

1. In order to foster the wider international dissemination of German films as cultural assets and to improve the market opportunities of German films in foreign countries, German Films Service + Marketing GmbH may subsidize distribution measures of a foreign distribution company for the start of a German film in foreign countries. As a rule, only such measures going beyond the distribution project already planned by the foreign distribution company (the "Additional Project") will qualify for subsidization.

2. The subsidy must be applied for. Only those foreign distribution companies may apply for a subsidy which intend to distribute a newly produced feature film or documentary film to cinemas in their territory. The film must evidence a German certificate of origin and must have been produced with a majority of German members of crew and cast. Measures related to the distribution of advertising films or films with pornographic and/or racist content and/or praising violence are excluded from subsidization.

3. A grant committee appointed by German Films will decide on all such applications for a subsidy.

4. As a rule, the subsidy will be granted in the form of a loan whose repayment will be conditional upon success of the film. The maximum amount of the subsidy per film and territory will be Euro 50,000. A loan whose repayment is conditional upon success of the film may only be granted if the film has not received any other repayable loan from third parties. A subsidy exceeding Euro 10,000 will be subject to the prerequisite that the film to be subsidized has been licensed for at least four additional territories. In case of additional distribution measures up to an amount of Euro 10,000 the subsidy may also be granted in form of a grant.

5. If an application for a subsidy is approved, the modalities of subsidization, in particular the modalities of payment and repayment of the loan will be provided for in an agreement between German Films and the applicant. If an application for a subsidy is not accepted to its full extent, the distribution concept on which the application was based (without the full additional measure but including the support sum actually granted) shall remain binding upon the distributor.

6. The applicant's obligation to repay the loan will become effective upon attainment of certain numbers of spectators/gross distribution receipts stipulated by German Films in a graduated scale. This graduated scale is based on the relation of the amount of the total net distribution costs, the net costs of the additional measures and the amount of the subsidy, on the one hand, to the numbers of spectators/gross distribution receipts to be attained, on the other hand. The net costs within the meaning of these Rules shall mean exclusively the direct distribution costs before value added tax, if any; a distribution guarantee and overhead costs cannot be taken into account. Repayment of the loan shall be effected pro rata from the share of the gross distribution receipts the applicant is entitled to receive. The gross distribution receipts within the meaning of these Rules include all proceeds from the exploitation of the theatrical rights after deduction of the cinemas' shares. Accounting and payout of the repayment amounts to German Films must be effected four weeks after having attained the respective numbers of spectators/gross distribution receipts, at the latest. Notwithstanding the foregoing, the recipient of the subsidy must bindingly evidence and account for the attained numbers of spectators and distribution receipts to German Films by the end of every month during the film's exploitation in the cinemas.

The accounting and repayment obligation will lapse two years after the start of the film in the respectively subsidized territory. A review and decision whether or not repayment of the subsidy can be forgiven will not be made before submission of the numbers of spectators/gross distribution receipts of the first 12 months following the start of the film in the cinemas of the subsidized territory.

The distribution cost may only include costs incurred from up to five months before until up to two months after the start of the film in the theaters of the territory.

7. As a rule, the applicant will receive 50 % of the earmarked, non-assignable and non-attachable subsidy upon conclusion of the subsidization agreement. Payment of the remaining subsidy will be made upon submission of the final accounting of the total distribution costs, which must be effected not later than four months after the start of the film. The distribution costs may only include the net costs incurred from up to five months before until up to two months after the start of the film in the theaters of the territory.

8. If the distribution measures on which the application for the subsidy is based are not met as to their scope and/or amount, German Films will be entitled either to cut the agreed loan/grant pro rata and to claim back any excess payment already made, or to terminate the entire agreement without notice and to claim repayment of the subsidy paid out so far.

The same shall apply if the subsidized film's main start in the cinemas does not take place within one year after the application's acceptance, at the latest. Non-observance of the accounting and repayment obligation will also entitle German Films to terminate the entire agreement without notice.

9. Application for a subsidy is possible at any time, provided that the corresponding application is received by German Films at least two months before the scheduled start of the film. The documents to be submitted are listed in the application forms available from German Films Service + Marketing GmbH, Herzog-Wilhelm-Strasse 16, 80331 Munich/Germany or online: www.german-films.de.

Together with the application form, the applicant must submit a binding distribution concept indicating in particular when, where and with how many prints the film is to be released, and for which additional distribution costs the subsidy is needed.

10. Those applicants who do not meet their obligations toward German Films at all or repeatedly not in due time or to a sufficient extent will be excluded from subsidization.

11. The recipient of the subsidy agrees to transfer to German Films the ownership to one copy each of any advertising material used for the film (e.g. posters, flyers, invitations), one DVD of the subsidized film in the respective country version as well as one comprehensive exploitation report with reviews etc. immediately after their respective production, however at the latest with the final accounting for the film.

German Films must be named as a subsidizing body in all media; in particular, the logo of German Films must be shown on all printings.

If the subsidy amounts to Euro 50,000 all prints of the subsidized film must display the logo of German Films and a mention indicating German Films as a subsidizing body in the main titles. The appropriate material will be made available by German Films.