“Collateral” under the CT-1 Loan Agreement

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement ("Agreement") is made and entered into as of December 5, 2007, by and between CT1 Holdings, LLC, a Delaware limited liability company (the "Borrower"), and Bernard National Loan Investors, Ltd. (together with its successors and assigns, the "Lender").

RECITALS

This Agreement is entered into in reference to the following facts:

The Borrower has requested that the Lender make a loan to the Borrower of up to $40,000,000 for the purpose of (a) refinancing $15,165,881.15 in Indebtedness of certain of the Loan Parties, (b) the payment to the Lender of an Interest Reserve and Loan Fee in an aggregate amount equal to $1,689,000 as well as $600,000 of new and accrued legal fees, (c) the payment of the Interest Holdback, (d) to allow BLAC, LLC to purchase certain Indebtedness owing by Wendell Distribution, Inc. with respect to the film entitled *The Wendell Baker Story* in an amount equal to $2,905,258.64, (e) to pay a minimum guarantee of $2,400,000 owing with respect to the film entitled *The Air I Breathe* in accordance with the terms of the applicable distribution agreement and (f) the remainder for general working capital purposes. The Lender is willing to make such a loan to the Borrower on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Borrower and the Lender agree as follows.

ARTICLE 1 - DEFINITIONS

1.1 Defined Terms. Capitalized terms used in this Agreement and not otherwise defined herein shall have the following meanings:

"Advances" has the meaning assigned thereto in Section 2.1 hereof.

"Affiliate" means, as to any Person, any other Person who directly or indirectly, controls, is controlled by, or is under common control with such Person other than Image Entertainment Inc. and its subsidiaries, BTP Acquisition Company LLC, R2D2 LLC and its subsidiaries (other than Borrower and its subsidiaries) and BT Music and its subsidiaries. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Affiliate Credit Agreement Amendments" means amendments to (i) the ThinkFilm Loan Agreement and (ii) the Capitol Loan Agreement and (iii) the Wendell Baker Loan Agreements, in each case in form and substance satisfactory to the Lender and including without limitation,

"BWT Loan Agreement" means the Loan and Security Agreement dated as of June 22, 2007 among Reel Transit LLC, the lenders party thereto from time to time and DBZ, as amended, modified, supplemented or restated from time to time.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other governmental authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capitol Loan Agreement" means the Credit and Security Agreement dated January 20, 2006 among Capitol Films Limited, Capitol Films Group Limited, and Capitol Films Partners Limited, on one hand, and Hemlock (Lux) S.A.R.L. and Cypress Way European Investors I S.A.R.L., on the other, as amended, modified, supplemented or restated from time to time.

"Change of Control" means that R2D2, LLC fails to own and control (directly or indirectly) not less than 60% of the economic and Equity Interests of each Loan Party; provided that R2D2's percentage interest must at all times be sufficient to control the economic distributions and management of the Loan Parties.

"Closing Date" means the date the Borrower signs this Agreement.

"Code" means the Internal Revenue Code of 1986 and the rules and regulations issued thereunder, as now and hereafter in effect, as codified at 26 U.S.C. § 1 et seq. or any successor provision thereto.

"Collateral" means the Borrower Collateral and any other personal property in which the Lender has a Lien at any time pursuant to any of the Loan Documents to secure payment of the Obligations, subject to Permitted Indebtedness and Permitted Liens.

"Collateral Proceeds" means whatever is acquired or paid to or derived by or payable directly and indirectly to the Borrower, any Loan Party and/or any of their respective Affiliates, on account of the sale, lease, licensing, exchange, distribution, exploitation, or other disposition of the Collateral, including, without limitation, all money, royalties, fees, commissions, charges, payments, proceeds of any letter of credit, advances, income, profit and other forms of payment, proceeds of any insurance for any of the Collateral, and any sums payable to any Loan Party, any third Persons and/or any of their respective Affiliates under all contracts contained within the Collateral.

"Copyright Mortgage and Assignment(s)" collectively means each Copyright Mortgage and Assignment, executed in favor of Lender by Bordertown Productions LLC, Wendell Distribution, Inc., Mobius .45 Productions LLC, Chaos Distribution, Inc., Chaotic Films UK Limited and Chaotic Productions Ltd., each dated on or about the date hereof and as amended, modified, supplemented or restated from time to time.

"DBZ" means D.B. Zwirn Special Opportunities Fund, L.P.

(i) All corporate procedures taken in connection with the execution of this Agreement and all other Loan Documents and all documents and papers relating thereto shall be satisfactory in form, scope and substance to the Lender and Lender's counsel; and

(j) Such other documents as the Lender may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents.

ARTICLE 6 – INTENTIONALLY DELETED

ARTICLE 7 - COLLATERAL

7.1 Grant of Security Interest. As security for all of the Obligations, the Borrower hereby grants to the Lender, a continuing first priority security interest in, Lien on, and right of set-off against, all of the Borrower's right, title and interest in and to any and all accounts, deposit accounts, equipment, general intangibles, contract rights, inventory, investment property, letter of credit rights, chattel paper, documents, instruments and other negotiable collateral, copyrights, trademarks, patents, supporting obligations, cash, goods, fixtures and all other personal property of the Borrower and any proceeds and products of the foregoing, including insurance proceeds, whether now owned or hereafter acquired from time to time or arising and regardless of where located (collectively referred to as the "Borrower Collateral"):

7.2 Perfection and Protection of Security Interest. The Borrower shall at its expense, perform all steps consistent with this Agreement requested by the Lender at any time to perfect, maintain, protect, and enforce the Lender's Lien in the Collateral, including, without limitation: (a) executing, filing, recording, and refiling such financing statements, continuation statements, copyright mortgages, form PA's, and copyright assignments and (b) taking such other steps as the Lender may deem necessary or appropriate and wherever required or permitted by law in order to perfect or preserve the first priority Lender's Lien in the Collateral. The Borrower shall do such further acts and things and execute and deliver to the Lender such additional conveyances, assignments, agreements and instruments as the Lender may require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm to the Lender its rights, powers and remedies hereunder. The Borrower hereby irrevocably appoints the Lender, as the Borrower's attorney-in-fact, to file or record financing statements and amendments thereto (including filing such statements and amendments by electronic means with or without a signature as authorized or required by applicable law or filing procedures), form PA's, copyright mortgages and copyright assignments and any other documents in all appropriate governmental offices, including the United States Registrar of Copyrights, accompanied by the required filing fees, relative to all or any part of the Collateral where necessary or desirable in the Lender's judgment to protect, perfect, enforce, preserve or to continue the first priority Lien granted herein without the signature of the Borrower where permitted by law. The Lender shall provide the Borrower with copies of such filed documents. The Borrower hereby agrees to do such further acts and things and to execute and deliver to the Lender such additional conveyances, assignments, agreements, and instruments as the Lender may require or deem advisable to carry

into effect the purposes of this Agreement or to better assure and confirm to the Lender its rights, powers, and remedies hereunder.

7.3 Assignment of Rights Only. The Lender shall have under this Agreement and the other Loan Documents an assignment of and Lien on only the benefits of and rights under the Collateral, and shall not assume the obligations and duties thereunder. All such obligations and duties of the Borrower under the Collateral, shall be and remain enforceable only against the Borrower and shall not be enforceable against the Lender. Notwithstanding any provision hereof to the contrary, the Borrower shall at all times remain liable to observe and perform all of its duties and obligations under the agreements included in the Collateral, and the Lender's exercise of any of its rights with respect to the Collateral shall not release the Borrower from any of such duties and obligations. The Lender shall not be obligated to perform or fulfill any of the Borrower's duties or obligations under the Collateral or to make any payment thereunder, or to make any inquiry as to the nature or sufficiency of any payment or property received by it thereunder or the sufficiency of performance by any party thereunder, or to present or file any claim, or to take any action to collect or enforce any performance, any payment of any amounts, or any delivery of any property.

7.4 Jurisdiction of Organization; Chief Office; Production Activities; and Physical Properties. The Borrower represents and warrants to the Lender that the Borrower's chief executive office and its books and records are located at the address specified in Section 13.9 hereof or at permitted laboratories in accordance with Section 7.11 hereof, and its jurisdiction of organization is as stated on page one of this Agreement. The Borrower covenants and agrees that if (a) the jurisdiction of its organization, or the title or titles of the Film or the name, or any trade name of the Borrower is to be changed or modified in any manner, or (b) the Borrower proposes to acquire or use a new trade name or (c) address for notices of the Borrower is to be relocated to a place other than its present address as stated in Section 13.9 hereof, then the Borrower shall so notify the Lender in writing and, prior to making any such change or modification, shall execute and deliver to the Lender such further documents and do such other acts and things as the Lender may reasonably request in order to carry out the purposes of this Agreement including, without limitation, the execution and delivery of financing statements, amendments, copyright assignments and mortgages, necessary or desirable to continue and/or perfect the Lender's Lien in the Borrower Collateral.

7.5 Title to and Liens on Collateral.

(a) The Borrower represents and warrants to the Lender and covenants that (i) all of the Borrower Collateral is and will continue to be owned by the Borrower free and clear of all Liens, except for Permitted Liens, (ii) the Lender's Lien in the Borrower Collateral will not be subject to any Lien or security interest other than Permitted Liens and (iii) the Borrower will not sell, offer to sell, hypothecate or otherwise dispose of any Borrower Collateral, or any part thereof or interest therein, at any time, except for Permitted Liens in the ordinary course of its business or with the prior written consent of the Lender, which consent shall not be unreasonably withheld.

(b) The Borrower will appear in, contest and defend against any action or proceeding purporting to affect title to or any other interest in any portion of the Borrower

Collateral, or the rights or powers of the Lender, any of its successors or assigns, or the right or interest of the Lender, legal or beneficial, in any portion of the Borrower Collateral; and will pay all reasonable costs and expenses, including costs of evidence of title and attorneys' fees, in any such action or proceeding in which the Lender may appear.

7.6 Access and Examination. The Lender shall have the right at all reasonable times (and at any time when a Default or Event of Default exists) to examine, audit, make extracts from or copies of and inspect any and all of the Borrower's books, records, files and the Borrower Collateral and discuss the Borrower's affairs with the Borrower's officers and management. The Lender shall have access, at all time, to any and all of the Borrower's computer hardware or software, whether maintained by the Borrower, or third Persons on the borrower's behalf, which pertains to or reflect, such records. At such time or times as the Lender may request, the Borrower will, at its cost and expense, prepare a list or lists in such form as shall be satisfactory to the Lender, certified by a duly authorized officer of the Borrower, describing in such detail as the Lender shall require, the Borrower Collateral, and specifying the location of such Borrower Collateral and the Borrower's records pertaining thereto and permit the Lender to inspect such Borrower Collateral or any part thereof at such place as the Borrower Collateral may be held or located or at such other reasonable place.

7.7 Attorney-in-Fact. Three days after the Lender notifies the Borrower of the occurrence of an Event of Default: (a) Borrower does hereby irrevocably make, constitute and appoint the Lender or any of its officers or designees its true and lawful attorney-in-fact with full power in the name of the Lender, such other Person or Borrower to receive, open and dispose of all mail addressed to Borrower, and to endorse any notes, checks, drafts, money orders or other evidences of payment relating to the Borrower Collateral that may come into the possession of the Lender with full power and right to cause the mail of such Persons to be transferred to the Lender's own offices or otherwise, and to do any and all other acts necessary or proper to carry out the intent of this Agreement and the grant of the security interests hereunder and under the Loan Documents, and Borrower hereby ratifies and confirms all that the Lender or its substitutes shall properly do by virtue hereof; (b) Borrower does hereby further irrevocably make, constitute and appoint the Lender or any of its officers or designees its true and lawful attorney-in-fact in the name of the Lender or Borrower (i) to enforce all of Borrower's rights under and pursuant to all agreements with respect to the Borrower Collateral, all for the sole benefit of the Lender; (ii) to enter into and perform such agreements as may be necessary in order to carry out the terms, covenants and conditions of the Loan Documents that are required to be observed or performed by such Borrower; (iii) to execute such other and further mortgages, pledges and assignments of the Borrower Collateral, and related instruments or agreements, as the Lender may reasonably require for the purpose of perfecting, protecting, maintaining or enforcing the security interests granted to the Lender hereunder and under the other Loan Documents' and (iv) to do any and all other things necessary or proper to carry out the intention of this Agreement and the grant of the security interests hereunder and under the other Loan Documents. Each Borrower hereby ratifies and confirms in advance all that the Lender as such attorney-in-fact or its substitutes shall properly do by virtue of this power of attorney.

7.8 The Lender's Rights, Duties and Liabilities. The Borrower assumes all responsibility and liability arising from or relating to the use, sale or other disposition of the Borrower Collateral. Neither the Lender nor any of its officers, directors, employees or agents shall be liable or responsible in any way for the safekeeping of any of the Borrower Collateral, or for any loss or damage thereto, or for any diminution in the value thereof, or for any act of default of any carrier, forwarding agency or other Person whomsoever, all of which shall be at the Borrower's sole risk. The Obligations shall not be affected by any failure of the Lender to take any steps to perfect the Lender's Liens or to collect or realize upon the Borrower Collateral, nor shall loss of or damage to the Borrower Collateral release the Borrower from any of the Obligations. The Lender may (but shall not be required to), without notice to or consent from the Borrower, sue upon or otherwise collect, extend the time for payment of, modify or amend the terms of, compromise or settle for cash, credit, or otherwise upon any terms, grant other indulgences, extensions, renewals, compositions, or releases, and take or omit to take any other action with respect to the Borrower Collateral, any security therefor, any agreement relating thereto, any insurance applicable thereto, or any Person liable directly or indirectly in connection with any of the foregoing, without discharging or otherwise affecting the liability of the Borrower for the Obligations or under this Agreement or any other agreement now or hereafter existing between the Lender and the Borrower.

ARTICLE 8 - BOOKS, RECORDS; FINANCIAL REPORTING; AND NOTICES

8.1 Books and Records.

(a) The Borrower shall maintain a system of accounting established and administered in accordance with GAAP and keep adequate records and books of account in which complete entries in accordance with such accounting principles will be made.

(b) The Borrower shall maintain at all times, correct and complete books and records with respect to the Collateral which are as complete and comprehensive as those customarily maintained by others engaged in the production and distribution of first class theatrical motion pictures, including all books, records, contracts, production notes and all other information and data of every kind relating to the Collateral, and the production, distribution or exploitation thereof.

8.2 Notice of Certain Events. The Borrower shall promptly notify the Lender in writing of any Event of Default or Default.

ARTICLE 9 - GENERAL REPRESENTATIONS AND WARRANTIES

The Borrower warrants and represents to the Lender as of the Closing Date (except with respect to any representation or warranty which is stated to be made as of a specific date which shall be deemed repeated as of such date), and the Borrower shall be deemed to have repeated each such representation and warranty on each date that any Obligation remains outstanding, as follows.