

## DISTRIBUTION DEAL PROPOSAL: P&D+

1. **Territory:** United States
2. **Scope:** The album entitled \_\_\_\_\_ (“Album”)
3. **Term:**
  - a. The “Term” shall commence upon the date of the initial release of the Album in the Territory and continue for a period of 3 years thereafter.
  - b. In the event that Licensee has not sold more than 15,000 units by the expiration of the second year of the Term, Licensor shall have the opportunity to terminate this agreement.
4. **Delivery Commitment and Sales Minimum:** The Label would deliver no less than three (3) previously unreleased, newly recorded, studio albums during each year of the Term. [ In the event Net Sales amount to less than xxxxx in any contract year of the term, Licensee would have the right to terminate the agreement upon written notice to the Licensor.]
5. **Release Commitment:** Licensee shall release the Album in the Territory within 60 days after the Album is delivered to Licensee. If Licensee fails to release the Album, Licensor shall have the right to terminate this agreement.
6. **Grant of Rights:**
  - a. Licensee shall have the exclusive right throughout the Territory and during the Term to manufacture, distribute, advertise, sell, publicize, promote and exploit the Album [solely through normal retail channels in the United States][CHANNELS OF DISTRIBUTION]. [Licensee shall not have any rights with respect to any individual recordings apart from the Album.][EXCLUSIONS]
  - b. Licensee shall store Albums in their warehouses at Licensee’s cost and risk; shall sell Albums based on the selling price for top-line records; shall fill orders and maintain proper inventory; shall process all returns; and shall collect all accounts receivables for the Album throughout the Territory and during the Term.
7. **Distribution Fee:** Licensee may retain as its distribution fee [20%][17-24% for physical][14-18% for digital] of Net Receipts. “Net Receipts” shall be defined as the [gross receipts earned by the Distributor][EXCLUSIONS (e.g., digital performance, direct licensing)] LESS all reasonable, direct out-of-pocket costs and expenses paid or incurred by Licensee and approved by Licensor in connection with the Album. Licensor shall approve the wholesale and retail-selling price of the Album.
8. **Advances/Billing:**
  - a. Licensee shall pay Licensor \$xxxxx upon execution; fully recoupable from Licensor’s share of Net Receipts payable hereunder.
  - b. Returns, inventory processing, warehousing, “price and positioning”, and other distribution and sales services shall be handled in accordance with Licensee’s agreement with its distributor, and charges connected with such services shall, unless otherwise specified in this agreement, be “passed through” to Licensor at the same cost actually charged to Licensee by its distributor.
9. **Marketing Services:**

a. If applicable, Licensee would provide radio promotion and marketing services at a fee to be mutually agreed upon between Licensee and Licensor for each project commensurate with the work to be provided by Licensee's promotion staff.

b. Licensor would prepay the fees and costs associated with radio promotion and/or marketing services to be provided by Licensee. If Licensee incurs any third party costs for which Licensor is responsible, such costs would be deducted from Net Receipts otherwise payable to the Licensor, or the Licensor would promptly reimburse Licensee if proceeds are insufficient to cover such costs.

10. **Manufacturing:**

a. Upon Licensor's election, Licensee would, on the Licensor's behalf, cause the manufacture of those quantities of records that it deems necessary to fulfill all existing and anticipated orders therefor.

b. Licensor would be charged for any actual manufacturing costs Licensee incurs on its behalf on a so-called "pass through" basis (including without limitation, costs relating to pre-production [e.g., pre-press, proofs, match prints], production [e.g., disc checks], and freight), [plus ten percent (10%) of such charges] (collectively, "Manufacturing Costs").

c. Any Manufacturing Costs incurred by Licensee would be deducted from Net Receipts that have accrued as of the end of the month in which Licensee places the order for such manufacturing and, to the extent necessary, from Net Receipts thereafter accruing. Notwithstanding the foregoing, if, in Licensee's determination, accrued Net Receipts (calculated after deduction of all amounts deductible therefrom other than manufacturing costs) are insufficient to offset Manufacturing Costs, then the Licensor would be required to prepay any such Manufacturing Costs [above Five Thousand Dollars (\$5,000)]. Licensor would be required to prepay any Manufacturing Costs associated with any records (if any) for which Licensee arranges manufacturing but not distribution under the agreement.

11. **Accounting:** Licensee shall account to Licensor within 60 days after the end of March, June, September and December of each year. Statements shall include gross billings, shipments, returns, fees, charges, and payments to Licensor.

12. **Licenses and Clearances:** Licensor agrees to obtain all licenses and clearances, and pay all royalties and other payments which may be or become due to artists, producers, unions, guilds or other third parties, including all mechanical royalties with respect to records manufactured and sold hereunder, and Licensor warrants and represents that Licensee shall have no obligation with respect to any such payments