

Dear Shareholders:

I know many of you are concerned that we missed our deadline for filing the recent 10-Q. This has only happened a couple of times over the past six years and I'm beginning to believe this is just part of the landscape of running a micro-cap with funding issues. Our plan is to file the 10-Q as soon as possible.

As many of you know, our Company was recently involved in two high profile films – Bus 657 starring Robert De Niro and Daughter Of God starring Keanu Reeves. Our hope is that these films, and others in the works, will generate enough revenue for the Company to finally put us on terra firma.

Also, we are looking at tightening up the float. The Company has gone through a dilutive period that started with restricted shares tendered as collateral for Daughter Of God. The truth is, we couldn't have done the transaction without the shares; but, in retrospect, they opened the door to a Company with too many shares in the marketplace.

I think many of you who follow the Company know that we have had some pretty good news recently in terms of our deal flow. Unfortunately, the amount of shares in the marketplace has kept us on the floor no matter what good news we report.

If the stock can't appreciate, there's no point in having a public company. Nobody runs a public company for fun. After six years with Mass Hysteria, I have yet to sell a single share of stock. On top of that, the Company only pays me sporadically even though I show up every day, rain or shine.

The CEO is in. I have the relationships and experience to take this Company to the next level. Hopefully, if we can begin to generate revenue from our recently produced films, the Company will finally be able to stand on its own two legs without taking on additional convertible debt, which will mitigate the large dilution we've all been experiencing lately.

Thank you for being part of Mass Hysteria Entertainment. We work hard everyday to turn this enterprise into a company that will hold its own in your portfolio.

Best Regards,

Dan Grodnik