

MUSIC SUPERVISOR AGREEMENT

AGREEMENT, dated as of _____, 20, between _____ c/o "Company Name LLC", Address ("Company"), and _____ ("Lender"), at c/o _____, for the services of _____ ("Supervisor") in connection with certain episodes of the upcoming broadcast season (the "Current Season") of the television series entitled _____ (the "Series"). In the event that Supervisor's services are being furnished directly by Supervisor, rather than through a furnishing company, all references to "Lender," individually and together with the term "Supervisor," will be deemed to refer solely to Supervisor.

Condition Precedent: The parties acknowledge that it is a condition precedent to this Agreement that the Series be officially "green lit" by Company with an approved budget.

1. Services

(a) Company hereby engages Lender, as an independent contractor, to provide the services of Supervisor to perform, in connection with one (1) or more episodes of the Current Season (each, an "Episode"), as determined by Company in its sole discretion, and at Company's direction, all services customarily performed by music supervisors in the television industry, including, but not limited to:

(i) Assisting with the: (A) selection and clearance of pre-existing music, and (B) selection and engagement of songwriters, performers and producers to create original music, for use in and in connection with the Series. All such music is referred to collectively as "Music." [Supervisor shall negotiate and obtain clearances and quote confirmations within Company's parameters and subject to Company's approval for all pre-existing Music **OR** For the avoidance of doubt, Company shall be responsible for the actual clearance, licensing and acquisition of Music rights and related services.]

(ii) Causing playback material to be recorded and delivered as required.

(iii) Supervising and attending on-camera music performances, including, but not limited to, preparing all musical elements of such performances, coaching on-camera performers, and helping to ensure that Music is properly recorded and/or filmed for the screen.

(iv) Assembling and delivering to Company accurate music credits for use in screen credits, on the Soundtrack Album, and Singles (as defined in paragraph 1(a)(vii) below).

(v) Providing accurate music cue sheet information to the music editor.

(vi) Assisting with the delivery of physical, digital and other elements of the Music, including, but not limited to, master recordings, digital files, credit information, and lyrics.

(vii) Assisting with the coordination of all recording and dubbing sessions for the Series, any album(s) derived from the Series ("**Soundtrack Album**"), and any singles derived from the Series or the Soundtrack Album ("**Singles**").

(viii) Coordinating the conversion of Music for the Series, Soundtrack Album, and Singles.

(ix) Supervising and coordinating the production and preparation of the Soundtrack Album, including the delivery of label copy to the distributor of the Soundtrack Album (the "**Distributor**").

(b) It is of the essence of this Agreement that: Supervisor consult with Company's music personnel on a regular basis; Supervisor be personally available (subject to reasonable notice) to Company for consultation, meetings and performance of all services hereunder; Supervisor promptly inform Company regarding all of Supervisor's communications with the showrunner, with a producer of the Series, and/or with the Distributor; Supervisor work within the limits of the Company-approved budgets and deadlines for the Series and the Soundtrack Album when making recommendations to Company, the showrunner, the producer and/or the Distributor; and Company have final and sole approval and control over all aspects of the Music for the Series, the Soundtrack Album, and any Singles, in which respect:

(i) All agreements with all third parties furnishing services or granting rights with respect to the Music shall be prepared by Company.

(ii) Neither Lender nor Supervisor shall have any authority to make any commitment on Company's or Distributor's behalf or to bind them in any manner.

(iii) Lender's and Supervisor's authority is limited to advice and recommendations. Neither Lender nor Supervisor shall enter into any agreement with, or make any warranty or representation to, any third party in respect of the Music.

(iv) Supervisor shall not facilitate the writing or recording of any material for the Series or Soundtrack Album without first obtaining Company's approval.

2. Term

Lender shall cause Supervisor to be available to render services hereunder on a non-exclusive[, first-priority] basis commencing on the date hereof, and ending on the completion of all services required hereunder (the "Term"), it being understood that Company shall have the right to discontinue Lender's and Supervisor's engagement hereunder at any time, subject to payment to Lender of any earned, but unpaid, Compensation. Any services which Supervisor may render for his own account or for any third party shall not interfere with the full and timely performance of Lender's obligations to Company hereunder.

3. Rights

(a) All results and proceeds of Lender's and Supervisor's services in connection with the Series shall be deemed "work-made-for-hire," specially-ordered or commissioned by Company within the meaning of the copyright laws of the United States. Company shall exclusively and perpetually own all now known or hereafter existing rights of every kind, throughout the world, in and to all such results and proceeds, including, but not limited to, copyrights pursuant to the U.S. Copyright Act of 1976, and pursuant to any similar or analogous laws, and any and all extensions or renewals thereof; all rights pursuant to European Union directives and regulations; and all related rights. In the event that operation of law prohibits or impairs Company's full and complete ownership of such results and proceeds, this Agreement will constitute an irrevocable assignment of any and all such rights in and to such results and proceeds by Lender and Supervisor to Company. Lender and Supervisor waive any so-called "droit moral" or "moral rights" (if any) with respect to any such results and proceeds. Lender warrants and represents on behalf of itself and Supervisor that such results and proceeds are original with Supervisor, and neither such results and proceeds, the use thereof, nor the exercise of any rights granted to Company hereunder will infringe upon the rights of any person or entity.

(b) Lender hereby grants to Company the non-exclusive right to use and publish Supervisor's name, approved picture, and approved biography solely for the purpose of publicizing or exploiting the rights granted and services rendered to Company hereunder. In no event shall Supervisor's name or likeness be used to endorse any service or product, provided that no use thereof in connection with the Series or the Soundtrack Album shall be deemed an endorsement.

4. Compensation

(a) (i) Provided Lender is not in breach or default hereunder, Company will pay Lender _____Dollars (\$) for each Episode of the Current Season for which Supervisor renders Services as full consideration for, and subject to, the satisfactory completion of Services, the grant of all rights required to be granted by Lender, and Company's rights of suspension and/or termination in the event of force majeure, disability or material default. Said amount shall be payable on an Episode-by-Episode basis following Lender's completion of Services in respect of the applicable Episode.

(ii) Notwithstanding the foregoing, no monies will be payable hereunder prior to Company's receipt of this Agreement signed by Lender and an appropriate invoice.

(iii) The compensation payable to Lender hereunder shall be inclusive of any applicable union scale otherwise payable to Supervisor in connection with the Series or the Soundtrack Album, and shall be subject to the applicable laws and regulations now or hereafter in existence requiring the deduction or withholding of payments for income or other taxes payable by or assessable against Supervisor. Lender shall be solely responsible for making and paying any and all deductions, withholdings and other taxes required under such laws and regulations, and Supervisor shall indemnify, save and hold Company harmless from any and all damages, liabilities, costs, losses and expenses (including reasonable legal costs, reasonable outside attorneys' fees and any penalties) arising out of or connected with any failure on the part of Supervisor to make or pay any such deductions, withholdings or other taxes.

(b) [Lender will be entitled to receive record royalties for the exploitation of one (1) Qualifying Soundtrack Album. A "Qualifying Soundtrack Album" means a Soundtrack Album of which at least fifty percent (50%) of the playing time consists of Music (other than underscore) that Supervisor selected for use in the Series and/or such Soundtrack Album. Lender's royalty for net sales of top-line Soundtrack Albums sold for distribution through normal retail channels in the United States ("USNRC Sales") shall be ___ percent (___%) of the applicable base price (the "**Basic U.S. Album Rate**") [, and shall increase prospectively by _____ percent (%) when and if net USNRC Sales exceed _____ (000) units as reported by Soundscan]. The Basic U.S. Album Rate shall be subject to the same royalty adjustments, reductions, and other calculations (except for sales escalations) applicable to Company's royalties pursuant to the distribution agreement (the "**Distribution Agreement**") between Company and the Distributor, except that the Basic U.S. Album Rate shall not be prorated by the number of master recordings on the Soundtrack Album. With respect to any exploitation of the Soundtrack Album for which Company is entitled to receive a royalty based on a percentage of the Distributor's net receipts, Lender's royalties shall be equal to the percentage payable by the Distributor to Company with respect to such exploitation, prorated by a fraction having a numerator equal to the Basic U.S. Album Rate, and a denominator equal to the all-in royalty rate for USNRC Sales payable to Company pursuant to the Distribution Agreement (or, if the Distribution Agreement is structured as a profit share, rather than an all-in royalty to Company, the all-in royalty rate shall be deemed to be 25%). Company shall furnish Lender with an abstract of the relevant provisions of the Distribution Agreement following the later of complete signature of this Agreement, complete signature of the Distribution Agreement, and Distributor's initial royalty-earning exploitation of a master recording thereunder. No royalties will be payable to Lender under this Agreement unless and until the sum of all recording costs and all advances and fees pertaining to Music on the Soundtrack Album have been recouped from royalties credited to Company pursuant to the Distribution Agreement. Thereafter, royalties hereunder will be payable on a prospective basis. Royalties hereunder shall be subject to the accounting and audit provisions of Exhibit "B," annexed hereto and incorporated herein by the reference.

(j) Except as may be provided otherwise herein, if Company requires Supervisor to travel beyond the reasonable vicinity of Los Angeles and Supervisor's residence (if not Los Angeles) to perform the services required hereunder, Company shall furnish Supervisor with appropriate transportation and per-diems consistent with engagements of this nature.

(k) The compensation payable hereunder is inclusive of all third parties and support staff Lender may require in connection with the rendition of Lender's and Supervisor's services hereunder.

(l) Company shall reimburse Supervisor's documented, reasonable, and necessary out-of-pocket costs for products and materials (e.g., phonorecords, etc.) purchased by Supervisor with Company's prior written consent for use hereunder, provided that Supervisor shall first deliver to Company such products and/or materials, to the extent applicable, which shall be Company's sole property.

5. Credit

Provided that Lender is not in breach or default hereof:

(a) Provided further that Lender performs all services hereunder in connection with the applicable Episode, Company shall credit Supervisor on screen on a shared card in the end titles of such Episode substantially as follows, subject to any applicable union or guild regulations, and to the broadcast standards and operating policies and practices established and determined by the primary licensee(s) of the Series:

Music Supervisor: _____

(b) Provided further that Lender performs all services hereunder for all Episodes of the Current Season, as well as in respect of the Soundtrack Album, Company shall instruct the Distributor to accord Supervisor credit, substantially as follows, on the back cover of copies of the Soundtrack Album comprised primarily of Music other than underscore:

[Executive] Soundtrack Album Producer: _____

(b) All other aspects of such credit shall be at Company's [and/or Distributor's] discretion. No casual or inadvertent failure of Company to comply with the provisions hereof with respect to credit, no failure of any third party to comply with its agreement with Company relating to such credit, no error or omission in giving credit due to acts of third parties, nor where the exigencies of time make the giving of credit impracticable, shall constitute a breach of this Agreement by Company or any such third party. Without limiting the foregoing, if Lender gives Producer written notice that Company has failed to comply with the credit provisions hereof, Company shall undertake reasonable efforts to cure such failure prospectively, provided such failure is in all respects reasonably capable of being cured.

6. Miscellaneous

(a) All approvals, requirements, requests, determinations, and designations to be made by Company hereunder shall be made, if at all, in Company's sole discretion.

(b) Lender represents and warrants that Lender and Supervisor have the right to enter into and perform this Agreement, free of claims from any third party. Lender agrees to indemnify Company from all costs, damages or expenses (including reasonable outside attorneys' fees) incurred in connection with the breach or alleged breach of any representation, warranty or agreement made by Lender herein which matter has been reduced to final judgment or settled with Lender's prior written consent (such consent not to be unreasonably withheld).

(c) Company may assign this Agreement in whole or in part, provided Company shall remain secondarily liable with respect thereto. Lender may not assign this Agreement or any part hereof.

(d) Notices and payments will be sent to the applicable address first hereinabove set forth by any generally-accepted, reliable manner of delivery with confirmation of receipt.

(e) (i) In the event of any breach of the provisions of the Agreement by Company, Lender's and Supervisor's rights and remedies shall be limited to an action at law for money damages actually suffered by Lender. In no event shall Lender or Supervisor be entitled to rescission, injunction, or other equitable relief, or to terminate the Agreement, or to enjoin or restrain the distribution, exhibition, exploitation, or marketing of the Series, the Soundtrack Album, or any record derived therefrom. Moreover, neither Lender nor Supervisor shall be entitled to recover money damages by reason of any breach by Company, unless Company has failed to remedy such breach within a reasonable time following receipt of Lender's notice thereof; or, if the breach cannot be cured within a reasonable time, if Company does not commence to cure such breach within a reasonable time and diligently continue to so cure thereafter.

(ii) Lender acknowledges that the services to be rendered by Supervisor hereunder are of a unique and extraordinary character, the loss of which cannot be adequately compensated in damages, and that in the event of a breach or threatened breach by Lender of any term hereof, Company will be caused immediate irreparable injury and damage. Accordingly, Company shall be entitled to equitable relief to prevent such breach and to prevent Supervisor from performing services for Lender, or any third party other than Company, or on Supervisor's own behalf. Company's resort to any such equitable relief shall not be deemed as a waiver of any other rights or remedies to which Company may be entitled.

(f) Nothing contained herein shall be deemed to constitute a partnership, joint venture, or employer/employee relationship between the parties

hereto, and neither party shall hold itself out contrary to the provisions of this sentence.

(g) This Agreement constitutes the entire agreement between Company and Lender with regard to the subject matter hereof, and all prior negotiations, or proposed agreements, agreements or understandings, written or oral, between Company and Lender are deemed superseded and replaced hereby. Both parties acknowledge and agree that neither party has made any agreement, representation, or warranty whatsoever, express or implied, not contained herein concerning the subject matter of this Agreement, in order to induce the other party to execute this Agreement. This Agreement may be modified only by a writing signed by the party to be bound. This Agreement, includes this agreement and any exhibits and schedules thereto, all of which are incorporated herein ("**Agreement**").

(h) This Agreement has been entered into in the State of California, shall be governed by California law, and Lender and Supervisor hereby agree to the jurisdiction of any Federal or State courts situated in Los Angeles County, and that process in connection with any action or proceeding hereunder may be served in the manner described in paragraph 6(d) above.

(i) Neither Lender nor Supervisor shall select, create or recommend the use of any musical material in or in connection with the Series or the Soundtrack Album if such use causes or would cause Lender and/or Supervisor to receive a financial benefit other than the compensation provided in this Agreement, regardless of whether such financial benefit takes the form of ownership of such musical material or payment from a third party for such use. Company may immediately terminate this Agreement, and demand that Lender return any compensation paid hereunder, upon discovery of any breach by Lender of this paragraph 6(i).

(j) Lender acknowledges on behalf of Supervisor that any offer of employment hereunder is subject to and contingent upon Lender's ability to prove Supervisor's identity and employment eligibility as required by the Immigration Reform and Control Act of 1986, and Lender hereby agrees to cause Supervisor to complete, execute and deliver to Company an Employment Eligibility Verification ("**Form I-9**"), together with documentation of Supervisor's employment eligibility, within a reasonable time after Lender's execution of this agreement or commencement of services, whichever is earlier. If Lender fails to verify and deliver the Form I-9 as provided above, Company has the right, by notice to such effect given to Lender to terminate the Agreement and thereupon Supervisor's employment hereunder shall cease and terminate and neither party has any right, duty or obligation to the other under the Agreement except such as has accrued prior to the effective date of termination.

(k) Lender and Supervisor shall execute and deliver to Company such further documents, and do such other acts, consistent with the terms hereof as reasonably may be required by Company in support of its rights hereunder. If, after receipt of written request therefor, Lender and/or Supervisor fail to comply with any such request within a reasonable time, each of Lender and Supervisor hereby appoint

Company as their respective attorney-in-fact with the right and power to execute, acknowledge and deliver the same in their respective names and on their respective behalf, which appointment is a power coupled with an interest and shall be irrevocable, provided that Company shall provide Lender and/or Supervisor with a copy of any document executed by Company on their respective behalf.

(l) Neither Lender nor Composer shall disclose any information or material which would reasonably be considered confidential, including, but not limited to, by way of interview, blog, "tweet," instagram, online post or other publication.

_____ L.L.C.
By: _____
an authorized signatory

AGREED TO AND ACCEPTED BY:

[LENDER

By: _____
an authorized signatory

Fed. Id. No. _____]

[_____
SUPERVISOR

Soc. Sec. No. _____]

In order to induce _____ ("you") to enter into the above agreement with my furnishing company, [LENDER] ("my furnishing company"), and in consideration of the execution thereof by you, I guarantee both my furnishing company's and my performance of our obligations under such agreement, as well as all representations, warranties and other covenants contained therein. I further represent and warrant that my furnishing company and I are free to enter into the above agreement, that I shall render the services required to be rendered by both my furnishing company and by me to you, and that I shall look solely to my furnishing company for any and all compensation thereunder.

[SUPERVISOR]
Soc. Sec. No. -----

EXHIBIT "A" (LENDER FURNISHES SUPERVISOR)

To the agreement, dated _____, between _____ and _____

CERTIFICATE OF AUTHORSHIP

Please refer to the agreement, dated as of _____, between _____ ("Lender") and _____ L.L.C. ("Company"), for the services of _____ ("Supervisor") in connection with the television series currently entitled "_____" (the "Series"). Until said agreement is fully signed, the following shall be in full force and effect. After such signature, the following shall be subject to the terms of said agreement:

Each of Lender and Supervisor certifies and agrees that in consideration of the sum of Ten Dollars (\$10.00) and for other good and valuable consideration, receipt of which is hereby acknowledged, Company has engaged Lender to furnish Supervisor's services for the Series, and that all material (whether musical, lyrical, or otherwise) ("Material") to be created, submitted, furnished, and/or contributed by Supervisor in connection with the Series is a "work-made-for-hire," specially ordered or commissioned by Company for use as part of a motion picture or other audio-visual work or compilation within the intendment of the United States copyright law, and Company shall be deemed the author of the Material for all purposes, and entitled to all copyrights therein (e.g., all musical work and sound recording copyrights) under the United States copyright law, and any other similar or analogous laws (whether domestic or foreign), including all existing and/or future extensions and renewals thereof, as well as the right to make such changes in the Material and such uses of the Material in any and all media, whether now or hereafter known, throughout the universe in perpetuity, as Company may from time to time determine as such author. To the extent that any rights in the Material are not work-made-for-hire, each of Lender and Supervisor hereby irrevocably assigns and transfers all such rights to Company.

Each of Lender and Supervisor hereby warrants that the Material is original with Supervisor (except incidental material in the public domain (provided that Supervisor advises Company in writing at the time of Supervisor's submission to Company of any such material as to what material Supervisor used which Supervisor believes to be in the public domain)); the Material does not violate any copyright or other ownership right of any person or entity; the Material is not the subject of any litigation or claim that might give rise to litigation; and that to the best of Lender's and Supervisor's knowledge, or that which Lender and/or Supervisor should have known exercising reasonable prudence and diligence, the Material does not defame Company or any third party, or infringe upon or violate any right of privacy or publicity, or any other right of Company or any third party. In exchange for the consideration provided herein, each of Lender and Supervisor, and each of their successors-in-interest, heirs, executors, administrators and assigns, hereby irrevocably and unconditionally waives any and all moral rights, droit moral, and author's rights (including, but not limited to, rental and lending rights) that Lender and/or Supervisor may have in or to the Material, and the performances embodied therein, including, but not limited to, any right or entitlement pursuant to Sections 77-80 (inclusive) of Chapter IV of the Copyright Designs and Patents Act of 1988, and any modifications thereof. Each of Lender and Supervisor further represents that neither Lender nor Supervisor has granted or transferred any rights in or to the Material to any third party, and that neither has done nor will do anything which has impaired or will impair the rights granted to Company hereunder, and that to the best of Lender's and Supervisor's knowledge, with the exception of material in the public domain, there has been no publication or other use of the Material anywhere in the universe.

Without limitation of the foregoing, Lender hereby assigns to Company in perpetuity, on behalf of itself and Supervisor, and each of their successors-in-interest, heirs, executors, administrators, and assigns,

all economic rights in and to the Material and the Series, if any, and any derivative works based thereon, which are, at any time, granted by domestic, foreign, or multinational legislation, including, but not limited to, European Union or other legislation or directives concerning remuneration pursuant to any blank audio/visual tape levy, rental, lending, neighboring, public performance rights and/or rights in respect of satellite and cable retransmission broadcasts in European Union member states or otherwise. To the extent permitted under any collective bargaining agreement which may be or become applicable, Lender acknowledges that the compensation set forth referred to herein includes fair and adequate consideration for this assignment, and that such consideration is an adequate part of the revenue derived or to be derived by Company from such rights.

Executed as of the ___ day of _____, 20__.

[LENDER]

_____ L.L.C.

By: _____
an authorized signatory

By: _____
an authorized signatory

[SUPERVISOR]

EXHIBIT "A" (SUPERVISOR FURNISHES SERVICES)

To the agreement, dated _____, between _____ and _____

CERTIFICATE OF AUTHORSHIP

Please refer to the agreement, dated as of _____, between _____ ("**Supervisor**") and _____ L.L.C. ("**Company**"), in connection with the television series currently entitled "_____" (the "**Series**"). Until said agreement is fully-signed, the following shall be in full force and effect. After such signature, the following shall be subject to the terms of said agreement:

Supervisor certifies and agrees that in consideration of the sum of Ten Dollars (\$10.00) and for other good and valuable consideration, receipt of which is hereby acknowledged, Company has engaged Supervisor's services for the Series, and that all material (whether musical, lyrical, or otherwise) ("**Material**") to be created, submitted, furnished, and/or contributed by Supervisor in connection with the Series is a "work-made-for-hire," specially ordered or commissioned by Company for use as part of a motion picture or other audio-visual work or compilation within the intendment of the United States copyright law, and Company shall be deemed the author of the Material for all purposes, and entitled to all copyrights therein (e.g., all musical work and sound recording copyrights) under the United States copyright law, and any other similar or analogous laws (whether domestic or foreign), including all existing and/or future extensions and renewals thereof, as well as the right to make such changes in the Material and such uses of the Material in any and all media, whether now or hereafter known, throughout the universe in perpetuity, as Company may from time to time determine as such author. To the extent that any rights in the Material are not work-made-for-hire, Supervisor hereby irrevocably assigns and transfers all such rights to Company.

Supervisor hereby warrants that the Material is original with Supervisor (except incidental material in the public domain (provided that Supervisor advises Company in writing at the time of Supervisor's submission to Company of any such material as to what material Supervisor used which Supervisor believes to be in the public domain)); the Material does not violate any copyright or other ownership right of any person or entity; the Material is not the subject of any litigation or claim that might give rise to litigation; and that to the best of Supervisor's knowledge, or that which Supervisor should have known exercising reasonable prudence and diligence, the Material does not defame Company or any third party, or infringe upon or violate any right of privacy or publicity, or any other right of Company or any third party. In exchange for the consideration provided herein, Supervisor, on behalf of Supervisor and each of Supervisor's successors-in-interest, heirs, executors, administrators and assigns, hereby irrevocably and unconditionally waives any and all moral rights, droit moral, and author's rights (including, but not limited to, rental and lending rights) that Supervisor may have in or to the Material, and the performances embodied therein, including, but not limited to, any right or entitlement pursuant to Sections 77-80 (inclusive) of Chapter IV of the Copyright Designs and Patents Act of 1988, and any modifications thereof. Supervisor further represents that Supervisor has not granted or transferred any rights in or to the Material to any third party, and that Supervisor has not done nor will do anything which has impaired or will impair the rights granted to Company hereunder, and that to the best of Supervisor's knowledge, with the exception of material in the public domain, there has been no publication or other use of the Material anywhere in the universe.

Without limitation of the foregoing, Supervisor hereby assigns to Company in perpetuity, on behalf of Supervisor and Supervisor's successors-in-interest, heirs, executors, administrators, and assigns, all economic rights in and to the Material and the Series, if any, and any derivative works based thereon, which are, at any time, granted by domestic, foreign, or multinational legislation, including, but not

limited to, European Union or other legislation or directives concerning remuneration pursuant to any blank audio/visual tape levy, rental, lending, neighboring, public performance rights and/or rights in respect of satellite and cable retransmission broadcasts in European Union member states or otherwise. To the extent permitted under any collective bargaining agreement which may be or become applicable, Supervisor acknowledges that the compensation set forth referred to herein includes fair and adequate consideration for this assignment, and that such consideration is an adequate part of the revenue derived or to be derived by Company from such rights.

Executed as of the ___ day of _____, 20__.

[SUPERVISOR]

By: _____
an authorized signatory

EXHIBIT "B"

To the agreement, dated _____, between _____ and _____

ACCOUNTING PROVISIONS

1. (a) Company shall use reasonable efforts (including providing the Distributor with a standard irrevocable letter of direction) to cause the Distributor to account and pay royalties hereunder directly to Lender, on behalf of Lender and Supervisor. If, and to the extent that, the Distributor agrees in writing to so account directly to Lender, Company shall be relieved of such obligations hereunder, and Lender shall look solely to the Distributor for such royalties, provided that Company shall remain secondarily liable with respect thereto.

(b) To the extent the Distributor does not agree to account directly to Lender, Company shall render royalty statements, together with any royalties which may be due and payable (after the deduction of any advances or other recoupable amounts hereunder, and such amount, if any, which Company may be required to withhold pursuant to applicable law) to Lender hereunder within sixty (60) days following Company's receipt of corresponding royalty statements and royalties from the Distributor. Company will not be required to send Lender a royalty payment for any accounting period in which royalties payable to Lender will be \$50.00 or less; such royalties may be deferred and paid together with the next statement requiring payment in excess of \$50.00. All royalty statements rendered by Company shall be conclusively binding upon Lender and Supervisor, unless specific objection in writing is given to Company not later than the date which is sixty (60) days prior to the date when Distributor's corresponding statement to Company becomes binding upon Company pursuant to the Distribution Agreement (which date will be provided following the later of the complete execution of this agreement, or the Distribution Agreement). Failure to make specific objection within said time period shall be deemed to be Lender's approval of such statement, Lender's waiver of any applicable audit rights, and Lender's waiver of the right to institute legal action against Company for additional royalties in connection with the applicable accounting period, but will not affect Lender's right to receive any payment which is due and payable pursuant to such statement. Lender waives the benefit of any law pursuant to which Lender may otherwise be entitled to an accounting with respect to the Soundtrack Album, and agrees that accountings hereunder shall not be deemed an open book or book account between the parties. Nothing contained in this agreement shall be construed to create a trust or specific fund as to royalties in connection with the Soundtrack Album, or to Lender's share of such royalties, or to prevent commingling of such royalties with other monies, or to give Lender a lien with respect thereto, or an assignment of any portion thereof. Company's obligation to pay Lender sums due hereunder, if any, shall not bear interest. If Company makes any overpayment to Lender (e.g., by reason of an accounting error or by paying royalties on Soundtrack Albums returned later), Lender shall reimburse Company to the extent Company does not deduct such sums from monies otherwise due Lender hereunder.

2. (a) (i) Lender shall not be entitled to audit the Distributor's books of account concerning royalties derived from exploitation of Masters. If Company elects to audit the Distributor's books of account for the purpose of verifying the accuracy of statements rendered by Distributor in connection with the Soundtrack Album:

(A) If Company recovers an amount from the Distributor, which amount includes sums otherwise due and payable to third-party royalty recipients, Lender shall be

entitled to a pro rata share of Company's Net Recovery. As used in this paragraph 2(b)(i)(A), the term "Net Recovery" shall mean additional monies paid by the Distributor (or credited to Company's royalty account) relating to the Soundtrack Album as a result of such audit, less all costs and expenses incurred by Company in connection with such audit and the collection of such additional monies (or such additional credit) relating to the Soundtrack Album, and less any such monies paid as a result of Company's royalty rate increases relating to the Soundtrack Album.

(B) If Company recovers an amount from the Distributor, which amount does not include sums otherwise due and payable to third-party royalty recipients, Company shall direct the Distributor to make the applicable adjustments to Lender's account based on the settlement of Company's audit claims.

(b) Lender may, at Lender's expense, audit Company's books and records which relate directly to the exploitation of the Soundtrack Album for the same accounting periods for which Company is entitled to audit the Distributor's books and records for the corresponding accounting statement. Lender may make such audit only for the purpose of verifying the accuracy of statements sent to Lender hereunder and only as provided herein. Lender shall have the right to audit said books by giving written notice to Company at least thirty (30) days prior to the date Lender intends to commence such audit. Such audit shall be conducted by a reputable independent certified public accountant experienced in recording industry audits, shall be conducted in such a manner so as not to disrupt Company's other functions, and shall be completed promptly. If such accountant, or his or her firm, has begun an audit or examination of Company's books and records for a third party, or pursuant to an agreement other than this agreement, the audit on Lender's behalf shall not be undertaken until such other audit or examination is concluded, and any applicable audit issues relating to such other audit or examination have been resolved. Lender may audit for a particular statement only once, no later than the date which is sixty (60) days prior to the last date when Company may audit the Distributor's books and records for the corresponding accounting statement pursuant to the Distribution Agreement (which date will be provided to Lender following the later of the complete execution hereof, or the complete execution of the Distribution Agreement). Any such audit shall be conducted only during Company's normal business hours and at the place in the United States where Company keeps its books and records to be examined. Lender will not be entitled to examine any records that do not specifically report exploitation of the Soundtrack Album for which royalties are otherwise payable. Further, such examination shall be conditioned upon the accountant's written agreement to Company that: (A) the accountant will not disclose any findings to any third party other than Lender's or Supervisor's bona fide representatives, and (B) upon request, the accountant shall review all tentative findings with a designated employee of Company prior to Lender taking action of any kind against Company in order to remedy any factual errors and to clarify any issues which may have resulted from a misunderstanding or misstatement of fact. Subject to part (A) of the preceding sentence, all information furnished by Company to auditors or sent to Company by auditors including, but not limited to, any reports prepared by auditors, shall be held confidential by all parties and used solely for the purpose of identifying and settling claims and disputes that arise hereunder. Unless ordered by a court of competent jurisdiction, neither party shall furnish such documents or information to any third party (excluding the bona fide representatives of the parties hereto). Supervisor shall have no right to institute legal action against Company in connection with any royalty accounting hereunder. Lender shall not have the right to institute legal action against Company in connection with any royalty accounting, or for royalties on Soundtrack Albums sold during the period covered by a royalty statement, unless Lender commences the action at least sixty (60) days prior to the last date when Company may commence an action against the Distributor for the corresponding accounting statement pursuant to the Distribution Agreement (which date will be provided to Lender following the later of the complete execution hereof, or the complete execution of the Distribution Agreement). If Lender commences suit on any controversy or claim concerning royalty accountings rendered by Company hereunder, the scope of the proceeding will be limited to determination of the amount of the royalties due

for the accounting periods concerned, and the court will have no jurisdiction or authority to consider any other issues or award any relief except recovery of any royalties found owing. Lender's recovery of any such royalties pursuant to the procedure set forth in this paragraph 2(b) will be the sole recourse available to Lender for any claim related to royalties or accountings hereunder.

3. In the event that Lender believes that additional monies are payable to Lender pursuant hereto based upon Lender's audit of Company's books and records, Lender shall have no right to initiate an action therefor against Company unless not later than sixty (60) days prior to the last date when Company may commence an action against the Distributor for the corresponding accounting statement pursuant to the Distribution Agreement (which date will be provided to Lender following the later of the complete execution hereof, or the complete execution of the Distribution Agreement), Company receives Lender's written notice that additional monies are due and payable (to be sent by certified or registered mail, return receipt requested, together with a copy of the audit report prepared in connection with such audit), and within thirty (30) days from receipt of such notice Company neither (A) pays such additional monies, nor (B) contests such notice, in whole or in part, by notice to Lender. If Company so contests any such notice, Lender may then initiate an action to recover such additional monies. If Lender obtains a final, non-appealable judgment in such action, then Company shall pay Lender the amount of such judgment within thirty (30) days after Company receives notice of the entry of such judgment.