

SPECIMEN DISTRIBUTION AGREEMENT

From: [Distribution Company]
[Address]
("we" "us" and "our" being
construed accordingly)

[Artist/ Label Name]
[Address]
("you" "your" and "yours"
being construed accordingly)

[Date]

Dear [Artist / Label Name],

Distribution Agreement

We write to confirm our agreement with you relating to the sale and distribution of your compact discs, vinyl discs ("Records") and video cassettes and DVD's ("Videos") as follows:-

1. Term

The term this agreement shall commence on the date of this agreement and shall continue for an initial period of [] years and thereafter until terminated by either party upon three (3) months notice in writing to the other party.

2. Territory

This agreement shall cover the territory of the United Kingdom of Great Britain and Northern Ireland, the Isle of Man and the Channel Islands [OR AS APPLICABLE].

3. Grant of Rights

3.1 You hereby grant to us the exclusive right to sell and distribute in the territory [and to export outside the territory] the physical Records and Videos set out in Schedule together with any newly recorded recordings made or acquired by you during the term of this agreement.

3.2 For the avoidance of doubt the rights granted are limited to physical distribution of Records and Videos and shall exclude any form of online distribution.

4. Services

We shall provide a sales & distribution service for your Records and Videos

comparable to that provided by us for records and videos distributed for our own account or any of our other distributed labels and such service shall include storing, handling, invoicing, picking, packing, delivery, MIS reporting, accepting telephone orders for your Records and Videos, credit control, processing returns (in accordance with this contract) and all other services customarily provided to record companies by distributors.

5. Fees

In consideration of our services rendered to you for in the territory, you shall pay to us following fees such fees to be deducted from any and all sums payable to you by us:

- 5.1 a fee of [] percent (%) of dealer price on Records and Videos sold and not returned; or
- 5.2 a fee of [] percent (%) of dealer price per unit for Records and Videos distributed from the distribution centre and allocated to the promotional account (in such numbers as shall be agreed with you and such account to be used solely for the purposes of promoting sales of your Records and Videos). Provided that no fee shall be charged on items which are collected from the distribution centre; or
- 5.3 a stock transfer charge of [] percent (%) of dealer price per unit PROVIDED THAT stock transfers shall only be made upon your prior written request; or
- 5.4 a fee of [] percent (%) of dealer price per unit shipped for the distribution of your Records and Videos as overstocks and/or deletions, only on a non-return item basis.
- 5.5 The above fees shall be deducted from sums paid by or collected by us from customers in respect of Records and Videos distributed by us upon your behalf.

6. Stock

You will be responsible for supplying to us stocks of Records and Videos in their packaging. You will be responsible for monitoring stock levels and shall ensure that we at all times have adequate supplies to fulfil demand. We shall promptly provide you with all the information requested by you in respect of current stocks and assist you in ascertaining appropriate stock levels.

7. Conditions of Sale

- 7.1 All Records and Videos shall be distributed and supplied to Customers by us

- pursuant to our standard Terms and Conditions of Sale from time to time.
- 7.2 You shall designate prices for Records and Videos and keep us informed of such prices.
- 7.3 We may apply file discounts which are negotiated by us with major retail and wholesale Customers from time to time. Notwithstanding the above we will seek your prior agreement to all such discounts in excess of ten percent (10%).

8. Returns

- 8.1 Faulty or damaged Records and Videos shall be returned to us and credited in accordance with our Standard Terms and Conditions of Sale.
- 8.2 No sale or return ("SOR") scheme shall be applied to your Records or Videos without your prior consent in writing.
- 8.3 We shall not accept returns (if not privileged returns, sent in error, faulty or damaged), unless we have first obtained your agreement in writing.
- 8.4 The value of all approved and permitted returns shall be deducted from any accounting rendered by us to you.
- 8.5 We shall be entitled to make a reserve against returns of fifteen percent (15%) of gross income PROVIDED THAT such reserve shall be liquidated in the accounting period for the month ending no later than 3 months after the month in respect of which it was initially made.
- 8.6 We will make the following charges in respect of processing returned stock:
- 8.6.1 Albums - 32p per unit
- 8.6.2 Singles - 20p per unit

9. Invoices

- 9.1 We will prepare and deliver invoices to Customers for Records and Videos and use all reasonable endeavours to collect amounts due.
- 9.2 We shall in consultation with you have the sole right to set and/or vary all or any Credit Limits (as defined herein) in respect of any customer.
- 9.3 In the event that we (in our sole but reasonable discretion) anticipate that a customer is likely to default in the payment of monies due to us then we may demand the return of any and/or all stocks held by such customer and any such stock shall be debited to your account at the price at which it was credited.
- 9.4 "Credit Limit" shall mean the maximum sum of credit set by us in respect of any customer above which that customer is not permitted to continue and we shall not accept the placing of orders.

10. Accounting

- 10.1 We shall send statements to you within fourteen (14) days of the end of each calendar month showing the number of Records and Videos sold and distributed during the preceding calendar month and the amount due to you after deduction of our distribution charges and fees and any other approved deductions hereunder including without limitation for bad debts, file discounts reserves retentions and the value of any returns. All monies collected by us which will be payable to you hereunder shall be held in a separate client "trustee account" and shall not be mixed with other funds or monies belonging to us or our other clients until the date for due payment to you.
- 10.2 You may appoint a representative to examine our books and records but only once in any calendar year. You shall give notice in writing of intent to examine and we shall arrange for such examination to take place within 30 days of said notice and we will co-operate with any representative conducting such examination and make available copy documentation (including for the avoidance of doubt manufacturing records and third party royalty statements) relating to Gross Income and Expenses as may be required. In the event of any such examination revealing an under payment in excess of 10% or £2,000 (whichever is greater) of the monies shown due to you on statements (or any of them) rendered and the subject of the examination we will forthwith pay your reasonable costs of examination together with the outstanding sum and interest thereon at 3% above our banker's published base rate from time to time.

11. Warranties and Indemnities

You hereby represent and warrant:

- 11.1 that you will at all times during the Term have all rights in respect of your Records and Videos as are necessary to enable you to enter into this Agreement and to grant us the rights herein granted.
- 11.2 That you will be responsible for all payments to all third parties including without limitation artist's royalties and copyright royalties.
- 11.3 That you have not nor will not enter into any agreement with any third party which in any way conflicts with or is incompatible with the terms and conditions of this Agreement (save in respect of the licensing of Records and Videos for inclusion in third party compilations, which right for the avoidance of doubt you hereby retain).

11.4 that you will indemnify us in respect of any costs, expenses, losses, claims, liabilities or obligations including our reasonable legal costs arising directly out of any breach you of any of the warranties, representations or agreements made in this Agreement.

12. Trademark

We acknowledge that we shall acquire no rights by virtue of this Agreement in or to any logo mark or label used by you.

13. Insurance

We shall insure all Records and Videos whilst they are in our warehouse during the term only of this Agreement. We shall upon request by you make available a summary of such policy of insurance. You hereby acknowledge and accept that any claim made by you shall be limited to the actual reasonable cost of manufacturing any Records and Videos (including label and packaging costs but not recording costs, origination costs or mechanical royalties) to the extent received from the insurer. We shall not in any event be liable for any consequential loss or for any loss of profit.

14. Miscellaneous

14.1 Either party shall (without prejudice to any other rights or remedies) have the right to terminate the term of this Agreement forthwith by notice in writing served upon the other party if:-

14.1.1 they become bankrupt or enter into liquidation other than for the purposes of a solvent reconstruction; or

14.1.2 a receiver or administrator is appointed in respect of all or a substantial part of their assets and is not discharged within ninety (90) days or if they make or seek to make any voluntary arrangement with their creditors; or

14.1.3 they are in breach of any of their fundamental obligations under this Agreement and shall fail to remedy such breach, if capable of being remedied, within thirty (30) days being given notice in writing of such breach.

14.2 Neither party shall be entitled to assign the benefit or the burden of this Agreement save to any subsidiary, affiliate associated company or holding company.

14.3 A person who is not a party to this Agreement shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

14.4. This Agreement constitutes the entire agreement between us and shall

supersede all previous communications between us either oral or written relating to the subject matter hereof. No modification amendment or waiver of this Agreement shall be binding upon either party unless confirmed in writing by the duly authorised representatives of both parties.

- 14.5 This Agreement and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of England and the English Courts shall have exclusive jurisdiction to determine all matters arising therefrom.

Yours faithfully,

Accepted and Agreed

SCHEDULE A

RECORDS

VIDEOS