

APPENDIX 2

Branded Entertainment Sample Term Sheet Template

Once negotiations reach a pivotal moment moving toward a deal, a term sheet can be a starting point to memorialize key business points. This term sheet can be binding or non-binding. If binding, obtaining signatures from the parties listed at the end of the term sheet are a must. If non-binding, one party can sign off on the agreement and then send the term sheet to the other parties for approval.

Main terms may include key business points that require more elaborate language to simplify the requirements and liabilities. Time tables may also be included as attachments to this initial term sheet.

In the example term sheet, a production entity and an advertising agency have agreed to ink the first term sheet that will then be reviewed by the brand's management team. If this term sheet awards an approval, the next move will be to move toward contractual terms.

DEAL POINTS FOR THE AGREEMENT:

1. AGENCY will receive an agency exclusive on branded integration in "SERIES X" (Working Title: X) during its first season and first right of refusal for its second season [fifteen (15) days to renew from the date the second season is picked up by the Network].
2. A maximum of three (3) categories from client roster will be integrated into the show. [EXAMPLES: automotive; telecommunications; and a third to be determined]
 - a. *Note:* Final product categories must be cleared by the Network prior to finalizing agreement.
 - b. Clients will receive full category exclusivity on Branded Entertainment integrations.
3. Each AGENCY client (BRAND) will receive:
 - a. One (1) Storyline Integration [to be approved by BRAND]
 - b. One (1) Logo Integration throughout the Show [Brand Presence]
 - Stadium Signage
 - Brand Usage Integration
 - c. Digital Rights Extensions
 - d. Point of Sale (POS) Rights [Visuals on brand POS strategies]
 - e. Rights to an On-Line Sweepstakes [one (1) for all three (3) clients]
 - f. Access to Talent [Talent fees and cost of travel are NOT included.]
 - Should client request special talent to be included in the series, talent fees and travel-related costs must be covered by client (BRAND).

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- g. Inclusion in All Public Relations (PR) Materials
- h. Logo Signage at Live Events through Step and Repeat
- 4. The Network under consideration and all evaluations are based on Network X, Weekday Primetime:
 - a. Airdate is scheduled to start in MONTH X, YEAR X.
- 5. Total Commitment Required: \$X net
 - a. Payment Terms are in three (3) installments:
 - 50% upon signing contract
 - 25% in MONTH X, YEAR X
 - 25% in MONTH X, YEAR X
 - b. Total value of media components alone is \$X [APPROXIMATE VALUATION].

STORYLINE INTEGRATION:

Each client (BRAND) will receive a maximum X minutes per episode in which the BRAND is organically integrated into one (1) or more of the characters' lives. This package is for a total of X episodes for the aforementioned SERIES (Working Title: X):

- The AGENCY'S responsibility is to provide relevant copy points and transport of product to production locations at the client's expense.
- Give notes/details on the approximate production locations. [Include a timetable if available.]

LOGO INTEGRATION:

Beyond the storyline integration, BRAND may appear through a variety of elements throughout the show such as:

- Stadium Signage
- Outdoor Signage (street and in retail locations)
- Product Placement

Note: Creative materials/copy points must be approved by client (BRAND) and provided by AGENCY.

MEDIA EVALUATION ON INTEGRATIONS:

Estimated value for XX minutes of integration for a total of X episodes for an average of XX minutes per episode:

- XX minutes = XXX seconds equivalent to XX : 30s [30 seconds]
- TOTAL RATING POINTS (TRPs): $XX \times XX$ average RATING on Men 18–49 = XXX TRPs
- $XX (:30s) \times \$XXX$ average Weekday Prime Rate = \$XXXX value/BRAND
- Notes:
 - This valuation is based on estimated values and estimated time periods (from targeted Network).
 - These numbers are meant to demonstrate top value of branded integrations within a show.
 - These rates are non-negotiated commercial rates; they do not represent a guaranteed TRP delivery for the show. (*Note:* This valuation helps Media Managers process numbers most efficiently especially if the budget being used is an allocation from the media budget.)

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DIGITAL PACKAGE:

Brand inclusion will be on the show's official website, which will reside as a standalone on the web or as a SERIES X Channel on XX Digital Address [for a period of XX months].

1. Promotional Elements:
 - Co-Branded media bank weight on XX digital space (SERIES X + BRAND) to drive males or females (adjust according to the BRAND's target.) directly to the show channel; hyper-targeting capabilities
2. Branding Elements:
 - Show X Channel Look and Feel: Background design can organically integrate BRAND's images from a real episode.
 - In-Channel Banners: Drives traffic to BRAND'S web-site.
 - Pre Rolls: BRAND spots play automatically when landing on the show's channel.
3. Contests:
 - Encourage users to vote on videos that have been submitted to a contest.
4. In-Video Commentary:
 - Add BRAND interactive commentary to SERIES X videos.
5. Invitations:
 - Users invite other digital channel X users to watch SERIES X videos while they are watching them.
6. Branded Chats:
 - A tool that allows users to chat with others who are watching the same SERIES X video they are watching.

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7. Syndication:
 - Show channel can live on any website in addition to digital channel X.
8. Functionality:
 - When a user arrives at SERIES X Show X Channel, the featured video plays automatically.
9. Digital Package Value:
 - XX per client for a total value of \$XX [Similar valuation principles to TV apply.]
 - *Note:* AGENCY is responsible for providing artwork and BRAND/Logo usage guidelines.

OTHER ELEMENTS INCLUDED IN THE AGREEMENT:

- Point of Sale (POS) Rights:
 - Pass-Through Rights to utilize official images from the show at the POS on- and off-premise
- Public Relations:
 - Inclusion of BRAND mentioned in all show-related PR materials/Logo signage at live events through Step and Repeat

Note: This sample term sheet must be filled out with the proper dates, deliverables, and numbers corresponding to a specific deal.

By: Company Name

By: _____

Name:

Title:

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