

INDIE RECORDS, LLC

Date: _____

Artist
c/o Management Company
Address, City & State

RE: Deal Point Proposal

Dear Artist:

INDIE RECORDS is pleased to set forth below our revised proposal regarding the exclusive recording services of, and certain other rights relating to, Artist (“Artist”).

1. Term: One (1) LP firm, plus four (4) one-LP options.

2. Advances/Recording Budgets:

(a) LP1: Simultaneously with the execution of the long-form Agreement, Artist shall irrevocably sell, transfer and assign to INDIE all right, title and interest in and to each of the Existing Masters, which shall become the exclusive property of INDIE free from any claims whatsoever by Artist (except FOR any producer royalties and/or artist royalties as provided herein). To effectuate the transfer of the Existing Masters, INDIE shall pay to Artist the recoupable lump sum of \$_____ to acquire the Existing Masters. Additionally, INDIE shall provide an additional recording budget up to \$_____ to record up to _____ () additional acoustic masters.

(b) LP2- 5: INDIE will advance “all-in” recoupable recording funds in an amount equal to sixty-six and two-thirds percent (66 2/3%) of the lesser of (i) the amount of the net record royalties earned by Artist from top-line net sales through USNRC of the immediately preceding committed Album or (ii) the average of the amounts of such royalties earned by Artist on the two (2) immediately preceding committed Albums (computed as of the end of the month during which the date that is the earlier of (x) 12 months following initial commercial release in the US of the Album concerned occurs and (y) the end of the accounting period immediately preceding the commencement of recording of the for which such recording fund is determined (provided that such fund shall be based on at least 12 full months of sales of such prior Album, subject to the following minimums and maximums:

<u>Album</u>	<u>Minimum</u>	<u>Maximum</u>
2	\$100,000	\$200,000
3	\$125,000	\$250,000
4	\$150,000	\$300,000
5	\$175,000	\$350,000

Recording Fund for LPs 2-4 will be payable as follows: (i) an advance equal to 20% of the minimum recording fund for the applicable album payable one-half promptly following approved

commencement of recording of applicable album; and (ii) the balance (if any), less overages, promptly following satisfactory delivery of the applicable Album to INDIE. INDIE shall have the right to reserve up to ten percent (10%) of the applicable recording fund balance (if any) for remixes, edits, re-cuts for up to six (6) months following delivery of the applicable Album. To the extent there are any overages incurred as a result of Artist's acts or omissions, INDIE reserves the right to recoup such overage(s) from the subsequent Recording Fund or other royalties (excluding mechanicals) owed to Artist. Recording fund is 100% recoupable from royalties and based on a delivery requirement of at least twelve (12) masters per Commitment LP.

(c) INDIE will release each committed album in the US within one hundred eighty (180) days of delivery, subject to standard terms, cures and exclusions, including INDIE's good faith business judgment with respect to INDIE's release schedule.

3. Video Marketing Commitment: INDIE to commit to a video marketing budget of \$_____ for each LP. Fifty percent (50%) of the video marketing budget to be recoupable from Artist's royalties (excluding mechanical royalties).

4. Base Royalties: USNRC net sales "all-in" LP base rate, subject to escalations prospectively on Commitment LP units (determined LP-by-LP) as follows:

LP	Base	500,000+	1mil+
LP 1-2	12%	12.5%	13%
LP 3-4	13%	13.5%	14%
LP 5	14%	14.5%	15%

Non-USNRC sales subject to customary reductions and deductions (including 2/3 rate for midline records, 1/2 rate for budget records, foreign reductions, etc.). No packaging deductions. Royalty base to be PPD

5. Mechanical Royalties: Controlled composition rate of 75% U.S./Canadian mechanical rate on initial release of first master embodying, subject to reduction for midline and budget sales. Mechanical cap of 12X applicable controlled rate on LPs, 5X on EPs and 2X on singles. Controlled comps limited to that portion of song written or controlled by Artist or producer (i.e. outside protection).

6. Accountings: Royalty accountings will be made semi-annually within 90 days after expiration of each semi-annual period. Artist will have customary audit rights with a two-year period to object to the statements.

7. Product Purchases: For promotional use and resale at Artist's concerts only. Buyback rate of INDIE's cost plus 20%, actual mechanical royalties owed, and shipping/handling expenses, provided no royalties payable to Artist (INDIE will pay mechanicals).

8. Artist Website: INDIE will have the right to administer Artist's website, including merch and record sales via the site, as well as Artist's presence on social networking websites (e.g. MySpace and Facebook) with meaningful consultation with Artist and Artist's Management. Third party costs paid by INDIE in connection with the administration of Artist's website will be 50% recoupable for expenses up to 10k and 100% recoupable for sums in excess of 10k from merch and record royalties only. Artist to have approval right of initial website design and major redesigns.

9. Non-Record Income: Artist will grant an income interest to INDIE with respect to Artist's ancillary activities, which shall cease at the end of the "album cycle" (including related touring activities) for the last album delivered pursuant to the recording agreement as follows:

(a) Tour Income: INDIE will have the right to receive the following percentage of gross revenue from Artist's live performances:

- (i) 12.5% of all tour revenues for nightly engagements under \$17,500 each;
- (ii) 15% of all tour revenues for nightly engagements \$17,501-\$35,000 each; and
- (iii) 20 % of all tour revenues for nightly engagements in excess of \$35,000 each.

For purposes of calculating INDIE's percentage, the following would be excluded from gross revenue: (i) revenues relating to a particular live performance for which Artist's gross revenue is \$5k or less and management does not commission such event; provided, however, that if management commissions such event, then Artist shall pay to INDIE its percentage; and (ii) the actual costs of "sound and lights" charged to Artist.

(b) Ancillary/Non-Performance Income: INDIE will have the right to receive 20% of Artist's gross revenue earned from all non-performance and non-INDIE record revenue earned (increased to 35% for sponsorships principally secured by INDIE). Solely with respect to the sales of merchandise, Artist shall be allowed to deduct actual, out of pocket, expenses (i.e., costs of goods sold), venue fees and taxes relating to such merchandise sales. For the avoidance of doubt, with respect to sponsorships and endorsements, INDIE's participation shall be on only those sponsorships and endorsements that result in "in-pocket" cash consideration to Artist.

(c) Controlled Comps PRO Income: INDIE shall be entitled to receive 20% of Artist's gross revenue paid by Artist's applicable Performing Rights Society during the Term and for eight (8) full post-Term quarterly accounting periods with respect to Controlled Compositions released by INDIE during the Term.

10. Standard Terms/Termination: Agreements will include other standard terms and conditions, representations and warranties, subject to good faith negotiation. Additionally, if INDIE ceases daily business operations at any time during the Term of the Agreement, Artist may issue written notice to INDIE within thirty (30) days to seek termination of this Agreement. If INDIE is no longer functioning as a record label within the music industry, then INDIE shall release Artist from any further obligations under the Agreement, provided, however, that the ancillary participation payable to INDIE shall remain in full force and effect for six (6) months thereafter.

All of the above remains subject to necessary corporate approval and the execution of a formal contract, which will elaborate upon and refine the above terms.

Once you have had an opportunity to review, please contact me with any questions or comments you may have.

Best regards,

INDIE RECORDS

By: _____