



State of Rhode Island and Providence Plantations
315 Iron Horse Way, Suite 101
Providence, RI 02908
401-278-9100

May 4, 2012

Keith W. Stokes
Executive Director

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

38 Studios, LLC
5 Clock Tower Place
Maynard, MA 01751
Attn: Chief Financial Officer

38 Studios, LLC
One Empire Plaza
Providence, RI 02903
Attn: Mr. Richard Wester

Re: Notice of Default

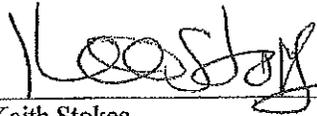
Ladies and Gentlemen:

Reference is made to the Loan and Trust Agreement by and among the Rhode Island Economic Development Corporation (the "Corporation"), 38 Studios, LLC (the "Obligor") and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee") dated as of November 1, 2010 (the "Agreement"). Any term not otherwise defined herein shall have the meanings ascribed to such term in the Agreement.

Pursuant to Section 2.06A(b)(ii) of the Agreement, on May 1, 2012 the Obligor was required to pay the Annual Guaranty Fee to the Corporation, and as of the date hereof the Obligor has failed to make such payment. The Obligor's failure to make such payment to the Corporation constitutes a default under Section 7.13(a)(ii) of the Agreement. If the Obligor fails to cure the default within thirty (30) days of this notice, such default shall constitute an Obligor Default, and the Corporation may, in its sole discretion, declare such Obligor Default as an Event of Default under Section 7.01 of the Agreement.

The Corporation hereby reserves all of its rights and remedies, at law or in equity, with respect to any default, Obligor Default or Event of Default under the Agreement and any other document or agreement entered into in connection with the Agreement. This notice also does not constitute a waiver of any other default, if any, by the Obligor of any payment, covenant, agreement or condition set forth in the Agreement.

RHODE ISLAND ECONOMIC
DEVELOPMENT CORPORATION

By: 

Keith Stokes
Executive Director

BPG:jlj
cc: Mr. Thomas Zaccagnino
David M. Gilden, Esq.
Antonio Afonso, Esq.