

## HEADS OF AGREEMENT

<b>Commencement Date</b>	[                      ]
<b>Parties</b>	(1) ("Company")  (2) ("Artist")
<b>Nature of Agreement</b>	Provision of Artist's exclusive music recording services and other related music industry services and rights
<b>Territory</b>	World
<b>Term and Recording Commitment</b>	Initial Period plus 2 Option Periods.  During each Period Artist is to Deliver 1 LP.  Each Period lasts until 6 months after release in US of relevant LP but no less than 12 months.  If during the Initial Period Company has <u>not</u> entered into a Third Party Agreement <u>within 12 months</u> from delivery of LP1 either party may terminate the Term by serving written notice within 60 days.
<b><u>Minimum Commitment</u></b>	1LP per Period (plus 2 extra Masters if requested by Company).
<b><u>Recording Costs</u></b>	Recording Costs shall be paid by Company.
<b>Grant of Rights</b>	Artist assigns to Company all copyrights and other rights to all Masters and Recordings delivered hereunder or recorded prior to or during the Term.
<b><u>Rights Period</u></b>	10 years
<b>Other Entertainment Rights</b>	Artist grants Company exclusive rights to Artist's other entertainment industry services and activities during Term, including but not limited to website, live performances, merchandising, sponsorship, advertising, endorsement, production, re-mixing, engineering, DJing, literary works, scriptwriting, plays, novels, biographies, journalism, acting, presenting, interviewing, new media activities BUT not Artist's songwriting and/or composing services. Company shall pay to Artist 90% of Net Receipts derived from the exploitation of Other Entertainment Rights.

**Publishing**

Artist grants Company throughout the Territory and in perpetuity a 5% share in the copyright of any Composition (to the extent written by Artist and only to the extent of that part) embodied on a recording (to include recordings released by Company and/or any third party) released during the Term or within 1 year thereafter. Artist agrees that Company shall be free to licence, assign, transfer or otherwise deal in its share of such Composition(s) as it sees fit and in its sole discretion at all times.

Company intends to license, assign or otherwise dispose of Artist's Masters and Recordings to a third party record company and/or grant to another entity Artist's recording rights, services and/or Other Entertainment Rights.

Company shall use reasonable commercial endeavours to assign recordings to a 'major' label or 'large' independent label.

Artist agrees to promptly sign any inducement letter required pursuant to any Third Party Agreement.

**Third Party Agreement**

To the extent that any Third Party Agreement contains any provisions less favourable to Artist than the provisions contained herein, Artist hereby agrees that the provisions contained herein shall be deemed varied and amended with effect from the date of any such Third Party Agreement so that the relevant provisions herein shall be deemed to be those specified in any Third Party Agreement save that Company shall not be entitled to grant more than 2 Option Periods under any Third Party Agreement without obtaining written approval from Artist.

**Release Commitment**

If Company fails to release or procure release of any LP in US within 6 months of delivery, Artist may serve notice on Company requiring release within 3 months and if this does not take place, Artist may terminate Term by serving notice.

Company will use reasonable commercial endeavours to impose 'release commitments' outside US in each Third Party Agreement.

**Advances in respect of Masters**

Company to pay Artist the following recoupable non-returnable Advances:-

50% of Net Advances received by or credited to Company pursuant to a Third Party Agreement.

In respect of an Advance received pursuant to a Third Party Agreement for the Commercial Release of Artist's Masters and Recordings as LPs, Company shall pay through to Artist 10% of such Advance without regard to recoupment of Company's costs and expenses (i.e. on a Gross basis), such Advance being recoupable as above.

**Royalties/Fees in respect of Masters**

Company to pay Artist 50% of Net Profit received in respect of Artist's Masters and Recordings.

**Profit Share/Accounting**

Company will maintain a profit and loss account in respect of the exploitation of Masters and Recordings in order to establish Net Profit.

Company will send statements to Artist semi-annually within 120 days of the end of June and December.

Artist may serve written notice to audit Company within 3 years of any royalty statement but not more than once per year.

<b>Re-recording Restriction</b>	Artist may not re-record any composition Commercially Released during the Term or within 1 year thereafter for a period of 5 years after expiration of the Term.
<b>Mechanical Royalties</b>	75% of minimum compulsory rate at time of Delivery in US and Canada.  Cap of 10x LPs, 2x Singles and 4x for other records.
<b>Videos</b>	Company will consult with Artist when deciding budget for any Video. Costs incurred will be treated as an Expense when calculating Net Profit.  Company and Artist will mutually agree date, location, producer, director, concept and script, save that Company has final say.
<b>Promotional Activities</b>	Artist will appear for TV, radio, photographic sessions, interviews etc as Company reasonably requires.
<b>Artist Approvals</b>	In so far as Company is able:  During the Term, Artist's prior written approval will be required to: <ul style="list-style-type: none"> <li>▪ Grant any synchronisation licence for advertising or endorsement or products unrelated to the product of Artist's services or otherwise within any AV programme, motion picture, TV programme or computer game;</li> <li>▪ Release 'demo' recordings;</li> <li>▪ Grant sample licences; and</li> <li>▪ Release premium records.</li> </ul> During the Term, Company and Artist shall mutually agree the following: <ul style="list-style-type: none"> <li>▪ Titles to be recorded and sequencing, save that Company has final say;</li> <li>▪ Producers, mixers, musicians, artists, other personnel and choice of recording studios, save that Company has final say;</li> <li>▪ Choice of A and B sides of Singles, save that Company has final say; and</li> <li>▪ Identity of other party entering into Third Party Arrangement, save that Company has final say.</li> </ul> The above is strictly subject to the provisions contained in any Third Party Agreement.
<b>Management</b>	N/A.
<b>[Booking agent]</b>	[Company shall offer to provide booking agent services on a case by case basis. If Artist uses Company as a booking agent then Company shall be entitled to charge a Booking Agent Fee (equivalent to 5% of the gross monies received by Artist in respect of such booking). For the avoidance of doubt, such Booking Agent Fee shall be a cost when calculating Net Receipts hereunder.
<b>Jurisdiction</b>	TBD

Artist and Company agree that these Heads of Agreement have been entered into in this form to enable a form of agreement to take place between the parties without delay. Unless and until replaced by a more formal and detailed longform agreement these Heads of Agreement shall form a binding agreement between the parties. Capitalised terms herein shall have the meaning prescribed to them in Company's standard longform agreement.

The parties confirm that they have understood the terms of these Heads of Agreement and the Artist confirms that he has been advised by the Company to seek legal advice on the terms hereof from a Solicitor experienced in the music industry.

These Heads of Agreement are not intended to and shall not confer any rights on any third parties and the provisions of the Contracts (Rights of Third Parties) Act 1999 shall not apply.

For the avoidance of doubt, Artist and Company agree that these Heads of Agreement constitute the entire agreement between the parties hereto and supersede and extinguish all previous drafts, agreements, arrangements and undertakings between them, whether written or oral, relating to the subject matter hereof. Furthermore, Artist acknowledges that, in entering into these Heads of Agreement, he has not relied on, and shall have no remedy in respect of, any representation or warranty that is not set out in these Heads of Agreement.

If the above accurately reflects your understanding of the agreement reached between the parties hereto please sign where indicated below.

Read and Agreed

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For and on behalf of

Read and Agreed

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Artist