

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

| | | |
|------------------------------------------|---|-----------------------------|
| In re: |) | Chapter 11 |
| |) | |
| RHI Entertainment, Inc., <u>et al.</u> , |) | Case Number: 10-16536 (SMB) |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |

**FIRST MODIFICATION TO JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS DATED NOVEMBER 1, 2010,
AS PREVIOUSLY AMENDED ON NOVEMBER 19, 2010 AND NOVEMBER 29, 2010**

D. J. Baker
Rosalie Walker Gray
Keith A. Simon
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: (212) 906-1200
Facsimile: (212) 751-4864
Email: dj.baker@lw.com
rosalie.gray@lw.com
keith.simon@lw.com

Counsel for Debtors and Debtors in Possession

Dated: March 15, 2011

**FIRST MODIFICATION TO JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS DATED NOVEMBER 1, 2010,
AS PREVIOUSLY AMENDED ON NOVEMBER 19, 2010 AND NOVEMBER 29, 2010**

In accordance with Section 1127(a), Title 11, of the United States Code (the “Bankruptcy Code”) and Section 11.14 of the Joint Prepackaged Plan of Reorganization of RHI Entertainment, Inc. and Affiliated Debtors dated November 1, 2010, as previously amended on November 19, 2010 and November 29, 2010 (the “Plan”), RHI Entertainment, Inc., RHIE Holdings Inc., RHI Entertainment Holdings II, LLC, RHI Entertainment, LLC, RHI Entertainment Productions, LLC, RHI Entertainment Distribution, LLC, RHI International Distribution Inc., NGP Holding, Inc., HEGOA Inc., Independent Projects, Inc., Don Quixote, Inc., HE Pro Tunes, Inc., HEP Music, Inc., Metropolitan Productions, Inc., Library Storage, Inc., HEP SS Music Inc., and SLB Productions, Inc. (the “Debtors”) modify the Plan as set forth below.

The modifications are reflected either by the addition of new text, identified by **blue** underlining (additions), or the deletion of pre-existing text, identified by **red** strikethrough (~~deletions~~).

Capitalized terms used herein but not defined have the meanings ascribed to such terms in the Plan.

Modifications to Section 1.2

Section 1.2 of the Plan is modified to make appropriate provision for the new Exit Term Credit Facility and to otherwise add to, supplement and/or revise the definitions contained at subsections (pp), (qq), (xx), (ggg), (jjj), (kkk), (lll) and (www). As so modified, such subsections of Section 1.2 shall read as follows:

1.2 Definitions

...

(pp) “**Exit Revolving Agent**” means JPMorgan Chase Bank, N.A. or any successor administrative agent under the Exit Revolving Credit Facility; and “Exit Term Agent” means Wilmington Trust FSB or any successor administrative agent under the Exit Term Credit Facility.

(qq) “**Exit Revolving Credit Facility**” means the revolving credit facility to be provided to the Reorganized Debtors by JPMorgan Chase Bank, N.A. and certain other financial institutions from time to time party thereto; and “Exit Term Credit Facility” means the term credit facility to be provided to the Reorganized Debtors by Riva Ridge Capital, Caspian Capital Partners, L.P., Catalyst Fund Limited Partnership II and certain other First Lien Lenders from time to time party thereto; each facility to provide a portion of the funds necessary to make payments required to be made on the Effective Date, as well as funds for working capital and other general corporate purposes after the Effective Date, which and each facility shall to contain certain material terms substantially in accordance with those described on Exhibit A.

...

(xx) “**Guild Settlements**” means the settlements reached by the Debtors with (i) the Directors Guild of America, Inc., the Screen Actors Guild, Inc., and the Writers Guild of America West, Inc. for itself and its affiliate Writers Guild of America East, Inc., (ii) the Alliance of Canadian Cinema, Television and Radio Artists, (iii) the American Federation of Television and Radio Artists, (iv) the Media Entertainment and Arts Alliance, and (v) Equity, with respect to the rights and obligations of the parties existing as of the Petition Date under various collective bargaining agreements, assumption agreements, and related agreements, the terms of which settlements are included in Exhibit B; and, in the case of any amendments or supplements (which shall be subject to the consent of the First Lien Agent) in one or more filings made by the Debtors in advance of the Effective Date.

...

(ggg) “**New Common Stock**” means the new common shares of Reorganized RHI INC, to be allocated among (i) the holders of the Existing First Lien Secured Claims pursuant to Section 4.2(b) of the Plan ~~and~~, (ii) the holders of Existing Second Lien Secured Claims pursuant to Sections 2.3 and 4.2(c) of the Plan, and (iii) the lenders under the Exit Term Credit Facility pursuant to Section 6.5(a) of the Plan, which shall have certain material terms substantially in accordance

with those described on Exhibit C and to be included in the Reorganized Parent Governing Documents and, to the extent applicable, the Stockholders Agreement and the Registration Rights Agreement.

...

(jjj) “**New ~~Second~~Third Lien Term Loan Facility**” means a new ~~second~~third lien term loan credit facility in the aggregate principal amount of \$300 million, to be entered into by the Reorganized Debtors and the New Term Loan Agent on the Effective Date on account of the Existing First Lien Secured Claims as set forth in Section 4.2(b) of the Plan, which facility shall contain certain material terms substantially in accordance with those described on Exhibit E and shall be substantially in the form included in the Plan Supplement.

(kkk) “**New Term Loan Agent**” means JPMorgan Chase Bank, N.A. or any successor administrative agent under the New ~~Second~~Third Lien Term Loan Facility.

(lll) “**New Term Loan Obligations**” means the obligations of the Reorganized Debtors under the New ~~Second~~Third Lien Term Loan Facility, to be distributed among the holders of Allowed Existing First Lien Secured Claims on the Effective Date, as provided for in Section 4.2(b) of the Plan.

...

(www) “**Plan Supplement**” means the supplement to the Plan containing, without limitation, (i) notice of the members of the New Board, (ii) a supplement to Exhibit G identifying any additional films that may be subject to Film Obligation Settlements, (iii) the commitment letter for the Exit Revolving Credit Facility ~~and, if then available, or~~ the form of the credit agreement for the Exit Revolving Credit Facility, ~~and~~ (iv) the commitment letter for the Exit Term Credit Facility or the form of the credit agreement for the Exit Term Credit Facility, and (v) the forms of the credit agreement for the New Term Loan Facility, the Reorganized Parent Governing Documents, the Stockholders Agreement, the Registration Rights Agreement, the New Warrants, and the New Management Incentive Plan (including forms for the founders equity plan, the management equity incentive plan, the annual incentive plan, and the employment agreement).

....

Modifications to Section 2.2

Section 2.2(b) of the Plan is modified to make appropriate provision for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 2.2(b) shall read as follows:

2.2 Substantive Consolidation

...

(b) As a result of the substantive consolidation of the liabilities and properties of all the Debtors, except as otherwise provided in the Plan, (i) the chapter 11 cases of the Subsidiary Debtors shall be consolidated into the case of RHI INC as a single consolidated case; (ii) the Estate of each of the Debtors shall be deemed to be one consolidated Estate; (iii) all property of the Estate of each Debtor shall be deemed to be property of the consolidated Estates; (iv) all Claims against each Estate shall be deemed to be Claims against the consolidated Estates; (v) no distributions under this Plan shall be made on account of any Intercompany Claims, but at the election of the Debtors or the Reorganized Debtors, as applicable, such Claim may be adjusted, continued, or capitalized, either directly or indirectly or in whole or in part as of the Effective Date, and no such disposition shall require the consent of the holders of New Common Stock or the consent of any holder of Subsidiary Interests; (vi) all Claims based upon prepetition unsecured guarantees by one Debtor in favor of any other of the Debtors (other than guarantees existing under any assumed executory contracts or unexpired leases) shall be eliminated, and no distributions under this Plan shall be made on account of Claims based upon such guarantees; (vii) for purposes of determining the availability of the right of setoff under Section 553 of the Bankruptcy Code, the Debtors shall be treated as one consolidated entity so that, subject to the other provisions of Section 553, prepetition debts due to any of the Debtors may be set off against the prepetition debts of any other of the Debtors; (viii) no distributions under this Plan shall be made on account of any Subsidiary Interests, but such Interests shall be retained by their respective holders for the benefit of the holders of the New Common Stock, subject to any applicable restrictions arising under the Exit Revolving Credit Facility, the

Exit Term Credit Facility, or the New ~~Second~~Third Lien Term Loan Facility; and (ix) the RHI INC Interests shall be subject and subordinate to the Claims against the consolidated Estate.

....

Modifications to Section 2.5

Section 2.5 of the Plan, at subsections (b) and (c), is modified to revise and clarify the deadlines for making the determination and filing the notice with respect to the Maximum Class 5 Amount. As so modified, Section 2.5(b) and (c) shall read as follows:

2.5 Estimated Class 5 Allowed Claims Determination

...

(b) Deadline for and Implementation of Determination

~~No later than ten (10) days~~As soon as practicable after the applicable Bar Date and following consultation with the Debtors, the First Lien Agent shall determine if Estimated Class 5 Allowed Claims exceed the Maximum Class 5 Amount.

(c) Notice of Determination

If the First Lien Agent determines that Estimated Class 5 Allowed Claims do not exceed the Maximum Class 5 Amount, the Debtors shall file a notice with the Bankruptcy Court contemporaneously with the filing of the Plan Supplement advising that General Unsecured Claims shall receive the treatment provided in Section 4.2(e)(i)(A) of the Plan. If the First Lien Agent determines that Estimated Class 5 Allowed Claims exceed the Maximum Class 5 Amount, the Debtors shall file a notice with the Bankruptcy Court advising that General Unsecured Claims shall receive the treatment provided in Section 4.2(e)(i)(B) of the Plan.

Modifications to Section 4.2

Section 4.2 of the Plan, at subsection (b), is modified to reflect certain changes to the treatment of the Existing First Lien Claim, which changes result from the addition of the new Exit Term Credit Facility and the provision of up to 30% of the shares of New Common Stock to the lenders under the Exit Term Credit Facility. As so modified, Section 4.2(b) shall read as follows:

4.2 Classified Claims and Interests

...

(b) Class 2: Existing First Lien Claims

Class 2 is Impaired.

The holders of Claims within such Class are entitled to vote to accept or reject the Plan.

The Existing First Lien Claims shall be allowed in full, without setoff, subordination, avoidance, reduction, defense, setoff, recharacterization, or counterclaim, in the aggregate principal amount outstanding as of the Petition Date plus the amount attributable to letters of credit issued and outstanding under the Existing First Lien Credit Agreement as of the Petition Date, the amount of terminated swap agreements as of the Petition Date, and the amount attributable to accrued and unpaid interest, fees, and costs as of the Petition Date.

Each of the First Lien Lenders, in full satisfaction, settlement, release, and discharge of and in exchange for the Existing First Lien Secured Claims, shall receive (i) on the Distribution Date, its Pro Rata share of (A) \$300 million of New Term Loan Obligations and (B) an amount of shares of New Common Stock representing approximately ~~99~~58.5% of the New Common Stock to be issued on the Effective Date (~~subject to dilution by~~after giving consideration to the New Management Incentive Plan ~~and~~but prior to potential dilution from the New Warrants), and (ii) if, and only if, Section 6.9 of the Plan is applicable, with the Trade Account to be established pursuant to Section 2.6 of the Plan for the purpose of implementing Section 6.9 of the Plan, as soon as practicable after all payments to be made on account of Allowed Trade Unsecured Claims have been made, any amount remaining in the Trade Account.

The New Term Loan Obligations shall be governed by and subject to the New ~~Second~~Third Lien Term Loan Facility, which New ~~Second~~Third Lien Term Loan Facility (including any indemnification and expense reimbursement therein) shall be binding on all First Lien Lenders whether or not executed by any or all First Lien Lenders. The New Common Stock shall be governed by and subject to the Reorganized Parent Governing Documents. The New Common Stock of the First Lien Lenders shall also be subject to the Stockholders Agreement, which shall be binding on all First Lien Lenders upon the Effective Date without execution, and to the Registration Rights Agreement for those First Lien Lenders who agree to execute the same.

The First Lien Lenders shall accept the distributions on account of the Existing First Lien Secured Claims in full satisfaction, settlement, release, and discharge of and in exchange for all Claims arising under the Existing First Lien Credit Agreement, including Claims arising thereunder (but not under the New ~~Second~~Third Lien Term Loan Facility) against RHI UK. The First Lien Lenders shall not receive or retain any property under the Plan on account of any Existing First Lien Deficiency Claims and all Existing First Lien Deficiency Claims shall be deemed waived by the First Lien Lenders and discharged as of the Effective Date.

All Liens granted by the Debtors to secure the Existing First Lien Claims shall be continued in effect to secure the New Term Loan Obligations (subject to the rights of the lenders under the Exit Revolving Credit Facility and the Exit Term Credit Facility).

....

Modifications to Section 6.2

Section 6.2 of the Plan is modified to make appropriate provision for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 6.2 shall read as follows:

6.2 Restructuring Transactions

On, as of, or after the Effective Date, with the consent of its Board of Directors (or other governing body), each of the Reorganized Debtors may take such actions as may be necessary or appropriate to effect a corporate or operational restructuring of their respective businesses, to otherwise simplify the overall corporate or operational structure of the Reorganized Debtors, to achieve corporate or operational efficiencies, or to otherwise improve financial results; *provided, however,* that such actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the New ~~Second~~Third Lien Term Loan Facility, the Exit Revolving Credit Facility, or the Exit ~~Revolving~~Term Credit Facility. Such actions (a) may include such mergers, consolidations, restructurings, dispositions, liquidations, closures, or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate, and (b) shall be in accordance with any applicable state law, except to the extent the Bankruptcy Code, the Plan, or any document in the Plan Supplement exempts such transactions from applicable state law, including, without limitation, as specified in Section 6.12 of the Plan. Upon entry of the Confirmation Order, the Debtors shall be authorized to take such steps as may be necessary prior to the Effective Date to prepare to implement any or all of such actions on or after the Effective Date.

Modifications to Section 6.5

Section 6.5 of the Plan is modified to provide for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 6.5 shall read as follows:

6.5 Exit Funding

(a) The Reorganized Debtors shall be authorized to (i) enter into the Exit Revolving Credit Facility and the Exit Term Credit Facility, (ii) incur or guaranty the indebtedness and grant any Lien as required under the Exit Revolving Credit Facility and the Exit Term Credit Facility, and (iii) issue, execute and deliver all documents, instruments and agreements necessary or appropriate to implement and effectuate all obligations under the Exit Revolving Credit Facility and the Exit Term Credit Facility and to take all other actions necessary to implement and effectuate borrowings under the Exit Revolving Credit Facility ~~and the Exit Term Credit Facility~~. In particular, in consideration for loans received and in lieu of cash fees, the Debtors shall be authorized to distribute to the original lenders under the Exit Term Credit Facility, on a pro rata basis, an aggregate amount of shares of New Common Stock representing approximately 25.5% of the New Common Stock to be issued on the Effective Date (after giving consideration to the New Management

Incentive Plan but prior to potential dilution from the New Warrants). In addition, 4.5% of the shares under the New Management Incentive Plan shall be subject to forfeiture in favor of such lenders as provided in Section 6.8(a) of the Plan and described on Exhibit D.

(b) On the Effective Date, the Exit Revolving Credit Facility and the Exit Term Credit Facility, together with new promissory notes and guarantees, if any, evidencing obligations of the Reorganized Debtors thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, shall become effective. The new promissory notes issued pursuant to the Exit Revolving Credit Facility and the Exit Term Credit Facility and all obligations under the Exit Revolving Credit Facility, the Exit Term Credit Facility, and related documents shall be paid as set forth in the Exit Revolving Credit Facility, the Exit Term Credit Facility, and related documents.

(c) The Debtors and the Reorganized Debtors, as applicable, shall be authorized to (i) engage in intercompany transactions to transfer Cash for distribution pursuant to the Plan and (ii) continue to engage in intercompany transactions (subject to any applicable contractual limitations, including any in the Exit Revolving Credit Facility, the Exit Term Credit Facility, or the New Second/Third Lien Term Loan Facility), including, without limitation, transactions relating to the incurrence of intercompany indebtedness.

(d) The New Second/Third Lien Term Loan Facility shall take the form of an amendment and restatement of the Existing First Lien Credit Agreement, and any Liens with respect to the Existing First Lien Credit Agreement, as well as the priority of such Liens, shall be continued for the benefit of the parties secured under the New Second/Third Lien Term Loan Facility.

Modifications to Section 6.6

Section 6.6 of the Plan, at subsections (a), (e) and (f), is modified to reflect the right of the lenders under the new Exit Term Credit Facility to receive shares of New Common Stock in lieu of cash fees, as provided in Section 6.5 above. As so modified, Section 6.6(a), (e) and (f) shall read as follows:

6.6 Authorization and Issuance of the New Securities

(a) On the Effective Date, Reorganized RHI INC (i) shall (A) provide for authorized capital equal to 1 million shares of New Common Stock; (B) issue such number of shares of New Common Stock as shall be mutually acceptable to the First Lien Agent and Reorganized RHI INC for ultimate distribution to the First Lien Lenders on account of their Existing First Lien Secured Claims ~~and~~, the Second Lien Lenders on account of their Existing Second Lien Claims, and the lenders under the Exit Term Credit Facility, which shares shall initially be transferred 99% to RHI Entertainment Holdings II, LLC and 1% to RHIE Holdings Inc. (which immediately transfers such 1% to RHI Entertainment Holdings II, LLC), then from RHI Entertainment Holdings II, LLC to RHI LLC, and finally from RHI LLC to the First Lien Lenders ~~and~~, the Second Lien Lenders, and the lenders under the Exit Term Credit Facility; and (C) reserve for issuance in accordance with the terms of the Plan a number of shares of New Common Stock necessary (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the required distributions of (x) the New Warrants and (y) the stock, options, and other awards granted under the New Management Incentive Plan; and (ii) shall authorize and issue the New Warrants for ultimate distribution to the Second Lien Lenders on account of their Existing Second Lien Claims, which warrants shall initially be transferred 99% to RHI Entertainment Holdings II, LLC and 1% to RHIE Holdings Inc. (which immediately transfers such 1% to RHI Entertainment Holdings II, LLC), then from RHI Entertainment Holdings II, LLC to RHI LLC, and finally from RHI LLC to the Second Lien Lenders.

...

(e) Each First Lien Lender (whether receiving shares of New Common Stock in its capacity as a First Lien Lender or in its capacity as a lender under the Exit Term Credit Facility) shall be deemed to have consented to the terms of, and to have executed and become a party to, the Stockholders Agreement.

(f) Each First Lien Lender (whether receiving shares of New Common Stock in its capacity as a First Lien Lender or in its capacity as a lender under the Exit Term Credit Facility) and Second Lien Lender receiving New Common Stock under the Plan shall, if desiring to obtain the benefits of the Registration Rights Agreement as to the New Common Stock, be required to execute and become a party to the Registration Rights Agreement. Each Second Lien Lender

receiving New Warrants under the Plan shall, if desiring to obtain the benefits of the Registration Rights Agreement as to the New Warrants, be required to execute and become a party to the Registration Rights Agreement, if applicable.

....

Modifications to Section 6.7

Section 6.7 of the Plan, at subsection (a), is modified to reflect the provision in the Stockholders Agreement and the Reorganized Parent Governing Documents for a possible increase in the number of members of the New Board after the Effective Date. As so modified, Section 6.7(a) shall read as follows:

(a) ~~The~~Commencing on the Effective Date, the New Board shall be comprised of five (5) directors, consisting of (i) the chief executive officer of RHI INC serving immediately prior to the Effective Date and (ii) four (4) individuals to be designated by the First Lien Agent (in consultation with a steering committee of First Lien Lenders), to include three (3) independent and disinterested individuals and one (1) representative of Catalyst Fund Limited Partnership II who shall be reasonably acceptable to the First Lien Agent (Gabriel De Alba is acceptable to the First Lien Agent); *provided, however,* that if Catalyst Fund Limited Partnership II has sold its Existing First Lien Claims prior to the Effective Date or is otherwise unable or unwilling to make a representative available for designation, Catalyst Fund Limited Partnership II shall forfeit its position and the First Lien Agent (in consultation with a steering committee of First Lien Lenders) shall fill such position by designating an additional independent and disinterested individual. The designation of directors pursuant to the foregoing clause shall be made in the Plan Supplement. The New Board shall serve in accordance with the Reorganized Parent Governing Documents and shall be subject to replacement or removal as provided therein. After the Effective Date, the size of the New Board may increase to seven (7) directors as provided for in the Stockholders Agreement and the Reorganized Parent Governing Documents.

....

Modifications to Section 6.8

Section 6.8 of the Plan, at subsection (a), is modified to reflect changes to the equity grants under the New Management Incentive Plan in view of the grant of equity in connection with the new Exit Term Credit Facility. As so modified, Section 6.8(a) shall read as follows:

6.8 New Management Incentive Plan

(a) In accordance with the New Management Incentive Plan, (i) on the Effective Date, (A) Reorganized RHI INC shall be authorized and directed to establish and implement the founders equity plan and the management equity incentive plan, under which, *inter alia*, ~~(x)~~ (x) an aggregate of 15% of the total amount of New Common Stock (without giving effect to the shares reserved for issuance pursuant to the New Warrants) shall be issued or reserved for issuance, as described on Exhibit D, ~~of which 4.5% shall be subject to forfeiture under such plans in favor of the original lenders under the Exit Term Credit Facility, as further described on Exhibit D,~~ and (B) the Reorganized Debtors shall enter into new employment agreements, as described on Exhibit D; and (ii) after the Effective Date, the Reorganized Debtors shall establish and implement the annual incentive plan, as described on Exhibit D.

....

Modifications to Section 6.12

Section 6.12 of the Plan is modified to make appropriate provision for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 6.12 shall read as follows:

6.12 Exemption from Certain Transfer Taxes

Pursuant to Section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person pursuant to the Plan in the United States, including any Lien granted by a Debtor or a Reorganized Debtor to secure the Exit Revolving Credit Facility, the Exit Term Credit Facility, or the New ~~Second~~ Third Lien Term Loan Facility, shall not be taxed under any law imposing a document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording fee, sales or use tax, or other similar tax or governmental

assessment. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement and all documents necessary to evidence and implement any of the transactions and actions described in the Plan or the Plan Supplement including, without limitation, the Restructuring Transactions.

Modifications to Section 9.1

Section 9.1 of the Plan, at subsections (a) and (b), is modified to make appropriate provision for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 9.1 shall read as follows:

9.1 Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date, each of which must be satisfied or waived in accordance with Section 9.3 of the Plan:

(a) the Debtors shall have obtained a written commitment for the Exit Revolving Credit Facility and the Exit Term Credit Facility on terms and conditions that (i) are reasonably acceptable to the Debtors and the First Lien Agent and (ii) support the Debtors' demonstration that the Plan is feasible;

(b) the Confirmation Order shall be in form and substance reasonably satisfactory to the Debtors, the First Lien Agent, the Second Lien Agent, the Exit Revolving Agent, and the Exit ~~Revolving~~Term Agent, and shall, among other things:

(i) provide that the Debtors and the Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created under or in connection with the Plan;

(ii) approve the Exit Revolving Credit Facility, the Exit Term Credit Facility, and the New ~~Second~~Third Lien Term Loan Facility;

(iii) authorize the issuance of the New Securities; and

(iv) provide that, notwithstanding Rule 3020(e) of the Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan; and

(c) the Confirmation Order shall have been entered by the Bankruptcy Court.

Modifications to Section 9.2

Section 9.2 of the Plan, at subsections (b) and (c), is modified to make appropriate provision for the new Exit Term Credit Facility, to reflect certain additional or revised terms following from the modifications made to Section 1.2 above, and to clarify that the settlements required under Consensual Plan Alternative must have closed or be capable of closing on or prior to the Effective Date. In addition, Section 9.2 of the Plan, at subsections (f) and (g), is modified to insert a new provision clarifying that the settlements under the Consensual Plan Alternative must close on or before the Effective and to correspondingly change the lettering. As so modified, Section 9.2 shall read as follows:

9.2 Conditions to Effective Date

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with Section 9.3 of the Plan:

...

(b) (i) the New ~~Second~~Third Lien Term Loan Facility; shall be in form and substance reasonably satisfactory to the Debtors and the First Lien Agent, (ii) the Stockholders Agreement; and the New Management Incentive Plan (including the founders equity plan, the management equity incentive plan, the annual incentive plan, and the employment agreements) shall be in form and substance reasonably satisfactory to the Debtors, the Exit Term Agent, and

the First Lien Agent, and ~~(#iii)~~ the Reorganized Parent Governing Documents, the Reorganized Subsidiary Governing Documents, the Registration Rights Agreement, and the New Warrants shall be in form and substance reasonably satisfactory to the Debtors, the Exit Term Agent, the First Lien Agent, and the Second Lien Agent, *provided that* the rights of the Second Lien Agent as to the Reorganized Parent Governing Documents and the Reorganized Subsidiary Governing Documents shall be limited to confirming that the final documents are not inconsistent with the parameters described in the Plan and any applicable exhibits to the Plan; and, to the extent any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived in accordance with the respective provisions thereof, as applicable; *provided, however*, that in no event shall the effectiveness of any document that implements the treatment of the Existing First Lien Secured Claims or the Existing Second Lien Claims, including, without limitation, the New ~~Second~~Third Lien Term Loan Facility, the Reorganized Parent Governing Documents, the Stockholders Agreement, the Registration Rights Agreement (except as required by the Plan to obtain the benefits thereof), or the New Warrants (except as required by the Plan to obtain the benefits thereof), be conditioned upon the execution of such document by any First Lien Lender or Second Lien Lender, as applicable, other than by JPMorgan Chase Bank, N.A. to the extent that it is party to such document in its capacity as First Lien Agent or New Term Loan Agent;

(c) (i) (A) the Exit Revolving Credit Facility shall be on terms and conditions reasonably acceptable to the Debtors, First Lien Agent, the Exit Term Agent, and the Exit Revolving Agent, (ii) the Exit Revolving B) the Exit Revolving Credit Facility shall be in full force and effect upon closing and shall provide for the extension of credit thereunder to be available upon closing; (C) the credit agreement and other documents evidencing the Exit Revolving Credit Facility shall have been executed and delivered by the respective parties thereto, and (D) all conditions precedent to the closing of the Exit Revolving Credit Facility shall have been satisfied or waived in accordance with the provisions thereof, as applicable; and (ii) (A) the Exit Term Credit Facility shall be on terms and conditions reasonably acceptable to the Debtors, the First Lien Agent, and the Exit Term Agent, (B) the Exit Term Credit Facility shall be in full force and effect upon closing and shall provide for the extension of credit thereunder to be available upon closing; (iii) C) the credit agreement and other documents evidencing the Exit Revolving Term Credit Facility shall have been executed and delivered by the respective parties thereto, and (iv) D) all conditions precedent to the closing of the Exit Revolving Term Credit Facility shall have been satisfied or waived in accordance with the provisions thereof, as applicable;

...

(f) under the Consensual Plan Alternative, each of the settlements reached with (i) MAT Movies & Television Productions GmbH & Co. Project IV KG and Hallmark Entertainment Holdings, Inc., (ii) U.S. Bank National Association, U.S. Bank National Association, Canada Branch, and certain production entities, borrowers, and guarantors to which, or for the benefit of which, U.S. Bank National Association and U.S. Bank National Association, Canada Branch made loans, and (iii) Powercorp International Limited and Powercorp International Holdings Limited shall have closed and become effective; and

(g) (f) all material actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

....

Modifications to Section 9.3

Section 9.3 of the Plan is modified to grant certain waiver rights to the new Exit Term Agent and to prevent waiver of the settlement condition without the consent of the settlement parties. As so modified, Section 9.2 shall read as follows:

9.3 Waiver of Conditions

Each of the conditions set forth in Sections 9.1 and 9.2, with the express exception of the conditions set forth in Sections 9.1(c) and 9.2(a), may be waived in whole or in part by the Debtors without any notice to parties in interest or the Bankruptcy Court and without a hearing; *provided, however*, that such waiver shall not be effective without the consent of (a) the First Lien Agent and the Exit Revolving Agent, which consents shall not be unreasonably withheld ~~and~~; (b) with respect to Sections 9.1(b) and 9.2(b) ~~(#iii)~~ only, the First Lien Agent, the Exit Revolving Agent, the Exit Term Agent, and the Second Lien Agent, which consents shall not be unreasonably withheld ~~—~~; (c) with respect to Sections 9.2(b)(ii) and 9.2(c)(ii) only, the First Lien Agent, the Exit Revolving Agent, and the Exit Term Agent, which consents shall not be

unreasonably withheld; and (d) with respect to Section 9.2(f), the First Lien Agent, the Exit Revolving Agent, the Exit Term Agent, and each of (i) MAT Movies & Television Productions GmbH & Co. Project IV KG and Hallmark Entertainment Holdings, Inc., (ii) U.S. Bank National Association, U.S. Bank National Association, Canada Branch, and certain production entities, borrowers, and guarantors to which, or for the benefit of which, U.S. Bank National Association and U.S. Bank National Association, Canada Branch made loans, and (iii) Powercorp International Limited and Powercorp International Holdings Limited as to each of their respective settlements.

Modifications to Section 10.1

Section 10.1 of the Plan, as subsection (g), is modified to make appropriate provision for the new Exit Term Credit Facility and to reflect certain additional or revised terms following from the modifications made to Section 1.2 above. As so modified, Section 10.1(g) shall read as follows:

10.1 Scope of Retention of Jurisdiction

Under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

...

(g) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including, without limitation, disputes arising under agreements, documents, or instruments executed in connection with the Plan, *provided, however*, that any dispute arising under or in connection with the New Securities, the Exit Revolving Credit Facility, the ~~New Second~~ **Exit Term Credit Facility, the New Third** Lien Term Loan Facility, the Reorganized Parent Governing Documents, the Reorganized Subsidiary Governing Documents, the New Management Incentive Plan, the Registration Rights Agreement, or the Stockholders Agreement shall be dealt with in accordance with the provisions of the applicable document;

....

Modifications to Section 11.8

Section 11.8 of the Plan is modified to reflect certain limits to the third party release dictated by applicable law and to be required in the Confirmation Order by agreement with the Office of the United States Trustee. As so modified, Section 11.8 of the Plan shall read as follows:

11.8 Releases by Holders of Claims ~~and Interests~~

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each First Lien Lender and Second Lien Lender, each holder of an eligible Allowed Trade Unsecured Claim who receives payment from the Trade Account, if applicable, and to the extent permitted by applicable law and approved by the Confirmation Order each other holder of a Claim ~~or Interest~~, shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, against (a) any of the Debtors' non-Debtor subsidiaries, (b) any of the directors, officers, and employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries serving during the pendency of the Chapter 11 Case, (c) any Professionals and court-retained agents of the Debtors, (d) the DIP Facility Agent, the DIP Facility Lenders, and the respective directors, officers, employees, counsel, and other advisors of each of the foregoing, but only in their capacities as such, (e) the First Lien Agent, the First Lien Lenders, and the respective directors, officers, employees, counsel, and other advisors of each of the foregoing, but only in their capacities as such, (f) the Second Lien Agent, the Second Lien Lenders, and the respective directors, officers, employees, counsel, and other advisors of each of the foregoing, but only in their capacities as such, and (g) any of the successors or assigns of any of the parties identified in the foregoing clauses (a) through (f) (**collectively, the "Released Parties"**), in connection with or related to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the Estates, the conduct of the Debtors' business, or the Plan (other than the rights under the Plan and the contracts, instruments, releases, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or there ~~und~~ **after** arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the

Effective Date: provided, however, that nothing herein shall release any of the Released Parties from any act or omission of a Released Party that constitutes gross negligence, willful misconduct and fraud.

Modifications to Section 11.11

Section 11.1 of the Plan, at subsections (a) and (b), is modified to add as exculpated parties thereunder the Exit Revolving Agent, the lenders under the Exit Revolving Credit Facility, the Exit Term Agent, and the lenders under Exit Term Credit Facility. As so modified, Section 11.11 of the Plan shall read as follows:

11.11 Exculpation and Limitation of Liability

(a) To the extent permitted by applicable law and approved in the Confirmation Order, none of (i) the Debtors or any of the Debtors' non-Debtor subsidiaries, (ii) the directors, officers, or employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries serving during the pendency of the Chapter 11 Case, (iii) the Professionals or court-retained agents of the Debtors, (iv) the DIP Facility Agent, the DIP Facility Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (v) the First Lien Agent, the First Lien Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (vi) the Second Lien Agent, the Second Lien Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (vii) the members or Professionals of any statutory committee appointed during the Chapter 11 Case, but only in their capacities as such, ~~or (viii) the Exit Revolving Agent, the lenders under the Exit Revolving Credit Facility, the Exit Term Agent, the lenders under the Exit Term Credit Facility, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, or (ix)~~ any of the successors or assigns of any of the parties identified in the foregoing clauses (i) through (viii), shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects all of the parties identified in the foregoing clauses (i) through (viii) shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(b) Notwithstanding any other provision of the Plan, to the extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, shall have any right of action against any of (i) the Debtors or any of the Debtors' non-Debtor subsidiaries, (ii) the directors, officers, or employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries serving during the pendency of the Chapter 11 Case, (iii) the Professionals or court-retained agents of the Debtors, (iv) the DIP Facility Agent, the DIP Facility Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (v) the First Lien Agent, the First Lien Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (vi) the Second Lien Agent, the Second Lien Lenders, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, (vii) the members or Professionals of any statutory committee appointed during the Chapter 11 Case, but only in their capacities as such, ~~or (viii) the Exit Revolving Agent, the lenders under the Exit Revolving Credit Facility, the Exit Term Agent, the lenders under the Exit Term Credit Facility, or the respective directors, officers, employees, counsel, or other advisors of each of the foregoing, but only in their capacities as such, or (ix)~~ any of the successors or assigns of any of the parties identified in the foregoing clauses (i) through (vii), and none of the parties identified in the foregoing clauses (i) through (viii) shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be

distributed under the Plan, except for acts or omissions that are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.

Modifications to Exhibit A

Exhibit A is modified to include revised terms for the Exit Revolving Credit Facility and to include new terms for the Exit Term Credit Facility. Exhibit A as so modified is attached hereto.

Modifications to Exhibit C

Exhibit C is modified to include revised terms for the New Common Stock. Exhibit C as so modified is attached hereto.

Modifications to Exhibit D

Exhibit D is modified to include revised terms for the New Management Incentive Plan. Exhibit D as so modified is attached hereto.

Modifications to Exhibit E

Exhibit E is modified to include revised terms for the New Third Lien Term Loan Facility. Exhibit E as so modified is attached hereto.

Reservation of Rights

The Debtors reserve the right to make additional modifications to the Plan to the extent permitted by Section 1127 of the Bankruptcy Code and Section 11.14 of the Plan.

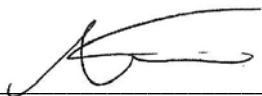
Notice

The Disclosure Statement with Respect to Joint Prepackaged Plan of Reorganization of RHI Entertainment, Inc. and Affiliated Debtors dated November 1, 2010 was accurate as of its date and disclaimed any obligation to provide updated information. The modifications contained herein may impact the projections, valuations, and recovery estimates contained in that Disclosure Statement.

[space intentionally left blank]

Dated: March 15, 2011

RHI Entertainment, Inc.
RHIE Holdings Inc.
RHI Entertainment Holdings II, LLC
RHI Entertainment, LLC
RHI Entertainment Productions, LLC
RHI Entertainment Distribution, LLC
RHI International Distribution Inc.
NGP Holding, Inc.
HEGOA Inc.
Independent Projects, Inc.
Don Quixote, Inc.
HE Pro Tunes, Inc.
HEP Music, Inc.
Metropolitan Productions, Inc.
Library Storage, Inc.
HEP SS Music Inc.
SLB Productions, Inc.

By: 
Robert A. Halmi, Jr.
President and Chief Executive Officer
RHI Entertainment, Inc.

D. J. Baker
Rosalie Walker Gray
Keith A. Simon
LATHAM & WATKINS LLP
885 Third Avenue
New York, New York 10022-4834
Telephone: (212) 906-1200
Facsimile: (212) 751-4864
Email: dj.baker@lw.com
rosalie.gray@lw.com
keith.simon@lw.com

Counsel for Debtors and Debtors in Possession

MODIFIED EXHIBIT A

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

MODIFIED EXHIBIT A

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

THE PLAN SUPPLEMENT SHALL CONTAIN THE SUBSTANTIALLY FINAL FORM OF THE CREDIT AGREEMENTS FOR THE EXIT REVOLVING CREDIT FACILITY AND THE EXIT TERM CREDIT FACILITY. THIS DOES NOT PURPORT TO BE THE DEFINITIVE INTEGRATION OF ANY OF THE TERMS AND CONDITIONS OF THE EXIT REVOLVING FACILITY OR THE EXIT TERM CREDIT FACILITY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN SUCH FORMS OF CREDIT AGREEMENTS AND THESE TERM SHEETS, THE FORM CREDIT AGREEMENTS SHALL CONTROL.

Exit Revolving Credit Facility and Exit Term Credit Facility Term Sheet

I. EXIT REVOLVING CREDIT FACILITY

| | |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Borrower:</i> | RHI Entertainment, LLC (“ <u>RHI LLC</u> ” or the “ <u>Borrower</u> ”). |
| <i>Guarantors:</i> | The obligations of the Borrower shall be guaranteed by RHI INC, RHIE Holdings Inc., RHI Entertainment Holdings II, and each subsidiary of the Borrower that guarantees the Existing First Lien Credit Agreement (each a “ <u>Guarantor</u> ,” and collectively, the “ <u>Guarantors</u> ”; together with the Borrower, the “ <u>Credit Parties</u> ”). |
| <i>Sole Lead Arranger and Sole Bookrunner:</i> | J.P. Morgan Securities Inc. <u>LLC</u> (the “ <u>Lead Arranger</u> ”). |
| <i>Administrative Agent:</i> | JPMorgan Chase Bank, N.A. (“ <u>JPMCB</u> ” or, in its capacity as administrative agent under the Exit Revolving Credit Facility, the “ <u>Exit Revolving Agent</u> ”). |
| <i>Lenders:</i> | A syndicate of banks, financial institutions and other entities (including JPMCB) satisfactory to the Lead Arranger and the Exit Revolving Agent, selected in consultation with the Borrower and arranged by the Lead Arranger (collectively, the “ <u>Exit Revolving Lenders</u> ”). The Exit Revolving Credit Facility will be offered to the First Lien Lenders on a pro rata basis. |
| <i>Facility:</i> | The revolving credit facility (the “ Exit Revolving Credit Facility ” or the “ <u>Revolving Facility</u> ”) will consist of a total revolving commitment (the “ <u>Revolving Commitment</u> ”) of up to U.S. \$25 million (the principal amounts advanced under the Revolving Facility, the “ <u>Revolving Loans</u> ”). The Revolving Commitment shall be subject to the Exit Revolving Lenders (including JPMCB) agreeing to provide the full amount thereof. The Lead Arranger will use reasonable commercial efforts to arrange, but not underwrite, the Revolving Facility. |
| <i>Letters of Credit:</i> | A portion of the Revolving Facility not in excess of U.S. \$5.0 million shall be available for the issuance of letters of credit (“ <u>Letters of Credit</u> ”) by JPMCB (or any of its banking affiliates) (in such capacity, the “ <u>Issuing Bank</u> ”). |
| <i>Purpose:</i> | The Revolving Commitment shall be available for working capital and other general corporate purposes of the Borrower and its Subsidiaries and affiliates (including, subject to limitations to appear in the Revolving Facility, RHI INC, RHIE Holdings Inc. and RHI Entertainment Holdings II) in accordance with the final <u>Revolving</u> Facility documents. The proceeds of the Revolving Loans may |

| | |
|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>not be used (a) to refinance or repay<u>make any payment of</u> any obligations relating to any film projects previously identified as “spillover” projects, other than such payments as were reviewed and approved by the First Lien Agent prior to the Closing Date, in each case, without the prior written consent of the Exit Revolving Agent and the Required Lenders (as defined below) or (b) towards the production of any Picture (as defined below), but, (b) to make any payment prohibited under the Revolving Credit Agreement or (c) to make any payments to or on behalf of RHI INC other than to pay Overhead Expenses (as defined in the Revolving Credit Agreement) and other expenses in connection with the Corporate Administration (as defined in the Revolving Credit Agreement) of RHI Inc, but none of the foregoing shall not prevent the use of proceeds of Loans towards development expenses, subject to compliance with the development expense covenant described below.</p> |
| Documentation for Revolving Facility: | <p>The Revolving Facility will be documented by, among other things, a credit, guaranty and pledge agreement (the “<u>Revolving Credit Agreement</u>”) to be negotiated and entered into in form and substance satisfactory to the Exit Revolving Agent and the Exit Revolving Lenders.</p> |
| Term: | <p>The Revolving Loans shall be repaid in full upon the earliest of (i) the Maturity Date (as defined below) or (ii) the acceleration of the Revolving Loans in accordance with the Revolving Credit Agreement (together with the Maturity Date, the “<u>Termination Date</u>”).</p> <p>“<u>Maturity Date</u>” shall mean December 31, 2013.</p> <p>Upon the occurrence of the Termination Date, the Revolving Loans and other obligations under the Revolving Facility shall be repaid in full.</p> |
| Closing Date: | <p>Closing to occur, subject to the satisfaction of the conditions precedent set forth below and in the Revolving Credit Agreement, upon the occurrence of the Effective Date of the Plan. The date of such closing is referred to as the “<u>Closing Date</u>”).</p> |
| New Second Lien<u>Exit Term Loan Facility:</u> | <p>Simultaneously with the Closing Date, <u>certain of</u> the First Lien Lenders will convert their Existing First Lien Claims into the New<u>provide the Borrower with a new \$15 million</u> Second Lien Term Loan Facility (the “<u>Exit Term Loan Facility</u>”); the credit agreement to be negotiated and entered into to evidence same, the “New Second Lien<u>Exit Term Credit Loan Agreement</u>”; the administrative agent under the <u>Exit Term Loan Facility</u>, the “New<u>Exit Term Agent</u>”; the Exit Revolving Lenders thereunder, the “New<u>Exit Term Loan Lenders</u>”; and the term loans which are to be extended thereunder on a non-cash basis on the Effective Date, the “<u>Exit Term Loans</u>”). The <u>Exit Term Loans</u> will be guaranteed by the Guarantors and will be secured by a second lien security interest in the same Collateral that secures the Revolving Facility. The New Second Lien<u>Exit Term Loans</u> will have the same maturity date as the Revolving Facility<u>mature on September 30, 2013</u> and will contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the Revolving Facility.</p> |
| Subordination of Liens<u>Securing New Third Lien Term Loan Facility:</u> | <p>The liens in favor of the Exit Revolving Agent (on behalf of the Exit Revolving Lenders) securing the Revolving Facility shall be senior to the liens securing the Borrower’s obligations under the Term Facility<u>Simultaneously with the Closing Date, the First Lien Lenders will convert their Existing First Lien Claims into the Third Lien Term Loan Facility (the “New Third Lien Term Loan Facility”; the credit agreement to be negotiated and entered into to evidence same, the “New Third Lien Term Loan Agreement”; the administrative agent under the Term Facility, the “New Third Lien Agent”; the Lenders thereunder, the “New Third Lien Term Lenders”; and the term loans which are to be extended thereunder on a non-cash basis on the Effective Date,</u></p> |

| | |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>the “New Third Lien Term Loans”). The New Third Lien Term Loans will be guaranteed by the Guarantors and will be secured by a third lien security interest in the same Collateral that secures the Revolving Facility. The New Third Lien Term Loans will have the same maturity date as the Revolving Facility and will contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the Revolving Facility.</u></p> |
| <p><i>Intercreditor Agreement:</i></p> | <p>As a condition to the Closing Date, the Exit Revolving Agent shall have negotiated and entered into a first lien/second lien intercreditor agreement with the New Term Agent (the “Exit Intercreditor Agreement”) pursuant to which the Exit Revolving Agent and the New Term Agent shall agree that the security interests securing the Term Facility are subject and subordinate to the security interests in favor of the Exit Revolving Agent securing the Revolving Facility; provided, however, that the Exit Intercreditor Agreement shall contain, among other things, the following provisions: (a) the Exit Revolving Agent shall agree that the aggregate amount of the Revolving Commitments shall at no point exceed U.S.\$25 million, (b) until such point as the Exit Revolving Agent or Exit Revolving Lenders have accelerated the Revolving Loans or commenced secured creditors’ remedies with respect to any of the Collateral or any of the Credit Parties has become the subject of a bankruptcy, insolvency or receivership proceeding, the Borrower shall be entitled to pay, and the New Term Lenders shall be entitled to accept, (i) payments of interest on the Term Loans and of any scheduled amortization as set forth under the New Second Lien Term Credit Agreement as of the Closing Date, (ii) any mandatory prepayments set forth in the New Second Lien Term Credit Agreement as of the Closing Date (e.g., mandatory prepayments with 100% of the proceeds of additional indebtedness and of certain asset dispositions, with 50% of the proceeds of post Closing Date equity contributions, with 75% of Excess Cash Flow (as defined below) and with certain proceeds of insurance recoveries), (c) so long as no event of default exists under the Revolving Facility, the Borrower shall be entitled to pay, and the New Term Lenders shall be entitled to accept, any voluntary prepayments or other prepayments of the Term Loans under the Term Facility, (d) until the repayment in full of all Indebtedness under the Revolving Facility and the termination of any commitments to extend additional credit thereunder (the “Revolving Facility Repayment Date”), any proceeds of the common Collateral securing the Term Facility and the Revolving Facility that are realized in connection with any enforcement actions with respect to such Collateral, and any recovery in any bankruptcy, insolvency or receivership shall be paid to the Exit Revolving Lenders prior to payments to the New Term Lenders and (e) various commitments and agreements between the Exit Revolving Agent and the New Term Agent with respect to, among other things, the commonality of collateral, application of proceeds of common Collateral, actions which may or may not be taken in the context of an insolvency proceeding and amendments to the Revolving Facility documentation and the Term Facility documentation.</p> |
| <p><i>Priority and Liens:</i></p> | <p>The Revolving Loans and all other monetary obligations under the Revolving Facility (and all guaranties of the foregoing by the Guarantors), shall at all times be secured by a perfected first priority lien (subject solely to permitted liens to be specified, including liens in favor of talent guilds on terms and conditions to be established in the Revolving Credit Agreement) on all of the Borrower’s and the Guarantors’ respective property and assets, as well as by a pledge of 100% of the Equity Interests (to be defined in the Revolving Credit Agreement) in <u>the Borrower and each of its Subsidiaries that is a</u> Guarantor (but not the Equity Interests in the Borrower) and all of the other Equity Interests owned by the Borrower and each Guarantor (but limited to pledges of 65% of the Equity Interests owned by any Credit Party in any “controlled foreign corporation”).</p> <p><u>The liens securing the Revolving Facility shall be senior to the liens securing the Borrower’s obligations under the Exit Term Loan Facility and the New Third Lien Term Loan Facility.</u></p> |

| | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u><i>Intercreditor Agreement:</i></u></p> | <p><u>As a condition to the Closing Date, the Exit Revolving Agent shall have negotiated and entered into a first lien/second lien/third lien intercreditor agreement with the Exit Term Agent and the New Third Lien Agent (the “Exit Intercreditor Agreement”) pursuant to which the Exit Revolving Agent, the Exit Term Agent and the New Third Lien Agent shall agree that the security interests securing the Exit Term Loan Facility and the New Third Lien Term Loan Facility are subject and subordinate to the security interests in favor of the Exit Revolving Agent securing the Revolving Facility; <i>provided, however,</i> that the Exit Intercreditor Agreement shall contain, among other things, the following provisions:</u></p> <p><u>(a) the Exit Revolving Agent shall agree that the aggregate amount of the Revolving Commitments shall at no point exceed U.S.\$25 million;</u></p> <p><u>(b) until such point as the Exit Revolving Agent or Exit Revolving Lenders have accelerated the Revolving Loans or commenced secured creditors’ remedies with respect to any of the Collateral or any of the Credit Parties has become the subject of a bankruptcy, insolvency or receivership proceeding, the Borrower shall be entitled to pay, and the Exit Term Loan Lenders and the New Third Lien Term Lenders shall be entitled to accept, (i) payments of interest on the Exit Term Loans and the New Third Lien Term Loans, as applicable, and of any scheduled amortization as set forth under the Exit Term Loan Agreement or the New Third Lien Term Loan Agreement as of the Closing Date, (ii) any mandatory prepayments set forth in the Exit Term Loan Agreement or the New Third Lien Term Loan Agreement as of the Closing Date (e.g., mandatory prepayments with 100% of the proceeds of additional indebtedness and of certain asset dispositions, with 50% of the proceeds of post-Closing Date equity contributions, with 100% of the proceeds of warrants issued upon exit from bankruptcy and with certain proceeds of insurance recoveries);</u></p> <p><u>(c) the Borrower shall not be entitled to pay, and the New Third Lien Term Lenders shall not be entitled to accept, any voluntary prepayments of the Loans under the New Third Lien Term Loan Facility without the consent of the requisite Lenders under the Exit Term Loan Facility;</u></p> <p><u>(d) the Borrower shall not be entitled to pay, and the Exit Term Lenders shall not be entitled to accept, any voluntary prepayments of the Loans under the Exit Term Loan Facility without the consent of the requisite Lenders under the New Third Lien Term Loan Facility;</u></p> <p><u>(e) until the repayment in full of all Indebtedness under the Revolving Facility and the termination of any commitments to extend additional credit thereunder (the “Revolving Facility Repayment Date”), any proceeds of the common Collateral securing the Revolving Facility, the Exit Term Loan Facility and the New Third Lien Term Loan Facility that are realized in connection with any enforcement actions with respect to such Collateral, and any recovery in any bankruptcy, insolvency or receivership shall be paid to the Exit Revolving Lenders prior to payments to the Exit Term Loan Lenders or the New Third Lien Term Lenders; and</u></p> <p><u>(e) various commitments and agreements between the Exit Revolving Agent, Exit Term Agent and the New Third Lien Agent with respect to, among other things, the commonality of collateral, application of proceeds of common Collateral, actions which may or may not be taken in the context of an insolvency proceeding and amendments to the Revolving Facility documentation, the Exit Term Loan Facility documentation and the New Third Lien Term Loan Facility documentation.</u></p> |
| <p><u><i>Depository Relationship:</i></u></p> | <p>The Borrower’s and Guarantors’ cash management arrangements shall be reasonably acceptable to the Exit Revolving Agent and satisfactory deposit account control agreements in favor of the Exit Revolving Agent shall be executed as a condition precedent to the Closing Date. The cash management arrangements and the deposit account control agreements shall provide that, (a) from and after the date that the Borrower is not in compliance with the required Coverage Ratio as described</p> |

| | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>below, any and all sums in each deposit account shall, on a daily basis, be swept into a collection account maintained with the Exit Revolving Agent under the Revolving Facility (and any amounts received in such collection account shall be automatically applied on a daily basis to repay revolving indebtedness under the Revolving Facility) and (b) <u>subject to the Exit Intercreditor Agreement</u>, from and after the date that the Borrower is not in compliance with the required Coverage Ratio or <u>the Exit Revolving Agent's election after</u> the occurrence of an Event of Default, the Exit Revolving Agent shall have full dominion and control over each of the Credit Parties' deposit accounts.</p> |
| Commitment Fee: | 0.50% per annum on the unused amount of the Revolving Commitments (with the issuance of Letters of Credit being treated as usage of the Revolving Commitments) payable monthly in arrears during the term of the Revolving Facility and on the Termination Date. |
| Letter of Credit Fees: | <p>The Exit Revolving Agent shall receive for the benefit of the Exit Revolving Lenders a fee computed at a rate per annum equal to the applicable margin for LIBOR loans (calculated in the same manner as interest) on the face amount of each issued but undrawn Letter of Credit under the Revolving Facility.</p> <p>In addition, the Issuing Bank shall receive for its own account a fee of 0.25% per annum of the face amount for each Letter of Credit <u>plus</u> customary fees for fronting, issuance, amendments and processing, payable quarterly in arrears to the Issuing Bank for its own account.</p> |
| Upfront Fees: | <p>The following up-front<u>Upfront</u> fees payable to the Exit Revolving Agent for the benefit of the Exit Revolving Lenders in consideration of the Exit Revolving Lenders' extension of their respective Revolving Commitments: (i) in the case of each First Lien Lender which provides a Revolving Commitment in an amount such that its pro rata portion of the total Revolving Commitments meets or exceeds such Lender's pro rata share of the total commitments (whether revolving or term loan) under the Existing First Lien Credit Agreement, 4.00<u>3.00</u>% of such Lender's Revolving Commitments and (ii) in the case of all other Lenders, 3.00<u>2.00</u>% of each such Lender's Revolving Commitments.</p> <p>The up-front<u>Upfront</u> fees shall be fully-earned and payable as a condition to the Closing Date and non-refundable under all circumstances.</p> |
| Interest Rate: | <p>The Revolving Loans will accrue interest at a floating rate equal to, at the Borrower's option: (i) the Alternate Base Rate plus 2.00%; or (ii) LIBOR plus 3.00% for interest periods to be determined.</p> <p>The Alternate Base Rate is the highest of (a) the Exit Revolving Agent's Prime Rate, (b) the Federal Funds Effective Rate <u>plus</u> 0.50%, and (c) one-month LIBOR <u>plus</u> 1.00% for <u>an</u> interest periods of one, two or three months <u>month</u>.</p> <p>LIBOR shall at all times be subject to a 2.00% floor and will include statutory reserves at all times when there are reserves.</p> <p>All interest and fees will be calculated on the basis of a 360 or 365 day year, as applicable, and actual days elapsed.</p> |
| Default Interest: | 2.00% above the then applicable interest rate which will be applied to the entire unpaid balance of the Revolving Loans. |
| Interest Payment: | Interest on the Revolving Loans shall be paid monthly in arrears, on the last Business Day (to be defined in the Revolving Credit Agreement) of each calendar month. |

| | |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Borrowing Base:</i></p> | <p>The sum of the aggregate outstanding amount of direct borrowings under the Revolving Commitment <u>plus</u> the undrawn amount of outstanding Letters of Credit (including, without duplication, unreimbursed draws) issued for the account of the Borrower shall at no time exceed the Borrowing Base. The Borrowing Base shall be defined in a manner satisfactory to the Exit Revolving Agent. Borrowing Base eligibility standards may be fixed and revised from time to time by the Exit Revolving Agent, in its sole discretion with respect to downward adjustments and with respect to reversals of prior upward adjustments. The definition of “Eligible Receivables” under the Borrowing Base shall exclude, among other things, (a) accounts receivable from non-U.S., non-U.K. and non-Canadian obligors; (b) accounts receivable past due more than 60<u>120</u> days or from obligors from whom 20% or more of receivables are 180 or more days overdue, (c) accounts receivable which are included in the Borrower’s estimated bad debts; (d) accounts receivable with no readily determinable due date or which are otherwise subject to any material conditions to payment; (e) accounts receivable that have been assigned and accounts receivable for Pictures for which the Borrower either has not paid or does not in good faith project to pay the relevant minimum guaranty or buy-out payment (such amounts excluding Pictures for which the only remaining amounts due are associated with assigned accounts receivable so long as the obligor whose payment obligations were assigned does not hold any known setoffs or counterclaims which would disqualify the payment obligations from being an Eligible Receivable had they been payable to Borrower); (f) accounts receivable from uncompleted Pictures, <u>unless a completion bond has been executed with respect to same</u>; (g) accounts receivable from Pictures financed by the MAT IV German film fund; (h) any receivables for which there is a bona fide request for a material adjustment, credit, offset, counterclaim or dispute (only the amount<u>aeem</u> amount in question shall be excluded); <u>and</u> (i) any receivables for which Borrower has not delivered to the account debtor a notice of assignment and irrevocable instructions in the form to be attached to the Revolving Credit Agreement or for which the Exit Revolving Agent does not have a perfected security interest, and (j) the following reserves for <u>Eligible Receivables with respect to</u> long-term accounts receivable: for accounts receivable due (A) shall be discounted by: (A) 25% if due <u>more than 365 days from the date of determination, a reserve of 25% of the amount thereof; (B) 50% if due</u> more than two years from the date of determination, a reserve of 50% of the amount thereof and (C) <u>75% if due</u> more than three years from the date of determination, a reserve of 75% of the amount thereof. Eligible Receivables shall, where applicable, be translated at current foreign exchange rates. In addition to Eligible Accounts Receivable, the Borrowing Base shall include a film library credit equal to 5<u>10</u>% of the then-current Library Appraisal Amount (defined below), but which film library credit may not exceed U.S.\$10.0<u>\$20.0</u> million at any time. Borrowing Base reserves will specifically include (i) an advance rate reserve against Eligible Receivables of 85%, (ii) a reserve of \$8.0 million with respect to historic amounts due to the guilds and (iii) a reserve for amounts due to be paid to guilds arising out of the future collection of currently contracted accounts receivable (estimated to be approximately U.S.\$3.0 million).</p> |
| <p><i>Conditions Precedent to Occurrence of Closing Date:</i></p> | <p>The consummation of the Closing Date shall be subject to the satisfaction of conditions that are typical for a facility of this type, including but not limited to: (i) the substantial consummation of the Plan; (ii) negotiation and execution of the Revolving Credit Agreement and the other definitive documentation relating to the Revolving Facility in form and substance satisfactory to the Exit Revolving Lenders and the Exit Revolving Agent, including the Exit Intercreditor Agreement; (iii) perfection of security interests granted in favor of Agent, delivery of customary legal opinions and satisfactory lien searches; (iv) payment of the Upfront Fees and any other fees required to be paid under the Fee Letter<u>Revolving Credit Agreement</u>; (v) the Exit Revolving Agent’s satisfaction, in its sole discretion, with a business plan, containing forecasted financial statements consisting of balance sheets, cash flow statements and income statements, with supporting detail <u>(including a supporting library model and production model and an integration of such models into such business plan)</u> and underlying assumptions, together with management commentary on such assumptions (a “Business Plan”) all covering a period commencing with the Effective Date and through at least the Maturity<u>between January 1st of the year of preparation through the then current year and two subsequent years (which opening Business Plan shall have been delivered at least fourteen days</u></p> |

| | <p><u>prior to the Closing Date</u>); (vi) delivery of 13-week cash flow projection satisfactory to the Exit Revolving Agent in its sole and absolute discretion; (vii) delivery of disclosure schedules, officer's certificates, company resolutions and other customary closing deliverables and; (viii) except to the extent waived by the Exit Revolving Agent, for each guild that holds any security interest in any motion picture, which security interest pre-dates and survives the Closing Date, the Exit Revolving Agent shall have received an acknowledgment executed by such guild, which acknowledgment shall be in form and substance satisfactory to the Exit Revolving Agent and shall provide that the security interests in favor of the Exit Revolving Lenders, <u>the Exit Term Loan Lenders</u> and the <u>New Third Lien</u> Term Loan Lenders, as a combined class, have at least the same priority vis-à-vis the surviving liens of such guild as existed between such guild and the Existing First Lien Credit Agreement <u>and (ix) the occurrence of the "Closing Date" under each of the Exit Term Loan Facility and the New Third Lien Term Loan Facility and the funding of \$15,000,000 under the Exit Term Loan Facility.</u></p> | | | | | | | | | | | | | | |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------|--------------------------|----------------------|-------------------------------|---------------------|------------------------------|---------------------|---------------------------|---------------------|--------------------------|---------------------|-------------------------------|---------------------|
| <p>Representations and Warranties:</p> | <p>Standard representations and warranties for a facility of this type, including but not limited to, due incorporation and good standing, absence of requirements for consents or approvals, absence of liens, accuracy of financial statements, absence of a material adverse change, and absence of litigation on terms at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement.</p> | | | | | | | | | | | | | | |
| <p>Affirmative Covenants:</p> | <p>Standard affirmative covenants for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to delivery of financial statements, maintenance of properties and insurance, causing material subsidiaries to become Credit Parties (pursuant to the parameters set forth in the Existing First Lien Credit Agreement) and payment of taxes and other material obligations.</p> <p>In addition, the Borrower and the Guarantors <u>Credit Parties</u> shall be required to:</p> <p>(a) deliver, on an annual basis, (a) an updated Business Plan in form and substance satisfactory to Agent covering the three year period following the date of preparation and (b) an independent third party valuation of the Borrower's and its subsidiaries' unsold titles in the form generally provided under the Existing First Lien Credit Agreement (the amounts reflected therein, the "<u>Library Appraisal Amount</u>");</p> <p>(b) deliver, on a monthly basis, rolling 13 week cash flow projections ("<u>Cash Flow Projections</u>") in form and substance satisfactory to the Exit Revolving Agent and its advisors in their sole discretion evidencing minimum cash on hand at all times during the projection period in amounts to be determined;</p> <p>(c) deliver, on a quarterly basis, certifications as to compliance with each of the financial covenants in the Revolving Facility;</p> <p>(d) demonstrate, on a quarterly basis, <u>on the last day of each quarter beginning with March 31, 2012</u>, that the Coverage Ratio (as defined below) is greater than, on the dates set forth below, the corresponding ratios set forth below:</p> <table data-bbox="435 1646 1260 1879"> <thead> <tr> <th><u>Date of Determination:</u></th> <th><u>Minimum Coverage Ratio:</u></th> </tr> </thead> <tbody> <tr> <td>June 30, 2011</td> <td>1.10: 1.0</td> </tr> <tr> <td>September 30, 2011</td> <td>1.10:1.0</td> </tr> <tr> <td>December 31, 2011</td> <td>1.15:1.0</td> </tr> <tr> <td>March 31, 2012</td> <td>1.20:1.0</td> </tr> <tr> <td>June 30, 2012</td> <td>1.20:1.0</td> </tr> <tr> <td>September 30, 2012</td> <td>1.20:1.0</td> </tr> </tbody> </table> | <u>Date of Determination:</u> | <u>Minimum Coverage Ratio:</u> | June 30, 2011 | 1.10: 1.0 | September 30, 2011 | 1.10:1.0 | December 31, 2011 | 1.15:1.0 | March 31, 2012 | 1.20:1.0 | June 30, 2012 | 1.20:1.0 | September 30, 2012 | 1.20:1.0 |
| <u>Date of Determination:</u> | <u>Minimum Coverage Ratio:</u> | | | | | | | | | | | | | | |
| June 30, 2011 | 1.10: 1.0 | | | | | | | | | | | | | | |
| September 30, 2011 | 1.10:1.0 | | | | | | | | | | | | | | |
| December 31, 2011 | 1.15:1.0 | | | | | | | | | | | | | | |
| March 31, 2012 | 1.20:1.0 | | | | | | | | | | | | | | |
| June 30, 2012 | 1.20:1.0 | | | | | | | | | | | | | | |
| September 30, 2012 | 1.20:1.0 | | | | | | | | | | | | | | |

| | |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>December 31, 2012 _____ 1.20:1.0 March 31, 2013 _____ 1.25:1.0 June 30, 2013 _____ 1.25:1.0 September 30, 2013 _____ 1.25:1.0 December 31, 2013 _____ 1.25:1.0</p> <p>From and after the date on which it is determined that the Coverage Ratio is not satisfied, the cash management provisions described in the section entitled "Depository Relationship" shall be implemented: <u>1.0.</u></p> |
| <p><i>Negative Covenants:</i></p> | <p><u>Standard negative covenants for a facility of this type, and at least as favorable to a lending group as appearing in the Existing First Lien Credit Agreement (excluding any financial maintenance covenants), including but not limited to restrictions on mergers and consolidations, liens and encumbrances, indebtedness, dispositions of assets, investments, dividends and other restricted payments, capital expenditures and transactions with and payments to affiliates</u></p> <p>In addition, the Borrower <u>Credit Parties</u> will not, and will not permit any of its Subsidiaries to:</p> <p>(<u>1</u>) (a) (i) produce any motion picture project in-house or otherwise incur any direct negative cost for any motion picture project, (ii) other than pursuant to parameters to be set forth in the New Third Lien Term Loan Agreement (i.e., up to \$3 million of contributions to negative cost in the aggregate, not to exceed \$500,000 for any individual film project); (b) green-light any motion picture project to be produced in an off-balance-sheet manner without (i) having achieved an aggregate amount of pre-sales for such project <u>which have not been assigned to any third party</u> in an amount equal to at least the cost to the Credit Parties of acquiring rights in such project (including without limitation the purchase price, whether characterized as a purchase price, negative pick-up payment, minimum guarantee, buyout or otherwise) and without having satisfied the other parameters to be set forth in the Revolving Credit Agreement (which shall include among other things that (A) the Credit Parties shall in no event be obligated, with a \$1.5 million credit-sensitized cap on the "retained" pre-sales and (ii) the New Third Lien Agent having had at least two (2) Business Days' opportunity to review any such documentation prior to execution (with such review to be limited to confirming compliance with the New Third Lien Term Loan Facility documentation)) (c) <u>undertake any obligation</u> to make payments to the relevant producer or any other person prior to the delivery of the relevant film, (B) in the event that any of the Credit Parties <u>d</u> assign to the producer or the producer's financier(s) <u>or any completion guarantor or licensor</u> any right to payment under any sub-licenses or sub-distribution agreements (or otherwise convey or direct any such payment to the producer or its financier), the payment obligations of the sub-distributor shall be non- <u>in a manner that (i) extends beyond the film at issue or (ii) involves</u> recourse to the Credit Parties and (C) the Exit Revolving Agent shall have had at least two (2) Business Days' opportunity to review any such documentation prior to execution (with such review to be limited to confirming compliance with the Revolving Facility documentation)), (iii) beyond payment guarantees of the Credit Parties' sub-licensees up to an aggregate limit of \$7 million, with per-film sub-limit and an aggregate \$1.5 million cap on exposure under such guarantees, (e) permit the total Credit Exposure (as determined in accordance with the New Third Lien Term Loan Agreement) to exceed certain credit limitations to be set forth in the New Third Lien Term Loan Agreement, (f) produce or arrange the production of any motion picture intended for theatrical exploitation, or (iv) produce or arrange the production of any episodic television program unless (A) each of the foregoing provisions of this clause (a) has been complied with and (B) (i) the Credit Parties have no completion risk with respect to the season at issue and no obligation whatsoever (including any "tail" or economic risk) with respect to any subsequent season;</p> <p>(<u>b</u>) assign any of its accounts receivable or grant a security interest in any such accounts receivable to any third party producer or any <u>its</u> financier of <u>or</u> any third party producer <u>guarantor or licensor</u> other than pursuant to parameters to be set forth in the Revolving Credit Agreement (which shall include that the Exit Revolving Agent shall have had at least two (2) Business Days' opportunity to</p> |

review any such documentation prior to execution);

~~(e) permit the Fixed Charge Coverage Ratio (as defined below), determined annually, commencing with the twelve month period ending December 31, 2011 (subject to the potential thirty day adjustment described within the definition of Consolidated Cash Flow), to be less than the corresponding ratios set forth below:~~

| For the 12 Month Period Ending: | Minimum FCCR: |
|--------------------------------------------|--------------------------|
| December 31, 2011 | 1.05:1.0 |
| December 31, 2012 | 1.05:1.0 |
| December 31, 2013 | 1.25:1.0 |

~~(d3) permit their Consolidated Cash Flow (as defined below), determined for the periods ending on the dates set forth below (subject to the potential thirty day adjustment described within the definition of Consolidated Cash Flow),~~Minimum Liquidity (as defined below) to be less than the corresponding minimum amounts on the dates set forth below:

| <u>For the Period Ending:</u> | <u>Minimum Consolidated</u> <u>Cash Flow; Liquidity:</u> |
|-------------------------------|-------------------------------------------------------------|
| <u>April 30, 2011</u> | <u>\$2.5 million</u> |
| <u>May 31, 2011</u> | <u>\$2.5 million</u> |
| June 30, 2011 | (\$1.75 million) |
| September 30, 2011 | \$0.25 million |
| December 31, 2011 | \$20.50 million |
| March 31, 2012 | \$26.25 million |
| June 30, 2012 | \$30.25 million |
| September 30, 2012 | \$33.75 million |
| December 31, 2012 | \$44.00 million |
| March 31, 2013 | \$45.50 million |
| June 30, 2013 | \$44.50 million |
| September 30, 2013 | \$44.00 million |
| December 31, 2013 | \$47.50 million |

~~(e)~~\$2.5 million

| | |
|---------------------------|-----------------------|
| <u>July 31, 2011</u> | <u>\$2.5 million</u> |
| <u>August 31, 2011</u> | <u>\$2.5 million</u> |
| <u>September 30, 2011</u> | <u>\$2.5 million</u> |
| <u>October 31, 2011</u> | <u>\$2.5 million</u> |
| <u>November 30, 2011</u> | <u>\$2.5 million</u> |
| <u>December 31, 2011</u> | <u>\$2.5 million</u> |
| <u>March 31, 2012</u> | <u>\$4.0 million</u> |
| <u>June 30, 2012</u> | <u>\$4.0 million</u> |
| <u>September 30, 2012</u> | <u>\$2.5 million</u> |
| <u>December 31, 2012</u> | <u>\$10.0 million</u> |
| <u>March 31, 2013</u> | <u>\$4.0 million</u> |
| <u>June 30, 2013</u> | <u>\$4.0 million</u> |
| <u>September 30, 2013</u> | <u>\$2.5 million</u> |
| <u>December 31, 2013</u> | <u>\$4.0 million</u> |

~~(4) permit (i) the aggregate outstanding principal of any borrowings under the Term Facility or the maximum commitment amounts under the Term Facility to exceed U.S.\$300 million, less any amortization~~Exit Term Loan Facility to exceed \$15 million plus incremental principal resulting from the capitalization of interest on indebtedness under the Exit Term Loan Facility but minus any payments or prepayments made under the Exit Term Loan Facility in the form of amortization, mandatory prepayments or voluntary prepayments or (ii) the aggregate

| | | | | | | | | | |
|-------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------|------|----------------|------|----------------|------|----------------|
| | <p><u>outstanding principal of any borrowings under the New Third Lien Term Loan Facility to exceed \$300 million, plus incremental principal resulting from the capitalization of interest on indebtedness under the New Third Lien Term Loan Facility less an amount equal to the aggregate amount of all required principal repayments</u> theretofore paid or required to be paid and less any other repayments or prepayments made under the <u>New Third Lien Term Loan Facility</u>, at any time;</p> <p>(f5) permit their Overhead Expenses (to be defined in the Revolving Credit Agreement) to exceed the annual limits (but with evidence of compliance with the annual limits to be provided quarterly) set forth below:</p> <table data-bbox="435 548 1274 667"> <tr> <td><u>Year:</u></td> <td><u>Maximum Overhead Expenses:</u></td> </tr> <tr> <td>2011</td> <td>\$24.0 million</td> </tr> <tr> <td>2012</td> <td>\$24.5 million</td> </tr> <tr> <td>2013</td> <td>\$25.5 million</td> </tr> </table> <p>(g6) permit their development costs and expenses (net of any cash recoveries or proceeds received from (a) the disposition of any development properties and (b) reimbursement by any third party such as a producer of development costs and expenses incurred by a Credit Party) to exceed \$2.0 million in calendar year 2011, \$2.5 million in calendar year 2012 or \$2.5 million in calendar year 2013 (with evidence of compliance with the annual limits to be provided quarterly).</p> | <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | 2011 | \$24.0 million | 2012 | \$24.5 million | 2013 | \$25.5 million |
| <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | | | | | | | | |
| 2011 | \$24.0 million | | | | | | | | |
| 2012 | \$24.5 million | | | | | | | | |
| 2013 | \$25.5 million | | | | | | | | |
| <p><i>Events of Default:</i></p> | <p>Standard events of default for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to, payment default (two (2) Business Day grace period for non-payment of interest and fees only), breach of negative covenant (no grace period), cross-defaults to other Indebtedness (including a cross-default to any event of default under the Term <u>Exit Term Loan Facility or the New Third Lien Term Loan Facility</u> and any default in the payment of any secured monetary obligations to any guilds), other breach under the loan documents (ten day grace period), false representation or warranty, a Change of Control (as defined below), a Change in Management (as defined below), judgments, certain ERISA/pension and environment-related defaults, customary events of default regarding an insolvency, receivership or bankruptcy event with respect to any of the Credit Parties' or any of their subsidiaries' failure to comply with any requirements of the Plan.</p> | | | | | | | | |
| <p><i>Yield Protection and Increased Costs; Taxes:</i></p> | <p>Customary provisions (a) protecting the Exit Revolving Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes and (b) indemnifying the Exit Revolving Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a LIBOR Loan on a day other than the last day of an interest period with respect thereto.</p> | | | | | | | | |
| <p><i>Costs and Expenses; Indemnification:</i></p> | <p>The Borrower shall pay or reimburse the Exit Revolving Agent for (a) all reasonable fees and <u>documented out-of-pocket</u> expenses of the Exit Revolving Agent associated with the syndication of the facilities contemplated hereby and the preparation, execution, delivery and administration of the Revolving Facility documents and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of Morgan, Lewis & Bockius LLP and any other counsel retained by the Exit Revolving Agent (and any agents retained by such counsel) and financial advisors) (it being understood that reasonable efforts will be made to minimize unnecessary duplication of services) and (b) all reasonable <u>and documented out-of-pocket</u> fees and expenses of the Exit Revolving Agent and the Exit Revolving Lenders (including the reasonable fees, disbursement and other charges of counsel) in connection with the enforcement of and preservation of rights under the Revolving Facility documents (including by way of a refinancing or restructuring of the Revolving Facility that is in the nature of a "workout" thereof).</p> | | | | | | | | |

| | |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>The Borrower shall also pay or reimburse the Exit Revolving Agent for reasonable fees and expenses of the Exit Revolving Agent’s respective internal and third-party auditors, appraisers, advisors and consultants incurred in connection with the Revolving Facility, including asset evaluation expenses, syndication expenses, rating agency fees and other charges and disbursements.</p> <p>The Exit Revolving Agent and the Exit Revolving Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof or the exercise of remedies thereunder (except resulting from the bad faith, gross negligence or willful misconduct of the indemnified person).</p> |
| <i>Assignments and Participations:</i> | <p>Exit Revolving Lenders will be permitted to participate and assign all or a part of their Loans. Assignments of Loans shall be in a minimum principal amount of U.S.\$1 million.</p> <p>Voting rights of participants will be limited to changes in amount, collateral provisions relating to release of all or substantially all of the Collateral, rate, fees and maturity date. Participants will receive cost and yield protection (without duplication and limited to the cost and yield protection available to the Exit Revolving Lenders issuing the participation). Any assignment will be by novation and will be subject to the approval of the Exit Revolving Agent and the Issuing Bank (but not the approval of the Borrower). Assignees will assume all the rights and obligations of the assignor Lender. Each assignment will be subject to the payment of a \$3,500 service fee by the assigning Lender to the Exit Revolving Agent.</p> |
| <i>Voting:</i> | <p>Required Lenders (defined to mean Exit Revolving Lenders holding at least a majority of the then-outstanding Revolving Commitments) except for amendments and waivers customarily requiring the consent of each directly affected Lender, including that the consent of each Lender shall be required in order (i) for the Exit Revolving Agent to (a) release or subordinate its security interest in any Collateral valued in excess of \$250,000 or (b) subordinate its security interest in any Collateral valued in excess of \$250,000 other than in connection with subordination in favor of a producer-for-hire of a picture to be distributed by the Credit Parties, on a single-picture basis, pursuant to parameters to be set forth in the definitive documentation in any particular transaction, (ii) to decrease the non-default or default rate of interest or (iii) to alter the final scheduled maturity of any Loan or the principal amount of any Loan, decrease the rate at which the Commitment Fees accrue or delay the fixed scheduled maturity of any payment required to be made under the Revolving Facility. The Revolving Facility documents will provide among other things that if the Borrower requests an amendment which requires unanimous consent and such amendment is consented to by a Super-Majority (66-2/3%) of the Exit Revolving Lenders, then with the consent of such Super-Majority, the Lender(s) which did not consent to the amendment requested by the Borrower may be replaced at par pursuant to parameters to be established in the Revolving Credit Agreement.</p> |
| <i>Defaulting Lenders:</i> | <p>The Revolving Facility shall contain certain provisions regarding “Defaulting Lenders” (to be defined in the Revolving Credit Agreement), including without limitation that: (a) the unused Commitment Fees shall cease to accrue on the Revolving Commitments of Defaulting Lenders; (b) the Revolving Commitments of Defaulting Lenders shall not generally be counted in matters requiring Lender votes; (c) if any “L/C Exposure” (to be defined in the Revolving Credit Agreement) exists, (i) so long as the total revolving credit exposures of the non-Defaulting Lenders would not be exceeded as a result thereof, the L/C Exposures of the Defaulting Lenders shall be reallocated among non-Defaulting Lenders pro rata in accordance with their Revolving Commitments and (ii) solely to the extent that the reallocation described in clause (i) cannot, or can only partially, be effected, the Borrower shall be required to cash collateralize the remaining L/C Exposure (after the application of clause (i) above) of all Defaulting Lenders; (d) any payments which would otherwise be payable to any Defaulting Lenders will be adjusted as appropriate pursuant to mechanisms to be set forth in the Revolving</p> |

| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Credit Agreement; (e) the Borrower shall have the right to replace a Defaulting Lender with an otherwise qualifying Lender pursuant to a customary lender replacement provision; and (f) in the event a Defaulting Lender fails to fund its share of any borrowing, the non-Defaulting Lenders shall fund their pro rata shares of the total requested borrowing (subject to availability of their Revolving Commitments). |
| Agency: | Usual and customary agency provisions satisfactory to the Exit Revolving Agent. |
| Documentation: | Reasonably satisfactory in form and substance to the Exit Revolving Agent, the Exit Revolving Lenders and the Borrower. |
| Governing Law: | New York. |
| Certain Defined Terms: | <p><u>“Change of Control”</u> shall mean the first day on which (i) a majority of the members of the Board of Directors of the Borrower <u>RHI INC</u> are not Continuing Directors, (ii) any “person” (as that term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder as in effect from time to time), other than any persons which were on the Closing Date a New Term Lender and persons that are affiliates of such a Closing Date New Term Lender, shall own, directly or indirectly, beneficially or of record, shares of New Common Stock representing more than 50% of the voting Equity Interests of RHI INC (measured by voting power rather than number of shares or membership interests), (iii) RHI INC shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of the Borrower or (iv) the Borrower shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of each of RHI Entertainment Distribution, LLC, RHI Entertainment Productions, LLC and RHI International Distribution, Inc. In addition, to the extent that the Management Incentive Plan includes any change of control concept in addition to the foregoing, the definitive documentation shall include a corresponding provision within the definition of “Change of Control”.</p> <p><u>“Change in Management”</u> shall mean that the Borrower <u>RHI INC</u> shall cease to employ an acceptable chief executive officer or shall cease to employ an acceptable executive vice president of finance (or chief financial officer if such position is utilized) or shall cease to employ an acceptable strategic planning officer, in each case to perform services substantially similar in scope to those provided for Borrower <u>RHI INC</u> as of the Closing Date; provided, that (a) Robert Halmi, Jr., Michael Scarpelli and Robert Del Genio are pre-approved as an acceptable chief executive officer, executive vice president of finance, and strategic planning officer, respectively and (b) a Change in Management shall not be deemed to have occurred if, within ninety (90) days after the event (provided that such period shall only be thirty (30) days if the underlying event relates to the lack of employment of a strategic planning officer) which would otherwise have resulted in a Change in Management, a person acceptable to the Exit Revolving Agent and the Required Lenders replaces the prior relevant officer pursuant to terms and conditions (including with respect to scope of employment) satisfactory to the Exit Revolving Agent and the Required Lenders, and any proposed replacement shall be deemed “acceptable” unless the Exit Revolving Agent or the Required Lenders has determined the proposed replacement to not be acceptable within fifteen (15) Business Days notice to the Exit Revolving Agent of his or her candidacy; <u>provided</u>, that, solely in the context of the strategic planning officer, any determination that a replacement is “acceptable” by the New Term Agent shall be effective and controlling with respect to the Exit Revolving Agent and the Exit Revolving Lenders.</p> <p><u>“Consolidated Cash Flow” shall mean for any period of determination, “Net cash provided by operating activities” of the Borrower and its Consolidated Subsidiaries as would be shown on a Consolidated Statement of Cash Flows prepared in accordance with GAAP plus (i) cash interest expense for the relevant period less permitted capital expenditures for such period plus (ii) cash paid in connection with restructuring activities (including without limitation amounts drawn under the pre-petition L/C issued in favor of RHI LLC’s landlord to the extent the draw thereunder was included in</u></p> |

~~“net cash provided by operating activities”, severance, payments in connection with settlement of the “spillover” Pictures and any productivity bonuses paid to Robert Halmi Sr. with respect to spillover films that were released pre petition) plus (iii) expenses that are accrued and paid to the strategic planning officer during such period.~~

~~For all month end dates of determination, Consolidated Cash Flow is to be determined for the twelve month period ending on such date of determination.~~

“Continuing Director” shall mean, as of any date of determination, each member of the Board of Directors of the Borrower who (a) was a member of such Board of Directors on the Effective Date or (b) was endorsed for election or elected to such Board of Directors either (x) with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (y) by or with the consent of the Required Lenders.

“Coverage Ratio” shall mean the ratio of (i) the sum of the Eligible Library Appraisal Amount (to be determined in the manner set forth in the Revolving Credit Agreement) plus the ~~amount of the~~ Adjusted Receivables Amount (to be determined in the manner set forth in the Revolving Credit Agreement) of the Borrower and the Guarantors to (ii) the aggregate amount of secured Indebtedness ~~(to be determined in the Revolving Credit Agreement)~~ for borrowed money. (Adjusted Receivables shall include book and non-book receivables, with exclusions of some but not all of the non-qualifying receivables ~~similar to the exclusions~~ applicable to Eligible Receivables, but without excluding foreign receivables, and applying a 10% present value discount on all receivables due more than 365 days from the date of determination in lieu of the Borrowing Base discount/reserves for long-term receivables.)

~~“Excess Cash Flow” shall mean, for any period for which it is to be determined, (x) the Consolidated “Net cash provided by operating activities” as would be shown on a Consolidated Statement of Cash Flows of the Borrower and its Consolidated Subsidiaries prepared in accordance with GAAP minus (y) the sum of (i) principal repayments by the Borrower or any of its Consolidated Subsidiaries on their Indebtedness, including principal repayments on the Revolving Loans and the principal portion of payments under Capital Leases (to be determined in the Revolving Credit Agreement) (but exclusive of mandatory payments during the period based upon the amount of Excess Cash Flow during prior periods as well as payments on Indebtedness to guilds and any payments that can be reborrowed), (ii) permitted Capital Expenditures (to be determined in the Revolving Credit Agreement), to the extent paid in cash from sources other than the net proceeds of secured purchase money financing, (iii) dividends paid or payable to RHH INC during such period for the payment of taxes permitted hereunder for such period, to the extent not deducted in computing “Net cash provided by operating activities” and (iv) financing fees (including bank fees and professional fees) that are required to be classified in the “Net cash provided by financing activities” section of a Consolidated Statement of Cash Flows.~~

~~“Fixed Charge Coverage Ratio” shall mean for any period of determination, the ratio of (i) Consolidated Cash Flow for the relevant period to (ii) Fixed Charges for such period. The Fixed Charge Coverage Ratio is to be determined for the twelve month period ending on any date of determination.~~

~~“Fixed Charges” shall mean, for any period for which it is to be determined, the sum of (a) cash total interest expense (including without limitation interest on the Term Loans and interest on the Revolving Facility), plus (b) scheduled payments on principal of Indebtedness (exclusive of repayments of revolving credit loans under the Revolving Facility and any mandatory prepayments under the Term Facility, but inclusive of any required amortization under the Term Facility), in each case of the Borrower and its Consolidated Subsidiaries.~~

~~“Library Appraisal Amount” shall have the meaning set forth in clause (a) of “Affirmative Covenants” in this term sheet. Minimum Liquidity” shall mean, on any date of determination, the excess (if any) of (a) the sum of (y) the total amount of the Borrowing Base (computed in~~

| | |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <u>accordance with the provisions of the Revolving Credit Agreement as in effect on the Closing Date), not to exceed the Total Commitments, plus (z) unrestricted cash on the balance sheet; minus (b) the sum of (i) the aggregate principal amount of the Loans plus (ii) the L/C Exposure. All determinations of Minimum Liquidity shall be made in a consistent manner, including that all deductions from and credits to accounts receivable for purposes of such determinations shall have been posted to the Credit Parties' ledger(s) in a timely manner and that all receipts and disbursements shall have been managed in accordance with commercially customary terms.</u> |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

II. EXIT TERM CREDIT FACILITY

| | |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Borrower:</u> | <u>RHI Entertainment, LLC ("RHI LLC" or the "Borrower").</u> |
| <u>Guarantors:</u> | <u>The obligations of the Borrower shall be guaranteed by RHI INC, RHIE Holdings Inc., RHI Entertainment Holdings II, and each subsidiary of the Borrower that guarantees the Existing First Lien Credit Agreement referred to below (each a "Guarantor," and collectively, the "Guarantors"; together with the Borrower, the "Credit Parties").</u> |
| <u>Administrative Agent:</u> | <u>Wilmington Trust FSB ("Exit Term Agent").</u> |
| <u>Lenders:</u> | <u>The lenders (subject to assignments in accordance with the Exit Term Loan Agreement described below, the "Exit Term Loan Lenders") will be certain First Lien Lenders. The Exit Term Loans will be offered pro rata to the Existing First Lien Lenders.</u> |
| <u>Facility:</u> | <u>A credit facility (the "Exit Term Loan Facility") to be comprised of \$15 million of term loans (the "Exit Term Loans") which are to be allocated among the Lenders as provided in the Exit Term Loan Agreement.</u> |
| <u>Documentation for Term Facility:</u> | <u>The Exit Term Loan Facility will be documented by, among other things, a credit, guaranty and pledge agreement (the "Exit Term Loan Agreement") to be negotiated and entered into in form and substance satisfactory to the Exit Term Agent.</u> |
| <u>Term:</u> | <u>The Exit Term Loans shall be repaid in full upon the earliest of (i) the Maturity Date (as defined below) or (ii) the acceleration of the loans in accordance with the Exit Term Loan Agreement (together with the Maturity Date, the "Termination Date").</u> <u>"Maturity Date" shall mean September 30, 2013.</u> <u>Upon the occurrence of the Termination Date, the Exit Term Loans and other obligations under the Exit Term Loan Facility shall be repaid in full.</u> |
| <u>Closing Date:</u> | <u>Closing to occur, subject to the satisfaction of the conditions precedent set forth below and in the Exit Term Loan Agreement, upon the occurrence of the Effective Date of the Plan. The date of such closing is referred to as the "Closing Date."</u> |
| <u>Exit Revolving Credit Facility:</u> | <u>Simultaneously with the Closing Date, certain of the First Lien Lenders will provide a revolving credit facility of up to \$25 million (of which up to \$5 million will be available in the form of letters of credit) to be extended to the Borrower (the "Revolving Facility"; the credit agreement</u> |

| | |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>letters of credit) to be extended to the Borrower (the “Revolving Facility”; the credit agreement to be negotiated and entered into to evidence same, the “Revolving Credit Agreement”; the administrative agent under the Revolving Facility, the “Exit Revolving Agent”; the lenders thereunder, the “Exit Revolving Lenders”; and the revolving loans which may from time to time be extended thereunder, the “Revolving Loans”), and guaranteed by the Guarantors and secured by a first lien security interest in the same Collateral that secures the Exit Term Loan Facility. The Revolving Facility will mature on December 31, 2013 and initially will (i) be governed by a borrowing base, and (ii) contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the Exit Term Loan Facility.</u></p> |
| <p><u><i>New Third Lien Term Loan Facility:</i></u></p> | <p><u>Simultaneously with the Closing Date, the First Lien Lenders will convert their Existing First Lien Claims into the Third Lien Term Loan Facility (the “New Third Lien Term Loan Facility”; the credit agreement to be negotiated and entered into to evidence same, the “New Third Lien Term Loan Agreement”; the administrative agent under the New Third Lien Term Loan Facility, the “New Third Lien Agent”; the Lenders thereunder, the “New Third Lien Term Lenders”; and the term loans which are to be extended thereunder on a non-cash basis on the Effective Date, the “New Third Lien Term Loans”). The New Third Lien Term Loans will be guaranteed by the Guarantors and will be secured by a third lien security interest in the same Collateral that secures the Revolving Facility and the Exit Term Loan Facility. The Third Lien Loans will have the same maturity date as the Revolving Facility and will contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the Revolving Facility and the Exit Term Loan Facility.</u></p> |
| <p><u><i>Priority and Liens:</i></u></p> | <p><u>The Exit Term Loans and all other monetary obligations under the Exit Term Loan Facility (and all guaranties of the foregoing by the Guarantors), shall at all times, be secured by a perfected second priority lien (subject solely to permitted liens to be specified, including liens in favor of talent guilds on terms and conditions to be established in the Exit Term Loan Agreement) on all of the Borrower’s and the Guarantors’ respective property and assets, as well as by a pledge of 100% of the Equity Interests (to be defined in the Exit Term Loan Agreement) in the Borrower and each of its Subsidiaries that is a Guarantor and all of the other Equity Interests owned by the Borrower and each Guarantor (but limited to pledges of 65% of the Equity Interests owned by any Credit Party in any “controlled foreign corporation”).</u></p> <p><u>The liens securing the Exit Term Loan Facility (i) shall be subject and subordinate to the liens securing the Borrower’s obligations under the Exit Revolving Credit Facility and (ii) shall be senior to the liens securing the Borrower’s obligations under the New Third Lien Term Loan Facility.</u></p> |
| <p><u><i>Intercreditor Agreement:</i></u></p> | <p><u>As a condition to the Closing Date, the Exit Term Agent shall have negotiated and entered into a first lien/second lien/third lien intercreditor agreement with the Exit Revolving Agent and the New Third Lien Agent (the “Exit Intercreditor Agreement”) pursuant to which the Exit Revolving Agent, the Exit Term Agent and the New Third Lien Agent shall agree that the security interests securing the Exit Term Loan Facility and the New Third Lien Term Loan Facility are subject and subordinate to the security interests in favor of the Exit Revolving Agent securing the Revolving Facility; <i>provided, however</i>, that the Exit Intercreditor Agreement shall contain, among other things, the following provisions:</u></p> <p><u>(a) the Exit Revolving Agent shall agree that the aggregate amount of the Revolving</u></p> |

| | |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>Commitments shall at no point exceed \$25 million;</u></p> <p><u>(b) until such point as the Exit Revolving Agent or Exit Revolving Lenders have accelerated the Revolving Loans or commenced secured creditors' remedies with respect to any of the Collateral or any of the Credit Parties has become the subject of a bankruptcy, insolvency or receivership proceeding, the Borrower shall be entitled to pay, and the Exit Term Loan Lenders and the New Third Lien Term Lenders shall be entitled to accept, (i) payments of interest on the Exit Term Loans and the New Third Lien Term Loans, as applicable, and of any scheduled amortization as set forth under the Exit Term Loan Agreement or the New Third Lien Term Loan Agreement as of the Closing Date, (ii) any mandatory prepayments set forth in the Exit Term Loan Agreement or the New Third Lien Term Loan Agreement as of the Closing Date (e.g., mandatory prepayments with 100% of the proceeds of additional indebtedness and of certain asset dispositions, with 50% of the proceeds of post-Closing Date equity contributions, with 100% of the proceeds of warrants issued upon exit from bankruptcy and with certain proceeds of insurance recoveries);</u></p> <p><u>(c) the Borrower shall not be entitled to pay, and the New Third Lien Term Lenders shall not be entitled to accept, any voluntary prepayments of the Loans under the New Third Lien Term Loan Facility without the consent of the requisite Lenders under the Exit Term Loan Facility;</u></p> <p><u>(d) the Borrower shall not be entitled to pay, and the Exit Term Lenders shall not be entitled to accept, any voluntary prepayments of the Loans under the Exit Term Loan Facility without the consent of the requisite Lenders under the New Third Lien Term Loan Facility;</u></p> <p><u>(e) until the repayment in full of all Indebtedness under the Revolving Facility and the termination of any commitments to extend additional credit thereunder (the "Revolving Facility Repayment Date"), any proceeds of the common Collateral securing the Revolving Facility, the Exit Term Loan Facility and the New Third Lien Term Loan Facility that are realized in connection with any enforcement actions with respect to such Collateral, and any recovery in any bankruptcy, insolvency or receivership shall be paid to the Exit Revolving Lenders prior to payments to the Exit Term Loan Lenders or the New Third Lien Term Lenders; and</u></p> <p><u>(f) various commitments and agreements between the Exit Revolving Agent, Exit Term Agent and the New Third Lien Agent with respect to, among other things, the commonality of collateral, application of proceeds of common Collateral, actions which may or may not be taken in the context of an insolvency proceeding and amendments to the Revolving Facility documentation, the Exit Term Loan Facility documentation and the New Third Lien Term Loan Facility documentation.</u></p> |
| <p><u>Depository Relationship:</u></p> | <p><u>The Borrower's and Guarantors' cash management arrangements shall be reasonably acceptable to the Exit Term Agent and satisfactory deposit account control agreements in favor of the Exit Term Agent shall be executed as a condition precedent to the Closing Date. The cash management arrangements and the deposit account control agreements shall provide that, (a) prior to the Revolving Facility Repayment Date, from and after the date that the Borrower is not in compliance with the required Coverage Ratio as described below, any and all sums in each deposit account shall, on a daily basis, be swept into a collection account maintained with the Exit Revolving Agent under the Revolving Facility (and any amounts received in such collection account shall be automatically applied on a daily basis to repay revolving indebtedness under the Revolving Facility) and (b) subject to the Exit Intercreditor Agreement, from and after the date that the Borrower is not in compliance with the required Coverage Ratio or the Exit Term Agent's election after the occurrence of an Event of Default, the Exit Term Agent shall have full dominion and control over each of the Credit Parties' deposit accounts.</u></p> |

| | |
|------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Upfront Fees:</u> | <u>None.</u> |
| <u>Equity Grant:</u> | <u>In consideration for making the Exit Term Loan Facility available to the Borrower and for entering into the Exit Term Loan Agreement, simultaneous with the Closing Date, the Lenders shall receive from RHI, Inc. a grant of approximately 25.5% of the shares of New Common Stock to be issued by RHI, Inc. (with the potential for an additional 4.5% of the New Common Stock if forfeited under the New Management Incentive Plan (as described on Exhibit D) (the “Equity Grant”).</u> |
| <u>Interest Rate:</u> | <p><u>Interest on the unpaid balance of the Exit Term Loans shall accrue at a rate equal to 6.00% per annum (computed on the basis of the actual number of days elapsed over a year of 360 days). All such interest shall be payable on the last Business Day of each calendar quarter (each such Business Day, an “Interest Payment Date”) by increasing the principal balance of the Exit Term Loans by an amount equal to the amount of interest then due, which increased principal amount shall, from and after such Interest Payment Date, bear interest in accordance with the Exit Term Loan Agreement.</u></p> <p><u>Subject to certain mandatory prepayment provisions under the Exit Term Loan Agreement, interest on the Exit Term Loans shall not be payable in cash except upon the payment of all Exit Term Loans then outstanding in full in cash.</u></p> |
| <u>Default Interest:</u> | <u>4.00% above the then applicable interest rate, which will be applied to the entire unpaid balance of the Exit Term Loans.</u> |
| <u>Mandatory Amortization and Mandatory Prepayments:</u> | <p><u>The Borrower shall be required to repay a portion of the Exit Term Loans in an aggregate amount equal to 50% of the aggregate principal amount of the Exit Term Loans then outstanding on September 30, 2012.</u></p> <p><u>In addition, subject to the provisions of the Third Lien Term Credit Agreement to apply the pro rata portion of any proceeds that follow towards prepayment of the Exit Term Loan Facility, mandatory prepayments shall also be required with (x) 100% of the proceeds of certain asset sales, additional indebtedness or New Warrant exercises, (y) 50% of the proceeds of post-Closing Date equity contributions and (z) certain proceeds of insurance recoveries.</u></p> <p><u>Subject to the terms of the Exit Intercreditor Agreement and the New Third Lien Term Loan Agreement, the Borrower may voluntarily prepay the Exit Term Loans, without penalty. All prepayments under the Exit Term Loan Agreement shall be accompanied by accrued but unpaid interest on the amount being prepaid to but not including the date of prepayment</u></p> <p><u>Once repaid, no portion of the Exit Term Loans may be re-borrowed.</u></p> |
| <u>Conditions Precedent to Occurrence of Closing Date:</u> | <u>The consummation of the Closing Date shall be subject to the satisfaction of conditions that are typical for a facility of this type, including but not limited to: (i) the substantial consummation of the Plan; (ii) negotiation and execution of the Exit Term Loan Agreement and the other definitive documentation relating to the Exit Term Loan Facility in form and substance satisfactory the Exit Term Agent, including the Exit Intercreditor Agreement; (iii) perfection of security interests granted in favor of the Exit Term Agent, delivery of customary legal opinions and satisfactory lien searches; (iv) execution by RHI, Inc. of the Equity Grant and the issuance to the Exit Term Loan Lenders of the Equity Interests to be issued under the Equity Grant; (v) the Exit Term Agent’s satisfaction, in its sole discretion, with a business plan, containing</u> |

| | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>forecasted financial statements consisting of balance sheets, cash flow statements and income statements, with supporting detail and underlying assumptions, together with management commentary on such assumptions (a “Business Plan”) covering a period commencing with January 1, 2011 and through at least the Maturity Date (which opening Business Plan shall have been delivered at least fourteen days prior to the Closing Date); (vi) delivery of 13-week cash flow projection satisfactory to the Exit Term Agent in its sole and absolute discretion; (vii) delivery of disclosure schedules, officer’s certificates, company resolutions and other customary closing deliverables, (viii) except to the extent waived by the Exit Term Agent, for each guild that holds any security interest in any motion picture, which security interest pre-dates and survives the Closing Date, the Exit Term Agent shall have received an acknowledgment executed by such guild, which acknowledgment shall be in form and substance satisfactory to the Exit Term Agent and shall provide that the security interests in favor of the Exit Revolving Lenders, the Exit Term Loan Lenders and the Third Lien Term Loan Lenders, as a combined class, have at least the same priority vis-à-vis the surviving liens of such guild as existed between such guild and the Existing First Lien Credit Agreement; (ix) delivery of a Stockholders Agreement (a “Stockholders Agreement”) among holders of the common stock of RHI INC that will be issued in connection with the Plan (each, an “Initial Holder”), which Stockholders Agreement shall be binding on all Initial Holders regardless of whether they execute same and shall be in form and substance satisfactory to the Exit Term Agent and (x) the occurrence of the “Closing Date” under each of the Revolving Credit Facility and the New Third Lien Term Loan Facility.</u></p> |
| <p><u>Representations and Warranties:</u></p> | <p><u>Standard representations and warranties for a facility of this type, including but not limited to, due incorporation and good standing, absence of requirements for consents or approvals, absence of liens, accuracy of financial statements, absence of a material adverse change, and absence of litigation on terms at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement.</u></p> |
| <p><u>Affirmative Covenants:</u></p> | <p><u>Standard affirmative covenants for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to delivery of financial statements, maintenance of properties and insurance, causing material subsidiaries to become Credit Parties (pursuant to the parameters set forth in the Existing First Lien Credit Agreement) and payment of taxes and other material obligations.</u></p> <p><u>In addition, the Credit Parties shall be required to:</u></p> <p><u>(a) deliver, on an annual basis, (a) an updated Business Plan in form and substance satisfactory to Agent and (b) an independent third party valuation of the Borrower’s and its subsidiaries’ unsold titles in the form generally provided under the Existing First Lien Credit Agreement (the amounts reflected therein, the “Library Appraisal Amount”);</u></p> <p><u>(b) deliver, on a monthly basis, rolling 13-week cash flow projections (“Cash Flow Projections”) in form and substance satisfactory to the Exit Term Agent;</u></p> <p><u>(c) deliver, on an ongoing basis, copies of borrowing base certificates and any other reporting delivered to the Exit Revolving Agent and/or the Exit Revolving Lenders under the Revolving Credit Agreement and the New Third Lien Agent and/or the New Third Lien Lenders under the New Third Lien Term Loan Agreement;</u></p> <p><u>(d) cause the strategic planning officer of the Borrower to conduct by no later than sixty (60) days after the Closing Date a strategic alternative review of potential Extraordinary Transactions; and</u></p> <p><u>(e) demonstrate, on a quarterly basis on the last day of each calendar quarter beginning with</u></p> |

March 31, 2012, that the Coverage Ratio (as defined below) is greater than 1.0:1.0.

Negative Covenants:

Standard negative covenants for a facility of this type, and at least as favorable to a lending group as appearing in the Existing First Lien Credit Agreement (excluding any financial maintenance covenants), including but not limited to restrictions on mergers and consolidations, liens and encumbrances, indebtedness, dispositions of assets, investments, dividends and other restricted payments, capital expenditures and transactions with and payments to affiliates.

In addition, the Credit Parties will not:

(1) (a) produce any motion picture project in-house or otherwise incur any direct negative cost for any motion picture project, other than pursuant to parameters to be set forth in the Exit Term Loan Agreement (i.e., up to \$3 million of contributions to negative cost in the aggregate, not to exceed \$500,000 for any individual film project); (b) green-light any motion picture project to be produced in an off-balance-sheet manner without (i) having achieved an aggregate amount of pre-sales for such project which have not been assigned to any third party in an amount equal to at least the cost to the Credit Parties of acquiring rights in such project (including without limitation the purchase price, whether characterized as a purchase price, negative pick-up payment, minimum guarantee, buyout or otherwise), with a \$1.5 million credit-sensitized cap on the “retained” pre-sales and (ii) the Exit Term Agent having had at least two (2) Business Days’ opportunity to review any such documentation prior to execution (with such review to be limited to confirming compliance with the Exit Term Loan Facility documentation) (c) undertake any obligation to make payments to the relevant producer or any other person prior to the delivery of the relevant film, (d) assign to the producer or the producer’s financier(s) or any completion guarantor or licensor any right to payment under any sub-licenses or sub-distribution agreements (or otherwise convey or direct any such payment to the producer or its financier) in a manner that (i) extends beyond the film at issue or (ii) involves recourse to the Credit Parties beyond payment guarantees of the Credit Parties’ sub-licensees up to an aggregate limit of \$7 million, with per-film sub-limit and an aggregate \$1.5 million cap on exposure under such guarantees, (e) permit the total Credit Exposure (as determined in accordance with the Exit Term Loan Agreement) to exceed certain credit limitations to be set forth in the Exit Term Loan Agreement, (f) produce or arrange the production of any motion picture intended for theatrical exploitation, or (g) produce or arrange the production of any episodic television program unless (i) each of the foregoing provisions has been complied with and (ii) the Credit Parties have no completion risk with respect to the season at issue and no obligation whatsoever (including any “tail” or economic risk) with respect to any subsequent season;

(2) assign any of its accounts receivable or grant a security interest in any such accounts receivable to any third party producer or its financier or any guarantor or licensor other than pursuant to parameters to be set forth in the Exit Term Loan Agreement (which shall include that the Exit Term Agent shall have had at least two (2) Business Days’ opportunity to review any such documentation prior to execution);

(3) permit their Minimum Liquidity (as defined below) to be less than the corresponding minimum amounts on the dates set forth below:

| <u>For the Period Ending:</u> | <u>Minimum Liquidity:</u> |
|-------------------------------|---------------------------|
| <u>April 30, 2011</u> | <u>\$2.5 million</u> |
| <u>May 31, 2011</u> | <u>\$2.5 million</u> |
| <u>June 30, 2011</u> | <u>\$2.5 million</u> |
| <u>July 31, 2011</u> | <u>\$2.5 million</u> |
| <u>August 31, 2011</u> | <u>\$2.5 million</u> |
| <u>September 30, 2011</u> | <u>\$2.5 million</u> |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|--------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|--------------|-----------------------------------|-------------|-----------------------|-------------|-----------------------|-------------|-----------------------|
| | <table> <tr><td><u>October 31, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>November 30, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>December 31, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>March 31, 2012</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>June 30, 2012</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>September 30, 2012</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>December 31, 2012</u></td><td><u>\$10.0 million</u></td></tr> <tr><td><u>March 31, 2013</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>June 30, 2013</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>September 30, 2013</u></td><td><u>\$2.5 million</u></td></tr> </table> <p><u>(4) permit (i) the aggregate outstanding principal of any borrowings under the Revolving Facility or the maximum commitment amounts under the Revolving Facility to exceed \$25 million at any time or (ii) the aggregate outstanding principal of any borrowings under the New Third Lien Term Loan Agent to exceed \$300 million plus incremental principal resulting from the capitalization of interest on indebtedness under the New Third Lien Term Loan Facility less an amount equal to the aggregate amount of all required principal repayments theretofore paid or required to be paid and any other repayments or prepayments made under the New Third Lien Term Loan Facility;</u></p> <p><u>(5) permit their Overhead Expenses (to be defined in the Term Loan Agreement) to exceed the annual limits (but with evidence of compliance with the annual limits to be provided quarterly) set forth below:</u></p> <table> <tr><td><u>Year:</u></td><td><u>Maximum Overhead Expenses:</u></td></tr> <tr><td><u>2011</u></td><td><u>\$24.0 million</u></td></tr> <tr><td><u>2012</u></td><td><u>\$24.5 million</u></td></tr> <tr><td><u>2013</u></td><td><u>\$25.5 million</u></td></tr> </table> <p><u>(6) permit their development costs and expenses (net of any cash recoveries or proceeds received from (a) the disposition of any development properties and (b) reimbursement by any third party such as a producer of development costs and expenses incurred by a Credit Party) to exceed \$2.0 million in calendar year 2011, \$2.5 million in calendar year 2012 or \$2.5 million in calendar year 2013 (with evidence of compliance with the annual limits to be provided quarterly).</u></p> | <u>October 31, 2011</u> | <u>\$2.5 million</u> | <u>November 30, 2011</u> | <u>\$2.5 million</u> | <u>December 31, 2011</u> | <u>\$2.5 million</u> | <u>March 31, 2012</u> | <u>\$4.0 million</u> | <u>June 30, 2012</u> | <u>\$4.0 million</u> | <u>September 30, 2012</u> | <u>\$2.5 million</u> | <u>December 31, 2012</u> | <u>\$10.0 million</u> | <u>March 31, 2013</u> | <u>\$4.0 million</u> | <u>June 30, 2013</u> | <u>\$4.0 million</u> | <u>September 30, 2013</u> | <u>\$2.5 million</u> | <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | <u>2011</u> | <u>\$24.0 million</u> | <u>2012</u> | <u>\$24.5 million</u> | <u>2013</u> | <u>\$25.5 million</u> |
| <u>October 31, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>November 30, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>December 31, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>March 31, 2012</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>June 30, 2012</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>September 30, 2012</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>December 31, 2012</u> | <u>\$10.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>March 31, 2013</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>June 30, 2013</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>September 30, 2013</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>2011</u> | <u>\$24.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>2012</u> | <u>\$24.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>2013</u> | <u>\$25.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Events of Default:</u> | <u>Standard events of default for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to, payment default (two Business Day grace period for non-payment of interest and fees only), breach of negative covenant (no grace period), cross-defaults to other Indebtedness (including a cross-default to any event of default under the Revolving Facility or the New Third Lien Term Loan Facility and any default in the payment of any secured monetary obligations to any guilds), other breach under the loan documents (ten day grace period), false representation or warranty, a Change of Control (as defined below), a Change in Management (as defined below), judgments, certain ERISA/pension and environment-related defaults, customary events of default regarding an insolvency, receivership or bankruptcy event with respect to any of the Credit Parties' or any of their subsidiaries' failure to comply with any requirements of the Plan.</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Yield Protection and Increased Costs; Taxes:</u> | <u>Customary provisions protecting the Exit Term Loan Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes.</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Costs and Expenses:</u> | <u>The Borrower shall pay or reimburse the Exit Term Agent for (a) all reasonable fees and</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Indemnification:</u></p> | <p><u>expenses of the Exit Term Agent associated with the preparation, execution, delivery and administration of the Exit Term Loan Facility documents and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of Willkie Farr & Gallagher LLP and any other counsel retained by the Exit Term Agent (and any agents retained by such counsel) and financial advisors) (it being understood that reasonable efforts will be made to minimize unnecessary duplication of services) and (b) all reasonable fees and expenses of the Exit Term Agent and the Exit Term Loan Lenders (including the reasonable fees, disbursement and other charges of counsel) in connection with the enforcement of and preservation of rights under the Exit Term Loan Facility documents (including by way of a refinancing or restructuring of the Exit Term Loan Facility that is in the nature of a “workout” thereof).</u></p> <p><u>The Borrower shall also pay or reimburse the Exit Term Agent for reasonable fees and expenses of the Exit Term Agent’s respective internal and third-party auditors, appraisers, advisors and consultants incurred in connection with the Exit Term Loan Facility, including asset evaluation expenses, syndication expenses, rating agency fees and other charges and disbursements.</u></p> <p><u>The Exit Term Agent and the Exit Term Loan Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof or the exercise of remedies thereunder (except resulting from the bad faith, gross negligence or willful misconduct of the indemnified person).</u></p> |
| <p><u>Assignments and Participations:</u></p> | <p><u>Lenders will be permitted to participate and assign all or a part of their Exit Term Loans. Assignments of Exit Term Loans shall be in a minimum principal amount of U.S.\$1 million.</u></p> <p><u>Voting rights of participants will be limited to increases in the amount of the loans, collateral provisions relating to release of all or substantially all of the Collateral, reductions in interest rates and fees and extensions of final maturity or scheduled amortization. Participants will receive cost and yield protection (without duplication and limited to the cost and yield protection available to the Exit Term Loan Lenders issuing the participation). Any assignment will be by novation and will be subject to the approval of the Exit Term Agent, not to be unreasonably withheld (but not the approval of the Borrower). Assignees will assume all the rights and obligations of the assignor Lender. Each assignment will be subject to the payment of a \$3,500 service fee by the assigning Lender to the Exit Term Agent.</u></p> |
| <p><u>Voting:</u></p> | <p><u>Required Lenders (defined to mean Lenders holding at least 66 2/3% of the then-outstanding Exit Term Loans) except for amendments and waivers customarily requiring the consent of each directly affected Lender, including that the consent of each Lender shall be required (i) for the Exit Term Agent to (a) release or subordinate its security interest in any Collateral valued in excess of \$1,000,000 or (b) subordinate its security interest in any Collateral valued in excess of \$1,000,000 other than in connection with subordination in favor of a producer-for-hire of a Picture to be distributed by the Credit Parties, on a single-picture basis, pursuant to parameters to be set forth in the definitive documentation in any particular transaction, (ii) to decrease the non-default or default rate of interest or (c) to alter the scheduled maturity (or scheduled amortization of) any Exit Term Loan or the principal amount of any Exit Term Loan, or delay the fixed scheduled maturity of any payment required to be made under the Exit Term Loan Facility. The Exit Term Loan Facility documents will provide among other things that (a) if the Borrower requests an amendment which requires unanimous consent and such amendment is consented to by a Super-Majority (66-2/3%) of the Exit Term Loan Lenders, then with the consent of such Super-Majority, the Exit Term Lender(s) which did not consent to the amendment requested by the Borrower may be replaced at par pursuant to parameters to be</u></p> |

| | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <u>established in the Exit Term Loan Agreement, (b) if the Required Lenders desire to consent to any Extraordinary Transaction, the determination of the Required Lenders shall be binding on the Lender group.</u> |
| <u>Agency:</u> | <u>Usual and customary agency provisions satisfactory to the Exit Term Agent.</u> |
| <u>Documentation:</u> | <u>Reasonably satisfactory in form and substance to the Exit Term Agent, the Exit Term Loan Lenders and the Borrower.</u> |
| <u>Governing Law:</u> | <u>New York.</u> |
| <u>Certain Defined Terms:</u> | <p><u>“Change of Control” shall mean the first day on which (i) a majority of the members of the Board of Directors of RHI INC are not Continuing Directors, (ii) any “person” (as that term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder as in effect from time to time), other than any persons which were on the Closing Date a New Term Lender and persons that are affiliates of such a Closing Date New Term Lender, shall own, directly or indirectly, beneficially or of record, shares of Parent Equity representing more than 50% of the voting Equity Interests of RHI INC (measured by voting power rather than number of shares or membership interests), (iii) RHI INC shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of the Borrower or (iv) the Borrower shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of each of RHI Entertainment Distribution, LLC, RHI Entertainment Productions, LLC and RHI International Distribution, Inc.</u></p> <p><u>“Change in Management” shall mean that RHI INC shall cease to employ an acceptable chief executive officer or shall cease to employ an acceptable executive vice president of finance or shall cease to employ an acceptable strategic planning officer, in each case to perform services substantially similar in scope to those provided for RHI INC as of the Closing Date; provided, that (a) Robert Halmi, Jr., Michael Scarpelli and Robert Del Genio are pre-approved as an acceptable chief executive officer, executive vice president of finance (or chief financial officer if such position is utilized) and strategic planning officer, respectively and (b) a Change in Management shall not be deemed to have occurred if, within ninety (90) days after the event (provided that such period shall only be thirty (30) days if the underlying event relates to the lack of employment of a strategic planning officer) which would otherwise have resulted in a Change in Management, a person acceptable to the Exit Term Agent and the Required Lenders replaces the relevant officer pursuant to terms and conditions (including with respect to scope of employment) satisfactory to the Exit Term Agent and the Required Lenders, and any proposed replacement shall be deemed “acceptable” unless the Exit Term Agent or the Required Lenders has determined the proposed replacement to not be acceptable within fifteen (15) Business Days notice to the Exit Term Agent of his or her candidacy.</u></p> <p><u>“Continuing Director” shall mean, as of any date of determination, each member of the Board of Directors of the Borrower who (a) was a member of such Board of Directors on the Effective Date or (b) was endorsed for election or elected to such Board of Directors either (x) with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (y) by or with the consent of the Required Lenders.</u></p> <p><u>“Coverage Ratio” shall mean the ratio of (i) the sum of the Eligible Library Amount (to be determined in the manner set forth in the Exit Term Loan Agreement) plus the Adjusted Receivables Amount (to be determined in the manner set forth in the Exit Term Loan Agreement) to (ii) the aggregate amount of secured Indebtedness for borrowed money of RHI INC and its Consolidated Subsidiaries. (Adjusted Receivables shall include book and non-book</u></p> |

receivables, with exclusions of some but not all of the non-qualifying receivables applicable to Eligible Receivables under the term sheet for the Exit Revolving Credit Facility, but without excluding foreign receivables, and applying a 10% present value discount on all receivables due more than 365 days from the date of determination in lieu of the Borrowing Base discount/reserves for long-term receivables.)

“Minimum Liquidity” shall mean, on any date of determination, the excess (if any) of (a) the sum of (v) the total amount of the Borrowing Base (computed in accordance with the provisions of the Revolving Credit Agreement as in effect on the Closing Date), not to exceed the total commitments under the Revolving Credit Agreement, plus (z) unrestricted cash on the balance sheet; minus (b) the sum of (i) the aggregate principal amount of all borrowings under the Revolving Credit Agreement plus (ii) the total face amount of all letters of credit issued under the Revolving Credit Agreement. All determinations of Minimum Liquidity shall be made in a consistent manner, including that all deductions from and credits to accounts receivable for purposes of such determinations shall have been posted to the Credit Parties’ ledger(s) in a timely manner and that all receipts and disbursements shall have been managed in accordance with commercially customary terms.

MODIFIED EXHIBIT C

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

MODIFIED EXHIBIT C

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

THE PLAN SUPPLEMENT SHALL CONTAIN THE FORMS FOR THE REORGANIZED PARENT GOVERNING DOCUMENTS, THE STOCKHOLDERS AGREEMENT, AND THE REGISTRATION RIGHTS AGREEMENT. IN THE EVENT OF ANY INCONSISTENCY BETWEEN SUCH FORM DOCUMENTS AND THIS TERMSHEET, THE FORM DOCUMENTS SHALL CONTROL.

New Common Stock Term Sheet

| | |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Issue: | Common Stock, \$0.01 par value (the <u>"New Common Stock"</u> ; any owner of same, whether an Initial Holder or a successor or transferee of same, is referred to as a "Stockholder"). |
| Bound Holders: | Except as otherwise noted, the provisions of this term sheet shall apply to: (i) each holder of an Existing First Lien Claim (the "Initial 1st Lien Holders"), (ii) each holder of an Existing Second Lien Claim (the "Initial 2nd Lien Holders" and, together with the Initial 1st Lien Holders, the "Initial Holders") and (iii) any <u>any owner of New Common Stock, or a</u> successor or transferee of any of same (the foregoing "Stockholder") . |
| Issuer: | RHI Entertainment, Inc. <u>("Reorganized RHI INC")</u> |
| Authorized Shares: | 1,000,000 shares. |
| Initial Issuance: | To be determined amount mutually agreeable by the First Lien Agent and RHI INC. <u>750,000</u> |
| Classes: | One class of shares. |
| Voting Rights: | One vote per share. |
| Stockholders Agreement: | Each Initial 1st Lien <u>Bound</u> Holder shall be deemed to enter into the Stockholders Agreement on terms and conditions reasonably acceptable to the Debtors and the First Lien Agent, which, without limitation, shall provide for the transfer rights described below. The Plan provides that, simultaneous with the effectiveness of the Plan, each Initial 1st Lien <u>Bound</u> Holder shall be deemed to have entered into the Stockholders Agreement and that each Initial 1st Lien <u>Bound</u> Holder shall be bound by the provisions of the Stockholders Agreement whether or not it has executed the Stockholders Agreement. |
| Transfer Restrictions: | During the 120 day period following emergence (the "Initial Period"), (i) pursuant <u>Pursuant</u> to the Stockholders Agreement, the equity and debt held by the Initial 1st Lien Holders will be "stapled" and the debt will only be able to be transferred if the equity is also transferred and the purchaser <u>any transfer of New Common Stock by a Stockholder will be null and void unless the transferee</u> agrees in writing to be bound by the <u>terms of the</u> Stockholders Agreement and (ii) pursuant to the Second Amended and Restated Certificate of Incorporation of RHI INC, the Stockholders shall be subject to "drag along rights" with |

| | |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>respect to an Extraordinary Transaction (as defined below) approved by Initial Holders holding at least 2/3 of the New Common Stock held by the Initial Holders.</p> <p>Both during and after the Initial Period, (i) a<u>A</u> Stockholder may only transfer New Common Stock to (a) a single purchaser who is in such transaction acquiring the entirety of the transferor’s New Common Stock, (b)<u>ii</u> a single purchaser who is in such transaction acquiring at least three percent (3.0%) of the total New Common Stock or (c)<u>iii</u> a purchaser who is already a Stockholder and (ii), <u>Reorganized</u> RHI INC shall have the right to require an opinion of counsel in the context of any transfer that the transfer will not violate the Securities Act of 1933 or applicable “blue sky” laws. A Stockholder may not transfer <u>New</u> Common Stock if, as a result of such transfer, <u>Reorganized</u> RHI INC would be required to register a class of securities under Section 12(g) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or any successor provision, or otherwise become subject to the reporting obligations of the Exchange Act or any successor statute.</p> <p>Except as noted above, the New Common Stock will not otherwise be subject to any transfer restrictions (other than as imposed by applicable law).</p> <p>“Extraordinary Transaction” shall mean (i) a sale that would result in one person, entity or group owning a majority of the equity interests in RHI INC (whether by merger, stock sale or otherwise), (ii) a sale of all, substantially all, or any substantial portion of, the assets of RHI INC or its subsidiaries or (iii) any “harvesting” or sublicensing or sub-distribution arrangement relating to RHI INC’s or its subsidiaries’ library of film rights or any substantial portion thereof.</p> |
| <p>Registration Rights Agreement:</p> | <p>On the Effective Date, <u>Reorganized</u> RHI INC shall enter into a Registration Rights Agreement for the benefit of the <u>Initial Bound</u> Holders which execute the agreement and the holders of the New Warrants which execute the agreement, which shall provide for “piggyback” registration rights for the New Common Stock (with customary exceptions, including <u>Reorganized</u> RHI INC’s initial public offering).</p> <p>In connection with any exercise of registration rights granted pursuant to the Registration Rights Agreement, each beneficiary thereof shall provide <u>Reorganized</u> RHI INC with customary and appropriate information relating to such beneficiaries, and shall be subject to customary indemnification obligations regarding the accuracy thereto. The beneficiaries shall be subject to customary underwriter cutbacks, and shall be required (if requested by the underwriters) to refrain from transferring any shares of <u>New</u> Common Stock or other securities during any registered offering. The registration rights granted pursuant to the Registration Rights Agreement shall be transferrable along with the <u>New</u> Common Stock or New Warrants, as applicable, subject to certain customary restrictions.</p> |
| <p>Preemptive Rights:</p> | <p>The beneficiaries of the Registration Rights Agreement will not have preemptive rights on future equity issuances.</p> |
| <p>Board of Directors:</p> | <p>Prior to emergence, the First Lien Agent shall designate the initial members of the New Board as provided for in the Plan. Such New Board will have<u>Unless otherwise determined by the Board or the holders of a majority of the New Common Stock, the Board will be composed of not less than</u> five directors, (initially comprised of Robert A. Halmi, Jr. and four individuals to be designated by the First Lien Agent (in consultation with a steering committee of First Lien Lenders), to include three independent and disinterested individuals and one representative of Catalyst Fund Limited Partnership II who shall be reasonably acceptable to the First Lien Agent (Gabriel De Alba is acceptable to the First Lien Agent); provided, however, that if Catalyst Fund Limited Partnership II has sold its Existing First</p> |

~~Lien Claims prior to the Effective Date or is otherwise unable or unwilling to make a representative available for designation, Catalyst Fund Limited Partnership II shall forfeit its position and the First Lien Agent (in consultation with a steering committee of First Lien Lenders) shall fill such position by designating an additional independent and disinterested individual). The New Board will not include representatives from any Initial 2nd Lien Holder, Gabriel DeAlba, Michael G. Corrigan, Stuart Till and David Salzman,~~

So long as Riva Ridge Master Fund, Ltd., Caspian Capital Partners, L.P., and their respective controlled Affiliates (collectively, the “Riva Ridge/Caspian Group”) beneficially own at least 15% of the then outstanding shares of New Common Stock, the Riva Ridge/Caspian Group shall have a one time right to designate a director of Reorganized RHI INC (the “Riva Ridge/Caspian Director”). The Riva Ridge/Caspian Director may be one of David Corleto, Matthew Russell, Travis Hogan, Stephen Golden, or another person reasonably acceptable to the Board. Upon appointment of the Riva Ridge/Caspian Director, the Board shall select an additional individual to be appointed to the Board as an independent director. Stockholders will then be obligated to elect the Riva Ridge/Caspian Director and the additional independent director selected by the Board at a special meeting or by delivering a written consent.

Stockholders shall not be permitted to remove a Riva Ridge/Caspian Director without cause prior to the earlier of (i) the one year anniversary of the appointment of such person as a director and (ii) such time as the Riva Ridge/Caspian Group ceases to collectively beneficially own at least 15% of the then outstanding shares of New Common Stock. Should the Riva Ridge/Caspian Director retire, resign, die, or be removed as director other than for cause during this period, the Riva Ridge/Caspian Group shall have the power to designate a replacement, provided that such replacement be one of David Corleto, Matthew Russell, Travis Hogan, Stephen Golden, or another person reasonable acceptable to the Board.

The directors will serve one year terms.

~~During the Initial Period, the majority in number of Initial 1st Lien Holders have the right to remove any or all of the directors, with or without cause. Following the Initial Period, the Stockholders holding a majority of the New Common Stock will have the right to remove a director~~

Any or all of the directors of Reorganized RHI INC may be removed from office at any time, with or without cause, by the vote of the holders of at least a majority of the outstanding New Common Stock, except that the Stockholders shall not be permitted to remove without cause Gabriel DeAlba within a year of the effective date of the Shareholders Agreement. Should an election of directors occur prior to the one year anniversary of the date of the Shareholders Agreement, the Stockholders shall take any action requested by the Catalyst Group that is reasonably necessary to reelect Gabriel DeAlba as a director in order to complete such one year term.

~~During the Initial Period, Initial Holders holding at least 2/3 of the New Common Stock then held by the Initial Holders shall be entitled to appoint a replacement to fill any board vacancy. After the Initial Period, the~~Any Board vacancy will be filled by either (i) a majority of the directors then in office or Stockholders, (ii) a sole remaining director, or (iii) at a duly called meeting of the Stockholders of Reorganized RHI INC (or by a written consent of the Stockholders of Reorganized RHI INC) representing a plurality of the shares of New Common Stock shall be entitled to appoint a replacement to fill any board vacancy.

| | |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>During the Initial Period, only the Initial Holders shall be entitled to vote for the election of directors. After the Initial Period directors will be elected by a vote of the Stockholders (no cumulative voting); provided that the remaining directors shall appoint a replacement to fill any board vacancy until the next meeting of the shareholders.</p> <p>The directors will have customary fiduciary duties to Reorganized RHI INC (provided that the corporate opportunity doctrine shall be limited to only require directors to bring opportunities to Reorganized RHI INC if such opportunity was presented to such director in his or her capacity as a director of Reorganized RHI INC, with the foregoing proviso not applicable to any director who is also a full-time employee of Reorganized RHI INC or any of its sSubsidiaries).</p> <p>Directors will receive customary indemnification and insurance protection.</p> |
| <p>Observer/Information Rights:</p> | <p>Each Initial Bound Holder that holds at least 3.5% of the outstanding New Common Stock will be entitled to appoint an observer to the NewBoard. Such observers will have the right to attend all board and participate in all board meetings and of the Board and to, if in attendance, receive copies of all information provided to directors, but will not be entitled to vote at board meetings of the Board or to take copies of any information provided to them away from the site of the meeting(s) (such observation rights shall be subject to customary conflict of interest or privilege restrictions).</p> <p>Each Stockholder that holds at least 1% of the outstanding New Common Stock will be entitled to receive copies of all financial statements provided to theReorganized Debtors' RHI INC's lenders. In the event that theReorganized Debtors are<u>RHI INC is</u> not required to provide any financial information to their lenders, such holders will be entitled to receive quarterly financial reports.</p> |
| <p>Consent Rights:</p> | <p>During the Initial Period, the<u>The</u> following actions shall require the approval of (i) the New Board and (ii) Initial Holders holding<u>Stockholders owning</u> at least 2/3<u>a majority</u> of the shares of New Common Stock then held by the Initial Holders (but not any approval from any other shareholder unless otherwise<u>outstanding (in addition to any other approval</u> required by applicable law<u>under the DGCL</u>):</p> <ul style="list-style-type: none"> • <u>the issuance of any equity securities of Reorganized RHI INC or any of its Subsidiaries senior in right to the New Common Stock (subject to certain exceptions);</u> • <u>any amendment or modification to the articles of incorporation or bylaws or the adoption of any new bylaws of RHI INC</u> • an Extraordinary Transaction • the issuance, redemption or repurchase of any equity securities of RHI INC or any of its subsidiaries • the dissolution, liquidation or winding up Reorganized RHI INC or its material subsidiaries • the declaration or payment of any dividend or other distribution by RHI INC or any of its subsidiaries • acquisitions in excess of a \$5,000,000 • engaging in any business other than (i) producing, acquiring and/or distributing |

~~motion pictures and miniseries that are intended to be initially exhibited on television and (ii) related activities that are ancillary thereto~~

- ~~• appointment or replacement of RHI INC's or any of its subsidiaries' independent auditors in the event of a dispute between the auditors and RHI INC~~
- ~~• expenditures in one or a series of related transactions in excess of a \$10,000,000~~

~~After the Initial Period and until such time as the original Initial 1st Lien Holders and their respective affiliates cease to collectively own at least 25% of the outstanding New Common Stock, the following actions shall require the approval of (i) the New Board and (ii) Stockholders holding at least a majority of the New Common Stock:~~

- ~~• the issuance of any senior equity~~
- ~~• any, unless an amendment or modification to the articles of incorporation or bylaws or the adoption of any new bylaws of RHI INC bylaws has been approved by Stockholders owning at least 66-2/3% of the shares of New Common Stock then outstanding, and the DGCL has not provided otherwise;~~

- ~~• an Extraordinary Transaction:~~

- ~~• an Extraordinary Transaction~~

- ~~• engaging in any business other than (i) producing, acquiring and/or distributing motion pictures and miniseries that are intended to be initially exhibited on television and (ii) related activities that are ancillary thereto;~~
- ~~• dissolution, liquidation or winding up Reorganized RHI INC or its material ~~subsidiaries~~ Subsidiaries; and~~
- ~~• appointment or replacement of Reorganized RHI INC's or any of its ~~s~~ Subsidiaries' independent auditors in the event of a dispute between the auditors and Reorganized RHI INC;~~

~~"Extraordinary Transaction" shall mean (i) a sale that would result in one person, entity or group owning a majority of the equity interests in Reorganized RHI INC (whether by merger, stock sale, consolidation, recapitalization or otherwise), (ii) a sale of all, substantially all, or any substantial portion of, the assets of Reorganized RHI INC or its Subsidiaries, or (iii) any "harvesting" or sublicensing or sub-distribution arrangement relating to Reorganized RHI INC's or its Subsidiaries' library of film rights or any substantial portion thereof.~~

The approval of the Board is required for:

- ~~• the hiring or firing of anyone in a position (or functional equivalent) of a Chief Executive Officer, a Chief Financial Officer, a Chief Operating Officer, a Chief Legal Officer, or a Chief Sales Officer of Reorganized RHI INC or any of its material ~~subsidiaries~~ Subsidiaries;~~
- ~~• Reorganized RHI INC or any of its ~~s~~ Subsidiaries entering into any Material Employment Agreement or entering into any amendment to or any extension of any Material Employment Agreement;~~
- ~~• material changes in accounting practices or auditors; and~~

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <ul style="list-style-type: none"> • appointment or replacement of <u>Reorganized</u> RHI INC's or any of its sSubsidiaries' independent auditors in the event of a dispute between the auditors and <u>Reorganized</u> RHI INC. <p>“Material Employment Agreement” shall mean any employment agreement entered into by the Corporation<u>Reorganized RHI INC</u> or any of its sSubsidiaries that either (i) provides for cash compensation in excess of \$250,000 in any year or (ii) that provides for potential severance payment (including any compensation to be paid during any notice period) in excess of \$250,000 (or such lesser amount as set by the Board)</p> <p>The approval of (i) the Board and (ii) the holders of a majority of the outstanding common stock<u>New Common Stock</u> (including the holders of the warrants<u>New Warrants</u> issued pursuant to the plan on an as exercised basis) is required for:</p> <ul style="list-style-type: none"> • transactions between <u>Reorganized</u> RHI INC or any of its subsidiaries and affiliates of<u>Subsidiaries and Affiliates of Reorganized</u> RHI INC; provided, that the transactions with Affiliates (i) which involve monetary consideration of under \$100,000 or (ii) which are entered into in the ordinary course of business of the Affiliate and on normal business terms, shall not require a shareholder vote. |
| <p><u>Veto Rights:</u></p> | <p><u>Catalyst Fund Limited Partnership II, Riva Ridge, Caspian Capital Partners, L.P., and their respective controlled Affiliates (collectively, the “Catalyst/Riva Ridge/Caspian Group”) shall have the right to veto any Specified Action of Reorganized RHI INC if (i) members of the Catalyst/Riva Ridge/Caspian Group beneficially owning at least 25% of then outstanding shares of New Common Stock provide Reorganized RHI INC with written notice of the veto (the “Veto Notice”) within 10 days after receiving notice of the intent of Reorganized RHI INC to take a Specified Action and (ii) at all times between the effective date of the Shareholders Agreement and the date of the Veto Notice the Catalyst/Riva Ridge/Caspian Group has collectively beneficially owned at least 25% of then outstanding shares of New Common Stock.</u></p> <p><u>“Specified Action” shall mean:</u></p> <ul style="list-style-type: none"> • <u>a sale that would result in one person, entity or group owning a majority of the equity interests in Reorganized RHI INC other than a sale in which both (1) the New Third Lien Term Facility or any refinancing thereof is repaid in full and (ii) the holders of the New Common Stock receive \$50,000,000, in the aggregate;</u> • <u>a sale of all or any substantial portion of the assets of Reorganized RHI INC or its Subsidiaries other than a sale in which both (1) the New Third Lien Term Facility or any refinancing thereof is repaid in full and (ii) the holders of the New Common Stock receive \$50,000,000, in the aggregate;</u> • <u>any “harvesting” or sublicensing or sub-distribution arrangement relating to the library or film rights of Reorganized RHI INC or its Subsidiaries or any substantial portion thereof;</u> • <u>any amendment or modification to the Certificate or the Bylaws or the adoption of any new Bylaws;</u> • <u>the issuance, redemption or repurchase of any equity securities of Reorganized RHI INC (including the New Common Stock) or any of its Subsidiaries (other than any equity securities issued in connection with adoption of the plan of</u> |

| | |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>reorganization</u>);</p> <ul style="list-style-type: none"> • <u>dissolution, liquidation or winding-up of Reorganized RHI INC or any of its Specified Subsidiaries;</u> • <u>the declaration or payment of any dividend or other distribution by Reorganized RHI INC or any of its Subsidiaries;</u> • <u>any material acquisition other than an acquisition of motion pictures and miniseries in the ordinary course of business;</u> • <u>engaging in any business other than (i) producing, acquiring and/or distributing motion pictures and miniseries that are intended to be initially exhibited on television and (ii) related activities that are ancillary thereto;</u> • <u>increasing the number of directors of Reorganized RHI INC above seven; and</u> • <u>the appointment or replacement of Reorganized RHI INC's or any of its Subsidiary's independent auditors in connection with a dispute between the previous auditors and Reorganized RHI INC.</u> |
| <p><i>Other Rights:</i></p> | <p>As of the Effective Date, no Stockholder will have any tag-along or other co-sale rights; put rights; call rights; anti-dilution protections; or preemptive, participation, or other similar rights to purchase a pro rata share of any offering by the Company <u>Reorganized RHI INC</u> of equity securities, or any securities convertible into equity securities.</p> |

MODIFIED EXHIBIT D

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

MODIFIED EXHIBIT D

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

THE PLAN SUPPLEMENT SHALL CONTAIN THE FORMS FOR THE NEW MANAGEMENT INCENTIVE PLAN, INCLUDING FORMS FOR THE FOUNDERS EQUITY PLAN, THE MANAGEMENT EQUITY INCENTIVE PLAN, THE ANNUAL INCENTIVE PLAN, AND THE EMPLOYMENT AGREEMENTS). IN THE EVENT OF ANY INCONSISTENCY BETWEEN SUCH FORM DOCUMENTS AND THIS TERM SHEET, THE FORM DOCUMENTS SHALL CONTROL.

NEW MANAGEMENT INCENTIVE PLAN TERM SHEET

| <u>Management and Founders Equity Incentive Plan of RHI Entertainment, Inc.</u> | |
|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>Eligibility:</u> | <u>Employees, directors and consultants of the Company and its affiliates shall be eligible to participate in the Equity Plan (each, a “Participant”).</u> |
| <u>Award Types:</u> | <u>Omnibus equity plan providing for various award types, including Restricted Stock awards, Restricted Stock Unit awards, non-qualified stock options, incentive stock options, Deferred Stock awards, Deferred Stock Unit awards, dividend equivalents, stock appreciation rights, stock payment awards and performance awards (each, an “Award”).</u> |
| <u>Shares Subject to Awards:</u> | <p><u>Pursuant to the Founders and Management Equity Incentive Plan, awards with respect to 15% of the shares of New Common Stock of Reorganized RHI INC (the “Common Stock”) outstanding as of the Effective Date, as determined on a fully diluted basis (but without giving effect to the Warrants, but taking into account the shares subject to the Founders Equity Plan and Management Equity Plan), may be issued to Participants; provided that (i) 5.25% of such shares of shall be “Founders Grant Date Shares” and awarded to Robert Halmi, Jr. and Peter von Gal (each, a “Founder”) on the Effective Date (ii) 2.25% of such shares shall be “Founders Performance Shares” and awarded to the Founders on the Effective Date; and (iii) 2.25% of such shares shall be Management Performance Shares and awarded to Participants on the Effective Date.</u></p> <p><u>Any Founders Grant Date Shares and Founders Performance Shares that are forfeited shall not be available for issuance of additional Awards under the Equity Plan.</u></p> <p><u>In the event that the performance targets set forth in the award agreements are not achieved as of the end of the performance period (and no Change in Control or Liquidity Event has occurred prior to such time) all outstanding Founders Performance Shares and Management Performance Shares shall be forfeited and shall not be available for issuance of additional Awards under the Equity Plan. Upon such occurrence, the Company will transfer that number of shares equal to 4.5% of the shares of Common Stock as of the Effective Date to the Second Lien Lenders.</u></p> |
| <u>Change in Control:</u> | <u>“Change in Control” shall mean the earlier to occur of an Acquisition Event or a Debt Repayment Event.</u> |

| | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>“Acquisition Event” shall mean (A) the acquisition, by any one person or group (other than Robert Halmi, Jr. or any individual or entity (or any affiliate thereof) who, as of the Effective Date, owns any Common Stock) of ownership of stock of the Company, that, together with any stock previously held by such person or group, constitutes more than fifty percent (50%) of the total voting power of the stock of the Company; or (B) the merger or consolidation of the Company with and into another corporation if, following such merger or consolidation, any one person or group (other than Robert Halmi, Jr. or any individual or entity (or any affiliate thereof) who, as of the Effective Date, owns any Common Stock) owns stock in the surviving corporation constituting more than fifty percent (50%) of the total voting power of the stock of the surviving corporation.</u></p> <p><u>“Debt Repayment Event” shall mean the repayment at par of 100% of the New Term Loans as well as all interest, fees and charges relating thereto; for the avoidance of doubt, (x) any retirement of the New Term Loans arising in the context of a refinancing or restructuring of the New Term Loans resulting from the inability or likely inability of the Company to comply with the terms thereof (such as repayment of the New Term Loans at maturity) or in the context of an extension or workout of the New Term Loans shall not constitute a Debt Repayment Event, but (y) a retirement of the New Term Loans as a result of a “new money” refinancing thereof (i.e., a refinancing in full in which the new lending group consists of no more than 50% in interest of the holders of the New Term Loans) shall constitute a Debt Repayment Event.</u></p> |
| <p><u>Section 409A:</u></p> | <p><u>All Awards issued pursuant to the Founders and Management Equity Incentive Plan shall be intended to be exempt from or to comply with Section 409A of the Internal Revenue Code and may contain customary Section 409A-related provisions; provided, that the Company will have no liability for any adverse tax consequences to an executive under Section 409A.</u></p> |

| <p style="text-align: center;"><i>FOUNDERS EQUITY PLAN <u>FORM OF RESTRICTED STOCK AWARD AGREEMENT</u></i></p> | |
|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Participants:</p> | <p>Robert Halmi, Jr. (CEO) and Peter von Gal (COO) (each, a “<u>Founder</u>”).</p> |
| <p>Award Type:</p> | <p>Restricted shares of New Common Stock (“<u>Restricted Stock</u>”) or, as provided below, Restricted Stock Units (“RSUs”).</p> |
| <p>Shares Subject to Awards:</p> | <p>Pursuant to the Founders Equity Plan, awards with respect to 7.5% of the shares of New Common Stock of Reorganized RHI INC outstanding as of the Effective Date, as determined on a fully diluted basis (but without giving effect to the Warrants, but taking into account the shares subject to the Founders Equity Plan and Management Equity Incentive Plan), may be issued to Founders. <u>5.25% of such shares will be Founders Grant Date Shares and 2.25% can be granted as Founders Performance Shares, each subject to the vesting schedule below.</u> It is anticipated that that initial awards shall be made as follows:</p> <ul style="list-style-type: none"> • 6.5% for Robert Halmi, Jr. • 1.0% for Peter von Gal |
| <p>Expected Grant Date:</p> | <p>Effective Date.</p> |

| | |
|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><i>Vesting:</i></p> | <p>Founders Equity Plan Restricted Stock<u>Grant Date Shares</u> shall be immediately vested and the Founders Performance Shares shall be eligible to vest upon the earliest to occur of (i) the date of the Board's determination that the Company has achieved a performance target established by the Board (consistent with the sensitivity case forecasts provided to the Second Lien Lenders on March 7, 2011) beginning on the first day of the calendar quarter in which the grant date occurs and ending on December 31, 2012, (ii) the occurrence of a Change in Control at a time when the Company is on plan to achieve the applicable performance targets, or (iii) the occurrence of a Liquidity Event, but shall not be transferable except as set forth herein; and such Restricted Stock will be subject to forfeiture in certain circumstances described herein.</p> |
| <p><i>Forfeiture:</i></p> | <p><u>Unvested</u> Founders Equity Plan Restricted Stock<u>Performance Shares</u> will generally be forfeited upon <u>date of</u> termination of employment by the Company for, provided, however that in the event termination is by Company without cause or by the Founder without good reason. <u>Founder for good reason, and a Change in Control occurs within 12 months thereafter and the Company is on plan to achieve the applicable performance targets as of such Change in Control, the unvested Founders Performance Shares will vest in the Founder upon the effective date of a Change in Control.</u> <u>Vested</u> Founders Equity Plan Restricted Stock will not be forfeited upon a termination of employment (i) by the Company <u>on account of disability or</u> without cause or by the Founder for good reason (unless, within the 12-month period following such termination, the Founder breaches his restrictive covenants), or (ii) by reason of death or disability. <u>Vested Founders Equity Plan Restricted Stock will be forfeited upon termination of employment by the Company for cause or by Founder without good reason prior to the third anniversary of the grant date. Founders Performance Shares will be forfeited in the event the specified performance target is not achieved and Company will transfer that number of shares to the Second Lien Lenders.</u></p> |
| <p><i>Call Right:</i></p> | <p>After termination of employment, any Founders Equity Plan Restricted Stock not forfeited as provided above may, at Company's option, be repurchased for the then-fair market value of the Company, which cash becomes payable at the time such shares of Restricted Stock otherwise would have become transferable; <u>provided</u>, that the call right must be exercised within 12<u>15</u> months from the termination of employment <u>and prior to a Change in Control.</u></p> |
| <p><i>Dividends; Shareholder Rights:</i></p> | <p>Any cash dividends on the New Common Stock shall be held in escrow until the Founders Equity Plan Restricted Stock becomes transferable in connection with the Change in Control <u>or initial public offering.</u> Except as otherwise set forth herein, holders of Founders Equity Plan Restricted Stock will have the rights and privileges of a stockholder of the Company, including voting rights (provided, that <u>(i) such voting rights with respect to unvested Founders Performance Shares shall be assigned by proxy to the Second Lien Lenders and (ii)</u> such voting rights may not be exercised during the "Initial Period" described in RHI INC's charter, and during such Initial Period, any votes based upon the number of New Common Stockholders or upon a percentage of New Common Stock shall be conducted as if the Restricted Stock had not been issued), with respect to such shares of Restricted Stock.</p> |
| <p><i>Change in Control:</i></p> | <p>"Change in Control" shall be defined in the definitive Founders Equity Plan document, which will be filed as part of a supplemental filing to the Plan of Reorganization, and may include a change in ownership or control and/or certain loan repayment events.</p> |

| | |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transferability: | Founders Equity Plan Restricted Stock shall not be transferable, except in the case of (x) death, disability or to “permitted transferees” for estate planning purposes (and such transferee shall continue to be subject to the transfer restrictions); (ii, until the earlier of (i) a Change in Control; or (iii) following <u>(i) the later of (x) a public offering of such New Common Stock (after any underwriter-imposed lock-up period) or (y) third anniversary of the grant date.</u> |
| Section 409A: | All Restricted Stock issued pursuant to the Founders Equity Plan shall be intended to be exempt from Section 409A of the Internal Revenue Code and may contain customary Section 409A related provisions; provided, that the Company will have no liability for any adverse tax consequences to an executive under Section 409A. Awards under the Founders Equity Plan may be made in the form of RSUs, rather than Restricted Stock, to the extent determined appropriate by the parties. |

| MANAGEMENT EQUITY INCENTIVE PLAN <u>FORM OF RESTRICTED STOCK AWARD AGREEMENT</u> | |
|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Eligibility: | Employees, directors and consultants of the Company and its affiliates shall be eligible to participate in the Management Equity Incentive Plan (each, a “Participant”). Participants shall be recommended by the CEO and approved by the Compensation Committee of the New Board (the “ <u>Compensation Committee</u> ”). Participation by the CEO shall be recommended by the Compensation Committee and approved by the New Board. |
| Award Types: | Omnibus equity plan providing for various award types, including Restricted Stock awards, RSUs, non-qualified stock options, incentive stock options, stock appreciation rights and performance awards. |
| Shares Subject to Awards: | Pursuant to the Management Equity Incentive Plan, awards with respect to 7.5% of the shares of New Common Stock of Reorganized RHI INC outstanding as of the Effective Date, as determined on a fully diluted basis (but without giving effect to the Warrants, but taking into account the shares subject to the Founders Equity Plan and Management Equity Plan), may be issued to Participants. <u>5.25% of such shares will be Time Vesting Shares and 2.25% can be granted as Management Performance Shares, each subject to the vesting schedule below.</u> |
| Expected Grant Date: | As soon as practicable, and in any event within 90 days, after the Effective Date. |
| Award Type on Expected Grant Date: | All awards granted pursuant to the Management Equity Incentive Plan on the Grant Date to be Restricted Stock or, as provided below, RSUs. |
| Vesting: | Subject to the Participant’s continuous employment with the Company through the applicable vesting date, the shares of Management Equity Incentive Plan Restricted Stock; <u>The Time Vesting Shares</u> shall vest in equal annual installments over a three (3) year period, commencing on the first (1st) anniversary of the grant date and annually thereafter; provided that, notwithstanding the foregoing, all such shares of Restricted Stock <u>the Time Vesting Shares</u> shall become vested upon a Change in Control; and, provided, further that no such |

| | |
|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>Management Performance Shares shall be eligible to vest upon the earliest to occur of (i) with respect to two-thirds of the Management Performance Shares, on the date of the Board's determination that the Company has achieved the Company has achieved a performance target established by the Board (consistent with the sensitivity case forecasts provided to the Second Lien Lenders on March 7, 2011) beginning on the first day in the calendar quarter in which the grant date occurs and ending on December 31, 2012, and with respect to one-third of the Management Performance Shares, on the third anniversary of the grant date subject to the achievement of the targets set forth above, (ii) occurrence of a Change in Control at a time when the Company is on plan to achieve the applicable performance targets, or (iii) occurrence of a Liquidity Event;</u></p> <p><u>All</u> shares of Restricted Stock shall <u>not</u> be transferable until a Change in Control occurs following the date of grant<u>except as set forth herein</u> and such Restricted Stock will be subject to forfeiture in certain circumstances described herein.</p> |
| Forfeiture: | <p>Unvested Management Equity Incentive Plan Restricted Stock will generally be forfeited upon termination of employment, except if the Participant's employment is terminated without cause or for good reason and a Change in Control occurs within 12 months thereafter <u>and the Company is on plan to achieve the applicable performance targets as of such Change in Control</u>, the unvested Management Equity Plan Restricted Stock shall vest in the Participant upon such Change in Control; provided that (Management Performance Shares shall only vest to the extent such shares would otherwise become vested in connection with such Change in Control).</p> <p><u>Vested Management Equity Incentive Plan Restricted Stock will not be forfeited upon termination of employment for death, disability or by the Company without cause or by Participant for any reason (or in the case of a Founder, by Participant for good reason or for any reason after the third anniversary of the grant date), unless the Participant breaches his/her restrictive covenants in accordance with their terms following termination of employment; however, even vested Management Equity Incentive Awards Plan Restricted Stock shall be forfeited in the case of (a) a termination for cause of the Participant, (b) in the case of any Founder who is a Participant, a resignation by such Founder without good reason prior to the third anniversary of the grant date. Vested Management Equity Incentive Plan Restricted Stock will not be forfeited upon a termination of employment without cause or for good reason (unless the Participant breaches his/her restrictive covenants in accordance with their terms following termination of employment) Performance Shares will be forfeited in the event the specified performance target is not achieved and Company will grant that number of shares to the Second Lien Lenders.</u></p> |
| Call Right: | <p>After termination of employment, any Management Equity Incentive Plan Restricted Stock not forfeited as provided above may, at Company's option, be repurchased for the then-fair market value of the Company; <u>provided</u>, that the call right must be exercised within 9 months (extended to 15 months if a 12-month non-competition commitment is applicable) from the termination of employment <u>and prior to a Change in Control</u>.</p> |
| Dividends; Shareholder Rights: | <p>Any cash dividends on the New Common Stock shall be held in escrow until the Management Equity Incentive Plan Restricted Stock becomes transferable in connection with the Change in Control. Except as otherwise set forth herein, holders of Management Equity Incentive Plan Restricted Stock will have the rights and privileges of a stockholder of the Company, including voting rights (provided, that <u>(i) such voting rights with respect to unvested Management Performance Shares shall be assigned by proxy to</u></p> |

| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <u>the Second Lien Lenders and (ii)</u> such voting rights may not be exercised during the “Initial Period” described in RHI INC’s charter, and during such Initial Period, any votes based upon the number of New Common Stockholders or upon a percentage of New Common Stock shall be conducted as if the Restricted Stock had not been issued), with respect to such shares of Restricted Stock. |
| Expected Participants: | <p>The following individuals are expected to receive Restricted Stock awards pursuant to the Management Equity Incentive Plan:</p> <ol style="list-style-type: none"> 1. Halmi, Jr., Robert (CEO) 2. Von Gal, Peter (Head of Worldwide Sales) 3. Hoberman, Henry (EVP, General Counsel & Secretary) 4. Scarpelli, Michael (EVP - Finance) 5. De Grazia, Martin (SVP - Contract Administration & Distribution) 6. Zapakin, Alan (SVP - Marketing) 7. Alexander, John (SVP - International Sales) 8. Erickson, Patricia (SVP - Human Resources & Distribution) 9. Sheppard, Susan (SVP - Business Affairs Attorney) 10. Ringler, Jeffrey L. (SVP - Business Affairs Attorney) 11. Oesterlin, Michael (SVP - International Sales) <p>See “Eligibility” above with respect to possible awards to additional individuals.</p> |
| Transferability: | Management Equity Incentive Plan Restricted Stock shall not be transferable, except in the case of (i) death, disability or to “permitted transferees” for estate planning purposes (and such transferee shall continue to be subject to transfer restrictions); (ii) until the earlier of (i) a Change in Control; or (iii) following (i) the later of (x) a public offering of such New Common Stock (after any underwriter-imposed lock-up period) or (y) the date of vesting of the Restricted Stock, or for Founders the earlier of (i) a Change in Control or (ii) the later of (x) a public offering of such New Common Stock (after any underwriter-imposed lock-up period) or (y) third anniversary of the grant date. |
| Section 409A: | All Restricted Stock issued pursuant to the Management Equity Incentive Plan shall be intended to be exempt from Section 409A of the Internal Revenue Code and may contain customary Section 409A related provisions; provided, that the Company will have no liability for any adverse tax consequences to an executive under Section 409A. Awards under the Management Equity Incentive Plan may be made in the form of RSUs, rather than Restricted Stock, to the extent determined appropriate by the parties. |

| ANNUAL INCENTIVE PLAN (AIP) | |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AIP for 2011 and Subsequent Years: | Annual Incentive Plan (“AIP”) to be established at the sole discretion of the New Board in consultation with the Compensation Committee. |
| Other Employees -- Discretionary Bonus Payments for fiscal years 2010 and 2011: | <i>Employees who do not participate in AIP:</i> With respect to each of fiscal years 2010 and 2011, the Company shall accrue a pool of \$150,000 for discretionary annual bonuses for employees not eligible to participate in the AIP. Includes new or promoted employees not eligible in the AIP Bonus Pool allocation at the beginning of the plan year. |

| | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | The Compensation Committee shall be required to approve the release of the discretionary bonus pool after year-end, and the allocation of bonus pool payments shall be at the discretion of the CEO. |
|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

| <i>EMPLOYMENT AGREEMENTS</i> | |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Eligible Participants:</i> | Senior Vice Presidents and above, including the Chief Executive Officer. |
| <i>Replace Existing Employment Agreements:</i> | The Employment Agreements shall supersede the existing employment agreements of Senior Vice Presidents and above. By entering into an Employment Agreement, the eligible individual shall acknowledge that his or her existing employment agreement shall terminate as of the Effective Date and that he or she shall waive all rights had under the existing employment agreement, including all monetary claims thereunder other than accruals of base salary accrued during the last payroll period in which the Effective Date occurs and any other accrued but unpaid non-salary benefits. |
| <i>Term of Agreements:</i> | Three-year initial term, automatically renews for successive one-year periods, unless either party provides notice of non-renewal at least 60 days prior to the expiration of the then-applicable term. |
| <i>Compensation and Benefits:</i> | Each employment agreement provides for each executive's (i) annual base salary, subject to increase (but not decrease) as determined by the New Board from time to time, (ii) participation in the Company's employee benefit plans, programs and arrangements, (iii) paid vacation, (iv) expense reimbursement, (v) equity awards, which terms shall include full vesting upon a Change in Control (as defined in the applicable equity plan) during the term or within one year following the executive's termination of employment without cause or for good reason, and (v) eligibility for bonus payments for calendar years subsequent to 2010. <u>Mr. Halmi's employment agreement also provides for the payment of certain production bonuses.</u> |
| <i>Payments and Benefits upon Certain Terminations of Employment:</i> | <p><i>Termination of Employment Without Cause, for Good Reason or upon Non-Renewal of Agreement by the Company</i></p> <p>Upon (a) a termination of employment by the Company without cause, (b) a termination of employment by the executive for "good reason," (which shall include, in the case of Robert Halmi, Jr., Peter Von Gal, Henry Hoberman and Michael Scarpelli, a material diminution of duties, title or responsibility) or (c) non-renewal of the executive's agreement by the Company (with the date of termination being the expiration of the then-applicable term), ⁺ <u>for executives at a level higher than Senior Vice President ("Senior Executives")</u>, each executive is entitled to receive the following severance payments and benefits (the "<u>Severance Benefits</u>"), in addition to any earned but unpaid base salary and vacation pay and any amounts arising from the executive's participation in the Company's benefits plans:</p> <p>(i) <u>(1) \$100,000 per month until the first anniversary of date of termination for</u></p> |

⁺ ~~The benefits of this clause (c) shall be available only under the Employment Agreements (as being modified) for executives at a level higher than Senior Vice President ("Senior Executives").~~

| | |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>Robert Halmi, Jr., (2)</u> one year's continuation of the executive's annual base salary as in effect immediately prior to the date of termination of employment for Robert Halmi, Jr., Peter von Gal, Henry Hoberman and Michael Scarpelli or <u>(23)</u> six months' continuation of the executive's annual base salary as in effect immediately prior to the date of termination of employment for other executives;</p> <p>(ii) for any year where a bonus opportunity pool has been established and accrued for, the pro rata amount of any bonus which would otherwise have been payable to the executive during the year the date of termination occurred, payable on at the same time such bonus is paid to other eligible executives;</p> <p>(iii) continued coverage for the executive and any eligible dependents under all Company group health benefit plans in which the executive and any eligible depends are participating in immediately prior to the date of termination of employment, until the earlier of (A) the six-month anniversary of the date of termination of employment (or, for Robert Halmi, Jr., Peter von Gal, Henry Hoberman and Michael Scarpelli, the first anniversary of the date of termination of employment) or (B) the date the executive first violates any of the restrictive covenants.</p> <p><i>Termination of Employment by Reason of Death or Disability</i></p> <p>Upon a termination of employment by the executive by reason of his (a) death or (b) disability, each executive (or his estate, as applicable) is entitled to receive the following payments and benefits, in addition to any earned but unpaid base salary and vacation pay and any amounts arising from the executive's participation in the Company's benefits plans:</p> <p>(i) for any year where a bonus opportunity pool has been established and accrued for, the pro rata amount of any bonus which would otherwise have been payable to the executive during the year the date of termination occurred, payable at the same time such bonus is paid to other eligible executives; and</p> <p>(ii) full vesting of any unvested equity awards as of the date of termination of employment.</p> |
| <p><i>Release of Claims:</i></p> | <p>All payments and benefits provided in connection with the executive's termination of employment will be subject to the executive's execution and non-revocation of waiver and release of claims agreement.</p> |
| <p><i>Restrictive Covenants:</i></p> | <p>In addition to customary confidentiality and non-disparagement covenants, the Employment Agreements shall contain a non-compete covenant and a non-solicitation covenant providing that such executive shall not (a) engage directly or indirectly with any competitive business or (b) solicit any employees (or customers, as applicable), each for the (i) 12 month period following the date of termination of employment for Robert Halmi, Jr., Peter von Gal, Henry Hoberman and Michael Scarpelli or (ii) 6 month period following the date of termination of employment for all other eligible participants; <u>provided</u>, that in the event of a termination of employment upon expiration of the employment term by reason of a non-renewal by the executive, the non-compete will apply only if the Company elects to provide the Severance Benefits.²¹ <u>In the event that the executive breaches any of the restrictive covenants following a termination by</u></p> |

²¹ The benefits of the foregoing proviso shall be available only to Senior Executives.

| | |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <u>the Company without cause or by the executive for good reason, the Company's sole remedy shall be to discontinue the payment of severance thereafter.</u> |
| <i>Section 409A</i> | All payments and benefits provided to the executive pursuant to the Employment Agreement are intended to be exempt from or comply with Section 409A of the Internal Revenue Code and contain customary Section 409A-related provisions; <u>provided</u> , that the Company will have no liability for any adverse tax consequences to an executive under Section 409A. |

MODIFIED EXHIBIT E

TO

**JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS**

MODIFIED EXHIBIT E

TO

JOINT PREPACKAGED PLAN OF REORGANIZATION OF
RHI ENTERTAINMENT, INC. AND AFFILIATED DEBTORS

THE PLAN SUPPLEMENT SHALL CONTAIN THE SUBSTANTIALLY FINAL FORM OF THE CREDIT AGREEMENT FOR THE NEW THIRD LIEN TERM LOAN FACILITY. THIS DOES NOT PURPORT TO BE THE DEFINITIVE INTEGRATION OF ANY OF THE TERMS AND CONDITIONS OF THE NEW THIRD LIEN TERM LOAN FACILITY. IN THE EVENT OF ANY INCONSISTENCY BETWEEN SUCH FORM OF CREDIT AGREEMENT AND THIS TERM SHEET, THE FORM CREDIT AGREEMENT SHALL CONTROL.

New ~~Second~~Third Lien Term Loan Facility Term Sheet

| | |
|----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Borrower:</i> | RHI Entertainment, LLC (“ <u>RHI LLC</u> ” or the “ <u>Borrower</u> ”). |
| <i>Guarantors:</i> | The obligations of the Borrower shall be guaranteed by RHI INC., RHIE Holdings Inc., RHI Entertainment Holdings II, and each subsidiary of the Borrower that guarantees the Existing First Lien Credit Agreement referred to below (each a “ <u>Guarantor</u> ,” and collectively, the “ <u>Guarantors</u> ”; together with the Borrower, the “ <u>Credit Parties</u> ”). |
| <i>Administrative Agent:</i> | JPMorgan Chase Bank, N.A. (“ <u>JPMCB</u> ” or, in its capacity as administrative agent under the New Second <u>Third</u> Lien Term Loan Facility, the “ <u>New TermThird Lien Agent</u> ”). |
| <i>Lenders:</i> | The lenders (subject to assignments in accordance with the <u>New Third Lien</u> Term Loan Agreement described below, the “ <u>New Third Lien</u> Term Lenders”) will be the First Lien Lenders, and each of which shall be deemed to be bound by the <u>New Third Lien</u> Term Loan Agreement without execution thereof. |
| <i>Facility:</i> | A credit facility (the “ <u>New SecondThird Lien Term Loan Facility</u> ” or the “Term Facility”) to be comprised of U.S.\$300 million of term loans (the “ <u>New Third Lien</u> Term Loans”) which are to be extended on a non-cash basis on the Effective Date and allocated among the First Lien Lenders as provided in the Plan. |
| <i>Documentation for <u>New Third Lien</u> Term <u>Loan</u> Facility:</i> | The <u>New Third Lien</u> Term <u>Loan</u> Facility will be documented by, among other things, a credit, guaranty and pledge agreement (the “ <u>New Third Lien</u> Term Loan Agreement”) to be negotiated and entered into in form and substance satisfactory to the New Term <u>Third Lien</u> Agent. The <u>New Third Lien</u> Term Loan Agreement will take the form of an amendment to or an amendment and restatement of the Existing First Lien Credit Agreement such that Lenders will retain the benefit of any perfection filings made by the First Lien Agent. |
| <i>Term:</i> | <p>The <u>New Third Lien</u> Term Loans shall be repaid in full upon the earliest of (i) the Maturity Date (as defined below) or (ii) the acceleration of the loans in accordance with the <u>New Third Lien</u> Term Loan Agreement (together with the Maturity Date, the “<u>Termination Date</u>”).</p> <p>“<u>Maturity Date</u>” shall mean December 31, 2013.</p> <p>Upon the occurrence of the Termination Date, the <u>New Third Lien</u> Term Loans and other obligations under the <u>New Third Lien</u> Term <u>Loan</u> Facility shall be repaid in full.</p> |
| <i>Closing Date:</i> | Closing to occur, subject to the satisfaction of the conditions precedent set forth below and in the <u>New Third Lien</u> Term Loan Agreement, upon the occurrence of the Effective Date of the Plan. The date |

| | |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | of such closing is referred to as the “Closing Date”. |
| Use of Proceeds: | No cash proceeds to the Borrower from the Term Loans; instead, the Term Loans are to be issued, along with the New Common Stock, in exchange for discharge of all Existing First Lien Claims on the Effective Date. |
| <u>Subordination of Liens to Exit Revolving Credit Facility</u> Priority and Liens: | <p>The liens in favor of the New Term Agent (on behalf of the New Term Lenders)<u>New Third Lien Term Loans and all other monetary obligations under the New Third Lien Term Loan Facility (and all guaranties of the foregoing by the Guarantors), shall at all times, be secured by a perfected third priority lien (subject solely to permitted liens to be specified, including liens in favor of talent guilds on terms and conditions to be established in the New Third Lien Term Loan Agreement) on all of the Borrower’s and the Guarantors’ respective property and assets, as well as by a pledge of 100% of the Equity Interests (to be defined in the New Third Lien Term Loan Agreement) in the Borrower and each of its Subsidiaries that is a Guarantor and all of the other Equity Interests owned by the Borrower and each Guarantor (but limited to pledges of 65% of the Equity Interests owned by any Credit Party in any “controlled foreign corporation”).</u></p> <p><u>The liens</u> securing the Term<u>New Third Lien Term Loan</u> Facility shall be subject and subordinate to <u>(i) the liens securing the Borrower’s obligations under a revolving credit facility of up to U.S.\$25 million (of which up to \$5 million will be available in the form of letters of credit) to be extended to the Borrower (the “Exit Revolving Credit Facility” or the “Revolving Facility”; the credit agreement to be negotiated and entered into to evidence same, the “Revolving Credit Agreement”; the administrative agent under the Revolving Facility, the “Exit Revolving Agent”; the lenders thereunder, the “Exit Revolving Lenders”; and the revolving loans which may from time to time be extended thereunder, the “Revolving Loans”)), and guaranteed by the Guarantors and secured by a first lien security interest in the same Collateral that secures the TermNew Third Lien Term Loan Facility and (ii) the liens securing the Borrower’s obligations under a new second lien term credit facility of up to \$15 million to be extended to the Borrower (the “Exit Term Loan Facility”; the credit agreement to be negotiated and entered into to evidence same, the “Exit Term Loan Agreement”; the administrative agent under the Exit Term Loan Facility, the “Exit Term Agent”; the Lenders thereunder, the “Exit Term Lenders”; and the term loans which are to be extended thereunder on the Effective Date, the “Exit Term Loans”) and guaranteed by the Guarantors and secured by a second lien security interest on the same Collateral that secures the Revolving Facility and the New Third Lien Term Loan</u> Facility.</p> <p>The Revolving Credit Agreement<u>Facility</u> initially will (i) have the same maturity date as the <u>New Third Lien</u> Term <u>Loan</u> Facility, (ii) be governed by a borrowing base, and (iii) contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the <u>New Third Lien</u> Term <u>Loan</u> Facility.</p> <p><u>The Exit Term Loans will mature on September 30, 2013 and will contain representations and warranties, affirmative and negative covenants, financial covenants and events of default (but not necessarily mandatory prepayment, amortization or economic terms) substantially the same as those contained in the Revolving Facility</u></p> |
| <u>Second Lien Intercreditor Agreement:</u> | As a condition to the Closing Date, the New Term <u>Third Lien</u> Agent shall have negotiated and entered into first lien/second lien/ <u>third lien</u> intercreditor agreement with the Exit Revolving Agent <u>and the Exit Term Agent</u> (the “Exit Intercreditor Agreement”) pursuant to which the New Term <u>Third Lien Agent, the Exit Revolving</u> Agent and the Exit Revolving <u>Term</u> Agent shall agree that the security interests securing the <u>New Third Lien</u> Term <u>Loan</u> Facility are subject and subordinate to <u>(i) the security interests in favor of the Exit Revolving Agent securing the Revolving Facility; provided, however, that the and (ii) the security interests in favor of the Exit Term Agent</u> |

securing the Exit Term Loan Facility.

The Exit Intercreditor Agreement shall also contain, among other things, the following provisions:

(a) the Exit Revolving Agent shall agree that the aggregate amount of the revolving credit commitments under the Revolving Facility shall at no point be permitted to exceed ~~U.S.~~\$25 million;

(b) the Exit Term Agent shall agree that the aggregate amount of the Exit Term Loans shall at no point be permitted to exceed \$15 million;

~~(c) until such point as the Exit Revolving Agent or Exit Revolving Lenders have accelerated the Revolving Loans or commenced secured creditors' remedies with respect to any of the Collateral~~ Senior Priority Acceleration has occurred, the Senior Priority Representative or Senior Priority Lenders have commenced an Enforcement Action (all as defined in the Exit Intercreditor Agreement) or any of the Credit Parties has become the subject of a bankruptcy, insolvency or receivership proceeding, the Borrower shall be entitled to pay, and the New Third Lien Term Lenders shall be entitled to accept, (i) payments of interest on the New Third Lien Term Loans and of any scheduled amortization as set forth under the New Third Lien Term Loan Agreement as of the Closing Date, (ii) any mandatory prepayments set forth in the New Third Lien Term Loan Agreement as of the Closing Date, ~~(e) so long as no event of default exists under the Revolving Facility;~~

~~(d) the Borrower shall not be entitled to pay, and the New Term Lenders shall~~ Third Lien Term Lenders shall not be entitled to accept, any voluntary prepayments ~~or other prepayments of the Loans under the Term Facility, (d) of the Loans under the New Third Lien Term Loan Facility~~ without the consent of the requisite Lenders under the Exit Term Loan Facility;

(e) the Borrower shall not be entitled to pay, and the Exit Term Lenders shall not be entitled to accept, any voluntary prepayments of the Loans under the Exit Term Loan Facility without the consent of the requisite Lenders under the New Third Lien Term Loan Facility;

~~(f) (i) until the repayment in full of all Indebtedness under the Revolving Facility and the termination of any commitments to extend additional credit thereunder (the "Revolving Facility Repayment Date"), any proceeds of the common Collateral securing the Revolving Facility, the Exit Term Loan Facility and the Revolving~~ New Third Lien Term Loan Facility that are realized in connection with any enforcement actions with respect to such Collateral, and any recovery in any bankruptcy, insolvency or receivership shall be paid to the Revolving Facility Lenders prior to payments to the ~~New Term Lenders and (e) Exit Term Lenders and New Third Lien Term Lenders and (ii) after the Revolving Facility Repayment Date and until the repayment in full of all Indebtedness under the Exit Term Loan Facility and the termination of any commitments to extend additional credit thereunder, any proceeds of the common Collateral securing the Exit Term Loan Facility and the New Third Lien Term Loan Facility that are realized in connection with any enforcement actions with respect to such Collateral, and any recovery in any bankruptcy, insolvency or receivership shall be paid to the Exit Term Lenders prior to payments to the New Third Lien Term Lenders; and~~

~~(g) various commitments and agreements between the Exit Revolving Agent,~~ the Exit Term Agent and the New ~~Term~~ Third Lien Agent with respect to, among other things, the commonality of collateral, application of proceeds of common Collateral, actions which may or may not be taken in the context of an insolvency proceeding and amendments to the Revolving Facility documentation, Exit Term Loan Facility documentation and the New Third Lien Term Loan Facility documentation.

Priority and Liens:

~~The Term Loans and all other monetary obligations under the Term Facility (and all guaranties of the foregoing by the Guarantors), shall at all times, be secured by a perfected second priority lien (subject solely to permitted liens to be specified, including the first priority Liens in favor of the Exit~~

| | |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Revolving Agent securing the Borrower's obligations under the Revolving Facility and liens in favor of talent guilds on terms and conditions to be established in the Term Loan Agreement) on all of the Borrower's and the Guarantors' respective property and assets, as well as by a pledge of 100% of the Equity Interests (to be defined in the Term Loan Agreement) in each Guarantor (but not the Equity Interests in the Borrower) and all of the other Equity Interests owned by the Borrower and each Guarantor (but limited to pledges of 65% of the Equity Interests owned by any Credit Party in any "controlled foreign corporation").</p> |
| <p>Depository Relationship:</p> | <p>The Borrower's and Guarantors' cash management arrangements shall be reasonably acceptable to the New Term<u>Third Lien</u> Agent and satisfactory deposit account control agreements in favor of the New Term<u>Third Lien</u> Agent shall be executed as a condition precedent to the Closing Date. The cash management arrangements and the deposit account control agreements shall provide that, (a) prior to the Revolving Facility Repayment Date, from and after the date that the Borrower is not in compliance with the required Coverage Ratio as described below, any and all sums in each deposit account shall, on a daily basis, be swept into a collection account maintained with the Exit Revolving Agent under the Revolving Facility (and any amounts received in such collection account shall be automatically applied on a daily basis to repay revolving indebtedness under the Revolving Facility) and (b) following the Revolving Facility Repayment Date, (b) subject to the Exit Intercreditor Agreement, from and after the date that the Borrower is not in compliance with the required Coverage Ratio or <u>upon the Exit Term Agent's election after</u> the occurrence of an Event of Default, the New<u>Exit</u> Term Agent shall have full dominion and control over each of the Credit Parties' deposit accounts.</p> |
| <p>Upfront Fees:</p> | <p>None.</p> |
| <p>Interest Rate:</p> | <p>The <u>New Third Lien</u> Term Loans will accrue interest at a floating rate equal to, at the Borrower's option: (i) the Alternate Base Rate plus 2.00%; or (ii) <u>in the case of LIBOR Loans for which the PIK Option (as described below) is not elected,</u> LIBOR plus 3.00% for <u>one-month</u> interest periods to be determined.</p> <p><u>Solely during calendar year 2011, the Borrower shall have the option (the "PIK Option") to pay all of (but not a portion of) the interest due on the New Third Lien Term Loans in kind on a quarterly basis. The PIK Option shall be deemed to have been elected with respect to each calendar quarter that falls within the calendar year 2011 unless the Borrower has provided the New Third Lien Agent with notice of its election to opt out of the PIK Option at least three days prior to the beginning of a calendar quarter in which the PIK Option is available. In the case of LIBOR Loans for which the PIK Option is elected, interest will accrue at the greater of (i) 12% or (ii) LIBOR plus 3.00% (determined when the applicable PIK Option is elected or deemed to have been elected).</u></p> <p>The Alternate Base Rate is the highest of (a) the New Term<u>Third Lien</u> Agent's Prime Rate, (b) the Federal Funds Effective Rate plus ½ of 1.00%, and (c) <u>LIBOR for</u> one-month LIBOR plus 1.00% for interest periods of one, two or three months<u>plus 1.00%</u>.</p> <p>LIBOR shall at all times be subject to a 2.00% floor and will include statutory reserves at all times when there are reserves.</p> <p>All interest and fees will be calculated on the basis of a 360 or 365 day year, as applicable, and actual days elapsed.</p> |
| <p>Default Interest:</p> | <p>4.00% above the then applicable interest rate which will be applied to the entire unpaid balance of the Term Loans.</p> |

| <p>Interest Payment</p> | <p>Interest on the Term Loans shall be paid monthly in arrears, on the last Business Day of each calendar month, <u>with the exception of calendar year 2011 (to the extent that the Borrower elects the PIK Option).</u></p> | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-------------------------------|-----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|--------------------------|------------------------|------------|-------------|-----------|-------------|----------------|-------------|---------------|--------------|------------|-------------|-----------|-------------|----------------|-------------|--------------------------|-------------------------|
| <p>Mandatory Amortization and Mandatory Prepayments:</p> | <p>The Borrower shall be required to prepay on the last Business Day of each month set forth in the below table principal on the <u>New Third Lien</u> Term Loans in the amount set forth opposite such month:</p> <table data-bbox="505 510 1166 930"> <thead> <tr> <th><u>Month:</u></th> <th><u>Required Amortization:</u></th> </tr> </thead> <tbody> <tr> <td>March 2011</td> <td>\$250,000</td> </tr> <tr> <td>June 2011</td> <td>\$250,000</td> </tr> <tr> <td>September 2011</td> <td>\$250,000</td> </tr> <tr> <td>December 2011</td> <td>\$5,250,000</td> </tr> <tr> <td>March 2012</td> <td>\$2,000,000</td> </tr> <tr> <td>June 2012</td> <td>\$2,500,000</td> </tr> <tr> <td>September 2012</td> <td>\$2,500,000</td> </tr> <tr> <td>December 2012</td> <td>\$19,500,000</td> </tr> <tr> <td>March 2013</td> <td>\$2,000,000</td> </tr> <tr> <td>June 2013</td> <td>\$2,000,000</td> </tr> <tr> <td>September 2013</td> <td>\$2,000,000</td> </tr> <tr> <td>December 2013</td> <td>\$19,000,000</td> </tr> </tbody> </table> <p>In addition, on an annual basis, the Borrower shall be required to repay the Term Loans with an amount equal to 75% of the Excess Cash Flow (as defined below) during the immediately preceding fiscal year.</p> <p>In addition, subject to the provisions to be contained in the Exit Intercreditor Agreement <u>of the Exit Term Loan Agreement to apply the pro rata portion of any proceeds that follow towards prepayment of the Exit Term Loan Facility</u>, mandatory prepayments shall also be required with (x) 100% of the proceeds of certain asset sales and of, additional indebtedness <u>or New Warrant exercises</u>, (y) 50% of the proceeds of post-Closing Date equity contributions and (z) certain proceeds of insurance recoveries.</p> <p>The <u>Subject to the terms of the Exit Intercreditor Agreement and the Exit Term Loan Agreement, the</u> Borrower may voluntarily prepay the <u>New Third Lien</u> Term Loans, without penalty, in amounts or on dates not described above, but any such voluntary prepayment shall not reduce the mandatory prepayments described above (e.g., such voluntary prepayments shall not reduce the required amortization, prepayments required from Excess Cash Flow or prepayments required with the proceeds of certain asset sales, indebtedness or equity contributions).</p> <p>Once repaid, no portion of the Term Loans may be re-borrowed.</p> | <u>Month:</u> | <u>Required Amortization:</u> | March 2011 | \$250,000 | June 2011 | \$250,000 | September 2011 | \$250,000 | December 2011 | \$5,250,000 | March 2012 | \$2,000,000 | June 2012 | \$2,500,000 | September 2012 | \$2,500,000 | December 2012 | \$19,500,000 | March 2013 | \$2,000,000 | June 2013 | \$2,000,000 | September 2013 | \$2,000,000 | December 2013 | \$19,000,000 |
| <u>Month:</u> | <u>Required Amortization:</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March 2011 | \$250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June 2011 | \$250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| September 2011 | \$250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| December 2011 | \$5,250,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March 2012 | \$2,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June 2012 | \$2,500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| September 2012 | \$2,500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| December 2012 | \$19,500,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| March 2013 | \$2,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June 2013 | \$2,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| September 2013 | \$2,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| December 2013 | \$19,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Conditions Precedent to Occurrence of Closing Date:</p> | <p>The consummation of the Closing Date shall be subject to the satisfaction of conditions that are typical for a facility of this type, including but not limited to: (i) the substantial consummation of the Plan; (ii) negotiation and execution of the <u>New Third Lien</u> Term Loan Agreement and the other definitive documentation relating to the <u>New Third Lien</u> Term Loan Facility in form and substance satisfactory the New Term <u>Third Lien</u> Agent, including the Exit Intercreditor Agreement; (iii) perfection of security interests granted in favor of Agent, delivery of customary legal opinions and satisfactory lien searches; (iv) payment of any fees required to be paid under the Fee Letter <u>Third Lien Credit Agreement</u>; (v) the New Term <u>Third Lien</u> Agent's satisfaction, in their sole discretion, with a business plan, containing forecasted financial statements consisting of balance sheets, cash flow statements and income statements, with supporting detail and underlying assumptions, together with management commentary on such assumptions (a "<u>Business Plan</u>") all covering a period</p> | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>commencing with the Effective Date and through at least the Maturity<u>between January 1st of the year of preparation through the then current year and two subsequent years (which opening Business Plan shall have been delivered at least fourteen days prior to the Closing</u> Date); (vi) delivery of 13-week cash flow projection satisfactory to the New Term<u>Third Lien</u> Agent in its sole and absolute discretion; (vii) delivery of disclosure schedules, officer's certificates, company resolutions and other customary closing deliverables, (viii) except to the extent waived by the Term<u>Loan</u>New Third Lien Agent, for each guild that holds any security interest in any motion picture, which security interest pre-dates and survives the Closing Date, the New Term<u>Third Lien</u> Agent shall have received an acknowledgment executed by such guild, which acknowledgment shall be in form and substance satisfactory to the New Term<u>Third Lien</u> Agent and shall provide that the security interests in favor of the Exit Revolving Lenders, <u>the Exit Term Lenders</u> and the New<u>Third Lien</u> Term Loan Lenders, as a combined class, have at least the same priority vis-à-vis the surviving liens of such guild as existed between such guild and the Existing First Lien Credit Agreement and; (ix) delivery of a Stockholders Agreement (a "<u>Stockholders Agreement</u>") among holders of Existing First Lien Claims (each, an "<u>Initial Holder</u>"), which Stockholders Agreement shall be binding on all Initial Holders regardless of whether they execute same and shall be in form and substance satisfactory to the New Term Agent, including that such Stockholders Agreement or the Reorganized Parent Governing Documents shall provide, among other things, that (a) through the 120th day following the Closing Date, in the context of any potential sale or disposition of all, substantially all, or any substantial portion of, of the Credit Parties' assets, or in the context of any potential "harvesting" or sublicensing or subdistribution arrangement relating to the Credit Parties' library of film rights or any substantial portion thereof (any such transaction, an "Extraordinary Transaction"), the determination of Initial Holders owning 66 2/3% of the New Common Stock then held by all Initial Holders shall be binding on all Initial Holders, (b) through the 120th day following the Closing Date, among other things, any director may be removed from office at any time with or without cause by the affirmative vote of a majority of the Initial Holders and any vacant director position in RHI INC shall be filled solely by a vote of 66 2/3% of the Initial Holders, and (c) through the 120th day following the Closing Date, no Initial Holder shall permit its New Common Stock (or any part thereof) to be sold, transferred or assigned to any Person unless such acquiring Person is also acquiring a proportionate amount of the Loans held by such selling Initial Holder (or its affiliates)<u>Third Lien Agent and (x) the occurrence of the "Closing Date" under each of the Revolving Credit Facility and the Exit Term Loan Facility and the funding of \$15,000,000 under the Exit Term Loan Facility.</u></p> |
| <p>Representations and Warranties:</p> | <p>Standard representations and warranties for a facility of this type, including but not limited to, due incorporation and good standing, absence of requirements for consents or approvals, absence of liens, accuracy of financial statements, absence of a material adverse change, and absence of litigation on terms at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement.</p> |
| <p>Affirmative Covenants:</p> | <p>Standard affirmative covenants for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to delivery of financial statements, maintenance of properties and insurance, causing material subsidiaries to become Credit Parties (pursuant to the parameters set forth in the Existing First Lien Credit Agreement) and payment of taxes and other material obligations.</p> <p>In addition, the Borrower and the Guarantors<u>Credit Parties</u> shall be required to:</p> <p>(a) deliver, on an annual basis, (a) an updated Business Plan in form and substance satisfactory to Agent covering the three year period following the date of preparation and (b) an independent third party valuation of the Borrower's and its subsidiaries' unsold titles in the form generally provided under the Existing First Lien Credit Agreement (the amounts reflected therein, the "<u>Library Appraisal Amount</u>");</p> <p>(b) deliver, on a monthly basis, rolling 13 <u>week</u> cash flow projections ("<u>Cash Flow Projections</u>") in form and substance satisfactory to the New Term Agent and its advisors in their sole discretion</p> |

~~evidencing minimum cash on hand at all times during the projection period in amounts to be determined~~Third Lien Agent;

(c) deliver, on an ongoing basis, copies of borrowing base certificates and any other reporting delivered to the Exit Revolving Agent and/or the Exit Revolving Lenders;

(d) cause the strategic planning officer of the Borrower to conduct by no later than sixty (60) days after the Closing Date a strategic alternative review of potential Extraordinary Transactions; and

(e) demonstrate, on a quarterly basis, on the last day of each calendar quarter beginning with March 31, 2012, that the Coverage Ratio (as defined below) is greater than, ~~on dates set forth below; the corresponding ratios set forth below:~~

| Date of Determination: | Minimum Coverage Ratio: |
|-----------------------------------|------------------------------------|
| June 30, 2011 | 1.10:1.0 |
| September 30, 2011 | 1.10:1.0 |
| December 31, 2011 | 1.15:1.0 |
| March 31, 2012 | 1.20:1.0 |
| June 30, 2012 | 1.20:1.0 |
| September 30, 2012 | 1.20:1.0 |
| December 31, 2012 | 1.20:1.0 |
| March 31, 2013 | 1.25:1.0 |
| June 30, 2013 | 1.25:1.0 |
| September 30, 2013 | 1.25:1.0 |
| December 31, 2013 | 1.25:1.0 |

~~From and after the date on which it is determined that the Coverage Ratio is not satisfied, the cash management provisions described in the section entitled "Depository Relationship" shall be implemented:~~1.0.

Negative Covenants:

Standard negative covenants for a facility of this type, and at least as favorable to a lending group as appearing in the Existing First Lien Credit Agreement (excluding any financial maintenance covenants), including but not limited to restrictions on mergers and consolidations, liens and encumbrances, indebtedness, dispositions of assets, investments, dividends and other restricted payments, capital expenditures and transactions with and payments to affiliates.

In addition, the ~~Borrower~~Credit Parties will not, ~~and will not permit any of its Subsidiaries to:~~

(1) (a) ~~(i)~~ produce any motion picture project in-house or otherwise incur any direct negative cost for any motion picture project, ~~(ii) other than pursuant to parameters to be set forth in the New Third Lien Term Loan Agreement (i.e., up to \$3 million of contributions to negative cost in the aggregate, not to exceed \$500,000 for any individual film project);~~ (b) green-light any motion picture project to be produced in an off-balance-sheet manner without (i) having achieved an aggregate amount of pre-sales for such project which have not been assigned to any third party in an amount equal to at least the cost to the Credit Parties of acquiring rights in such project (including without limitation the purchase price, whether characterized as a purchase price, negative pick-up payment, minimum guarantee, buyout or otherwise) ~~and without having satisfied the other parameters to be set forth in the definitive documentation for the Term Facility (which shall include among other things that (A) the Credit Parties shall in no event be obligated, with a \$1.5 million credit-sensitized cap on the "retained" pre-sales and (ii) the New Third Lien Agent having had at least two (2) Business Days' opportunity to review any such documentation prior to execution (with such review to be limited to confirming compliance with the New Third Lien Term Loan Facility documentation))~~ (c) undertake any obligation to make payments to the relevant producer or any other person prior to the delivery of the relevant film, ~~(B) in the event that any of the Credit Parties~~ (d) assign to the producer or the producer's financier(s) or any completion guarantor or licensor any

right to payment under any sub-licenses or sub-distribution agreements (or otherwise convey or direct any such payment to the producer or its financier), ~~the payment obligations of the sub-distributor shall be non-~~ in a manner that (i) extends beyond the film at issue or (ii) involves recourse to the Credit Parties and (C) the New Term Agent shall have had at least two (2) Business Days' opportunity to review any such documentation prior to execution (with such review to be limited to confirming compliance with the Term Facility documentation), ~~(iii) beyond payment guarantees of the Credit Parties' sub-licensees up to an aggregate limit of \$7 million, with per-film sub-limit and an aggregate \$1.5 million cap on exposure under such guarantees, (e) permit the total Credit Exposure (as determined in accordance with the New Third Lien Term Loan Agreement) to exceed certain credit limitations to be set forth in the New Third Lien Term Loan Agreement, (f) produce or arrange the production of any motion picture intended for theatrical exploitation, or (iv) produce or arrange the production of any episodic television program unless (A) each of the foregoing provisions of this clause (a) has been complied with and (B) the Credit Parties have no completion risk with respect to the season at issue and no obligation whatsoever (including any "tail" or economic risk) with respect to any subsequent season;~~

~~(b2) assign any of its accounts receivable or grant a security interest in any such accounts receivable to any third party producer or any its financier or for any third party producer guarantor or licensor other than pursuant to parameters to be set forth in the New Third Lien Term Loan Agreement (which shall include that the New Term Third Lien Agent shall have had at least two (2) Business Days' opportunity to review any such documentation prior to execution);~~

~~(e) permit the Fixed Charge Coverage Ratio (as defined below), determined annually, commencing with the twelve month period ending December 31, 2011 (subject to the potential thirty day adjustment described within the definition of Consolidated Cash Flow), to be less than the corresponding ratios set forth below:~~

| | |
|--------------------------------------------|--------------------------|
| For the 12 Month Period Ending: | Minimum FCCR: |
| December 31, 2011 | 1.05:1.0 |
| December 31, 2012 | 1.05:1.0 |
| December 31, 2013 | 1.25:1.0 |

~~(d3) permit their Consolidated Cash Flow (as defined below), determined for the periods ending on the dates set forth below (subject to the potential thirty day adjustment described within the definition of Consolidated Cash Flow) Minimum Liquidity (as defined below), to be less than the corresponding minimum amounts on the dates set forth below:~~

| | |
|-----------------------------------|----------------------------------|
| For the Period Ending: | Minimum Consolidated |
| | Cash Flow: Liquidity: |
| April 30, 2011 | \$2.5 million |
| May 31, 2011 | \$2.5 million |
| June 30, 2011 | (\$1.75 million) |
| September 30, 2011 | \$0.25 million |
| December 31, 2011 | \$20.50 million |
| March 31, 2012 | \$26.25 million |
| June 30, 2012 | \$30.25 million |
| September 30, 2012 | \$33.75 million |
| December 31, 2012 | \$44.00 million |
| March 31, 2013 | \$45.50 million |
| June 30, 2013 | \$44.50 million |
| September 30, 2013 | \$44.00 million |
| December 31, 2013 | \$47.50 million |

~~(e) \$2.5 million~~

| | |
|-------------------------------|--------------------------|
| July 31, 2011 | \$2.5 million |
| August 31, 2011 | \$2.5 million |
| September 30, 2011 | \$2.5 million |

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|--------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|---------------------------|----------------------|--------------------------|----------------------|--------------|-----------------------------------|------|----------------|------|----------------|------|----------------|
| | <table border="0"> <tr><td><u>October 31, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>November 30, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>December 31, 2011</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>March 31, 2012</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>June 30, 2012</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>September 30, 2012</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>December 31, 2012</u></td><td><u>\$10.0 million</u></td></tr> <tr><td><u>March 31, 2013</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>June 30, 2013</u></td><td><u>\$4.0 million</u></td></tr> <tr><td><u>September 30, 2013</u></td><td><u>\$2.5 million</u></td></tr> <tr><td><u>December 31, 2013</u></td><td><u>\$4.0 million</u></td></tr> </table> <p>(4) permit (i) the aggregate outstanding principal of any borrowings under the Revolving Facility or the maximum commitment amounts under the Revolving Facility to exceed <u>U.S.\$25 million</u> at any time <u>or (ii) the aggregate outstanding principal of any borrowings under the Exit Term Loan Facility to exceed \$15 million plus incremental principal resulting from the capitalization of interest on indebtedness under the Exit Term Loan Facility but minus any payments or prepayments made under the Exit Term Loan Facility in the form of amortization, mandatory prepayments or voluntary prepayments or;</u></p> <p>(5) permit their Overhead Expenses (to be defined in the Term Loan Agreement) to exceed the annual limits (but with evidence of compliance with the annual limits to be provided quarterly) set forth below:</p> <table border="0"> <tr> <td><u>Year:</u></td> <td><u>Maximum Overhead Expenses:</u></td> </tr> <tr> <td>2011</td> <td>\$24.0 million</td> </tr> <tr> <td>2012</td> <td>\$24.5 million</td> </tr> <tr> <td>2013</td> <td>\$25.5 million</td> </tr> </table> <p>(6) permit their development costs and expenses (net of any cash recoveries or proceeds received from (a) the disposition of any development properties and (b) reimbursement by any third party such as a producer of development costs and expenses incurred by a Credit Party) to exceed \$2.0 million in calendar year 2011, \$2.5 million in calendar year 2012 or \$2.5 million in calendar year 2013 (with evidence of compliance with the annual limits to be provided quarterly).</p> | <u>October 31, 2011</u> | <u>\$2.5 million</u> | <u>November 30, 2011</u> | <u>\$2.5 million</u> | <u>December 31, 2011</u> | <u>\$2.5 million</u> | <u>March 31, 2012</u> | <u>\$4.0 million</u> | <u>June 30, 2012</u> | <u>\$4.0 million</u> | <u>September 30, 2012</u> | <u>\$2.5 million</u> | <u>December 31, 2012</u> | <u>\$10.0 million</u> | <u>March 31, 2013</u> | <u>\$4.0 million</u> | <u>June 30, 2013</u> | <u>\$4.0 million</u> | <u>September 30, 2013</u> | <u>\$2.5 million</u> | <u>December 31, 2013</u> | <u>\$4.0 million</u> | <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | 2011 | \$24.0 million | 2012 | \$24.5 million | 2013 | \$25.5 million |
| <u>October 31, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>November 30, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>December 31, 2011</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>March 31, 2012</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>June 30, 2012</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>September 30, 2012</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>December 31, 2012</u> | <u>\$10.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>March 31, 2013</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>June 30, 2013</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>September 30, 2013</u> | <u>\$2.5 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>December 31, 2013</u> | <u>\$4.0 million</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Year:</u> | <u>Maximum Overhead Expenses:</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2011 | \$24.0 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2012 | \$24.5 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2013 | \$25.5 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Events of Default:</i></p> | <p>Standard events of default for a facility of this type and at least as favorable to a lending group as those contained in the Existing First Lien Credit Agreement, including but not limited to, payment default (two Business Day grace period for non-payment of interest and fees only), breach of negative covenant (no grace period), cross-defaults to other Indebtedness (including a cross-default to any event of default under the Revolving Facility <u>or the Exit Term Loan Facility</u> and any default in the payment of any secured monetary obligations to any guilds), other breach under the loan documents (ten day grace period), false representation or warranty, a Change of Control (as defined below), a Change in Management (as defined below), judgments, certain ERISA/pension and environment-related defaults, customary events of default regarding an insolvency, receivership or bankruptcy event with respect to any of the Credit Parties' or any of their subsidiaries' failure to comply with any requirements of the Plan.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p><i>Yield Protection and Increased Costs; Taxes:</i></p> | <p>Customary provisions (a) protecting the New <u>Third Lien</u> Term Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes and (b) indemnifying the New <u>Third Lien</u> Term Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a LIBOR Loan on a day other than the last day of an interest period with respect thereto.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Costs and Expenses; Indemnification:</p> | <p>The Borrower shall pay or reimburse the New Term<u>Third Lien</u> Agent for (a) all reasonable fees and expenses of the New Term<u>Third Lien</u> Agent associated with the preparation, execution, delivery and administration of the <u>New Third Lien Term Loan</u> Facility documents and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of Morgan, Lewis & Bockius LLP and any other counsel retained by the New Term<u>Third Lien</u> Agent (and any agents retained by such counsel) and financial advisors) (it being understood that reasonable efforts will be made to minimize unnecessary duplication of services) and (b) all reasonable fees and expenses of the New Term<u>Third Lien</u> Agent and the New <u>Third Lien</u> Term Lenders (including the reasonable fees, disbursement and other charges of counsel) in connection with the enforcement of and preservation of rights under the <u>New Third Lien Term Loan</u> Facility documents (including by way of a refinancing or restructuring of the <u>New Third Lien Term Loan</u> Facility that is in the nature of a “workout” thereof).</p> <p>The Borrower shall also pay or reimburse the New Term<u>Third Lien</u> Agent for reasonable fees and expenses of the New Term<u>Third Lien</u> Agent’s respective internal and third-party auditors, appraisers, advisors and consultants incurred in connection with the <u>New Third Lien Term Loan</u> Facility, including asset evaluation expenses, syndication expenses, rating agency fees and other charges and disbursements.</p> <p>The New Term<u>Third Lien</u> Agent and the New <u>Third Lien</u> Term Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any loss, liability, cost or expense incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof or the exercise of remedies thereunder (except resulting from the bad faith, gross negligence or willful misconduct of the indemnified person).</p> |
| <p>Assignments and Participations:</p> | <p>Lenders will be permitted to participate and assign all or a part of their <u>New Third Lien</u> Term Loans. Assignments of <u>New Third Lien</u> Term Loans shall be in a minimum principal amount of U.S.\$1 million.<u>\$1,000,000.</u></p> <p>Voting rights of participants will be limited to changes in amount, collateral provisions relating to release of all or substantially all of the Collateral, rate, fees and maturity date. Participants will receive cost and yield protection (without duplication and limited to the cost and yield protection available to the New <u>Third Lien</u> Term Lenders issuing the participation). Any assignment will be by novation and will be subject to the approval of the New Term<u>Third Lien</u> Agent, not to be unreasonably withheld (but not the approval of the Borrower). Assignees will assume all the rights and obligations of the assignor Lender. Each assignment will be subject to the payment of a \$3,500 service fee by the assigning Lender to the New Term<u>Third Lien</u> Agent.</p> |
| <p>Voting:</p> | <p>Required Lenders (defined to mean <u>New Third Lien Term</u> Lenders holding at least a majority of the then-outstanding <u>New Third Lien</u> Term Loans) except for amendments and waivers customarily requiring the consent of each directly affected Lender, including that the consent of each Lender shall be required in order (i) for the New Term<u>Third Lien</u> Agent to (a) release or subordinate its security interest in any Collateral valued in excess of \$1,000,000 or (b) subordinate its security interest in any Collateral valued in excess of \$1,000,000 other than in connection with subordination in favor of a producer-for-hire of a Picture to be distributed by the Credit Parties, on a single-picture basis, pursuant to parameters to be set forth in the definitive documentation in any particular transaction, (ii) to decrease the non-default or default rate of interest or (c) to alter the scheduled maturity (or scheduled amortization of) any <u>Third Lien</u> Term Loan or the principal amount of any <u>Third Lien</u> Term Loan, or delay the fixed scheduled maturity of any payment required to be made under the <u>New Third Lien Term Loan</u> Facility. The <u>New Third Lien Term Loan</u> Facility documents will provide among other things that (a) if the Borrower requests an amendment which requires unanimous consent and such amendment is consented to by a Super-Majority (66-2/3%) of the New <u>Third Lien</u> Term Lenders, then with the consent of such Super-Majority, the New<u>Third Lien</u> Term Lender(s)</p> |

| | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | which did not consent to the amendment requested by the Borrower may be replaced at par pursuant to parameters to be established in the <u>New Third Lien</u> Term Loan Agreement, (b) if the Required Lenders desire to consent to any Extraordinary Transaction, the determination of the Required Lenders shall be binding on the Lender group. |
| Agency: | Usual and customary agency provisions satisfactory to the New Term <u>Third Lien</u> Agent. |
| Documentation: | Reasonably satisfactory in form and substance to the New Term <u>Third Lien</u> Agent, the New <u>Third Lien</u> Term Lenders and the Borrower. |
| Governing Law: | New York. |
| Certain Defined Terms: | <p>“Change of Control” shall mean the first day on which (i) a majority of the members of the Board of Directors of the Borrower<u>RHI, Inc.</u> are not Continuing Directors, (ii) any “person” (as that term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder as in effect from time to time), other than any persons which were on the Closing Date a New<u>Third Lien</u> Term Lender and persons that are affiliates of such a Closing Date New<u>Third Lien</u> Term Lender, shall own, directly or indirectly, beneficially or of record, shares of Parent Equity representing more than 50% of the voting Equity Interests of RHI INC<u>Inc.</u> (measured by voting power rather than number of shares or membership interests), (iii) RHI INC<u>Inc.</u> shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of the Borrower or (iv) the Borrower shall cease to have both beneficial ownership and control of 100% of the voting Equity Interests of each of RHI Entertainment Distribution, LLC, RHI Entertainment Productions, LLC and RHI International Distribution, Inc. In addition, to the extent that the Management Incentive Plan includes any change of control concept in addition to the foregoing, the definitive documentation shall include a corresponding provision within the definition of “Change of Control”.</p> <p>“Change in Management” shall mean that the Borrower<u>RHI, Inc.</u> shall cease to employ an acceptable chief executive officer or shall cease to employ an acceptable executive vice president of finance or shall cease to employ an acceptable strategic planning officer, in each case to perform services substantially similar in scope to those provided for Borrower<u>RHI, Inc.</u> as of the Closing Date; provided, that (a) Robert Halmi, Jr., Michael Scarpelli and Robert Del Genio are pre-approved as an acceptable chief executive officer, executive vice president of finance (or chief financial officer if such position is utilized) and strategic planning officer, respectively and (b) a Change in Management shall not be deemed to have occurred if, within ninety (90) days after the event (provided that such period shall only be thirty (30) days if the underlying event relates to the lack of employment of a strategic planning officer) which would otherwise have resulted in a Change in Management, a person acceptable to the New Term<u>Third Lien</u> Agent and the Required Lenders replaces the relevant officer pursuant to terms and conditions (including with respect to scope of employment) satisfactory to the New Term<u>Third Lien</u> Agent and the Required Lenders, and any proposed replacement shall be deemed “acceptable” unless the New Term<u>Third Lien</u> Agent or the Required Lenders has determined the proposed replacement to not be acceptable within fifteen (15) Business Days notice to the New Term<u>Third Lien</u> Agent of his or her candidacy.</p> <p>“Consolidated Cash Flow” shall mean for any period of determination, “Net cash provided by operating activities” of the Borrower and its Consolidated Subsidiaries as would be shown on a Consolidated Statement of Cash Flows prepared in accordance with GAAP plus (i) cash interest expense for the relevant period less permitted capital expenditures for such period plus (ii) cash paid in connection with restructuring activities (including without limitation amounts drawn under the pre-petition L/C issued in favor of RHI LLC’s landlord to the extent the draw thereunder was included in “net cash provided by operating activities”, severance, payments in connection with settlement of the “spillover” Pictures and any productivity bonuses paid to Robert Halmi Sr. with respect to spillover films that were released pre petition) plus (iii) expenses that are accrued and paid to the strategic</p> |

~~planning officer during such period.~~

~~For all month end dates of determination, Consolidated Cash Flow is to be determined for the twelve month period ending on such date of determination.~~

“Continuing Director” shall mean, as of any date of determination, each member of the Board of Directors of the Borrower who (a) was a member of such Board of Directors on the Effective Date or (b) was endorsed for election or elected to such Board of Directors either (x) with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (y) by or with the consent of the Required Lenders.

“Coverage Ratio” shall mean the ratio of (i) the sum of the Eligible Library Appraisal Amount (to be determined in the manner set forth in the New Third Lien Term Loan Agreement) plus the ~~amount of the~~ Adjusted Receivables Amount (to be determined in the manner set forth in the ~~Exit~~New Third Lien Term Loan Agreement) ~~of the Borrower and the Guarantors~~ to (ii) the aggregate amount of secured Indebtedness ~~(to be determined in the Term Loan Agreement)~~for borrowed money of RHI Inc. and its Consolidated Subsidiaries. (Adjusted Receivables shall include book and non-book receivables, with exclusions of some but not all of the non-qualifying receivables ~~similar to the exclusions~~ applicable to Eligible Receivables under the term sheet for the Exit Revolving Credit Facility, but without excluding foreign receivables, and applying a 10% present value discount on all receivables due more than 365 days from the date of determination in lieu of the Borrowing Base discount/reserves for long-term receivables.)

“Excess Cash Flow” shall mean, for any period for which it is to be determined, (x) the Consolidated “Net cash provided by operating activities” as would be shown on a Consolidated Statement of Cash Flows of ~~the Borrower~~RHI, Inc. and its Consolidated Subsidiaries prepared in accordance with GAAP minus (y) the sum of (i) principal repayments by the Borrower or any of its Consolidated Subsidiaries on their Indebtedness, including principal repayments on the Loans and the Exit Term Loan Facility and the principal portion of payments under Capital Leases (to be determined in the Term Loan Agreement) (but exclusive of mandatory payments during the period based upon the amount of Excess Cash Flow during prior periods as well as payments on Indebtedness to guilds and any payments that can be reborrowed), (ii) permitted Capital Expenditures (to be determined in the Term Loan Agreement), to the extent paid in cash from sources other than the net proceeds of secured purchase money financing, (iii) dividends paid or payable to RHI INC during such period for the payment of taxes permitted hereunder for such period, to the extent not deducted in computing “Net cash provided by operating activities” and (iv) financing fees (including bank fees and professional fees) that are required to be classified in the “Net cash provided by financing activities” section of a Consolidated Statement of Cash Flows, provided, that, pursuant to mechanics to be set forth in the Third Lien Loan Agreement, the Borrower shall have the option to exclude accounts receivable for a period of determination (and count such excluded accounts receivable in future periods) that had been scheduled to be received after such period of determination but were actually received during such period of determination.

~~“Fixed Charge Coverage Ratio” shall mean for any period of determination, the ratio of (i) Consolidated Cash Flow for the relevant period to (ii) Fixed Charges for such period. The Fixed Charge Coverage Ratio is to be determined for the twelve month period ending on any date of determination.~~

~~“Fixed Charges” shall mean, for any period for which it is to be determined, the sum of (a) cash total interest expense (including without limitation interest on the Term Loans and interest on the Revolving Facility), plus (b) scheduled payments on principal of Indebtedness (exclusive of repayments of revolving credit loans under the Revolving Facility and any mandatory prepayments under the Term Facility, but inclusive of any required amortization under the Term Facility), in each case of the Borrower and its Consolidated Subsidiaries.~~

~~“Library Appraisal Amount” shall have the meaning set forth in clause (a) of “Affirmative Covenants” in this term sheet.~~Minimum Liquidity” shall mean, on any date of determination, the

| | |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p><u>excess (if any) of (a) the sum of (y) the total amount of the Borrowing Base (computed in accordance with the provisions of the Revolving Credit Agreement as in effect on the Closing Date), not to exceed the total commitments under the Revolving Credit Agreement, plus (z) unrestricted cash on the balance sheet; minus (b) the sum of (i) the aggregate principal amount of all borrowings under the Revolving Credit Agreement plus (ii) the total face amount of all letters of credit issued under the Revolving Credit Agreement. All determinations of Minimum Liquidity shall be made in a consistent manner, including that all deductions from and credits to accounts receivable for purposes of such determinations shall have been posted to the Credit Parties' ledger(s) in a timely manner and that all receipts and disbursements shall have been managed in accordance with commercially customary terms.</u></p> |
|--|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|