

## Distribution – Joint Venture

1. Term:

a. One (1) year with two (2), one (1) year options for DISTRIBUTOR; provided, however, if DISTRIBUTOR fails to provide the period funding as described below, LABEL shall have the right to terminate the agreement.

b. At the end of the term, the catalog of roster artists will continue to go through the deal and DISTRIBUTOR and LABEL will continue to split profits. Notwithstanding the foregoing, (i) with respect to catalog albums recorded during the term of the agreement, if (A) the particular album is not released during the term or within 90 days after the expiration of term, or (B) the particular album has not sold more than 10,000 units (or single download equivalent) during the term, the rights to such album shall be assigned to LABEL, and (ii) with respect to the roster artist, at the end of the term, the exclusive rights to such artist shall be assigned to LABEL, and all rights and recordings made thereafter shall be exclusively owned by LABEL.

2. Structure: 50/50 profit split and ownership.

3. Territory: Worldwide.

4. Roster: Budgets will be mutually approved. LABEL shall have the right to sign at least 2 artists per contract period in their sole discretion.

5. LABEL Services: LABEL will provide A&R, marketing and other label services.

6. DISTRIBUTOR Services: DISTRIBUTOR will provide sales and distribution services and copyright and royalty accounting services.

7. Funding:

a. Recoding/Marketing Budget: DISTRIBUTOR will provide a credit line up to xxxx for each contract year for LABEL's contracting, recording, marketing and promotion costs. Expenditures from the marketing budget will be mutually approved. Marketing costs will be a "venture" expense.

b. Co-Op Advertising and Manufacturing: DISTRIBUTOR will provide for co-op advertising and manufacturing. Costs related to same will be a "venture" expense.

c. Stop-Loss Provision: No funding at anytime cumulative unrecovered marketing, co-op advertising and manufacturing expenditures are xxxx per contract period.

8. U.S. Distribution Fee: 18% of net billings.

9. Foreign Royalty Rate: 18%, calculated as DISTRIBUTOR normally calculates royalties.

10. Accountings: Semi-annual.