

\_\_\_\_\_ (“Company”)  
\_\_\_\_\_  
\_\_\_\_\_

Dated as of: \_\_\_\_\_, 2019

\_\_\_\_\_  
\_\_\_\_\_

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

This agreement shall confirm and memorialize our discussions with reference to you and Company entering into an exclusive artist recording and production agreement regarding your performances as a musical recording artist. (You and Company are sometimes referred to herein as the “parties”.) Although the parties contemplate the execution of a more formal long form recording agreement (the “Long Form Agreement”), this Letter Agreement, when signed by both you and Company, shall constitute a binding and enforceable agreement regardless of whether the Long Form Agreement is ultimately executed.

Following are the major terms and conditions which the parties agree shall form the basis of our contractual arrangement and which shall be incorporated in the Long Form Agreement (it being understood that such Long Form Agreement shall not be limited to these terms):

- 1) **Artist:** \_\_\_\_\_ (“you” or “your”)
- 2) **Territory:** World
- 3) **Term:** The “Initial Contract Period” shall run for fifteen (15) months from the completion and satisfactory delivery of the Initial Album hereunder. Each subsequent Contract Period, if any as provided for below, shall run for the longer of i) 15 months from the completion and satisfactory delivery of the Masters to be delivered to Company during such Contract Period and ii) 18 months from the commencement date of such respective Contract Period. At all times during the Term, you shall render your exclusive recording services to Company for the purpose of making Masters (as hereinafter defined) and for all other purposes as provided for herein.
- 4) **Recording Commitment/Future Options:** During the Initial Contract Period, you shall record one full-length studio album comprised of not less than ten (10) previously unreleased songs featuring your performances (the “Initial Album”). Thereafter, Company shall have an option, to be exercised by Company, for up to four (4) consecutive additional Contract Periods, comprised of one (1) full-length album during each Contract Period, each such option to be exercised, if at all, not later than the expiration of the then current Contract Period, subject to a ninety (90) day written notice and cure period in the event Company fails to exercise any such option. (The Initial Album, any and all additional audio only masters recorded hereunder or during the Term hereof, all audio-visual products, and all other recordings or other formats now or hereafter known embodying your musical performances recorded or otherwise produced during the Term hereof are sometimes referred to individually and collectively herein as the “Master(s)”.) Selection of the Masters to be recorded hereunder shall be subject to the mutual cooperation and agreement of the parties, it being understood and agreed that Company shall have the final word with respect to selection of Masters and for all other creative matters, including, but not limited to, the selection of the producers of Masters and album artwork.
- 5) **Recording Costs/Advances:** Company shall administer and pay all pre-approved recording costs in connection with the production of the Masters. All master recording costs, video production costs, independent marketing and promotion costs, all other sums paid by Company to you or on your behalf, (whether related to Other Music Activities or otherwise) and all other typically recoupable costs and expenses incurred by Company hereunder shall constitute “Advances”, fully recoupable by Company from any royalties or other sums to be paid to you (or on your behalf) by us or any third party (excluding mechanical royalties) under this Agreement or any other agreement between you and Company.
- 6) **Royalties:** As your sole and complete consideration of your services rendered hereunder, Company shall pay you a sum equal to \_\_\_\_ (--) percent of the net revenues received by or credited to Company in connection with the exploitation of the Masters (other than performance or other royalties for which you were paid your share directly), after recoupment of all Advances, recording costs and expenses and all other chargeable costs related to the distribution and/or exploitation of the Masters, including, but not limited to manufacturing costs, third party distribution fees and charges, and marketing and promotional expenses, it being understood that there shall be no so-called “double-dipping” and such recoupable expenses shall only be charged to your royalty account once. It is understood and agreed that Company’s otherwise standard policies

would apply to the calculation and payment of all royalties (e.g., free goods, program discounts, reserves, reductions, etc.). You acknowledge and agree that no royalties of any kind nor any other compensation (other than mechanical royalties, if any) shall be due to you except as provided in this paragraph. Company shall account and pay you any sums due not semi-annually, within ninety days after the end of each semi-annual period ending on June 29<sup>th</sup> and December 31<sup>st</sup>. Company shall be entitled to withhold any and all taxes as required by law with respect to any sums payable to you hereunder.

7) **Name and Likeness Rights/Website:** Company shall have the perpetual right, which such right shall be exclusive during the term and non-exclusive thereafter, without liability to any person, to use and to authorize other persons to use your name, likeness and biographical material for purposes of advertising, marketing, promotion and trade in connection with making and/or exploitation of Masters, recordings, audio-visual materials, and all other materials hereunder. You hereby grant to Company the exclusive right, during the Term (and the non-exclusive right thereafter, with respect to an alternate name), to establish and maintain all Artist-branded digital sites and social networking sites, including a website having the URL “\_\_\_\_.com” or any similar designation based on or containing your professional name. You shall make yourself available at Company's reasonable request and expense and upon reasonable notice to appear for photographs, posters, cover art, interviews with representatives of the media and publicity personnel and to perform other reasonable promotional functions.

8) **Representation/Warranty/Indemnity:** You warrant and represent that you have been, are and shall continue to be possessed of the full right to enter into this agreement and perform hereunder and that your entering into this agreement and performing hereunder shall not infringe upon the rights of any person or entity. Upon the expiration or other termination of this Agreement, you agree not to re-record any composition embodied on a Master hereunder until the date that is the later of i) three years after the end of the Term and iii) five years from the completion of recording of such Master hereunder. You indemnify us against any losses or damage (including reasonable attorneys' fees) arising out of any claims by any third parties which are inconsistent with any warranty made by you herein or any condition contained herein. You shall promptly pay us on demand any sums for which you are liable under the proceeding sentence and, alternatively, Company shall be entitled to withhold any such sums from monies otherwise payable to you hereunder.

9) **Ownership:** The Masters (including, but not limited to, any audio-visual recordings related thereto), all duplicates and derivatives thereof, all records made therefrom or duplicates or derivatives (including the copyright and renewal and/or extension of such copyright), and all artwork and other intellectual property created or obtained by Company, together with the performances embodied therein, all in any form, manner, or medium now or hereafter known, shall be exclusively and perpetually property of Company, free from any claim whatsoever by you or any person deriving any rights from you. The Masters shall be deemed a work made for hire within the meanings of the United States Copyright Act. If the Masters are determined not to be a work made for hire, they will be deemed transferred to Company by this agreement, together with all rights in it. Accordingly, the Masters, together with yours and all the performances embodied on them, shall be the sole property of Company, its assignees and successors in perpetuity and throughout the world, free from any claims by you or any other person; and Company shall have the exclusive right to copyright the Master in its name as the author and owner thereof and to secure any and all renewals and extensions of such copyright throughout the world. You will execute and deliver to Company such instruments of transfer and other documents regarding the rights of Company in the Master as Company may reasonably request to carry out the purposes of this Agreement, and Company may sign such documents in your name and make appropriate disposition of them.

Without limiting the generality of the foregoing, Company, or any person authorized by Company shall have the perpetual unlimited, exclusive right, throughout the world: (i) to manufacture records, video-records, and any derivatives thereof derived from the Master in any form, in any medium, and/or by any method now or hereafter known; (ii) to sell, transfer or otherwise deal in the same under any trademarks, trade names and labels; (iii) to reproduce, adapt, transmit, distribute, broadcast, perform, communicate and otherwise use the Master in any medium or in any manner, including but not limited to use in physical, digital, electronic, mobile and internet formats; (iv) to cause or permit the public performance of the Master, or derivatives thereof, through any and all media; (v) to add to, delete from, edit, mix and otherwise alter the Master without restriction; and (vi) to exploit the Master and derivatives therefrom through any and all means, whether now or hereafter known, all without payment of any compensation to you except the royalties as described in this Agreement. In the alternative Company may, at its election, refrain from doing any or all of the foregoing.

10) **Mechanical License:** With respect to any musical compositions embodied on the Masters which are owned or controlled by you or your designees (the “Songs”), you (or your publishing designees) hereby grant to us and our designees the irrevocable non-exclusive right to reproduce the Song on records (including digitally delivered reproductions) and to distribute any of those records in the United States and Canada. Mechanical royalties shall be payable on a maximum of ten (10) songs on each album, on net sales of such records at the following rates: (i) on such records sold in the United States, the rate shall be the United States mechanical rate.

The "United States mechanical rate" shall mean the amount equal to seventy-five percent (75%) of the minimum statutory royalty rate (without regard to playing time) provided for in the United States Copyright Act which is applicable to the reproduction of musical compositions as of the date of initial release of the Master concerned; and (ii) on such records sold in Canada, the rate shall be the Canadian mechanical rate. The "Canadian mechanical rate" shall mean the amount equal to seventy-five percent (75%) of the minimum statutory royalty rate (without regard to playing time) provided for in the Canadian Copyright Act which is applicable to the reproduction of musical compositions as of the date of initial release of the Master concerned; (iii) the mechanical royalty rate for a Song contained on a mid-price record or budget record shall be three-fourths (3/4ths) of the United States mechanical rate or the Canadian mechanical rate; as applicable; and no mechanical royalties shall be payable on any phonograph records for which no royalties are payable by Company. If the copyright in a musical composition is owned or controlled by a person, firm or corporation other than you, you shall cause that person, firm or corporation to grant to us and our designees the same rights as you are required to grant to us and our designees hereunder. You hereby grant to us and our designees at no fee, royalty or other cost to us or our designees, the irrevocable, non-exclusive, worldwide right to reproduce and publicly perform each Song on audio-visual recordings, to distribute audio-visual records embodying those audio-visual recordings, and otherwise to exploit in any manner and through any media those audio-visual recordings. You grant to us and our designees, or shall cause to be granted to us, the irrevocable right to print and reproduce, at our election, the title and lyrics to the Song on the packaging of phonograph records embodying Masters throughout the world in perpetuity, without payment to you or any other person, firm or corporation of any monies or other consideration in connection therewith. Any assignment, license or other agreement made with respect to the Song shall be subject to the terms hereof.

11) **Co-Publishing.** The parties agree that you (or your affiliated publishing company) and Company's designated publishing affiliate shall be perpetual worldwide co-publishers with respect to music and lyrics of all compositions written, owned, or controlled by you during the Term of this Agreement whether such compositions are recorded pursuant to this Agreement or otherwise. Accordingly, you (or your affiliated publishing company) hereby irrevocably and absolutely assign, convey and set over to Company (or its designee), or will cause Company (or its designee) to receive an assignment, of fifty (50%) percent of all right, title and interest (including the worldwide copyright and all extensions and renewals thereof) in and to each and every controlled composition during the Term hereof. You agree to execute and deliver to Company, or to cause to be executed and delivered to Company (or its designee) a separate Co-publishing Agreement with respect to each such controlled composition in accordance with standard forms of such agreements. If you shall fail to promptly execute such agreements, you hereby grant to Company the right to sign same on your behalf, though Company's failure to exercise the rights granted to use such authority shall not diminish Company's rights as set forth within this Agreement. Regardless of whether such additional separate Co-Publishing Agreements are executed, Company shall be the exclusive administrator of 100% of all rights in and to such controlled compositions, and it (and/or its designees) shall be entitled to exercise any and all rights with respect to the control, exploitation and administration of such compositions including, without limitation, the sole right to grant licenses, collect all income and to use the name, likeness and biographical material of each composer, lyricist and songwriter hereunder in connection with such composition for the full term of copyright (including all renewals and extensions thereof) in and to such Composition. From all sums actually earned and received by Company in the United States of America from the exploitation of such Composition throughout the world (the "Gross Receipts"), Company (or its designees) shall: (i) deduct and/or retain all out-of-pocket costs incurred by Company in connection with the exploitation and protection of such Composition; (ii) deduct and pay royalties payable to the writers (including you) of the Composition (which you warrant and represent shall not exceed fifty (50%) percent of the Gross Receipts); and (iii) pay to you an amount equal to fifty (50%) percent of the balance remaining after deducting the aggregate sums set forth in subparagraphs (i), (ii) and (iii) above, and the remaining fifty (50%) percent thereof shall be retained by Company for its sole use and benefit. Accountings for such royalties shall be rendered semi-annually subject to all the terms and provisions of Paragraph 11 hereof.

12) **Other Music Activities.** You shall pay to Company a sum equal to \_\_\_ ( %) percent of all OMA Income ("the OMA Payment") . You authorize Company to collect all OMA Income on your behalf but to the extent such is not collected by Company, within fifteen (15) days of the end of each calendar quarter of the Term, you will send Company a detailed written account of all OMA Income received by you or on your behalf during such accounting period and the amount of the OMA Payment accordingly payable to Company. On receipt of each such accounting statement, Company will elect either to deduct the OMA Payment from monies (including royalties) due to you hereunder or to receive payment, in which case you shall pay the amounts shown to be due in each accounting statement within ten (10) days of the date of such statement. You agree to maintain complete and accurate books and records relating to OMA Income. At any time within two (2) years after any accounting statement is rendered to Company hereunder, Company shall have the right to inspect such books and records on reasonable notice but not more than once during each year. As used herein, "Other Music Activities" shall mean all of your professional activities connected to the entertainment industry including, without limitation, merchandising, advertising, sponsorship, endorsements and tie-ins, touring and all other live performances, and TV or film appearances (but specifically excluding music publishing at any such times as Company is your co-

publisher, any fees or royalties you receive for acting as a “producer” of records for others, record royalties hereunder, and any other income payable to you which Company is otherwise participating in (i.e., there shall be no “double dipping” with respect to OMA Income). “OMA Income” shall mean all gross sums paid or payable to you with respect to your “Other Music Activities” during the Term or with respect to any and all agreements related thereto entered into during the Term and for a period of three months thereafter (whether received during the term or thereafter), after deduction of third party out-of-pocket expenses or deductions reasonably incurred in connection with the Other Music Activities, including booking agent commissions, monies payable to third party co-publishers and co-writers of musical compositions written by you and reimbursement for actual out-of-pocket expenses incurred by you in connection therewith (but which such deduction shall not apply to production, travel, musician, or other show related costs for your live performance activities or management commissions). Upon request by Company, you hereby agree to execute standard Letters of Direction authorizing and directing any third parties to pay any such OMA Payments directly to Company.

13) **Miscellaneous.** This agreement is the entire agreement between the parties with respect to the contents hereof, supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and shall not be modified, except by an instrument in writing, signed by each of the parties duly authorized to execute such modification. Company may assign its rights under this Agreement in whole or in part. For the avoidance of doubt, in the event Company “up-streams” this Agreement, which it may do in its discretion, the terms and conditions hereof shall continue to apply and all references herein to “Company” shall apply to such assignee or upstream label. You may not assign this agreement or your rights or responsibilities hereunder without the prior approval of Company, such approval not to unreasonably withheld with respect to a so-called “furnishing company” owned or controlled by you which is exclusively entitled to your recording services. A waiver by either party of any term or condition of this agreement shall not be deemed or construed as a waiver of such term or condition for the future, or of any subsequent breach thereof. All remedies, rights, undertakings, obligations, and agreements contained herein shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either party. No breach of this agreement by either party shall be deemed material, unless the non-breaching party shall have given the other party notice of such breach and such breaching party shall fail to cure such breach within 30 days after receipt of such notice. If any part of this agreement shall be determined to be invalid or unenforceable, the remainder of this agreement shall remain in full force and effect. This Agreement has been entered into in the State of \_\_\_\_\_ and the validity, interpretation and legal effect of this Agreement shall be governed by the laws of \_\_\_\_\_ applicable to contracts entered into and performed entirely within \_\_\_\_\_, with respect to the determination of any claim, dispute or disagreement which may arise out of the interpretation, performance or breach of this Agreement. All claims, disputes or disagreements which may arise out of the interpretation, performance or breach of this Agreement shall be submitted exclusively to the jurisdiction of the appropriate court in \_\_\_\_\_. You acknowledge that Company has given you the right and opportunity to have this Agreement reviewed by an attorney of your choice having competence in the music industry, and you have done so. You further acknowledge that said attorney has reviewed with you the terms of this Agreement and that he/she has advised you as to all legal ramifications and consequences of your entering into this Agreement. You acknowledge that your services hereunder are of a special, unique, unusual, extraordinary and intellectual character and in the event of a breach by you of any material term, condition, representation, warranty or covenant herein, Company will be caused irreparable injury and damage. You expressly agree that Company shall be entitled to the remedies of injunction and other equitable relief to prevent or remedy a breach, which relief shall be in addition to any other rights or remedies, for damages or otherwise, which Company may have. If you do not fulfill any portion of your recording commitment for any reason or if Company reasonably determines that your vocal abilities to perform as a recording artist have become materially impaired, Company will have the option i) to suspend the running of the Term of this Agreement and/or Company’s obligations to make payments to you hereunder until you have cured such default or remove such impairment; ii) to terminate the Term of this Agreement by written notice to you, by certified mail, return receipt requested (or otherwise standard verifiable overnight delivery service), whether or not you have commenced curing the default before such termination occurs; and iii) in the event of a termination in accordance with the terms hereof, to require you to repay to Company the amount, not then recouped, of any Advance made to you in connection with the then current Contract Period or Master being then currently recorded, but only if the reasons for such termination are the result of your acts or omissions constituting a material breach of this Agreement and are not conditions or circumstances outside of your reasonable control or not reasonably foreseeable by you (such as, by way of example, your death or disability or other standard force majeure reasons). If Company terminates the Term, all parties will be deemed to have fulfilled all of their obligations under this agreement except those that survive the end of the Term. No exercise of an option under this paragraph will limit Company’s rights to recover damages by reason of your default, its rights to exercise any other option under this paragraph, or any of its other rights. If because of: an 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 or delay of transportation facilities; 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 by giving

you notice to suspend the running of the then current Contract Period for the duration of any such contingency plus such additional time as is necessary so that Company shall have no less than sixty (60) days after the cessation of such contingency in which to exercise its option, if any, to extend the Term of this Agreement for the next following Option Period.

The parties agree that, upon both of our signatures below, this letter shall constitute a valid and binding agreement regarding the exclusive rights to your services. Notwithstanding the contemplation of the Long Form Agreement, all legal and equitable rights, obligations and remedies of both parties attach hereto with no limitation. Counterpart signed copies of this Agreement, and electronically transmitted copies thereof, shall be deemed original, valid, and binding for all purposes.

Accepted and Agreed To:

Company:

\_\_\_\_\_  
SS#:

\_\_\_\_\_  
An Authorized Signatory

## Legal and Business Considerations when Advising Clients Creating and Operating Music Labels

Edgar “Dino” Gankendoff, Esq., Provosty & Gankendoff, LLC, NOLA

Marc Stollman, Esq. Stollman Law, Boca Raton, FL

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### I. Record Labels – Legal and Business Matters

#### 1. Starting a Label

- a. The “Frank Thomas” story
- b. Why start a label in 2019?
- c. Income streams (physical, digital, streaming, ancillaries)?

#### 2. Management and Legal Matters

- a. Organization / structure
- b. Internal contracts
- c. Branding / promotions
- d. Team Members (A&R, Marketing, Licensing)
- e. Third party partners (radio, publicists, distribution, licensing)
- f. Publishing

### II. Standard Label Agreements

#### 1. Recording Agreements

- a. Common Terms
- b. Label Goals
- c. Artist Goals
- d. Trends

#### 2. Producer Agreements

- a. Common Terms
- b. Label Goals

- c. Producer Goals

- d. Trends

- 3. Distribution Agreements

- a. Common Terms

- b. Label Goals

- c. Producer Goals

- d. Trends

**BINDING LETTER OF AGREEMENT FOR PRODUCER WORK FOR HIRE SERVICES**

DATE: , 2019

TO:  
COMPANY:

FROM: ("Company", "we", or "us")

=====

**Re: producing**

MESSAGE: Dear :

This binding deal memo will confirm our discussions and understanding with regard to \_\_\_\_ () master recordings (individually and collectively, the "Master(s)") embodying the performances of \_\_\_\_\_, to be released by \_\_\_\_\_ ("Record Company") or otherwise. \_\_\_\_\_ ("you" or "your") hereby agree to furnish the services of \_\_\_\_\_ ("Producer"), who will provide services as "producer" (as such term is commonly understood) to us and/or Record Company with respect to the Masters. You will be solely responsible for all payments to Producer and you agree that you are solely responsible for all payments of all recording costs and other sums to all musicians, engineers, and all others who render services in connection with the Masters, and you and Producer each agree that neither Company nor Record Company will have any responsibility therefore. The term of this contract shall commence as of the date hereof and shall continue until such time as you shall have completed your services hereunder. You shall diligently, competently and to the best of your ability perform the services required to be performed by you hereunder.

- 1) **Recording Fund:** You have submitted a budget of \$\_\_\_\_ per each Master with respect to your services in connection with the production of all Masters, inclusive of all recording costs and all producer fees and advances, if any. Such budget is attached hereto and approved. Any excess recording costs, regardless of source, must be pre-approved by us in writing or shall otherwise be your sole responsibility. Such budget shall be payable one-half after the full execution hereof and one-half upon the satisfactory delivery of the Master(s) to us or Record Company. (Notwithstanding any of the foregoing, any payments made pursuant to such budget by Record Company, including, but not limited to, payments to musicians or applicable unions, shall be deducted from the so-called "back-end payment due to you hereunder, if any.)
  
- 2) **Royalty:** Your royalty shall be equal to i) --% (wholesale, pro-rata as appropriate, with no escalations) with respect to standard exploitations of the Masters and ii) \_\_ percent (--%) of our or Record Company's net receipts with respect to any flat fees, master licenses, synch licenses, or other third party receipts, with all other standard royalty reductions, calculation, and accounting and payment provisions as are applicable by virtue of any agreement with the Record Company. We shall execute the attached Letter of Direction with respect to SoundExchange royalties. Royalties shall be payable from "record one", subject to recoupment of a \$\_\_\_\_\_ advance, after our recoupment of all recording costs and you hereby acknowledge and agree that no additional fees, royalties, or other consideration shall be payable to you or Producer with respect to your services hereunder. Accountings shall be rendered by us or Record Company semi-annually and you shall be accorded standard audit rights with respect to the books and records of Company.
  
- 3) **Misc.:**
  - a) We shall use best efforts to provide standard producer credit to you on all records embodying the Master in substantially the form:
  - b) As between you and us, all Masters produced by you hereunder, all phonograph records and reproductions made therefrom, together with the performances embodied therein and all copyrights therein (including all renewals and extensions thereof), and all duplicates and derivatives thereof, shall be exclusively and perpetually property of Company, free from any claim whatsoever by you or any person deriving any rights from you. The Master shall be deemed a work made for hire within the meanings of the United States Copyright Act. If the Master is determined not to be a work made for hire it will be deemed transferred to Company by this Agreement, together with all rights in it. Without limiting the generality of the foregoing, Company, or any person authorized by Company shall have the perpetual unlimited, exclusive right, throughout the world: (i) to manufacture records, video-records, and any derivatives thereof, derived from the Master, in any form, in any medium, and by any method now or hereafter known; (ii) to sell, transfer or otherwise deal in the same under any trademarks, trade names and labels; (iii) to reproduce, adapt transmit, distribute, communicate and otherwise use the Master in any medium or in any

manner now or hereafter known, including but not limited to use in all digital and mobile formats, audiovisual works and video-records; (iv) to cause or permit the public performance of the Master, or derivatives thereof, through any and all media; (v) to add to, delete from, edit, mix and otherwise alter the Master without restriction; and (vi) to exploit the Master and derivatives therefrom through any and all means, whether now or hereafter known, all without payment of any compensation to you except the royalties, if any, which may be expressly prescribed in this Agreement. In the alternative Company may, at its election, refrain from doing any or all of the foregoing.

c) We and our designees shall have the world-wide right in perpetuity to use and to permit others to use your name (legal and professional, and whether presently or hereafter used by you), likeness, and biographical material concerning you, for purposes of trade and otherwise without restriction in connection with the Master, phonograph records derived therefrom, and our record business and products.

d) No Master shall be made by, or include, unauthorized Sampling. ("Sampling", as used herein, refers to the use and/or reproduction of pre-existing musical material owned or controlled by any person other than you.)

e) You and Producer warrant and represent that you have the right to enter into this agreement and that doing, so, and that our or Record Company's exploitation of its rights hereunder shall not infringe upon the rights of any third parties. You further warrant and represent that you or Producer shall not produce or otherwise record any master recorded hereunder for a period of five (5) years from the date hereof.

f) You warrant, represent, acknowledge and agree that the Song was written by the parties set forth on Schedule A, and the copyright therein will be owned by the parties respective publishing entities in the shares set forth on such Schedule A. The writers (and their publishing designees) shall each have the sole and exclusive right throughout the universe in perpetuity to exploit and to authorize the exploitation their respective ownership share of the Song.

**4) Mechanical License:** To the extent written, owned, or controlled by you (or your publisher), with respect to the musical compositions embodied on the Master (the "Song(s)");

(a) You hereby grant to us and/or Record Company the irrevocable non-exclusive right to reproduce the Song on records (including digitally delivered reproductions) and to distribute any of those records in the United States and Canada;

(b) Mechanical royalties shall be payable on net sales of such records at the following rates:

(i) on such records sold in the United States, the rate shall be the United States mechanical rate. The "United States mechanical rate" shall mean the amount equal to seventy-five percent (75%) of the minimum statutory royalty rate (without regard to playing time) provided for in the United States Copyright Act which is applicable to the reproduction of musical compositions as of the date of delivery to us of the Master; and

(ii) on such records sold in Canada, the rate shall be the Canadian mechanical rate. The "Canadian mechanical rate" shall mean the amount equal to the greater of (a) seventy-five percent (75%) of the minimum statutory royalty rate (without regard to playing time) provided for in the Canadian Copyright Act which is applicable to the reproduction of musical compositions as of the date of delivery to us of the Master and (b) two (2) cents Canadian

(iii) the mechanical royalty rate for a Controlled Composition contained on a mid-price record or budget record shall be three-fourths (3/4ths) of the United States mechanical rate or the Canadian mechanical rate; as applicable; and no mechanical royalties shall be payable on any phonograph records for which no royalties are payable by Record Company; and

(c) If the copyright in the Controlled Composition is owned or controlled by a person, firm or corporation other than you, you shall cause that person, firm or corporation to grant to us and our designees the same rights as you are required to grant to us and our designees hereunder;

(d) You hereby grant to us and our designees at no fee, royalty or other cost to us or our designees, the irrevocable, non-exclusive, worldwide right to reproduce and publicly perform each Song on audio-visual recordings, to distribute audio-visual records embodying those audio-visual recordings, and otherwise to exploit in any manner and through any media those audio-visual recordings. You grant to us and our designees, or shall cause to be granted to us, the irrevocable right to print and reproduce, at our election, the title and lyrics to the Song on the packaging of phonograph records embodying Masters throughout the world in perpetuity, without payment to you or any other person, firm or corporation of any monies or other consideration in connection therewith.

(e) Any assignment, license or other agreement made with respect to the Song shall be subject to the terms hereof.

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter thereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. A waiver by either party of any term or condition of this agreement shall not be deemed or construed as a waiver of such term or condition for the future, or of any subsequent breach thereof. All remedies, rights, undertakings, obligations, and agreements contained herein shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either party. No breach of this agreement by either party shall be deemed material, unless the non-breaching party shall have given the other party notice of such breach and such breaching party shall fail to cure such breach within 30 days after receipt of such notice. If any part of this agreement shall be

determined to be invalid or unenforceable, the remainder of this agreement shall remain in full force and effect. The Agreement shall be governed by and construed in accordance with the laws of Florida, applicable to contracts executed, delivered and fully performed in Florida. The parties represent that they each have the full right power and authority to enter into this Agreement and that doing so shall not infringe upon the rights of any third party. The terms and conditions of this Agreement are strictly confidential and neither party will disclose such terms to any other party, except their employees, legal counsel, accountants and/or except as may be required by law or to enforce the provisions hereof.

Please confirm that the above is acceptable as soon as possible. It is our intention to execute a standard long form producer agreement but until such time, this Deal Memo shall represent a valid and binding contract with respect to the contents hereof. Counterpart signatures of this Agreement and electronically transmitted copies hereof shall be deemed original and fully binding.

Best regards,

Accepted and Agreed:

\_\_\_\_\_

\_\_\_\_\_

SCHEDULE A

EXHIBIT A



**SoundExchange, Inc.**  
**Letter of Direction**

Solely as a service and accommodation to those featured artists entitled to royalties under 17U.S.C. § 114(g)(2)(D) who specifically authorize SoundExchange to collect and distribute royalties on their behalf, SoundExchange permits such featured artists to designate that a percentage of the royalties due them from SoundExchange relating to certain sound recordings be remitted to creative personnel credited or recognized publicly for the commercially released sound recording on which the featured artist performs or other usual and customary royalty participants in such sound recording.

Please note that a performer **need not execute this Letter of Direction in order to be paid statutory royalties by SoundExchange.**

To make such a designation, the performer submitting this Letter of Direction (“LOD”) must be registered with SoundExchange.

**Sections with asterisks are required.**

\*Name of Solo Artist or Group on recording(s):

\*Legal Name of Performer(s) for this LOD:

\*Name of LOD Recipient (“Payee”):

\*Payee Address:

Payee Telephone Number:

\_\_\_\_\_

\*Payee E-Mail:

\*Track Name(s): The Repertoire Chart is required to complete the LOD, please submit with this form.

\*Effective Date: (choose one)

- Check here if LOD applies as of \_\_\_\_\_ [date]  
 Check here if LOD applies retroactively to all available SoundExchange royalties, for all LOD tracks  
 Check here if the Effective Date varies by track. Enter the Effective Dates on the Repertoire Chart.

\*Payment Percentage (“Percentage”): check applicable box

- \_\_\_% of Performer royalties are applicable to all LOD tracks  
 Percentage varies by each track covered by this LOD. Enter percentages on the Repertoire Chart.

By signing this Letter of Direction and submitting it to SoundExchange, Performer agrees as follows:

1. Performer represents and warrants that Performer is the featured recording artist who performed on the sound recording(s) identified on the “Repertoire Chart” attached hereto as Schedule 1 (the “Recordings”).
2. Performer represents and warrants that Payee is an individual credited or recognized publicly for the commercially released sound recording identified on the Repertoire Chart or is another usual and customary royalty participant in such sound recording.
3. Performer requests and authorizes SoundExchange to pay to and in the name of Payee an amount equal to Percentage of the royalties otherwise payable by SoundExchange to Performer in respect of the Recordings, thereby reducing the payments from SoundExchange to Performer. If a previous “Royalty Distribution Information for Featured Artist” or other letter of direction has been provided to SoundExchange that conflicts with this Letter of Direction, then any and all previous letters of direction or similar documents conflicting herewith are hereby revoked.
4. All monies becoming payable under this Letter of Direction shall be remitted to Payee at the address identified above or as Payee otherwise directs SoundExchange in writing. If SoundExchange requires additional information (e.g., Payee tax information) to remit payments under this Letter of Direction, then Performer and Payee shall be responsible for providing SoundExchange with such information promptly. To the extent SoundExchange is not provided with sufficient or correct information to remit payment to Payee, or checks mailed to Payee’s last known address are returned, SoundExchange may hold the monies pending receipt of such information or pay the royalties to Performer.
5. SoundExchange will honor a written revocation by Performer of the designation made by this Letter of Direction. In the event of such a revocation, SoundExchange may, but need not, mail notice of the revocation to the last known address of Payee. The foregoing is without prejudice to any other contractual arrangements between Performer and Payee requiring payment of the Percentage by Performer. SoundExchange has no responsibility for Performer’s performance or nonperformance of any such obligation.
6. SoundExchange may discontinue making payments under this Letter of Direction at any time, including if checks mailed to Payee’s last known address are returned, Performer ceases to be a registrant of SoundExchange, or SoundExchange modifies its policies concerning letters of direction. If it does so, then SoundExchange may, but need not, mail notice thereof to the last known address of Performer and Payee, and monies that otherwise would have been payable under this Letter of Direction will be paid to Performer.
7. Performer acknowledges that SoundExchange is providing payments to Payee solely as an accommodation to Performer but that all royalties distributed by SoundExchange to Payee are taxable to Performer. Performer shall be solely responsible for providing Payee with tax paperwork required by any governmental agency, including the Internal Revenue Service, and SoundExchange shall have no obligation to provide such information to Payee.
8. SoundExchange may rely conclusively, and shall have no liability when acting, upon any written notice, instruction, other document or signature that is reasonably believed by SoundExchange to be genuine and to be authorized by Performer. SoundExchange shall not be responsible for failure to act as a result of causes beyond the reasonable control of SoundExchange. SoundExchange shall not be liable to Performer, Payee or to any third party for, and Performer agrees to defend (with counsel satisfactory to SoundExchange), indemnify and hold harmless SoundExchange from, any damages or loss (including reasonable attorney’s fees) in any way related to this Letter of Direction, unless such loss is caused by SoundExchange’s gross negligence or willful misconduct. The provisions of this Paragraph 8 shall survive the revocation or other termination of this Letter of Direction.

9. This Letter of Direction shall be governed by and construed in accordance with the substantive laws of the District of Columbia. Any dispute relating to or arising from this Letter of Direction shall be subject to the exclusive jurisdiction of courts sitting in the District of Columbia.

ACKNOWLEDGED AND ACCEPTED BY:

(The signature of each Performer or Authorized Signatory for each Performer is required.)

Performer Signature: \_\_\_\_\_

\*Performer Printed Legal Name: \_\_\_\_\_

OR, Authorized Signatory: \_\_\_\_\_

Authorized Signatory Printed Name: \_\_\_\_\_

Date of Signature: \_\_\_\_\_

Return the original of this form to:  
SoundExchange, Inc.

733 10th Street NW, 10th Floor  
Washington, DC 20001

You may also scan and email the completed forms to [accounts@soundexchange.com](mailto:accounts@soundexchange.com)

Or fax to: 202.640.5859

If you have questions, please call 1-800-961-2091 or email [accounts@soundexchange.com](mailto:accounts@soundexchange.com)

