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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY FASHION, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 15-11989 (MEW)

(Jointly Administered)

NOTICE OF FILING OF UPDATED EXHIBIT M TO THE PLAN

PLEASE TAKE NOTICE that on January 11, 2016, in accordance with Plan Proponents' Second Amended Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code [Dkt. No. 1143; Ex. A] (as may be amended, modified or supplemented from time to time, the "**Plan**"), the above-captioned debtors and debtors in possession (collectively, the "**Debtors**"), along with Ryan C. Kavanaugh and Joseph Nicholas (together with the Debtors, the "**Plan Proponents**") filed the *Notice of Filing of Plan Supplement for Those Receiving the Solicitation*

¹

The Debtors in these chapter 11 cases are as set forth on: see page (i).

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Relativity Fashion, LLC (4571); Relativity Holdings LLC (7052); Relativity Media, LLC (0844); Relativity REAL, LLC (1653); RILL Distribution Domestic, LLC (6528); RILL Distribution International, LLC (6749); REMOLD Financing, LLC (9114); 21 & Over Productions, LLC (7796); 3 Days to Kill Productions, LLC (5747); A Perfect Getaway PER, LLC (9252); A Perfect Getaway, LLC (3939); Armored Car Productions, LLC (2750); Best of Me Productions, LLC (1490); Black Or White Films, LLC (6718); Blackbird Productions, LLC (8037); Brant Point Productions, LLC (9994); Brick Mansions Acquisitions, LLC (3910); Brilliant Films, LLC (0448); Brothers Productions, LLC (9930); Brothers Servicing, LLC (5849); Catfish Productions, LLC (7728); Cine Productions, LLC (8359); Kingpost, LLC (8440); Cisco Beach Media, LLC (8621); Cliff Road Media, LLC (7065); Den of Thieves Films, LLC (3046); Don Jon Acquisitions, LLC (7951); DR Productions, LLC (7803); Einstein Rentals, LLC (5861); English Breakfast Media, LLC (2240); Furnace Films, LLC (3558); Gotten Acquisitions, LLC (6562); Great Point Productions, LLC (5813); Guido Contain Films, LLC (1031); Hooper Farm Music, LLC (3773); Hooper Farm Publishing, LLC (3762); Hummock Pond Properties, LLC (9862); Hunter Killer La Productions, LLC (1939); Hunter Killer Productions, LLC (3130); In The Hat Productions, LLC (3140); J&J Project, LLC (1832); JAG Acquisitions, LLC (9221); Left Behind Acquisitions, LLC (1367); Long Pond Media, LLC (7197); Madame Publishing, LLC (9356); Madame Road Music, LLC (9352); Mad vine MR., LLC (0646); Malaria Productions, LLC (8636); MB Productions, LLC (4477); Merchant of Shanghai Productions, LLC (7002); Mahomet Media LLC (7371); Miracle Shot Productions, LLC (0015); Most Wonderful Time Productions, LLC (0426); Movie Productions, LLC (9860); One Life Acquisitions, LLC (9061); Orange Street Media, LLC (3089); Out Of This World Productions, LLC (2322); Paranoia Acquisitions, LLC (8747); Phantom Acquisitions, LLC (6381); Pocono Productions, LLC (1069); Relative Motion Music, LLC (8016); Relative Velocity Music, LLC (7169); Relativity Development, LLC (5296); Relativity Film Finance II, LLC (9082); Relativity Film Finance III, LLC (8893); Relativity Film Finance, LLC (2127); Relativity Films, LLC (5464); Relativity Foreign, LLC (8993); Relativity India Holdings, LLC (8921); Relativity Jackson, LLC (6116); Relativity Media Distribution, LLC (0264); Relativity Media Films, LLC (1574); Relativity Music Group, LLC (9540); Relativity Production LLC (7891); Relativity Rogue, LLC (3333); Relativity Senator, LLC (9044); Relativity Sky Land Asia Holdings, LLC (9582); Relativity TV, LLC (0227); Reveler Productions, LLC (2191); RILL Acquisitions I, LLC (9406); RILL Acquisitions II, LLC (9810); RILL Acquisitions III, LLC (9116); RILL Acquisitions IV, LLC (4997); RILL Acquisitions IX, LLC (4410); RILL Acquisitions V, LLC (9532); RILL Acquisitions VI, LLC (9640); RILL Acquisitions VII, LLC (7747); RILL Acquisitions VIII, LLC (7459); RILL Acquisitions X, LLC (1009); RILL Acquisitions XI, LLC (2651); RILL Acquisitions XII, LLC (4226); RILL Acquisitions XIII, LLC (9614); RILL Acquisitions XIV, LLC (1910); RILL Acquisitions XV, LLC (5518); RILL Bronze Films, LLC (8636); RILL Damascus Films, LLC (6024); RILL Desert Films, LLC (4564); RILL Documentaries, LLC (7991); RILL DR Films, LLC (0022); RILL Echo Films, LLC (4656); RILL Escobar Films LLC (0123); RILL Film Development, LLC (3567); RILL Films PR, LLC (1662); RILL Hector Films, LLC (6054); RILL Hill song Films, LLC (3539); RILL FIT Films, LLC (1255); RILL International Assets, LLC (1910); RILL Jackson, LLC (1081); RILL Kidnap Films, LLC (2708); RILL Lazarus Films, LLC (0107); RILL Nina Films, LLC (0495); RILL November Films, LLC (9701); RILL Oculus Films, LLC (2596); RILL Our Father Films, LLC (6485); RILL Romeo and Juliet Films, LLC (9509); RILL Scripture Films, LLC (7845); RILL Solace Films, LLC (5125); RILL Sonia Films, LLC (7195); RILL Timeless Productions, LLC (1996); RILL Turkeys Films, LLC (8898); RILL Very Good Girls Films, LLC (3685); RILL WEB Films, LLC (0102); Rogue Digital, LLC (5578); Rogue Games, LLC (4812); Rogue life LLC (3442); Safe Haven Productions, LLC (6550); Sanctum Films, LLC (7736); Santa Claus Productions, LLC (7398); Smith Point Productions, LLC (9118); Snow White Productions, LLC (3175); Spy Next Door, LLC (3043); Story Development, LLC (0677); Straight Wharf Productions, LLC (5858); Strangers II, LLC (6152); Stretch Armstrong Productions, LLC (0213); Studio Merchandise, LLC (5738); Summer Forever Productions, LLC (9211); The Crow Productions, LLC (6707); Totally Interns, LLC (9980); Tribes of Palos Verdes Production, LLC (6638); Tuckernuck Music, LLC (8713); Tuckernuck Publishing, LLC (3960); Wright Girls Films, LLC (9639); Yuma, Inc. (1669); Zero Point Enterprises, LLC (9558). The location of the Debtors' corporate headquarters is: 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210.

Package Related to the Plan Proponents' Second Amended Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code [Dkt. No. 1238] (the "**Plan Supplement**"). The Plan Supplement was served only on those parties who received a Solicitation Package.²

PLEASE TAKE FURTHER NOTICE that Exhibit M to the Plan Supplement, which was attached as Exhibit M to the Plan (see PDF page 79), was a term sheet summarizing the principal terms of the BidCo Note (as such term is defined in the Plan).

PLEASE TAKE FURTHER NOTICE that attached hereto as Exhibit M are two term sheets that, collectively, reflect certain amendments to the terms of the BidCo Note (the "**BidCo Note Term Sheet**") which fully supersede and replaces the Exhibit M attached to the Plan filed on December 17, 2015 (see PDF page 79). Reference should be made only to the BidCo Not Term Sheet attached as Exhibit M hereto.

PLEASE TAKE FURTHER NOTICE that the Exhibit M attached hereto is to be filed on the docket and served on those parties who received the Plan Supplement.

PLEASE TAKE FURTHER NOTICE that the Exhibit M attached hereto shall also be available in searchable format at <https://www.donlinrecano.com/Clients/rm/PlanOfReorg>.

PLEASE TAKE FURTHER NOTICE that a hearing to consider confirmation of the Plan (and in conjunction therewith, approval of the Plan Supplement and) (the "**Confirmation Hearing**") began on **February 1, 2016 at 10:00 a.m. (Eastern Time)**, before the Honorable Michael E. Wiles, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004. The Confirmation Hearing **will continue on February 2, 2016 at 11:30 a.m. (ET)** and may be continued from time to time without further notice other than the announcement by

² Terms not defined herein shall have the meaning ascribed to them in the Plan.

the Debtors in open court of the adjourned date(s) at the Confirmation Hearing or any continued hearing.

PLEASE TAKE FURTHER NOTICE that the documents contained in the Plan Supplement (including the Exhibit M attached hereto) are not final, are subject to ongoing review and change and remain subject to approval in accordance with the Plan. The Debtors reserve the right to alter, amend, modify or supplement the documents contained in the Plan Supplement (including the Exhibit M attached hereto).

PLEASE TAKE FURTHER NOTICE that all references to the Plan or the Plan Supplement herein are only summaries and are qualified by reference to the documents filed on the docket which the Debtors encourage that you review . The Plan and the Plan Supplement can be viewed for free at the website for the Debtors' claims agent, Donlin Recano & Company, Inc. ("**Donlin Recano**"), at <https://www.donlinrecano.com/Clients/rm/Index>.

PLEASE TAKE FURTHER NOTICE copies of the Plan Supplement (including the Exhibit M attached hereto) are available upon request by contacting Donlin Recano (1) by telephone at (212) 771-1128, (2) by email at DRCVote@donlinrecano.com, or (3) in writing at Donlin Recano & Company, Inc., Re: Relativity Fashion, LLC, et al., Attn: Ballot Processing, P. O. Box 2034, Murray Hill Station, New York, NY 10156-0701, (844) 224-1137 ((917)-962-8896 for international), or by accessing the Bankruptcy Court's website: www.nysb.uscourts.gov. A PACER password and login are needed to access documents on the Bankruptcy Court's website. A PACER password can be obtained at <http://www.pacer.psc.uscourts.gov>.

Dated: February 2, 2016

JONES DAY

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Co-Counsel to the Debtors and Debtors in Possession

EXHIBIT M

BIDCO NOTE TERM SHEET

EXECUTION COPY

AMENDMENT TERM SHEET

October 20, 2015

This term sheet (the “**Term Sheet**”), as a settlement communication, is confidential and may not be construed as an admission or otherwise used for litigation or any other purposes pursuant to FRE 408 and all other applicable rules of evidence.

This Term Sheet is a **binding** term sheet which summarizes proposed terms and conditions of certain retained term loan A debt in connection with the restructuring of the Company (defined below). The Term Sheet is subject to the execution and delivery of definitive documents with respect to a transaction, which the parties agree to negotiate in good faith.

THIS TERM SHEET IS BEING PROVIDED AS PART OF A PROPOSED COMPREHENSIVE RESTRUCTURING TRANSACTION, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING OF THE DEBT AND EQUITY OF THE COMPANY. NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS OR DEFENSES OF THE COMPANY (AS DEFINED BELOW).

Company:	Relativity Holdings LLC and certain of its direct and indirect subsidiaries (collectively, the “ Company ”). ¹
Overview of Transaction:	This overview is qualified by the more specific descriptions appearing below and the express provisions of this Term Sheet. This term sheet supplements and amends (i) that certain TLA/TLB Term Sheet dated as of October 3, 2015 and that certain Investor Term Sheet dated as of October 3, 2015 (collectively, the “ Prior Term Sheets ”) and (ii) (a) the DIP Financing/Convertible Equity Commitment Letter dated as of October 3, 2015 between the Company and Manchester, (b) the Equity Commitment Letter dated as of October 1, 2015 between the Company and Joe Nicholas (“ Nicholas ”), (c) the Equity Commitment Letter dated as of October 1, 2015 between the Company and OA3, LLC, (d) the Equity Commitment Letter dated as of October 1, 2015 between the Company and Ryan Kavanaugh and (e) the Equity Commitment Letter dated as of October 1, 2015 between the Company and VII Peaks Capital, LLC (“ VII Peaks ”) (the commitment letters in (ii)(a) through (e), collectively, the “ Commitment Letters ”). Capitalized terms used but not defined in this Term Sheet shall have the meanings given to such

¹ The Company shall include those 145 entities that are currently debtors in the pending reorganization cases (the “**Chapter 11 Cases**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

	<p>terms in the Prior Term Sheets</p> <p><i>Except as expressly provided herein, the Prior Term Sheets and the Commitment Letters shall remain unchanged. In the event of any inconsistency between the terms of this Term Sheet on the one hand and the Prior Term Sheets and the Commitment Letters on the other hand, the terms of this Term Sheet shall control.</i></p> <p>The Prior Term Sheets contemplated, among other things, that BidCo would receive \$60 million in cash in exchange for the transfer of all of its claims under the TLA and TLB Loans other than the Credit Bid and the Retained Claims. The CEO has informed the Cortland Lenders that VII Peaks (the “Defaulting Investor”) has failed to fund its committed amount of \$30 million. In order to permit consummation of the proposed transactions, the CEO has requested that the Cortland Lenders agree to allow BidCo to accept \$30 million in cash from the Other Investors and retain an additional amount of the TLA Loan under the TLA/TLB Facility in lieu of receiving the \$60 million in cash required by the Prior Term Sheets on the terms, and subject to the conditions, contained in this Term Sheet (the “Proposed Amendment”).</p> <p>The Cortland Lenders are willing to agree to the Proposed Amendment subject to the terms and conditions contained herein.</p> <p><i>For the avoidance of doubt, nothing in this Term Sheet, nor the consummation of the transactions contemplated hereby, shall excuse the failure to perform by the Defaulting Investor and all parties expressly reserve each and every right and remedy they have against the Defaulting Investor.</i></p>
Proposed Amendment:	<p>In consideration of (a) the receipt of \$35 million in cash from Manchester, BidCo will transfer all of its claims under the Existing DIP Facility, constituting all of the outstanding Loans and other obligations under the Existing DIP Facility, to Manchester and (b) the receipt of \$30 million in cash from the Other Investors (for the avoidance of doubt, for purposes of this Term Sheet the term “Other Investors” means Ryan Kavanaugh and Nicholas and does not include OA3, LLC or the Defaulting Investor), BidCo will transfer all of its claims under the TLA and TLB Loans other than the Credit Bid and the Retained Claim (as defined below) to the Other Investors (pro rata in accordance with their respective cash amounts funded at Closing) at the closing of the Transaction (“Closing”); <u>provided</u> that neither of the sales described in clause (a) or (b) above shall be consummated unless both such sales are simultaneously consummated. For purposes of the Investor Term Sheet, the amount of the “Junior Funding” shall be \$30 million and the initial principal amount of the “Junior Debt” shall be approximately \$175 million.</p> <p>BidCo will continue to hold \$60 million of claims under the TLA Loan (the “Retained Claim”) until exchanged for the Note, which will be</p>

	issued under the Company's plan of reorganization (the " Plan "). The Other Investors and their respective affiliates will seek to sponsor a Plan providing for issuance of the Note.
Retained Claim and the New DIP Facility:	<p>During the pendency of the bankruptcy proceedings and until the issuance of the Note and the Preferred Units, the following provisions shall apply with respect to the Retained Claim and the New DIP Facility:</p> <ul style="list-style-type: none"> (i) The Retained Claim shall be senior in priority to all indebtedness of the Company other than (a) the New DIP Facility in the original principal amount of \$35 million and the obligations thereunder (including, without limitation, the DIP Fees payable thereunder as described below), (b) the Production Loans, the Ultimates Facility, and the P&A Facility (each as defined in the Final DIP Order) in the principal amounts outstanding on the date hereof, and (c) any Additional DIP Facility (the "Additional DIP Facility") that may be entered into by the Company to the extent satisfying the Additional DIP Conditions below (unless such conditions are waived by BidCo and Manchester in their respective sole discretion). For the avoidance of doubt, nothing in this paragraph shall alter the relative priority of the claim of the Retained Claim and the claim of any creditor of the Company not party hereto; (ii) The Other Investors, as holder of the transferred TLA and TLB Loans will agree that all of such Loans are subordinate to the Retained Claim, the New DIP Facility and the Additional DIP Facility, if any; (iii) So long as any amounts are outstanding under the New DIP Facility or the Retained Claim, (x) any new indebtedness of the Company must satisfy the Additional DIP Conditions (as defined below), and (y) notwithstanding anything in the Prior Term Sheets to the contrary, 100% of the proceeds thereof must be used to repay the New DIP Facility until the New DIP Facility has been reduced to a principal amount outstanding of no greater than \$17.5 million; (iv) The proceeds of any and all Specified Asset Sales shall be applied to repay the Retained Claim until the Retained Claim is not greater than \$30 million; (v) The net proceeds of any recovery (whether by judgment, settlement or otherwise) obtained by Bidco, the Company or the Other Investors against or from the Defaulting Investor shall be used first to repay the Retained Claim until the Retained Claim is not greater than \$30 million and thereafter (x) 50% of such proceeds shall be used to repay the Retained Claim and (y) 50% of such proceeds shall be used to repay the New DIP Facility to the extent the New Dip Facility has

	<p>not been reduced in principal amount outstanding to \$17.5 million on such date, and thereafter such 50% of proceeds shall be paid to the Company; provided that no settlement shall be entered into unless approved by BidCo;</p> <p>(vi) At all times when the Retained Claim exceeds \$30 million the Company shall continue to retain FTI or another CRO acceptable to BidCo; and</p> <p>(vii) No prepayments shall be made on any indebtedness that is junior to the New DIP Facility or the Retained Claim (provided that other than with respect to the proceeds of Specified Asset Sales as described herein, any other prepayment of the Retained Claim shall only be made on a 50/50 basis with the New DIP Facility). For the avoidance of doubt, the foregoing clause (vii) shall not prevent any prepayment permitted under clause (iv) under “Additional DIP Facility” below.</p> <p>Notwithstanding the foregoing, any repayment of principal to Manchester in accordance with the foregoing provisions shall be at Manchester’s election.</p> <p>For the avoidance of doubt, (a) once the Retained Claim has been repaid such that the outstanding principal amount thereunder is not greater than \$30 million the provisions of the Prior Term Sheets shall apply to the Retained Claim and the Retained Claim shall continue to remain senior to all other Term A and Term B Loans and, as provided below, the Manchester Facility and (b) except as expressly provided herein, nothing in this Term Sheet shall be deemed to alter provisions in the Prior Term Sheets or Commitment Letters regarding the termination of the Subordination Agreement.</p> <p>Notwithstanding anything to the contrary contained in the Prior Term Sheets, Nicholas waives all prepayment rights previously accorded to Nicholas under the Prior Term Sheets.</p> <p>Nothing in this Term Sheet shall affect Manchester’s or Nicholas’ right to receive warrants to acquire common units of the Company as set forth in the Investor Term Sheet.</p>
<p>Manchester Fees:</p>	<p>The Debtors shall pay all the fees and expenses (excluding any success fees of Moelis & Company which shall be payable, if at all, upon consummation of a plan of reorganization), present and future, whether incurred prepetition or postpetition in connection with the Debtors’ chapter 11 cases, of the professionals (O’Melveny & Myers LLP, Ropes & Gray LLP, and Moelis & Company) of Manchester, Manchester Library Company LLC, a Delaware limited liability company, and Heatherden Securities LLC (together, the “<u>Manchester Parties</u>”, and each individually, a “<u>Manchester Party</u>”), and their affiliates, including, without limitation, all amounts paid for legal and other professional fees and expenses by the Manchester Parties or any affiliates thereof in</p>

	<p>connection with (i) prior activities in the case relating to the Manchester Securities Documents,² Manchester Securities Obligations, Manchester Securities Liens, the documents under which the Debtors have obligations to Heatherden and such obligations, respectively, the “<u>Heatherden Documents</u>” and the “<u>Heatherden Obligations</u>”, or other rights against the Debtors, (ii) the negotiation, documentation, execution or diligence relating to the Commitment Letters, the purchase of the Existing DIP Facility, any orders related thereto, and the proposed equity conversion of the New DIP Facility into equity and a related chapter 11 plan, and (iii) the investigation of the Manchester Parties and their affiliates and their claims and liens by the Official Committee of Unsecured Creditors, or any action arising therefrom (all such fees and expenses, the “<u>DIP Fees</u>”). None of such DIP Fees shall be subject to Bankruptcy Court approval or U.S. Trustee guidelines, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with the Bankruptcy Court. All DIP Fees shall constitute DIP Obligations and the repayment thereof shall be secured by the collateral for the New DIP Facility and afforded all of the priorities and protections afforded to the DIP Obligations under any orders approving amendments to the New DIP Facility and the documentation for the New DIP Facility. The professionals must submit an invoice (redacted or summarized for privilege purposes) containing a summary of the work performed and the expenses incurred (which for the avoidance of doubt shall not be required to contain time entries) to (i) counsel to the Debtors, (ii) counsel to the Official Committee of Unsecured Creditors, and (iii) the U.S. Trustee. Any outstanding DIP Fees as of the Closing shall be allowed in full and shall constitute DIP Obligations upon the Closing, and payment of the full invoiced amount of such DIP Fees shall be due (x) within one (1) business day of the closing by the Debtors of any new financing or the sale of any asset (other than any Specified Asset Sale and other than any asset sale (other than a Specified Asset Sale) contemplated by the Cash Collateral Budget (to be defined in the DIP Amendment)) outside the ordinary course of business for cash and paid from the first proceeds of such financing and/or sale (other than any Specified Asset Sale and other than any asset sale (other than a Specified Asset Sale) contemplated by the Cash Collateral Budget (to be defined in the DIP Amendment)) or (y) otherwise consistent with the timing set forth in the budget approved for cash collateral; <u>provided</u>, that such payments shall be subject to disgorgement if (i) a party in interest objects within ten (10) business days of issuance of the subject fee statement and (ii) such objection is upheld in court by a final order not subject to further appeal; <u>provided, further</u>, that there shall be no requirement to file fee applications with respect to such fees and fee statements may be redacted for privilege. Any such objections must identify with particularity the amounts being</p>
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² Capitalized terms used but not defined in this section shall have the meanings given in the Final DIP Order.

	objected to and the reasons for such objection.
Additional DIP Facility:	<p>The Company shall be permitted to enter into an Additional DIP Facility on the terms set forth below (the “<i>Additional DIP Conditions</i>”):</p> <p>(i) the aggregate commitment amount, and principal amount outstanding, under the Additional DIP Facility shall be no more than a maximum of \$60 million, funded without any OID;</p> <p>(ii) once amounts are repaid under the Additional DIP Facility, they cannot be reborrowed;</p> <p>(iii) the final maturity date of the Additional DIP Facility shall occur on or after the Maturity Date of the New DIP Facility, and no payments in respect of principal or premium may be made under the Additional DIP Facility prior to the Maturity Date of the New DIP Facility;</p> <p>(iv) any proceeds of the Additional DIP Facility shall be used solely by the Loan Parties for the following: (x) first, to repay the New DIP Facility until the New DIP Facility has been reduced to a principal amount outstanding of no greater than \$17.5 million, and (y) after all such payments pursuant to clause (x) have been made, for working capital in accordance with the cash collateral budget approved by Manchester or its affiliate as the Administrative Agent under the New DIP Facility, provided that any such use shall not include repayment of any existing indebtedness (collectively, “<i>Existing Other Credit</i>”), other than prepayments of the New DIP Facility in accordance with this Term Sheet, and prepayment of the Post-Release P&A Loans under the Prepetition P&A Facility and the outstanding indebtedness under the Prepetition Ultimates Credit Agreement;</p> <p>(v) all obligations under the Additional DIP Facility shall be secured solely by property or rights relating to Pictures that have been theatrically released. Any such Additional DIP Facility shall not secure, or provide cross collateralization or other credit support for any Existing Other Credit, other than prepayments of the New DIP Facility in accordance with this Term Sheet, and prepayment of the Post-Release P&A Loans (as defined in the Final DIP Order) under the Prepetition P&A Facility (as defined in the Existing DIP Facility) and the Prepetition Ultimates Credit Agreement (as defined in the Existing DIP Facility) as provided in the preceding clause (iv), and for the avoidance of doubt shall not provide for the “roll up” of any Existing Other Credit other than on account of the prepayment of the Existing Other Credit permitted to be prepaid as provided in the preceding clause (iv) on a dollar for dollar basis and for the avoidance of doubt at all times subject to the \$60 million maximum principal amount cap contained in the preceding clause (i); and</p> <p>(vi) any borrowings under the Additional DIP Facility must be sufficient to prepay at least \$17.5 million of the New DIP Facility in</p>

	accordance with clause (iv) above.
Subordination Agreement	<p>With respect to the rights and obligations of Manchester, the Cortland TL Agent and BidCo under the Subordination Agreement, Manchester, the Cortland TL Agent and BidCo, on behalf of themselves and their respective successors and assigns, acknowledge and agree that all rights and obligations among Manchester, the Cortland TL Agent, and BidCo with respect to (a) the TLA/TLB Facility, and (b) the Manchester Facility, in each case, pursuant to the Subordination Agreement (including, without limitation, turnover obligations) are hereby terminated in their entirety; <u>provided</u> that except as expressly set forth in this paragraph, each of Manchester, Cortland TL Agent and BidCo acknowledge and agree that <u>(x)</u> unless and until BidCo has received the Note (as defined herein), the lien priorities of the Retained Claim and the Manchester Facility shall remain the same prior to effectiveness of a Chapter 11 plan and (y) solely to the extent of the \$30 million invested by the Other Investors (which for these purposes shall be separate from and not duplicative of the preservation of lien priority for the Retained Claim set forth in the foregoing proviso), the lien priority under the Subordination Agreement (but not any claim priority) shall be preserved solely with respect to the Prepetition Collateral and solely at times prior to the effectiveness of a Chapter 11 plan. Except as set forth in the proviso to the preceding sentence, Manchester and its successors and assigns shall not have any further rights, obligations or liabilities of any kind, direct or indirect, express or implied, to Cortland as Cortland TL Agent or BidCo or their respective successors and assigns with respect to the TLA/TLB Facility or the Manchester Facility pursuant to the Subordination Agreement, and neither Cortland as Cortland TL Agent or BidCo or their respective successors and assigns shall have any further rights, obligations or liabilities of any kind, direct or indirect, express or implied, to Manchester or its successors and assigns with respect to the TLA/TLB Facility or the Manchester Facility pursuant to the Subordination Agreement. The foregoing termination shall not affect the rights or obligations of any party to the Subordination Agreement with respect to the Original P&A Funding Agreement (as defined in the Subordination Agreement) or the 2013 P&A Funding Agreement (as defined in the Subordination Agreement). Notwithstanding anything to the contrary herein, the rights and benefits of the Amended DIP Facility, including, without limitation, any claims or proceeds received with respect to the Amended DIP Facility, and any claims or payments for DIP Fees whether related to the Amended DIP Facility or otherwise, shall not be subject to any provisions of the Subordination Agreement in any respect whatsoever.</p>
Specified Asset Sales	<p>“<u>Specified Asset Sales</u>” shall mean the sale of (i) the education business, (ii) sports, and (iii) other specified assets to be agreed by Manchester and</p>

	BidCo.
Commitment Letters	The expiration date of the Commitment Letters of the Other Investors and Manchester is extended to October 21, 2015. Ryan Kavanaugh will have a commitment of \$1 million and Nicholas shall have a commitment of \$29 million.
Senior Secured Note:	A new note (the " Note ") will be issued to BidCo in the principal amount of \$60,000,000 (or such lesser principal amount as may be outstanding on the Retained Claim on the date of issuance of the Note) of Senior Secured Debt upon the consummation of the Plan on the terms set forth on <u>Schedule 1</u> .
Preferred Units:	<p>Upon approval by the Bankruptcy Court of the Plan and emergence by the Company from Chapter 11, the outstanding amounts under the New DIP Facility and the Junior Debt will be converted into convertible preferred equity of the Company (the "Preferred Units" and the per share price for each such unit is referred to herein as the "Initial Per Share Price"). The Preferred Units will represent (on an as-converted basis at the emergence by the Company from Chapter 11) an aggregate 49% economic ownership interest in the Company as follows: 29.92% to Nicholas, 18.05% to Manchester and 1.03% to Kavanaugh. The balance of the economic interests in the Company shall be represented by common units of the Company split equally between (a) holders of the existing Class E preferred stock of the Company (i.e., 25.5%) and (b) a pool reserved for issuance to management over a 3-year period pursuant to a management incentive program to be developed by the Board of Managers (i.e., 25.5%).</p> <p>The Preferred Units will provide a 1% coupon (payable-in-kind) and will be senior to all other classes of units of the Company at closing. The Preferred Units will be mandatorily convertible on a Liquidity Event (as defined below) that is either an IPO of the Company, or a sale of all or substantially all of the Company's equity or assets to a third party. The Preferred Units may be converted, at the option of the holder, upon any other Liquidity Event. In the case of any such conversion, if the per share price implied by the value of the applicable Liquidity Event is less than the Initial Per Share Price, then the applicable Preferred Units shall convert at such lower per share price instead of the Initial Per Share Price. "Liquidity Event" means (i) any IPO of the Company, (ii) a merger or consolidation of the Company with or into another entity, (iii) a sale, transfer or other disposition, in one transaction or a series of related transactions, of at least a majority of the Company's assets, (iv) a transfer, whether by merger, consolidation or otherwise, in one transaction or a series of related transactions, of at least a majority of the Company's equity, (v) the granting by the Company of an exclusive irrevocable license of all or substantially all of the Company's</p>

	<p>intellectual property to a third party, (vi) a refinancing or reorganization of the Company, (vii) the payment of any dividend or distribution to the holders of common equity, or any reclassification of common equity, and (viii) a liquidation, dissolution or winding up of the Company.</p> <p>The Preferred Units will also be redeemable by the Company at the option of the holder upon the fifth anniversary of the issuance of such units. Customary "tag-along" rights, "drag-along" rights, share transfer restrictions and minority protection/governance rights to be mutually agreed; provided, that the Preferred Units will contain limited negative covenants which shall not restrict the Company's day-to-day operations in any material way, such supervision to be the province of the Board of Managers.</p>
Conditions Precedent:	<ul style="list-style-type: none"> (i) The Company shall execute the Transition Services Agreement ("TSA") in the form attached hereto; (ii) The Company shall execute the control agreements for the TV cash bank accounts; (iii) The Company shall perform a full backup of all data within 1 or 2 days of close with the backup file being held in a 3rd party escrow structure to be agreed in accordance with the TSA; (iv) The Company shall have delivered all consents and approvals necessary to consummate the transaction contemplated hereby (including the consents of Manchester and the Other Investors (other than the Defaulting Investor) hereto); (v) The Investor Term Sheet shall be modified to incorporate BidCo as an Other Investor, so long as the Retained Claim exceeds \$30 million, solely for purposes of making certain decisions pursuant to the section of the Investor Term Sheet entitled "Exercise of Event of Default Remedies" as if BidCo held 31.6% of the combined interests thereunder; and (vi) Each of the Other Investors, other than the Defaulting Investor, shall have funded.
The Exit:	<p>The Company shall not emerge from bankruptcy unless prior thereto or concurrently therewith the New DIP Facility has been reduced to a principal amount outstanding of no greater than \$17.5 million; <u>provided</u> that such reduction may be accomplished as part of an exit financing arrangement approved by BidCo and Manchester.</p>
Governing Law and Forum:	<p>New York governing law and exclusive New York jurisdiction.</p>

IN WITNESS WHEREOF, the parties hereto have caused this Term Sheet to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PURCHASER:

RM BIDDER, LLC

By: 

Name: Robert Solomon

Title: Authorized Signatory

ACMO REL, L.L.C.

By: Anchorage Capital Group, L.L.C., as its
investment manager

A handwritten signature in black ink, appearing to be 'DA' with a stylized flourish extending to the right.

By: _____

Name:

DANIEL ALLEN

Title:

SENIOR PORTFOLIO MANAGER

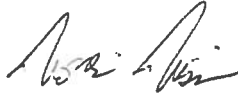
FSP III TV Holdings, LLC

By: 

Name: Rafael Fogel

Title: Vice President and Secretary

*Luxor Capital LLC,
Member*

By: 

Name:
Title: **Norris Nissim
General Counsel
Luxor Capital Group, LP**

RYAN KAVANAUGH



COMPANY:

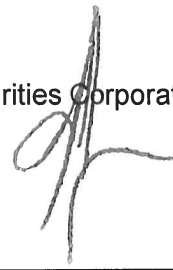
Relativity Holdings LLC

By: 

Name:

Title:

Manchester Securities Corporation

A handwritten signature in dark ink, appearing to be 'E. Greenberg', written over a horizontal line.

By: _____

Name: Elliot Greenberg

Title: Vice President

Joseph Nicholas

By: _____

Name:

Title:

Joseph Nicholas

Schedule 1.

Note

Issuer:	The reorganized Relativity Media, LLC (the “ <i>Issuer</i> ”).
Guarantors:	<p>All of the reorganized subsidiaries of the Issuer that are borrowers or guarantors under the TLA/TLB Facility other than those subsidiaries which will have all of their assets sold to the Cortland Lenders as part of the 363 sale of the Business (collectively, the “<i>Guarantors</i>”).</p> <p>The Issuer and the Guarantors are herein collectively referred to as the “Obligors”.</p>
Noteholder:	BidCo (the “ <i>Noteholder</i> ”)
Promissory Note:	<p>The Note in an aggregate principal amount equal to \$60 million (or such lesser principal amount as may be outstanding on the Retained Claim on the date of issuance of the Note) (the obligations thereunder, the “<i>Obligations</i>”).</p> <p>The Note shall be issued upon consummation of the Plan (the “<i>Note Closing Date</i>”).</p>
Collateral:	The Note will benefit from a first priority, perfected security interest (subject only to permitted prior liens on financed film assets permitted by the Note documents) on substantially all of the assets of the Obligors (subject to customary carve-outs to be agreed).
Maturity:	The date that is 2 years after the Note Closing Date.
Interest Rate:	<p>The Note will bear interest at a rate of 8.5% per annum. Interest shall be payable quarterly in cash. During the occurrence and continuation of an event of default, the Note will bear additional interest of 2% per annum.</p>
Mandatory Prepayments of the Note and Preferred Units:	Customary for facilities of this type and including, without limitation, 100% of the net proceeds of certain asset sales, casualty events, and the incurrence of additional debt (subject to customary reinvestment and other carve-outs to be agreed, provided that (i) the Note shall be required to be repaid from the proceeds of any indebtedness without

exception until the outstanding principal amount thereof is not greater than \$30 million, (ii) the proceeds of any recovery (whether by judgment, settlement or otherwise) obtained by Bidco, the Company or the Other Investors against or from the Defaulting Investor shall be used to repay the Retained Claim until the Retained Claim has been reduced to a principal amount outstanding of \$30 million, at which point 50% of such proceeds will be used to repay the Retained Claim and the remainder shall be paid to the Company; provided that no settlement shall be entered into unless approved by BidCo and (iii) the Note will be required to be repaid down to \$30 million of principal outstanding at any time that balance sheet cash exceeds an amount to be agreed).

Representations and Warranties: Customary for facilities of this type. The representations and warranties shall apply to each of the Obligor and their respective subsidiaries.

Affirmative and Negative Covenants: Customary for facilities of this type, including ability to incur, subject to Mandatory prepayments above, Ultimates, P&A and other customary film financings in the ordinary course of the Obligor's business subject to customary limitations to be agreed. The affirmative and negative covenants shall apply to each of the Obligor and their respective subsidiaries. There will be no financial or minimum liquidity covenants.

Events of Default: Customary for facilities of this type.

Conditions Precedent: Customary for facilities of this type and including:

(i) emergence of the Obligor from chapter 11 bankruptcy pursuant to a plan of reorganization approved by the Bankruptcy Court and reasonably acceptable to the Cortland Lenders;

(ii) conversion of the Issuer's Existing DIP Facility to preferred equity in the Obligor;

(iv) consummation of the transactions contemplated by the Original APA, as amended, supplemented or otherwise modified from time to time; and

(v) receipt of satisfactory legal opinions and other customary closing documentation.

Governing Law and Forum: State of New York

Documentation: Definitive documentation to be drafted by counsel to the
Noteholder.

EXECUTION

AMENDMENT TERM SHEET NO. 2

January 27, 2016

This term sheet (the “*Term Sheet*”), as a settlement communication, is confidential and may not be construed as an admission or otherwise used for litigation or any other purposes pursuant to FRE 408 and all other applicable rules of evidence.

This Term Sheet is a *binding* term sheet which summarizes proposed amended terms and conditions of a senior secured note to be issued to RM Bidder LLC (“*BidCo*”) in connection with the restructuring of the Company (defined below).¹

THIS TERM SHEET IS BEING PROVIDED AS PART OF A REVISED COMPREHENSIVE RESTRUCTURING TRANSACTION, EACH ELEMENT OF WHICH IS CONSIDERATION FOR THE OTHER ELEMENTS AND AN INTEGRAL ASPECT OF THE PROPOSED RESTRUCTURING OF THE DEBT AND EQUITY OF THE COMPANY. NOTHING IN THIS TERM SHEET SHALL CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, AND EACH STATEMENT CONTAINED HEREIN IS MADE WITHOUT PREJUDICE, WITH A FULL RESERVATION OF ALL RIGHTS, REMEDIES, CLAIMS OR DEFENSES OF THE COMPANY (AS DEFINED BELOW).

Company:	Relativity Holdings LLC and certain of its direct and indirect subsidiaries (collectively, the “ <i>Company</i> ”). ²
Overview of Transaction:	<p>This term sheet supplements and amends (i) the Asset Purchase Agreement entered into between the Company and BidCo on October 4, 2015 (the “<i>APA</i>”), insofar as it relates to certain cash (the “<i>Purchased Cash</i>”) in the accounts of the Company’s television business (the “<i>TV Business</i>”) and the “Deferred Revenue Adjustment” contemplated by Section 3.4 of the APA; (ii) the Amendment Term Sheet entered into between, among others, the Company and BidCo on October 20, 2015 (the “<i>Amendment Term Sheet</i>”), insofar as it set forth the terms and conditions of a new note (the “<i>BidCo Note</i>”) that is to be issued to BidCo in the principal amount of \$60 million of Senior Secured Debt upon the consummation of the Plan; and (iii) the Plan, insofar as it relates to the treatment of the BidCo Note and related items.</p> <p>BidCo contends that it is entitled to receive from the Company \$2,918,247.94 Purchased Cash (the “<i>Purchased Cash Claim</i>”). The</p>

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the APA, the Amendment Term Sheet, or the Plan.

² The Company shall include those 145 entities that are currently debtors in the pending reorganization cases (the “*Chapter 11 Cases*”) in the United States Bankruptcy Court for the Southern District of New York (the “*Bankruptcy Court*”) under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”).

EXECUTION

	<p>Company disputes the Purchased Cash Claim.</p> <p>In addition, BidCo contends that, under Section 3.4 of the APA, the Company was obligated to pay to BidCo any amount by which the “aggregate amount of deferred revenue” is agreed or determined to exceed the “aggregate amount of net production costs.” BidCo delivered to the Company a Closing Adjustment Statement that represented that the amount of the Deferred Revenue Adjustment payable to BidCo was \$4,238,947 (the “<i>Deferred Revenue Adjustment Claim</i>”). The Company likewise disputes the Deferred Revenue Adjustment Claim.</p> <p>The Amendment Term Sheet, in turn, contemplated, among other things, that the BidCo Note would be required to be repaid from the proceeds of any indebtedness incurred by the Company without exception until the outstanding principal amount thereof is not greater than \$30 million. The Plan currently provides such treatment for the BidCo Note by requiring that \$30 million of the New P&A/Ultimates Facility proceeds be used to pay down the BidCo Note.</p> <p>BidCo has requested the Company address the disputes regarding the Purchased Cash Claim and the Deferred Revenue Adjustment Claim immediately. The Company has requested that BidCo extend certain accommodations to the Company in connection with the repayment of the BidCo Note. BidCo and the Company are willing to agree to certain amendments of the APA, the Amendment Term Sheet, and the Plan, subject to the terms and conditions contained herein.</p> <p><i>Except as expressly provided herein, the APA, the Amendment Term Sheet, and the Plan shall remain unchanged. In the event of any inconsistency between the terms of this Term Sheet on the one hand and the Amendment Term Sheet on the other hand, the terms of this Term Sheet shall control. This overview is qualified by the more specific descriptions appearing below and the express provisions of this Term Sheet.</i></p>
Settlement of Purchased Cash and Deferred Revenue Adjustment Claims	<p>In full and final satisfaction of the Purchased Cash Claim and the Deferred Revenue Adjustment Claim, the Company shall pay to BidCo the sum of \$7 million (the “<i>APA Obligation</i>”). The first \$5 million of this payment shall be paid in cash to BidCo on or before January 27, 2016. The remaining \$2 million shall be paid to BidCo in cash on or before the effective date of the Plan (the “<i>Effective Date</i>”). The payment of the APA Obligation is a payment of sums due and owing under the APA and shall not be subject to later challenge by the Company under any circumstance.</p>
Amended Terms of BidCo Note	<p>The BidCo Note shall be subject to the following treatment under the Plan, which shall be amended, pursuant to section 1127(a) of the Bankruptcy Code, to reflect the terms of this Term Sheet</p>

EXECUTION

Payment of Remaining Incremental \$30 Million	<p>The remaining amount of the Incremental \$30 Million shall be due and payable on the date that is one (1) year after the Effective Date, subject to the following qualifications and conditions:</p> <ul style="list-style-type: none">a. Fifty percent (50%) of any amounts received by the Company as of the Effective Date in excess of the \$92.5 million of represented anticipated funding (\$30 million in equity; \$60 million in Ultimates debt, \$2.5 million in cash) shall be used to further reduce the Incremental \$30 Million as of the Effective Date, <u>provided, however</u>, that the first \$2 million of equity received in excess of \$30 million of anticipated equity received on the Effective Date shall be paid 100% to BidCo (all of the payments due under this paragraph, the <i>“Additional Effective Date Payments”</i>);b. Not less than \$15 million of the remaining Incremental \$30 Million shall be paid on or before the date that is six (6) months after the Effective Date; failure to make such payment shall constitute a material breach of this Term Sheet and the Plan;c. Fifty percent (50%) of any funding raised by the Company after the Effective Date—whether debt or equity—shall be used to pay down the Incremental \$30 Million; <u>provided, however</u>, that if Joseph Nicholas (<i>“Nicholas”</i>) provides debt financing of up to \$20 million (which financing would be in addition to the \$60 million referenced above) that debt could be repaid without payment of 50% thereof to BidCo <i>i.e.</i>, money raised to repay debt owed Nicholas would not be paid to reduce the Incremental \$30 Million.
Interest Payable on Incremental \$30 Million	<p>Until paid in full, the Incremental \$30 Million shall accrue interest at a rate of 12% per annum.</p>

EXECUTION

Terms and Conditions Applicable to Balance of BidCo Note	Except as provided in the following sentence, the terms and conditions applicable to the Retained Claim in the section of the Amendment Term Sheet captioned "Retained Claim and Additional DIP Facility" shall, notwithstanding any other provision of the Amendment Term Sheet, remain applicable to the balance outstanding on the BidCo Note after the Incremental \$30 Million has been paid in full and is no longer outstanding. For the avoidance of doubt, on or before the Effective Date, in the event that the Defaulting Investor makes an equity contribution to the Company, the Company may retain the proceeds of such equity contribution, subject to the requirement to make the Additional Effective Date Payments.
Setoff of Obligations Owning from BidCo to Company	So long as any part of the Incremental \$30 Million remains outstanding, any sums due from BidCo to the Company (such as PTO obligations payable to or on account of current or former employees; monies relating to certain television shows) shall not be paid to Company but shall, instead, be applied to reduce the then outstanding balance on the Incremental \$30 Million, and the Company shall receive full credit for such reduction of the Incremental \$30 Million for all purposes.
Removal From Retained Claim List and Release of TV Business Personnel	Tom Forman and any other TV Business employees listed therein shall be removed from the "Non-Exclusive Schedule of Retained Causes of Action," which is annexed to the Plan as Exhibit J and was filed with the Court as part of the Plan Supplement (Docket No. 1246) on January 12, 2016, and the Company and its chapter 11 estates shall release any potential claims against such individuals.
Conditions Precedent:	<ul style="list-style-type: none"> (i) The Company shall have delivered all consents and approvals necessary to consummate the transaction contemplated hereby (including the consents of Manchester and the Other Investors (other than the Defaulting Investor) hereto); (ii) The Company shall have paid \$5 million to BidCo, in partial satisfaction of the APA Obligation, on or before January 27, 2016; and (iii) All other Company obligations hereunder shall be approved by the Bankruptcy Court in connection with confirmation of the Plan.
Fees and Expenses	The fees and expenses of BidCo's counsel and financial advisors shall continue to be paid pursuant to the adequate protection provisions of the Initial Final DIP Order and/or the Amended DIP Order, subject only to the review and objection procedures set forth therein. In no event shall such fees and expenses be subject to the review of any fee examiner

EXECUTION

	appointed in the Company's chapter 11 cases.
Governing Law and Forum	This Term Sheet and the Definitive Documents shall be subject to New York governing law and exclusive New York jurisdiction.
Effective Date	The Effective Date shall occur as soon as practicable but in no event later than February 17, 2016. The Plan shall set forth conditions precedent to the occurrence of the Effective Date which conditions must be reasonably acceptable to BidCo and the Company.
Documentation	As promptly as practicable, the Company and BidCo shall use commercially reasonable efforts to draft or amend the Definitive Documents, including, without limitation, the Plan and the BidCo Note.

EXECUTION


IN WITNESS WHEREOF, the parties hereto have caused this Term Sheet to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BIDCO:

RM BIDDER, LLC

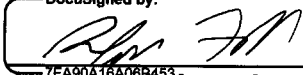
ACMO Rel, L.L.C.,
Member

By: Anchorage Capital Group, L.L.C., as its
investment manager

By: 
Name: **Daniel Allen**
Title: **President**

EXECUTION

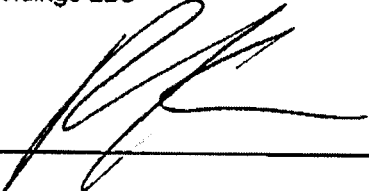
FSP III TV Holdings, LLC,
Member

DocuSigned by:
By: 
Name: Rafael Fogel
Title: Vice President & Secretary

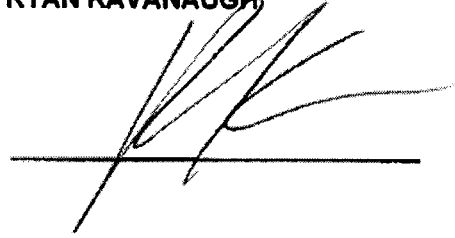
EXECUTION

COMPANY:

Relativity Holdings LLC

By: 
Name: _____
Title: _____

RYAN KAVANAUGH

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Joseph Nicholas

By: _____

Name: _____

Title: _____