

## Large Label 360 Agreement (Short Form Incorporating Detailed Exhibits)

### EXCLUSIVE RECORDING AGREEMENT (SHORT FORM)

As of \_\_\_\_\_[date]

Dear \_\_\_\_\_ :

Reference is made to: (a) the standard form Exclusive Long-term Recording Agreement of \_\_\_\_\_ ("Company") attached hereto as Exhibit A (the "Basic Agreement"); (b) the standard form brand equity agreement of Company attached hereto as Exhibit B (the "Basic Brand Equity Agreement"); and (c) the co-publishing agreement attached hereto as Exhibit C (the "Co-Publishing Agreement"). The Basic Agreement, the Basic Brand Equity Agreement and the Co-Publishing Agreement, as modified and as supplemented by the provisions described below, shall constitute the agreement between you and Company regarding your services as an exclusive recording artist (subject to the immediately subsequent sentence). If Company exercises the Development Period Option (as defined below), you and Company agree to expeditiously prepare and execute a more formal agreement (the "Supplemental Agreement") containing the provisions set forth in this Agreement, as well as such other provisions as are customary in agreements of such type, and to negotiate in good faith with respect to the provisions of the Basic Agreement, the Basic Brand Equity Agreement and the Co-Publishing Agreement (other than those provisions set forth below which are non-negotiable and agreed) to be included therein. In the event of any conflict between the Basic Agreement and/or the Basic Brand Equity Agreement and/or the Co-Publishing Agreement and the provisions set forth below, the provisions set forth below shall control.

The Supplemental Agreement will include all of the provisions of the Basic Agreement, the Basic Brand Equity Agreement and the Co-Publishing Agreement which have been incorporated herein by reference or which are specifically referred to herein, and shall otherwise be in the form of the Basic Agreement, the Basic Brand Equity Agreement and the Co-Publishing Agreement, except in such respects as provided for below or as you and Company shall otherwise agree. You and Company hereby further agree that any unintentional delay or failure on the part of either party to complete the Supplemental Agreement for any reason shall not in any manner impede or compromise the enforceability and effectiveness of this Agreement. Unless specifically provided to the contrary below, all terms defined in the Basic Agreement and/or the Basic Brand Equity Agreement and/or the Co-Publishing Agreement will have the same meanings when used below.

1. TERRITORY: The Universe.

2. TERM:

(a) The term of this Agreement (the "Initial Term") shall begin on the date set forth above and shall terminate sixty days following the expiration of the Development Period (as defined below). The "Development Period" shall begin on the date set forth above and shall continue until the later of (i) ninety days thereafter, and (ii) the date of the delivery of the Development Sides (as defined in subparagraph 3(a) below). At any time prior to the expiration of the Initial Term, Company shall have the option (the "Development Period Option") to give notice to you of Company's intention to complete the Supplemental

Agreement, the Basic Agreement, the Basic Brand Equity Agreement and the Co-Publishing Agreement. If Company exercises the Development Period Option, the first Contract Period under the Basic Agreement shall be deemed to have begun on the date set forth above and shall continue in accordance with paragraph 1.01 of the Basic Agreement and the first Participation Term of the Basic Brand Equity Agreement shall be deemed to have begun on the date set forth above and shall continue in accordance with paragraph 1.01 of the Basic Brand Equity Agreement. If Company does not exercise the Development Period Option, the term of this Agreement shall expire at the end of the Initial Term and you shall not have any further obligation or liability to Company.

(b) If Company exercises the Development Period Option, you hereby grant Company six separate options to extend the Term for additional Contract Periods as set forth in the Basic Agreement.

### 3. RECORDING COMMITMENT:

(a) During the Development Period, you shall perform for the production of finished Recordings (mixed or unmixed) sufficient to constitute four Sides (as determined by Company in its reasonable discretion) (the "Development Sides"). You or the producer will deliver the Development Sides to Company prior to the expiration of the Development Period. The Development Sides shall, under any circumstance, be treated as Masters made under this Agreement for all purposes. Company will pay all of the recording costs (the "Recording Costs") incurred in connection with the recording of the Development Sides, including all travel and lodging expenses for you in \_\_\_\_\_ [*name of recording city*] for up to thirty days, in accordance with a mutually agreed-upon budget not to exceed \$\_\_\_\_\_.

(b) During the first Contract Period (if Company exercises the Development Period Option), and each Contract Period thereafter (if Company exercises each Contract Period Option), you shall perform for the recording of Recordings sufficient to constitute one Album, cause those Recordings to be produced, and Deliver those Recordings to Company in accordance with Article 3 of the Basic Agreement.

(c) You and Company hereby mutually approve \_\_\_\_\_ as producer of all Recordings hereunder.

4. ADVANCES/FUNDS/PAYMENTS: Company shall pay you an Advance in the amount of \$\_\_\_\_\_ as follows:

(a) \$\_\_\_\_\_, payable promptly following the complete execution of this Agreement by you and Company; and \$\_\_\_\_\_, payable promptly following your or the producer's Delivery of the Development Sides to Company. In addition, Company shall pay all Recording Costs incurred in connection with the Development Sides, provided, however, that Company shall not be required to pay more than \$\_\_\_\_\_ of such Recording Costs. For the avoidance of doubt, such Recording Costs shall constitute Advances hereunder.

(b) Promptly after your or the producer's Delivery to Company of the Recordings constituting the first Album in satisfaction of the Recording Commitment, Company shall pay you an Advance in the amount of \$\_\_\_\_\_. The Advances for the following Albums shall be based on a 2/3rds formula of royalties earned by you on sales of the immediately preceding album, with the following minimums and maximums:

Min

Max

Album 2:	\$ _____	\$ _____
Album 3:	\$ _____	\$ _____
Album 4:	\$ _____	\$ _____
Album 5:	\$ _____	\$ _____
Album 6:	\$ _____	\$ _____
Album 7:	\$ _____	\$ _____

(c) Each Album of your Recording Commitment shall be recorded pursuant to a budget approved by Company in accordance with subparagraph 4.01(a) of the Basic Agreement, without giving effect to the last sentence of such subparagraph 4.01(a).

## 5. ROYALTIES:

(a) The Basic U.S. Rate (which, for the avoidance of doubt, shall be calculated on a so-called "PPD" basis (*i.e.*, without so-called "automatic free goods," "container charges," or similar deductions) as provided in subparagraph 9.01(a) of the Basic Agreement shall be as follows:

TYPE OF RECORD	BASIC U.S. RATES	
(i)	Albums/Digital Sides in the first and second Contract Periods	_____ %
(ii)	Albums/Digital Sides in the third and fourth Contract Periods	_____ %
(iii)	Albums/Digital Sides in the fifth, sixth and seventh Contract Periods	_____ %
(iv)	Singles and EPs	_____ %

Notwithstanding subparagraph 9.01(b) of the Basic Agreement, the royalty rate (the "Escalated U.S. Rate") in respect of USNRC Net Sales of each Album recorded pursuant to your Recording Commitment in excess of the following number of units, shall be escalated by the applicable rate set forth below:

(A) \_\_\_\_\_ % escalation on unit sales exceeding 500,000; and

(B) an additional \_\_\_\_\_ % escalation on unit sales exceeding 1,000,000

## 6. PARTICIPATION PAYMENTS:

(a) Promptly following the exercise by Company of the Development Period Option and the full execution of the Brand Equity Agreement along with all other Supplemental Agreements, Company shall pay you a fee in the amount of \$\_\_\_\_\_ in connection with the Basic Brand Equity Agreement. All references to the "Fees" in the Basic Brand Equity Agreement shall be understood to mean the fee prescribed in this subparagraph 6(a).

(b) The percentage of Covered Revenues payable pursuant to subparagraph 3.01(a) of the Basic Brand Equity Agreement shall be 50 percent. Notwithstanding anything to the contrary contained herein or in the Basic Brand Equity Agreement, the percentage of Covered

Revenues payable in connection with music publishing and songwriting shall be 25 percent.

#### 7. RIGHTS IN RECORDINGS:

Company shall own all rights in the recordings and the Development Sides in perpetuity as set forth in Article 7 of the Basic Agreement. Company agrees to negotiate in good faith with you with respect to the commercial exploitation of the Development Sides by you or your designee if Company does not exercise the Development Period Option.

#### 8. CO-PUBLISHING AGREEMENT:

Company's music publishing designee ("Publisher") shall pay to you, under the Co-Publishing Agreement, 50 percent of the so-called "publisher's share" of public performance income; 75 percent of mechanical royalties; 70 percent of revenues from "cover" recordings secured by Publisher; 75 percent of synchronization fees and 75 percent of all other income derived from exploitations of the Published Compositions (as defined in the Co-Publishing Agreement), including, without deduction of any administration fee from any income derived from any exploitation of the Published Compositions. All income derived from foreign sources shall be calculated on a so-called "at source" basis (as such term is generally understood in the music publishing industry) as received from performing and mechanical rights societies and other licensees, and not reduced by deductions by Publisher's affiliates, subpublishers or licensees.

9. Company and you agree and acknowledge that paragraph 18.05 of the Basic Agreement is deemed agreed to and not subject to any further negotiation.

Very truly yours,

"Company"

By: \_\_\_\_\_

Title \_\_\_\_\_

ACCEPTED AND AGREED TO:

\_\_\_\_\_

\_\_\_\_\_

Social Security Number

EXHIBIT A

#### EXCLUSIVE LONG-TERM RECORDING AGREEMENT

Attached to and made part of a Exclusive Recording Agreement (Short Form) between Company and

\_\_\_\_\_, dated as of \_\_\_\_\_[date].

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Exclusive Recording Artist Agreement made as of \_\_\_\_\_[date], between \_\_\_\_\_ ("Company") and \_\_\_\_\_ ("You").

## 1. TERM:

1.01. The term of this Agreement (hereinafter, the "Term") shall begin on the date set forth above and shall continue for a first Contract Period ending on the date seven months following the Initial Release in the United States of the Album Delivered in complete satisfaction of the Recording Commitment for such first Contract Period, but in no event later than the date twelve months following Company's receipt of Notice of Delivery of all Recordings constituting the Recording Commitment for such first Contract Period.

1.02.(a) You grant Company six separate options (each a "Contract Period Option") to extend the Term for additional Contract Periods (sometimes, hereinafter, referred to as "Option Periods") on the same terms and conditions applicable to the first Contract Period except as otherwise expressly provided in this Agreement. Company may exercise each of those Contract Period Options by sending you a notice not later than the expiration date of the Contract Period which is then in effect (the "current Contract Period"). If Company exercises a Contract Period Option, the Option Period concerned shall begin immediately after the end of the current Contract Period and shall continue until the date seven months following the Initial Release in the United States of the Album Delivered in complete satisfaction of the Recording Commitment for that Option Period but in no event later than the date twelve months following Company's receipt of Notice of Delivery of all Recordings constituting the Recording Commitment for that Option Period.

(b) Notwithstanding anything to the contrary contained in this paragraph 1.02, if Company has not exercised its option to extend the Term for a further Contract Period as of the date on which the current Contract Period would otherwise expire, the following shall apply:

(i) You shall send Company notice (an "Option Warning") that its option has not yet been exercised.

(ii) Company shall have the right to exercise the applicable Contract Period Option by sending a notice to you not later than the date ten business days after its receipt of the Option Warning (the "Extension Period").

(iii) The current Contract Period shall end on either the last day of the Extension Period or the date of Company's notice to you (the "Termination Notice") that Company does not wish to exercise such option, whichever is sooner.

(iv) For the avoidance of doubt, nothing herein shall limit Company's right to send a Termination Notice to you at any time, nor limit Company's right to exercise a Contract Period Option in accordance with subparagraph 1.02(a) above, notwithstanding any failure by you to send Company an Option Warning in accordance with section 1.02(b)(i) above.

## 2. SERVICES:

2.01. During the Term you shall render your services as a performing artist for the purpose of making Recordings for Company, you shall cause those Recordings to be produced, and you shall Deliver those Recordings to Company, as provided in this Agreement. (You are sometimes called "you" below; all references in this Agreement to "you and you," and the like, shall be understood to refer to you alone.)

2.02.(a) Your obligations hereunder shall include furnishing the services of the producers of those Recordings, and you shall be solely responsible for engaging and paying them. (Producers whom you engage are sometimes referred to in this Agreement by the term

"Producers.")

(b) (This subparagraph 2.02(b) shall not apply unless you have consented to the engagement of the producer concerned, or the assignment of the staff or contract producer concerned, to the recording project.) If Company, instead, engages producers other than \_\_\_\_\_, for any of those Recordings, or if the producers, other than \_\_\_\_\_, of any such Recordings are employees of Company or, render their services under contract to Company, the following terms shall apply:

(i) Your royalty account and the production budget for the recording project concerned shall be charged with a Recording Cost item of \$\_\_\_\_\_ per Album (or \$\_\_\_\_\_ per Recording for a project for the recording of less than an Album). If Company is obligated to pay those producers a higher fixed amount attributable to that project, the charge under this section 2.02(b)(1) shall be that amount instead.

(ii) Your royalty under Article 9 on Records made from those Recordings shall be reduced by the amount of a royalty of \_\_\_\_\_ percent on Albums under paragraph 9.01, adjusted in proportion to the other royalty rates and royalty adjustments provided for in the other provisions of Articles 9 and 10. (If a higher royalty is payable to the producers, the reduction under this section 2.02(b)(ii) shall be the amount of that royalty instead.) You hereby direct Company to deduct, from any and all monies payable or becoming payable to you, the royalties that Company is obligated to pay such producers in respect of Records derived from Recordings produced by such producers.

### 3. RECORDING COMMITMENT:

3.01.(a) During each Contract Period you shall perform for the recording of Recordings sufficient to constitute the applicable number of Albums listed below, cause those Recordings to be produced, and Deliver those Recordings to Company (the "Recording Commitment").

Contract Period	Recording Commitment
1st	One Album
2nd	One Album
3rd	One Album
4th	One Album
5th	One Album
6th	One Album
7th	One Album

(b) In addition to the Albums and materials constituting the Recording Commitment that are set forth in subparagraph 3.01(a), you hereby grant Company one option (the "Greatest Hits Option") to increase the Recording Commitment by that number of Recordings sufficient to constitute three new Sides (the "New Greatest Hits Sides"), which, as provided in paragraph 6.03 below, Company may embody in, and release as, one "Greatest Hits" or "Best of" Album, consisting of: (i) Masters made under this Agreement and previously released in different Record combinations; and (ii) the New Greatest Hits Sides (the "Qualifying Greatest Hits Album"). Upon Company's exercise of the foregoing option, your Recording Commitment for the then-current Contract Period shall be deemed to include your Delivery of the New Greatest Hits Sides. The New Greatest Hits Sides shall be recorded in accordance with paragraph 4.01(a) below.

3.02. You shall fulfill the Recording Commitment for each Contract Period within the first 5 months after the commencement of such Contract Period.

3.03. Each Album (or other group of Recordings) Delivered to Company in fulfillment of your Recording Commitment shall consist entirely of Recordings made in the course of the same Album (or other) recording project, unless Company consents otherwise. Company may withhold that consent in Company's unrestricted discretion.

#### 4. RECORDING PROCEDURE:

4.01.(a) Prior to the commencement of recording in each instance you and Company shall mutually agree on each of the following, in order, before you proceed further: (i) selection of Producer; (ii) selection of material, including, without limitation, the number of Compositions to be recorded. (Company shall not be deemed unreasonable in rejecting any request to record an Album which would constitute a Multiple Record Set); and (iii) selection of dates of recording and studios where recording is to take place, including the cost of recording at such studios. (Company shall only disapprove the use of a particular studio if it is not a first-class recording studio, if its use would be inconsistent with any of Company's union agreements, if Company anticipates that its use would cause labor difficulties for other reasons, or if Company anticipates that its use would require expenditures inconsistent with the approved recording budget.) The scheduling and booking of all studio time shall be done by Company in accordance with your reasonable requests. In addition, at least 14 days prior to the date of the first recording session for the recording of any Recordings, you shall submit to Company in writing, for Company's written approval, a proposed budget setting forth, in itemized detail, all anticipated Recording Costs. A budget not exceeding the applicable Recording Fund fixed in paragraph 6.01 below, less any payments to you or on your behalf which are intended to reduce such Recording Fund, shall not be disapproved by Company by reason of the budget's overall amount, but each of the items constituting the budget shall be subject to Company's prior written approval.

(b) You shall notify the appropriate Local of the American Federation of Musicians in advance of each recording session.

(c) As and when reasonably required by Company, you shall allow Company's representatives to attend any and all recording sessions hereunder at Company's expense. (Those expenses shall not be recoupable.)

(d) You shall timely supply Company with all of the information Company needs in order: (i) to make payments due or required in connection with Recordings hereunder; (ii) to comply with any and all other obligations Company may have in connection with the making of Recordings hereunder; and (ii) to release Records derived from such Recordings. You shall be solely responsible for and shall pay any penalties incurred for late payment caused by your delay in submitting union contract forms, report forms or invoices, or other documents.

(e) Your submission of Recordings to Company shall constitute your representation that you have obtained all necessary licenses, approvals, consents and permissions.

4.02.(a) No Composition previously recorded by you shall be recorded under this Agreement. No "live" Recording, Joint Recording, or Recording not made in full compliance with this Agreement shall apply in fulfillment of your Recording Commitment, and Company shall not be required to make any payments in connection with any such Recording except

any royalties which may become due under this Agreement if the Recording is released or otherwise exploited by Company.

(b) No Recordings shall be made by or include unauthorized Sampling. ("Sampling," as used herein, refers to the use and reproduction of pre-existing material, hereinafter "Sampled Material," which is owned or controlled by any Person other than you or would not otherwise be subject to Company's rights under Article 7 below, in a Recording hereunder.)

Concurrently with your delivery to Company of a Recording, you shall notify Company in writing of the names and addresses of all recording artists, record companies, songwriters and publishers and/or any other Persons who have any right, title or interest of any kind in any Sampled Material embodied in that Recording. You shall be solely responsible for obtaining all consents and licenses necessary or desirable in connection with the use and reproduction, and in connection with the licensing of the use and reproduction, of any Sampled Material in any Recording hereunder, so that Company shall enjoy the full and perpetual rights otherwise granted to Company pursuant to Article 7 hereunder with respect to Recordings hereunder; at Company's request, you shall supply Company with fully executed copies of any such consents, licenses and other related documentation. You shall be solely responsible for and shall account for and pay to any and all Persons who own or control Sampled Material any monies or other compensation to which such Persons are entitled as a result of any use hereunder by Company of any Recording embodying such Sampled Material. Notwithstanding anything to the contrary expressed or implied herein, no royalties, Advances or other monies shall be earned by or be payable to you hereunder or otherwise in connection with any Record embodying any Sampled Material, and no Recording embodying Sampled Material shall be deemed Delivered hereunder unless and until you have obtained, on Company's behalf, all rights required hereunder with respect to such Sampled Material, and, if Company requests, until Company receives documentation satisfactory to Company with respect thereto.

4.03. Nothing in this Agreement shall obligate Company to continue or permit the continuation of any recording session or project, even if previously approved hereunder, if Company reasonably anticipates that the Recording Costs plus all other Advances attributable to the recording session or project concerned shall exceed 110 percent of those specified in the approved budget therefor, or that the Recordings being produced shall not be commercially satisfactory to Company for the manufacture and sale of Records.

## 5. RECOUPABLE AND REIMBURSABLE COSTS:

5.01.(a) Company shall pay all Recording Costs incurred in connection with the production of Recordings under this Agreement consistent with the approved budget therefor. All Recording Costs paid or incurred by Company shall constitute Advances.

(b) All costs paid or incurred by Company in connection with the production of, and/or the acquisition of rights in, audiovisual works embodying your performances shall constitute Advances subject to subparagraph 14.01(b) below.

(c) All direct expenses paid or incurred by Company in connection with independent promotion or marketing of Recordings of your performances (*i.e.*, promotion or marketing by Persons other than regular employees of Company) shall constitute Advances.

(d) All costs paid or incurred by Company with respect to any trademark search, or registration in connection with any name or sobriquet now or hereafter used or proposed to be used by you under this Agreement, shall constitute Advances.



(e) All monies paid by Company to you during the Term, other than royalties paid pursuant to Articles 9 and 12, shall constitute Advances unless otherwise expressly agreed in writing by an authorized officer of Company. Each payment (except such royalties) made by Company during the Term to another Person on behalf of you shall also constitute an Advance if it is made with your consent, if it is required by law, or if it is made by Company to satisfy an obligation incurred by you in connection with the subject matter of this Agreement.

5.02. Notwithstanding anything to the contrary contained herein, any costs or expenditures which are payable by you or chargeable against your royalties which are applicable to any Joint Recordings shall be computed by apportionment as provided in paragraph 10.01.

## 6. ADDITIONAL ADVANCES:

6.01.(a) Promptly after your Delivery to Company of the Recordings constituting an Album in satisfaction of the Recording Commitment, Company shall pay you an Advance in the amount by which \$\_\_\_\_\_ (the "Recording Fund") exceeds the Recording Costs for the Album.

(i) The amount of the Recording Fund for the first Album Delivered pursuant to your Recording Commitment for the first Contract Period shall be \$\_\_\_\_\_ .

(ii) The amount of the Recording Fund for each Album of your Recording Commitment other than the first Album Delivered pursuant to your Recording Commitment for the first Contract Period shall be two-thirds (2/3) of whichever of the following amounts is less (subject to section 6.01 (a)(iii) below):

(A) the amount of the royalties (other than Mechanical Royalties) credited to your account on Net Sales Through Normal Retail Channels in the United States of the Album, made under this Agreement, released most recently before the Delivery of the Album concerned, as determined by Company from its most recent monthly trial balance accounting statement before the date on which the Album concerned is Delivered or required to be Delivered under Article 3 (whichever date is earlier) after deduction of reserves for returns and credits not exceeding 20 percent of the aggregate number of units of that Album shipped to Company's customers; or

(B) the average of the amounts of such royalties on the two such Albums released most recently before the Delivery of the Album concerned.

(iii) No Recording Fund shall be less than the applicable minimum amount or more than the applicable maximum amount set forth below:

	Minimum	Maximum
(A) Album recorded during the second Contract Period:	\$_____	\$_____
(B) Albums recorded during the third or fourth Contract Periods:	\$_____	\$_____
(C) Albums recorded during the fifth or sixth Contract Periods:	\$_____	\$_____
(D) Albums recorded during the seventh or eighth Contract Periods:	\$_____	\$_____

(b) Each Advance provided for in subparagraph 6.01(a) above, shall be reduced by the amount of any anticipated costs of mastering or remixing, and the estimated amount of any Recording Costs incurred but not yet billed to Company; any such anticipated or estimated amounts which are deducted but not incurred shall be remitted to you. If any Album other than the first Album recorded during the first Contract Period is not Delivered within the time prescribed in Article 3, the Recording Fund for that Album shall be \$\_\_\_\_\_.

6.02.(a) The aggregate amount of the compensation paid to you under this Agreement shall not be less than the Designated Dollar Amount (as defined below) per Fiscal Year. "Fiscal Year," in this paragraph, means the annual period beginning on the date of commencement of the Term, and each subsequent annual period through the seventh such annual period, during the Term.

(b) If you have not received compensation equal to the Designated Dollar Amount under this Agreement for a Fiscal Year, Company shall pay you the amount of the deficiency before the end of that Fiscal Year; at least forty days before the end of each Fiscal Year you shall notify Company if you have not received compensation equal to the Designated Dollar Amount under this Agreement for that Fiscal Year, and of the amount of the deficiency. Each such payment shall constitute an Advance and shall be applied in reduction of any and all monies due or becoming due to you under this Agreement. Company may not withhold or require you to repay any payment made to you pursuant to or subject to this paragraph 6.02.

(c) As used in this paragraph 6.02, the "Designated Dollar Amount" shall be:

(i) \$9,000.00 for the first Fiscal Year of this Agreement;

(ii) \$12,000.00 for the second Fiscal Year of this Agreement; and

(iii) \$15,000.00 for each of the third through seventh Fiscal Years of this Agreement.

If in any Fiscal Year the aggregate amount of the compensation paid to you under this Agreement exceeds the Designated Dollar Amount, such excess compensation shall apply to reduce the Designated Dollar Amount for any subsequent Fiscal Years.

(d) You acknowledge that this paragraph is included to avoid compromise of Company's rights (including Company's entitlement to injunctive relief) by reason of a finding of applicability of California law, but does not constitute a concession by Company that California law is actually applicable.

6.03.(a) A "qualifying recompilation Album," in this paragraph 6.03, means an Album, such as a "Greatest Hits" or "Best of" Album, consisting of: (i) Recordings made under this Agreement and previously released in different Album combinations; and (ii) new Recordings (the "New Recordings" below) of at least three Compositions, made expressly for initial release in that Album and not applicable in reduction of your Recording Commitment.

(b) Within thirty days after Company's release of a qualifying recompilation Album on Top Line Phonograph Records sold Through Normal Retail Channels in the United States, Company shall pay you an Advance in the amount by which \$\_\_\_\_\_ (the "Qualifying Recompilation Album Fund") exceeds the Recording Costs for the New Recordings. No other Advance shall be payable in connection with the New Recordings. Each such Advance shall

be reduced as provided in the first sentence of subparagraph 6.01(b). If your royalty account is in an unrecouped position (*i.e.*, if the aggregate of the Advances and other recoupable items charged to that account at the time of payment of that Advance exceeds the aggregate of the royalties credited to that account at the end of the last semi-annual royalty accounting period), the Qualifying ReCompilation Album Fund shall be reduced by the amount of the unrecouped balance.

6.04. All Advances paid by Company to you pursuant to the terms of this Article 6 shall be deemed specifically to include all session union scale payments which may be required to be made pursuant to the terms of any applicable union agreements, and you agree to complete any documentation required by any applicable union or which may otherwise be necessary for Company to fulfill Company's obligations with respect to any union.

## 7. RIGHTS IN RECORDINGS:

7.01. You hereby agree that each Recording made or furnished to Company by you either under this Agreement or during the Term (a "Master Recording" or "Master" hereunder), from the Inception of Recording, shall be considered a work made for hire for Company. To the extent any such Master Recording is determined not to be a work made for hire for Company, you hereby assign to Company all right, title and interest in and to such Master Recording together with all rights (including copyright and other proprietary rights) in and to such Master Recording throughout the Territory in perpetuity. In addition, you hereby waive all so-called "moral rights" or any equivalent thereof otherwise available to you in connection with each such Master Recording. For all purposes, including for purposes of copyright law, Company is and shall be deemed the exclusive owner and author of all Masters, and all Records or other duplications in whatever form now or hereafter known, manufactured therefrom, together with the performances embodied therein, shall from the Inception of Recording be the sole property of Company in perpetuity, throughout the Territory, free from any claims by you or any other Person; and Company shall have the exclusive right to register the copyright in those Masters in Company's name as the author and owner of them and to secure any and all renewals and extensions of copyright throughout the Territory.

7.02. Without limiting the generality of the foregoing, Company and any Person authorized by Company shall have the unlimited, exclusive rights, throughout the Territory: (a) to manufacture Records, in any form and by any method now or hereafter known, derived from the Masters; (b) to sell, transfer or otherwise deal in the same under any trademarks, trade names and labels, or to refrain from such manufacture, sale and dealing; (c) to reproduce, adapt, transmit, distribute, communicate, make available and otherwise use the Masters in any medium and in any manner, including but not limited to use in audiovisual works, without payment of any compensation to you except the payments, if any, which may be expressly prescribed for the use concerned under Article 9; and (d) to publicly perform, exhibit, publicly display, make available or to permit the public performance of the Masters by means of radio broadcast, cable transmission, satellite transmission, television broadcast, digital audio transmission or any other method now or hereafter known.

7.03. You hereby irrevocably authorize, empower, and appoint Company your true and lawful attorney (a) to initiate and compromise any claim or action against infringers of Company's or your rights in the Masters; and (b) to execute in your name any and all documents and/or instruments necessary or desirable to accomplish the foregoing. The power of attorney granted under this paragraph 7.03 is coupled with an interest and is irrevocable.

## 8. MARKETING:

8.01.(a) Company and Company's Licensees shall have the perpetual right, without any liability to any Person, to use and to authorize other Persons to use the names (including, without limitation, all professional, group and other assumed or fictitious names or sobriquets), likenesses and biographical material of or relating to you, and the names (including all professional, group and other assumed or fictitious names or sobriquets), likenesses and biographical material of or relating to any producer and any other Person performing services in connection with the Masters, on and in connection with the exploitation of Recordings hereunder, on Internet websites and for purposes of advertising, promotion and trade and in connection with the marketing and exploitation of Records hereunder and Company's general goodwill advertising (advertising designed to create goodwill and prestige and not for the purpose of selling any specific product or service), without payment of additional compensation to you, you or any other Person. Company and its Licensees shall have the exclusive right, throughout the world, and shall have the exclusive right to authorize other Persons, to create, maintain and host any and all websites relating to you (and any member thereof) and to register and use the name "\_\_\_\_\_ [e.g., Artist name].com" and any variations thereof which embody your name (or the name of any member thereof) as Uniform Resource Locators ("URL's"), addresses or domain names (and, if you (or any member thereof) adopts a new name in accordance with this subparagraph, such new name(s) in URL's, addresses or domain names) for each website created by Company in respect of you (or any member thereof) (each, an "Artist Site"). All such websites, all elements thereof, and all rights thereto and derived therefrom shall be Company's property throughout the Territory and in perpetuity. At Company's reasonable request, you shall actively promote and support you Sites, including, without limitation, by providing current pictures, graphics, and editorial content in connection with the initial release of each Album Delivered in fulfillment of the Recording Commitment, by engaging in a reasonable number of activities by which you interacts with the website visitors, and by participating in other online promotions. You warrant and represent that the use of such names, likenesses, and biographical materials as described above in this subparagraph 8.01(a) shall not infringe upon the rights of any Person. If any Person challenges your right to use a professional name, Company may, at Company's election and without limiting any of Company's other rights and remedies, require you to cause you to adopt another professional name to be selected by you and approved by Company in Company's reasonable discretion without awaiting the determination of the validity of such challenge. Furthermore, during the Term, you shall not change the name by which you is professionally known without the prior written approval of Company.

(b) Without limiting the generality of any of Company's rights under this Agreement, Company and its Licensees shall have (i) the exclusive right, and may grant other Persons the right, to use reproductions or adaptations of packaging artwork, pictorial and graphic materials used for marketing or publicity, and other materials owned or controlled by Company or its Licensees, whether or not incorporating your name (including, without limitation, professional, group, or other assumed or fictitious names or sobriquets used by you), portraits, pictures, likenesses and logos, on merchandise of any kind (including without limitation the digitally distributed products and services described in subparagraph (ii)(B) below, in this subparagraph 8.01(b)); and (ii)(A) the exclusive right, and may grant other Persons the right, to use spoken word Recordings of your performances in connection with digitally distributed products and services (e.g., digital content distributed via cellular phones, personal computers and other consumer electronic equipment and so-called interactive voice response services), and (B) the non-exclusive (except as otherwise provided in this Agreement) right, and may grant other Persons the right, to use your name (including, without limitation, professional, group, or other assumed or fictitious names or

sobriquets used by you), portraits, pictures, likenesses, and logos, in connection with digitally distributed products and services. Company and its Licensees shall have no obligation to pay any additional compensation to you or any other Person in connection with Company's or its Licensees' uses under this paragraph, except as provided in subparagraph 9.08(b) below. For purposes of this Agreement, uses by Company or its Licensees as described in this paragraph are hereby defined as "Merchandise Uses" herein.

8.02.(a) As Company reasonably requests, you shall appear for photography, poster, cover art, and the like, under the direction of Company or Company's designees and to appear for interviews with representatives of the communications media and Company's publicity personnel, at Company's expense.

(b) As Company reasonably requests, you shall perform for the recording of brief audio, visual, and/or audiovisual spoken-word recorded messages and fan greetings suitable for use on and in connection with digital products and services and/or digital media platforms (e.g., Internet and wireless). In addition, as Company reasonably requests, you shall perform for the recording, by means of film, videotape or other audiovisual media, of performances of Compositions embodied on Masters (e.g., Videos) and other audiovisual performances by you (e.g., so-called "B-roll" and "behind-the-scenes" footage) suitable for use on and in connection with Records embodying your performances. You shall Deliver all such Recordings made under this subparagraph 8.02(b) to Company promptly after the production thereof.

(c) If you request by notice, Company shall make available to you for your approval, at Company's offices, any pictures of you or biographical material about you which Company proposes to use for packaging, advertising or publicity in the United States during the Term. Company shall not use any such material which you disapprove in writing, provided you furnish substitute material, satisfactory to Company in Company's sole discretion, in time for Company's use within its production and release schedules. This paragraph shall not apply to any material previously approved by you or used by Company. No inadvertent failure to comply with this paragraph shall constitute a breach of this Agreement, and you shall not be entitled to injunctive relief to restrain the continuing use of any material used in contravention of this paragraph.

8.03. [*Optional clause:*] During the Term, in respect of Phonograph Records manufactured by Company and distributed for sale to its retail distribution accounts in the United States, Company shall not, without your consent and notwithstanding anything in Article 9:

(a) Couple any of the Masters with Recordings not embodying your performances on Phonograph Records released as Singles; or, with respect to any other Phonograph Records, so couple more than two of the Masters on each such Phonograph Record, except promotional Records, Records described in the last sentence of paragraph 10.03, or Records created by Company's custom marketing operations for sale to educational institutions.

(b) Sell Top Line Albums derived from any of the Masters as "cut-outs," within 18 months after the initial release of the Recording concerned on Records in the United States.

8.04. [*Optional clause:*] Company shall not use the Masters on "Premium Records" without your consent and notwithstanding anything in Article 9. A "Premium Record" is a Phonograph Record, other than Records described in the last sentence of paragraph 10.03, produced for use in promoting the sale of merchandise other than Records, which bears the name of the sponsor for whom the Phonograph Record is produced.

8.05. [Optional clause:] Company shall not release "outtakes" on Phonograph Records without your consent. ("Outtakes" are preliminary or unfinished versions of the Masters released on Records.)

8.06. [Optional clause:] Provided you have fulfilled all your obligations under this Agreement, Company shall release each Album recorded in fulfillment of your Recording Commitment in the United States within three months following Delivery of the Album concerned. If Company fails to do so you may notify Company, within thirty days after the end of the three-month period concerned, that you intend to terminate the Term unless Company physically releases the Album within sixty days after Company's receipt of your notice (the "U.S. Release Cure Period"). If Company fails to physically release the Album in the United States before the end of the U.S. Release Cure Period you may terminate the Term by giving Company notice within thirty days after the end of the U.S. Release Cure Period. On receipt by Company of your termination notice, the Term shall end and all parties shall be deemed to have fulfilled all of their obligations hereunder except those obligations which survive the end of the Term (e.g., warranties, re-recording restrictions and obligations to pay royalties). Your only remedy for failure by Company to physically release an Album in the United States shall be termination in accordance with this subparagraph. If you fail to give Company either of the notices described in the foregoing provisions of this paragraph, within the time periods specified, your right to terminate shall lapse. The running of the three-month and sixty-day periods referred to above shall be suspended (and the expiration date of each of those periods shall be postponed) for the period of any suspension of the running of the Term under paragraph 15.03. If any such three-month or sixty-day period would otherwise expire on a date between October 15 and the next January 16, the running of the applicable period shall be suspended for the duration of the period between October 15 and January 16 and its expiration date shall be postponed by the same number of days (i.e., 92 days).

8.07. [Optional clause:] In preparation for the initial physical release in the United States of each Album of the Recording Commitment, Company shall undertake to consult with you regarding the proposed Album cover layout and the picture or art to be used on the cover. Company's decision on all packaging elements shall be final. All rights in any artwork or related material furnished or selected by you or used at your request, including the copyright and the right to secure copyright, shall be Company's property throughout the Territory and in perpetuity. The first sentence of this paragraph shall apply only to Albums Delivered within ninety days after the end of the time prescribed in Article 3.

## 9. ROYALTIES:

9.01. Company shall accrue to your royalty account, in accordance with the provisions of Article 11 below, royalties as described below; provided, however, no royalties shall be due and payable to you until such time as all Advances have been recouped by or repaid to Company. Royalties shall be computed by applying the applicable royalty percentage rate specified below in this Article 9 to the applicable Royalty Base Price in respect of the Net Sales of Records described in the paragraph (or subparagraph) concerned, except where such royalties are accrued on a Net Receipts basis for which the provisions of paragraph 14.20 below shall govern.

(a) The royalty rate (the "Basic U.S. Rate") in respect of Net Sales of Records (other than Audiovisual Records) consisting entirely of Masters made during the respective Contract Periods specified below and sold by Company Through Normal Retail Channels in the United States ("USNRC Net Sales") shall be as follows:

TYPE OF	CONTRACT	BASIC U.S.
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RECORD	PERIODS	RATES
	Albums	1st and 2nd _____ %
	Albums	3rd and 4th _____ %
	Albums	5th and 6th _____ %
	Albums	7th _____ %
	Seven-inch Singles	All _____ %
	Twelve-inch Singles	All _____ %
	Digital Sides	All _____ %
	EPs	All _____ %

(b) The royalty rate (the "Escalated U.S. Rate") in respect of USNRC Net Sales of each Album recorded pursuant to your Recording Commitment in excess of the following number of units, shall be the applicable rate set forth below rather than the otherwise applicable Basic U.S. Rate or any prior and otherwise applicable Escalated U.S. Rate:

ALBUM	USNRC NET SALES UNITS	ESCALATED U.S. RATES
Albums in first and second Contract Periods	500,000 units 1,000,000 units	_____ %
Albums in third and fourth Contract Periods	500,000 units 1,000,000 units	_____ %
Albums in fifth and sixth Contract Periods	500,000 units 1,000,000 units	_____ %
Albums in seventh Contract Period	500,000 units 1,000,000 units	_____ %

9.02. The royalty rate (the "Foreign Rate") on Net Sales of Records (other than Audiovisual Records) sold for distribution Through Normal Retail Channels outside of the United States by Company, or by Company's principal Licensee in the territory concerned, shall be computed at the applicable percentage of the Basic U.S. Rate that otherwise would be applicable to USNRC Net Sales of the applicable Record as follows:

TERRITORY	% OF BASIC U.S. RATE
Canada	75%
U.K. and Japan	66 2/3%
Rest of the World	50%

If any Company Licensee accounts to Company on the basis of less than 100 percent of Net Sales, Company shall account to you for the Records concerned on the same basis, but not

on less than 90 percent of Net Sales.

9.03.(a) With respect to Records (other than Audiovisual Records) licensed by Company for sale through any Club Operation in the United States, Company shall pay you 50 percent of Company's Net Receipts solely attributable to the Masters.

(b) With respect to Records (other than Audiovisual Records) sold through any Club Operation outside of the United States, the applicable Foreign Rate shall be 5 percent multiplied by the applicable percentage of the Basic U.S. Rate set forth in paragraph 9.02 above for the country concerned.

(c) No royalty shall be payable with respect to: (i) Records received by members of any Club Operation in an introductory offer in connection with joining it or upon recommending that another join it or as a result of the purchase of a required number of Records including, without limitation, Records distributed as "bonus" or "free" Records; or (ii) Records for which the Club Operation is not paid. Notwithstanding the foregoing, at least 50 percent of all Phonograph Records distributed through any Club Operation during the Term, on which you would otherwise be entitled to a royalty under this paragraph 9.03 (without regard to the first sentence of this subparagraph 9.03(c)), shall be deemed to have been sold. Such computations shall be made on a cumulative basis, and your royalty account adjusted accordingly, each sixth accounting period upon your request.

9.04. The royalty rate on any Record described in section (i), (ii) or (iii) of this sentence shall be one-half (1/2) of the royalty rate hereunder that would otherwise apply if the Record concerned were sold Through Normal Retail Channels: (i) any catalog Record sold by Company to educational institutions or libraries, or to other clients of Company for their promotion or sales incentive purposes; (ii) any Record sold in conjunction with a substantial television advertising campaign, at any time during the period commencing on the first day of the calendar semi-annual period in which that campaign begins and ending on the last day of the second calendar semi-annual period thereafter; and (iii) any non-catalog Record created on a custom basis for clients of Company.

9.05.(a) The royalty rate on any Budget Record shall be one-half (1/2) of the Basic U.S. Rate, the Foreign Rate or other royalty rate that would otherwise apply if the Record concerned was sold Through Normal Retail Channels. The royalty rate on a Mid-price Record or any Record sold through military exchange channels shall be two-thirds (2/3) of the Basic U.S. Rate, the Foreign Rate or other royalty rate that would otherwise apply if the Record concerned was sold Through Normal Retail Channels. (The immediately preceding two sentences shall not apply to Albums Delivered in fulfillment of the Recording Commitment (other than the first such Album) that are sold as Budget Records in the United States within twelve months, or as Mid-price Records in the United States within six months, after the initial release of the Masters concerned on Records in the United States.) The royalty rate on any type of Record which is not identified in paragraph 9.01 above shall be one-half (1/2) of the otherwise applicable Basic U.S. Rate or Foreign Rate for Albums in the configuration concerned set forth in paragraph 9.01 or 9.02 above.

(b) The royalty rate on a Multiple Record Set shall be one-half (1/2) of the otherwise applicable royalty rate set forth in this Article 9 if the Royalty Base Price of that Multiple Record Set is the same as the Royalty Base Price applicable to Top Line single-unit Records in the same configuration marketed by Company or Company's principal Licensee in the territory concerned at the beginning of the royalty accounting period concerned. If a different Royalty Base Price applies to a Multiple Record Set, the royalty rate prescribed in the preceding sentence shall be adjusted in proportion to the variance in the Royalty Base



Price, provided that in no event shall it be more than the otherwise applicable royalty rate set forth in this Article 9.

9.06.(a) The royalty rate on Net Sales of Audiovisual Records which contain Masters hereunder and are manufactured and distributed or digitally transmitted by Company or Company's distributor in the United States or by any international components of Company or Company's distributor ("Foreign Distributor," below) elsewhere, shall be 10 percent on units distributed in the United States and 7 percent on units distributed outside the United States. Notwithstanding the immediately preceding sentence, on such units distributed through Club Operations, such royalty rates shall be the lower of: (x) 50 percent of the foregoing applicable rate set forth in this section 9.06(a)(1) or (y) 10 percent of the Club Operation's selling price.

(b)(i) With respect to uses of Videos which produce revenues directly for Company, other than the uses described in subparagraph 9.07(a), Company shall pay you a royalty equal to a percentage of Company's Net Receipts derived from such uses (the "Net Receipts Royalty"), in accordance with the provisions of paragraph 9.08 below.

(ii) The uses on which the Net Receipts Royalty shall be payable include, without limitation, uses on Audiovisual Records manufactured for distribution by divisions of Company or any of its international components, or joint ventures in which they participate, other than those specified in subparagraph 9.06(a).

(c) The following amounts shall be charged in reduction of all royalties payable or becoming payable to you in connection with uses of audiovisual Recordings under this paragraph 9.06:

(i)(A) All royalties and other compensation which may become payable to any Person, notwithstanding paragraphs 12.02 and 12.03, for the right to make any uses of Controlled Compositions in audiovisual Recordings; and (B) 50 percent of all such amounts which may become payable in connection with other Compositions.

(B)(1) All payments to record producers or other Persons, except those referred to in clause (2) of this sentence, which are measured by uses of audiovisual Recordings or proceeds from those uses, whether such payments are to be computed as royalties on sales, as participations in revenues, or in any other manner; and (2) 50 percent of all such payments which are attributable to the production of Videos. (The amounts chargeable under this section 9.06(c)(B) shall not include non-contingent advances, but shall include payments, including payments in fixed amounts, which accrue by reason that such sales, revenues or other bases for computation attain particular levels.)

9.07.(a) Company shall credit your royalty account hereunder with an amount equal to 50 percent of Company's Net Receipts from any royalty or other payment paid to Company and directly attributed to a Master Recording licensed by Company to another Person for use: (i) in the manufacture and distribution of Phonograph Records, provided that such credit to your royalty account shall not exceed the same royalty amount that would otherwise be credited to your account hereunder for such use if Company manufactured or distributed the Phonograph Record concerned; or (ii) in synchronization with theatrical motion pictures, television programs, or radio or television commercials.

(b) Provided that a royalty or other payment is not otherwise provided for such uses elsewhere in this Article 9, including, without limitation, pursuant to paragraph 9.07(a) above, in respect of any license of a Master Recording by Company to another Person, or in respect of any Ancillary Exploitation, for which license or Ancillary Exploitation (as

applicable) Company receives a royalty or other payment that is readily and directly attributed to the use of such Master Recording or such Ancillary Exploitation (as applicable) (the "Per-Use Fee"), Company shall credit your royalty account hereunder with an amount equal to a percentage of Company's Net Receipts from such Per-Use Fee which is the same as the percentage of the applicable Basic U.S. Rate or Foreign Rate for Albums or Digital Sides, as applicable, or, in the case of Audiovisual Records, the rate set forth in section 9.07(a)(i) above sold for distribution in the country concerned, provided that such credit to your royalty account in respect of Masters shall not exceed the amount that would otherwise be credited to your account hereunder for a Top Line sale Through Normal Retail Channels of a comparable Record if sold by Company in the applicable territory. Notwithstanding anything to the contrary in this subparagraph 9.08(b), any Merchandise Use as part of the same commercial transaction as an exploitation of a Master Recording, for which Company receives or is credited with a royalty or other payment that is readily and directly attributable to such combined exploitation, shall be treated for purposes of calculating the payments payable to you hereunder, solely as a sale or license of a Master Recording under paragraph 9.01 or subparagraph 9.07(b), as applicable.

(c) If another recording artist, producer or any other Person is entitled to a royalty or other payment with respect to the same use of a Master Recording or the same Ancillary Exploitation as provided for under this paragraph 9.07, the amount to be credited to your royalty account under this paragraph shall be apportioned in the same ratio as that among your and that other Person's respective basic royalty percentages.

(d) All payments and credits pursuant to this paragraph 9.07 shall be deemed specifically to include all payments which may be required to be made pursuant to the terms of any applicable union agreements. For purposes of this paragraph 9.07 only, "Company" shall be deemed to refer to Company with respect to Records sold for distribution in the United States or Canada, and, with respect to distribution of Records in territories other than the United States or Canada shall be deemed to refer to Company's principal Licensee in the territory concerned.

#### 10. MISCELLANEOUS ROYALTY PROVISIONS:

Notwithstanding anything to the contrary contained in Article 9:

10.01. In respect of Joint Recordings, the royalty rate to be used in determining the royalties payable to you hereunder shall be computed by multiplying the royalty rate otherwise applicable thereto by a fraction, the numerator of which shall be one and the denominator of which shall be the total number of royalty artists whose performances are embodied on a Joint Recording.

10.02. The royalty rate (the "Apportioned Royalty") on a Record embodying Masters hereunder together with other Recordings shall be computed by multiplying the royalty rate otherwise applicable by a fraction, the numerator of which is the number of Sides embodying Masters hereunder and the denominator of which is the total number of Sides contained on such Record. Notwithstanding the foregoing, the Apportioned Royalty on an Audiovisual Record shall in no event exceed the royalty rate which would apply if the Apportioned Royalty were computed by apportionment based on the actual playing time of each Recording embodied in the Record concerned. To the extent that any such Audiovisual Record embodies an audio-only Master Recording hereunder (as distinguished from a Video hereunder), the applicable Apportioned Royalty shall be one-half (1/2) of the Apportioned Royalty that would otherwise apply under this paragraph 10.02.

10.03. No royalties shall be payable to you in respect of Records sold or distributed by Company or Company's Licensees for promotional purposes; as surplus, overstock or scrap; as cutouts after the listing of such Records has been deleted from the catalog of Company or the particular Licensee; as "free," "no charge" or "bonus" Records (whether or not intended for resale; whether billed or invoiced as a discount in the price to Company's customers or as a Record shipped at no charge); to Company employees and their relatives; to radio stations; as server, ephemeral or incidental copies; as excerpts that are thirty seconds or less in duration; or in territories where the Recordings concerned are in the public domain. No royalties shall be payable to you on Records containing Recordings of not more than two Masters hereunder, intended for free distribution as "samplers" to automobile or audio equipment manufacturers, distributors and/or purchasers (whether or not postage, handling or similar charges are made); for Records distributed for use on transportation carriers; or for Records distributed for use in jukeboxes.

10.04. If legislation requiring the payment of copyright royalties for the public performance of Records is enacted in the United States and Company receives such royalties with respect to Masters hereunder, and you do not receive or waive any similar payment from any Person other than Company, then Company shall credit your royalty account with that portion of such royalties as required by Company's collective bargaining agreement with the American Federation of Musicians or the American Federation of Television and Radio Artists, whichever is applicable. In respect of Joint Recordings, that portion shall be determined as provided in paragraph 10.01, unless a different method of apportionment is required under the applicable collective bargaining agreement. If no such agreement applies, Company shall negotiate with you in good faith regarding the sharing of any such royalties with you.

## 11. ROYALTY ACCOUNTINGS:

11.01.(a) Company shall compute your royalties as of each June 30 and December 31 for the prior six months, in respect of each such six-month period in which there are sales or returns of Records or any other transactions on which royalties are payable to you hereunder or liquidations of reserves established previously. On the next September 30th or March 31st Company shall send you a statement covering those royalties and shall pay you any royalties which are due after deducting unrecouped Advances.

(b) Company shall have the right to establish during each semi-annual accounting period a royalty reserve against anticipated returns and credits, or anticipated payments referred to in subparagraph 9.07(c) above, of up to 25 percent of the royalty earnings associated with the units of each Record reported as distributed to Company's and its Licensees' customers in that period. (Notwithstanding the preceding sentence, Company may establish a larger reserve if any such Record is sold subject to return privileges more liberal than Company's normal return policies, or if Company anticipates returns and credits which justify the establishment of such a larger reserve in Company's sole discretion.) Each royalty reserve shall be liquidated equally and in full over the four semi-annual accounting periods following the accounting period during which the applicable reserve is initially established. If you reasonably believe that the royalty reserve established during any accounting period is excessive, then, promptly following your request by notice to Company within sixty days after the date on which Company is deemed to have sent you an accounting statement for such accounting period under paragraph 11.03 below, Company will review the reserves established during such accounting period and will make such adjustments as Company may determine are appropriate, in its reasonable judgment, based on sales reports for your Records, your sale and returns history, and any other factors that Company deems relevant. If Company makes any overpayment to you, you shall reimburse Company for that

overpayment; Company may also deduct any overpayment from any monies due or becoming due to you. If Company pays you any royalties on Records which are returned later or on other transactions which are reversed, those royalties shall be considered overpayments.

11.02. Company shall compute your royalties in the same national currency in which Company's Licensee pays Company for that sale, and Company shall credit those royalties to your account at the same rate of exchange at which the Licensee pays Company. For purposes of accounting to you, Company shall treat any sale outside of the United States as a sale made during the same six-month period in which Company receives Company's Licensee's accounting and payment for that sale. (For the purposes of this paragraph, only, any royalties credited by a Licensee to Company's account but charged in recoupment of a prior advance made to Company and retained by the Licensee by reason of that charge shall be deemed paid to Company and received by Company when Company receives the Licensee's accounting reflecting the credit and charge concerned.) If any Company Licensee deducts any taxes from its payments to Company, Company may deduct a proportionate amount of those taxes from your royalties. If any law, any government ruling, or any other restriction affects the amount of the payments which a Company Licensee can remit to Company, Company may deduct from your royalties an amount proportionate to the reduction in the Licensee's remittances to Company. If Company cannot collect payment in the United States in U.S. Dollars, Company shall not be required to account to you for that sale, except as provided in the next sentence. Company shall, at your request and at your expense, deduct from the monies so blocked and deposit in a foreign depository the equivalent in local currency of the royalties which would be payable to you on the foreign sales concerned, to the extent such monies are available for that purpose, and only to the extent to which your royalty account is then in a fully recouped position. All such deposits shall constitute royalty payments to you for accounting purposes.

11.03.(a) Company shall maintain Books and Records which you may examine, at your expense. You may make those examinations only for the purpose of verifying the accuracy of royalty accountings rendered to you under paragraph 11.01. You may make such an examination only once during each twelve-month period, only once for a particular accounting period, and only within three years after the end of an accounting period with respect to accountings during the period concerned. You may make those examinations only during Company's usual business hours, on reasonable written notice for a reasonably convenient time, and at the place where Company keeps the Books and Records to be examined. You may appoint a qualified royalty auditor to make such an examination for you. The rights hereinabove granted to you shall constitute your sole and exclusive rights to examine Company's books and records.

(b) If, in the course of any examination, made in accordance with paragraph 11.03(a), of royalties payable to you under Article 9, you and Company agree in writing that there has been an undercrediting of royalties to your royalty account or accounts hereunder exceeding 10 percent of the total royalties credited by Company to such accounts in the aggregate for the periods covered by such examination, or if an undercrediting of royalties exceeding such amount is determined in a final non-appealable judgment by a court of competent jurisdiction, Company will pay interest to you on any portion of such agreed-upon or court-determined undercrediting of royalties that is paid to you at the time of such agreement or determination, at the prime rate in effect on the date on which Company is deemed to have sent you the royalty statement for the last accounting period covered by the examination, as such rate is quoted in the "Money Rate" section of The Wall Street Journal (or, if The Wall Street Journal is discontinued or is no longer quoting such rate, any other similarly reputable published source), calculated from the date such royalties were payable.

11.04. You acknowledge that Company's Books and Records contain confidential trade information and you warrant and represent that neither you nor your representatives shall communicate to others or use on behalf of any other Person any facts or information obtained as a result of such examination of Company's Books and Records.

11.05. If you have any objections to a royalty statement, you shall give Company specific notice of that objection and your reasons therefor within three years after the end of an accounting period with respect to accountings during the period concerned. Each royalty statement shall become conclusively binding on you at the end of that three-year period, and you shall no longer have any right to make any other objections to the statement. You shall not have the right to sue Company in connection with any royalty accounting, or to sue Company for royalties on Records sold or Net Receipts derived by Company during any period a royalty accounting covers, unless you commence the suit within six months after the end of that three-year period. If you commence suit on any controversy or claim concerning royalty accountings rendered to you under this Agreement, (a) any recovery thereon shall be limited to money damages only, and (b) you shall not have any right to seek termination of the Term or avoid the performance of your obligations hereunder by reason, in whole or in part, of any such claim. The preceding three sentences shall not apply to any item in a royalty accounting if a court of competent jurisdiction establishes that the item was fraudulently misstated by Company (in which case your right to terminate the Term shall be governed by paragraph 19.07 below).

11.06. You hereby authorize and direct Company to withhold from any monies due you from Company any portion thereof required to be withheld by the United States Internal Revenue Service and/or any other governmental authority, and to pay same to the United States Internal Revenue Service and/or such other authority. No Advances or other payments shall be made pursuant to this Agreement until you have completed the Internal Revenue Service Form attached hereto as Schedule A.

## 12. LICENSES FOR MUSICAL COMPOSITIONS:

12.01. You hereby grant to Company and Company's Licensees an irrevocable license, under copyright, to reproduce each Controlled Composition on Records of Masters hereunder other than Audiovisual Records, and to distribute those Records in the United States and Canada.

(a) For that license, Company (or Company's Licensees, as applicable) shall pay Mechanical Royalties, on the basis of Net Sales, at the following rates:

(i) On Phonograph Records and Digital Sides sold for distribution in the United States: The rate equal to 75 percent of the minimum compulsory license rate applicable to the use of Compositions on phonorecords under the United States copyright law (which as of the date hereof is nine and one-tenth cents (9.1cent(s)) per Composition) on whichever of the following dates is the earlier: (A) The date of completion of Delivery of the Masters constituting the Album project (or other recording project) concerned; or (B) The date of expiration of the time within which the Recording concerned is required to be Delivered under Article 3.

(ii) On Phonograph Records and Digital Sides sold for distribution in Canada: The rate prescribed in subsection 12.01(a)(i) above, or the rate equal to 75 percent of the lowest Mechanical Royalty rate prevailing in Canada on a general basis on the applicable date specified in subsection 12.01(a)(i) above with respect to the use of Compositions on Top

Line Records, whichever rate is lower.

(iii) On all other Records sold for distribution in the United States: The rate equal to 75 percent of the minimum compulsory license rate (on the applicable date specified in subsection 12.01(a)(i) above) that is implemented by the United States Copyright Office in respect of the use of Compositions on such Records; provided, however, that: (x) if, at the time any such Records are distributed, no such compulsory license rate has been implemented, then Mechanical Royalties for the use of Compositions on such Records shall be paid, after such compulsory license rate has been implemented by the United States Copyright Office, on all such Records (retroactively from the first such Record distributed hereunder); and (y) if at any time legislation is enacted in the United States that expressly prohibits payment of less than the minimum compulsory license rate, then solely with respect to the reproduction of Compositions on such Records, Company shall pay Mechanical Royalties at the minimum compulsory rate so prescribed by law for so long as such legislation remains in effect. The absence of any such compulsory license rate shall not impair the effectiveness of the license granted herein.

(iv) On all other Records sold for distribution in Canada: The rate equal to 75 percent of the lowest Mechanical Royalty rate prevailing in Canada on a general basis (on the applicable date specified in subsection 12.01(a)(i) above) that is applicable to the use of Compositions on such Records; provided, however, that: (y) if, at the time such Records are distributed, no such prevailing rate exists, then Mechanical Royalties for such Records shall be paid after such rate becomes generally applicable on all such Records (retroactively from the first such Record distributed hereunder); and (y) if at any time legislation is enacted in Canada that expressly prohibits payment of less than such prevailing rate, then solely with respect to the reproduction of Controlled Compositions on such Records, Company shall pay Mechanical Royalties at the applicable rate so prescribed by law for so long as such legislation remains in effect. The absence of any such license rate shall not impair the effectiveness of the license granted herein.

(v) The Mechanical Royalty on any Record referred to in paragraphs 9.04 and 9.05, or on any Record sold through a Club Operation, shall be three-fourths (3/4) of the amount fixed above. The preceding sentence shall not apply if the Record concerned is sold through military exchange channels.

(vi) If the Composition is an arranged version of work in the public domain, the Mechanical Royalty on that Composition shall be one-half (1/2) of the applicable amount fixed in section 12.01(a)(i) above. Notwithstanding the foregoing, if ASCAP, BMI or SESAC accords regular performance credit for any Controlled Composition which is an arranged version of a public domain work, the Mechanical Royalty rate on that Composition shall be apportioned according to the same ratio used by ASCAP, BMI or SESAC in determining that performance credit. Company shall not be required to pay you at that rate unless you furnish Company with satisfactory evidence of that ratio.

(vii) Notwithstanding anything to the contrary herein, no Mechanical Royalties or other payments shall be payable for any Records described in paragraph 10.03 or for Compositions which are one hundred seconds or less in length or for uses described in the next sentence. The rights granted to Company herein include the rights to: (A) publicly perform any Controlled Composition by or through any means or manner not otherwise licensed by a performing rights society and (B) incidentally reproduce or reproduce, in the form of server, ephemeral or other transient copies (solely to the extent such use is not otherwise licensed pursuant to a compulsory or voluntary license), any such Controlled Composition in connection with any transmission thereof. In addition, you hereby waive all

so-called "moral rights" or any equivalent thereof otherwise available to you in connection with each such Controlled Composition.

(b)(i) The maximum Mechanical Royalty for all Compositions, including Controlled Compositions, embodied in or transmitted as part of any Album, shall be limited to ten times the amount which would be payable on the Album under section 12.01(a)(i) above if it contained only one Controlled Composition. The maximum Mechanical Royalty shall be limited to two times that amount on any Single, five times that amount on any EP, and three times that amount on any Twelve-inch Single or any other Record which is not an Album, a Single, or an EP.

(ii) The maximum Mechanical Royalty under this subparagraph 12.01(b) on a Multiple Record Set shall be the same amount prescribed in section 12.01(b)(i), if the Royalty Base Price of that Multiple Record Set is the same as the Royalty Base Price applicable to the Top Line single-unit Albums marketed by Company or Company's principal Licensee in the territory concerned at the beginning of the royalty accounting period concerned. If a different Royalty Base Price applies to a Multiple Record Set, the maximum Mechanical Royalty shall be adjusted in proportion to the variance in the Royalty Base Price, provided that in no event shall it be more than twice the maximum royalty prescribed in section 12.01(b)(i).

(c) Company shall compute Mechanical Royalties on Controlled Compositions as of the end of each calendar quarter-annual period in which there are sales or returns of Records on which Mechanical Royalties are payable hereunder, or liquidations of Mechanical Royalty reserves established previously. On the next May 15, August 15, November 15 or February 15, Company shall send a statement covering those royalties and shall pay any net royalties which are due. Each Mechanical Royalty reserve maintained by Company against anticipated returns and credits shall be held for not longer than one year after it is established. Mechanical Royalty reserves shall not be established in accordance with practices less favorable to you than those used generally by Company for purposes of Company's accountings to music publishers represented by the Harry Fox Agency. Paragraphs 11.03, 11.04, 11.05 and 11.06 shall apply to Mechanical Royalty accountings.

12.02. You also grant to Company and Company's Licensees an irrevocable license under copyright to reproduce each Controlled Composition in Videos, to reproduce, distribute, transmit and perform those Videos in any manner (including, without limitation, publicly and for profit), to manufacture and distribute Audiovisual Records and other copies of those Videos, to exploit them otherwise, and to promote, advertise and market Records, and to reproduce lyrics (including translations thereof), of each Controlled Composition, in whole or in part, on and in Records and in any other manner and to manufacture and distribute those Records and exploit them otherwise, each by any method and in any form known now or in the future, throughout the Territory, and to authorize others to do so. Company and Company's Licensees shall not be required to make any payment in connection with those uses, and that license shall apply whether or not Company receives any payment in connection with any use of any Video or other Record. If any exhibition of a Video is also authorized under another license (such as a public performance license granted by ASCAP, BMI or SESAC), that exhibition shall be deemed authorized by that license instead of this Agreement. In all events, Company and Company's Licensees shall have no liability by reason of any such exhibition.

12.03.(a) If any Masters hereunder contain copyrighted Compositions which are not Controlled Compositions, you shall use reasonable efforts to obtain licenses covering those Compositions for Company's and Company's Licensees' benefit on the same terms as those

which apply to Controlled Compositions under this Article 12. In all events you shall obtain licenses covering them for the United States providing for royalties at the minimum rate applicable to the use of Compositions on phonorecords under the compulsory license provisions of the United States copyright law, and licenses covering them for Canada providing for royalties at the lowest rates prevailing in Canada on a general basis with respect to the use of Compositions on comparable Records, and otherwise on terms not less favorable to Company in any respect than those prescribed in the form attached hereto as Schedule B; and subparagraph 12.01(b) shall continue to apply.

(b) You hereby agree that all Controlled Compositions shall be available for licensing by Company and Company's Licensees, for reproduction, distribution, communication, making available and public performance in each country of the Territory outside of the United States and Canada through the author's society or other licensing and collecting body generally responsible for such activities in the country concerned. You shall cause the issuance of effective licenses, under copyright and otherwise, to reproduce each Controlled Composition on Records and distribute, communicate, make available and perform those Records outside the United States and Canada, on terms not less favorable to Company or Company's Licensees than the terms prevailing on a general basis in the country concerned with respect to the use of Compositions on comparable Records.

### 13. WARRANTIES; REPRESENTATIONS; RESTRICTIONS; INDEMNITIES:

#### 13.01. You warrant and represent that:

(a) You have the right and power to enter into and fully perform this Agreement. If you are a corporation, that you are and shall continuously be a corporation in good standing in the jurisdiction of your incorporation.

(b) Company shall not be required to make any payments of any nature for, or in connection with, the acquisition, exercise or exploitation of rights by Company pursuant to this Agreement except as specifically provided in this Agreement. You shall be solely responsible for: (i) all Recording Costs in excess of the applicable Recording Fund fixed in paragraph 6.01 above (as reduced by any Advances or other payments or expenses which do or are intended to reduce such Recording Fund), or in excess of the approved budget for any Album for which there is no Recording Fund; (ii) all royalties payable to any producers, mixers, remixers or any other Persons contributing to the recording of the Masters (subject to subparagraph 2.02(b) above); (iii) all Mechanical Royalties in excess of the applicable rates and/or the applicable maximum Mechanical Royalties specified in Article 12 above; (iv) all Special Packaging Costs; and (v) all other costs, if any, which are in excess of the fixed amounts provided herein which Company has agreed to pay. All of the amounts set forth in the immediately preceding sentence shall be paid by you promptly (or reimbursed by you if paid by Company). Such amounts may also be deducted from all monies becoming payable to you by Company under this Agreement or otherwise to the extent to which they have not been paid or reimbursed by you as provided in the preceding sentence.

(c)(i) The Masters shall be produced in accordance with the rules and regulations of the American Federation of Musicians, the American Federation of Television and Radio Artists and all other unions having jurisdiction, including without limitation paragraph 31 of the 1997-2001 AFTRA National Code of Fair Practice for Sound Recordings (as modified by any successor agreement); and that all Persons rendering services in connection with the Masters shall fully comply with the provisions of the Immigration Reform Control Act of 1986.



(ii) You are or will become and will remain, to the extent necessary to enable the performance of this Agreement, a member in good standing of all labor unions or guilds, membership in which may be lawfully required for the performance of your services hereunder.

(d)(i) The Materials (as hereinafter defined) or any use thereof, shall not violate any law and shall not infringe upon or violate the rights of any Person (including, without limitation, contractual rights, copyrights, rights of publicity and rights of privacy); and that each Personnel List (as defined in paragraph 14.10, below) furnished hereunder is and shall be true, accurate and complete. "Materials," as used in this Article, means: (A) the Masters hereunder, (B) all Controlled Compositions, (C) each name used by you, individually or as a group, in connection with Masters or the exploitation of Company's rights hereunder, and (D) all other musical, dramatic, artistic and literary materials, ideas, and other intellectual properties, contained in or used in connection with any Masters hereunder or their packaging, sale, distribution, advertising, marketing, promotion, publicizing or other exploitation or the marketing or promotion of you or of Company's rights hereunder. Company's acceptance and/or utilization of Recordings, Materials or Personnel Lists hereunder shall not constitute a waiver of your representations, warranties or agreements in respect thereof, or a waiver of any of Company's rights or remedies.

(ii) Without limitation of the foregoing, you warrant and represent that Company's use of any Masters which embody Sampled Materials, as defined in paragraph 4.02(b) above, shall not infringe upon or violate the rights of any Person (including, without limitation, contractual rights, copyrights, rights of publicity and rights of privacy).

(e) No Person other than Company has any right to use, and during the Term no Person other than Company shall be authorized to use, any existing Recordings of your performances for making, promoting or marketing Records.

13.02.(a) During the Term: (i) You shall not enter into any agreement which would interfere with the full and prompt performance of your obligations hereunder; and (ii) You shall not perform or render any services, as a performing artist, a producer, or otherwise, that result in the making, promoting, broadcasting or marketing Recordings or Records for any Person except Company.

(b)(i) A "restricted Composition," for the purposes of this paragraph only, is a Composition which shall have been recorded by you for a Master hereunder or for a Recording under any other agreement with Company.

(ii) You shall not authorize or knowingly permit your performance of any restricted Composition or any adaptation of a restricted Composition to be recorded for any Person other than Company for the purpose of making Recordings or Records, or for any other purpose (including, without limitation, radio or television commercials), at any time before the later of the following dates: (A) the date five years after the date of Delivery to Company of all the Recordings made in the course of the same Album (or other) recording project as the Recording of the restricted Composition concerned, or (B) the date two years after the expiration of the Term. The period during which such restrictions apply to any particular Composition are sometimes referred to herein as the "Rerecording Restriction Period" for such Composition.

(iii) During the Rerecording Restriction Period, neither you nor any Person deriving rights from you shall authorize the use of any Controlled Composition in a radio or television commercial or any other advertising or promotional matter, unless you first require the

Person to be authorized to make the use concerned to agree in writing, for Company's benefit, that the use shall not involve a "sound-alike" Recording resembling a performance of that Composition recorded by you before or after the date of authorization. (A "sound-alike" Recording is a different Recording which imitates or simulates the Recording concerned by using a substantially similar musical arrangement or otherwise.) If you or any Person deriving rights from you shall determine to grant any rights in any Controlled Composition to any music publisher or any other Person or to authorize the use of any music or lyrics written by you in a Composition together with material written by any other Person, or if you shall determine to collaborate with any other Person in the authorship of any Composition, you shall first require the other Person to the transaction or collaboration concerned to enter into a written agreement, for Company's benefit, requiring compliance with this section 13.02(b)(iii). You shall furnish Company with a fully-executed copy of each agreement required by this section 13.02(b)(iii), promptly after the execution thereof.

(c) You shall not perform for a Person other than Company without an express written agreement with the Person for whom the performance is to be made, for Company's benefit, prohibiting the use of such performance for making, promoting, or marketing Recordings or Records, or for digital broadcasts or other transmissions, distributions or other communications now or hereafter known, in violation of the restrictions prescribed in subparagraphs 13.02(a) and 13.02(b) above. You shall furnish Company with a fully executed copy of each such agreement promptly after the execution thereof.

13.03 Notwithstanding anything to the contrary expressed or implied herein, you may perform as a background instrumentalist or vocalist ("sideman") accompanying a featured artist for the purpose of making Records for others, provided:

(a) You may not do so unless you have then fulfilled all of your obligations under this Agreement, and the engagement does not interfere with the continuing prompt performance of your obligations to Company;

(b)(i) You may not render a solo or "step-out" performance, nor perform on more than one Recording embodied on any Record, and

(ii) The musical style of the Recording may not be substantially similar to the characteristic musical style of Recordings made by you for Company (*i.e.*, likely to cause confusion as to the identity of the featured performer);

(c) You may not record any material which you have previously recorded for Company;

(d) You may not accept the sideman engagement unless the Person for whom the Recordings are being made agrees in writing, for Company's benefit, that:

(i) Your name may be used in a courtesy credit on the Album liners used for such Records, in the same position as the credits accorded to other sidemen and in type identical in size, prominence and all other respects; and

(ii) Except as expressly provided in section 13.03(d)(i) above, neither your name nor any picture, portrait or likeness of you may be used in connection with such Recordings, including, without limitation, on the front covers of Album containers, on sleeves or labels used for single Records, or in videos, advertising, publicity or any other form of promotion or exploitation, without Company's express written consent, which Company may withhold in Company's unrestricted discretion. You shall furnish Company with a fully-executed copy of each such agreement promptly after the execution thereof.

(e) Before you accept the sideman engagement you shall notify Company of the name of the Person for whom the Recordings are being made and the Record company which shall have the right to distribute the Records. Your notice shall be addressed to Company's Vice-President, Business & Legal Affairs. If Company so specifies in a notice to you within ten days after Company receives your notice, you shall not accept the sideman engagement unless you first furnish Company with an agreement by that Person, that Record company, or any other Record company affiliated with it, as specified by Company in Company's notice to you, to permit Company to make similar uses of the services of recording artists of comparable stature under contract to that Person or Record company upon Company's request in the future.

13.04. Notwithstanding anything to the contrary expressed or implied herein, you may serve as a producer for the purpose of making Records for others, provided: (a) You have then fulfilled all of your obligations under this Agreement, and the engagement does not interfere with the continuing prompt performance of your obligations to Company; (b) You shall not produce Recordings of any material which you have previously recorded for Company; (c) You shall not accept the producing engagement unless the Person for whom the Recordings are being produced agrees in writing, for Company's benefit, that: (A) Your name may be used in credits on Record labels and the reverse sides of Record packages, comparable in size and prominence to the credits generally accorded to Record producers, and in advertising and publicity in a manner accurately descriptive of your producing function, and (B) Except as expressly provided in section 13.04(c)(1) above, neither your name nor any picture, portrait or likeness of you shall be used in connection with such Recordings, including, without limitation, on the front of any Record package or in advertising, publicity or any other form of promotion or exploitation, without Company's express written consent, which Company may withhold in Company's unrestricted discretion.

3.05. If you become aware of any unauthorized recording, manufacture, distribution, sale, or other activity by any third party contrary to the provisions of this Agreement, you shall notify Company of that unauthorized activity and shall cooperate with Company in any action or proceeding Company commences against such third party.

13.06. You acknowledge that your services are of a special, unique and extraordinary character which gives them a peculiar value, and that, in the event of a breach of any term, condition, representation, warranty, covenant or agreement contained in this Agreement, Company shall be caused irreparable injury, including loss of goodwill and harm to reputation, which cannot be adequately compensated in monetary damages. Accordingly, in the event of any such breach, actual or threatened, Company shall have, in addition to any other legal remedies, the right to injunctive or other equitable relief. (The preceding sentence shall not be construed to preclude you from opposing any application for such relief based upon contest of other facts alleged by Company in support of the application.)

13.07.(a) You shall at all times indemnify and hold harmless Company and any Licensee of Company from and against any and all claims, losses, damages, liabilities, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of any breach or alleged breach by you of any warranty or representation made by you in this Agreement or any other act or omission by you, provided the claim concerned has been settled or has resulted in a judgment against Company or Company's Licensees. Company shall notify you of any action commenced on such a claim. You may participate in the defense of any such claim through counsel of your selection at your own expense, but Company shall have the right at all times, in Company's sole discretion, to retain or resume

control of the conduct of the defense. If any claim involving such subject matter has not been resolved, or has been resolved by a judgment or other disposition which is not adverse to Company or Company's Licensees, you shall reimburse Company for 50 percent of the expenses actually incurred by Company and Company's Licensees in connection with that claim. Pending the resolution of any such claim, Company may withhold monies which would otherwise be payable to you under this Agreement in an amount consistent with such claim. If no action or other proceeding for recovery on such a claim has been commenced within eighteen months after its assertion Company shall not continue to withhold monies in connection with that particular claim under this subparagraph 13.07(a) unless Company believes, in Company's reasonable judgment, that such a proceeding may be instituted notwithstanding the passage of that time.

(b) If Company pays more than \$7,500.00 in settlement of any such claim, you shall not be obligated to reimburse Company for the excess unless you have consented to the settlement, except as provided in the next sentence. If you do not consent to any settlement proposed by Company for an amount exceeding \$7,500.00 you shall nevertheless be required to reimburse Company for the full amount paid unless you make bonding arrangements, satisfactory to Company in Company's reasonable discretion, to assure Company of reimbursement for all damages, liabilities, costs and expenses (including, without limitation, legal expenses and reasonable counsel fees) which Company or Company's Licensees may incur as a result of that claim.

#### 14. DEFINITIONS:

14.01.(a) "Advance"--a prepayment of royalties. Company may recoup Advances from royalties to be paid or accrued to or on your behalf pursuant to this or any other agreement, except as provided in the last sentence of this subparagraph 14.01(a).

(b) "Any other agreement," in this paragraph, means any other agreement relating to you as a recording artist or as a producer of recordings of your own performances. Advances paid under Article 6 shall not be returnable to Company except as provided in Article 15 or elsewhere in this Agreement or in other circumstances in which Company is entitled to their return by reason of your failure to fulfill your obligations. Mechanical Royalties shall not be chargeable in recoupment of any Advances except those which are expressly recoupable from all monies payable under this Agreement.

(c) 50 percent of the aggregate amount, up to \$\_\_\_\_\_, of the production and acquisition costs incurred in connection with any audiovisual work embodying your performances (*i.e.*, up to \$\_\_\_\_\_ per audiovisual work), under subparagraph 5.01(b), shall not be recoupable from your royalties on sales of Records other than Audiovisual Records ("audio royalties"). If any such costs are recouped from audio royalties and additional royalties accrue under paragraph 9.07 subsequently, the latter royalties shall be applied in recoupment of those costs and the amount of those audio royalties which were previously applied against those costs shall be credited back to your account.

14.02.(a) "Album"--one (1) or more audio-only Records, at least forty minutes in playing time, and embodying at least eight Sides of different Compositions sold in a single package.

(b) "Single"--a vinyl audio-only Record not more than 7 inches in diameter, or the equivalent in non-vinyl configurations but is not a Digital Side.

(c) "Twelve-inch Single"--an audio-only Record which contains not more than 3 Sides of different Compositions but is not a Digital Side.

(d) "Extended Play Record" or "EP"--an audio-only Record which contains 4 or more Sides of different Compositions but does not constitute an Album.

(e) "Audiovisual Record"--any Record which embodies, reproduces, transmits or otherwise communicates visual images whether or not the interaction of a consumer is possible or necessary for the visual images to be utilized or viewed.

14.03. "Ancillary Exploitation"--(a) the leasing of commercial advertising space to Persons other than Company, Company's distributor or their Licensees on an Artist Site or in the packaging of Phonograph Records; (b) the placement on an Artist Site of links to so-called "e-commerce" websites owned or controlled by Persons other than Company, Company's distributor or their Licensees; (c) the inclusion on Phonograph Records of web browsers, software applications, utilities or website links of Persons other than Company, Company's distributor or their Licensees; and (d) Merchandise Uses.

14.04. "Books and Records"--that portion of Company's books and records which specifically report sales of Records embodying the Masters produced hereunder and/or specifically report Net Receipts received by Company from any other commercial exploitation of such Masters for which a royalty is payable to you hereunder; provided that the term "Books and Records" shall not be deemed to include any manufacturing records (e.g., inventory and/or production records) or any other of Company's records. Upon your written request in connection with any permitted audit hereunder, "Books and Records" shall also be deemed to include Company's so-called "perpetual inventory" records (as such term is currently understood in the record industry) for Phonograph Records hereunder reflecting units manufactured, units shipped, returned units, current inventory, and any adjustments thereto.

14.05. "Budget Record"--a Record, whether or not previously released, bearing a Royalty Base Price more than 33.33 percent lower than the Royalty Base Price applicable to the Top Line Records in the same configuration (e.g., whether it is a tape cassette, compact disc, or vinyl Record and whether it is an Album, Single or Audiovisual Record) released by Company or Company's Licensees in the country concerned.

14.06. "Club Operation"--any direct sales to consumers through a record club (for example, sales through Columbia House in the United States or Bertelsmann Club in Europe).

14.07. "Composition"--a single musical composition, irrespective of length, including all spoken words and bridging passages and including a medley. Recordings of more than one arrangement or version of the same Composition, reproduced on the same Record, shall be considered, collectively, a recording of one Composition for all purposes under this Agreement.

14.08. "Contract Period"--the first period, or any Option Period, of the Term (as such periods may be suspended or extended as provided herein).

14.09. "Controlled Composition"--a Composition wholly or partly written, owned or controlled by you, a Producer, or any Person in which you or a Producer has a direct or indirect interest.

14.10. "Deliver" or "Delivery" or "Delivered," when used with respect to Masters--means the actual receipt by the representative of Company designated in each instance of fully mixed (in accordance with Company's then-current specifications), edited, and unequaled and

equalized Recordings (including but not limited to a final two-track equalized tape copy), satisfactory to Company for the manufacture and sale of Records, and all original and duplicate Recordings of the material recorded including each multi-track master, together with all necessary licenses, approvals, consents and permissions, and all materials required to be furnished by you to Company for use in the packaging and marketing of the Records. A Recording shall not be considered satisfactory hereunder unless: (a) it is commercially and technically satisfactory to Company for Company's manufacture and sale of Records; (b) your performance recorded in it is "first class" (as that term is understood in the record industry); (c) that performance is at least of the quality of your prior recorded performances; and (d) your performance in the Recording concerned is in the same style as your prior recorded performances and the musical material recorded in the Recording concerned is of the same genre as the musical material recorded in those prior recorded performances. An Album shall not be considered satisfactory unless the proportionate number and playing time of the Compositions in it written by you is at least substantially equivalent to the proportionate number and playing time of such Compositions in each of your previous Albums. In addition, a Record shall not be considered satisfactory if the Record includes any endorsements or so-called "commercial tie-ins" not approved by Company in writing, or if it contains any material (e.g., lyrics) which Company deems patently offensive or which, in the judgment of its attorneys, might subject Company or Company's Licensees to unfavorable regulatory action, violate any law, infringe the rights of any Person, or subject Company or Company's Licensees to liability for any reason. In lieu of the physical delivery to Company's designated representative of all of the original and duplicate Masters concerned, you may provide written notice ("Notice of Control or Possession") to Company's designated representative in a form acceptable to Company which, to Company's satisfaction, enables Company at Company's discretion to control and/or to take possession of the original and duplicate Masters concerned at the recording studios or other facilities at which such Masters are maintained. Each Master Recording shall be clearly marked to identify you as the recording artist, and to show the authors, title(s) and publishers of the Composition(s) and recording date(s). You shall Deliver to Company as part of your Delivery obligations hereunder a track-by-track list ("Personnel List") of all featured vocal performers, background vocal performers and instrumental performers on each Master Recording identifying their performances. Company's payment of any monies due in respect of the Delivery of Masters hereunder, and any assistance or cooperation by Company in obtaining any necessary licenses, approvals, consents or permissions, shall not be deemed to be a waiver of your obligation to obtain and furnish clearly marked Masters as aforesaid, the Personnel List and all necessary licenses, approvals, consents and permissions and shall not be deemed to be a waiver of your Delivery obligations or representations and warranties hereunder. For purposes of calculating the Term and any other time periods tied to Delivery of Masters hereunder, only, and notwithstanding anything expressed or implied elsewhere herein, completion of Delivery shall be deemed to have occurred upon the last day of the month in which Company receives notice from you ("Notice of Delivery"), in the form attached hereto as Exhibit C, or in a similar form acceptable to Company, accurately confirming that you have Delivered all of the Masters concerned and fulfilled all of your obligations with respect thereto.

14.11. "Digital Side"--an audio-only Record consisting of a Side that is digitally transmitted, e.g., a DPD.

14.12. "Gross Receipts"--means all monies (including non-returnable advances) actually earned and received by Company in the United States, directly from the applicable exploitation of the Recordings and/or Videos concerned or directly from the applicable Ancillary Exploitation concerned. (For the purposes of determining Gross Receipts, any royalties credited to Company's account but charged in recoupment of a prior advance made

to Company and retained by the payor by reason of that charge shall be deemed paid to Company and received by Company when Company receives the accounting reflecting the credit and charge concerned.) If any monies included in Gross Receipts are attributable to a Master Recording and/or a Video hereunder and to other Recordings, or partially to an Ancillary Exploitation, the amount of that item to be included in Gross Receipts hereunder shall be reasonably apportioned. If a use of a Recording and/or a Video and/or Ancillary Exploitation on which a Net Receipts Royalty is payable hereunder is made by another division or component of \_\_\_\_\_, or by a joint venture as to which \_\_\_\_\_ is a party, Company's discretion in negotiating the amount of the compensation (if any) to be paid or credited to Company for that use and included in Gross Receipts shall be conclusive, provided that amount is fair and reasonable under the circumstances. (The preceding sentence shall apply whether or not the user derives revenues from the use, and the user's revenues shall not be deemed Gross Receipts.) Any such amount shall be deemed fair and reasonable if it is comparable to compensation then being negotiated by Company with unaffiliated users for comparable uses, or if Company notifies you that it proposes to agree to the amount concerned and you do not notify Company of your objection within five business days. If you make any such objection you shall also notify Company of your reasons therefor and shall negotiate with Company in good faith to resolve the difference underlying such objection if Company so requests. Notwithstanding the foregoing, or anything to the contrary expressed or implied elsewhere herein, with respect to receipts payable from a Club Operation, Gross Receipts shall specifically not include any profits received by Company or any Licensee as a joint venture partner. Gross Receipts shall specifically not include: (a) any payments received by Company, Company's distributor or their Licensees pursuant to any statute or other legislation (including, without limitation, payments for the public performance of Recordings, or royalties payable for the sale of blank recording media or for the sale of recording equipment) or (b) any payments received by Company, Company's distributor or their Licensees from any so-called "blanket licenses" (including, without limitation, performance licenses) or sponsorship between Company, Company's distributor and a Licensees or other Person under which the Licensee or other Person is granted access to all or a significant portion of Company's catalogue of Recordings, websites or other intellectual property.

14.13. "Inception of Recording"--the first recording of performances or other sounds with a view to the eventual fixation of a Master Recording. Masters "from the Inception of Recording" include, without limitation, all rehearsal recordings, "outtakes," and other preliminary or alternate versions of sound Recordings which are created during the production of Masters hereunder.

14.14. "Initial Release in the United States"--the last day of the month during which the "in-store" date (as that term is currently understood in the United States recording industry) for the primary configuration of the Album or other Record concerned occurs.

14.15. "Joint Recording"--any Master Recording embodying your performance together with the performance by another artist or artists with respect to whom Company is obligated to pay royalties. The amounts applicable to any Joint Recording which are payable by you or chargeable against your royalties shall be computed by apportionment as provided in paragraph 10.01.

14.16. "Licensees"--a licensee of rights from Company, including, without limitation, any wholly or partly owned subsidiaries, affiliates and other divisions and components of Company or any future distributor of Records released by Company.

14.17. "Master Recording"--as defined in paragraph 7.01 above.

14.18. "Mechanical Royalties"--royalties payable to any Person for the right to reproduce and distribute copyrighted Compositions on Records other than Audiovisual Records.

14.19. "Mid-price Record"--a Record, whether or not previously released, bearing a Royalty Base Price at least 15 percent, but not more than 33.33 percent, lower than the Royalty Base Price applicable to the Top Line Records (defined in paragraph 14.34 below) in the same configuration.

14.20. "Multiple Record Set"--two or more Records packaged and/or marketed as a single unit.

14.21. "Net Receipts"--means Gross Receipts, after deduction by Company of all direct expenses (including without limitation advertising sales commissions or fees (or an equivalent amount retained by Company if Company or its Licensees undertakes to perform the functions of an advertising agency)), taxes, and adjustments incurred in connection with the production of the Recording and/or Video concerned or the Ancillary Exploitation concerned, the acquisition of rights in them, the applicable exploitation of the Recording and/or Video and/or Ancillary Exploitation concerned, and/or in connection with the collection and receipt of those Gross Receipts in the United States (including, without limitation, all copyright payments, all re-use payments under Company's agreements with the American Federation of Musicians and any other third-party payments). For purposes of section 9.07(b)(i) above and for purposes of Ancillary Exploitations, Net Receipts shall be determined after deducting the foregoing as well as after deducting a marketing and distribution fee equal to 25 percent of the applicable Gross Receipts. If any item deducted from Gross Receipts in determining Net Receipts is attributable to a Master Recording and/or a Video hereunder and to other Recordings or partially to an Ancillary Exploitation, the amount of that item to be deducted in determining Net Receipts hereunder shall be determined by reasonable apportionment

14.22. "Net Sales"--100 percent of gross sales, less returns, credits, and reserves against anticipated returns and credits, except that solely with respect to the calculation of Mechanical Royalties under Article 12, "Net Sales" shall mean 85 percent of gross sales, less returns, credits, and reserves against anticipated returns and credits. Returns shall be apportioned between Records sold and "free goods" in the same ratio in which Company's customer's account is credited.

14.23. "Person"--any natural person, legal entity, or other organized group of persons or entities. (All pronouns, whether personal or impersonal, which refer to Persons include natural persons and other Persons.)

14.24. "Recording"--every recording of sound, whether or not coupled with a visual image, by any method and on any substance or material, or in any other form or format, whether now or hereafter known, which is used or useful in the recording, production, manufacture, distribution and/or transmission of Records or for any other commercial exploitation.

14.25. "Recording Costs"--all amounts paid or incurred in connection with the production of Masters or Records hereunder. Recording Costs include, without limitation, all union scale payments required to be made to you in connection with Masters hereunder, all costs of instrumental, vocal and other personnel specifically approved by Company for the recording of such Recordings, travel, rehearsal, and equipment rental expenses, per diems, advances to producers, studio and engineering charges in connection with Company's facilities and personnel or otherwise, all other amounts required to be paid by Company pursuant to any



applicable law or any collective bargaining agreement between Company and any union representing Persons who render services in connection with such Recordings, and all costs of mastering, remastering, and remixing. Recording Costs do not include the costs of producing metal parts, but include all studio and engineering charges or other costs incurred in preparing Masters for the production of metal parts and in preparing Masters for a final production Master. (Metal parts include lacquer, copper, and other equivalent masters.) Payments to the AFM Special Payments Fund and the Music Performance Trust Fund based upon record sales (so-called "per-record royalties") shall not be recoupable from your royalties or reimbursable by you.

14.26. "Record(s)"--all forms of reproductions, transmissions or communications of Recordings now or hereafter known, manufactured, distributed, transmitted or communicated primarily for home use, personal use, school use, jukebox use or use in means of transportation, including, without limitation, Records embodying or reproducing sound alone and Audiovisual Records. A "Phonograph Record" is a Record as embodied by the manufacturer and/or distributor in a physical, non-interactive Record configuration (e.g., vinyl LP's, compact discs, videocassettes) prior to its distribution to the consumer, as opposed to the transmission or communication of a Record to the consumer prior to being embodied in a physical Record configuration, whether or not it may at some point be embodied in a physical Record configuration, by the consumer or under the consumer's direction or control.

14.27. "Royalty Base Price"--the applicable amount set forth in this paragraph 14.27 for the Record concerned less all excise, sales and similar taxes included in the price, if any:

(a) The net wholesale price received by Company (*i.e.*, net of any allowances, rebates and/or other discounts, whether expressed in the published price to dealers or otherwise) for the Record concerned in the configuration concerned from time to time during the accounting period in which the sale occurs.

(b) Notwithstanding anything to the contrary in subparagraph 14.27(a) above: (i) for any Record sold directly to consumers, by Company in the United States or Canada, or in any country outside the United States and Canada by Company's principal Licensee in the country concerned, via direct mail, through mail order operations or via any other means of transmission or communication, the Royalty Base Price shall be one-half (1/2) of the price (less actual shipping and handling costs and referral fees, if any, included in the price) paid by the consumer to Company or Company's Licensee, as applicable, for the Record concerned; provided, however, that if the Record concerned is transmitted or communicated by Company or Company's Licensees together with other Records, then the Royalty Base Price for such Record shall be determined by Company based on a reasonable apportionment of one-half (1/2) of the price (less a reasonable apportionment of actual shipping and handling costs and referral fees, if any, included in the price) paid by the consumer to Company or Company's Licensee; (ii) for any Record sold through a Club Operation outside of the United States, the Royalty Base Price shall be the same as that for the identical Records sold Through Normal Retail Channels in the country concerned; and (iii) for any Record created on a custom basis (including, without limitation, Records sold for use as premiums or in connection with the sale, advertising, or promotion of any other product or service), the Royalty Base Price shall be the actual sales price received by Company, less any shipping and handling fees included in such price.

14.28. "Side"--a Recording of a continuous performance of a particular arrangement or version of a Composition, not less than two and one-quarter (2 1/4) minutes in playing time. If any Album (or other group of Masters) Delivered to Company in fulfillment of a

Recording Commitment expressed as a number of Sides includes Masters of more than one arrangement or version of any Composition, all of those Recordings shall be deemed to constitute one Side.

14.29. "Special Packaging Costs"--costs paid or incurred by Company in creating and producing Record covers, sleeves, and other packaging elements or in developing, hosting and maintaining websites (including you Site), in excess of the following amounts: (a) \$10,000 per Record for design of artwork (including expenses for reproduction rights) and for separations; (b) for Records manufactured for distribution anywhere in the Territory, packaging manufacturing costs equal to those necessary to manufacture the following packaging elements in the applicable territory: (i) for vinyl LP's, a four-color jacket and a one-color inner sleeve; (ii) for cassettes including digital compact cassettes, a six-panel inlay card with a four-color front panel and black and white other panels, and a standard color Norelco box; and (iii) for compact discs and any other configurations not described above, an eight-page (*i.e.*, eight faces) booklet with four-color front and back pages and black and white other pages, and a standard color jewel box. ("Color" in the preceding sentence means those colors for which Company is charged a standard fee.) The packaging elements referred to in sections (b)(i), (ii), and (iii) above are deemed for purposes of this paragraph 14.29 to be on standard weight paper or cardboard; and (c) \$7,500 for website development, hosting and maintenance.

14.30. "Territory"--the universe.

14.31. "Through Normal Retail Channels"--refers to sales distribution by Company other than of Records or sales described in paragraphs 9.03, 9.04, 9.05, 9.07, 9.08 and 10.03 for which royalties are payable pursuant to the paragraph concerned.

14.32. "Top Line" Record--a Record bearing the same Gross Royalty Base as the majority (or plurality) of the new Record releases in the same configuration of Company's best-selling artists.

14.33. "Video"--an audiovisual work owned or controlled by Company featuring, primarily, the audio soundtrack of one (1) or more Masters hereunder.

## 15. REMEDIES:

15.01. If you do not fulfill any portion of your Recording Commitment within ninety days after the end of the time prescribed in Article 3, or any of your other material obligations under this Agreement for any reason, Company shall have the following options: (a) to suspend Company's obligations to make payments to you under this Agreement until you have cured the default; (b) to terminate the Term at any time, whether or not you have commenced curing the default before such termination occurs; and (c) to require you to repay to Company the amount, not then recouped, of any Advance previously paid to you by Company and not specifically attributable under Article 6 to an Album which has actually been fully Delivered, except as expressly provided in the next sentence. You shall not be required to repay any such Advance to the extent to which you furnish Company with documentation satisfactory to Company establishing that you have actually used the Advance to make payments to Persons not affiliated with you and in which neither you nor any such Person has any interest, for recording costs incurred in connection with the Album concerned before Company's demand for repayment. ("recording costs," in the preceding sentence, means items which would constitute Recording Costs if paid or incurred by Company.) Company may exercise each of those options by sending you the appropriate notice. Company shall not exercise Company's rights under subparagraph 15.01(a) or (c) if

the default concerned is attributable solely to the death or permanent disability of you. No exercise of an option under this paragraph shall limit Company's rights to recover damages by reason of your default, Company's rights to exercise any other option under this paragraph, or any of Company's other rights or remedies.

15.02. If Company refuses without cause to allow you to fulfill your Recording Commitment for any Contract Period and if, not later than sixty days after that refusal takes place, you notify Company of your desire to fulfill such Recording Commitment, then Company shall permit you to fulfill said Recording Commitment by notice to you to that effect given within sixty days of Company's receipt of your notice. Should Company fail to give such notice, you shall have the option to terminate the Term by notice given to Company within thirty days after the expiration of that latter sixty-day period; on receipt by Company of such notice the Term shall terminate and all parties shall be deemed to have fulfilled all of their obligations hereunder except those obligations which survive the end of the Term (e.g., warranties, re-recording restrictions and the obligation to pay royalties), at which time Company shall pay to you, in full settlement of Company's obligations to you (other than those royalty obligations) an Advance in the amount equal to:

(a) The aggregate of the minimum Recording Funds fixed in paragraph 6.01 for each Album, then remaining unrecorded, of the Recording Commitment for the Contract Period during which such termination occurs (less any amounts previously paid or incurred by Company which may or were intended to reduce any of such Recording Funds), less:

(b) The average amount of the Recording Costs for the last two Albums recorded in fulfillment of the Recording Commitment (or, if only one Album in fulfillment of the Recording Commitment has been recorded, the amount of the Recording Costs for that Album), multiplied by the number of such unrecorded Albums referred to in clause (a). If Masters sufficient to constitute at least one full Album (*i.e.*, the first Album to be recorded under this Agreement) have not been completed, then the amount of the Advance payable to you under the preceding sentence shall be the amount equal to your minimum union scale compensation for the unfulfilled portion of the Recording Commitment for that Contract Period. If Company does not directly pay or incur Recording Costs for any Recording hereunder, then an amount equal to no less than 85 percent of the Recording Fund therefor, and of any other amount paid by Company to you with respect thereto, shall be treated as Recording Costs for the purposes of this paragraph 15.02. If you fail to give Company either notice within the period specified therefor, Company shall be under no obligation to you for failing to permit you to fulfill such Recording Commitment.

15.03. If because of any of the following events (any such event, a "Force Majeure Event"): act of God; inevitable accident; fire; lockout, strike or other labor dispute; riot or civil commotion; act of public enemy; enactment, rule, order or act of any government or governmental instrumentality (whether federal, state, local or foreign); failure of technical facilities; failure or delay of transportation facilities; illness or incapacity of any performer or producer; or other cause of a similar or different nature not reasonably within Company's control; Company is materially hampered in the recording, manufacture, distribution or sale of Records, then, without limiting Company's rights, Company shall have the option (a "Suspension Option") by giving you notice to suspend the running of the then current Contract Period as well as any of Company's obligations hereunder for the duration of any such contingency plus such additional time as is necessary so that Company shall have no less than thirty days after the cessation of such contingency in which to exercise Company's option, if any, to extend the Term for the next Option Period. Notwithstanding the preceding sentence, if Company is reasonably unable to provide you with notice that it intends to exercise the Suspension Option hereunder, such Suspension Option will be deemed to have

been exercised as of the first day of the Force Majeure Event giving rise to such option. If any suspension imposed under this paragraph by reason of an event affecting no Record manufacturer or distributor except Company continues for more than six months, you may request that Company, by notice, terminate the suspension by notice given to you within sixty days after Company's receipt of your notice. If Company does not do so, the Term shall terminate at the end of that sixty-day period (or at such earlier time as Company may designate by notice to you), and all parties shall be deemed to have fulfilled all of their obligations under this Agreement except those obligations which survive the end of the Term (such as warranties, re-recording restrictions, and the obligation to pay royalties).

#### 16. AGREEMENTS, APPROVAL & CONSENT:

16.01. As to all matters treated herein to be determined by mutual agreement, or as to which any approval or consent is required, such agreement, approval or consent shall not be unreasonably withheld (except as otherwise expressly provided in this Agreement).

16.02. Your agreement, approval or consent, or that of you, whenever required (including, without limitation, written agreement, approval or consent), shall be deemed to have been given unless you notify Company otherwise within ten business days following the date of Company's written request to you therefor.

#### 17. NOTICES:

Except as otherwise specifically provided herein, all notices under this Agreement shall be in writing and shall be given by courier or other personal delivery or by certified mail at the appropriate address below or at a substitute address designated by notice by the party concerned.

To You:           The address shown  
                      above.

To  
Company:

Each notice to Company shall be addressed for the attention of Company's Chief Executive Officer. Copies of each notice sent to Company shall be simultaneously sent to the Vice President, Business & Legal Affairs. \_\_\_\_\_ [Add the following if a courtesy copy is requested for Artist's attorney: Company shall undertake to send a copy of each notice sent to you to Alan H. Kress, Esq., 60 East 42nd Street, Suite 1638, New York, NY 10165, but Company's failure to send any such copy will not constitute a breach of this Agreement or impair the effectiveness of the notice concerned.] Notices shall be deemed given when mailed or, if personally delivered, when so delivered, except that a notice of change of address shall be effective only from the date of its receipt.

#### 18. MISCELLANEOUS:

18.01. You shall, prior to the release of the first Album hereunder, prepare an act of professional quality and shall, during the Term, actively pursue your career as an entertainer in the live engagement field.

18.02. Company shall have the right, throughout the Term, to obtain or increase insurance on the life of you in such amounts as Company determines, in Company's name and for Company's sole benefit or otherwise, in Company's discretion. You shall cooperate in

physical examinations without expense to you, supply information, and sign documents, and otherwise cooperate fully with Company, as Company may request in connection with any such insurance. You and you warrant and represent that, to your best knowledge, you is in good health and does not suffer from any medical condition which might interfere with the timely performance of your obligations under this Agreement. You shall not be deemed in breach of this Agreement by reason of Company's inability to obtain any such insurance, unless it results from failure by you to comply with your obligations under this paragraph.

18.03. The parties hereto agree that: (a) all understandings and agreements heretofore made between them with respect to the subject matter hereof are merged in this Agreement, which fully and completely expresses their agreement with respect to the subject matter hereof and (b) except as specifically set forth herein, all prior agreements among the parties with respect to such subject matter are superseded by this Agreement which integrates all promises, agreements, conditions and understandings among the parties with respect to such subject matter. In addition, you acknowledge that neither Company nor any person acting on behalf of Company (including its agents, its representatives or its attorneys) has made any promise, representation or warranty whatsoever, express or implied, oral or written, not contained herein, and you further acknowledge that you have not executed, and have not been induced to execute, this Agreement in reliance upon any promise, representation or warranty. No change, modification, waiver or termination of this Agreement shall be binding upon Company unless it is made by an instrument signed by an authorized officer of Company. No change of this Agreement shall be binding upon you unless it is made by an instrument signed by you. A waiver by either party of any provision of this Agreement in any instance shall not be deemed a waiver of such provision, or any other provision hereof, as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, or obligation of either party. The captions of the Articles in this Agreement are included for convenience only and shall not affect the interpretation of any provision.

18.04. Those provisions of any applicable collective bargaining agreement between Company and any labor organization which are required, by the terms of such agreement, to be included in this Agreement shall be deemed incorporated herein.

18.05.(a) Company may assign Company's rights under this Agreement in whole or in part to any subsidiary, affiliated or controlling corporation, to any Person owning or acquiring a substantial portion of the stock or assets of Company, or to any partnership or other venture in which Company participates, and such rights may be similarly assigned by any assignee. No such assignment shall relieve Company of any of Company's obligations hereunder. Company may also assign Company's rights to any of Company's Licensees if advisable in Company's sole discretion to implement the license granted. You shall not have the right to assign this Agreement or any of your rights hereunder without Company's prior written consent. Any purported assignment by you in violation of this paragraph shall be void.

(b) Notwithstanding anything to the contrary in paragraph 1.02 or otherwise and without limiting the generality of the foregoing, if Company does not exercise its option under section 1.02(b)(ii) prior to the last day of the Extension Period, you will promptly notify Company of the same and Company shall have the right to exercise the applicable Contract Period Option, by sending a notice to you not later than the date ten business days after the last day of the Extension Period. Each such notice shall be in writing and shall be sent by courier or other personal delivery or be or certified mail to the attention of Company's Vice

President Business& Legal Affairs.

18.06. If any part of this Agreement, or the application thereof to any party, shall be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect the remainder of this Agreement, which shall continue in full force and effect, or the application of this Agreement to the remaining parties.

18.07. Neither party shall be entitled to recover damages or to terminate the Term by reason of any breach by the other party of its material obligations, unless the latter party has failed to remedy the breach within a reasonable time following receipt of notice thereof. (The preceding sentence shall not apply to any termination by Company under subparagraph 15.01(b) or to any recovery to which Company may be entitled by reason of your failure to fulfill your Recording Commitment hereunder.) Notwithstanding the foregoing, you shall not be entitled to terminate the Term in connection with any claim that additional monies are payable to you hereunder, unless: (i) such claim is reduced to a final, non-appealable judgment by a court of competent jurisdiction and the failure to pay such monies is determined to constitute a material breach and (ii) Company fails to pay you the amount thereof within thirty days after Company receives notice of the entry of such judgment.

18.08. THIS AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF \_\_\_\_\_[*name of state*], AND THE VALIDITY, INTERPRETATION AND LEGAL EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF \_\_\_\_\_[*name of state*] APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY WITHIN THE STATE OF \_\_\_\_\_[*name of state*] (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER \_\_\_\_\_[*name of state*] LAW). THE \_\_\_\_\_[*name of state*] COURTS (STATE AND FEDERAL), SHALL HAVE SOLE JURISDICTION OF ANY CONTROVERSIES REGARDING THIS AGREEMENT; ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN \_\_\_\_\_[*name of country*] COUNTY AND NOT ELSEWHERE. THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS. ANY PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY, AMONG OTHER METHODS, BE SERVED UPON YOU BY DELIVERING IT OR MAILING IT, BY REGISTERED OR CERTIFIED MAIL, DIRECTED TO THE ADDRESS FIRST ABOVE WRITTEN OR SUCH OTHER ADDRESS AS YOU MAY DESIGNATE PURSUANT TO ARTICLE 17. ANY SUCH PROCESS MAY, AMONG OTHER METHODS, BE SERVED UPON THE ARTIST OR ANY OTHER PERSON WHO APPROVES, RATIFIES, OR ASSENTS TO THIS AGREEMENT TO INDUCE COMPANY TO ENTER INTO IT, BY DELIVERING THE PROCESS OR MAILING IT BY REGISTERED OR CERTIFIED MAIL, DIRECTED TO THE ADDRESS FIRST ABOVE WRITTEN OR SUCH OTHER ADDRESS AS THE ARTIST OR THE OTHER PERSON CONCERNED MAY DESIGNATE IN THE MANNER DESCRIBED IN ARTICLE 17. ANY SUCH DELIVERY OR MAIL SERVICE SHALL BE DEEMED TO HAVE THE SAME FORCE AND EFFECT AS PERSONAL SERVICE WITHIN THE STATE OF \_\_\_\_\_[*name of state*].

18.09. In entering into this Agreement, and in providing services pursuant hereto, you and you have and shall have the status of independent contractors. Nothing herein contained shall contemplate or constitute you as Company's agent or employee, and nothing herein shall constitute a partnership, joint venture or fiduciary relationship between you and Company.

18.10. This Agreement shall not become effective until executed by all proposed parties hereto.

Sincerely,

\_\_\_\_\_ Records

By: \_\_\_\_\_

Agreed and Accepted:

\_\_\_\_\_  
By: \_\_\_\_\_  
An Authorized Signatory

My taxpayer identification number (social security number or employer identification number) is \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_. Under the penalties of perjury, I certify that this information is true, correct, and complete.

## **SCHEDULE A**

**(Appended in accordance with paragraph 11.06 above)**

## **Internal Revenue Service Form**

[See attached]

## **SCHEDULE B**

**(Appended in accordance with subparagraph 12.03(a) above)**

TO:

ATT: COPYRIGHT DEPARTMENT

A. TITLE:

WRITERS:

B. PUBLISHER(S) AND PAYMENT  
PERCENTAGE:

C. RECORD(S) NO.:  
ARTIST:

ROYALTY RATE:

STATUTORY

THE AUTHORITY HEREUNDER IS LIMITED TO THE MANUFACTURE AND DISTRIBUTION OF PHONORECORDS SOLELY IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS AND NOT ELSEWHERE.

DATE OF RELEASE:

You have advised us [*add, if appropriate:*, in our capacity as Agent for the Publisher(s) referred to in (B) above,] that you wish to obtain a compulsory license to make and to distribute phonorecords of the copyrighted work referred to in (A) above, under the compulsory license provision of Section 115 of the Copyright Act.

Upon your doing so, you shall have all the rights which are granted to, and all the obligations which are imposed upon, users of said copyrighted work under the compulsory license provision of the Copyright Act, after phonorecords of the copyrighted work have been distributed to the public in the United States under the authority of the copyright owner by another person, except that with respect to phonorecords thereof made and distributed hereunder:

1. You shall pay royalties and account to us [as Agent for and on behalf of said Publisher(s)] quarterly, within 45 days after the end of each calendar quarter, on the basis of records made and distributed;
2. For such records made and distributed, the royalty shall be the statutory rate in effect at the time the record is made, except as otherwise stated in (C) above;
3. This compulsory license covers and is limited to one (1) particular recording of said copyrighted work as performed by the artist and on the record number identified in (C) above; and this compulsory license does not supersede nor in any way affect any prior agreements now in effect respecting phonorecords of said copyrighted work;
4. If you fail to account to us and pay royalties as herein provided for, said Publisher(s) or his Agent may give written notice to you that, unless the default is remedied within thirty days from the date of the notice, this compulsory license shall be automatically terminated. Such termination shall render either the making or the distribution, or both, of all phonorecords for which royalties have not been paid, actionable as acts of infringement under, and fully subject to the remedies provided by the Copyright Act;
5. You need not serve or file the notice of intention to obtain a compulsory license required by the Copyright Act.

## **SCHEDULE C**

**(Appended in accordance with paragraph 14.10 above)**

### **Notice Of Delivery**

Date \_\_\_\_\_

To:

Attn: Vice President, Administration

This letter will serve to confirm that on \_\_\_\_\_[*date*], I / we physically delivered to \_\_\_\_\_[*name of recipient*] at \_\_\_\_\_[*address*] all items set forth in paragraph 14.10 of my / our recording agreement with you, dated \_\_\_\_\_[*date*], with respect to the [first, second, etc.] [Album] of [my] // [our] Recording Commitment.



[OR]

This letter will serve to confirm that on \_\_\_\_\_ [date], I / we have provided \_\_\_\_\_ [name of recipient] at \_\_\_\_\_ [address] with Notice of Control or Possession, as described in paragraph 14.10 of my // our recording agreement with you dated \_\_\_\_\_ [date], with respect to the [first, second, etc.] [Album] of [my] // [our] Recording Commitment.

Very truly yours,

## EXHIBIT B

### BASIC BRAND EQUITY AGREEMENT

#### Attached to and made part of a Exclusive Recording Agreement (Short Form) between Company and

\_\_\_\_\_ dated as of \_\_\_\_\_ [date].

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Basic Brand Equity Agreement made as of \_\_\_\_\_ [date] ("Participation Agreement"), between \_\_\_\_\_ with an address at \_\_\_\_\_ ("you") and \_\_\_\_\_ ("Company").

Reference is made to the exclusive recording agreement (the "Recording Agreement") between you and Company dated as of \_\_\_\_\_ [date] regarding your recording services, as such agreement may from time to time be amended, supplemented, or otherwise modified. Capitalized terms defined in the Recording Agreement and used herein shall have the meanings given to such terms in the Recording Agreement, unless otherwise specified herein.

#### 1. PARTICIPATION TERM

1.01. The term of this Participation Agreement (the "Participation Term") shall begin on the date set forth above and shall continue for the term of the Recording Agreement (as may be amended and extended).

1.02. For the avoidance of doubt, Company shall not be entitled to exercise any Participation Period Option unless Company has also exercised its Contract Period Option to extend the Term of the Recording Agreement for an additional Contract Period.

#### 2. FEES

2.01. Promptly following the complete execution of this Agreement, Company shall pay you an Advance in the amount of \$\_\_\_\_\_ in connection with the first Participation Period.

2.02. Promptly following Company's exercise of each Participation Period Option (if any) hereunder, Company shall pay you an Advance of \$\_\_\_\_\_ .

The fees prescribed in paragraph 2.01 and this paragraph 2.02 are collectively referred to as the "Fees."

2.03. You hereby authorize and direct Company to withhold from any Fees due you from Company any portion thereof required to be withheld by the United States Internal Revenue Service and/or any other governmental authority, and to pay same to the United States Internal Revenue Service and/or such other authority. No Fees shall be paid pursuant to this Agreement until you have completed the Internal Revenue Service Form W-4 attached hereto as Schedule A.

### 3. PARTICIPATION PAYMENTS

3.01.(a) In full consideration of the Fees prescribed in Article 2 above, you will pay, and you will cause any and all Third Parties (as defined in subparagraph 3.01(b) below) to pay, to Company 50 percent of any and all gross monies ("Participation Payment") (including, without limitation, royalties, advances, revenues, and fees) otherwise payable to you or any Person affiliated with you or receiving monies on behalf of you (individually and collectively, the "Artist Parties"), anywhere in the world during the Participation Term, or pursuant to any agreements, commitments, or engagements entered into or secured during the Participation Term, solely in connection with the following (collectively, the "Covered Revenues"): (i) services (other than those services included within the exclusive services granted to Company under the Recording Agreement) rendered by you as actor or performer in any and all media now known or hereafter devised, including, without limitation, film, television, live theater, and internet (whether pre-recorded or for live broadcast or transmission, whether free or pay, and whether for public performance or home use such as on home video devices); (ii) the use of your name, your likeness and/or logos on merchandise of any kind (other than records and merchandise incorporating materials owned and/or controlled by Company or its Licensees); (iii) endorsements, sponsorships and strategic partnerships; (iv) live performance engagements; (v) non-fiction books, magazines and other non-fiction publishing materials; (vi) fan clubs; (vii) games, including without limitation, video games (other than video games created by Company) and (viii) music publishing. Notwithstanding anything to the contrary in the preceding sentence, the following shall be excluded from monies that are subject to Company's participation under this paragraph: (A) actual commissions charged to any of you Parties (including without limitation, your managers, agents and advisors other than you Parties) solely in connection with any of the Covered Revenues, provided that the aggregate amount of such deductions to be applied to Covered Revenues in any instance shall not exceed 30 percent of the Covered Revenues concerned; (B) legitimate, direct, actual, third-party, out-of-pocket costs incurred by you to generate the Covered Revenues concerned (e.g., lighting or buses for a tour); and (C) revenue derived from Covered Revenues described in clauses (ii) and (iv) above (collectively, "Tour and Merchandising Revenues") until the date when you have not sustained a cumulative loss on commercial live performance engagements for any period of 3 consecutive months while there is a touring activity. The foregoing shall not apply to Tour and Merchandising Revenues derived specifically from retail merchandise, which shall constitute Covered Revenues from the commencement of the Participation Term. For the avoidance of doubt, the Participation Payment shall be calculated only once with respect to revenues derived from any particular exploitation. By way of example, if in connection with a particular Covered Revenue in any instance, \$100 is generated, Company's portion would be calculated only once with reference to that gross amount and

not also with reference to any portion of that gross amount payable to any third party. If you terminate the Term of the Recording Agreement pursuant to subparagraph 8.06(a) of the Recording Agreement by reason of Company's failure to release an Album of the Recording Commitment, then Company shall not be entitled to receive Participation Payments arising solely out of the agreements, commitments, or engagements entered into or secured solely in connection with the Covered Revenues, during the applicable Contract Period in which such Album is Delivered under the Recording Agreement. You will be required to furnish us with accounting statements explaining the calculation of the Participation Payments in reasonable detail. All payments, statements, or notices of any kind sent to us by you will be sent to us at the address given above, directed to the attention of our Vice President of Royalty Accounting, or to such other address of which we notify you in writing, and with a copy to the same address directed to the attention of our Executive Vice President, Business and Legal Affairs.

(b) You will irrevocably direct and will use reasonable efforts to cause each Person from which you or any Person receiving revenues on your behalf receives Covered Revenues ("Third Party"), to account directly to Company for Company's share of such Covered Revenues at the same times and subject to the same accounting terms as apply to accountings to you, you(s) concerned and/or the applicable Person receiving Covered Revenues on your behalf, but no less frequently than semi-annually. You shall use reasonable efforts to cause all agreements with Third Parties (each, a "Covered Revenue Agreement") to provide that Company shall have the right to examine each Third Party's books and records with respect to Covered Revenues subject to the same terms and limitations as apply to accountings to you, you(s) concerned and/or the applicable Person receiving Covered Revenues on your behalf. You will provide Company with a copy of each Covered Revenue Agreement within ten days after the execution of such agreement. Company shall have the right to examine your books and records (upon reasonable prior notice to you, at your and/or your offices where the records concerned are kept, provided, at Company's request you will make all such records available at one such office, and not more frequently than once per twelve-month period) and each Person receiving Covered Revenues on your or their behalf with respect to Company's share of Covered Revenues. If it is not practicable for you to obtain such direct accounting and audit rights for Company in any instance, you will notify Company upon conclusion of each Covered Revenue Agreement if you have not obtained such direct accounting and audit rights for Company, and you will render statements and payments to Company for Company's share of all Covered Revenue within ten days after the receipt of each statement under each Covered Revenue Agreement. Without limiting the foregoing, you will provide Company with a copy of each statement received by you under each Covered Revenue Agreement within ten days after receipt of such statement. Nothing in any Covered Revenue Agreement will relieve you of your obligation to make such payments to Company if not paid to Company by the applicable Third Party, within ten days after the rendering of each accounting which includes such Covered Revenues concerned, or within ten days after receipt by you or on your behalf of such Covered Revenues if for any reason not included in an accounting, in each instance, and you will be liable to Company for all such payments not made to Company as required by this paragraph 3.

(c) You shall maintain books and records which Company may examine at its own expense. Company may make those examinations only for the purposes of verifying the accuracy of any royalty statement relating to the Participation Payment and only once during each twelve-month period, only once for a particular accounting period, and only within three years after the date when you send Company such statement. Company may make those examinations only during your usual business hours, on reasonable written notice for a reasonably convenient time, and at the place where you keep the books and records to be

examined. Company may appoint a qualified royalty auditor to make any such examination on its behalf.

#### 4. WARRANTIES; REPRESENTATIONS; RESTRICTIONS; INDEMNITIES

##### 4.01. You warrant and represent that:

(a) You have the right and power to enter into and fully perform this Participation Agreement. You are and shall continuously be a limited liability company in good standing in the jurisdiction of your formation.

(b) You are or you will become and will remain, to the extent necessary to enable the performance of this Participation Agreement, a member in good standing of all labor unions or guilds, membership in which may be lawfully required for the performance of your services described in this Participation Agreement.

##### 4.02. During the Participation Term, you shall not enter into any agreement which would interfere with the full and prompt performance of your obligations hereunder.

4.03.(a) You shall at all times indemnify and hold harmless Company and any Licensee of Company from and against any and all claims, losses, damages, liabilities, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of any breach or alleged breach by you of any warranty or representation made by you in this Participation Agreement or any other act or omission by you, provided the claim concerned has been settled or has resulted in a judgment against Company or Company's Licensees. Company shall notify you of any action commenced on such a claim. You may participate in the defense of any such claim through counsel of your selection at your own expense, but Company shall have the right at all times, in Company's sole discretion, to retain or resume control of the conduct of the defense. If any claim involving such subject matter has not been resolved, or has been resolved by a judgment or other disposition which is not adverse to Company or Company's Licensees, you shall reimburse Company for 50 percent of the expenses actually incurred by Company and Company's Licensees in connection with that claim. Pending the resolution of any such claim, Company may withhold monies which would otherwise be payable to you under this Participation Agreement in an amount consistent with such claim. If no action or other proceeding for recovery on such a claim has been commenced within twelve months after its assertion Company shall not continue to withhold monies in connection with that particular claim under this subparagraph 4.03(a) unless Company believes, in Company's reasonable judgment, that such a proceeding may be instituted notwithstanding the passage of that time.

(b) If Company pays more than \$7,500.00 in settlement of any such claim, you shall not be obligated to reimburse Company for the excess unless you have consented to the settlement, except as provided in the next sentence. If you do not consent to any settlement proposed by Company for an amount exceeding \$7,500.00 you shall nevertheless be required to reimburse Company for the full amount paid unless you make bonding arrangements, satisfactory to Company in Company's reasonable discretion, to assure Company of reimbursement for all damages, liabilities, costs and expenses (including, without limitation, legal expenses and reasonable counsel fees) which Company or Company's Licensees may incur as a result of that claim.

#### 5. REMEDIES. If you do not fulfill any of your material obligations under this Participation Agreement, Company shall have the option to suspend Company's obligations to make

payments to you under this Participation Agreement until you have cured the default. Company may exercise this option by sending you the appropriate notice. Company shall not exercise Company's rights under this paragraph 5 if the default concerned is attributable solely to the death or permanent disability of you. No exercise of the option under this paragraph shall limit Company's rights to recover damages by reason of your default, Company's rights to exercise any other option under this paragraph, or any of Company's other rights or remedies.

## 6. MISCELLANEOUS

6.01. The parties hereto agree that: (a) all understandings and agreements heretofore made between them with respect to the subject matter hereof are merged in this Participation Agreement, which fully and completely expresses their agreement with respect to the subject matter hereof and (b) except as specifically set forth herein, all prior agreements among the parties with respect to such subject matter are superseded by this Participation Agreement which integrates all promises, agreements, conditions and understandings among the parties with respect to such subject matter. In addition, you acknowledge that neither Company nor any person acting on behalf of Company (including its agents, its representatives or its attorneys) has made any promise, representation or warranty whatsoever, express or implied, oral or written, not contained herein, and you further acknowledge that you have not executed, and have not been induced to execute, this Participation Agreement in reliance upon any promise, representation or warranty. No change, modification, waiver or termination of this Participation Agreement shall be binding upon Company unless it is made by an instrument signed by an authorized officer of Company. No change of this Participation Agreement shall be binding upon you unless it is made by an instrument signed by you. A waiver by either party of any provision of this Participation Agreement in any instance shall not be deemed a waiver of such provision, or any other provision hereof, as to any future instance or occurrence. All remedies, rights, undertakings, and obligations contained in this Participation Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, or obligation of either party. The captions of the Articles in this Participation Agreement are included for convenience only and shall not affect the interpretation of any provision.

6.02.(a) Company may assign Company's rights under this Participation Agreement in whole or in part to any subsidiary, affiliated or controlling corporation, to any Person owning or acquiring a substantial portion of the stock or assets of Company, or to any partnership or other venture in which Company participates, and such rights may be similarly assigned by any assignee. No such assignment shall relieve Company of any of Company's obligations hereunder. Company may also assign Company's rights to any of Company's Licensees if advisable in Company's sole discretion to implement the license granted. You shall not have the right to assign this Participation Agreement or any of your rights hereunder without Company's prior written consent. Any purported assignment by you in violation of this paragraph shall be void.

(b) Without limiting the generality of the foregoing, you acknowledge that this Agreement is subject to assignment to \_\_\_\_\_ ("\_\_\_\_\_"), in accordance with an agreement between Company and \_\_\_\_\_, and \_\_\_\_\_ shall have the right to exercise, implement or enforce any rights granted to Company hereunder on Company's behalf. In the event of a default by Company in performing any of its obligations under this Agreement, duplicate notice of such default will be sent to \_\_\_\_\_, Attention: General Counsel, simultaneously with the giving of such notice to Company and \_\_\_\_\_ shall have the right to cure each default on behalf of Company.

6.03. If any part of this Participation Agreement, or the application thereof to any party, shall be adjudged by a court of competent jurisdiction to be invalid, such judgment shall not affect the remainder of this Participation Agreement, which shall continue in full force and effect, or the application of this Participation Agreement to the remaining parties.

6.04. Neither party shall be entitled to recover damages or to terminate the Participation Term by reason of any breach by the other party of its material obligations, unless the latter party has failed to remedy the breach within a reasonable time following receipt of notice thereof. Notwithstanding the foregoing, you shall not be entitled to terminate the Participation Term in connection with any claim that additional monies are payable to you hereunder, unless: (i) such claim is reduced to a final, non-appealable judgment by a court of competent jurisdiction and the failure to pay such monies is determined to constitute a material breach and (ii) Company fails to pay you the amount thereof within thirty days after Company receives notice of the entry of such judgment.

6.05. THIS PARTICIPATION AGREEMENT HAS BEEN ENTERED INTO IN THE STATE OF \_\_\_\_\_[*name of state*], AND THE VALIDITY, INTERPRETATION AND LEGAL EFFECT OF THIS PARTICIPATION AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF \_\_\_\_\_[*name of state*] APPLICABLE TO CONTRACTS ENTERED INTO AND PERFORMED ENTIRELY WITHIN THE STATE OF \_\_\_\_\_[*name of state*] (WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES UNDER \_\_\_\_\_[*name of state*] LAW). THE NEW YORK COURTS (STATE AND FEDERAL), SHALL HAVE SOLE JURISDICTION OF ANY CONTROVERSIES REGARDING THIS PARTICIPATION AGREEMENT; ANY ACTION OR OTHER PROCEEDING WHICH INVOLVES SUCH A CONTROVERSY SHALL BE BROUGHT IN THOSE COURTS IN \_\_\_\_\_[*name of county*] COUNTY AND NOT ELSEWHERE. THE PARTIES WAIVE ANY AND ALL OBJECTIONS TO VENUE IN THOSE COURTS AND HEREBY SUBMIT TO THE JURISDICTION OF THOSE COURTS. ANY PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY, AMONG OTHER METHODS, BE SERVED UPON YOU BY DELIVERING IT OR MAILING IT, BY REGISTERED OR CERTIFIED MAIL, DIRECTED TO THE ADDRESS FIRST ABOVE WRITTEN OR SUCH OTHER ADDRESS AS YOU MAY DESIGNATE PURSUANT TO ARTICLE 17 OF THE RECORDING AGREEMENT. ANY SUCH PROCESS MAY, AMONG OTHER METHODS, BE SERVED UPON THE ARTIST OR ANY OTHER PERSON WHO APPROVES, RATIFIES, OR ASSENTS TO THIS PARTICIPATION AGREEMENT TO INDUCE COMPANY TO ENTER INTO IT, BY DELIVERING THE PROCESS OR MAILING IT BY REGISTERED OR CERTIFIED MAIL, DIRECTED TO THE ADDRESS FIRST ABOVE WRITTEN OR SUCH OTHER ADDRESS AS THE ARTIST OR THE OTHER PERSON CONCERNED MAY DESIGNATE IN THE MANNER DESCRIBED IN ARTICLE 17 OF THE RECORDING AGREEMENT. ANY SUCH DELIVERY OR MAIL SERVICE SHALL BE DEEMED TO HAVE THE SAME FORCE AND EFFECT AS PERSONAL SERVICE WITHIN THE STATE OF \_\_\_\_\_[*name of state*].

6.06. In entering into this Participation Agreement, and in providing services pursuant hereto, you have and shall have the status of independent contractors. Nothing herein contained shall contemplate or constitute you as Company's agents or employees, and nothing herein shall constitute a partnership, joint venture or fiduciary relationship between you and Company.

6.07. This Participation Agreement shall not become effective until executed by all proposed parties hereto.

**RECORD COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

My social security number is \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_. Under the penalties of perjury, I certify that this information is true, correct, and complete.

By: \_\_\_\_\_

## **SCHEDULE A**

**(Appended in accordance with paragraph 2.03 above) Internal Revenue Service Form W-4**

[Attach IRS Form W-4]

## **EXHIBIT C**

## **CO-PUBLISHING AGREEMENT**

**Attached to and made part of a Exclusive Recording Agreement (Short Form) between Company and**

\_\_\_\_\_ **dated as of** \_\_\_\_\_ [date].

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Co-Publishing Agreement made as of \_\_\_\_\_ [date] ("Co-Publishing Agreement"), between \_\_\_\_\_ with an address at \_\_\_\_\_ ("you"), and \_\_\_\_\_ with an address at \_\_\_\_\_ ("Company").

1. For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, you hereby irrevocably and absolutely assigns, conveys and transfers to Company's publishing designee (the "Publisher") an undivided 50 percent interest in the worldwide copyright (and all renewals and extensions thereof) and all other rights in and to each musical composition which is (a) written or composed, in whole or in part, directly or indirectly, by you, and/or (b) is owned or controlled, in whole or in part, directly or indirectly by you, or by any person or entity in which you have a direct or indirect interest (each, a "Published Composition"), prior to or during the term hereof. Publisher shall be the exclusive administrator of all rights in and to each Published Composition, and shall be entitled to exercise any and all rights with respect to the control, exploitation and administration of each Published Composition.

2. Publisher shall pay to you the following royalties as the so-called writer's share of income:

a. Ten cents for each copy of sheet music in standard piano/vocal notation and each dance orchestration printed, published and sold in the United States by Publisher or its licensees, for which payment is received by Publisher in the United States, after deduction of returns;

b. Fifty percent of Receipts with respect to all other income.

c. Writer shall receive Writer's public performance royalties throughout the world directly from Writer's performing rights society and shall have no claim whatsoever against Publisher for any share of public performance royalties received by Publisher.

3. Publisher shall pay to your publishing designee fifty percent of Net Income. "Net Income" shall mean Receipts less the following:

a. Royalties which shall be paid by Publisher to Writer hereunder;

b. Direct, out-of-pocket, administrative and exploitation expenses of Publisher with respect to the Compositions including, without limitation, registration fees, advertising and promotion expenses directly related to the Published Compositions, the costs of transcribing for lead sheets, and the costs of producing demonstration records; and

c. Reasonable attorneys' fees, if any, actually paid by Publisher to outside counsel for any agreements affecting solely the Published Compositions or any of them.

d. Publisher's administration fee equal to 10 percent of the Receipts.

Please signify that the foregoing correctly sets forth your understanding and agreement with us by signing in the appropriate place below.

Music Publishing

By: \_\_\_\_\_

ACCEPTED AND AGREED TO:

By: \_\_\_\_\_

## **SCHEDULE A**

## **ASSIGNMENT OF COPYRIGHTS**

The undersigned ("Assignor"), for good and valuable consideration, receipt of which is hereby acknowledged, hereby sells, conveys and assigns to MUSIC PUBLISHING, its successors and assigns, an undivided fifty percent (50%) interest in the entire right, title and interest throughout the world and universe which is derived from Assignor, in and to the musical composition(s) listed on the attached Schedule A, including, without limitation, the copyrights and any other rights relating to the musical compositions, now known or which may hereafter be recognized or come into existence, and any and all renewals and extensions of such copyrights and other rights under applicable laws, treaties, regulations and directives now or hereafter enacted or in effect.



IN WITNESS WHEREOF, Assignor has executed this instrument on this  
\_\_\_\_\_ day of \_\_\_\_\_ [*month and year*].  
\_\_\_\_\_

#### ACKNOWLEDGEMENTS

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

SS:

On \_\_\_\_\_, before me personally came, known to me to be the individual described in and who executed the foregoing instrument, and he/she acknowledged to me that he/she executed it.

\_\_\_\_\_  
Notary Public

#### SCHEDULE B

#### EXISTING COMPOSITIONS

Title	Songwriter(s) and Share(s)	Publisher(s) and Share(s)	Copyright Reg. No.
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