



**CONFIDENTIAL TERM SHEET
BRIDGE FINANCING**

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| Issuer | Hollywood Film Holding Corporation (“HFHC” or “Company”) |
| Mailing Address | 360 N. Pacific Coast Hwy Suite 2000 El Segundo, CA 90245 |
| Type of Entity | California Corporation |
| Security | Convertible Promissory Notes (each a “Note” and together the “Notes”). The Notes shall be unsecured general obligations of the Issuer, substantially in the form attached hereto as Exhibit A. |
| Amount of Financing | Up to a total of \$800,000.00, with a minimum individual investment amount of \$25,000.00 |
| Purchasers | Accredited Investors acting on their own account, and/or other Accredited Investors only (as defined in SEC Rule 501). |
| Interest Rate | Fifteen Percent (15.00%) per annum compounded annually (365-day basis) |
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| Maturity Date | 36 months from the date of issuance |
| No Prepayment Penalty | Issuer may pre-pay the Note in whole or in part without the Accredited Investor’s prior written consent. |
| Incentive | Accredited Investor shall receive 250 HFHC Common Shares plus 250 Common Shares from Hollywood Film Festival Corp (HFHC’s subsidiary) per each \$25,000 investment. |
| Voluntary Interest Conversion at Maturity | At Maturity, the Accredited Investor may either elect to (1) receive repayment of the Principal Amount plus any accrued and unpaid interest or (2) receive repayment of the Principal Amount plus convert the outstanding accrued and unpaid interest under the Note into a number of shares of the Issuer’s Series A Common Stock equal to the quotient obtained by dividing (i) the outstanding accrued and unpaid interest by (ii) the Voluntary Conversion Price (as defined below). |
| Voluntary Conversion Price | Quotient obtained by dividing \$5M Valuation by the number of the Issuer’s fully-diluted shares. |
| Conversion Upon A Qualified Financing | In the event of a Qualified Financing (as defined below), the Accredited Investor may either elect to (1) receive repayment of the Principal Amount plus any accrued and unpaid interest or (2) receive repayment of the Principal Amount plus convert the outstanding accrued and unpaid interest under the Note into a number of shares of the Issuer’s Series A Common Stock equal to the quotient obtained by dividing (i) the outstanding accrued and unpaid interest by (ii) the Voluntary Conversion Price (as defined above). |
| Qualified Financing | Issuance of Series A Common Stock, which subsequently raises at least \$3M of new investment capital (excluding the Notes and any other outstanding debt securities, including convertible debt |



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| | securities, issued by the Issuer). |
| Default | If the Issuer suffers an Event of Default (as defined below), the Accredited Investor may declare the Notes in default and immediately due and payable in full upon written notice to the Issuer. From that date forward, the Note will bear interest at a rate of the lower of (i) one and one half percent (1.5%) per month or (ii) the highest rate allowed by applicable law, until paid in full or converted. An Event of Default will occur if the Issuer: (i) fails to pay when due any principal or interest payment on the due date hereunder, and such payment shall not have been made within five (5) days of the Issuer's receipt of the Accredited Investor's written notice to the Issuer of such failure to pay; (ii) materially breaches any other covenant contained in this Note and such failure continues for thirty (30) days after the Issuer receives written notice of such material breach from the Accredited Investor; or (iii) voluntarily files for bankruptcy protection or makes a general assignment for the benefit of creditors. |
| Information Rights | Company will deliver to Accredited Investor all information provided to stockholders of the Company in their capacity as such and, upon Accredited Investor's request, any information a stockholder of the Company would be entitled to receive by law or under the charter documents of the Company. So long as the Note is outstanding, the Company will deliver to such Accredited Investor (a) annual unaudited financial statements within sixty (60) days following year-end and annual audited statements, if any, within ten (10) days of completion; and (b) quarterly unaudited financial statements within thirty (30) days following quarter-end. All information rights shall terminate when the Note is paid in full or converted. All Accredited Investors would agree to customary confidentiality provisions for any such information. |
| Company Agreements | The Company will covenant and agree that it is a "qualified small business corporation" for purposes of Section 1202 of the Internal Revenue Code and the rules and regulations thereunder (a "QSBC") and the shares issuable on conversion are eligible for the gain exclusion provided by Section 1202 if the holding period and other requirements are met by the Accredited Investor. |
| Governing Law | The Notes will be governed and construed in accordance with the laws of the State of California. The exclusive jurisdiction and venue for any dispute arising from this Term Sheet or the Notes will be the state and federal courts in Los Angeles County, California. |
| Expenses | Each party shall be responsible for its own costs and expenses incurred in connection with the transactions contemplated hereby. |
| Not an Offer | This Term Sheet is not a complete description of the financing and does not constitute either an offer to sell or an offer to purchase securities. |



EXHIBIT A

FORM OF CONVERTIBLE PROMISSORY NOTE