

"ARBITRAGE" – INVESTMENT SUMMARY

Arbitrage, LLC, a Delaware limited liability company, seeks an investment of \$2,700,000 to capitalize the production of "Arbitrage," a feature-film starring Al Pacino, Drake, Eva Green, and Susan Sarandon, written and to be directed by Nicholas Jarecki, beginning principal photography March 21, 2011 in New York City.

The term of the investment will be approximately 18 months beginning on January 10, 2011. The investor recoups their principal amount, as well as a 25% preferred payment. The investor will then receive 30% of ongoing net revenues from the picture's exploitation over its commercial life.

The investment will be secured by the picture negative, which will be produced for a total cash cost of \$9,642,846. The picture will be bonded by Film Finances, Inc., the world's largest motion-picture guarantor (backed by the Lloyd's of London.) This guarantees delivery of the picture on budget and schedule.

REVENUE SOURCES:

FOREIGN SALES

Our foreign sales agent Lisa Wilson at Parlay / GK Films has already made substantial foreign sales, exceeding her initial pre-sale projections by 10%.

Current foreign sales are \$4,387,000.

Further sales for remaining territories are estimated between \$3,465,000 and \$4,422,000. The estimates for these sales were computed using the same method as those that were used for the initial sales. These further sales will be made at markets (Cannes, Berlin) after the picture has begun production and generated viewable footage, as well as at distributor screenings upon completion of the picture.

Total foreign sales are projected between \$7,852,500 and \$8,809,500

TAX CREDITS

New York State and New York City provide a combined tax incentive of 35% on non-talent ("Above the Line") expenditures to film producers.

Based on our film's cash budget (\$9,644,000) we expect a rebate of \$1,995,000.

US SALES

Upon completion, the picture will be shown to film distributors in the United States. Our sales strategy will consist of a premiere at a major film festival like Cannes, Toronto, or Sundance- or private distributor screenings.

We project between \$2,500,000 to \$4,500,000 in income from a US distributor.

"Arbitrage" has significant domestic value even in non-theatrical markets like VOD, DVD, and Television. Non-theatrical revenues alone will likely total \$2MM in worst-case.

THE DEAL:

In brief, the picture will be financed by a combination of debt, distributor deposits, and equity. The debt and deposits will net \$6,142,826 to the production. \$3,500,000 remains required after those sources.

Arbitrage, LLC has secured a product placement agreement from zappos.com for \$300,000 for inclusion of their marketing materials (box) in the film, reducing the equity need to \$3,200,000.

Nicholas Jarecki will contribute \$500,000 to the equity pool, participating on the same terms as the other equity investors. He will also defer his writing and directing fee, and provide several key locations (including the Sonnenberg mansion) at no charge.

The remaining equity sought is \$2,700,000.

The debt will recoup first. Next the equity pool will recoup its principal amount of \$3,200,000 plus a 25% preference of \$800,000 for a total of \$4,000,000.

Thereafter, payments will be made to any deferred participants (GK Films will be due 7.5% of all foreign sales at this point).

Thereafter profits will be split as follows:

30% Equity

25% Lead talent pool (Al Pacino plus other key players)

45% Arbitrage, LLC (responsible for all other back-end participants)

FURTHER ATTACHED ARE:

- POWERPOINT FILM / DEAL OVERVIEW WITH CAST / LOCATION PHOTOS
- "ARBITRAGE" SCREENPLAY
- PARLAY / GK SALES REPORTS
- WATERFALL AGREEMENT
- FINANCIALS INCLUDING:
 - o PROFORMA P&L
 - o FINANCE PLAN
 - o BANK "EXHIBIT A"

For more information, please contact:

Arbitrage, LLC
77 White Street
New York, NY 10013

