

, LLC

\$100,000,000

Film Fund With State Tax Incentives + 100% Federal Deductions Under “American Jobs Creation Act of 2004 (Section 181)”

(For Corporate, Institutional, and High Net Worth Accredited Investors)

Finance, Co-Finance, Produce, Distribute 20-30 Films, International Distribution

May, 29 2008

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MISSION STATEMENT

ABC, LLC (“The Company”) is seeking to raise a Series A round \$100,000,000 (“The Fund”) to finance, co-finance, produce, and distribute 20-30 films (“THE FILMS”) for the largest segment of the global movie-going population in the United States and overseas; to set up an in house foreign sales agency.

The Company will seek to utilize a risk minimization strategy that will seek to include any one and/or combination of the following:

- Offering investors up to 75-100% ROI (before revenues) utilizing “The American Jobs Creation Act of 2004: Section 181”, which allow for 100% deductions in film investments, and, utilizing tradable state tax credits or cash rebates in such states as Michigan, Illinois, Rhode Island, Massachusetts, Connecticut, Louisiana, and, Puerto Rico, and, utilizing Section 199 Federal tax incentives.
- Obtaining additional financing as senior and mezzanine debt that can leverage the Fund’s equity position in obtaining a full 100% Section 181 deduction of the entire budget of a film, especially if current credit and interest terms are attractive and would make it beneficial without diluting the revenue premiums of low-medium budget size films.
- Cofinancing certain films by arranging either U.S. studio domestic and/or foreign distribution advances and minimum guarantees that may cover 30-100% of the budgets on certain films prior to their production, and in some instances exceeding the cost of production.
- Setting up an in-house foreign sales agency that will retain 100% of the foreign source income of the Company’s movies and those acquired for international sales from other production companies. For those films that the Company co-finances with a major U.S. studio, the retention of foreign film sale rights would be an extremely lucrative part of the Company’s growth and film library
- Setting up a separate Prints & Advertising Fund That would guarantee studio distribution for a flat fee and/or launching a domestic theatrical distribution company (See “Advisory Board)
- Seeking to capitalize on the success of high quality and sophisticated independently financed films such as “Broke Back Mountain”, “Capote”, “Napoleon Dynamite”, “Garden State”, “Crash”, “SAW 1,2,3,4”, “My Big Fat Greek Wedding”, “Wolf Creek”, “Hostel”, and numerous other films where the commercial and Academy Awards upside potential has been increasingly growing due to the current lack of major studio in-house productions, but aggressive increase in the studio purchase of independently financed films, as well as the international audience growing demand for story-driven films that are not lunch box movies. The Company will also seek to produce several films that are 3-D as 3-D cinema and theatrical projection for such is increasing at large rates throughout the world.
- For smaller films, partnering up with a “political machine” which may include other noted and established producers, executive producers, producer’s representatives and/or top tier motion picture agents, actors, directors, attorneys, etc., who either have a highly successful box office track record, a relationship with a specific star to be in the Film, or a relationship with a particular film festival that would ensure a greater propensity of a successful distribution deal. (See “Distribution Strategy”)

- Focusing on developing film projects in house which will allow the Company to internally control the costs of a film, rights acquisition, talent fees, and optimal distribution structures without being at the mercy to a particular studio for overpaying on talent and excessive producer fees.
- Retaining Internet rights, Video-On-Demand, And DVD download to own rights for a separate multilingual video-on-demand and social networking site, FILMDEMAND.com, that the Company's management is developing separately.
- Allocating 100% of all revenues from the Films to Investors initially until they are paid back the cost of the Fund's equity allocation for each project, then a percentage of all subsequent revenues which is far more superior than competitor film funds.

EXECUTIVE SUMMARY

The Company's concept comprises a business model that will seek to provide an efficient and profitable exit strategy to investors including immediate ROI through Section 181 deductions and tradable state tax credits and/or rebates; finance, co-finance and produce 20-30 Films whose story lines will excite, scare, sadden, thrill global movie goers; have an operational and management model that will be void of excessive and unnecessary overhead that is commonplace in other Film Companies and film projects; and will have an opportunity to stimulate local economic development starting with Illinois, create jobs (including for women and minorities), and attract additional economic growth through the promotion of filmed entertainment.

Our concept stems from the Company founder's realization of ten current marketplace trends and opportunities:

- Larry Ellison Of Oracle, Sergey Brin And Larry Page Of Google, Fred Smith, the CEO of Federal Express, Norman Waitt, the Co-Founder of Gateway Computers, Jeff Skoll Of Ebay, Todd Wagner and Marc Cuban (formerly of broadcast.com), Max Levchin and David Grodnick Of PAYPAL, Marc Turteltaub of The Money Store, Roger Marino Of EMC Corp, former Chicago bulls co-owner Jim Stern, Sidney Kimmel Of Jones Apparel Group, Minnesota Twins owner Bill Pohlard; Real Estate Developers Tom Rosenberg, Bob Yari; and, financiers Robert Sturm, Sheikh Waleed Al Ibrahim, Zeid Masri of SilverHaze Partners, Michael Singer, Mark Esses, David Larcher, Michael Goguen, Richard Landry, Michael Reilly, Rafael Fogel, and Philip Anschutz are just a handful of high net worth entrepreneurs who entered the motion picture finance and production business with successful results.
- As of the date of this business plan, Management has entered into discussions with MGM, Fox, Warner Brothers, and Paramount regarding distribution options on a slate of films. The Company may also consider launching a new domestic theatrical distribution company based in conjunction with its current advisory team.
- There are various tradable state, federal, and international tax credit incentives that would offer a premium based on an equity position. Assuming there is a 10 million dollar budget film, where 50% of it is in equity, and 65% is through international distribution guarantees and/or tranches of debt prior to production. Now assume there is a 20-25% tax credit on the entire amount of \$10 million dollars, which will immediately translate into \$2-2.5 million tax credit to an investor + 100% deduction of the \$10 million at an investor's tax rate of 35% under Section 181 which equals \$3.5 million dollars,
- Numerous hedge funds such as Reed, Conner & Birdwell (DISNEY), Legendary Fund (Warner Brothers), Melrose Fund (Paramount Pictures), Ingenious Media's 700 Million dollar Float on London's AIM, Benjamin Waisbren Investments, Gun Hill Road,

Relativity Media, and a host of other funds and fund managers are entering the film finance arena.

- The explosion of international DVD, pay-per-view, home video, cable, megaplex theaters, the future of multi-lingual Internet video on demand downloads, and cross-market digital distribution including low-cost theatrical digital projection, the movie industry is accelerating at an unprecedented growth rate.
- The American Jobs Creation Act of 2004, which amends the Internal Revenue Code of 1986, was signed into law. The Act creates three tax incentives expressly applicable to motion pictures, one of which – § 181 of the Internal Revenue Code – is especially significant to independent film producers and their passive investors on qualifying films with budgets under \$15 million dollars, and in some instances, \$20 million.
- The filmed and other entertainment sectors are constantly outperforming and beating analyst expectations with regards to growth, and are the only industries resistant to untimely global events and adverse economic conditions.
- Movie Investor returns may be more favorable and more liquid than holding direct equity positions in most public entertainment and other public companies, real estate investments, and other alternative investments.
- There is a huge demand, audience, and growing distribution structure for specialty independent, crime, horror, and other low budget films as exemplified by the success of such films as “Brokeback Mountain”, “Sideways”, “Capote”, “Garden State”, “Napolean Dynamite”, “*Y Tu Mama Tambien*”, “My Big Fat Greek Wedding”, “Memento”, “Crash”, “Saw 1 & 2”, “Friday The 13th”, “Halloween”, “Texas Chain Saw Massacre”, “Hostel” and “WOLF CREEK”, which was made for \$800,000, bought for nearly 4 million dollars prior to its release by Dimension, as well as “Hustle and Flow” which was made for \$2 million dollars and bought for \$16 million by Paramount Pictures.
- Apart from large blockbusters such as “King Kong”, “Harry Potter”, and other large scale studio films, the majority of studio-produced films have been under performing at the box office. The films that have been successful for studios were all externally financed and or co-financed with studios, sold for 2-3 x their costs, and a majority of them retained foreign sales rights to maximize revenues.

The Company recognizes that an enormous market opportunity exists for the distribution of high concept and original independent motion picture product, especially with the growing number of theatrical chains that are building megaplexes, the explosion of the DVD and home video market, the future of Internet Video-On-Demand that will allow multilingual downloads of motion pictures for a determined price, the long term library valuation of motion picture product for pay and free television, the evolution of digital distribution that utilizes Windows Media 9 player as an expensive alternative to the high cost of theatrical film prints, and, as a hedged tangible alternative to investors that may have been exposed and adversely affected by the Internet and short-lived technology sector fallout.

According to Price Waterhouse Coopers, motion picture spending in the United States will grow at a 5.6% compound annual rate, rising from \$29 billion in 2001 to \$38.2 billion in 2006 to \$45 billion in 2008.

Home video will be the faster growing category at 5.9% compounded annually, advancing from \$20.6 billion to \$27.5 billion and will make the transition into Video On demand.

Box office spending will expand at a 4.9% compound annual rate, reaching \$10.7 billion from \$8.4 billion.

Management will select its motion pictures, the majority of which will seek to feature A-List film stars, and high quality production values, with a strategy aimed at capturing the largest segment of the motion picture audience in both the United States and abroad.

Following the successful financing, co-financing, production, and distribution of “The Violinist”, “Layers”, and several horror and other sophisticated independent films, and depending on the amounts raised and follow on amounts, the Company anticipates that it will be able to produce 5-10 films per year, co-finance certain films with either a major U.S. Studio distributor, debt tranches, and/or foreign advances and guarantees, and, retain foreign distribution rights for these.

The Company will also seek to set up a separate Prints And Advertising Fund To guarantee theatrical distribution of its motion pictures and/or launching a new distribution company.

Such multilingual content will cater specifically to huge population centers with emerging technologies and high speed broadband and fiber optics including the United States, China, Brazil and other emerging markets in South America, Russia, Asian countries including Korea, Japan, and the majority of Europe.

The Company has also started to investigate the possibility of having an IPO on the London AIM http://www.londonstockexchange.com/en-gb/products/companyservices/ourmarkets/aim_new to facilitate any future rounds of capitalization and offer investors certain medium-term liquidity options in conjunction with their initial strategies of tax incentives and multi-revenue streams from the Company’s films.

USE OF PROCEEDS

SOURCES

	Minimum Amount	Maximum Amount
Proceeds From Sale Of Membership Units	\$20,000,000	\$100,000,000
Application Of Proceeds		
Offering Expenses	\$50,000	\$250,000
Commissions (Broker Dealers, Finders, etc)	\$1,000,000	\$5,000,000
Total Offering Expenses & Fees	\$1,050,000	\$5,250,000
Net Offering Proceeds	\$18,950,000	\$94,900,000
Finance/Co-Finance “Violinist”	\$3,500,000	\$6,000,000
Finance/Co-Finance “Layers”	\$3,500,000	\$6,000,000
Finance/Co-Finance 1-2 \$2.5-4 million dollar films	\$4,500,000	\$6,500,000
Finance/Co-Finance 20-25 \$6-\$12 million dollar films at 30% -75% equity	\$5,000,000 (2-3 films)	\$71,250,000
Overhead, Hiring Of Key Executives, Setting Up In-House Foreign Sales Operation, Video On Demand Distribution, Management Fees	\$1,500,000	\$5,000,000
Total Application Of Proceeds	\$20,000,000	\$100,000,000

RISK MINIMIZATION/ANALYSIS

In conjunction with minimizing risk, the Company will spread its equity position across different budget sizes and equity amounts and may also seek to leverage a secondary round of mezzanine and senior debt finance to add additional leverage if needed.

Further, Investors may realize up to a 100% ROI, excluding profits, from Section 181 and tradable tax credits and/or cash rebates.

Since the company will establish an in-house foreign sales operation to handle the international sale and licensing of both its in-house produced films and those acquired externally, it will have a significant amount of free cash flow .

FINANCIAL STRATEGY

The Company’s modeling of financing , co-financing and internationally distributing

films exemplifies an innovative and sophisticated business model that would create a revenue stream across multiple medias and the global marketplace. (SEE PROFORMA PROJECTIONS)

Here is an example breakdown of a \$4 Million

and \$10 million dollar film in utilizing the Company's risk minimization strategy and how it applies to investors in terms of Section 181 deductions and needed state tax credits or Michigan cash rebates. The examples are based on shooting a film in IL and MI and different states have different tax credit rates. The actual amounts may be subject to changes in budgets, qualifying amounts actually spent in a particular state, type of debt leverage utilized, etc.

Equity Position	Amount
ABC, LLC	\$ 5,500,000
Total Budget	\$ 10,000,000
Gap/Mezzanine/Pre-Sales Debt	\$ 4,500,000
Section 181 Deduction	\$ 3,500,000 (35% tax rate X Budget Of Film)
IL State Tax Credit	\$ 2,000,000 (20% on expenses)
Minimum ROI (Before Profits)	\$5,500,000

Equity Position	Amount
ABC, LLC	\$ 4,000,000
Total Budget	\$ 4,000,000
Section 181 Deduction	\$ 1,450,000 (35% tax rate X Budget Of Film)
IL State Tax Credit	\$ 800,000 (20% on expenses)
Minimum ROI (Before Profits)	\$2,500,000

Equity Position	Amount
ABC, LLC	\$ 5,500,000
Total Budget	\$ 10,000,000
Gap/Mezzanine/Pre-Sales Debt	\$ 4,500,000
Section 181 Deduction	\$ 3,500,000 (35% tax rate X Budget Of Film)
MI State Cash Rebate	\$ 4,000,000 (40% on expenses)
Minimum ROI (Before Profits)	\$7,500,000

Equity Position	Amount
ABC, LLC	\$ 4,000,000

Total Budget	\$ 4,000,000
Section 181 Deduction	\$ 1,450,000 (35% tax rate X Budget Of Film)
MI State Cash Rebate	\$ 1,600,000 (40% on expenses)
Minimum ROI (Before Profits)	\$3,050,000

EXIT STRATEGIES

1. An Investor will receive his pro-rated share of Section 181 Federal Deductions and tradable tax credits and/or cash rebates
2. An Investor will then receive 100% of his pro-rated equity position in a particular film until such equity is recouped and then 50% of his pro-rated equity position from the international sales, licensing and distribution of the film
3. An investor will also be able to utilize Section 199 Federal incentives.
4. An Investor will also be able to convert his investment into publicly traded stock upon a reverse merger or other public stock exit
5. On certain films, the Company anticipates that it will seek to sell such films for 2-3x their cost at major international film markets and film festivals, exclusive of the sales it generates from international licensing and sales
6. On larger budgeted films where the Company will only put up 20-40% of the budget, the Company anticipates that it will generate enough revenues to cover the costs of such initial equity from the foreign and/or certain domestic presales of such films
7. For any Films that the Company represents and acquires externally for international sales only, Investors shall receive 5% from the international sales and licensing of such films.

SECTION 181 & TRADABLE STATE TAX CREDIT AND STATE CASH REBATE INFORMATION

Today, a majority of the states have some sort of incentive in place for audiovisual productions, the most aggressive being Connecticut, Illinois, Louisiana, Massachusetts, New Jersey, Pennsylvania, Rhode Island, New Mexico, Hawaii, Mississippi, North and South Carolina, Florida and Arizona. And even states like Wisconsin and Idaho that do not yet have any

significant tax incentives are currently crafting them. A federal level incentive has also been implemented, and is known as Section 181 of the US Jobs Creation Act of 2004.

How Section 181 specifically works is that it enables qualifying investors to take 100% deductions of their investments into qualifying audiovisual productions, as detailed below