ 300	\$ 900	\$ 10,800
Text Pager	3	\$ 75	\$ 225	\$ 2,700
Misc.			\$ 455	\$ 5,454
Subtotal		\$5,000	\$ 15,455	\$ 185,454
TOTAL			\$ 67,659	\$ 677,073

RELATED ARTICLES FROM TRADE PUBLICATIONS

- 1) (Hollywood Reporter, March 1, 2000 “DV Nation” Small-format digital video is coming of age for feature filmmaking” p. S-38)
- 2) (Hollywood Reporter, May 9-15, 2000 “Timely Code” p. 18-20)
- 3) (Hollywood Reporter, May 23-29, 2000 “Making the Waves: Guru’s Cannes win bodes well for future of digital cinema” p. 14)
- 4) (Hollywood Reporter-July 10, 2000 “DVD sales out spin predictions” p. 26)
- 5) (Hollywood Reporter, Monday, October 2, 2000 “Video Industry” p. 4,28)
- 6) (Hollywood Reporter, Wednesday, October 25, 2000 “From Beta to Boom” p. S-1)
- 7) (Hollywood Reporter, November 28 - December 4, 2000 “Analysts see global DVD boom: Asia, Latin America, Eastern Europe markets growing fast” p. 10)
- 8) (Hollywood Reporter, Wednesdays, November 29, 2000 “DVD distribution revenue up threefold worldwide” p. 10)

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