

CONFIDENTIAL OFFERING MEMORANDUM

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THE BOYS FROM MINNESOTA LIMITED PARTNERSHIP
(the "Partnership")

Formed to Produce A Feature-Length Motion Picture Entitled
THE BOYS FROM MINNESOTA

MAXIMUM OFFERING: \$10,000,000 From All Sources

 20 A Limited Partnership Interests
 \$1,000,000
 \$50,000 per Limited Interest

 30 B Limited Interests
 \$1,500,000
 \$50,000 per Limited Interest

 150 C Limited Interests
 \$7,500,000
 \$50,000 each per Limited Interest

MINIMUM OFFERING: \$8,200,000 From All Sources

GENERAL PARTNERS

BFM Films, Inc.
Managing General Partner

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120 South Sixth Street
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Minneapolis, Minnesota 55402
(612) 349-5227

Brad Turner
Individual General Partner

California Office:
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Suite 205
Beverly Hills, California 90211
(310) 551-6628

Offeree _____ Offering Document No. _____

The date of this Confidential Offering Memorandum is March 27, 1996.

THE LIMITED INTERESTS OFFERED HEREBY ARE SECURITIES AND ARE BEING OFFERED PURSUANT TO EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE SECURITIES LAWS OF THE STATES LISTED ON ATTACHMENT A. THIS MEMORANDUM IS AN OFFER ONLY TO PERSONS WHOSE NAMES APPEAR ON THE COVER PAGE HEREOF AND WHO ARE RESIDENTS OF THE STATES LISTED ON ATTACHMENT A. THE OFFEREE AGREES NOT TO COPY THIS MEMORANDUM, AND TO RETURN IT TO THE MANAGING GENERAL PARTNER IF THE OFFEREE DOES NOT PURCHASE ANY LIMITED INTERESTS.

NO STATE OR FEDERAL SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ADEQUACY OR ACCURACY OF THESE MATERIALS. ANY REPRESENTATION TO THE CONTRARY IS ILLEGAL.

INVESTMENT IN THE LIMITED INTERESTS OFFERED INVOLVES A HIGH DEGREE OF RISK AND MATERIAL CONFLICTS OF INTEREST (SEE "RISK FACTORS" AND "RELATIONSHIPS AMONG CERTAIN PARTIES; FEES AND DISTRIBUTIONS TO RELATED PARTIES; CONFLICTS OF INTEREST"). INVESTORS WILL BE REQUIRED TO REPRESENT THAT THEY ARE PURCHASING THE LIMITED INTERESTS FOR INVESTMENT ONLY AND NOT WITH A VIEW TO RESALE OR SUBSEQUENT DISTRIBUTION, HAVE THE RESOURCES TO BEAR THE ECONOMIC RISKS OF INVESTMENT AND HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO EVALUATE THE MERITS AND RISKS OF INVESTMENT. THERE EXIST SUBSTANTIAL LIMITATIONS ON THE RESALE OR OTHER TRANSFER OF THE LIMITED INTERESTS (SEE "DESCRIPTION OF LIMITED INTERESTS OFFERED -- LIMITATIONS ON RESALE").

	<u>Price to Investors</u>	<u>Sales Commissions(7)</u>	<u>Proceeds to Partnership(8)</u>
Maximum Offering (1)	\$10,000,000	\$750,000	\$250,000
20 A Limited Interests (2)(5)	1,000,000	75,000	925,000
30 B Limited Interests (3)(5)	1,500,000	112,500	1,387,500
150 C Limited Interests (4)(5)	7,500,000	562,500	6,937,500
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Minimum Offering (6)	\$ 8,200,000	\$ 615,000	\$7,585,000
<hr/>			
Per Limited Interest	\$ 50,000	\$ 3,750	\$ 46,250

See Footnotes 1-8 on Following Page

Footnotes to table on page 2

- (1) The Maximum Offering is \$10,000,000 from all sources, i.e. the sale of A, B and C Limited Interests (collectively, the "Limited Interests" or "Interests", separately "A Limited Interests", "B Limited Interests" or "C Limited Interests") and possibly bankable pre-sales of certain territories or rights and/or co-production arrangements. Limited Interests are being offered at \$50,000 each. Fractional Limited Interests are available at the discretion of the Managing General Partner. Unless otherwise agreed to by the Managing General Partner, the payment of the purchase price per Limited Interest must accompany the delivery to the Managing General Partner of an executed Subscription Agreement Including Investment Representations. The appropriate Subscription Agreement will be provided to each investor for review prior to investment.

The Managing General Partner is authorized to cause the Partnership to issue up to 20 A Limited Interests, 30 B Limited and 150 C Limited Interests. No A or B Limited Interests will be offered after the completion of the Minimum Offering and obtaining of Guaranteed Distribution Commitments. Prior to the date of this Offering Memorandum A Limited Interests aggregating \$200,000, and B Limited Interests aggregating \$125,000 have been sold. If fewer than 20 A Limited Interests and 30 B Limited Interests are sold, the Managing General Partner is authorized to increase the number of C Limited Interests sold from 150 in order that aggregate sales of all Limited Interests total \$10,000,000.

- (2) Proceeds from the sale of A Limited Interests will not be escrowed and may be used immediately for the following purposes:
- costs related to financing, development and preproduction of the Motion Picture, merchandising, premiums for a key person life insurance policy on Brad Turner, and current accounts payable;
 - brokers' commissions, investment banking fees, finders' fees and selling expenses; provided that with respect to commissions on the sale of B and C Limited Interests commissions will be paid only on Proceeds actually available to the Partnership until the Minimum Offering is raised, at which time the balance of commissions due on the sale of Limited Interests will be paid;
 - seeking Guaranteed Distribution Commitments for the Motion Picture; and
 - reimbursement of the General Partners' development expenses in excess of \$40,000.

Investors in A Limited Interests will be immediately admitted to the Partnership.

- (3) Proceeds from the sale of B Limited Interests will be deposited in an escrow account at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement (a copy of which will be provided to each B Limited Interest investor for review prior to investment) pending the raising of the Minimum Offering from all sources (see Risk Factors 1(b) and 2 and Glossary) and the obtaining of Guaranteed Distribution Commitments (see Glossary), subject to the following:
- 10% of escrowed Proceeds may be immediately withdrawn from escrow by the Managing General Partner for the purposes described in Footnote 2 above.

Footnotes to table on page 2

- The balance of the escrowed funds will be invested in the Norwest Ready Cash Institutional Shares Money Market Fund.
- Such escrowed B Limited Interest Proceeds may be removed from the Norwest Bank escrow account and deposited in escrow with various talent agencies to secure talent for the Motion Picture.

Investors in B Limited Interests will be immediately admitted to the Partnership on the basis of Offering Proceeds actually available to the Partnership at the time of investment, and credited with the balance of their investment at the time the balance of escrowed Proceeds are released to the Partnership.

- (4) Proceeds from the sale of C Limited Interests will be deposited in an escrow account at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement (a copy of which will be provided to C Limited Interest investors for review prior to investment), pending the raising of the Minimum Offering from all sources (see Risk Factor 1(b) and 2 and Glossary) and obtaining Guaranteed Distribution Commitments (see Glossary), subject to the following:
- 10% of escrowed Proceeds may be immediately withdrawn from escrow by the Managing General Partner for the purposes specified in Footnote 2 on the preceding page.
 - The balance of the escrowed Proceeds will be invested in the Norwest Ready Cash Institutional Shares Money Market Fund.

Investors in C Limited Interests will be immediately admitted to the Partnership on the basis of Proceeds actually available to the Partnership at the time of investment, and credited with the balance of their investment at the time the balance of escrowed Proceeds are released to the Partnership.

- (5) For a discussion of the returns payable to holders of A, B and C Limited Interests see "Summary of Offering" and "Description of Limited Interests Offered". For a description of the rights and obligations of the A, B and C Limited Interests see "Description of Limited Interests Offered."
- (6) The Minimum Offering is \$8.2 million. Such amount includes funds raised from all sources, e.g. sales of A, B and C Limited Interests, bankable pre-sales of certain distribution rights or territories for the Motion Picture, and/or co-production arrangements. Subject to the provisions of Footnotes 3 and 4 funds held in escrow from the sale of B and C Limited Interests may not be utilized until the Minimum Offering is raised and Guaranteed Distribution Commitments are obtained.

In the case of investors purchasing B and C Limited Interests the Partnership will return the portion remaining in escrow of each investor's payment, with interest, if the Partnership has not procured the Minimum Offering by March 31, 1997; provided that if the Minimum Offering has been procured by such date such funds shall remain in escrow until the earlier of the obtaining of Guaranteed Distribution Commitments or September 30, 1997. If Guaranteed Distribution Commitments have not been obtained by September 30, 1997, funds remaining in escrow will be returned to investors. As to funds which have been utilized by the Partnership, investors will remain Limited Partners of the Partnership.

Footnotes to table on page 2

Once the Minimum Offering is raised the General Partners may continue to raise funds from the sale of Limited Interests and outside sources until the Offering of Limited Interests is completed or \$10 million is raised from all sources, but not beyond September 30, 1997.

- (7) The Managing General Partner may enter into agreements with one or more brokers to sell the Limited Interests. Up to a 10% commission may be paid on Limited Interests sold by a broker. The Managing General Partner has assumed that the Partnership will pay commissions on 75% of Limited Interests sold. Commissions on the sale of Limited Interests will be paid pro rata as Offering Proceeds are made available to the Partnership (e.g., in the case of a 10% commission on the sale of a \$50,000 B or C Limited Interest, \$500 of commissions would be paid immediately based on the immediate availability of \$5,000 of Proceeds to be used as described in Footnotes 2, 3 and 4 on pages 3 and 4. The balance of the commission on the Limited Interest sale will be paid at the time the Minimum Offering is raised. Proceeds will remain in escrow until Guaranteed Distribution Commitments are obtained. The Managing General Partner may also pay investment banking fees or finders' fees in appropriate situations in connection with the sale of Limited Interests.
- (8) "Proceeds to the Partnership" reflects projected cash Proceeds from the sale of Limited Interests to Limited Partners net of brokerage commissions. While the table reflects the payment of brokerage commissions on all Interests sold, the Managing General Partner believes that commissions will not be paid on all Interests sold as the Managing Partner has made and will make direct sales of Interests and will receive no commission on those sales.

In addition to commissions and fees the Managing General Partner estimates expenses in connection with the organization of the Partnership and Offering of the Limited Interests at \$150,000, including legal and accounting fees and expenses. See "Use of Proceeds."

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING MEMORANDUM, ATTACHMENTS HERETO, MATERIALS AVAILABLE ON REQUEST, OR THOSE GIVEN OR MADE PURSUANT TO PARAGRAPHS 12 AND 13 OF THE SUBSCRIPTION AGREEMENT INCLUDING INVESTMENT REPRESENTATIONS WHICH EACH INVESTOR WILL EXECUTE. IF ANY SUCH INFORMATION OR REPRESENTATIONS ARE GIVEN OR MADE, THEY MUST NOT BE RELIED ON AS HAVING BEEN AUTHORIZED BY THE GENERAL PARTNERS. THE DELIVERY OF THIS OFFERING MEMORANDUM, ATTACHMENTS, OR MATERIALS AVAILABLE ON REQUEST AT ANY TIME DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SINCE THE DATE HEREOF.

ALL OFFERS ARE SUBJECT TO PRIOR SALE OF THE LIMITED INTERESTS, OR WITHDRAWAL OR CANCELLATION OF SUCH OFFERS WITHOUT NOTICE. THE GENERAL PARTNERS RESERVE THE RIGHT TO REJECT, IN WHOLE OR IN PART, ANY SUBSCRIPTION FOR LIMITED INTERESTS; PROVIDED, HOWEVER, THAT ANY SUBSCRIPTION SHALL REMAIN IN FULL FORCE AND EFFECT AS TO ANY ACCEPTED PORTION.

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SUMMARY OF OFFERING

Glossary

Prospective investors are advised that the definitions of many terms used in this Offering Memorandum are contained in the Glossary at the end of the Memorandum. Investors are requested to review the terms and definitions in the Glossary carefully.

Motion Picture

THE BOYS FROM MINNESOTA is a dramatic feature-length motion picture. For a synopsis of the story see Attachment D.

The Motion Picture will be approximately 95 minutes in length. It will be filmed in 35mm color. Assuming the raising of the Maximum Offering, the budget for the Motion Picture is approximately \$8.6 million. A \$7.035 million budget has been prepared in the event that only the Minimum Offering is raised. See Estimated Summary Maximum and Minimum Motion Picture Budgets included as Attachment E.

Development of the Motion Picture; Key People

Brad Turner is the Producer of the Motion Picture. He began the process of developing the Motion Picture in January, 1995 when he procured an option on the Screenplay. He has assembled a team of industry professionals to assist with various aspects of development of the Motion Picture (see Attachment F for a brief description of the experience and backgrounds of the key development/production personnel):

- Director: David Mackay.
- Executive Producer: Theresa Stephens.
- Legal Counsel/Production Executive: Jordan Yospe.
- Business Affairs/Production Executive: David Dizenfeld.
- Line Producer: Peter Burrell.
- Technical Assistant: Jack White.
- Writers: Eric Small, Jeffrey Vlaming, Dean Kaner.
- Casting: Juel Bestrop.
- Talent: Consideration has been given to a number of "star" quality actors for the roles of Coach Vanderholt and Merle Crocket, a central character who is the father of one of the team members. Actors under consideration for the role of Coach Vanderholt are Paul Newman, Richard Dreyfus, Jack Lemmon,

Robert Duvall, Nick Nolte, Kirk Douglas, Roy Scheider, Martin Sheen, James Garner, Tom Skerritt, Donald Sutherland, Jack Palance, Frank Langella and James Caan. Actors under consideration for the role of Merle Crocket are Joe Montegna, James Woods, Sam Neil, Ed Harris, Mandy Patinkin, Randy Quaid, Harvey Keitel, Kurt Russell, J.T. Walsh, Peter Coyote and Dennis Franz.

Currently no talent has been committed for the principal roles in the Motion Picture. Ninety percent of the Proceeds from the sale of B Limited Interests will be escrowed to secure talent commitments.

Investors should be aware that current development/production personnel are subject to change. Executive producers may be added or subtracted based on funding and distribution considerations. The director may change based on requirements of key talent, funders and/or distributors (and certain investors who have invested based on the director have been granted the right to withdraw their investment in the event of such a change). Production personnel may change based on decisions of producers and the director, and the availability of various persons. The casting director may change based on the identification of key talent, and requirements of funders, distributors and talent agencies. Final commitments will be made to selected parties once the Minimum Offering and Guaranteed Distribution Commitments are in place, subject to their availability, although in the interim the Partnership will make certain payments and incur certain obligations for services performed by current development personnel.

Production and Completion of the Motion Picture

Assuming that the Minimum Offering, or equivalent financing, is raised by January 31, 1997, it is anticipated that principal photography on the Motion Picture will begin in late February or early March, 1997, and will be substantially completed during a six-week period ending in April, 1997. Mr. Turner anticipates a 12 to 16 week post-production period, making the Motion Picture available for delivery to a distributor in August or September, 1997. If the Minimum Offering is not raised by January 31, 1997, principal photography will be scheduled for late 1997 or early 1998.

The Partnership will contract with Skyway Productions, Inc., (the "Production Company" or "SPI"), for production of the Motion Picture. Brad Turner is the sole officer, director and shareholder of SPI. SPI will purchase a completion bond to assure production

of the Motion Picture on budget (see "Business of the Partnership -- Purchase of a Completion Bond").

The story for the Motion Picture was written by Dean Kaner, and the Screenplay by Jeffrey Vlaming and Eric Small. Brad Turner has optioned the rights to the Screenplay, and has contributed the rights to make the Motion Picture based on the Screenplay to the Managing General Partner, BFM, which in turn contributed such rights to the Partnership (see "Business of the Partnership -- Acquisition of Certain Rights in the Motion Picture").

Financing the Motion Picture; Deferrals

The Managing General Partner is seeking to finance the Motion Picture through completion of the Maximum Offering (i.e., the sale of \$10 million of Limited Interests or the sale of Limited Interests and the receipt of funds from other sources such as bankable pre-sales of certain rights, and/or co-production agreements). In no event will the Managing General Partner proceed with the Motion Picture if the Minimum Offering of \$8.2 million is not raised from all sources by March 31, 1997.

In addition to the amounts raised in the Offering and from other sources, the Partnership will supplement the production budget through deferrals ("Production Deferrals") of fees, compensation and costs from individuals and companies participating in the production of the Motion Picture. If the Maximum Offering (\$10 million) is raised the Managing General Partner may grant up to \$800,000 of Production Deferrals, of which only \$400,000 may be utilized as Level 1 Deferrals (see below).

Production Deferrals are deferred non-interest bearing contingent payables which leverage the resources of the Partnership and enable the Production Company to acquire additional goods or services. Production Deferrals will only be used when the Production Company believes it serves the interests of the Partnership in producing a quality Motion Picture. Production Deferrals are classified as Level 1, 2 and 3 Deferrals. Level 1 Deferrals are payable after accounts payable and Partnership operating costs, and before any distributions of cash to Partners in payment of their investment returns. Level 2 Deferrals are payable simultaneously with the recoupment by Partners of their investment returns. Level 3 Deferrals are paid after all Partners have recouped their investment returns.

If less than the Maximum Offering is raised, authorized Production Deferrals will be increased by the amount of the shortfall in funds raised. For example, if only the Minimum Offering (\$8.2 million) is raised, the Managing General Partner may authorize \$1.8

million of additional Production Deferrals, the shortfall amount from the Maximum Offering, plus the \$800,000 authorized if the Maximum Offering is raised, an aggregate of \$2.6 million in total Production Deferrals. Of this amount \$1.3 million (50%) may be Level 1 Deferrals. To date the only Production Deferrals authorized are an aggregate \$37,500 Level 3 Deferral to the writers of the Screenplay. Brad Turner and other key cast and production personnel will also receive Production Deferrals in amounts not currently determined for services related to the production of the Motion Picture.

In addition to allocating Production Deferrals to individuals and companies participating in the production of the Motion Picture, the Partnership will allocate 55% of Partnership Net Film Receipts (profits) to the Production Company as described under "Summary of Offering -- Allocation of Income, Losses and Distributions Among Partners" and in the chart on page 42 under "Organization, Management and Structure of the Partnership -- Partnership Cash Flow and Distribution Priorities."

The Partnership

The Partnership was organized under Minnesota law in July, 1995, to finance THE BOYS FROM MINNESOTA. The General Partners have made their contributions (an aggregate of \$40,000) by waiving reimbursement of \$40,000 of development expenditures. Prior to the date of this Offering Memorandum investors purchased A Limited Interests aggregating \$200,000 and B Limited Interests aggregating \$125,000. A Balance Sheet of the Partnership at February 29, 1996, is included as Attachment G.

Investors purchasing Limited Interests will be admitted to the Partnership periodically during the Offering and credited with capital contributions in the amount of Proceeds actually available to the Partnership at the time of investment. B and C Limited Partners will be credited with additional capital contributions at such time as additional Proceeds are released from escrow to the Partnership.

For a summary of the terms of the Amended and Restated Articles of Limited Partnership (referred to herein as the "Partnership Agreement") included as Attachment B, see "Organization, Management and Structure of the Partnership."

The General Partners

The Managing General Partner of the Partnership is BFM Films, Inc., a Minnesota corporation formed in April, 1995. Brad Turner is the sole officer, director and shareholder of the Managing General Partner. Brad Turner also serves as the Individual General Partner of the Partnership. For a description of the film

and business experience of Mr. Turner see Risk Factor 1(b) and the information included in Attachment F.

The Partnership Agreement provides that BFM, as the Managing General Partner of the Partnership, will manage the Partnership business in all respects. For a description of the duties and powers of the General Partners see "Organization, Management and Structure of the Partnership" and the Partnership Agreement included as Attachment B.

The Managing General Partner will receive \$25,000 per year from the Partnership for management services during the first two years after completion of the Motion Picture. Thereafter, the Managing General Partner shall determine the amount of its compensation, not to exceed \$25,000 per year, which shall be fair, reasonable and commensurate with its services. If the Partnership becomes involved in direct distribution of the Motion Picture or derivative rights (e.g., merchandising) the Managing General Partner will pay itself reasonable compensation commensurate with its services, which compensation may exceed \$25,000 per year. The Managing General Partner will undertake activities which would entitle it to such additional compensation only if the Managing General Partner reasonably and in good faith believes that such activities will result in economic benefit to the Partnership.

The General Partners have acquired a General Interest in the Partnership for \$40,000, by not seeking reimbursement for otherwise reimbursable expenditures made in connection with the development, preproduction and financing of the Motion Picture. The Percentage Interest in the Partnership represented by such General Interests will be pro rata to the actual total cash at risk (excluding escrowed Proceeds) of all Partners in the Partnership provided that such General Interests shall never be less than 1%. The Managing General Partner shall own 75% of the Percentage Interest represented by the General Interest and the Individual General Partner shall own the remaining 25%.

**Allocation of
Income, Losses and
Distributions Among
Partners; Certain
Differences Among
A, B and C Interests**

Income and losses will be allocated among the General Partners and the Limited Interest holders in accordance with their respective actual contributions of cash to the Partnership (i.e. escrowed Proceeds will not be considered contributed until released from escrow), the General Partners' contribution being \$40,000, provided that the General Partners' Percentage Interests shall never be less than 1% in the aggregate. Income and losses will be allocated among the Limited Partners in accordance with their respective Percentage Interests in the Partnership. The A, B and C Limited Interests have identical voting rights. However, the A,

B and C Limited Interests are materially different in their return on investment features and participation in Cash Available for distribution before the Partnership reaches the point of allocating profits as described below. See "Organization, Management and Structure of the Partnership--Partnership Cash Flow and Distribution Priorities" and "Description of Limited Interests Offered".

Subject to the payment by the Partnership of accounts payable, certain Production Deferrals (see previous discussion) and the retention of up to \$50,000 for working capital on an ongoing basis, the Limited Partners are entitled to receive their aggregate respective Percentage Interests of Partnership Cash Available for distribution, not to exceed 99%, until they have received the following amounts in the following order:

- A Limited Interests shall receive 50% of Cash Available to Limited Partners until they have received an amount equal to 200% of their original investment (e.g., a \$100,000 investment would be entitled to \$200,000).
- B Limited Interests shall receive 30% of Cash Available to Limited Partners (60% after A Limited Interests have received their provided-for return) until they have received an amount equal to 150% of their original investment (e.g., a \$100,000 investment would be entitled to \$150,000).
- C Limited Interests shall receive 20% of Cash Available to Limited Partners (40% after A Limited Interests have received their provided for return and 100% after B Limited Interests have received their provided for return) until they have received an amount equal to 125% of their original investment (e.g., a \$100,000 investment would receive \$125,000).

Distributions will be allocated among A, B and C Limited Interests holders pro rata in accordance with their respective Percentage Interests in the Partnership, and will be made semi-annually if Partnership funds allow in accordance with the Partnership Agreement.

After the returns to A, B and C Limited Interest holders and payment of Production Deferrals, the Partnership will retain 45% of Partnership Net Film Receipts ("profits" from the distribution of the Motion Picture). The remaining 55% will be assigned to the Production Company (SPI) for producing the Motion Picture. SPI will utilize a portion of the Partnership Net Film Receipts to compensate Mr. Turner and key cast, production personnel and

others providing goods, services or financing to the Motion Picture in accordance with agreements with such parties.

**Offering; Release of
Funds from Escrow;
Termination**

200 Limited Interests are being offered only to accredited investors. Fractional Limited Interests are available. Payment for Limited Interests purchased must be made in full at the time of subscription.

With respect to the sale of A Limited Interests no Offering Proceeds will be placed in escrow. All Offering Proceeds from the sale of A Limited Interests will be used as they are received for the purposes described in Footnote 2 on page 3. As to the sale of B Limited Interests, Offering Proceeds will be placed in an escrow account at Norwest Bank Minnesota, N.A. Ten percent of such Proceeds will be used for the purposes described in Footnotes 2 and 3 on pages 3 and 4. As to the sale of C Limited Interests, Offering Proceeds will also be placed in an escrow account at Norwest Bank Minnesota, N.A. Ten Percent of such Proceeds will be used for the purposes described in Footnotes 2 and 4 on pages 3 and 4.

The Offering of Limited Interests will terminate on the earlier of the following:

- Sale of all Limited Interests; or
- Failure of the Partnership to obtain the Minimum Offering from all sources by March 31, 1997; or
- Any date prior to completion of the Offering as the Managing General Partner deems appropriate.

Further in the event that the Minimum Offering is obtained by March 31, 1997, but Guaranteed Distribution Commitments have not been obtained by such date, all escrowed Proceeds shall remain in escrow until the earlier of the obtaining of Guaranteed Distribution Commitments or September 30, 1997. If Guaranteed Distribution Commitments are not obtained by September 30, 1997, all escrowed Proceeds shall be returned to investors, with interest. In the event escrowed Proceeds are returned, investors shall remain Limited Partners of the Partnership with respect to invested funds utilized by the Partnership.

(See Footnotes 2, 3 and 4 on pages 3 and 4, "Description of Limited Interests Offered" and "Offering Plan.")

Reports to Limited Partners

Within 75 days of the close of each fiscal year (December 31) the Managing General Partner will provide Partners with annual financial statements of the Partnership, forms K-1 and other financial data necessary to the filing of Partners' tax returns. Also, until the end of the second year during which the Motion Picture is in distribution the Managing General Partner will provide Partners with semi-annual written updates respecting the financial condition and business of the Partnership, after which date such updates will be annual.

Passive Income and Losses

Investments in "pass through" entities (i.e. the Partnership) which are carrying on a trade or business in which the investor does not materially participate are generally considered by the IRS to generate so-called "passive" income or loss. Passive income is taxable when received (subject to offset by an investor's unused passive loss carryforwards). Passive losses are generally not deductible at the time incurred (subject to offset against current or later received passive income), but are generally deductible upon the ultimate disposition of the investor's interest in the pass-through entity. If the Partnership generates losses, such losses should be passive losses to each Limited Partner since the General Partners do not anticipate that Limited Partners will materially participate in the Partnership's business. For years in which the Partnership produces net income, such income should generally be passive income to each Limited Partner unless that Limited Partner materially participates in the Partnership's business. See Attachment C, "Discussion of Certain Federal Income Tax Matters."

Merchandising Activities

BFM Films has developed a sports apparel line of shirts, sweatshirts, hats and jackets which it introduced at the 1996 Minnesota State Boys Hockey Tournament. The items will be marketed to consumers by a direct mail catalogue, one or more fund raising programs, and retail distribution which the Managing General Partner intends to support by a print, bus and billboard advertising campaign. The Managing General Partner is also planning an extensive public relations program and the establishment of a web site. Direct, a Twin Cities marketing services company, is processing orders and fulfillment. Norwest Card Services will process the Mastercard and Visa credit card orders. For a Boys from Minnesota merchandise catalogue call 888-BFM-BOYS. The clothing line, logos and catalogue were developed with the assistance of Cathy Fideler, President of Sheba Concept and Design and Michael Vacanti, President of Concept Marketing and Development.

Approximately 10 percentage interests in gross sales have been set aside to benefit selected non-profit organizations and compensate people involved in the merchandising activities. The Managing General Partner has budgeted approximately \$200,000 to support merchandising activities.

Banking Services

Mr. Turner has engaged the banking services of Norwest Corporation, headquartered in Minneapolis, Minnesota, a diversified financial services company with assets exceeding \$72 billion. Cynthia S. Chamberlain, Vice President, Commercial Banking, has assisted in providing the bank services of a corporate checking account, a merchandise checking account, escrow accounts, merchant card services and the money market fund account.

Legal Counsel

Mr. Turner has engaged the firm of Fredrikson & Byron, P.A., and specifically John H. Stout, for the organization of the Partnership, BFM and SPI, preparation of offering materials and negotiation and preparation of certain agreements. Mr. Stout has provided legal counsel to more than 70 feature film projects. He is a co-founder and current director of the Minnesota Film Board, and has two feature film producing credits. The firm has an extensive entertainment practice which it conducts through its Advertising, Media, Entertainment and Telecommunications Group, of which Mr. Stout is co-chair.

Mr. Turner has engaged the firm of Hessian, McKasy & Soderberg, and specifically Winston W. Borden, to facilitate his relationships with key organizations and individuals important to the financing of the Motion Picture, merchandising activities and several charitable promotions Mr. Turner is considering. Mr. Borden has written extensively for organizations including the U.S. Chamber of Commerce, the National Association of Manufacturers, and American Society of Association Executives on Lobbying Strategies and Media Relations. For eight years he narrated a daily radio commentary, "American Business Viewpoint", carried by more than 70 radio stations. He currently hosts a weekly cable tv program, "Business Voice".

Accounting Services

Mr. Turner has engaged the services of Schechter, Dokken, Kanter, Andrews & Selcer Ltd., certified public accountants and consultants, and specifically Bryan J. Ross, to provide accounting services for the Partnership, including assistance with the preparation of the Partnership's financial statements, preparation and filing of tax returns and preparation of reports to Partners on Forms K-1. Schechter, Dokken, Kanter, Andrews & Selcer Ltd. has extensive experience in film and music production, royalty auditing and promotional events and provides a range of products and services to the entertainment and sports industries.

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USE OF PROCEEDS

The Proceeds of this Offering, assuming the raising of the Maximum or Minimum Offering will aggregate \$10,000,000 or \$8,200,000 respectively. The following table shows uses of Proceeds assuming the Maximum or Minimum Offering Proceeds:

	<u>MAXIMUM</u> <u>Offering⁽¹⁾</u>	<u>MINIMUM</u> <u>Offering⁽¹⁾</u>
Production of the Motion Picture, including Development and Preproduction, Costs, Producers' Fees, a 10% Contingency Reserve, and Motion Picture Completion Bond	\$8,600,000	\$7,035,000
Estimated Broker's and Other Selling Fees (2)	\$750,000	\$615,000
Estimated Organizational and Offering Expenses, including Partnership's Legal Fees	\$150,000	\$150,000
Partnership Accounts Payable, Additional Development and Financing Costs, Merchandising Activities, Working Capital and Contingencies (2)	\$ 500,000	\$ 400,000
TOTAL	\$10,000,000	\$8,200,000

(1) Definitions of Maximum and Minimum Offerings include Proceeds from the sale of Limited Interests and funds from all other sources (see Glossary). This table assumes that the Maximum and Minimum Offerings will be obtained through the sale of Limited Interests.

(2) Brokers,' investment bankers' and finders' fees will be negotiated as appropriate, but will not exceed 10% on any Limited Interest sold (see "Offering Plan"). The General Partners will not receive fees for the sale of Limited Interests, thus the Partnership will not incur commission costs on all Limited Interests sold. The Managing General Partner has estimated 10% commissions on 75% of all Limited Interests sold. Amounts not expended for commissions, fees and expenses will be allocated to any brokers' expenses which are agreed to be paid, Partnership accounts payable, the Motion Picture production budget, merchandising activities and Partnership working capital in the discretion of the Managing General Partner.

The Maximum Offering assumes the utilization of \$800,000 of Production Deferrals in addition to the \$8.6 million cash budget for the production of the Motion Picture, of which not more than \$400,000 may be assigned as Level 1 Deferrals. In the event that less than the Maximum Offering (but not less than \$8.2 million) is raised and supplemental funds are not raised from other sources (e.g., presales and co-production arrangements), the Managing General Partner and SPI may award additional Production Deferrals up to the amount of the shortfall, not more than 50% of which shall be allocated as Level 1 Deferrals. For example, if only \$8.2 million is raised the shortfall (\$1.8 million) may be added to the \$800,000 of

Production Deferrals available in the Maximum Offering, to bring total allowable Production Deferrals to \$2,600,000, of which \$1,300,000 could be utilized as Level 1 Deferrals.

The Estimated Summary Maximum and Minimum Motion Picture Budgets (see Attachment E) are the Managing General Partner's best estimates of costs at this time. Actual expenditures will vary from those shown depending on actual production requirements. The Managing General Partner and Production Company will have authority to vary such expenditures without approval of the Limited Partners.

RISK FACTORS

An investment in the Limited Interests involves many risks including those discussed below.

1. Development, Production and Distribution of the Motion Picture:

(a) General. Investment in the production of a feature-length motion picture involves a high degree of risk. The receipt by the Partnership of revenues sufficient to return the investment of the Limited Partners will be dependent upon many factors, including:

- The artistic and dramatic quality of the completed Motion Picture;
- The ability of SPI to adhere to the production budget;
- The ability of the Managing General Partner to secure effective distribution for the Motion Picture;
- Audience and critics' reactions to the Motion Picture during the period of distribution; and
- Other feature films in distribution at the time the Motion Picture is distributed.

Many feature-length motion pictures, produced independently or by major networks or studios, fail to achieve levels of receipts equal to their costs of development, production and distribution, and fail to return all of their investors' investment. (See "Business of the Partnership--Management of Investment Risk.")

(b) Experience of Writers, Director and Producers. Brad Turner is the producer of the Motion Picture. Mr. Turner has limited feature film experience. Mr. Turner has assembled a group of industry professionals to assist in the development of the Motion Picture. For a description of the experience of Mr. Turner and these persons see Attachment F.

(c) Factors Influencing Production Costs. The process of producing a feature-length motion picture is time and capital intensive. A high degree of planning and organization is essential to controlling the costs of making the Motion Picture. Occasionally outside factors may influence costs which are beyond the control of the producer and director. Production

delays could occur through illness, accidents, strikes, faulty equipment or weather. Such matters may affect production of the Motion Picture. See also Risk Factors 2 and 5.

(d) Agreements With Key Production Personnel and Cast. The Production Company has an agreement with Brad Turner to serve as producer of the Motion Picture. While Mr. Turner has incurred certain obligations to a number of the people assisting in the development of the Motion Picture (see Attachment F), final commitments to key personnel and talent will not be made until the Minimum Offering and Guaranteed Distribution Commitments are obtained.

(e) Partnership as Unsecured Creditor of Distributor. Once the Motion Picture has been delivered and is in distribution, the Partnership will be an unsecured creditor of the distributor (or distributors if there is more than one) as to amounts due it from distribution of the Motion Picture in various markets, and thus subject to the financial condition of the distributor. If payments to the Partnership from the distributor are delayed, or if disputes arise regarding the actual amount due, the Partnership may need to seek legal recourse against the distributor.

(f) Impact of Substantial Distribution Advance on Partnership Receipt of Funds and Partner Distributions. In the event that the Guaranteed Distribution Commitments received by the Partnership involve advance payments such amounts plus the distributor's fees and distribution expenses will be recovered by the distributor prior to the payment to the Partnership of any additional distribution receipts from the Motion Picture.

(g) Utilization of Offering Proceeds or Presales of Distribution Rights to Fund Release or Production of Motion Picture. If the Managing General Partner is able to raise at least the Minimum Offering from the sale of Limited Interests and generate funds through the presale of substantial foreign or other distribution rights, it may elect to utilize a portion of the Offering Proceeds to pay a domestic distributor's prints and advertising ("P&A") costs. Such a use of Partnership funds will enable the Managing General Partner to negotiate substantially lower domestic distribution fees. While the Managing General Partner considers it highly unlikely that substantial funds would be spent on P&A without generating a return of some or all of those monies, the Partnership may expend most or all of its funds and receive no return of such expended funds for a period of time. The Managing General Partner will utilize Partnership monies to fund P&A costs only if in its judgment such would offer the Partnership a material prospect of improved distribution revenues.

The Managing General Partner may also use presale commitments as security for a bank loan and combine proceeds from that source with Offering Proceeds to reach the Minimum Offering requirement in order to proceed with production of the Motion Picture. Such a strategy would increase the risks that the investors would not recoup all or a portion of their investment because, while fewer Limited Interests would have been sold, the rights to valuable markets would have been presold thus eliminating those markets from the Partnership's revenue stream. In addition, the Partnership would incur substantial interest costs on its bank loan.

2. Financing Production of the Motion Picture from the Sale of Limited Interests and Other Sources. It is the intention of the Managing General Partner to use all reasonable efforts to obtain the amount of the Maximum Offering from the sale of Limited Interests and have \$8.6 million available to produce the Motion Picture. In the case of either the Maximum or Minimum Offering the Managing General Partner may use funds from the pre-sale of distribution rights or territories or from co-production arrangements in conjunction with the sale of Limited Interests. The amount of the Minimum Offering provides the absolute minimum funding necessary to complete the Motion Picture. If a portion of the Maximum or Minimum Offering funds for the Motion Picture come from sources other than the Partnership those funds may involve the elimination of certain markets or rights from the Partnership's revenue stream or may have requirements that they be repaid before Partners receive any return of invested funds. The Managing General Partner will use all reasonable efforts to avoid outside financial arrangements which favor non-Partnership financing sources over the Partners with respect to priority of payment and profit participation in the Motion Picture. The Managing General Partner does, however, have discretion to accept a portion of the funding for the Motion Picture from sources other than the sale of Limited Interests under terms which favor the outside financing party and bind the Partnership in such event.

3. Utilization of Investor Funds for Development, Pre-production Commissions and Merchandising Activities. All Offering Proceeds from the sale of A Limited Interests and 10% of the Offering Proceeds from the sale of B and C Limited Interests will not be escrowed and will be utilized by the Managing General Partner for the purposes described in Footnote 2 on page 3 at the time of investment. These funds will be subject to the risk that the Minimum Offering cannot be obtained. Development activities are high risk activities. The Partnership has already incurred substantial development costs (including accounts payable), not including organizational and offering expenses (see the Partnership's Balance Sheet at February 29, 1996, included as Attachment G). The Managing General Partner has budgeted \$200,000 for merchandising activities. In addition the Managing General Partner will use available Proceeds for the payment of commissions, investment banking fees and finders' fees if and when incurred. Commissions, if applicable, will be paid on the full amount of A Limited Interests, on the amount of Proceeds initially available from B and C Limited Interests, and on the balance of B and C Limited Interests once the Minimum Offering is obtained. If the Minimum Offering is not raised, or if the Minimum Offering is raised but Guaranteed Distribution Commitments are not obtained, the purchasers of Limited Interests will not recoup the expended portion of their investment. Purchasers of B and C Limited Interests will, however, recoup all escrowed Proceeds plus interest. See "Summary of Offering" and "Description of Limited Interests Offered" for information as to the priorities and returns established for the purchasers of A, B and C Limited Interests.

At the time the Minimum Offering and Guaranteed Distribution Commitments are obtained all investors will bear the risk of the permitted expenditures of available funds described in "Summary of Offering" and "Offering Plan" pro rata based on their investment, so that at such time those investors who purchased A Limited Interests no longer will be bearing a substantially disproportionate share of the risk of those expenditures.

4. Competition. There are a substantial number of independently-produced feature films available to distributors each year. THE BOYS FROM MINNESOTA will "compete" with a

number of other films for theater dates, theater locations, audience, and the attention of movie critics and members of the various media who write about or publicize films. In addition, all motion pictures face competition from many other varieties of public entertainment, including network, public and cable television, and video cassettes for home viewing.

5. Limited Resources of General Partners and the Production Company. The Managing General Partner, BFM, is a recently-formed Minnesota corporation which has limited assets and no operating history. Brad Turner is an officer, director and shareholder of BFM. BFM was formed by Turner with a \$100 initial contribution to capital. Turner also contributed certain of his rights to reimbursement of \$40,000 of development expenses. It is not anticipated that BFM will have material liquid assets in the near future. BFM has, however, initiated certain merchandising activities and filed certain trademark applications with respect thereto. Further, Brad Turner, the Individual General Partner, does not have substantial liquid net worth.

SPI, the Production Company, was also recently formed by Brad Turner with a \$100 capital contribution. SPI will only have the resources provided by the Partnership to produce the Motion Picture. If SPI fails to adhere to its agreement to produce the Motion Picture on time and on budget the Partnership will be without an effective financial remedy against SPI. However, the Partnership will procure a completion bond which will assure completion of the Motion Picture once principal photography begins (see "Business of the Partnership -- Purchase of a Completion Bond").

Further, the Managing General Partner has the authority to bind the Partnership with respect to agreements with the Production Company, SPI. SPI and the Managing General Partner are controlled by Brad Turner. Under the Partnership Agreement, Mr. Turner and BFM may be removed as General Partners by a vote of 75%, by Percentage Interest, of the Limited Partners (provided that if such removal is proposed before Guaranteed Distribution Commitments are obtained there must first have been a final judicial determination of fraud, intentional wrongdoing or gross negligence on the part of the General Partner being removed).

6. Limitation on Liability of the General Partners to the Partnership; Indemnification of BFM and SPI. While the General Partners of the Partnership are required to act in good faith and with integrity in managing the affairs of the Partnership, the Partnership Agreement provides that the General Partners will not be liable to the Limited Partners for any act or omission, except in the event of fraud, intentional wrongdoing, or gross negligence. The Partnership Agreement requires the Partnership to indemnify the General Partners (and in the case of BFM, its officers and directors) against any expense (including reasonable attorneys' fees), claim or liability incurred by it in connection with the business of the Partnership. The Production Services Agreement pursuant to which SPI will produce the Motion Picture for the Partnership will require that the Partnership indemnify SPI (and its officers and directors) to the same degree as the General Partners and its officers and directors, in the case of BFM, are indemnified.

7. Operating History of the Partnership. The Partnership (organized in July, 1995) has a very limited operating history. It has utilized Proceeds aggregating \$200,000 to date and has accounts payable of \$154,000 at February 29, 1996 (see Attachment G).

8. Dependence of the Partnership on Key Personnel. BFM will have responsibility for the management of the Partnership. SPI will have responsibility for the production of the Motion Picture. Mr. Turner is the sole shareholder and director of SPI and BFM. Prior to the commencement of principal photography on the Motion Picture, the death or disability of Mr. Turner, or the loss of his services to the Managing General Partner or SPI for whatever reason, would adversely affect the production of the Motion Picture. From proceeds from the sale of A Limited Interests, the Partnership will procure a \$2 million key person life insurance policy on Mr. Turner. Prior to commencement of principal photography the Partnership will acquire a completion bond to assure completion of the Motion Picture on budget (see "Business of the Partnership -- Purchase of a Completion Bond").

9. Federal Income Tax Treatment. An investment in the Limited Interests will be subject to certain risks arising out of federal income tax considerations, including the following:

- As noted in "Summary of Certain Federal Income Tax Matters" and Attachment C the Partnership will not qualify for an IRS ruling as to its partnership classification. The General Partners believe, based on discussions with counsel, that the IRS will treat the Partnership as a partnership for federal income tax purposes and will receive an opinion of counsel as to this matter.
- The application of the "passive activity" rules and the "portfolio income" rules may limit the ability of an investor to use losses or deductions of the Partnership in the taxable year during which such losses or deductions are allocated to such investor and may result in the taxability of income from the Partnership at the same time that deductions from the Partnership are not currently deductible on the individual investor's tax returns.
- Any investor who directly or indirectly provides services to or otherwise participates in the business of the Partnership may increase the likelihood that such investor will receive non-deductible losses from the Partnership while at the same time receiving taxable income.
- If the IRS successfully asserted that the Partnership should be taxed as a corporation Partnership losses would not be deductible by Partners, Partnership income would be taxed to the Partnership, and distributions to Partners would be subject to taxation as well. As previously stated, the General Partners believe that the Partnership will be classified as a Partnership for income tax purposes.
- The IRS may claim with respect to the entire Partnership or with respect to certain investors that the business of the Partnership is not an activity engaged in for profit; a contention which, if successful, would severely restrict Partners' ability to deduct any losses.
- The IRS may challenge claimed deductions of the Partnership, and/or the allocation of deductions and income among Partners, resulting in increased taxable income being allocated to some or all of the Partners.

- ⊙ If the tax returns of the Partnership are audited, there may be an increased likelihood that the individual tax returns of investors will be audited, resulting in scrutiny and possible adjustment of both Partnership items and non-Partnership items.

For additional information regarding these and other federal income tax matters, see "Summary of Certain Federal Income Tax Matters" and Attachment C—"Discussion of Certain Federal Income Tax Matters."

10. Achievability of a Return of and on the Partners' Investment. There are a number of sources of revenue from distribution of the Motion Picture from which the Partnership may receive cash for distribution to its Partners, including theatrical box office receipts, receipts from foreign distribution arrangements, domestic and foreign video cassette sales, domestic, cable or network television sales, other ancillary sources (including airlines, military facilities, educational institutions and libraries) and merchandising activities. There are a number of variables over which the Partnership has little control which may adversely affect the income the Partnership may realize from distribution of the Motion Picture. Such variables include the content of published or broadcast film reviews (which affect theater attendance and television audiences), the weather in a given market area during the theatrical engagement, the accuracy of reports of box office receipts which are the basis for payments by exhibitors to the distributor, the financial condition of the exhibitors with which the distributor contracts, and the number of highly publicized feature films in distribution during the same period as the Motion Picture. See also Risk Factor 1(a).

There can be no assurance that the Motion Picture or ancillary activities will generate sufficient revenues from distribution to enable the Partnership to pay its obligations, expenses and return the investment of the Partners. See also Risk Factor Nos. 2 and 5.

11. Conflicts of Interest. There are numerous significant conflicts of interest which arise out of the conflicting duties and loyalties occasioned by the various roles and relationships of Mr. Turner, BFM, the Production Company and the Partnership. Mr. Turner has used the legal services of Fredrikson & Byron, P.A. to prepare the Offering materials, organize the Partnership, Managing General Partner and Production Company, and prepare many of the agreements involving those entities and himself. The Limited Partners have not been represented by separate legal counsel in these matters and are asked to waive any claims of conflict of interest in their Subscription Agreements Including Investment Representations. Conflicts of interest expose the Limited Partners to the risk, among others, that decisions made on behalf of the Partnership by the General Partners, or transactions entered into between the Partnership, the General Partners, the Production Company, and Mr. Turner may not solely reflect the best interests of the Limited Partners. See "Relationships Among Certain Parties; Fees and Distributions to Related Parties; Conflicts of Interest."

12. Limited Partners' Voting; Deemed Approvals Under Certain Circumstances. With respect to amending the Partnership Agreement or other matters which require, or as to which the General Partners may seek authorization by, a vote of the Limited Partners, the Managing General Partner may forward a proposal to the Limited Partners requesting that they approve or disapprove the matter which is the subject of the proposal. Limited Partners who have not responded, positively or negatively, to the Managing General Partner's proposal within 20 days

of receiving the proposal are deemed to have responded positively. Approval of the proposal occurs unless 20% of the Limited Partners notify the General Partners in writing that they refuse to approve the matter in question, in which case the General Partners may call a meeting of the Partners to seek approval of the matter at which a majority vote of the Limited Partners by Percentage Interest shall be sufficient to approve the matter.

Similarly, in conjunction with meetings called by the Managing General Partner or votes, consents, ratifications or actions proposed by the Managing General Partner to be taken in writing by the Limited Partners, the General Partners may solicit proxies from the Limited Partners. If the Limited Partners do not respond by granting proxies or refusing to grant proxies to the General Partners within 20 days of the solicitation, the non-responding Limited Partners are deemed to have granted the Managing General Partner their proxies with respect to the matters concerning which the solicitations are made.

The above provisions in the Partnership Agreement will facilitate action requested by the Managing General Partner, and in that way facilitate management of the Partnership. The provisions also mean that in all likelihood proposals made by the Managing General Partner will be approved or deemed approved by the Limited Partners, unless specific action is taken by the Limited Partners to reject specific proposals. The provisions materially increase the control of the Managing General Partner over the Partnership.

13. Factors Which May Affect Limited Partners' Limited Liability; Control by General Partners. A Limited Partner of the Partnership will not be liable for debts or obligations of the Partnership in excess of his or her capital contribution. A Limited Partner may, however, be liable for the full amount of his or her capital contribution even if part of that contribution has been returned by way of distributions. Distributions to Limited Partners may be subject to return to the Partnership upon action by creditors if after such distributions the Partnership's liabilities exceed its assets.

The Limited Partners of the Partnership are prohibited by the Partnership Agreement from participating in the management of the Partnership (and under Minnesota law such participation, with certain exceptions, would eliminate the limitations on liability of such Limited Partners for Partnership obligations), and thus must rely exclusively on the management abilities and decisions of the General Partners.

Further, the Partnership Agreement requires the vote of 75%, by Percentage Interest, of the Limited Partners to remove a General Partner (but if such removal is proposed before Guaranteed Distribution Commitments are obtained there must first have been a final judicial determination of fraud, intentional wrongdoing or gross negligence on the part of the General Partner being removed). Such a substantial requirement for removal makes it difficult for the Limited Partners to remove a General Partner and underscores the General Partners' control of the Partnership.

14. Offering Price of the Limited Interests. The offering price of the Limited Interests has been established by the Managing General Partner based on its estimate of Partnership capital requirements in connection with the development of, securing talent for, and financing, production and completion of the Motion Picture, merchandising activities, identification of a

distributor for the Motion Picture, recovery of expenses incurred in connection with organizing the Partnership and offering the Limited Interests, maintaining the operations of the Partnership after completion of the Motion Picture, and compensation to be paid to the General Partners. It is unlikely that the Limited Interests could be resold at their offering price, as there will be no secondary market for the Limited Interests, nor can there be any assurance that the price of the Limited Interests will be returned through the conduct of the business of the Partnership or upon liquidation of the Partnership.

15. Limitations on Transferability of the Limited Interests. The Limited Interests offered hereby have not been registered under the Securities Act of 1933 (the "Act"), or any applicable state securities laws ("State Laws"). The Limited Interests are transferable only with the consent of the Managing General Partner, which may be withheld in the Managing General Partner's sole and absolute discretion. Transfers are also subject to certain conditions including registration of the Limited Interests under the Act and applicable State Laws, or the receipt of an opinion of counsel that such registration is not required. As Limited Partners will have no rights to require registration of their Limited Interests, the Limited Interests may only be resold, if in fact transfer is permitted, in transactions exempt from the registration requirements of the Act and applicable State Laws. See "Organization, Management and Structure of the Partnership" and "Description of Limited Interests Offered -- Limitations on Resale."

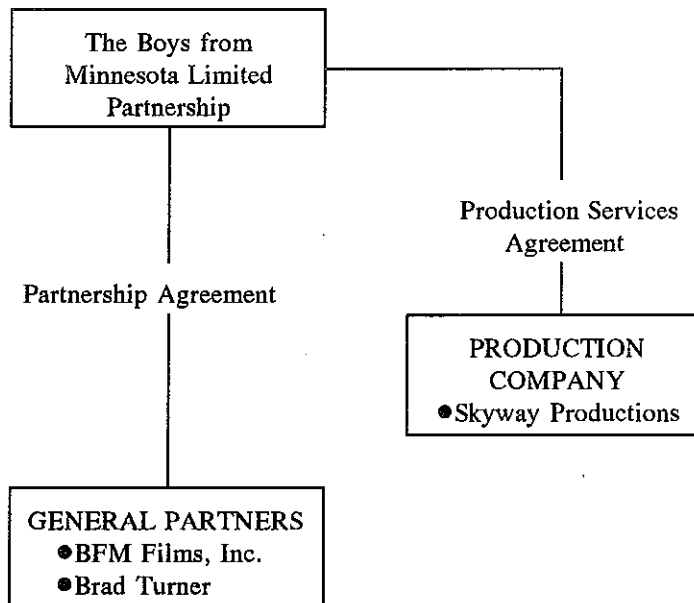
Prior to this Offering there was no market for the Limited Interests. Immediately subsequent to this Offering, and partly because of the restrictions on transfer of the Limited Interests, there is not expected to be a market for the Limited Interests. The purchase of the Limited Interests should therefore be viewed as a long-term, illiquid investment.

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RELATIONSHIPS AMONG CERTAIN PARTIES; FEES AND DISTRIBUTIONS TO RELATED PARTIES; CONFLICTS OF INTEREST

Relationships Among Certain Parties

The following chart illustrates the relationships between the Partnership, the General Partners and the Production Company.



Fees and Distributions to Related Parties

The following fees and distributions will be received by the previously described affiliated parties (see above chart) in connection with this offering, the management of the Partnership, and the development, production and distribution of the Motion Picture.

- From the proceeds of the Offering, assuming the Minimum Offering is completed:
 - * To BFM (Managing General Partner), an undetermined amount for reimbursement of expended financing, development and preproduction costs⁽ⁱ⁾
 - * To Brad Turner (Individual General Partner) for reimbursement of personally expended development and financing costs⁽ⁱ⁾
 - * To Brad Turner (Producer) not to exceed \$350,000 payable from the Motion Picture budget for serving as Producer of the Motion Picture.
 - * To Skyway Productions, Inc. (Production Company), \$8.6 million, including contingencies, for production of the Motion Picture, assuming the sale of all Limited Interests. See Use of Proceeds.

(i) Reimbursement will be of aggregate expenditures in excess of \$40,000.

- From revenues received from distribution of the Motion Picture:
 - * BFM (Managing General Partner) and Brad Turner (Individual General Partner), fees for serving as General Partners, and revenues from their Percentage Interests in the Partnership.
 - * Skyway Productions, Inc. (the Production Company), revenues from the balance of the 55 Participations in Partnership Net Film Receipts received from the Partnership from which Participations will be assigned to writers, producers, the director, key talent and key production personnel.
 - * Brad Turner for compensation as the principal of SPI and BFM, Production Deferrals and Participations in Partnership Net Film Receipts assigned to him by SPI for serving as the Producer of the Motion Picture.

Conflicts of Interest

- The persons and entities named in the chart on page 28 are affiliated. Each has an economic interest in some aspect of the sale of the Limited Interests and formation and management of the Partnership. The various roles of such affiliated persons and entities in the transactions contemplated have involved, and will involve, the Partnership, the General Partners, the Production Company, and Mr. Turner in non-arm's-length transactions in which the interests of such affiliated parties have been, and will be, different from the interests of the Limited Partners (e.g., the preparation and execution of the Partnership Agreement which defines the role, authority and compensation of the General Partners, the General Partners' right to indemnification, etc.; the consummation of a Production Services Agreement between the Partnership and SPI which will determine SPI's responsibilities to the Partnership for producing the Motion Picture, SPI's rights to indemnification, etc.; and the execution of producer's agreements between SPI, Mr. Turner and others involved in the financing and production of the Motion Picture). See Risk Factors 1(d) and No. 11.
- As General Partners, BFM and Turner will receive fees and Partnership distributions (see "Fees and Distributions to Related Parties" in this section of the Offering Memorandum). Mr. Turner is an officer of BFM and SPI, and may be compensated by those companies for his services.
- During the period of principal photography of the Motion Picture Mr. Turner will devote substantially all of his time to the production of the Motion Picture. During the term of the Partnership (which will run until December 31, 2002), Mr. Turner will engage in additional film or other projects, and may have other full-time employment. To the extent that Mr. Turner engages in other activities, including film-related activities, his duties and responsibilities to BFM, SPI and the Partnership, including the allocation of management time, may conflict with such other activities.

- ⊙ BFM, SPI and Brad Turner have been advised by legal counsel, Fredrikson & Byron, P.A., in connection with the formation and financing of each entity and many of the agreements described herein. The Limited Partners have not been, and will not be, represented by counsel in connection with the formation of the Partnership, the preparation and execution of the Partnership Agreement, production arrangements with SPI, agreements with Mr. Turner, and possibly other producers, or other transactions between the Partnership, the General Partners, SPI and Mr. Turner. Legal counsel selected by Brad Turner has acted on his behalf and on behalf of the General Partners in organizing the Partnership. The Partnership has not been separately represented by counsel.

FIDUCIARY RESPONSIBILITY OF THE GENERAL PARTNERS

The General Partners are accountable to each Limited Partner as fiduciaries. They are required to exercise good faith and integrity in dealings with respect to Partnership affairs. This is in addition to the duties and obligations of the General Partners set forth in the Partnership Agreement. Each Limited Partner, or his or her duly authorized representative, may inspect the Partnership books and records at any time during normal business hours on five business days' written notice to the Managing General Partner.

The General Partners may not be liable to the Partnership or the Limited Partners for certain acts and omissions to act, since provision has been made for such liability in the Partnership Agreement only to the extent of fraud, intentional wrongdoing or gross negligence. With respect to acts and omissions which do not amount to fraud, intentional wrongdoing or gross negligence, the Partnership Agreement provides for indemnification of the General Partners (and in the case of BFM its officers and directors). Insofar as indemnification for liabilities arising under the Act may be provided to the General Partners pursuant to the language of the Partnership Agreement, or otherwise, the General Partners have been advised that in the opinion of the Securities Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable.

Notwithstanding the fiduciary relationship between the General and Limited Partners, the General Partners have broad discretion and power under the terms of the Partnership Agreement and Minnesota law to manage exclusively the affairs of the Partnership. Generally, actions taken by the General Partners are not subject to vote or review by the Limited Partners, except to the limited extent provided in the Partnership Agreement and under Minnesota or other applicable law. An attempt on the part of one or more Limited Partners to exercise substantial influence over the management of the business of the Partnership (other than as permitted under Minnesota law) may result in the loss of that Partner's limited liability. A loss of limited liability would make a Limited Partner jointly and severally liable for the liabilities of the Partnership with the General Partners.

BUSINESS OF THE PARTNERSHIP

General

The business of the Partnership will consist of the development, financing, production and distribution of the Motion Picture. A Synopsis of the Motion Picture is included as Attachment D.

Acquisition of Certain Rights in the Motion Picture

The rights to the Screenplay for the Motion Picture have been optioned from the writers of the Screenplay, Dean Kaner, Eric Small and Jeffrey Vlaming (the "Writers"), by Brad Turner pursuant to an agreement with the Writers dated January 23, 1995, and subsequently revised (see "Additional Materials Available on Request"). The option agreement provides for a "First Option" which expired on December 31, 1995. The Partnership extended the First Option for an additional 18 months ("Second Option") by paying \$10,853. All of the First Option fee (\$4,000) and \$4,000 of the Second Option fee is applicable against the Screenplay purchase price. The Second Option may be extended for an additional 18 months ("Third Option") for a fee equal to the Second Option fee. None of the Third Option fee is applicable against the Screenplay purchase price. The Third Option is available only if at the expiration of the Second Option a sufficient amount has been raised to fund a feature film based on the Screenplay.

In satisfaction of a condition to obtaining the Second Option, the Partnership engaged the Writers to do a first rewrite of the Screenplay. The Writers have delivered a draft of that rewrite to the Managing General Partner. The Writers have also granted an option to procure their services for rewrites and/or polishes during any of the option periods. The fees for rewrites and polishes are set at the then applicable WGA High Budget Minimum plus 10% agency commission, and are applicable against the purchase price.

At the time an option to acquire the Screenplay is exercised, but not later than the commencement of principal photography on the Motion Picture, the purchase price for the Screenplay must be paid as follows:

- \$162,500 (less amounts received by Writers which are applicable against the purchase price) payable not later than upon commencement of principal photography; and
- A Level 3 Deferral of \$37,500.

If the Motion Picture's budget exceeds \$10 million, the purchase price of the Screenplay, including the Level 3 Deferral, is increased by a cash fee of 2% of every dollar of overage. The Motion Picture's budget is defined to include direct overhead and the purchase price, but exclude interest, other financing charges, contingencies, and completion bond fees. The Writers are to receive 5% of the Production Company's net profits from its share of Partnership Net Film Receipts. Such profit participation is reducible on a point-by-point basis with any subsequent writers who receive a percentage of such profits to a floor of 2.5% of 100% of producer's net profits.

Mr. Turner has assigned his option rights to the Screenplay to the Partnership. Mr. Turner will be reimbursed for the unreimbursed portion of amounts which he has paid for the option, fees paid to the Writers, or other writers, in connection with rewriting the Screenplay and related costs.

Development and Preproduction of the Motion Picture

Mr. Turner has done substantial development and preproduction work on the Motion Picture, and has already contributed all of the results of his development activities respecting the Motion Picture to the Managing General Partner (BFM), which has assigned the same to the Partnership. In addition to forming the Partnership, Managing General Partner and Production Company, Mr. Turner has done preliminary location scouting in Minnesota, preliminary budgeting, preliminary casting, and begun identifying key crew. Mr. Turner has assembled a team of industry professionals to assist him with the development of the Motion Picture (see Attachment F). The Partnership's financial condition at February 29, 1996, is reflected in its Balance Sheet included as Attachment G.

Prior to raising the Minimum Offering further development and preproduction work will be paid for with Offering Proceeds from the sale of A Limited Interests and 10% of Offering Proceeds from the sale of B and C Limited Interests.

Financing and Production of the Motion Picture

In addition to seeking funding through the sale of Limited Interests, the Partnership may seek production funds from co-production arrangements and bankable presales of distribution rights. If obtained, funds from these sources will be counted towards the Minimum Offering. As described elsewhere the Managing General Partner will attempt to negotiate terms with the sources of such funds which would permit return of such funds pro rata and pari passu with the return of funds to the holders of A, B and C Limited Interests. There can be no assurance that the Managing General Partner will be successful in this regard. In the event that the sources of these funds require profit participation in the Motion Picture the Managing General Partner is authorized to grant same and reduce the Participations which the Partnership will retain proportionate to the funding provided from these sources. See Risk Factor 2.

The Partnership intends to seek \$3-\$4 million from the pre-sale of distribution rights in certain foreign markets. If the Partnership is successful in selling 164 (\$8.2 million) of the Limited Interests and raising the indicated amount from foreign pre-sales, it may seek to negotiate reduced distribution fees from a major distributor by offering to provide funds for prints and advertising required for the domestic theatrical release of the Motion Picture.

As Producer, and the President of the Managing General Partner, Brad Turner is responsible for raising sufficient financing for production of the Motion Picture. He may engage one or more licensed securities brokers to assist in the sale of the Limited Interests. He has negotiated understandings with industry professionals, certain of whom will assist him with raising funds, developing the Motion Picture and procuring distribution arrangements for the Motion Picture (see Attachment F). As indicated in "Summary of the Offering" and "Use of Proceeds", the Managing General Partner will authorize the Production Company to grant Production Deferrals

to be used by the Production Company to pay for services, supplies and equipment in connection with the development and production of the Motion Picture.

The Partnership will enter into a Production Services Agreement with SPI, the Production Company, for production of the Motion Picture (see "Additional Materials Available on Request"). The Production Services Agreement will require that the Production Company deliver a quality finished feature film, shot according to the Screenplay, to the Partnership under an agreed-on production schedule within the agreed on budget. The Production Services Agreement will allow the Partnership to terminate the Agreement for material breaches by the Production Company. The Production Company is wholly-owned by Brad Turner. Mr. Turner is the Company's President and Chief Financial Officer. The Production Company will enter into all contracts respecting the production of the Motion Picture. The Production Company will provide a measure of protection to the Partnership because if disputes arise with persons or entities engaged for the production, those disputes should involve the Production Company and not the Partnership. The completion and delivery of the Motion Picture by the Production Company will be assured through the purchase of a completion bond (see discussion below).

Assuming the Minimum Offering is raised by January of 1997, it is anticipated that principal photography of THE BOYS FROM MINNESOTA will commence in late February or early March, 1997, and continue for approximately six weeks. It is anticipated that after completion of principal photography the process of editing the Motion Picture, preparing the soundtrack and completing laboratory work for the preparation of a final answer print will take up to an additional sixteen weeks.

Purchase of a Completion Bond

The Partnership will purchase a completion bond to assure that the Motion Picture is completed and delivered to a distributor within the production budget. The bonding company will review the Motion Picture budget and all key elements and agreements regarding the financing, production and distribution of the Motion Picture. The bonding company will carefully monitor the expenditure of funds from preproduction to post-production to assure that the Motion Picture is delivered to distributors as contracted. If the bonding company believes that the Production Company will be unable to complete the Motion Picture on time, on budget and with the agreed-on key elements the bonding company will assume control of the production and complete the Motion Picture. The bonding company will have the right to recoup any funds expended by it in the production of the Motion Picture immediately following recoupment by the Partnership of the Motion Picture's budgeted production costs, and will have a security interest in the Motion Picture to protect its recoupment rights.

Distribution of the Motion Picture

The Motion Picture will be available for distribution and/or to be licensed for domestic theatrical exhibition, domestic and foreign home video distribution, domestic cable/pay television exhibition, network and independent television station showings (i.e., non-network affiliated local television stations), foreign theatrical, and television exhibition and to other ancillary markets. Prior to the use of escrowed Partnership funds from the sale of B and C Limited

Interests the Managing General Partner must procure Guaranteed Distribution Commitments (see "Summary of Offering" and "Glossary").

The fees payable to a distributor vary widely depending upon such factors as the distributor's investment in the production or distribution of a film, the markets in which the film is being distributed, the terms respecting recoupment of the distributor's expenses, and the bargaining strength of the producer. Distribution fees are normally a percentage of gross receipts after exhibitors' fees and expenses. They vary from 40%-50% at the maximum to 15%-20% at the minimum, depending on the amount of a distributor's investment, the markets for which distribution rights are being licensed and its interest in the Motion Picture.

Theatrical Distribution. Generally, the United States theatrical market is the most important market with respect to the profitability of a film. It is important that a feature film develop a high domestic profile, particularly in the top 25-30 markets. Exposure in these markets is measured by the amount of advertising dollars spent to market the film, and the amount of box office receipts generated. Success in these markets will often determine the value of a film in other markets, particularly in the home video, pay television and syndication markets.

Distribution of films to theaters involves the development, supervision and financing of (i) the advertising campaign for the Motion Picture; (ii) the duplication of prints of the Motion Picture; (iii) the booking of the Motion Picture into theaters; (iv) the distribution of prints to theaters; and (v) the collection from exhibitors of the distributor's share of box office proceeds. Exhibitors usually pay a percentage of box office receipts to the distributor, although sometimes a flat fee is paid and sometimes a percentage is paid against a guaranteed amount. Distributors spot-check the business at theaters licensing the film to ensure that appropriate sums are being reported and paid.

Home Video. Domestic and foreign markets for video cassettes and video discs have been growing dramatically. Over 80% of all television households in the United States own VCRs. The estimated number of domestic video rental retail outlets ranges from 25,000 to 40,000.

The basic home video licensing arrangement provides that in return for the right to duplicate and distribute a motion picture on video cassettes or video discs, a home video distributor will retain 15% to 20% of the sales and rental revenues plus an amount sufficient to reimburse its expenses. Alternatively, the video distributor may pay a royalty based on a percentage of wholesale receipts. In either case, the video distributor may provide an advance against expected sales. Films are generally released in this market within 4 to 6 months of their initial theatrical release and prior to exhibition on television. Home video royalties are typically generated 90% the first year of video release and 10% in later years.

Cable/Pay Television. Films are licensed to cable and pay television networks for exhibition during an initial exhibition period generally commencing 6 to 12 months after initial theatrical release and immediately following the period of video cassette release (usually six months long), and then for subsequent showings. Revenues from this market have also shown significant increases in the last few years.

Network Television and Television Syndication. A limited number of feature films are licensed for broadcast on network television for a limited number of showings during a period of time which normally commences 24 months after initial theatrical release.

However, revenues from the licensing of feature films to independent (non-network affiliated) television stations has increased materially in recent years. The licensing period for this market generally commences several years after initial theatrical release. Licensing is usually accomplished by independent middlemen (syndicators) who purchase the right to sublicense (syndicate) these films to the independent stations.

Other Ancillary Markets. The right to show the Motion Picture can be licensed to U.S. military installations, domestic and international air carriers, etc. Rights may also be licensed for merchandising purposes, novelization or dramatization of the Screenplay. Music used in a film may be licensed for soundtrack records and tapes, public performance and sheet music publication. The Managing General Partner has already initiated merchandising activities.

Cross-Collateralization of Markets. If Guaranteed Distribution Commitments are obtained which provide monies paid in advance to the Partnership, the distributor is likely to seek the right to utilize revenues from all of the above markets to repay the advance and distribution expenses which the distributor incurs prior to the payment of additional amounts to the Partnership. Requiring that revenues from one market be used to cover distribution expenses in another market is called cross-collateralization. Cross-collateralization reduces a distributor's risk of loss in the event that a particular market (e.g., the U.S. theatrical market) does not yield sufficient receipts to offset the distributor's fees and expenses. It may also impact the Partnership's cash receipts in that the costs of distribution in an underperforming market may be offset against revenues from strong markets.

Allocation of Revenues from Distribution of the Motion Picture Between the Partnership and Others

The General Partner seeks to raise \$10,000,000 from the sale of Limited Interests and other sources in connection with production of the Motion Picture, and costs associated with the organization and management of the Partnership until the Motion Picture is completed. For a description of the proposed expenditure of Offering Proceeds see "Use of Proceeds."

The Partnership has been structured so that the Limited Partners, assuming the sale of all Limited Interests, will receive 99% of Partnership Cash Available for distribution in the priority and amount among the A, B and C Limited Interests as described in "Summary of Offering", "Organization, Management and Structure of the Partnership -- Partnership Cash Flow and Distribution Priorities" and "Description of Limited Interests Offered." The priority of the Partners respecting the distribution of Partnership Cash Available is subject, however, to the payment of the General Partners' management fee, Partnership operating expenses, accounts payable, obligations to outside financing sources, if any, the retention of a \$50,000 operating reserve and payment of Level 1 Deferrals (see chart on page 43).

Assuming the sale of all Limited Interests, subsequent to the return to Partners of the amounts provided for and the payment of Level 2 Deferrals, and subsequent to the payment of Level 3

Deferrals, the Partnership will retain 45% of Partnership Net Film Receipts and pay out 55% of Partnership Net Film Receipts (as defined in Section 3.3 of the Partnership Agreement) to the Production Company. A portion of the Partnership Net Film Receipts will be assigned by the Production Company to individuals and entities which provide financing, goods and services for the production of the Motion Picture, including the producers, director and writers.

For a graphic presentation of Partnership cash flow and cash distribution priorities see "Organization, Management and Structure of the Partnership - Partnership Cash Flow and Distribution Priorities."

Management of Investment Risk

While investment in the Partnership involves risks (see "Risk Factors") the General Partners have attempted to manage certain of these risks through the following:

- Prior to the commencement of principal photography on the Motion Picture the Partnership will purchase a completion bond to assure completion of the Motion Picture within budget.
- The Partnership will purchase a \$2 million key person insurance policy on the life of Brad Turner.
- 90% of the Offering Proceeds from the sale of B and C Limited Interests will be escrowed until the Minimum Offering is raised from all sources and the Partnership has obtained Guaranteed Distribution Commitments. See Footnotes 2, 3 and 4 on pages 3 and 4.

Employees

As of the date hereof the Managing General Partner does not intend to hire any full-time employees for the Partnership.

SPI, in its role as the Production Company, will be responsible for hiring all personnel involved in the production of the Motion Picture, including production crew, cast and post-production personnel.

Brad Turner is the Producer.

SUMMARY OF CERTAIN FEDERAL INCOME TAX MATTERS

A more detailed discussion of certain federal income tax matters is included as Attachment C which each prospective investor should review carefully as this summary cannot adequately cover the many important tax issues involved in an investment in the Partnership. In the event of conflict or apparent conflict between this summary and Attachment C, the full text of Attachment C will control. Furthermore, it is impractical to comment in detail on all aspects of tax laws affecting the tax consequences of an investment in the Partnership and, consequently, each prospective investor should consult with such investor's separate tax advisor. Investors are

also encouraged to read the "Risk Factors" section of this Memorandum with respect to tax and other risks to be considered in connection with a purchase of Limited Interests.

Classification as a Partnership. The General Partners believe that the Partnership will be classified as a partnership for tax purposes because it lacks at least two of the four corporate attributes set forth in applicable IRS regulations. The Partnership will not qualify for an IRS ruling as to its partnership classification, but will receive an opinion of counsel respecting its partnership status. See Risk Factors.

Use of Deductions. Deductions allocated from the Partnership to a Partner may or may not be deductible on such Partner's individual tax return depending upon a number of circumstances, some relating to the Partnership and some relating to the individual Partner. For example, operations of the Partnership may produce portfolio-type income or passive activity-type income/loss depending upon the characterization by the IRS of the Partnership's activities and the relationship of the individual Partner to those activities. Furthermore, the individual circumstances of the Partners will determine whether they are better able to take tax advantage from a portfolio designation or from a passive activity designation.

The impact of a number of tax rules (including the passive activity rules mentioned above, investment interest limitations, basis limitations and at-risk limitations) will severely impact the timing of the deductibility of losses. Investors should assume that during operation of the Partnership they will be unable to deduct losses in excess of current Partnership income and, in virtually all events, deductible losses will never exceed an investor's cash investment in the Partnership. Furthermore, if any Limited Partner borrows to finance the purchase of a Limited Interest, interest expense incurred in connection with those borrowings will be subject to severe limitations on deductibility.

Taxation of Income. Income of the Partnership will be taxed to the Partners without regard to whether cash is distributed. Accordingly, in certain circumstances, Partners may have tax liability without cash distributions. Investors should assume that all income arising from the activities of the Partnership will be taxed as ordinary income even though the Partnership may, in certain circumstances, qualify for a more favorable capital gain treatment on the sale of the Motion Picture if such were to occur.

Audit and Administrative Matters. The IRS has been giving increasing attention to the audit of limited partnerships. If the Partnership's returns are audited, the individual returns of the Partners are more likely to be audited and, thus, investment in the Partnership may increase the chance of audit of non-partnership items on the individual tax returns of Partners. With respect to Partnership items, audits are conducted at the Partnership level, for which the Managing General Partner will have primary responsibility, although individual Partners will have certain rights to participate or seek review. A variety of penalties under the Code may apply to investment in the Limited Interests if positions taken by the Partnership are successfully challenged by the IRS; these penalties, along with interest on any unpaid tax liability, may aggregate well in excess of 100% of the actual tax owed.

ERISA/Tax Exempt Entities. Any IRA or other plan which is subject to ERISA must carefully consider whether investment in the Limited Interests is permitted or appropriate.

Furthermore, any prospective investor which is generally exempt from income tax must carefully consider whether income from the Partnership will constitute unrelated business taxable income to such investor. Any prospective investor described in the preceding two sentences should consult both legal and tax advisors prior to investing in the Partnership.

ORGANIZATION, MANAGEMENT AND STRUCTURE OF THE PARTNERSHIP

Organization

The Partnership was organized in July, 1995 under the 1976 Minnesota Uniform Limited Partnership Act, as amended ("MULPA"). The original Articles of Limited Partnership have been amended and restated in their entirety. The Partnership will continue until it is dissolved and wound up in accordance with the provisions of the Partnership Agreement, the form of which is included as Attachment B, but not beyond December 31, 2002.

Management

BFM will serve as the Managing General Partner of the Partnership. BFM is a recently-formed Minnesota corporation owned and controlled by Brad Turner. Brad Turner will also serve as the Individual General Partner of the Partnership. See Risk Factor Nos. 1(b), 5 and 6.

Under the Partnership Agreement the Managing General Partner is vested with the full power, right and authority to manage the Partnership business in all matters and has the sole and exclusive power on behalf of the Partnership to control the conduct of the Partnership's business. The legal nature of the Partnership is such that the Limited Partners, if they are to have limited liability as provided in MULPA, may take no part in, nor interfere in any manner with, the management or conduct of the Partnership's business, other than engaging in those activities expressly allowed under MULPA.

The Managing General Partner will provide all supervisory and administrative services for the Partnership's operations (other than the distribution of the Motion Picture). The Managing General Partner will receive \$25,000 per year for the first two years of the Partnership's operations following completion and delivery of the Motion Picture. For subsequent periods the Managing General Partner will determine the amount of its compensation, which shall be fair and reasonable depending on services provided and shall not exceed \$25,000 unless the Managing General Partner is materially involved in the distribution of the Motion Picture, exploitation of merchandising rights, etc.

Summary of Partnership Agreement

The following is a summary of certain provisions of the Partnership Agreement, the form of which is included as Attachment B. In the event of a conflict or apparent conflict between such description and the full text of the Partnership Agreement, the full text will control.

(a) Limited Interests. For a description of the A, B and C Limited Interests being offered see "Description of Limited Interests Offered."

(b) Allocation and Distribution of Cash, Profits, Income and Losses. Section 3.1 of the Partnership Agreement describes and defines the concept of "Cash Available." Cash Available will equal the cash receipts of the Partnership in each year less amounts necessary to satisfy Partnership operating expenses, accounts payable and other obligations of the Partnership, including the General Partners' management fees, Level 1 Deferrals and to provide a working capital and contingencies reserve of up to \$50,000. Assuming the sale of sufficient Limited Interests and subject to the Managing General Partner's right to retain such a reserve and pay the amounts previously described, the Partnership will distribute Cash Available from the prior year's operations 1% to the General and 99% to the Limited Partners. Such distribution will be made semi-annually in accordance with the Partners' respective Percentage Interests and the priorities respecting A, B and C Limited Interests described in "Summary of Offering," later in this section under "Partnership Cash Flow and Distribution Priorities," and "Description of Limited Interests Offered."

Section 3.3 of the Partnership Agreement describes and defines the concept of "Partnership Net Film Receipts." Partnership Net Film Receipts equal the cash receipts of the Partnership in each fiscal year after expenses of production, distribution and managing the Partnership have been paid (including accounts payable, advances, General Partners' management fees, Partnership debt, production financing and all Production Deferrals), reserves have been retained and the holders of A, B and C Limited Interests have received distributions of Cash Available in accordance with the priorities and amounts allocated to the respective holders of A, B and C Limited Interests. The Managing General Partner will allocate 55% Participations in Partnership Net Film Receipts to SPI for producing the Motion Picture and for compensating persons and entities participating in financing, producing and distributing the Motion Picture, or providing consulting services to the Partnership or the General Partners. Distributions to the Partners of cash representing their 45% share of Partnership Net Film Receipts shall be made semi-annually in accordance with their respective Percentage Interests.

See graphic presentation of "Partnership Cash Flow and Distribution Priorities" in this section.

For income tax purposes, net income or loss, all items of income or gain, and all items of loss, deduction and credit of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests.

(c) Transferability of Interests. Except as provided in Section 7.2 of the Partnership Agreement, the General Partners may not assign, sell or otherwise dispose of their interests as General Partners, or enter into any agreement as a result of which any person or entity may become a General Partner with them or in their place.

The Limited Partners may not assign, pledge, mortgage, sell or otherwise dispose of their respective interests in the Partnership, nor substitute assignees in their respective places, except as provided in Section 7.3 of the Partnership Agreement. Section 7.3 sets forth certain

conditions which must be met for such assignment or transfer, and provides that Limited Interests may be transferred only with the consent of the Managing General Partner which may be withheld in its sole and absolute discretion. In no event will the Managing General Partner give its consent absent an opinion of counsel that a proposed assignment will not violate the Act or applicable State Laws.

(d) Dissolution and Liquidation. The Partnership shall continue until December 31, 2002, unless dissolved upon (a) 90 days' notice of dissolution by a General Partner, (b) the bankruptcy of either General Partner, or the making of a general assignment for the benefit of creditors by a General Partner, entry of an adverse judgment against a General Partner with a levy of execution thereon returned unsatisfied, or having similar orders entered against a General Partner, (c) an assignment by a General Partner of its Partnership interest in violation of the Partnership Agreement, or (d) upon the sale by the Partnership of substantially all of its rights in and to the Motion Picture, and substantially all other assets. In the event of the dissolution of the Partnership, the Partnership will be wound up and terminated unless the continuing or remaining General Partner(s) (if any) elects to reconstitute and continue the Partnership without the General Partner(s) which was affected by one of the events stated above. The Partnership also may be reconstituted and continued in the case where there is no remaining General Partner upon the agreement of all Limited Partners to continue the Partnership. In the case of any continuation of the Partnership after a dissolution, the Partnership is required by the Partnership Agreement to purchase the interest of any departing General Partner.

Upon dissolution of the Partnership, the Managing General Partner will wind up the affairs of the Partnership. Partnership assets, including proceeds from the liquidation of assets, shall be applied in the following order of priority:

(i) To repay debts and liabilities of the Partnership to creditors other than Partners, excluding holders of Production Deferrals, and to pay expenses of liquidation and winding up;

(ii) To pay Level 1 Deferrals, if any;

(iii) To set up reasonable reserves, if any, deemed necessary to provide for contingent liabilities of the Partnership;

(iv) To repay debts and liabilities of the Partnership to Partners, other than for their interest in capital and income;

(v) To the distribution to Partners of their respective proportionate interests in Partnership Cash Available so that total distributions to Limited Partners from inception are in the amounts indicated elsewhere for the holders of A, B and C Limited Interests, and to pay Level 2 Deferrals pro rata and simultaneously with such distributions to Partners;

(vi) To pay Level 3 Deferrals, if any; and

(vii) To the distribution to holders of Participations in Partnership Net Film Receipts in accordance with such Participations, and simultaneously to Partners in accordance with their respective Percentage Interests.

(e) Amendment of Partnership Agreement. The Partnership Agreement may be amended pursuant to a procedure which allows the Managing General Partner to propose an amendment to the Limited Partners. In the event that written objection to such proposal is received from 20% by Percentage Interest or more of the Limited Partners, the Managing General Partner may call for a vote of the Limited Partners on such matter by written solicitation of proxies or may call a meeting of the Limited Partners and may solicit proxies in connection with such meeting. In the event a Limited Partner does not respond to such solicitation within 20 days, that Limited Partner is deemed to have granted to the Managing General Partner his, her or its proxy to vote as the Managing General Partner determines on the amendment. Except as specified in the Partnership Agreement, amendments require the approval of the General Partners and a majority in interest of the Limited Partners. In the event that fewer than 20% by Percentage Interest of the Limited Partners object to a proposed amendment, the amendment is deemed to be approved.

(f) Right to Remove a General Partner. Section 8.3 of the Partnership Agreement permits the removal of a General Partner by vote of 75%, by Percentage Interest, of the Limited Partners (if such removal is proposed before Guaranteed Distribution Commitments are obtained there must first have been a determination of fraud, intentional wrongdoing or gross negligence by the General Partner being removed). Such removal, if undertaken by the Limited Partners, would result in either (1) the termination and winding up of the Partnership, or (2) the continuation of the Partnership with the non-removed General Partners or a newly appointed general partner followed by the purchase of the removed General Partner's Percentage Interest by the Partnership as described in Article 8 of the Partnership Agreement. The Limited Interests held by a General Partner, if any, being removed shall be counted in determining whether the 75% requirement has been met.

(g) Compensation to the General Partners for Services. In addition to their share of Partnership income and cash distributions under Article 3 of the Partnership Agreement, the General Partners are entitled to receive compensation for the performance of their management services after the completion of the Motion Picture as previously described.

(h) Conflicts of Interest and Other Activities of Partners. Any Partner and any entity in which any Partner has an interest may engage in or possess any interest in any other ventures or businesses of any nature or description, regardless of whether or not such other ventures or businesses compete with the business of the Partnership or of any other Partner. The Managing General Partner, on behalf of the Partnership, may employ persons, firms or corporations to perform services for or on behalf of the Partnership regardless of the fact that any Partner may have, directly or indirectly, an interest in any such firm or corporation and notwithstanding the fact that a Partner or a member of a Partner's family is employed by or interested in, or connected with any such person, firm or corporation. Such transactions or business relationships with related or affiliated parties shall, however, be commercially reasonable.

(i) Voting by Limited Partners; Meetings. With respect to votes, consents, ratifications, or actions on the part of the Limited Partners which are required or permitted by the Partnership Agreement such may be obtained by written action or a meeting of the Partners. Regular meetings of the Partners are not required or anticipated. The Managing General Partner may call meetings of the Partners upon written notice. Attendance at the meeting may be in person or by proxy. A majority by Percentage Interest of the Limited Interests outstanding, represented in person or by proxy, constitutes a quorum for the transaction of business at any meeting. A majority by Percentage Interest of the Limited Interests present is sufficient for the taking of action at a meeting, unless the Partnership Agreement requires a higher percentage for that action. Any action which may be taken at a meeting of the Partners may be taken without a meeting upon execution of a written consent signed by that number of Limited Partners, or on their behalf by proxies, sufficient to take the action if a meeting had been held.

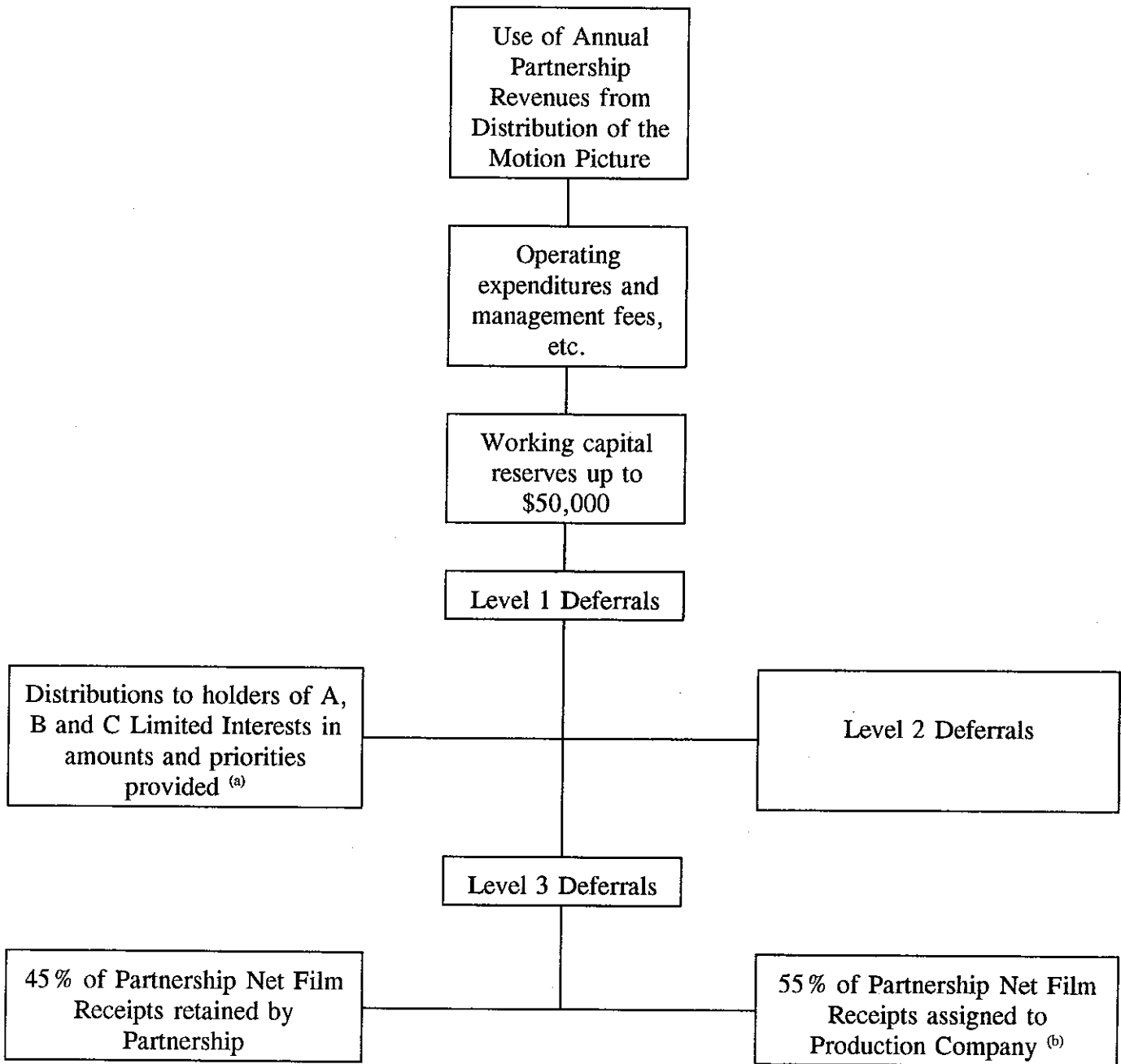
The Partnership Agreement allows the Managing General Partner to solicit proxies appointing the Managing General Partner as proxy of the Limited Partners for purposes of attending a meeting or taking written action on any proposal. If a proxy is returned executed the Managing General Partner may act in accordance with the authority granted. If within 20 days after the mailing of a solicitation for proxies, the Managing General Partner has not received a response from a particular Partner, such Partner is deemed to have granted the proxy requested to the Managing General Partner and the Managing General Partner may thereafter proceed as if it had received an executed proxy from such Partner. Any proxy actually granted or deemed to be granted to the Managing General Partner may be revoked at any time prior to the taking of the action for which the proxy was granted or deemed to be granted by written notice from the affected Partner delivered to the Managing General Partner.

(j) Reports. Within 75 days after the end of each calendar year, the Managing General Partner is required to deliver to all Limited Partners accurate and complete financial statements, including a balance sheet, profit and loss statement, a statement showing the Capital Accounts of each Partner, and the amounts of net income and net loss reportable for federal income tax purposes, including Forms K-1 and, if relevant, statements showing the computations for determining Cash Available and its distribution, and Partnership Net Film Receipts and payment of Participations. During the first two years after completion of the Motion Picture the Managing General Partner is also required to make interim semi-annual reports respecting the financial condition and business of the Partnership.

(k) Books, Records and Accounts. The Managing General Partner is required to maintain accurate and complete books and records for the Partnership. For proper purposes, all Limited Partners shall have full access and right to inspect, examine and copy (at their expense) such books at all reasonable times upon five (5) business days' written notice to the Managing General Partner. The Managing General Partner is required to open and maintain in the name of the Partnership separate bank accounts for the Partnership in which must be deposited all monies of the Partnership and no other monies.

Partnership Cash Flow and Distribution Priorities

The following chart illustrates the flow of revenues through the Partnership and the priorities for distribution of such revenues.



See Footnotes on Following Page

- (a) A Limited Interest holders will receive 50% of Cash Available paid to Limited Partners until they have received an amount equal to 200% of their investment (e.g., \$200,000 per \$100,000 invested). Offering Proceeds from the sale of A Limited Interests are not subject to escrow and may be used immediately for the purposes described in Footnote 2 on page 3.

B Limited Interest holders will receive 30% of Cash Available paid to Limited Partners (60% after A Limited Interests have received their provided-for return) until they have received an amount equal to 150% of their investment (e.g., \$150,000 per \$100,000 invested). Ten percent of Offering Proceeds from B Limited Interests will be used for the purposes described in Footnotes 2 and 3 on pages 3 and 4. Ninety percent of Offering Proceeds from the sale of B Limited Interests will be escrowed. Funds escrowed may be transferred to escrow accounts at talent agencies to secure the services of key talent, but will not be released until the Minimum Offering is raised from all sources and Guaranteed Distribution Commitments are obtained.

C Limited Interest holders will receive 20% of Cash Available (40% after A Limited Interests have received their provided-for return and 100% after B Limited Interests have received their provided-for return) until they have received an amount equal to 125% of their investment (e.g., \$125,000 per \$100,000 invested). Ten percent of Offering Proceeds from the sale of C Limited Interests will be used for the purposes described in Footnotes 2 and 4 on pages 3 and 4. Ninety percent of Offering Proceeds from the sale of C Limited Interests will be escrowed until the Maximum Offering is raised from all sources and Guaranteed Distribution Commitments are obtained.

- (b) The Production Company will in turn assign profit participations to others entitled to profit participations per their respective agreements with the Partnership or Production Company (e.g., writers, producers, director, key cast, key crew, etc.).

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DESCRIPTION OF LIMITED INTERESTS OFFERED

The Limited Interests

The Limited Interests being offered are limited partnership interests in the Partnership. Investors will have all the rights and obligations of a limited partner as described in the 1976 Minnesota Uniform Limited Partnership Act and the provisions of the Partnership Agreement. Investors will have no right to participate in the management or conduct of the Partnership's business and they will have no right to cause the dissolution of the Partnership or to force its liquidation. Under the Partnership Agreement, however, after Guaranteed Distribution Commitments are obtained, 75% of the Limited Partners by percentage interest have the right to remove a General Partner. Prior to obtaining Guaranteed Distribution Commitments removal may occur only in the event of a final judicial determination of fraud, intentional wrong doing or gross negligence on the part of the General Partner sought to be removed and the vote of 75% by Percentage Interest of the Limited Partners.

Each investor will be entitled to his or her allocable share of all items of Partnership income, loss, deduction or credit as provided in the Partnership Agreement. Limited Partners are not liable to creditors of the Partnership beyond the amount of capital contributed, or required to be contributed, to the Partnership. Investors are not required to make capital contributions in addition to their original subscription amounts.

The Limited Interests are subject to substantial restrictions and prohibitions on transfer or sale as more fully described below and elsewhere in this Offering Memorandum and the Partnership Agreement. Investors will have no right to withdraw from the Partnership or to cause the Partnership to repurchase their Limited Interests during the term of the Partnership.

The Partnership is authorized to issue up to 20 A Limited Interests at \$50,000 per Limited Interest, up to 30 B Limited Interests at \$50,000 per Limited Interest, and up to 150 C Limited Interests at \$50,000 each. In the event that fewer than the authorized number of A and B Limited Interests are sold the Managing General Partner is authorized to issue additional C Limited Interests such that the total funds raised from the sale of A, B and C Limited Interests is \$10,000,000. Once the Minimum Offering has been raised and Guaranteed Distribution Commitments obtained sales of A and B Limited Interests will be discontinued.

Subject to the payment by the Partnership of accounts payable, certain Production Deferrals (see previous discussion) and the retention of up to \$50,000 for working capital on an ongoing basis, the Limited Partners are entitled to receive 99% of Partnership Cash Available for distribution until they have received the following amounts in the following order:

- A Limited Interests shall receive 50% of Cash Available to Limited Partners until they have received an amount equal to 200% of their original investment (e.g., a \$100,000 investment would be entitled to \$200,000).
- B Limited Interests shall receive 30% of Cash Available to Limited Partners (60% after A Limited Interests have received their provided-for return) until they have received an

amount equal to 150% of their original investment (e.g., a \$100,000 investment would be entitled to \$150,000).

- ⊙ C Limited Interests shall receive 20% of Cash Available to Limited Partners (40% after A Limited Interests have received their provided-for return and 100% after B Limited Interests have received their provided-for return) until they have received an amount equal to 125% of their original investment (e.g., a \$100,000 investment would receive \$125,000).

Distributions will be allocated among A, B and C Limited Interests holders pro rata in accordance with their respective Percentage Interests in the Partnership, and will be made semi-annually if Partnership funds allow in accordance with the Partnership Agreement.

After the returns to A, B and C Limited Interest holders and payment of Production Deferrals, the Partnership will retain 45% of Partnership Net Film Receipts ("profits" from the distribution of the Motion Picture). The remaining 55% will be assigned to the Production Company (SPI) for producing the Motion Picture. SPI will utilize a portion of the Partnership Net Film Receipts to compensate Mr. Turner and key cast, production personnel and others providing goods, services or financing to the Motion Picture in accordance with agreements with such parties.

Once the Offering Proceeds are released from escrow, all Limited Partners will bear the risks of all expended funds pro rata, and all will have the same basic rights as Limited Partners of the Partnership. See "Summary of Offering" and "Offering Plan."

Limitations on Resale

The Limited Interests will be issued without registration under the Act or State Laws in reliance on exemptions. Resale or transfer of the Limited Interests will be restricted, and the Partnership Agreement will bear appropriate restrictive legends. Persons seeking to transfer Limited Interests will be required to obtain the consent of the Managing General Partner to the proposed transfer (which may be withheld in the sole and absolute discretion of the Managing General Partner), and to have any authorized prospective transferees execute investment letters similar in form and substance to the forms of Subscription Agreements Including Investment Representations executed by the transferring Partner.

Persons acquiring Limited Interests may not resell or transfer them without registration under the Act and State Laws unless they obtain an opinion of counsel (which counsel and which opinion shall be satisfactory to counsel to the Partnership) that the proposed transfer is exempt from registration under such Act and State Laws.

Record of Limited Interests

The Partnership will maintain a register of the Limited Interests at its offices, and will record all transfers of Limited Interests thereon. Limited Partners will be responsible for all costs in connection with the transfer of their respective Limited Interests.

OFFERING PLAN

The Partnership, through the General Partners and the Placement Agent, is offering to sell A, B and C Limited Interests at \$50,000 each. Fractional Limited Interests may be made available in the discretion of the Managing General Partner. Each subscriber's per Limited Interest subscription will be due and payable at the time of delivery to the Partnership of an executed Subscription Agreement Including Investment Representations. Prior to the date of this Offering Memorandum A Limited Interests aggregating \$200,000 and B Limited Interests aggregating \$125,000 have been sold.

The General Partners are not licensed as securities brokers or dealers under state or federal law and will receive no commissions or fees for the sale of any Limited Interests. The Managing General Partner will seek to engaged licensed securities brokers, and may engage investment banking firms and/or finders, to assist it in the sale of Limited Interests. Commissions due will be fully paid on the sale of A Limited Interests. Commissions on the sale of B and C Limited Interests initially will be paid only on funds immediately available to the Partnership (e.g. on the 10% withdrawn from escrow). The balance of the commissions due on the sale of B and C Limited Interests will be paid when the Minimum Offering is raised from all sources. Proceeds will remain in escrow until Guaranteed Distribution Commitments have been obtained.

The Offering of Limited Interests will terminate on the earlier of the following:

- Sale, or commitments for the sale, of all Limited Interests; or
- Failure of the Partnership to obtain the Minimum Offering from all sources by March 31, 1997; or
- Any date prior to completion of the Offering as the Managing General Partner deems appropriate.

Further in the event that the Minimum Offering is obtained by March 31, 1997, but Guaranteed Distribution Commitments have not been obtained by such date, all escrowed Proceeds shall remain in escrow until the earlier of the obtaining of Guaranteed Distribution Commitments or September 30, 1997. If Guaranteed Distribution Commitments are not obtained by September 30, 1997, all escrowed Proceeds shall be returned to investors, with interest. In the event escrowed Proceeds are returned, investors shall remain Limited Partners of the Partnership with respect to invested funds utilized by the Partnership.

The Managing General Partner will forward all payments received from the sale of B and C Limited Interests for deposit in an escrow account at Norwest Bank Minnesota, N.A. Ninety percent of such Proceeds will be held pursuant to the terms of escrow agreements (which will be provided to investors for review in connection with their investment), pending the raising of the Minimum Offering from all sources and the obtaining of Guaranteed Distribution Commitments. Ten percent of the Proceeds from the sale of B and C Limited Interests will be immediately transferred to the Partnership's checking account to be used by the Managing General Partner for the purposes described in Footnotes 2, 3 and 4 on pages 3 and 4. The

escrowed Offering Proceeds from the sale of B Limited Interests may be transferred to escrow accounts at talent agencies as described in Footnote 3 on pages 3 and 4. Offering Proceeds escrowed at Norwest Bank will be invested in the Norwest Ready Cash-Institutional Shares Money Market Fund.

Once certain Offering Proceeds are released from escrow, holders of A, B and C Limited Interests will bear their pro rata share of all Partnership expenditures, regardless of when made.

Limited Interests are being offered only to accredited investors pursuant to an exemption from the registration provisions of the Act and applicable provisions of the laws of the states listed on Attachment A. Investors must make representations and warranties concerning their financial condition, financial and business experience, and access to information concerning the Partnership set forth in the Subscription Agreements including Investment Representations which will be made available to them and which they must execute at the time they make their investment.

RECENT SALES OF UNREGISTERED SECURITIES

The Partnership conducted an offering of its Limited Interests which terminated on January 31, 1996. Prior to the date of this Offering Memorandum the Partnership sold A Limited Interests aggregating \$200,000 and B Limited Interests aggregating \$125,000.

CAPITALIZATION

The following table summarizes the Partnership's General and Limited Partnership Interests currently outstanding and as adjusted for the sale of all of the Interests offered hereby:

	Currently Outstanding	As Adjusted
General Partnership Interests	\$40,000	\$40,000
Limited Partnership Interests		
A Limited Interests	\$200,000	\$1,000,000
B Limited Interests	\$125,000	\$1,500,000
C Limited Interests	0	\$7,500,000

PENDING LITIGATION

There are no legal proceedings pending or, to the best of the Partnership's knowledge, threatened to which the Partnership or General Partners are or may be a party or to which any of its property is or may be subject.

ATTACHMENTS

The Attachments to this Confidential Offering Memorandum are deemed to be a part hereof.

ADDITIONAL MATERIALS AVAILABLE ON REQUEST

The following items are considered material or informative with respect to the Limited Interests being offered hereby, and, upon request made to the Managing General Partner, specifying the items desired, will be made available to Offerees during the course of this Offering:

1. Form of Production Services Agreement between the Partnership and SPI.
2. Option Agreement respecting Screenplay rights between Brad Turner and Jeffrey Vlaming, Eric Small and Dean Kaner.
3. Form of Agreement and Assignment of certain Screenplay option rights between Brad Turner and the Partnership.
4. Information regarding, and credits of, certain cast and production personnel (as available).
5. Agreements between the Production Company and Brad Turner, the Producer of the Motion Picture.
6. Detailed Maximum and Minimum Offering production budgets for the Motion Picture.

INDEMNIFICATION

The Partnership Agreement (in the case of BFM and Brad Turner) and the Production Services Agreement (in the case of SPI) provide that the Partnership shall indemnify BFM (and its officers and directors) and Brad Turner against any expenses (including reasonable attorneys' fees), claims or liabilities incurred by the General Partners in performing their duties as General Partners, or in connection with the business of the Partnership, and SPI (and its officers and directors) in connection with SPI's performing its duties in producing the Motion Picture; provided, however, that such indemnification shall not apply in the event of fraud, intentional wrongdoing, or gross negligence by the General Partners or SPI

It is anticipated that selling agreements with licensed brokers will contain reciprocal covenants of indemnity pursuant to which the broker and the Partnership agree to indemnify each other against specified liabilities which may arise out of or be related to the Offering, including liabilities under the Act and applicable State Laws.

The Escrow Agreements for B and C Limited Interest Offering Proceeds with Norwest Bank Minnesota, N.A. require that the Partnership indemnify the Bank for any loss, damage, claim,

charge, liability or expense, including attorneys' fees incurred, arising out of or in connection with serving as escrow agent unless occasioned by Norwest Bank's gross negligence or willful misconduct.

GLOSSARY

A Limited Interests: Up to 20 Limited Interests in the Partnership at \$50,000 each as to which Offering Proceeds are not escrowed and are immediately available for use by the Partnership for the purposes described in Footnote 2 on page 3. A Limited Interest holders will receive 50% of Cash Available paid to Limited Partners until they have received an amount equal to 200% of their investment (e.g., \$200,000 per \$100,000 invested).

Accredited Investor: Persons and entities defined as accredited investors in Rule 501(a) of Regulation D under the Act. See page 18 of this Offering Memorandum.

Act: The Securities Act of 1933, as amended.

Ancillary Rights: A term referring to rights sold in all markets for the Motion Picture excepting domestic and foreign theatrical, television and home video.

B Limited Interests: Up to 30 Limited Interests in the Partnership at \$50,000 each as to which 90% of Offering Proceeds are escrowed at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement provided to each B Limited Interest investor at the time of investment, and 10% of Offering Proceeds are available for the purposes described in Footnote 3 on pages 3 and 4. Escrowed funds will be available for transfer to escrow accounts at talent agencies to secure key talent. Release of escrowed funds is contingent on the raising of the Minimum Offering from all sources and obtaining of Guaranteed Distribution Commitments. B Limited Interest holders will receive 30% of Cash Available paid to Limited Partners (60% after A Limited Interests have received their provided-for return) until they have received an amount equal to 150% of their investment (e.g., \$150,000 per \$100,000 invested).

BFM, BFM Films, Inc, a Minnesota corporation organized in April, 1995, to serve as the Managing General Partner of the Partnership.

C Limited Interests: Up to 150 Limited Interests in the Partnership at \$50,000 each, as to which 90% of Offering Proceeds are escrowed at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement provided to each C Limited Interest investor at the time of investment, and 10% of Offering Proceeds are available for the purposes described in Footnote 4 on page 4. Release of escrowed funds is contingent on the raising of the Minimum Offering from all sources and obtaining Guaranteed Distribution Commitments. C Limited Interest holders will receive 20% of Cash Available (40% after A Limited Interest holders have received their provided-for return, and 100% after B Limited Interest holders have received their provided-for return) until they have received an amount equal to 125% of their investment (e.g., \$125,000 per \$100,000 invested). In the event fewer than 20 A Limited Interests and/or fewer than 30 B Limited Interests are sold the Managing General Partner may issue additional C Limited Interests so that

the Offering Proceeds raised from the sale of A, B and C Limited Interests aggregate \$10,000,000.

Cash Available: Cash receipts of the Partnership reduced by incurred expenses of the Partnership, capital or operating, Level 1 Deferrals and up to a \$50,000 reserve for working capital. See Section 3.1 of the Partnership Agreement.

General Interest: The Partnership Percentage Interests of the General Partner.

General Partners: The General Partners of the Partnership, BFM and Brad Turner.

Guaranteed Distribution Commitments: A term referring to either (i) the procuring of bankable presale commitments from one or more distributors for foreign or other distribution rights, or (ii) the procuring of distribution commitments from one or more established distributors for all or a portion of the distribution rights to the Motion Picture. "Bankable" means that the commitment is acceptable as collateral against which the accepting bank will lend at least 75% of the face value of the commitment. "Bank" means a bank or other commercial financial institution regulated by the Federal Reserve System or Comptroller of the Currency of the United States. Commitments must be in United States dollars.

Individual General Partner: Brad Turner.

IRC or Code: Internal Revenue Code of 1986, as amended.

IRS: Internal Revenue Service.

Level 1 Deferrals: A term referring to obligations which must be paid from cash receipts of the Partnership after operating expenses, operating reserves and accounts payable and before distributions of Cash Available are made to Partners. See Section 3.1(e) of the Partnership Agreement.

Level 2 Deferrals: A term referring to obligations which may be paid from cash receipts of the Partnership simultaneously and pro rata with the distribution to the Partners of their specified distribution amounts. See Section 3.3(c) of the Partnership Agreement.

Level 3 Deferrals: A term referring to obligations which may be paid from cash receipts of the Partnership subsequent to the distribution to the Partners of their specified distribution amounts. See Section 3.3(d) of the Partnership Agreement.

Limited Interests or Interests: Units of Limited Partner ownership (A, B or C Limited Interests) in The Boys from Minnesota Limited Partnership.

Limited Partners: The Limited Partners of The Boys from Minnesota Limited Partnership.

Managing General Partner: BFM Films, Inc.

Maximum Offering: Offering Proceeds from the sale of Limited Partnership Interests and bankable pre-sales of distribution rights and/or territories, and/or co-production arrangements aggregating \$10,000,000.

Minimum Offering: Offering Proceeds from the sale of Limited Partnership Interests bankable pre-sales of distribution rights and/or territories, and/or co-production arrangements aggregating \$8,200,000.

Motion Picture: The feature-length motion picture entitled **THE BOYS FROM MINNESOTA** to be produced for the Partnership by SPI.

MULPA: 1976 Minnesota Uniform Limited Partnership Act, as amended.

Nontheatrical Distribution: A term referring to the rental and sale of the Motion Picture for use for exhibition other than in commercial movie theaters before paying audiences.

Offering: The offering of Limited Interests pursuant to the Offering Memorandum dated March 27, 1996, as amended or supplemented.

Offering Memorandum or Memorandum: The Partnership Confidential Offering Memorandum dated March 27, 1996, including Attachments.

Offering Proceeds or Proceeds: Proceeds from the sale of Limited Interests.

Participations: Percentage allocations of Partnership Net Film Receipts (defined below). See Section 3.4 of the Partnership Agreement.

Partners: All partners, General and Limited, of the Partnership.

Partnership: The Boys from Minnesota Limited Partnership.

Partnership Agreement: The Amended and Restated Articles of Limited Partnership of The Boys from Minnesota Limited Partnership.

Partnership Net Film Receipts: A term referring to annual cash receipts of the Partnership after deducting Partnership cash expenses, a reserve for working capital of up to \$50,000, payments of Production Deferrals, and after Partners have received their specified aggregate distributions. See Section 3.3 of the Partnership Agreement.

Percentage Interests: The percentage ownership interests in the Partnership of the General and Limited Partners.

Production Company: SPI which will produce the Motion Picture with the Partnership.

Production Deferrals: A term referring to Level 1, 2 and 3 Deferrals.

Screenplay: The screenplay developed and written by Jeffrey Vlaming and Eric Small, from the story by Dean Kaner, for the feature-length motion picture currently entitled THE BOYS FROM MINNESOTA.

Skyway Productions, Inc.: Skyway Productions, Inc., a Minnesota corporation organized in April, 1995 to serve as the Production Company.

State Laws: State securities laws.

The Boys from Minnesota Limited Partnership: The Partnership.

Theatrical Distribution: A term referring to distribution to that domestic or foreign market for the Motion Picture comprised of commercial movie theaters, or other exhibition situations where individual members of the public pay to view the Motion Picture.

Turner, Brad: Producer of the Motion Picture; officer, director and shareholder of SPI, the Production Company; officer, director and shareholder of BFM, the Managing General Partner; and the Individual General Partner of the Partnership.

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ATTACHMENT A

States in Which Interests May Be Offered

ATTACHMENT A

STATES IN WHICH LIMITED PARTNERSHIP INTERESTS MAY BE OFFERED UPON COMPLIANCE WITH STATE SECURITIES LAWS:

Arizona
California
Colorado
Florida
Illinois
Minnesota
Missouri
New Jersey
New York
North Dakota
South Dakota
Texas
Wisconsin

ADDITIONAL STATES MAY BE ADDED AT THE DISCRETION OF THE MANAGING GENERAL PARTNER.

ATTACHMENT B

Amended and Restated Articles of Limited Partnership

The Limited Interests represented hereby have not been registered under the Securities Act of 1933 or any applicable state securities law, and may not be sold, transferred or otherwise disposed of except pursuant to registration under the Act or applicable blue sky law, or an opinion of counsel (which opinion and which counsel shall be satisfactory to the Partnership and counsel to the General Partners) that such registration is not required.

The Limited Interests represented hereby may not be sold or transferred absent (i) an opinion of counsel (which opinion and which counsel shall be satisfactory to the Partnership and counsel to the General Partners) that such transaction will not jeopardize the Partnership's tax or other status, (ii) the consent of the Partnership's Managing General Partner, which may be withheld in the Managing General Partner's sole and absolute discretion, and (iii) compliance with all of the applicable terms of the Partnership Agreement.

AMENDED AND RESTATED ARTICLES OF LIMITED PARTNERSHIP
OF
THE BOYS FROM MINNESOTA LIMITED PARTNERSHIP

THESE AMENDED AND RESTATED ARTICLES OF LIMITED PARTNERSHIP (hereinafter called the "Partnership Agreement") are made as of the 27th day of March, 1996, by and among BFM Films, Inc. (the "Managing General Partner" or "BFM" and Brad Turner (the "Individual General Partner" or "Turner"), and the persons indicated as Limited Partners on Schedule I and who have executed and acknowledged this Partnership Agreement on Schedule II, both of which Schedules are attached hereto and hereby made a part hereof (hereinafter referred to as the "Limited Partners"). Such General and Limited Partners, as they may exist from time to time, are hereinafter collectively referred to as the "Partners." The percentage interests of Partners in Partnership capital are referred to as "Percentage Interests."

W I T N E S S E T H :

WHEREAS, the Partners desire to continue this Limited Partnership (the "Partnership") under the laws of the State of Minnesota for purposes of developing, financing, producing, exploiting and receiving the revenues from a dramatic feature-length motion picture currently entitled THE BOYS FROM MINNESOTA (the "Motion Picture"), and related merchandise, as specifically set forth in that certain offering memorandum dated March 27, 1996, as subsequently amended and/or supplemented (the "Offering Memorandum"), pursuant to which the Partnership is offering 200 Limited Partnership Interests ("Limited Interests") to selected prospective investors; and

WHEREAS, BFM has made contributions to the Partnership as the Managing General Partner, and Turner has made contributions to the Partnership as the Individual General Partner aggregating \$40,000 by not seeking reimbursement of certain amounts expended on the development and financing of the Motion Picture, and the parties indicated as Limited Partners on Schedule I have made the specified cash contributions to the Partnership as Limited Partners; and

WHEREAS, the Managing General Partner contemplates admitting the purchasers of Limited Interests who contribute cash and execute Schedule II as Limited Partners and amending Schedule I hereto from time to time to reflect such admissions;

WHEREAS, this document entirely restates, amends and supersedes the original Articles of Limited Partnership dated July 10, 1995, and the Amended and Restated Certificate of Limited Partnership to be filed with the Minnesota Secretary of State shall amend and supersede the original Certificate of Limited Partnership filed with the Minnesota Secretary of State on July 13, 1995;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the Partners hereby agree as follows:

**ARTICLE 1.
FORMATION; BUSINESS; PARTNERS; DEFINITIONS**

1.1) Formation of Partnership. The Partnership was formed as a limited partnership on July 10, 1995 (the "Partnership"), pursuant to the provisions of the 1976 Uniform Limited Partnership Act of the State of Minnesota, Minnesota Statutes Chapter 322A, as amended from time to time (the "MULPA"). The rights and liabilities of the Partners shall be as provided under such law and the terms of this Partnership Agreement.

1.2) Name. The Partnership shall continue to operate under the name "The Boys from Minnesota Limited Partnership."

1.3) Certificates. The Managing General Partner shall promptly cause an Amended and Restated Certificate of Limited Partnership (the "Certificate"), to be filed of record on behalf of the Partnership in the office of the Secretary of State of Minnesota in accordance with the requirements of Chapter 322A of the Minnesota Statutes. Such Certificate shall be further amended at appropriate times to reflect amendments to, or restatements of, this Partnership Agreement as required and in the manner prescribed by law. All Partners waive their right to receive a copy of the Certificate marked "filed" by the Minnesota Secretary of State.

1.4) Principal Place of Business; California Office.

(a) As of the date hereof the registered office and principal business office of the Partnership in the State of Minnesota is c/o BFM Films, Inc., One Financial Plaza, Suite 2500, 120 South Sixth Street, Minneapolis, Minnesota 55402, attention: Brad Turner.

(b) The Managing General Partner also currently has an office in California at 8913 W. Olympic Boulevard, Suite 205, Beverly Hills, California 90211.

1.5) Term of Partnership. The Partnership shall continue until it is wound up and terminated under the terms of this Partnership Agreement. If not earlier terminated, the Partnership shall be wound up and terminated on December 31, 2002.

1.6) **Business.** The business of the Partnership shall be the development, financing and production of the Motion Picture, and the exploitation of the Motion Picture in all media and markets in all territories, and shall include the conduct of such merchandising and other ancillary activities as the Managing General Partner deems appropriate, and any other activities appropriate in connection with the business of the Partnership, and the taking of such actions as are necessary or appropriate to the foregoing. For purposes of this Agreement the term "Motion Picture" shall also include the Motion Picture's soundtrack and all merchandising and business opportunities and activities arising out of or related to the Motion Picture.

1.7) **Partners.** The names, addresses and designations of the Partners are:

Managing General Partner: BFM Films, Inc.
One Financial Plaza, Suite 2500
120 South Sixth Street
Minneapolis, Minnesota 55402

Individual General Partner: Brad Turner
8913 W. Olympic Boulevard, Suite 205
Beverly Hills, California 90211

Limited Partners: The indicated Limited Partners on Schedule I hereto, whose names, addresses, capital contributions and Percentage Interests are set forth from time to time on a Schedule I maintained by the Managing General Partner, and who have executed this Partnership Agreement on Schedule II which shall be maintained by the Managing General Partner.

1.8) **Definitions.** For defined words and terms see Article 12, Definitions.

ARTICLE 2.
CAPITAL CONTRIBUTIONS AND ACCOUNTS;
AUTHORIZATION OF LIMITED INTERESTS

2.1) **Capital Contributions of the General Partner.** The General Partners have made aggregate capital contributions for their aggregate Percentage Interests of \$40,000 of unreimbursed expenditures for a pro rata Percentage Interest (the "General Interest") in the Partnership (see amount set forth on the Pro Forma Schedule I hereto); provided, however, that in no event shall the General Partners' General Interest in the Partnership aggregate less than 1% for the indicated \$40,000 contribution.

The capital contribution of the General Partners shall be allocated seventy-five percent (75%) to the Managing General Partner and twenty-five percent (25%) to the Individual General Partner, and shall entitle each General Partner to its or his proportionate share of the General Partners' General Interest in the Partnership's capital, profits, losses and distributions.

2.2) Capital Contributions of Limited Partners; Authorization and Issuance of Limited Interests.

(a) The Managing General Partner is hereby authorized to sell and issue up to 200 Limited Interests, which shall be either A Limited Interests, B Limited Interests or C Limited Interests, as further provided herein, to prospective investors at \$50,000 per Limited Interest. Fractional Limited Interests may be sold and issued at the discretion of the Managing General Partner. Each prospective investor who wishes to be admitted to the Partnership as a Limited Partner shall receive a copy of the Offering Memorandum, shall execute subscription documents and shall simultaneously pay to the Partnership \$50,000 per Limited Interest purchased.

The Managing General Partner is authorized to cause the Partnership to issue up to 20 A Limited Interests, 30 B Limited Interests, and 150 C Limited Interests. If fewer than 20 A Limited Interests or 30 B Limited Interests are sold, the Managing General Partner is authorized to cause the Partnership to issue additional C Limited Interests, provided that in no event shall the Partnership issue more than 200 Limited Interests aggregating \$10,000,000 as described in the Offering Memorandum.

All B Limited Interests issued and sold pursuant to the original Articles of Limited Partnership dated July 10, 1995 are hereby converted into A Limited Interests, and all A Limited Interests sold pursuant to the original Articles of Limited Partnership dated July 10, 1995, are hereby converted into C Limited Interests.

(b) With respect to the offering and sale of A Limited Interests, the Managing General Partner will not place any of the Offering Proceeds from the sale of A Limited Interests in escrow, and such Offering Proceeds shall be immediately available to the Partnership for use for the following purposes:

(i) Costs related to financing, development and preproduction of the Motion Picture, merchandising, premiums for a key person life insurance policy on Brad Turner, and accounts payable;

(ii) Brokers' commissions, investment banking fees, finders' fees and selling expenses; provided that with respect to the sale of B and C Limited Interests commissions will be paid only on funds actually available to the Partnership (e.g., not on funds remaining in escrow) until the Minimum Offering from all sources is raised, at which time the balance of commissions due on the sale of Limited Interests will be paid;

(iii) Seeking Guaranteed Distribution Commitments for the Motion Picture; and

(iv) Reimbursement of the General Partners' development expenses in excess of \$40,000.

(c) With respect to the offering and sale of B Limited Interests, the Managing General Partner will forward all payments received from the sale of B Limited Interests for deposit

in an escrow account at Norwest Bank Minnesota, N.A., pending the raising of the Minimum Offering from all sources and the obtaining of Guaranteed Distribution Commitments; provided, however, that 10% of such escrowed funds may be immediately withdrawn from escrow by the Managing General Partner and used by the Partnership for the purposes set forth in subparagraph (b) above. The balance of such escrowed B Limited Interest Proceeds may be removed from the Norwest Bank escrow account and deposited in escrow with various talent agencies to secure talent for the Motion Picture.

(d) With respect to the offering and sale of C Limited Interests, the Managing General Partner will forward all payments received from the sale of C Limited Interests for deposit in an escrow account at Norwest Bank Minnesota, N.A. pending the raising of the Minimum Offering from all sources and the obtaining of Guaranteed Distribution Commitments; provided, however, that 10% of such escrowed funds may be immediately withdrawn from escrow by the Managing General Partner and used by the Partnership for the purposes described in subparagraph (b) above.

(e) Once the Minimum Offering and Guaranteed Distribution Commitments are obtained, and the escrowed Offering Proceeds from the sale of such Limited Interests are released from escrow, holders of A, B and C Limited Interests will bear their pro rata share of all Partnership expenditures, regardless of when made.

(f) At the time the Managing General Partner actually receives the funds of any investor, the Managing General Partner shall admit such investor as a Limited Partner of the Partnership and shall appropriately document the capital contributions actually received by the Partnership from such investor and Percentage Interests of such investor on Schedule I attached hereto. Current Limited Partners' capital contributions are reflected on Schedule I. Once the Minimum Offering and Guaranteed Distribution Commitments have been obtained and escrowed funds have been released to the Partnership such Partners' capital contributions to, and Percentage Interests in, the Partnership shall be increased and Schedule I shall be amended to reflect such increase. Further, as additional Limited Interests are sold the Managing General Partner shall, on a regular basis, further amend Schedule I to reflect the admission of additional Limited Partners, the actual capital contributions received by the Partnership from such Limited Partners and the Percentage Interests of all Limited Partners.

(g) Once the Minimum Offering and Guaranteed Distribution Commitments have been obtained, and all escrowed Offering Proceeds have been released to the Partnership, the Limited Partners shall have an aggregate 99% Percentage Interest in the Partnership. Each Limited Partner's Percentage Interest shall be the Limited Partner's pro rata share of the 99% Percentage Interest of all Limited Partners as determined in accordance with the relative capital contributions of all Limited Partners as set forth on Schedule I, as amended from time to time. The capital contribution of each Limited Partner shall entitle such Limited Partner to his, her or its Percentage Interest in the Partnership's capital, profits, losses and distributions.

2.3) Capital Accounts. A separate Capital Account shall be maintained for each Partner. The Capital Account of each Partner shall consist of each Partner's capital contribution as set forth on Schedule I, increased by (i) each Partner's share of Partnership income, and (ii)

each Partner's additional capital contributions to the Partnership, if any. Each Partner's Capital Account shall be reduced by (i) distributions from the Partnership to each Partner, and (ii) each Partner's respective share of Partnership loss. If any assignment of a Percentage Interest in the Partnership is permitted hereunder, such permitted assignee shall succeed to the assignor's Capital Account balance effective as of the date of the assignment. If there is any change in the amount or character of the capital contributions of any Limited Partner, an appropriate amendment shall be made to Schedule I to this Partnership Agreement. No Capital Account balance shall bear interest. A debit balance in any Partner's Capital Account shall not constitute a personal liability of that Partner to the Partnership.

2.4) No Right to Withdrawals or to Return of Contributions. Partners shall have no right to withdrawals from the Partnership or to the return of their capital contributions, as reflected in their respective Capital Accounts from time to time, except for distributions of cash as provided in Article 3, and except upon the dissolution and liquidation of the Partnership pursuant to this Partnership Agreement. Any such withdrawals or returns of capital shall be solely from Partnership assets and may, in the discretion of the Managing General Partner, be solely in cash. Partnership capital shall be at risk and neither General Partner shall be liable for the return or distribution thereof.

2.5) No Required Additional Capital Contributions. No Limited Partner shall have any obligation whatsoever to make additional capital contributions to the Partnership beyond that which such Limited Partner has agreed to make pursuant to the executed subscription documents which evidence such Partner's commitment to make capital contributions to the Partnership in connection with the purchase of Limited Interests offered pursuant to the Offering Memorandum.

2.6) General Partners' Loans to Partnership. The General Partners shall not have any obligation to fund, advance or loan monies which may be necessary to pay operating deficits, if any, incurred by the Partnership during the term hereof. Partners, including without limitation the General Partners, may make loans to the Partnership from time to time, as authorized by the Managing General Partner; provided that such loans are commercially reasonable and payable as Partnership funds allow. Any payment or transfer accepted by the Partnership from a Partner which is not an agreed or required capital contribution shall be deemed a loan and shall neither be treated as a contribution to Partnership capital for any purpose hereunder, nor entitle such Partner (as such) to any increase in his, her or its share of the income and losses of the Partnership. Any loans shall be repaid at such times and with such interest (at rates not to exceed the maximum permitted by law) as the Managing General Partner and the lending Partner shall reasonably agree.

2.7) General Partners' Purchase of Limited Interests. Either General Partner may purchase one or more Limited Interests, and as such may also be a Limited Partner in the Partnership; provided, however, that all references herein to "Limited Partners" shall apply to a General Partner only to the extent of such General Partner's capacity as a Limited Partner, and all references herein to "General Partner" shall apply to such Partner only to the extent of such General Partner's capacity as a General Partner. In any Partnership decision or action requiring the vote or consent of Limited Partners, a General Partner may participate in such action to the extent of its or his ownership of Limited Interests. A General Partner may choose to add the

Percentage Interest represented by any Limited Interest at the time such Interest is purchased to his or its Percentage Interest as a General Partner in lieu of being admitted as a Limited Partner.

**ARTICLE 3.
ALLOCATION AND DISTRIBUTION OF CASH
AVAILABLE, PROFITS, INCOME AND LOSSES**

3.1) Cash Available Defined. For purposes of this Partnership Agreement, the term "Cash Available" from Partnership operations, including the distribution and/or sale of the Motion Picture, shall be an annual amount determined as of the close of each fiscal year of the Partnership, and shall mean cash receipts of the Partnership for such year, whether from distribution and exploitation of the Motion Picture or other authorized business activities, or sale of all or part of the Motion Picture, rights associated therewith, or other business assets, if any, reduced by the following amounts:

(a) All cash expenditures for such year to the extent such expenditures generate a current deduction from Partnership income for federal income tax purposes, including all management fees to the General Partners;

(b) All cash expenditures for principal payments on any debt obligations of the Partnership;

(c) All cash expenditures for capital items for which a current deduction from Partnership income for federal income tax purposes is not permitted by reason of relevant sections of the Internal Revenue Code ("Code") other than Section 167;

(d) Reasonable reserves for working capital needs, to provide funds for expenses and debt obligations of the Partnership, or other contingencies of the Partnership, as deemed necessary or advisable in the sole discretion of the Managing General Partner up to a maximum of \$50,000. Expressly excluded from such reserve shall be any actual or anticipated obligations of the Partnership to pay percentage Participations in Partnership Net Film Receipts as defined in Section 3.3, Level 2 Deferrals as defined in Section 3.3(c), and Level 3 Deferrals as defined in 3.3(d); and

(e) All cash expenditures for "Level 1 Deferrals", being those payments for which the Partnership, in the sole discretion of the Managing General Partner or the Production Company, is obligated to pay out of annual cash receipts, if any, prior to distributions to the Partners, in consideration for providing financing, goods or services related to the development, financing, production and distribution of the Motion Picture; provided, however, that Level 1 Deferrals shall not exceed \$400,000 assuming the raising of funds aggregating the Maximum Offering (\$10,000,000) or \$1,300,000 assuming the raising of the Minimum Offering (\$8,200,000).

Federal income tax deductions resulting from the amortization of capitalized production costs under the provisions of the Code, and depreciation on any personal property or real property of the Partnership shall not be deducted from cash receipts in determining Cash Available.

3.2) Distribution of Cash Available. To the extent there exists Cash Available as of the end of any fiscal year of the Partnership, such Cash Available shall be distributed pro rata and simultaneously to the Partners, not less frequently than semi-annually within 30 days after the close of the Partnership's second fiscal quarter each year and 75 days after the close of each fiscal year as follows:

(a) A Limited Interests shall receive 50% of Cash Available to Limited Partners until they have received an amount equal to 200% of their original investment (e.g., a \$100,000 investment would be entitled to \$200,000).

(b) B Limited Interests shall receive 30% of Cash Available to Limited Partners (60% after A Limited Interest holders have received their provided-for return) until they have received an amount equal to 150% of their original investment (e.g., a \$100,000 investment would be entitled to \$150,000).

(c) C Limited Interests shall receive 20% of Cash Available to Limited Partners (40% after A Limited Interests have received their provided-for return and 100% after B Limited Interests have received their provided-for return) until they have received an amount equal to 125% of their original investment (e.g., a \$100,000 investment would receive \$125,000).

Distributions will be allocated among A, B and C Limited Interest holders pro rata in accordance with their respective Percentage Interests in the Partnership, and will be made semi-annually if Partnership funds allow in accordance with the Partnership Agreement. Thereafter, distributions of Partnership cash to the Partners during the term of the Partnership shall be governed by Section 3.5.

3.3) Partnership Net Film Receipts Defined. For purposes of this Partnership Agreement, the term "Partnership Net Film Receipts" shall be an amount determined annually as of the close of each fiscal year of the Partnership computed as follows:

(a) Cash Available, as defined and determined under Section 3.1;

(b) Reduced by the amount (determined at the end of each year) of the remaining unsatisfied maximum entitlement of the Partners to receive distributions under Section 3.2 of current or future Partnership Cash Available as defined in Section 3.1; and

(c) Reduced by the amount of cash expenditures for, and the amount of remaining unsatisfied obligations of the Partnership to pay, "Level 2 Deferrals." Level 2 Deferrals are those amounts which the Partnership, in the sole discretion of the Managing General Partner, may become obligated to pay pro rata and simultaneously with the distribution to the Partners of their respective maximum entitlement to Cash Available as set forth in Paragraph 3.2, in consideration for providing financing goods or services before (i) payment of Level 3 Deferrals pursuant to Section 3.3(d), (ii) payment of Participations as defined in Section 3.4, and (iii) distributions to Partners under Section 3.5. Level 2 Deferrals shall not exceed \$800,000 when aggregated with Level 1 and 3 Deferrals, assuming the raising of funds aggregating the Maximum Offering, or \$2,600,000 when aggregated with Level 1 and 3 Deferrals assuming the raising of the Minimum Offering.

(d) Reduced by the amount of cash expenditures for, and the amount of remaining unsatisfied obligations of the Partnership to pay, "Level 3 Deferrals." Level 3 Deferrals shall be those amounts which the Partnership, in the sole discretion of the Managing General Partner may become obligated to pay subsequent to the distribution to the Partners of their respective maximum entitlement to Cash Available as set forth in Paragraph 3.2, and distributions to other persons or entities holding Level 1 or 2 Deferrals, which require payment subsequent to distributions to Partners pursuant to Paragraph 3.2 hereof, but before (i) payment of Participations as defined in Section 3.4, and (ii) distributions to Partners under Section 3.5. Level 3 Deferrals may be paid for the same types of services rendered to the Partnership for which Level 1 and 2 Deferrals may be paid (see Section 3.1(e)), and shall not exceed \$800,000 when aggregated with Level 1 and 2 Deferrals assuming the raising of the Maximum Offering, or \$2,600,000 when aggregated with Level 1 and 2 Deferrals assuming the raising of the Minimum Offering.

For any year in which such computation yields a negative amount, no Partnership Net Film Receipts shall be considered to exist. A negative amount determined with respect to a particular year shall not be cumulative, however, and each year's Partnership Net Film Receipts computation shall be made without regard to any prior year's negative amount.

3.4) Allocation and Apportionment of Partnership Net Film Receipts. The Managing General Partner is authorized to grant 55 percentage participations in Partnership Net Film Receipts ("Participations") to the Production Company for producing the Motion Picture, for persons and entities providing financing for the Motion Picture and for persons and entities providing writing, consulting, production, editing, laboratory, acting, legal, accounting, financing and other services, or materials or equipment, in connection with the development, financing, production and exploitation of the Motion Picture, and the Partners hereby approve such grant of Participations by the Managing General Partner, and agree that the Production Company may distribute and retain such Participations in its sole discretion, including distributing a portion of such Participations to Brad Turner as Producer of the Motion Picture.

3.5) Distributions to Partners of Partnership Net Film Receipts. After such time as the Partners have received aggregate distributions of Cash Available as defined in Section 3.1 in the maximum amount described in Section 3.2 and Partnership Net Film Receipts as defined in Section 3.3 are determined to exist, cash or property distributions from the Partnership shall be made to the Partners and other parties entitled thereto in accordance with this Partnership Agreement, and allowing for a \$50,000 working capital reserve as described in Section 3.1(d), not less frequently than semi-annually within 30 days after the close of the Partnership's second fiscal quarter each year and 75 days after the close of each fiscal year. Distributions under this Section 3.5 shall be made pro rata in accordance with the recipient's respective entitlement based on allocated Participations and simultaneously among the person and entities entitled thereto and the Partners in accordance with their respective Percentage Interests.

3.6) Allocation of Net Income and Net Loss. Net income or net loss of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests in Partnership capital as set forth on Schedule I; provided, however, if any amount paid to a General Partner, or its duly appointed agent, as a management fee is not deductible by the Partnership in the computation of taxable losses, an amount of gross income of the Partnership

equal thereto shall first be allocated to such General Partner or its duly appointed agent, as the case may be.

3.7) Adjustment to Tax Basis. An election by the Partnership under Section 754 of the Code to adjust the basis of Partnership assets pursuant to either Section 734 or Section 743 of the Code shall be made by the Managing General Partner in its sole and absolute discretion. In the event of such election, allocation of items of Partnership income, gain, loss and deduction shall be made in a manner consistent with such allocations of basis in accordance with Section 734 and/or 743 of the Code, as the case may be.

3.8) Assignees and Allocations. The Partnership shall not be required to deal with any person by reason of an assignment or transfer by a Partner of his, her or its Percentage Interest in the Partnership, except as specifically provided in this Partnership Agreement. Any payment by the Partnership to the parties shown on the Partnership records to be entitled thereto as of the date of such distribution shall acquit the Partnership of all liability to any other party who may be interested in such payment. In the case of the assignment of a Percentage Interest during any fiscal year (whether or not such assignment results in the assignee becoming a substituted Partner), all allocations under this Article with respect to such Percentage Interest for such fiscal year shall be further allocated between the assignor and the assignee in proportion to the number of months during such fiscal year that each was the holder of such Percentage Interest, determined by reference to the date the assignment thereof became effective pursuant to Article 7.

3.9) Sharing Liabilities. The Partners agree that any economic losses sustained by them as a result of their status as Partners of the Partnership, and any liabilities or damages they may suffer or incur as a result of such status, shall be shared among them in accordance with their respective Percentage Interests; provided, however, that Limited Partners shall not be liable for any losses or obligations beyond their capital contributions to the Partnership, and the General Partners shall be subject to the liabilities of Partners in a Partnership without Limited Partners.

ARTICLE 4. FINANCIAL STATEMENTS, BOOKS AND BANK ACCOUNTS

4.1) Books and Records. The Managing General Partner shall maintain accurate and complete books and records for the Partnership at the Partnership's business office as set forth in Section 1.4. All Limited Partners shall have full access to and the right to inspect, examine and copy, such books at all reasonable times upon written notice to the Partnership at least five (5) business days in advance of the proposed inspection date.

4.2) Financial Statements; Tax Information; Reports. The Managing General Partner shall deliver to the Limited Partners within 75 days after each fiscal year audited financial statements, including a balance sheet and profit and loss statement, a statement showing the Capital Accounts of each Partner and the amounts of net income and net loss reportable for federal income tax purposes; Forms K-1; if relevant, a statement showing the computations for determining Cash Available and its distribution; and a statement showing the computations of

Partnership Net Film Receipts and payment of Participations; and such other statements as may be required by Minnesota law. In addition, within 30 days after the close of each interim six-month fiscal period, the Managing General Partner shall provide a written report to the Limited Partners respecting the financial condition and business of the Partnership.

4.3) Banking. The Managing General Partner shall open and maintain in the name of the Partnership one or more separate bank accounts in which shall be deposited all the monies of the Partnership and no other monies. The Partnership funds shall be used solely for Partnership purposes, and all disbursements shall be made by the Managing General Partner or such persons as the Managing General Partner may from time to time authorize.

4.4) Ratification of Financial Statements. Unless written objection is made by a Partner within 60 days after receipt of Partnership annual financial statements, each such statement shall be deemed to have been ratified and accepted by all Partners, except for such matters as may not be reflected in such annual financial statements as a result of fraud or misrepresentation.

4.5) Accounting Method and Fiscal Year. The books and records of the Partnership shall be maintained by using accounting methods consistent with those used for federal income tax purposes, except to the extent Managing the General Partner shall otherwise determine. The fiscal year of the Partnership shall be established by the Managing General Partner, subject to the limitations imposed by the Code.

ARTICLE 5.

PARTNERSHIP MANAGEMENT AND RESTRICTIONS ON PARTNERS

5.1) Rights, Authority and Decision Making of the General Partners. The Managing General Partner shall have the full power, right and authority to manage the Partnership business in all matters and shall have the sole and exclusive power on behalf of the Partnership to control the conduct of the Partnership business in all respects. The Managing General Partner shall have all the necessary and appropriate powers and authority to carry out the purposes, and conduct the business, of the Partnership, including, without limitation, the following:

(a) To accept subscription documents on behalf of the Partnership, to cause to be deposited payments from subscribers in the Partnership's accounts established by the Managing General Partner, and to make any and all decisions in respect of the procedure for the offering of Limited Interests pursuant to the Offering Memorandum.

(b) To take all action deemed by the Managing General Partner, in its sole discretion, to be necessary or appropriate in connection with the conduct of the business and affairs of the Partnership, or the financing, development and production of the Motion Picture, and related business activities including merchandising.

(c) To manage the business of the Partnership pursuant to the terms and provisions of this Partnership Agreement in all respects.

- (d) To deal in any Partnership assets, including to sell, license, lease, assign or otherwise dispose of or transfer or grant options for the disposition of any part or all of the Partnership property or rights therein, including the Partnership's rights in the Motion Picture, and the results and proceeds from the exploitation thereof, at such price and on such terms as the Managing General Partner, in its discretion, deems to be appropriate.
- (e) To acquire and enter into any contracts of insurance appropriate for the Partnership, or for the protection of the Partnership property.
- (f) To engage and enter into agreements on behalf of the Partnership with persons or entities in connection with the conduct or operation of the Partnership business and the financing, development, production and exploitation of the Motion Picture, including with respect thereto entering into agreements with the General Partners, the Production Company, Brad Turner, and any person or entity affiliated with or related to the General Partners or the Production Company, or in which a General Partner or the Production Company, or any affiliate, has an interest, on such terms as the Managing General Partner, in its sole discretion, deems commercially reasonable to the Partnership.
- (g) To borrow money or refinance any borrowings from any person or entity and, if security is required therefor, to mortgage, pledge or otherwise encumber any part or all of the Partnership's assets, or to guarantee the indebtedness of any person or entity, appropriate to the conduct of the business of the Partnership, on such terms and conditions as the Managing General Partner shall determine, notwithstanding the fact that any such person or entity may be a Partner, or any Partner may have, directly or indirectly, an interest, in any such person or entity, and notwithstanding the fact that a Partner or a member of a Partner's family may be employed by, interested in, or connected with any such person or entity.
- (h) To execute, acknowledge and deliver any and all instruments in the name of the Partnership, including notes or other evidences of indebtedness, mortgages, or other security interests, leases, contracts, agreements or other instruments to effectuate the foregoing powers.
- (i) To file and publish all certificates, statements or other instruments (and amendments thereto) required by laws for the formation, certification and operation of the Partnership in all appropriate jurisdictions.
- (j) To call meetings of the Partners when deemed desirable by the Managing General Partner, but no regular meetings are contemplated or required.
- (k) To make decisions as to accounting principles, methods and elections, whether for book or tax purposes. Such decisions may be different for Partnership accounting purposes than for tax purposes, although it is contemplated that to the extent practical the Partnership will utilize the same elections and principles for Partnership accounting purposes as are used for tax purposes.

(l) To make all elections permitted or required for federal income tax purposes on behalf of the Partnership, including, but not limited to, the election to adjust basis under Section 754 of the Code.

(m) To enter into agreements with one or more brokers, placement agents or investment bankers to sell Limited Interests in accordance with the Offering Memorandum and the terms of this Partnership Agreement, and, where appropriate, finders to assist in the sale of the Limited Interests.

In the event of the removal of the Managing General Partner, or the inability of the Managing General Partner to act under the Partnership Agreement, the Individual General Partner shall have, and may exercise, all of the rights, power and authority of the Managing General Partner under this Partnership Agreement. In the event of the removal of the Managing and Individual General Partners, or the inability of both to act, any substituted general partner shall have and may exercise all of the rights, powers and authority of the Managing General Partner under this Partnership Agreement.

5.2) Restrictions on the Authority of the General Partners. Without the express written consent of a majority by Percentage Interest of the Limited Partners, the General Partners shall have no authority to:

(a) Do any act in contravention of this Partnership Agreement;

(b) Confess a judgment against the Partnership;

(c) Admit a person or entity as a General or Limited Partner except as provided in Articles 2 or 7 of this Partnership Agreement;

(d) Knowingly perform any act that would subject any Limited Partner to liability as a general partner in any jurisdiction; or

(e) Knowingly perform any act that would cause the Partnership to become taxable as a corporation for federal income tax purposes.

5.3) Services and Management Fee of General Partners. The General Partners are required to devote to the business of the Partnership only the time and attention that they in good faith believe is required for the efficient operation of the Partnership. The General Partners shall not be required to devote full time to the Partnership business and shall not be restricted from engaging in other business or related activities. In addition to their respective shares of Partnership income and cash distributions under Article 3, during the two-year period following completion of the Motion Picture the Partnership shall pay to the Managing General Partner a management fee of \$25,000 per year. Thereafter, the Managing General Partner shall determine the amount of its compensation not to exceed \$25,000 per year, which compensation shall be fair and reasonable and commensurate with its services, except as subsequently provided. If the Partnership becomes involved in direct distribution of the Motion Picture, or derivative rights (e.g., merchandising) the Managing General Partner will pay itself fair and reasonable compensation commensurate with its services, which compensation may exceed \$25,000 per

year. The management fee shall be paid monthly or at such other times or on such other basis as the Managing General Partner determines. In addition to the management fee, the Partnership shall pay the Managing General Partner or its duly appointed assignee or agent, as the case may be, the direct expenses it incurs, if any, in managing the Partnership.

All such fees to the Managing General Partner shall be guaranteed payments under Internal Revenue Code Section 707(c), determined without regard to Partnership income, and shall not be treated as a share of Partnership profits. The Managing General Partner's compensation by way of such fees shall be deducted as an expense of the Partnership in calculating net income or loss of the Partnership as well as in calculating Cash Available under Section 3.1 of this Partnership Agreement, except to the extent such amounts are required to be capitalized and amortized under the provisions of Code Section 280.

5.4) Restrictions on Limited Partners. The Limited Partners shall take no part in nor interfere in any manner with the management, conduct or control of the Partnership business or the production, distribution or sale of its assets. The Limited Partners shall have no right or authority to act for or bind the Partnership, nor have any authority to enter into any transaction on behalf of the Partnership, nor make any conveyance or alienation of Partnership assets.

5.5) General Partners' Liability.

(a) The Managing General Partner and its officers and directors ("other indemnified parties") and the Individual General Partner shall not be liable to the Limited Partners for any act or omission performed or omitted, except in the event of a final judicial determination of fraud, intentional wrongdoing, or gross negligence. The Partnership shall indemnify the General Partners and the other indemnified parties against any expense (including reasonable attorneys' fees), claim or liability, incurred by the General Partners or such other indemnified parties in performing their duties, or by reason of their relationship or status, as general partners except in the event of a final judicial determination of fraud, intentional wrongdoing, or gross negligence of a General Partner or any other indemnified party. The Partnership may advance expenses to a General Partner or other indemnified party in connection with any claim made against that General Partner, or other indemnified party, upon receipt of an undertaking that such advances will be repaid if in the event of a final judicial determination that the General Partner or other indemnified party has acted or failed to act and the same constitutes fraud, intentional wrongdoing or gross negligence.

(b) In the event that a General Partner or any other indemnified party requests indemnification of expenses and/or liabilities incurred in respect of a claim or action arising under the Securities Act of 1933 (except expenses and liabilities relating to a successful defense by the General Partner and/or the Partnership of such a claim or action in which case there shall be full indemnification), the Partnership shall provide such indemnification only if (i) Partnership legal counsel is of the opinion that the matter has been settled by controlling precedent, or (ii) a court of competent jurisdiction, after having been advised of the current position of the Securities and Exchange Commission on the issues involved, approves the indemnification as not in violation of public policy as expressed in the Securities Act of 1933.

(c) The Managing General Partner, on behalf of the Partnership, may agree to indemnify any other party, including persons and entities affiliated with or related to a General Partner, and may agree to advance expenses in connection therewith, to the same degree and subject to the same standards, as are set forth in Section 5.5(a) and (b) above, and the Managing General Partner's intention to extend such indemnification to the Production Company and its officers and directors is hereby confirmed and approved, and such agreement to indemnify and advance expenses shall be deemed to be within the authority of the Managing General Partner under, and meet the standards of commercial reasonableness of, Section 5.1(f).

5.6) Other Activities. Any Partner, General (including the principals of the Managing General Partner) or Limited, and any entity in which any Partner has an interest, may engage in or possess any interest in any other ventures or businesses of any nature or description, independently or with others, without limitation, regardless of whether or not such other ventures or businesses compete with the business of the Partnership or any other Partner. No Partner shall have any duty to tender any business opportunity to the Partnership. Neither the Partnership nor any other Partner shall have any right by virtue of the existence of this Partnership to participate in any way in any such other venture, or the income or profits derived therefrom.

5.7) Execution of Documents. Any deed, mortgage, security interest, pledge, bill of sale, lease, contract or other instrument purporting to convey or encumber the assets of the Partnership in whole or in part, or any other instrument on behalf of the Partnership, may be signed by the Managing General Partner.

5.8) Tax Matters Partner. The Managing General Partner is hereby designated as the Tax Matters Partner for purposes of Code Sections 6221 through 6232.

5.9) Maintenance of List of Limited Partners. The Managing General Partner is hereby designated as the person responsible for maintaining a list of investors (i.e., limited partners) in the Partnership in accordance with the requirements of Code Section 6112, and the rules and regulations of the Internal Revenue Service promulgated thereunder.

5.10) Solicitation of Proxies. In connection with the vote of the Partners on any matter, whether at a meeting of the Partners or by written action of the Partners, the Managing General Partner may solicit proxies appointing an executive officer of the Managing General Partner as proxy for the purpose of such vote. The Managing General Partner may mail proxy solicitations to one or more of the Partners. If such proxy is returned executed, the executive officer of the Managing General Partner so appointed may act in accordance with the authority granted. If twenty (20) days after the mailing of such solicitation for proxy, the Managing General Partner has not received any response from a Partner, such Partner shall be deemed to have granted the proxy to the executive officer of the Managing General Partner and the executive officer of the Managing General Partner may thereafter proceed as if such officer had received an executed proxy from such Partner granting to the Managing General Partner the authority requested by the Managing General Partner in the proxy solicitation. Any proxy actually granted or deemed to be granted pursuant to this Section 5.10 may be revoked at any time prior to the taking of the

action for which the proxy was granted or deemed to be granted by written notice from the affected Partner actually delivered to the Managing General Partner.

5.11) Limited Partner Action. Any vote, consent, ratification or action of the Limited Partners required or permitted by this Partnership Agreement may be taken by written action (as set forth below) or at a meeting of the Partners. No regular meetings of the Partners are required or anticipated. However, in the sole and absolute discretion of the Managing General Partner, the Managing General Partner may call a meeting of the Partners. The notice of such meeting shall be mailed to each Limited Partner at least seven (7) days before the meeting, at the address of the Limited Partner as it appears on the books of the Partnership. The notice shall state the place, date and time of the meeting and may include any other information deemed appropriate by the Managing General Partner. Attendance at the meeting, in person or by proxy, by any Limited Partner without objection in writing by such Limited Partner shall constitute waiver of notice of the meeting. A majority of the Limited Interests by Percentage Interest outstanding, represented either in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the Partners. Any Limited Partners present at a duly called meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Limited Partners by Percentage Interest to leave less than a quorum. Any actions taken shall be taken by a vote of the Limited Partners holding a majority of the Limited Interests by Percentage Interest (unless a higher percentage for such action is specifically required by this Partnership Agreement) represented at the meeting in person or by proxy. Any action of the Limited Partners which may be taken at a meeting of the Partners may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed personally by Limited Partners, or on their behalf by proxy granted to an executive officer of the Managing General Partner, in accordance with Section 5.10, holding a majority of the Limited Interests by Percentage Interest (unless a higher percentage for such action is specifically required by this Partnership Agreement).

ARTICLE 6.

ADDITIONAL PROVISIONS AFFECTING LIMITED PARTNERS

6.1) Excess Losses. Notwithstanding anything to the contrary contained in this Partnership Agreement, the liability of any Limited Partner for losses and obligations of the Partnership or otherwise with respect to the Partnership shall in no event exceed in the aggregate the amount of such Limited Partner's respective Capital Account with the Partnership (representing such Partner's interest in the assets of the Partnership), plus unpaid obligations to make additional capital contributions, except as may be otherwise provided by applicable statute. Any excess losses and obligations shall be borne solely by the General Partners.

6.2) No Withdrawal. No Limited Partner shall at any time withdraw from the Partnership except as provided in this Partnership Agreement. No Limited Partner shall have the right to have his or her capital of the Partnership returned except as provided in this Partnership Agreement. The death or adjudication of bankruptcy or insolvency of any Limited Partner(s) shall not dissolve or terminate the Partnership.

6.3) Conversion to General Partnership Interest. If a General Partner is also a Limited Partner at any time during the term of this Partnership he or it may, upon causing an amendment to Schedule I hereto, convert such Limited Interest to that of a Percentage Interest held by the General Partner.

6.4) Consent. To the fullest extent permitted by law, the Limited Partners hereby consent to the exercise by the General Partners of all of the rights and powers conferred on the General Partners by this Partnership Agreement or applicable law.

6.5) Power of Attorney. Each of the Limited Partners irrevocably constitutes and appoints the Managing General Partner, such Limited Partner's true and lawful attorney-in-fact, with full power of substitution, in the name, place and stead of each of such Limited Partners, to make, swear to, execute, acknowledge and file where appropriate:

(a) Any amendments to, and/or restatements of, the Certificate of Limited Partnership and this Partnership Agreement or any Schedule hereto, which may be adopted pursuant to this Partnership Agreement or which may be required by the MULPA, including amendments required for the admission or substitution of a Partner, for the reflection of the change of the capital contribution or Percentage Interest of any Partner, or for the continuation of the business of the Partnership, provided that amendments required for the purpose of admitting a new Partner or for the reflection of an increase in the capital contribution of any Partner shall be signed by such new or contributing Partner to the extent required by the MULPA;

(b) Any fictitious name or assumed name certificate or other instrument or amendment thereto which may be required to be filed by the Partnership;

(c) Any cancellation of any such certificate of instruments and any and all other documents and instruments which may be required upon the dissolution and liquidation of the Partnership;

(d) A certificate of limited partnership and any and all documents and instruments which may be required to effectuate a continuation of the business of the Partnership as provided in this Partnership Agreement;

(e) Any and all agreements, documents or instruments of conveyance in connection with the sale of a Partner's Limited Interest; and

(f) Any other instrument which the Managing General Partner determines to be in the best interests of the Partnership to file, and which is not inconsistent with this Partnership Agreement, including without limitation instruments (i) to effect amendments to, and/or restatements of, this Partnership Agreement, (ii) pertaining to any continuation, dissolution or termination of this Partnership, (iii) to comply with state or federal securities law requirements or other governmental requirements for the operation or continuation of the Partnership, (iv) to effect the granting of security interests in Partnership property, and (v) to effect any amendments, corrections or modifications to any instrument referenced in this Section 6.5.

It is expressly intended that the foregoing power of attorney is coupled with an interest.

If a Limited Partner assigns his, her or its Percentage Interest in the Partnership, as provided in Section 7.3, the foregoing power of attorney shall survive the delivery of the instruments effecting such assignment for the purpose of enabling the Managing General Partner, as authorized above, to sign, swear to, execute and acknowledge and file any and all amendments to this Partnership Agreement or the Certificate and other instruments and documents necessary to effectuate the substitution of the assignee as a Limited Partner.

ARTICLE 7. ASSIGNMENT OF PARTNERSHIP INTERESTS

7.1) Prohibition of Assignment of Partnership Percentage Interest. Except as otherwise expressly provided in this Article 7, the Percentage Interest of any Partner in the Partnership shall not be assignable during his, her or its lifetime or duration by gift, sale or other assignment, in whole or in part, for the purpose of transferring or assigning such Percentage Interest in the Partnership.

7.2) General Partners. Without the prior consent of seventy-five percent (75 %) by Percentage Interest of the Limited Partners, the General Partners may not assign, pledge, encumber, sell or otherwise dispose of their respective General Interests; nor without such consent, may any person or entity be admitted or substituted as a General Partner in this Partnership. The failure of the Partners to consent to an action by the General Partners which is within the provisions of this Section 7.2 shall not affect the validity of any instrument of assignment of the right to receive Partnership distributions provided that a duly executed and acknowledged counterpart of the assignment is filed with the Partnership, the appropriate provisions of the Securities Act of 1933 and any applicable state securities law are complied with, and the assignee is not a minor or legally incompetent. Unless the conditions of this Section are met an attempted assignment of the rights of a General Partner to receive Partnership distributions shall be void and ineffective as between the Partnership and the parties thereto, and shall not bind the Partnership.

7.3) Limited Partners. The Limited Interests of a Limited Partner may not be assigned, pledged, mortgaged, sold or otherwise disposed of and no Limited Partner shall have the right to substitute an assignee in such Limited Partner's place except as follows:

(a) Substitution. No assignee of all or part of the Limited Interests of any Limited Partner shall have the right to become a substituted Limited Partner unless (i) his, her or its assignor has stated such intention in the instrument of assignment, and (ii) the Managing General Partner has consented to such assignment and substitution, which consent may be granted or withheld in the Managing General Partner's sole and absolute discretion. The admission of a substituted Limited Partner may be effected without the consent of any other Limited Partner.

(b) Documents and Expenses. As a condition to admission as a substituted Limited Partner, an assignee, legatee or distributee of all or any part of the Limited Interest of any

Limited Partner shall execute and acknowledge such instruments, in form and substance satisfactory to the Managing General Partner, as the Managing General Partner shall deem necessary or advisable to effectuate such admission and to confirm the agreement of the person so being admitted to be bound by all of the terms and provisions of this Partnership Agreement. Such assignee, legatee or distributee shall pay all reasonable expenses in connection with such admission as a substituted Limited Partner including, but not limited to, legal fees and costs of amending the Partnership Agreement and filing an amendment to the Certificate, if either is required or deemed advisable by the Managing General Partner.

(c) Assignment Without Consent. The Managing General Partner's failure to consent to substitution shall not affect the validity of any instrument of assignment of the right to receive Partnership distributions, provided the Managing General Partner has been duly notified of such assignment, a duly executed and acknowledged counterpart of the assignment is filed with the Partnership, the conditions set forth in Section 7.3(d) are met, and provided further the assignee is not a minor or legally incompetent. Unless the conditions of this Article are met, any other attempted assignment, transfer, pledge or hypothecation of the rights of a Limited Partner to receive Partnership distributions shall be void and ineffectual as between the Partnership and the parties thereto, and shall not bind the Partnership.

(d) Securities Laws Requirements. The Managing General Partner shall in no event give its consent to an assignment of a Limited Interest and substitution of a Limited Partner, and any attempted assignment shall be void, unless the Managing General Partner has received an opinion of counsel, which opinion shall be satisfactory in form and substance, and which counsel shall be satisfactory to the Managing General Partner and its counsel, to the effect that such assignment and substitution is exempt from the registration requirements of the Securities Act of 1933 and any applicable state securities laws.

(e) Restrictions on Transfer. In addition to the foregoing provisions of this Article 7, and not in limitation thereof, the Managing General Partner may prohibit (i) any sale or other disposition of a Limited Interest if the Limited Interest sought to be sold or exchanged, when added to the total of all other Percentage Interests sold or exchanged within the period of 12 consecutive months prior thereto, would result in the termination of the Partnership under Code Section 708 (or any successor section), (ii) any sale or other disposition of less than all of a Limited Partner's Limited Interests, or (iii) any sale or other disposition of a Limited Interest when such sale or disposition would adversely affect any business purpose of the Partnership such as maintenance of a franchise or permit.

ARTICLE 8. DISSOLUTION AND CONTINUATION OF THE PARTNERSHIP

8.1) Events Not Causing Dissolution. The occurrence of any of the following events shall not affect the continuation of the Partnership and shall not cause the dissolution of the Partnership: (i) the death of any Limited Partner(s); (ii) an adjudication that any Limited Partner(s) is insolvent or bankrupt; (iii) the return unsatisfied of any levy of execution against

any Limited Partner(s); or (iv) the adjudication that any Limited Partner(s) is mentally incompetent.

8.2) Voluntary Withdrawal by General Partner; Dissolution. A General Partner may not voluntarily withdraw or retire from the Partnership except by giving written notice of dissolution of the Partnership to all other Partners which shall be effective to dissolve the Partnership 90 days after the receipt of such notice by all Partners (the "effective date").

8.3) Removal of a General Partner. Upon the written approval of seventy-five percent (75%), by Percentage Interest, of the Limited Partners, one or both General Partners may be removed from the Partnership (provided that if such removal is proposed before Guaranteed Distribution Commitments are obtained there must first have been a final, judicial determination of fraud, intentional wrongdoing or gross negligence on the part of the General Partner being removed). All Limited Interests, including those held by the General Partner being removed, if any, shall be counted in determining whether the required percentage approval for such removal has been met. Notice of removal after any such written agreement shall be delivered to the General Partner being removed and to all other Partners, and such notice shall state the effective date of such removal which shall not be a date earlier than the date of delivery of the notice to the General Partner being removed. On the effective date of such notice, the removed General Partner shall be separated from the Partnership and no longer shall be considered a Partner of the Partnership. Except as otherwise provided in this Partnership Agreement, such removed General Partner shall have no further interest as a Partner in income of the Partnership or in Partnership property.

8.4) Automatic Dissolution. Subject to the provisions of Section 8.5 hereof, the Partnership shall automatically be dissolved upon the occurrence of:

- (a) The death or dissolution of a General Partner, as the case may be.
- (b) The event of a General Partner being adjudicated a bankrupt, making a general assignment for the benefit of creditors, having a material adverse judgment entered and a levy of execution thereon returned unsatisfied, or having similar orders entered.
- (c) The removal of a General Partner as provided in Section 8.3.
- (d) An assignment by a General Partner of such General Partner's General Interest in violation of Section 7.2 hereof.
- (e) The sale by the Partnership of substantially all of its rights in and to the Motion Picture and all other substantial business assets.

Upon any dissolution, the Partnership shall be wound up and shall conduct only activities necessary to its liquidation or to the completion of transactions previously commenced unless it is reconstituted and continued as provided in the following provisions.

8.5) Reconstitution and Continuation of Partnership When There is a Remaining General Partner. Notwithstanding dissolution of the Partnership under the provisions of Section

8.2 or 8.4, if there is at such time one or more General Partners who have not given notice to dissolve or who are not the subject of one of the events described in Section 8.4 ("Remaining General Partners"), then upon the election of one or more of such Remaining General Partners the Partnership shall not be wound up and terminated, but instead shall be reconstituted and continued with such Remaining General Partner serving as the General Partner. Such dissolution followed by reconstitution and continuation by the Remaining General Partner shall not give rise to any right in the Limited Partners to withdraw from the Partnership, to terminate their relationship as Limited Partners, or to demand the winding up of the Partnership. If more than one Remaining General Partner is serving as a General Partner, a majority of such Remaining General Partners by Percentage Interest shall be required for action taken by the Remaining General Partners.

8.6) Reconstitution and Continuation of Partnership When There is No Remaining General Partner. Notwithstanding dissolution of the Partnership under the provisions of Section 8.2 or 8.4, if there is not at such time a Remaining General Partner, the Partnership shall not be wound up or terminated, but shall instead be reconstituted and continued if all Limited Partners consent to such continuation of the Partnership, provided at least one Limited Partner elects to be admitted as a General Partner with the consent of all other Limited Partners. Upon such election and the amending of the Partnership Agreement and filing of an amendment to the Certificate, the Limited Interest of such Limited Partner(s) who thus elects to become General Partner(s) shall be immediately converted to that of a General Partner(s) with all the responsibilities, duties, powers and rights of a General Partner(s) as set forth herein.

8.7) Continuation. In case of any such continuation of the Partnership as provided in Section 8.5 or 8.6, (i) the continuing Partners may use the Partnership name and premises; (ii) the title to the Partnership property shall continue to be vested in the Partnership, which shall continue its business; (iii) no continuing Partner shall have the right to an accounting of his, her or its Percentage Interests in the Partnership; and (iv) no Limited Partner shall have any right to a winding up of the Partnership.

8.8) Purchase of Separated General Partner's Percentage Interest Upon Continuation of the Partnership. In the event of removal of a General Partner as provided in Section 8.3, and in the event of dissolution of the Partnership pursuant to Section 8.2 or 8.4 followed by reconstitution and continuation as provided in Section 8.5 or 8.6, the Partnership shall pay to the separated and noncontinuing General Partner or its successor or legal representative, as the case may be, such amount (the "Purchase Price") as shall be promptly agreed upon by the continuing Partners and the separated General Partner, or its successors or legal representative, as the case may be, for such General Partner's Percentage Interest in the Partnership. Payment by the Partnership of the Purchase Price shall be considered a distribution in complete liquidation of such separated General Partner's entire Percentage Interest in Partnership capital and income. In the event the Purchase Price cannot be promptly agreed upon, the Purchase Price shall be the fair market value thereof, being the value which a willing buyer under no compulsion to buy would pay and the value which a willing seller being under no compulsion to sell would accept, as determined by appraisal. The appraisal shall be conducted by an independent appraiser satisfactory to the separated General Partner and the Partnership as reconstituted and continued. In the event that a single independent appraiser cannot be agreed upon promptly, the separated General Partner and the Partnership shall each select an

independent appraiser and such appraisers shall select a third. The fair market value as determined by a majority of the appraisers so selected shall constitute the Purchase Price.

8.9) Payment of Purchase Price. The Purchase Price determined under Section 8.8 shall be paid by the Partnership as follows:

(a) The Partnership shall pay to the removed or separated General Partner, his, her or its successors or legal representative, 25% of the Purchase Price on or before the 180th day following the date on which the Purchase Price is determined, without interest; provided, however, that if the Purchase Price is \$10,000 or less the Partnership shall pay the Purchase Price in full.

(b) The balance of the Purchase Price, if any, shall be paid in four equal semiannual installments of principal, plus accrued interest at such rate as may be negotiated by the remaining or continuing General Partner(s) calculated from the date of the initial payment; provided, however, the interest rate charged shall in no event be less than the minimum rate at which there will be neither original issue discount nor imputed interest for federal income tax purposes. Such installments shall commence six months from the date of the initial payment. The Partnership's obligation to make such payments shall be evidenced by a duly executed promissory note payable to the order of the separated General Partner, or his, her or its successors or legal representative, containing the aforesaid terms and such other terms as are customary for such instruments, including the right of prepayment, in whole or in part, without penalty, from time to time. Such promissory note shall be solely the obligation of the Partnership, without recourse to any partner, whether General or Limited.

(c) Notwithstanding the foregoing, reasonable reserves may be created by the Partnership against the Purchase Price pending the resolution of any claims which the Partnership has against the removed or separated General Partner and such reserves may be offset against the amount of the Purchase Price due the separated or removed General Partner from time to time.

The Partners agree that all payments of the Purchase Price are payments in exchange for the Percentage Interest of the General Partner in Partnership property, as provided in Section 736(b) of the Code. Notwithstanding any other provisions of this Article 8, no payment shall be made by the Partnership to a separated General Partner hereunder except to the extent that the then existing fair market value of all Partnership assets exceeds the amount necessary to pay all liabilities (except amounts to the General Partner, and amounts to Limited Partners on account of their capital contributions) of the Partnership. Upon receipt of the initial payment, the separated General Partner shall execute and deliver to the Partnership all instruments necessary to effect the transfer of its General Interest to the Partnership, and the Partnership shall amend this Partnership Agreement and the Certificate to reflect the separation of such Partner and cause such amended Certificate to be filed of record.

ARTICLE 9.
WINDING UP AND SETTLEMENT

9.1) Sharing Income During Liquidation. Upon any dissolution of the Partnership, unless it is reconstituted and continued as provided in Article 8, the Partnership shall expeditiously wind up its affairs. The Partners shall continue to share income and losses during dissolution, including any gain or loss on disposition of Partnership properties in the process of liquidation, as provided in Article 3. For allocation purposes only, any property distributed in kind in liquidation shall be valued and treated as though the property were sold and the cash proceeds distributed; the difference between such value of property distributed in kind and its book value shall be treated as gain or loss on the sale of property and shall be credited or charged to the Partners in the proportions specified in Article 3.

9.2) Distribution of Proceeds. Partnership assets, including proceeds from liquidation, shall be applied in the following order of priority:

(a) To Partnership liabilities to creditors, excluding obligations to Partners and holders of Level 1 and Level 2 Deferrals, and to pay expenses of liquidation and winding up.

(b) To set up reasonable reserves, if any, deemed necessary in the sole discretion of the General Partner, to provide for the contingent liabilities of the Partnership.

(c) To Partnership liabilities owed to Partners other than for their interest in capital and income, excluding payments of Level 1 and Level 2 Deferrals.

(d) To pay Level 1 Deferrals, if any.

(e) To the distribution to Partners of their respective proportionate interests in Partnership capital, in an amount equal to the returns provided for in Article 3 of their capital investment, less previously distributed amounts of Cash Available, and to pay Level 2 Deferrals to the holders thereof, pro rata and simultaneously with the distributions to Partners.

(f) To pay Level 3 Deferrals, if any.

(g) To the distribution to holders of Participations in Partnership Net Film Receipts in accordance with such Participations, and at the same time to Partners in accordance with their respective Percentage Interests in Partnership capital.

The Partners acknowledge that such order of priority differs materially from the priorities set out in the applicable provisions of the MULPA and that the amount each Partner will receive upon distribution of proceeds may vary considerably from the settlement he or she would receive should the statutory order of priority be followed. Each Partner waives any right to demand a settlement in accordance with the priorities set out in the MULPA. If any Partners receive a settlement other than as provided in this Partnership Agreement, they agree to pay the difference to the other Partners so that the terms of this Partnership Agreement are fulfilled.

9.3) Right to Offset. Should any Partner owe the Partnership any sums, the Partnership is authorized to make an offsetting subtraction from any amounts otherwise payable to such Partner by the Partnership under this Article 9 or otherwise under this Partnership Agreement.

9.4) Retention of Books. Unless otherwise agreed upon, in the event of any winding up of the Partnership the books and records of the Partnership shall be deposited with the accountants regularly employed by the Partnership and such books and records shall be retained for inspection and use by the Partners for a period of not less than 76 months following the termination of the Partnership. Each Partner shall be furnished with a statement of the assets and liabilities of the Partnership as of the date of dissolution and the manner in which the assets have been applied and distributed.

ARTICLE 10. AMENDMENT OF AGREEMENT

10.1) Amendment. The Managing General Partner may at any time propose an amendment to this Partnership Agreement by submitting the same to all Partners, together with a statement of the purpose of the amendment and such other information as the Managing General Partner deems material to the consideration of such amendment. Such proposed amendment shall be authorized and may be adopted on behalf of the Partnership by the Managing General Partner without further approval of the Limited Partners unless within twenty (20) days of the mailing of such amendment the Managing General Partner has received written notice from Limited Partners holding at least twenty percent (20%) of the Percentage Interests outstanding as of such time objecting to such amendment. In such event of objection, the Managing General Partner may call a special meeting of all Partners for consideration of such amendment, or submit the same to a vote by the Partners in writing without a meeting, and such amendment shall become effective in accordance with its terms upon the affirmative vote of the Limited Partners as set forth in Section 5.11. Notwithstanding the foregoing, (i) no amendment shall be effective unless unanimously adopted to the extent that such amendment requires additional capital contributions of Partners beyond the limits of Article 2, or establishes the personal liability of any Limited Partner for a Partnership obligation; (ii) an amendment respecting the removal of a General Partner which is not proposed by the General Partner being removed or to which such General Partner does not consent in writing shall require the approval of seventy-five percent (75%) by Percentage Interest of the Limited Partners in accordance with the provisions of Section 8.3, and (iii) and an amendment modifying this Article 10 must be unanimously adopted by all Partners.

ARTICLE 11. MISCELLANEOUS

11.1) Binding Effect. Except as may be specifically provided herein to the contrary, this Partnership Agreement shall be binding upon all parties hereto, their heirs, legal representatives, successors and assigns.

11.2) Notices. All notices provided for in this Partnership Agreement shall be directed to the parties at the addresses set forth on Schedule I, or at such other addresses as the Partnership shall be so notified in writing by the respective Partners. All notices shall be deemed properly given if reduced to writing and personally delivered or forwarded by mail, postage prepaid, and addressed as set forth on Schedule I. Such notices shall be deemed delivered and received three days after the same have been so mailed.

11.3) Investment Intent. Each of the Limited Partners executing Schedule II hereof represents that he, she or it is a bona fide resident of the state indicated on such Partner's Subscription documents and has no immediate intention of changing his, her or its residence, and is acquiring his, her or its Limited Interests in the Partnership for investment purposes only and has no present intent to sell the same or divide his, her or its participation with others. Each of such Limited Partners is aware that he, she or it may not freely transfer his, her or its respective Limited Interests as, among other factors (i) the Limited Interests have not been registered for sale under the Act or any applicable State Law and may not be sold, transferred or otherwise disposed of for value except pursuant to registration under the Act or applicable State Laws, or an opinion of counsel (which opinion and which counsel shall be satisfactory to the Managing General Partner and its counsel) that such registration is not required, (ii) the Managing General Partner must consent to any proposed transfer of Limited Interests, and (iii) Article 7 of this Partnership Agreement contains requirements which must be complied with in connection with any proposed transfer.

11.4) Arbitration. Any dispute or controversy between the parties relating to or arising out of this Partnership Agreement or any amendment or modification thereof, or the business of the Partnership and the management of that business, shall be determined by arbitration by one arbitrator selected and acting pursuant to the rules then obtaining of the American Arbitration Association. The arbitrator's award shall be final and binding upon the parties and judgment may be entered thereon in any court of competent jurisdiction. The arbitrator shall have the power to award a decree of specific performance of this Partnership Agreement or any part thereof, and the decree of specific performance shall be binding upon the parties as though decreed by a court of competent jurisdiction.

11.5) Waiver of Court Decreed Dissolution. The Partners agree that irreparable damage would be done to the business and reputation of the Partnership if any Partner should bring an action in court to dissolve this Partnership. Each Partner accepts the provisions of this Partnership Agreement as the sole entitlement on termination of the Partnership relationship. Each Partner hereby waives and renounces his, her or its right to seek a court decree of dissolution or to seek the appointment by a court of a liquidator for the Partnership.

11.6) Entire Agreement. The Agreement constitutes the entire agreement between the Partners of the Partnership and supersedes any and all prior agreements or understandings between or among any and all Partners.

ARTICLE 12.
DEFINITIONS

12.1) A Limited Interests: Up to 20 Limited Interests in the Partnership at \$50,000 each as to which Offering Proceeds are not escrowed and are immediately available for use by the Partnership for the purposes described in Section 2.3. A Limited Interest holders will receive 50% of Cash Available paid to Limited Partners until they have received an amount equal to 200% of their investment (e.g., \$200,000 per \$100,000 invested).

12.2) Accredited Investor: Persons and entities defined as accredited investors in Rule 501(a) of Regulation D under the Act.

12.3) Act: The Securities Act of 1933, as amended.

12.4) Ancillary Rights: A term referring to rights sold in all markets for the Motion Picture excepting domestic and foreign theatrical, television and home video.

12.5) B Limited Interests: Up to 30 Limited Interests in the Partnership at \$50,000 each as to which 90% of Offering Proceeds are escrowed at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement provided to investors at the time of purchase of one or more Limited Interests, and 10% of Offering Proceeds are available for the purposes described in Section 2.3. Escrowed funds will be available for transfer to escrow accounts at talent agencies to secure key talent. Release of escrowed funds is contingent on the raising of the Minimum Offering from all sources and obtaining of Guaranteed Distribution Commitments. B Limited Interest holders will receive 30% of Cash Available paid to Limited Partners (60% after A Limited Interest holders have received their provided-for return) until they have received an amount equal to 150% of their investment (e.g., \$150,000 per \$100,000 invested).

12.6) BFM: BFM Films, Inc, a Minnesota corporation organized in April, 1995, to serve as the Managing General Partner of the Partnership.

12.7) C Limited Interests: Up to 150 Limited Interests in the Partnership at \$50,000 each, as to which 90% of Offering Proceeds are escrowed at Norwest Bank Minnesota, N.A. pursuant to an Escrow Agreement provided to investors at the time of purchase of one or more Limited Interests, and 10% of Offering Proceeds are available for the purposes described in Section 2.3. Release of escrowed funds is contingent on the raising of the Minimum Offering from all sources and obtaining Guaranteed Distribution Commitments. C Limited Interest holders will receive 20% of Cash Available (40% after A Limited Interest holders have received their provided-for return and 100% after B Limited Interest holders have received their provided-for return) until they have received an amount equal to 125% of their investment (e.g., \$125,000 per \$100,000 invested). In the event fewer than 20 A Limited Interests and/or fewer than 30 B Limited Interests are sold the Managing General Partner may issue additional C Limited Interests so that the Offering Proceeds raised from the sale of A, B and C Limited Interests aggregate \$10,000,000.

12.8) Cash Available: Cash receipts of the Partnership reduced by incurred expenses of the Partnership, capital or operating, Level 1 Deferrals and up to a \$50,000 reserve for working capital. See Section 3.1 of the Partnership Agreement.

12.9) General Interest: The Partnership Percentage Interests of the General Partner.

12.10) General Partners: The General Partners of the Partnership, BFM and Brad Turner.

12.11) Guaranteed Distribution Commitments: A term referring to either (i) the procuring of bankable presale commitments from one or more distributors for foreign or other distribution rights, or (ii) the procuring of distribution commitments from one or more established distributors for all or a portion of the distribution rights to the Motion Picture. "Bankable" means that the commitment is acceptable as collateral against which the accepting bank will lend at least 75% of the face value of the commitment. "Bank" means a bank or other commercial financial institution regulated by the Federal Reserve System or Comptroller of the Currency of the United States. Commitments must be in United States dollars.

12.12) Individual General Partner: Brad Turner.

12.13) IRC or Code: Internal Revenue Code of 1986, as amended.

12.14) IRS: Internal Revenue Service.

12.15) Level 1 Deferrals: A term referring to obligations which must be paid from cash receipts of the Partnership after operating expenses, operating reserves and accounts payable and before distributions of Cash Available are made to Partners. See Section 3.1(e) of the Partnership Agreement.

12.16) Level 2 Deferrals: A term referring to obligations which may be paid from cash receipts of the Partnership simultaneously and pro rata with the distribution to the Partners of their specified distribution amounts. See Section 3.3(c) of the Partnership Agreement.

12.17) Level 3 Deferrals: A term referring to obligations which may be paid from cash receipts of the Partnership subsequent to the distribution to the Partners of their specified distribution amounts under Section 3.2. See Section 3.3(d) of the Partnership Agreement.

12.18) Limited Interests or Interests: Units of Limited Partner ownership (A, B or C Limited Interests) in The Boys from Minnesota Limited Partnership.

12.19) Limited Partners: The Limited Partners of The Boys from Minnesota Limited Partnership.

12.20) Managing General Partner: BFM Films, Inc.

- 12.21) Maximum Offering: Offering Proceeds from the sale of Limited Partnership Interests and bankable pre-sales of distribution rights and/or territories, and/or co-production arrangements aggregating \$10,000,000.
- 12.22) Minimum Offering: Offering Proceeds from the sale of Limited Partnership Interests bankable pre-sales of distribution rights and/or territories, and/or co-production arrangements aggregating \$8,200,000.
- 12.23) Motion Picture: The feature-length motion picture entitled THE BOYS FROM MINNESOTA to be produced for the Partnership by SPI.
- 12.24) MULPA: 1976 Minnesota Uniform Limited Partnership Act, as amended.
- 12.25) Nontheatrical Distribution: A term referring to the rental and sale of the Motion Picture for use for exhibition other than in commercial movie theaters before paying audiences.
- 12.26) Offering: The offering of Limited Interests pursuant to the Offering Memorandum dated March 27, 1996, as amended or supplemented.
- 12.27) Offering Memorandum or Memorandum: The Partnership Confidential Offering Memorandum dated March 27, 1996, including Attachments.
- 12.28) Offering Proceeds or Proceeds: Proceeds from the sale of Limited Interests.
- 12.29) Participations: Percentage allocations of Partnership Net Film Receipts (defined below). See Section 3.4 of the Partnership Agreement.
- 12.30) Partners: All partners, General and Limited, of the Partnership.
- 12.31) Partnership: The Boys from Minnesota Limited Partnership.
- 12.32) Partnership Agreement: The Partnership Agreement of The Boys from Minnesota Limited Partnership.
- 12.33) Partnership Net Film Receipts: A term referring to annual cash receipts of the Partnership after deducting Partnership cash expenses, a reserve for working capital of up to \$50,000, payments of Production Deferrals, and after Partners have received their specified aggregate distributions. See Section 3.3 of the Partnership Agreement.
- 12.34) Percentage Interests: The percentage ownership interests in the Partnership owned by the General and Limited Partners.
- 12.35) Production Company: SPI which will produce the Motion Picture with the Partnership.
- 12.36) Production Deferrals: A term referring to Level 1, 2 and 3 Deferrals.

12.37) Screenplay: The screenplay developed and written by Jeffrey Vlaming, Dean Kaner and Eric Small for the feature-length motion picture currently entitled THE BOYS FROM MINNESOTA.

12.38) Skyway Productions, Inc.: Skyway Productions, Inc., a Minnesota corporation organized in April, 1995 to serve as the Production Company.

12.39) State Laws: State securities laws.

12.40) The Boys from Minnesota Limited Partnership: The Partnership.

12.41) Theatrical Distribution: A term referring to distribution to that domestic or foreign market for the Motion Picture comprised of commercial movie theaters, or other exhibition situations where individual members of the public pay to view the Motion Picture.

12.42) Turner, Brad: Producer of the Motion Picture; officer, director and shareholder of SPI, the Production Company; officer, director and shareholder of BFM, the General Partner; and the Individual General Partner of the Partnership.

IN WITNESS WHEREOF, the parties hereto have executed this Partnership Agreement below and on Schedule II as of the day and year first above written.

THE BOYS FROM MINNESOTA
LIMITED PARTNERSHIP

By BFM FILMS, INC.,
its Managing General Partner

By _____
Brad Turner, President

INITIAL SCHEDULE I

<u>Partners</u>	<u>Cash Contributed</u>	<u>Percentage Interest in Partnership Capital</u>
GENERAL PARTNERS:		
BFM Films, Inc.	\$30,000 cash	11.88%
Brad Turner	\$10,000 cash	3.96%
	<u>\$40,000 cash</u>	<u>15.84%</u>

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>	<u>Column D</u>
	<u>Cash Contributed</u>	<u>Escrowed Proceeds</u>	<u>Number of Partnership Interests</u>	<u>Percentage Interest in Partnership Capital</u>
LIMITED PARTNERS -- A LIMITED INTERESTS				
Ltd. Partner No. 1	\$100,000 cash	0	2.0	39.60%
Ltd. Partner No. 2	\$ 50,000 cash	0	1.0	19.80%
Ltd. Partner No. 3	\$ 25,000 cash	0	.5	9.90%
Ltd. Partner No. 4	\$ 25,000 cash	0	.5	9.90%
A Ltd. Interests Totals:	<u>\$200,000 cash</u>	<u>0</u>	<u>4.0</u>	<u>79.20%</u>
LIMITED PARTNERS -- B LIMITED INTERESTS⁽¹⁾				
Ltd. Partner No. 1	\$10,000 cash	\$ 90,000	2.00	3.96%
Ltd. Partner No. 2	\$ 2,500 cash	\$ 22,500	.25	.01%
B Ltd. Interests Totals:	<u>\$12,500 cash</u>	<u>\$112,500</u>	<u>2.25</u>	<u>3.97%</u>
LIMITED PARTNERS -- C LIMITED INTERESTS ⁽¹⁾				
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C Ltd. Interests Totals:	0		0	0

⁽¹⁾ Initially 10% of Proceeds from sale of B and C Limited Interests are available to the Partnership and 90% are escrowed until Minimum Offering is raised from all sources and Guaranteed Distribution Commitments are obtained. Until Proceeds are released from escrow B and C Limited Interest holders are credited only with amounts actually released to the Partnership as capital contributions.

**PRO FORMA SCHEDULE I
ASSUMING SALE OF 200 INTERESTS**

<u>Partners</u>	<u>Cash Contributed</u>	<u>Percentage Interest in Partnership Capital</u>
GENERAL PARTNER		
BFM Films, Inc.	\$30,000 cash	.75%
Brad Turner	\$10,000 cash	.25%
General Partner Totals*	\$40,000 cash	1%

* The General Partners' contributions will aggregate \$40,000.

	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
	<u>Cash Contributed</u>	<u>Number of Partnership Interests</u>	<u>Percentage Interest in Partnership Capital</u>
LIMITED PARTNERS -- A Limited Interests			

TOTALS	\$1,000,000		
LIMITED PARTNERS -- B Limited Interests			

TOTALS	\$1,500,000		
LIMITED PARTNERS -- C Limited Interests			

TOTALS	\$7,500,000		
Limited Partners' Totals:	<u>\$10,000,000</u>	<u>200</u>	<u>99%</u>

SCHEDULE II

THE BOYS FROM MINNESOTA LIMITED PARTNERSHIP
LIMITED PARTNER SIGNATURE PAGE

This Limited Partner Signature Page is a part of or shall be attached to the Partnership Agreement of The Boys from Minnesota Limited Partnership. This signature page may be signed in one or more counterparts and execution of any counterpart shall constitute execution of the Partnership Agreement of The Boys from Minnesota Limited Partnership upon affixing the counterpart to the Partnership Agreement. Each of the undersigned, being first duly sworn on oath, certifies and acknowledges that the facts stated in the Subscription Agreement Including Investment Representations executed by the undersigned are true and correct to the best of his, her or its knowledge and that he, she or it executed this instrument as his, her or its free act and deed.

Name and Address of Limited
Partner (please print):

Signature

The foregoing instrument was acknowledged before
me this ___ day of _____, 199__

Signature

The foregoing instrument was acknowledged before
me this ___ day of _____, 199__

Signature

The foregoing instrument was acknowledged before
me this ___ day of _____, 199__

ATTACHMENT C

Discussion of Certain Federal Income Tax Matters

DISCUSSION OF CERTAIN FEDERAL INCOME TAX MATTERS

THE FOLLOWING DISCUSSION SUMMARIZES THE SIGNIFICANT FEDERAL INCOME TAX CONSIDERATIONS APPLICABLE TO AN INVESTMENT IN THE PARTNERSHIP. IT IS IMPRACTICAL TO COMMENT IN DETAIL ON ALL ASPECTS OF THE FEDERAL TAX LAWS WHICH MAY AFFECT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE PARTNERSHIP. THEREFORE, EACH PROSPECTIVE INVESTOR SHOULD SATISFY HIMSELF, HERSELF OR ITSELF AS TO THE TAX CONSEQUENCES OF INVESTING IN THE PARTNERSHIP BY OBTAINING ADVICE FROM HIS, HER OR ITS OWN TAX ADVISER.

THIS IS NOT A "TAX SHELTER" INVESTMENT; BENEFITS TYPICALLY ASSOCIATED WITH TAX SHELTERS WILL NOT BE AVAILABLE FROM AN INVESTMENT IN THE LIMITED INTERESTS.

The statements or conclusions set forth below are based on existing law as contained in the Internal Revenue Code of 1986, as amended (the "Code") and in the Treasury Regulations, administrative rulings under the Code and court decisions. Because of the number of recent amendments to the Code, there is a lack of administrative or judicial interpretation of many of the new provisions. Furthermore, no assurance can be given that future legislation, administrative rulings or court decisions will not modify or change the legal bases for statements or conclusions set forth herein. Any such developments may be applied retroactively.

It should be recognized that there can be no assurance that the Internal Revenue Service ("IRS") or the courts will agree with the interpretations of present law or the statements or conclusions set forth herein. Further, the availability and amount of various deductions taken by the Partnership depends and will depend not only upon general legal principles but also upon various determinations of facts relating to the nature of the Partnership's operations, which determinations are subject to challenge by the IRS.

LIMITATIONS ON PARTNERS' DEDUCTIONS

Passive Activity Loss Limitations; Limitations on Deductibility of Investment Expenses. Code Section 469 severely limits the ability of most taxpayers to currently deduct on their tax returns Partnership "passive activity losses." This means that most Limited Partners will not be allowed to offset most losses from the Partnership against other taxable income of that taxpayer, including salary, active business income and portfolio income (such as dividends, interests, royalties and gains on the disposition of portfolio income properties). However, passive losses are currently deductible against other passive income of the Partner. Disallowed passive losses are carried forward indefinitely and will ultimately be allowed as a deduction against income from passive activities and deductible against other income in the year in which a taxpayer disposes of his entire interest in the passive activity.

It is believed that substantially all of the income and loss allocated to Partners from the Partnership is likely to be characterized as income or loss from a passive activity. However, the IRS is aggressively monitoring developments in the passive activity area and intends to actively challenge

situations in which it believes that "portfolio-type" income/loss is improperly treated as passive activity income/loss.

If any income of the Partnership is treated as portfolio income, then previously nondeductible passive losses from the Partnership (or from other passive activities) cannot be offset against this income. Accordingly, in certain circumstances, Limited Partners could be allocated income which is fully taxable and yet be unable to deduct expenses and losses allocated to them.

Any investor who borrows to finance the purchase of a Limited Interest and incurs interest expense in connection therewith will be required to allocate this interest expense between a passive activity component and a portfolio component, depending upon resolution of the issues described above. Investors should note that the passive activity and portfolio income rules may apply in unexpected ways. Any Limited Partner who provides services or otherwise participates in the business of the Partnership, directly or indirectly, should be aware that other disadvantageous tax rules may apply. Furthermore, with respect to any investor for whom a Limited Interest is treated as a portfolio-type investment, expense as allocated to such investor from the Partnership may be subject to the 2% floor on miscellaneous itemized deductions under Code Section 67. **BECAUSE THE CHARACTERIZATION OF INCOME, LOSS AND EXPENSE BETWEEN PASSIVE ACTIVITY ITEMS AND PORTFOLIO ITEMS WILL VARY AMONG LIMITED PARTNERS AND WILL HAVE CONSIDERABLY DIFFERENT RELEVANCE AND EFFECT AMONG VARIOUS LIMITED PARTNERS, EACH POTENTIAL INVESTOR IS STRONGLY ADVISED TO SEEK SEPARATE ADVICE FROM SUCH INVESTOR'S OWN TAX ADVISERS IN THIS REGARD.**

Limitations on Deductions of Interest. If a Limited Partner borrows to finance the purchase of a Limited Interest, interest expense incurred in connection therewith will be subject to severe limitations on deductibility. Although these limitations are summarized herein, each investor should contact such investor's personal tax adviser regarding the application of such limitations to such investor's individual circumstances. In most circumstances, interest expense incurred on debt used to acquire a Limited Interest will be subject to the limitations of Code Section 163(d) on the deduction for debt incurred to purchase investment property or will be subject to the Code Section 469 Passive Loss Limitations. If, as is anticipated, all of the activities of the Partnership are passive activities with respect to a particular Limited Partner, then interest expense on debt used to acquire that interest will be subject to the passive loss limitations described above (see "Passive Activity Loss Limitations"). To the extent that it is determined with respect to a Limited Partner that a portion of the Partnership's assets are of a type that produces portfolio income, then interest on indebtedness incurred to purchase such Limited Interests will be subject to the investment interest limitation rules rather than the passive loss limitation rules. With respect to investment interest, Code Section 163 provides that investment interest expense is deductible only to the extent of so-called "net investment income" of the particular Limited Partner.

Basis and At-Risk Limitations on Deductions. In addition to the severe limitations on deductions of Partnership losses, Limited Partners may not deduct losses exceeding the "basis" and the "at-risk" amount with respect to a Limited Interest. It is expected that each Limited Partner's basis and at-risk amount will be the purchase price. It is not anticipated that Limited Partners will be entitled to any basis or at-risk amount in excess of the purchase price of their respective Limited Interests.

Miscellaneous Tax Matters.

- Section 754 Election. The Partnership anticipates making no Section 754 election with the result that the purchase price to be paid by potential, permitted transferees purchasing existing Limited Interests may be reduced.
- Tax Year/Accounting Method. It is anticipated that the Partnership will use a calendar year for tax purposes if permitted and will use the accrual basis of accounting; provided, however, that if the cash basis of accounting is available, the Managing General Partner may choose this method.
- Offering and Organization Expenses. Amounts spent for the offering and sale of Limited Interests cannot be deducted. Amounts spent for organization of the Partnership may be amortized over 60 months. The Partnership may take the position that other payments and fees are currently deductible. The IRS may challenge the Partnership's position on these matters.
- State and Local Taxes. Prospective investors are urged to consult their own tax advisers with respect to state and local tax matters. Certain tax benefits available to the Partners for federal income tax purposes may not be available for state and local purposes. It is possible that Limited Partners will be subject to tax on their allocable share of Partnership income with respect to states in which the Partnership conducts business and Limited Partners may be required to file income tax returns in those states.
- Activities Not Engaged in for Profit. If an activity is not entered into with an expectation of profit, then losses may not be deductible. It is the intent of the Partnership to seek an economic profit (without regard to tax consequences) and no person should purchase Limited Interests unless it is that person's objective to secure an economic profit without regard to tax benefits.
- Minimum Tax. Because the effect of the alternative minimum tax varies depending upon each Limited Partner's personal tax and financial position, each potential investor is urged to contact a personal tax adviser. In certain circumstances, the alternative minimum tax may partially or wholly prevent a Limited Partner from realizing the tax benefits of losses allocated to the Limited Partner from the Partnership.
- Foreign Investors. It is not anticipated that Limited Interests will be offered to persons who are neither citizens nor residents of the United States; any potential investor who is not a resident of the United States must consult separate tax counsel.
- Allocation of Partnership Items. All items of Partnership income, gain, loss and deduction will be allocated to the Partners pro rata in accordance with their respective Percentage Interests. It is believed that this allocation will be respected by the IRS.

Audit and Administrative Matters. If the Partnership's tax return is audited, the individual returns of the Limited Partners may also be audited with respect to non-Partnership items. Accordingly, investment in the Limited Interests increases the likelihood of personal tax audits. With respect to Partnership items, audits will be conducted at the Partnership level and the Managing General Partner will act as the "Tax Matters Partner" and will have primary responsibility for resolving audit issues although individual Partners will have certain limited rights to participate or seek review. In connection with administrative and audit matters, investors should be aware of the following:

- Penalties. A variety of penalties under the Code may apply to investment in the Limited Interests. If positions taken by the Partnership are successfully challenged by the IRS, penalties may become applicable which, along with interest, may aggregate well in excess of 100% of the actual tax owed.
- Period of Assessment. The IRS may generally assess a deficiency against Partners for a period of three years from the filing of the return (extended to six years in the case of fraud, substantial omission from gross income or certain other matters). In addition, if there is an assessment, the period for resolution by administrative or judicial procedures may continue for several more years, with the result that disputes relating to Partnership matters may not be resolved for six or more years after the end of the taxable year in question.
- Notification to IRS on Sales of Limited Interests. Code Section 6050K may require the Partnership to notify the IRS of any transfer of a Limited Interest and every Limited Partner who transfers a Limited Interest (whether or not in compliance with the Partnership Agreement) must notify the Partnership and provide various information or face penalties from the IRS.
- No Tax Shelter Registration. The Partnership does not intend to register as a tax shelter under Code Sections 6111 and 6112; in the event that it is subsequently determined that registration is required, substantial penalties may be assessed.

ERISA Information. Before authorizing or making an investment in the Limited Interests, a fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") should consider whether such investment satisfies the fiduciary standards, the prudence and diversification requirements and whether such fiduciary has authority to make such an investment under the appropriate plan investment policies and under the standards of ERISA. Without limitation of the foregoing, a fiduciary of an Individual Retirement Account ("IRA") must ascertain that such an investment is authorized by the appropriate governing instrument. Furthermore, any such fiduciary must be cognizant of the ERISA prohibitions on improper delegation of control, engaging in certain transactions with "parties in interest" or "disqualified persons." The ERISA prohibited transaction requirements are extremely broad and complex and may well prohibit a purchase of Limited Interests by IRAs and plans subject to ERISA. Any prospective tax-exempt investors must consult their legal and tax advisers prior to investing in the Partnership.

Unrelated Business Taxable Income. Organizations which are generally exempt from income tax under Code Section 501(a), or otherwise, may be subject to tax to the extent of unrelated business taxable income ("UBTI"). A tax-exempt entity may be engaged in an unrelated trade or business

if it is a partner in a partnership that carries on a trade or business unrelated to the exempt purpose. In addition, a tax-exempt entity is deemed to be engaged in an unrelated trade or business to the extent of its "unrelated debt-financed income." There is a substantial risk that Partnership income will constitute UBTI to tax-exempt investors. For certain types of tax-exempt entities, the receipt of any UBTI may have extremely adverse consequences. Any prospective tax-exempt investors must consult their legal and tax advisers prior to investing in the Partnership.

Taxation as a Partnership. The Partnership will not request a ruling from the IRS that it will be classified as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. In Revenue Procedure 89-12, the IRS established several requirements that a partnership must meet before the IRS will issue such a ruling, including that general partners have a minimum aggregate one-percent interest in all material items of the Partnership and maintain certain minimum capital account balances and the Partnership contains certain specific characteristics. The Partnership will not meet all of the requirements but such failure is not determinative of whether an organization is properly classified as a partnership.

Based on the regulations issued under Code Section 7701, Revenue Procedures 89-12, and other material, the General Partners believe that the Partnership will be classified as a partnership for tax purposes because it lacks at least two of the four critical corporate attributes set forth in such regulations. The Partnership will receive an opinion of counsel to this effect. If the IRS successfully asserts that the Partnership should be treated as an association taxable as a corporation, Partners will not be permitted to deduct on their individual tax returns Partnership losses. Also, generally, profits of the Partnership would be subject to a corporate tax at the Partnership level and an additional tax, payable by the Partners, upon any distributions received from the Partnership.

Partners Subject to Tax. Assuming the desired partnership status is achieved, the Partnership will not be subject to federal income tax. Each Limited Partner must include in determining such Partner's taxable income, the Partner's allocable share of all items of Partnership income, gain, loss, deduction and credit for the applicable taxable year, whether or not cash is distributed. Accordingly, it is possible that a Limited Partner's tax liability with respect to Partnership items may exceed the cash distributed to the Partner in a particular year.

Limitation on Explanations. In addition to the limitations specifically described above, these materials do not address the consequences to investors of transfer taxes, personal property taxes, estate taxes, inheritance taxes or a number of other tax matters which primarily depend upon the individual circumstances of investors. These materials do not deal with investment in Limited Interests by corporations taxed as "C" corporations. Each investor is strongly urged to consult with such investor's personal tax advisers regarding the tax consequences of an investment in the Limited Interests.

ATTACHMENT D

Synopsis of the Motion Picture

SYNOPSIS OF *THE BOYS FROM MINNESOTA*

This is a story of five teenagers in their last year at a small Minnesota high school. The year is 1966, and this very special group of boys comes together to win the Minnesota Boys State Hockey Tournament.

With Vietnam as a backdrop, Doug, Larry, Brad, J.B. and Big Al are not only thinking about hockey but what life has in store for them once they graduate. Their choices seem ready made: college, the draft or professional hockey in the Canadian league.

Doug has the potential for all three -- good grades, excellent hockey skills, and a father who fought in WWII and Korea. Coming off an injury, Doug is reunited with the Varsity hockey team. His skills have suffered, and he has to prove himself to the coach, the players, and the student body.

Brad, Doug's closest friend, comes from well-to-do parents and has an academic scholarship on the way from a respectable university. Brad has his future well mapped-out and serves as an inspiration to Doug.

Larry is the free-wheeling hotshot of the group. He's going for nothing less than a professional hockey career. If he can't play hockey, he'll go fight in Vietnam.

J.B. is the runt. He's not particularly a good student or a good hockey player. Therefore, his predicament is worst of all the boys. The draft seems a sure bet.

Big Al, a native American, is a young giant, admired by the others for his physical powers. He decides to volunteer for armed service with hopes of selecting his job classification. Unfortunately, he gets kicked out of school for truancy and is drafted mid-season. He becomes the first hometown casualty of the war.

With so much on their minds, these boys do what boys do best -- look for fun, action and trouble and experience familiar rites of passage.

Doug and J.B. must pass a traditional hazing ritual for Varsity hockey players.

Crashing a fraternity party, Doug hooks up with Lori, a beautiful young woman from his high school that is trying to live down a reputation for being a "bad girl." Doug experiences an emotional maturity in Lori unlike any of his previous relationships.

Larry keeps a "Scorecard of the Gods" documenting each of their conquests throughout the year.

Doug's love life gets complicated when he becomes involved with Cathy, another young woman from school, who's more of an academic than Lori. Both girls share a strong dislike for each other, and Doug gets caught in the crossfire.

Woven throughout the romance and drama is a single thread binding all five boys -- hockey. Their coach instills unity in them and focuses their talents so that they can do what no other team in their school's history has done; bring home the state championship.

"The Boys From Minnesota" is an American story about All-American kids who become local heroes, much in the vein of "American Graffiti", "Diner", and "Hoosiers." The film emphasizes the thrills, heartaches, and poignancies of the boys' final year together, an extraordinary triumph.

ATTACHMENT E

Estimated Summary Maximum and Minimum Motion Picture Budgets

THE BOYS FROM MINNESOTA

Estimated Summary \$8.6 Million Maximum Budget

Acct #	Category Title	Page	Total
1100	Continuity	1	194,150
1200	Producers Unit	1	649,300
1300	Direction	1	225,900
1400	Cast	2	1,490,655
1500	Travel & Living	4	151,403
	Total Fringes		263,869
	TOTAL ABOVE-THE-LINE		2,975,277
2000	Production Staff	7	213,752
2100	Extra Talent	9	217,050
2200	Art Dept	12	101,450
2300	Set Construction	13	220,750
2400	Set Striking	18	15,500
2500	Set Operations	18	191,014
2600	Special Effects	20	38,050
2700	Set Dressing	21	220,210
2800	Property	22	184,875
2900	Wardrobe	24	230,548
3100	Makeup & Hair	25	64,485
3200	Lighting	26	182,360
3300	Camera	27	202,850
3400	Sound	29	52,280
3500	Transportation	30	287,949
3600	Location	33	500,918
3700	Film & Lab	38	148,390
3900	Rehearsals	38	20,600
4000	Second Unit	39	29,550
4100	Tests	40	3,000
4200	Facilities	40	1,000
	Total Fringes		163,763
	TOTAL PRODUCTION		3,290,344
4500	Film Editing	42	262,925
4600	Music	44	275,000
4700	Post Prod Sound	44	190,400
4800	Film & Lab	45	106,086
4900	Titles	46	80,500
	Total Fringes		20,412
	TOTAL POST PRODUCTION		935,323
6500	Publicity	46	6,500
6800	General Expense	47	186,200
8800	Delivery Charges	47	100,000
	Total Fringes		922
	TOTAL OTHER		293,622
	Total Below-The-Line		4,519,289
	Total Above and Below-The-Line		7,494,567
	Completion Bond		224,837
	Contingency		749,457
	Insurance		131,155
	Grand Total		8,600,016

THE BOYS FROM MINNESOTA

Estimated Summary \$7.035 Million Minimum Budget

Acct #	Category Title	Page		Total
1100	Continuity	1		194,150
1200	Producers Unit	1		498,350
1300	Direction	1		225,900
1400	Cast	2		880,655
1500	Travel & Living	4		151,403
	Total Fringes			204,827
	TOTAL ABOVE-THE-LINE			2,155,285
2000	Production Staff	7		213,752
2100	Extra Talent	9		217,050
2200	Art Dept	12		101,450
2300	Set Construction	13		194,200
2400	Set Striking	18		15,500
2500	Set Operations	18		165,614
2600	Special Effects	20		38,050
2700	Set Dressing	21		176,035
2800	Property	22		149,875
2900	Wardrobe	24		173,648
3100	Makeup & Hair	25		64,485
3200	Lighting	26		178,360
3300	Camera	27		201,850
3400	Sound	29		52,280
3500	Transportation	30		285,199
3600	Location	33		460,768
3700	Film & Lab	38		143,700
3900	Rehearsals	38		20,600
4000	Second Unit	39		24,300
4100	Tests	40		3,000
	Total Fringes			161,628
	TOTAL PRODUCTION			3,041,344
4500	Film Editing	40		243,605
4600	Music	41		210,000
4700	Post Prod Sound	44		189,400
4800	Film & Lab	43		77,426
4900	Titles	44		49,500
	Total Fringes			20,412
	TOTAL POST PRODUCTION			790,343
6500	Publicity	44		6,500
6800	General Expense	44		61,200
8800	Delivery Charges	45		75,000
	Total Fringes			922
	TOTAL OTHER			143,622
	Total Below-The-Line			3,975,309
	Total Above and Below-The-Line			6,130,597
	Completion Bond			183,918
	Contingency			613,060
	Insurance			107,285
	Grand Total			7,034,860

ATTACHMENT F

Certain Information

Respecting Brad Turner and Key Development/Production Personnel

PERSONS CURRENTLY ASSISTING IN THE DEVELOPMENT
OF THE MOTION PICTURE

BRAD TURNER, Producer is President of BFM Films, Inc., a Minnesota corporation, is developing and producing feature-length films in conjunction with prominent and experienced entertainment professionals. For the past six years Mr. Turner has been providing marketing and consulting services to independent producers, entertainment companies, directors and actors in addition to developing, financing and producing *The Boys From Minnesota* and developing *The Numberman* and *Closer* film projects. As President of Turner Investment Group, a Los Angeles-based financial consulting and marketing firm, Mr. Turner has created and structured financial investment marketing programs for companies in the telecommunications, entertainment, financial and restaurant industries. Mr. Turner is an accomplished fundraiser, negotiator and marketing executive with almost 20 years of diversified industry experience in investment banking, product development, licensing, sales, distribution and producing. Since 1992 he has organized syndicates of broker-dealers, CPAs and financial planners, raising capital in excess of \$26 million.

In 1994 Mr. Turner produced a successful Celebrity All-Star Hockey Charity Game and Gala at the Great Western Forum in Los Angeles. In addition, he has produced television commercials, infomercials and radio commercials for radio and cable television. Serving as President of Optex Industries for the last seven years, Mr. Turner has overseen the manufacturing, acquisition, marketing and distribution of beauty products of the United States, Japan, Mexico and Europe. With distribution agreements for licensed products from Walt Disney Pictures, Steven Spielberg's Amblin Entertainment and The California Raisins, Mr. Turner has marketed a myriad of products with outstanding sales results. Mr. Turner is an active member of Women in Film and the Minneapolis Rotary Club, and has done voluntary work for entertainment charities such as American Cinemateque and the Starbright Foundation.

THERESA L. STEPHENS, Executive Producer, is founder and CEO of Stephens & Associates, an entertainment financing, consulting and packaging firm. Ms. Stephens and her associates have substantial experience producing results for corporate America and entertainment organizations including Columbia Pictures, Twentieth Century Fox, Jim Henson Productions, Sony Music, NHK, TBS, and MGM. Ms. Stephens was formerly a senior marketing and management executive with Xerox Corporation, developing major marketing strategies and launching new products.

Since 1987, Ms. Stephens has been involved in packaging, producing and financing entertainment projects including *Gardens of the World with Audrey Hepburn*, *Put on Your Green Shoes*, and *A Circle of Women*. Currently, she is Executive Producer of the feature film *The Sweet Wide Open*.

Ms. Stephens was selected for *Who's Who of U.S. Executives* and *Who's Who of Female Executives*, has been active in Women in Film, Independent Feature Project/West and American Film Institute. Ms. Stephens is a member of The Association for Corporate Growth (ACG), The Los Angeles Venture Association, The National Association of Female Executives and she teaches graduate courses in strategic planning, marketing and finance.

JORDAN YOSPE, Legal Counsel/Production Executive, is President of Production for Gallery Films. Founded in 1992, Gallery Films is committed to producing quality family entertainment projects for the movie and television industries. Gallery fully financed and produced its first motion picture, "Sidekicks,"

a PG-rated coming of age story starring Beau Bridges, Joe Piscopo and Chuck Norris. The movie was successfully released worldwide in the Spring of 1993 through Sony Pictures Entertainment (domestic), Vision International (foreign), and Columbia/Tri-Star Home Video.

On "Sidekicks," Jordan supervised all production legal efforts including negotiating and drafting agreements such as joint venture and partnership agreements, cast agreements, other above-the-line talent agreements (director, executive producers, etc.), insurance documents, chain of title (copyright) documents, union and guild agreements and production releases. During production, Jordan was on set daily serving in the capacity of a second line producer while concurrently supervising legal matters, movie publicity, product placement and merchandizing, and initial foreign and domestic distribution issues. While the movie was in post-production, he supervised all postproduction legal matters, such as original and pre-existing music, credit issues, artwork (trailers, one-sheets, television spots), and distribution delivery efforts. Jordan also assisted in drafting and negotiating the foreign sales agency agreement, attended the 1993 American Film Market where the movie was successfully sold to foreign territories, and drafting and negotiating the movie's domestic "rent a studio" theatrical and home video release. Creatively, Jordan was involved in all aspects of screenplay development, casting, budgeting, editing, creation of advertising and publicity campaign materials, and marketing research.

Jordan Yospe graduated from the Boston University School of Law in 1986 where he was an Editor of the American Journal of Law & Medicine and worked as a research assistant for the Chief of Psychology at Massachusetts General Hospital/Harvard Medical school. Jordan joined Gallery Films in October, 1991, after six years with the Los Angeles office of California's largest law firm, Pillsbury, Madison & Sutro, where he self-initiated the formation of that firm's entertainment practice. Jordan was initially Gallery's general counsel and one of the producers of "Sidekicks."

He also works extensively as a volunteer for entertainment industry charities such as the American Cinematheque, as well as performing pro bono legal service for aspiring actors, directors, writers, singers, and artists.

DAVID DIZENFELD, Business Affairs/Production Executive, began his career as a legal affairs attorney for MGM/UA Entertainment in 1978, where he introduced product placement, merchandising and licensing into feature films. He went on to serve as an Olympic Attache for the 1984 Olympic Games, and was Technical Advisor and Consultant for the highly-rated television show *LA Law*.

Mr. Dizenfeld served as a Director of American Film Institute's Cinetex, and was the former director of the Los Angeles County Office of Motion Pictures and Television Development. He now operates a private legal practice specializing in development, packaging and distribution of motion picture and television projects. In addition to his entertainment practice, Mr. Dizenfeld currently serves as Executive Producer for several entertainment projects, including *Visionquest*, a major motion picture being packaged by Creative Artists Agency (CAA): *Once A Man*, a feature film; and *My Very Best Friend*, a CBS television movie being produced by Viacom and the Fred Silverman Company. Mr. Dizenfeld also served as the Executive Producer of the award-winning *America At Risk: Seeds of Hope*, a one-hour documentary.

Mr. Dizenfeld graduated from USC and received his law degree from UCLA. He is a member of the Academy of Television Arts & Sciences, the California State Bar and has been published in *Who's Who*

in California. He co-authored *International Production, Financing and Distribution Sources* for the L.A. County Bar Association.

DAVID MACKAY, Director, is a Minneapolis-born filmmaker, a graduate of Stanford University, and holds an M.F.A. from USC Film School. He recently directed *Breaking Free*, a family film produced by Leucadia Film Corporation starring Jeremy London ("I'll Fly Away"), Adam Wylie ("Picket Fences"), Nick Surovy (*Forever Young*), and Megan Gallagher ("Hill Street Blues," "China Beach"). *Breaking Free* premiered on the Disney Channel and licensed to major U.S. airlines in the Fall of 1995, and will be released by Time Warner in the U.S. home video market.

Mr. Mackay is next slated to direct *Most Valuable Player* for producers Matt Cooper and Larry Weinberg of the Vault, Inc. His Los Angeles-based company, Moondog Productions, has several scripts in development.

His short film, *Providence* -- starring Dede and Lori Pfeiffer (Michelle's sisters) -- was selected as one of twenty shorts to be screened at the 1991 Sundance Film Festival. The film has won numerous prestigious awards, including the Gold Award for best narrative short at the Houston International Film Festival and Honors at the Heartland Film Festival. The Academy of Television Arts and Sciences named *Providence* the best dramatic short of 1991.

Mr. Mackay has worked on 12 feature films and has credits as Director of Photography on three feature films, plus commercials, and numerous short subject films. He also participated in the Filmmakers Lab at Robert Redford Sundance Institute In Utah. He has trained there with veteran directors Paul Mazursky, Alan Alda, Jim Jarmusch, Stewart Rosenberg, Luis Mandoki and Rick Rosenthal. He is represented by David Gersh, Richard Arlook, and Barbara Halperin of The Gersh Agency as both a director and cinematographer.

PETER BURRELL, Line Producer, has an extensive background in film production, and has served in many capacities on major feature films including of Producer, Co-Producer, Unit Production Manager, Associate Producer, Second Unit Director and Assistant Director. Mr. Burrell's motion picture credits include *On Deadly Ground* (Warner Bros.), *Jack The Bear* (Twentieth Century Fox), *The Natural* (TriStar Pictures), *Smokey and the Bandit II* (Universal Studios), *El Diablo* (HBO), *Gambler III* (CBS), and *Jingle All The Way* (Twentieth Century Fox, starring Arnold Schwarzenegger and filming in the Twin Cities in April, 1996). He also produced *Zoot Suit*, which was nominated for a 1981 Golden Globe Award for Best Picture.

Mr. Burrell was Assistant Director on many other films including *The Turning Point*, *Slapshot*, *King Kong*, *Courage Mountain*, *The Front*, *FM*, *The Law Word*, *House Calls*, and *Almost Summer*. He is a member of the Academy of Motion Picture Arts and Sciences (Producers Branch), Directors Guild of America, Writers Guild of America and Producers Guild of America. Mr. Burrell has a MFA in Cinematography and a BS in Radio & Television.

JACK WHITE, Technical Consultant, has coached throughout the United States for the last twenty-two years, teaching the basic skills of ice hockey to over 3,000 players.

He has served as a technical consultant to the movie industry and trained lead actors, as well as choreography, for key on-ice sequences in the following feature films: *Mighty Ducks* (hockey trainer to

Emilio Estevez and child actors, storyboard artist, and played the part of referee); *Mighty Ducks II* with Emilio Estevez (hockey technical advisor, storyboard advisor, skating stunt coordinator and trainer for all); *Mighty Ducks III* currently in production with Emilio Estevez (hockey technical advisor, storyboard advisor, skating stunt coordinator and trainer for all); *Running Man* with Arnold Schwarzenegger (trainer); *Youngblood* with Patrick Swayze and Rob Lowe; *Touch and Go* with Michael Keaton (played the role of Coach Brody and storyboard artist); *Ice Man Cometh* produced by Michael J. Fox (storyboard artist) and others.

He also worked for Hanna-Barbera Productions from 1987-1989 developing new shows, including "Smurfs," "Flintstones," "Fantastic Max," "Ed Grimley Show" and "Jetson's" feature film. In addition, Mr. White has worked as a freelance designer and animator for a myriad of shows.

Mr. White was one of the founding members of Celebrity All-Star Hockey Team, Head Coach for the UCLA College Hockey Team in 1989, and illustrator/artistic director for USA Hockey training books.

ERIC SMALL, Writer, began his career under the tutelage of celebrated director Peter Bogdanovich. He assisted Bogdanovich on three films - *Mask*, *Illegally Yours* and *They All Laughed*. During his years with Bogdanovich, Mr. Small studied film at UCLA where he wrote, produced and directed three films: *North Campus/South Campus*, *Nightscream* and the award-winning *A Boy and His Hat*. He graduated from UCLA with honors and a degree in Theatre, Film and Television.

After graduation, Mr. Small became one of the youngest First Assistant Directors admitted into the Directors Guild of America. Many of his feature screenplays have been optioned and are in active development at the studio and independent level. Mr. Small's screenplay, *Blue Blazes* was awarded the Gold Medal for Best Screenplay at Worldfest '94, Houston's International Film Competition.

Mr. Small's sci-fi action script *Rubicon* recently sold to Hollywood Pictures for \$1 million, and he has just completed an action script *Hurricane Chaser* for Miramax Films.

JEFFREY VLAMING, Writer, was born and raised in Minnesota, Mr. Vlaming served as an advertising art director while writing screenplays on speculation. After selling a script to *Lucky Luke*, a television series shot in Santa Fe, he moved to Los Angeles where he secured a staff position on the highly-rated, award-winning series *Northern Exposure*.

In addition to having written twelve screenplays, Mr. Vlaming has sold scripts to MTCV's *Catwalk*, *The Adventures of Brisco County Jr.* and *Due South*. After three seasons on the USA Network series *Weird Science*, he is currently story editor on the renowned series *The X Files*, which has been nominated for a number of Emmy awards.

DEAN B. KANER, Writer, grew up in the 1960's and was befriended by the late comedian and film star, Stan Laurel, of Laurel and Hardy. It was Laurel's inspiration that led Mr. Kaner to embark on a career in the entertainment industry.

In 1973, he co-produced and co-authored the play *Stanley* in Minneapolis. In 1976, Blackhawk Films distributed a booklet written by Mr. Kaner of his memoirs of Stan Laurel titled *The Stan Laurel Scrapbook*. *The Night of Broken Glass*, co-produced and co-authored by Mr. Kane was presented in Los

Angeles in 1979. He has been writing screenplays since 1980 and joined partnership with Eric Small and Jeffrey Vlaming to collaborate on *The Boys From Minnesota*.

JUEL BESTROP, Casting Director, has been involved in the casting of over 30 projects, both in film and television. Her credits include the feature film *Sneakers*, *Flesh & Bone*, *The Vanishing* and *Golden Gate*, along with *The Joy Luck Club*, *Bugsy*, *JFK*, *The Doors*, *Bottle Rocket*, and *Cable Guy* (starring Jim Carrey).

Juel also cast seven films for TNT in association with Amblin Entertainment under the Screenworks banner. All of these films were the original works of contemporary playwrights including Arthur Miller's *The American Clock*, Horton Foote's *The Habitation of Dragons* and Wendy Wasserstein's *The Heidi Chronicles*. Her television credits include *Phenom* and *The Critic* for James L. Brooks and Gracie Films, *Birdland* for ABC/Columbia, and the new Fox Television series *Local Heroes* for Witt-Thomas Productions.

ATTACHMENT G

Balance Sheet of the Partnership at February 29, 1996

**S C H E C H T E R
D O K K E N
K A N T E R**

Certified Public Accountants • Consultants

Mr. Brad Turner
The Boys from Minnesota
Limited Partnership
Minneapolis Minnesota

We have compiled the accompanying balance sheet of The Boys from Minnesota Limited Partnership (A partnership in the development stage) as of February 29, 1996, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a financial statement information that is the representation of management. We have not audited or reviewed the balance sheet and, accordingly, do not express an opinion or other form of assurance on it.

Management has elected to omit all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included with the balance sheet, they might influence the user's conclusions about the Company's financial position. Accordingly, this balance sheet is not designed for those who are not informed about such matters.

Schechter Dokken Kanter
Andrews & Selcer Ltd.

March 23, 1996

Schechter • Dokken • Kanter • Andrews & Selcer Ltd
100 Washington Avenue South, Suite 1600, Minneapolis, Minnesota 55401-2192
(612) 332-5500 • Fax (612) 332-1529

THE BOYS FROM MINNESOTA LIMITED PARTNERSHIP
(A partnership in the development stage)

BALANCE SHEET - FEBRUARY 29, 1996
(See Accountants' Compilation Report)

ASSETS

Current assets:

Cash:

Operating	\$ 13,117
Restricted (Norwest Bank escrow)	112,500
Merchandising costs	69,651
Film development costs	<u>137,902</u>
Total current assets	<u>333,170</u>

Other assets:

Syndication costs	75,283
Financing costs	113,550
Organization and start-up costs	<u>41,610</u>
	<u>230,443</u>
	<u>\$ 563,613</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:

Accounts payable	\$ 153,890
Due to general partner	<u>44,723</u>
	<u>198,613</u>

Partners' capital:

General partner	40,000
Limited partners	<u>325,000</u>
	<u>365,000</u>
	<u>\$ 563,613</u>