

**SLEEPLESS MUSICAL, LLC
3905 STATE STREET, SUITE 7-237
SANTA BARBARA, CALIFORNIA 93105**

Dated as of _____, 2019

[Investor]
[Address Line 1]
[Address Line 2]

RE: “Sleepless - The New Musical”

Dear [Investor]:

The following sets forth the terms of the agreement between [Investor] (“you”) and Sleepless Musical, LLC (“us” “we” or “the Company”):

WHEREAS, we have secured the dramatic rights to produce a musical play (the “**Play**”) based upon the original story and screenplay of the motion picture “Sleepless In Seattle” from Tri-Star Pictures and Jeff Arch;

WHEREAS, we have engaged Michael Burdette to adapt the libretto originally written by Jeff Arch, and Robert Scott and Brendan Cull to write the music & lyrics (the foregoing collectively being referred to herein as the “**Dramatists**”), and intend to engage other creative artists;

WHEREAS, in order to engage the Dramatists and other creative artists as contemplated above and ready the Play for commercial production, it is necessary for us to raise development funds;

WHEREAS, we anticipate other developmental costs, including but not limited to travel expenses, legal, accounting and general management fees, studio and workshop costs, option fees and advances and other pre-production developmental costs and expenses; and

WHEREAS, in order to raise such developmental funds, we are offering an investment of up to \$107,000.00 in Net Operating Profit Participation Rights of Sleepless Musical, LLC, in reliance on Section 4(a)(6) of the Securities Act of 1933, as amended and pursuant to Regulation CF, as further set forth in the Subscription Agreement by and between the parties hereto, dated as of even date herewith (the “Offering”).

NOW, THEREFORE, you and we hereby agree as follows:

1. Investment.

a) You agree to contribute a total of \$XX,XXX (your “**Investment**”) toward the development activities for the Play, payable on execution hereof.

You will deposit the Investment in an escrow account with Evolve Bank & Trust Co., and such funds shall be available upon the closing of the Offering. We intend to use your Investment for working capital purposes which may include payment for development purposes such as: (a)

payment of advances or fees to the Dramatists and underlying rights owners; (b) payment of advances and fees to the director and other members of the creative team, related salaries and reimbursement of their expenses; (c) payment for legal, accounting, general management and other professional advisors and office operation and other operating costs; (d) preparation of offering documents for additional fund raising; (e) preparation of demonstration materials, such as recordings of the music and lyrics; (f) payment of mounting costs for one or more readings or workshops of the Play; (g) enhancement of an out-of-town regional production, (h) payments for travel, lodging and meal expenses that we may incur in the course of development activities; and (i) payment of other business expenses that are incurred in the operation of our business.

b) There may be additional contributors who provide financing during the development or pre-production phases on a basis identical, similar to, or different to or from that set forth herein.

2. Investor Compensation.

a) Consistent with industry practice, net operating profits (that is, gross receipts in a performance week plus other sources of income to the Company such as subsidiary rights income, cast album and merchandising receipts, interest income, license fees for additional companies, etc., less all operating expenses) will first be paid to the investing members or limited partners of the Company (the “**Investors**”) until the Investors have recouped, *pro rata* and *pari passu* with one another, their aggregate investment. Following Investor recoupment, fifty percent (50%) of the adjusted net profits (that is, net profits less any contractual "off-the-top" net profit payments due to third parties) derived from the presentation of the Play (i.e., fifty (50) "points") will be allocated to the Investors, with the other fifty (50) producer points allocated to the Managers.

b) In consideration of your Investment:

2b1 With respect to the first (up to) One Hundred Thousand Dollars (\$100,000) of your Investment, you will be entitled to one (1) producer point for every four (4) Investor points to which you are entitled (i.e., a “**1-for-4**” deal). By way of illustration, if the total capitalization is Twelve Million Five Hundred Thousand Dollars (\$12,500,000), then for the first One Hundred Thousand Dollars (\$100,000) of your Investment (i.e., 0.8% of the total capitalization): (a) as an Investor you shall be entitled to eight-tenths of one percent (0.8%) of the fifty (50) points allocated to the Investors (i.e., four-tenths of one percent (**0.4%**) of one hundred percent [100%] of the adjusted net profits); *plus* (b) you shall further be entitled to two-tenths of one percent (0.2%) of the fifty (50) points allocated to the producers (i.e., one-tenth of one percent (**0.1%**) of one hundred percent 100% of the adjusted net profits); and

2b2 With respect to the share of your Investment in excess of One Hundred Thousand Dollars (\$100,000), you will be entitled to one (1) producer point for every three (3) Investor points to which you are entitled (i.e., a “**1-for-3**” deal). By way of illustration, if the total capitalization is Twelve Million Five Hundred Thousand Dollars (\$12,500,000) and your Investment is Two Hundred Fifty Thousand Dollars (\$250,000), then for the next One Hundred Fifty Thousand Dollars (\$150,000) of your Investment (i.e., 1.2% of the total capitalization): (a) as an Investor you shall be entitled to one and two-tenths percent (1.2%) of the fifty (50) points allocated to the Investors (i.e., six-tenths of one percent (0.6%) of one hundred percent 100% of the adjusted net profits); *plus* (b) you shall be further entitled to four-tenths of one percent (0.4%) of the fifty (50) points allocated to the producers (i.e., two-tenths of one percent (0.2%) of one hundred percent 100% of the adjusted net profits).

3. Risk. You understand that a contribution at this early stage of development is high-

risk capital. You are authorizing immediate use of your Investment and waiving a right of refund. If development or pre-production of the Play is abandoned at any stage, for any reason whatsoever, or the Company is never organized or fully capitalized, then our sole obligation will be to furnish you with an accounting showing the portion spent of your Investment and to return to you any unused balance *pro rata* with other similarly-situated Investors. That is, in such event you may receive none of your Investment back, and it may be a total loss.

4. Representations and Warranties.

a) You represent and warrant that: (a) you are at least eighteen (18) years of age; (b) you have been informed of, understand, and accept the investment risks inherent with respect to live stage theatrical productions; and (c) you are acquiring your interest for investment purposes only and not with a view to the resale or distribution thereof.

b) You acknowledge that the risk of loss is high and that you are prepared for the possibility of total loss of your Investment and that you are able to fully bear such loss. You confirm that no promises of any kind have been made to you concerning the likelihood of success of the Play or return to you of any of your Investment or payment to you of any net profits from the Play.

c) You acknowledge that you are aware that the Securities have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, these authorities have not passed upon the accuracy or adequacy of this document. The U.S. Securities and Exchange Commission does not pass upon the merits of any Securities offered or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or other materials. These Securities are offered under an exemption from registration; however, neither the U.S. Securities and Exchange Commission nor any state securities authority has made an independent determination that these Securities are exempt from registration.

5. Management; Press. You will not be a Manager and will not have any decision-making authority with respect to the development and production of the Play. You will not hold yourself out as a Manager nor issue press releases or other public statements (including, without limitation, via social media) suggesting you are a Manager or decision-making producer. Furthermore, until the full amount of the Investment is contributed, you shall not make any statements or represent to any third parties that you are an investor in the Play. Any and all press releases or content on your website or in any other form regarding the Play shall be strictly prohibited.

6. Indemnification. It is acknowledged that you have no approval rights with respect to the Play nor shall you have any responsibilities or obligations with respect thereto, except as set forth herein. Your total liability in connection with the Play is limited to the amount of your Investment. We agree to indemnify you from and against any and all claims, liabilities or expenses, including reasonable attorneys' fees arising out of any claims by third parties which may arise hereunder unless arising from your acts or omissions.

7. Binding Agreement; Modifications. This Agreement may not be modified except by a written instrument signed by us and you. Our agreement hereunder may not be modified orally.

8. Additional Investment. At such time when we are ready to raise the full production requirements of the Play, you shall be given the first opportunity to contribute an additional amount toward the total capitalization of the Company proportionate to the amount your Investment hereunder bears to the aggregate front money contributions raised by us, it being understood that

your right to make the additional contributions to Company shall be subject to you and us reaching an agreement in good faith with respect to the financial and other terms of the additional investment.

9. Governing Law. This Agreement shall be governed and enforced in accordance with the laws of the State of California applicable to contracts made and to be entirely performed therein without regard to its conflicts of laws principles. The State and Federal courts of California shall have sole and exclusive jurisdiction over any disputes which arise hereunder. In the event any action is commenced for the enforcement of this agreement, then reasonable attorney's fees and expenses shall be recoverable by the prevailing party.

[Signature Page Follows]

10. Signatures. This Agreement may be executed in counterparts, all of which counterparts, when taken together, shall constitute a complete agreement. Facsimile signatures or signatures scanned and transmitted electronically (e.g., by .PDF, .TIFF, .GIF, .JPEG, .BMP or similar computer files) shall have the same force and binding effect as original signatures. If this letter correctly sets forth your understanding, please sign and return one copy of this letter to us.

Sincerely yours,

Sleepless Musical, LLC

By: David Shor, its Manager

I have read and understand the foregoing, and I agree to all of the terms of this letter.

AGREED:

[Investor]

Signature: _____

Print Name: _____

Title: _____

SSN or Tax ID: _____

Contact Phone Number: _____

Contact E-mail: _____