

NÚMERO DE CONTRATO: 2010-000025

**MEMBERSHIP INTEREST
SUBSCRIPTION AGREEMENT**

OF

ISLA FILM PRODUCTIONS, L.L.C.

A PUERTO RICO LIMITED LIABILITY COMPANY

AND

PUERTO RICO FILM COMMISSION

140 CLASS A UNITS

OCTOBER 22, 2009

Related to the project provisionally entitled

“AMÉRICA”

Contract Number Número de Contrato	2010-000025	
Execution Date Fecha de Otorgamiento	October 22, 2009	
Effectiveness Period Período de Efectividad	October 22, 2009 to October 22, 2024	
Name of Parties and Representatives Nombres de la partes y representantes	<i>NOMBRE</i>	NÚM. ID PATRONAL
	CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO, represented by Mariella Pérez Serrano	690-66-0132
	ISLA FILM PRODUCTIONS, L.L.C.. represented by its managing member, Isla Films, Inc., represented by Frances Lausell	660-46-0897
Account Number Número de Cuenta	248-234-00000-81-2002	
Amount Cantidad	\$140,000.00	

MEMBERSHIP INTEREST SUBSCRIPTION AGREEMENT
dated as of October 22, 2009 (this "Agreement") between:

ISLA FILM PRODUCTIONS, L.L.C., a Puerto Rico limited liability company (the "Company"), and

THE CORPORATION FOR THE DEVELOPMENT OF THE ARTS, SCIENCES AND CINEMATOGRAPHIC INDUSTRY OF PUERTO RICO (hereinafter referred to as the "PUERTO RICO FILM CORPORATION" or the "PRFC"), a public corporation of the Commonwealth of Puerto Rico, organized pursuant to the provisions of its enabling act, Law Number 121 of August 17, 2001, as amended.

BACKGROUND

WHEREAS, PRFC wishes to subscribe for and purchase, and the Company desires to issue and sell, the PRFC Interest (as hereinafter defined) on the terms and subject to the conditions set forth herein; and

WHEREAS, capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Limited Liability Company Operating Agreement of the Company, dated as of October 22, 2009, as amended (the "LLC Agreement").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
THE INTERESTS

Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to PRFC, and PRFC, agrees to purchase from the Company, the PRFC Interest for the

aggregate PRFC Purchase Price on the Closing Date. The PRFC Interest shall be issued to PRFC pursuant to Article II hereof and shall be subject to the terms and provisions of the LLC Agreement.

ARTICLE II PURCHASE AND SALE

Section 2.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, the Company agrees to issue and sell to PRFC, and PRFC agrees to purchase from the Company, at the Closing, a number of Class A Membership Interests equal to 140 Class A Membership Interests (the "PRFC Interest"). Each such Class A Membership Interest shall be purchased by PRFC for a purchase price equal to \$1,000.00 per Class A Membership Interest (the "PRFC Purchase Price"), and shall be issued by the Company to PRFC.

Section 2.2 Payment of Purchase Price; Closing. The Company will deliver the PRFC Interest to PRFC, against payment by or on behalf of PRFC, of the aggregate PRFC Purchase Price, as set forth above in Section 2.1, by wire transfer in immediately available funds to the account designated by the Company on Annex A or by check. The time and date of such delivery and payment shall be mutually agreed by the parties (such time being referred to herein as the "Closing Date," and the closing of the transactions contemplated by this Agreement, the "Closing"), but in any event no later than ten (10) days prior to the commencement of principal photography as determined by the Company. The Closing shall take place at the such place mutually agreed by the parties, at which time the parties shall make the deliveries described below.

1. Deliveries by the Company. At the Closing, the Company shall deliver or cause to be delivered to PRFC: (i) a certificate, dated the Closing Date, of an executive officer of the Company, certifying that, as of such date, the representations and

warranties of the Company contained herein are accurate, true and correct with the same force and effect as though made on and as of such date and that the books and records of the Company have been adjusted to reflect the issuance of the PRFC Interest to PRFC;(ii)

1. All costs/expense reports not delivered in connection with the issuance of the 326 Class A member Units.
2. Filming itinerary/"shooting schedule", scene breakdown / "breakdown", "days out of days"
3. Access to main cast rehearsals
4. Access to the Directors of Costume Design and Art department.

(b) Deliveries by PRFC. At the Closing, PRFC shall deliver or cause to be delivered the following to the Company : (i) the aggregate PRFC Purchase Price to wit \$140,000;

ARTICLE III REPRESENTATIONS AND WARRANTIES OF THE COMPANY

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The Company represents and warrants to PRFC as of the date hereof and as of the Closing that:

Section 3.1 Due Organization. The Company has been duly formed and validly exists as a Puerto Rico limited liability company in good standing under the laws of the Commonwealth of Puerto Rico.

Section 3.2 Authorization. The Company has the requisite power to enter into this Agreement and the transactions and agreements contemplated hereby (the "Transactions") and to carry out its obligations hereunder and thereunder. This Agreement has been duly authorized, and this Agreement has been duly executed and delivered by the Company and constitutes a valid and binding agreement enforceable in accordance with its terms, except, to the extent that enforceability may be limited by applicable bankruptcy,

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insolvency, reorganization or other laws affecting the enforcement of creditors rights generally or by general equitable principles. Neither the execution and delivery of this Agreement, the consummation of the Transactions, nor compliance with the terms, conditions or provisions of this Agreement will be a violation of any of the terms, conditions or provisions of the Company's Certificate of Formation or the LLC Agreement (as amended through the Closing Date).

Section 3.3 Due Issuance. The Interests have been duly authorized, and when issued and delivered against payment therefor as provided herein, will be duly and validly issued, fully paid and non-assessable.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF PRFC

PRFC (each, a "Purchaser") represents and warrants to the Company as of the date hereof and as of the Closing that:

Section 4.1 Due Organization. Purchaser is duly organized and is validly existing and in good standing under the laws of its jurisdiction of formation. /

Section 4.2 Authorization. Purchaser has the requisite power to enter into this Agreement and the Transactions and to carry out its obligations hereunder and thereunder. This Agreement has been duly authorized, executed and delivered by Purchaser and constitutes a valid and binding agreement of Purchaser enforceable in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors rights generally or by general equitable principles. Neither the execution and delivery of this Agreement, consummation of the Transactions, nor compliance with the terms, conditions or provisions of this Agreement, will be a violation of any of the terms, conditions or provisions of Purchaser's charter and bylaws or comparable organizational documents.

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Section 4.3 Access to Information. Purchaser has been supplied with and has had access to such information as it deems relevant to entering into this Agreement and has had the opportunity to inquire of management of the Company as to any such information.

ARTICLE V
CONDITIONS TO CLOSING

Section 5.1 Conditions to the Obligations of the Company. The obligations of the Company hereunder shall be subject to the following conditions:

(a) All representations and warranties and other statements of the Purchaser herein are, at and as of the Closing, true and correct; and

(b) The Purchaser shall have performed all of its obligations hereunder theretofore to be performed.

Section 5.2 Conditions to the Obligations of the Purchaser. The obligations of the Purchaser hereunder shall be subject to the following conditions:

(a) All representations and warranties and other statements of the Company herein are, at and as of the Closing, true and correct

(b) The Company shall have performed all of its obligations hereunder theretofore to be performed;

(c) (i) the Company shall not have failed to pay any principal of or interest on indebtedness for borrowed money within any applicable grace period following the due date thereof, (ii) no such indebtedness shall have been accelerated by the holders thereof because of a default under any of the terms of such indebtedness, and (iii) the Company shall not have failed to pay any required distributions within any

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applicable grace period following the due date thereof pursuant to the terms of any agreement;

(d) since the date of this Agreement, there shall not have been any event, change, effect or development that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Company and its subsidiaries, taken as a whole (an "MAE");

(e) no law, regulation, injunction or other legal restraint or prohibition preventing the consummation of the Transactions shall be in effect;

(f) neither the Company nor any of its material subsidiaries shall have (i) commenced a voluntary proceeding under Title 11 of the United States Code, as amended (the "Bankruptcy Code") or any other state or federal bankruptcy law, (ii) consented to the entry of an order for relief against it in an involuntary case under the Bankruptcy Code or any other state or federal bankruptcy or insolvency law, (iii) consented to the appointment of a custodian of it or for substantially all of its property, or (iv) made a general assignment for the benefit of its creditors, and no court of competent jurisdiction shall have entered an order for relief against the Company or any such subsidiary in an involuntary case under the Bankruptcy Code or any other state or federal bankruptcy law; and

(g) in the case of PRFC, PRFC shall have received from the U.S. Treasury funds in an amount at least equal to the aggregate PRFC Purchase Price, the use of proceeds of which is limited by PRFC's consummation of the purchase of the PRFC Interest.

ARTICLE VI MISCELLANEOUS

Section 6.1 Further Assurances. Each party hereto shall do and perform or cause to be done and performed all

302

further acts and shall execute and deliver all other agreements, certificates, instruments and documents as any other party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 6.2 Public Announcements. The parties shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, and none of the parties shall issue any press release or make any public statement without the prior written consent of the other parties, except as may be required by law and then only with such prior consultation with the other parties to the extent practicable.

Section 6.3 Amendments and Waivers.

(a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is duly executed and delivered by the Company and each of the Purchasers; and

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 6.4 Survival. The representations and warranties of the parties shall survive the Closing forever.

Section 6.5 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective legal successors and permitted assigns. No provision of this Agreement is intended

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to confer any rights, benefits, remedies, obligations or liabilities hereunder upon any person or entity other than the parties and their respective legal successors and permitted assigns. Neither of the Purchasers may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other parties hereto.

Section 6.6 Notices. Any notice or other communication provided for herein or given hereunder to a party shall be in writing and shall be given by delivery, by telex, telecopier or by mail (registered or certified mail, postage prepaid, return receipt requested) to the respective parties as follows:

If to PRFC: Puerto Rico Film Corporation
Ave. F.D. Roosevelt 355
Suite 106.
Hato Rey, PR00918
P.O Box 372350
San Juan, P.R. 00937-2350

If to Isla Film Productions, L.L.C.:
Frances Lausell
Isla Films, Inc.
1509 López Landrón
Piso 8
San Juan, PR 00914
Email: isladigital@aol.com

or to such other address with respect to a party as such party shall notify the other in writing.

Section 6.7 Entire Agreement. This Agreement constitutes the entire agreement, and supersedes all other prior agreements and understandings, both written and oral, among the parties and their affiliates with respect to the subject matter hereof.

Section 6.8 Expenses. Except as otherwise expressly contemplated herein to the contrary, regardless of whether the

Transactions are consummated, each party shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement and the consummation of the Transactions.

Section 6.9 Captions. The Section and Paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof.

Section 6.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. This Agreement shall become effective when each party shall have received counterparts hereof signed by each of the other parties.

Section 6.11 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF PUERTO RICO, WITHOUT REGARD TO THE CONFLICTS OF LAW RULES OF SUCH JURISDICTION.

Section 6.12 Jurisdiction; Venue; Services of Process. Each of the parties hereby irrevocably and unconditionally consents to submit to the exclusive jurisdiction of the Puerto Rico Court of First Instance, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action or proceeding, the United States District Court for the District of Puerto Rico, for any proceeding arising out of or relating to this Agreement and the Transactions (and agrees not to commence any proceeding relating thereto except in such courts), and further agrees that service of any process, summons, notice or document by U.S. registered mail to its respective address set forth in this Agreement shall be effective service of process for any proceeding brought against it in any such court.

Section 6.13 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of

competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party.

Section 6.14 No Presumption Against Drafter. Each of the parties has jointly participated in the negotiation and drafting of this Agreement. In the event of an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by each of the parties and no presumptions or burdens of proof shall arise favoring any party by virtue of the authorship of any of the provisions of this Agreement.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first executed.

Puerto Rico Film Commission



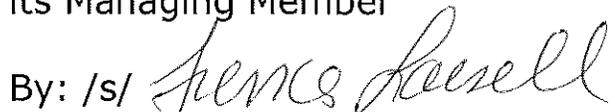
By: /s/

Name: Mariella Pérez Serrano

Title: Executive Director

ISLA FILM PRODUCTIONS, L.L.C.

By: Isla Films, Inc.
its Managing Member



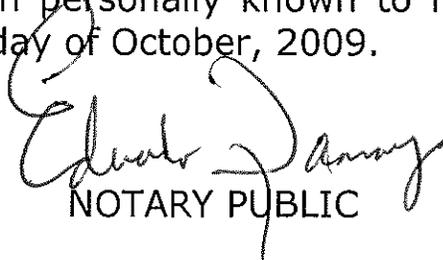
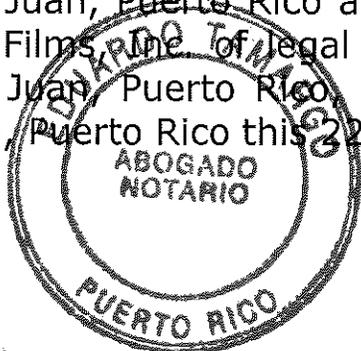
By: /s/ Frances Lausell

Title: Authorized Signatory

[Membership Interests Subscription Agreement Signature Page]

Affidavit number: 6493

Acknowledged and subscribed to before me by Mariella Pérez Serrano, as Executive Director of Puerto Rico Film Corporation, of legal age, married, executive and resident of San Juan, Puerto Rico and by Frances Lausell, as President of Isla Films, Inc. of legal age, single, producer and resident of San Juan, Puerto Rico, both personally known to me, in San Juan, Puerto Rico this 22nd day of October, 2009.



NOTARY PUBLIC

Annex A
PRFC
WIRING INSTRUCTIONS

LEGAL NAME: ISLA FILM PRODUCTIONS, L.L.C.

PLACE OF INCORPORATION: Puerto Rico

CASH/FED WIRE:

ABA:

A/C:

A/C Name: Isla Film Productions, L.L.C.

