

Memorandum



WARNER BROS.
ENTERTAINMENT INC.

To: Judy Noack, Manny Fernandez

Date: February 21, 2008

From: Ann Stockman, Corp. Legal *AS*

Re: Aretha Franklin 1972 Concert
Atlantic Recording Agreement

FEB 21 2008

Hi, Judy & Manny

Here's a copy of the agreement dated April 1, 1968, between Atlantic Recording Corp., and Warner Bros. - Seven Arts, Inc., and Aretha Franklin. This Agreement governs her exclusive personal services for a period of 5 years ending March 31, 1973.

Also enclosed is a copy of the Indemnity Agreement dated April 1, 1968 between Warner Bros. - Seven Arts, Inc., and Atlantic Recording Corporation.

Judy - Zazi asked me to send you a copy to have scanned into our system.

Manny - Please add a copy to the Aretha Franklin Recording Session file you had pulled for me previously.

Thanks very much.

Best regards,

A.

April 1, 1968

Warner Bros.-Seven Arts, Inc.
200 Park Avenue
New York, New York

Gentlemen:

Reference is hereby made to that certain Agreement dated April 1, 1968, by and among Aretha Franklin, you and the undersigned.

We acknowledge that you executed the aforesaid Agreement at our special instance and request and as an accommodation to us.

Accordingly, in consideration thereof and as an inducement for you so to do, we do hereby undertake and agree to hold and save you harmless of, from and against any loss, cost, damage or expense which may arise or result from said agreement, and we further agree that we will, upon demand, reimburse you for any cost, liability or expense which you may incur or any payment which you make in accordance with, or as a result of, such agreement.

Very truly yours,

ATLANTIC RECORDING CORPORATION

By *Herbert L. ...*

AGREED:

WARNER BROS.-SEVEN ARTS, INC.

By *Frederic H. ...*

AGREEMENT made this 1st day of April, 1968, by and between ATLANTIC RECORDING CORPORATION of 1841 Broadway, New York, New York, WARNER BROS.-SEVEN ARTS, INC. of 666 Fifth Avenue, New York, New York (hereinafter jointly called "Company") and ARETHA FRANKLIN of 19346 Sorrento Street, Detroit, Michigan (hereinafter called "Artist").

1. (a) The Artist hereby grants and Company engages the Artist's exclusive personal services during the term hereof in connection with the production of phonograph records.

(b) The term of this agreement shall be a period of five (5) years commencing on the date hereof and ending on March 31, 1973.

(c) Reference is made to the agreement dated the 21st day of November, 1966 between Artist and Atlantic Recording Corporation (hereinafter called "the Old Agreement"). This agreement shall be in substitution of the Old Agreement on and after the date of this agreement. It is understood however that the royalties under the Old Agreement payable for periods after the period ending March 31, 1968, for master records recorded under and during the Old Agreement shall be accrued to Artist's account under this agreement, but in accordance with the terms and conditions of the Old Agreement; Company keeping only one account for Artist in respect of the Old Agreement and this agreement. Atlantic Recording Corporation will account to Artist for the period ending March 31, 1968. It is hereby agreed that through the date hereof, Atlantic Recording Corporation and its affiliates and Artist have fully performed all obligations to be performed by them pursuant to

the Old Agreement and the Old Agreement is hereby ratified and confirmed except that all parties reserve the right to audit.

2. (a) During each one year period of the term hereof (i.e. April 1, 1968 through March 31, 1969, April 1, 1969 through March 31, 1970, April 1, 1970 through March 31, 1971, April 1, 1971 through March 31, 1972, April 1, 1972 through March 31, 1973) (hereinafter called "Contract Period(s)") Artist agrees to record and Company will accept commercially satisfactory master records of the equivalent of at least thirty-six (36) different record sides at 45 rpm, or the equivalent thereof in playing time. It is the essence of Artist's obligations to Company under this agreement that Artist shall record at least said thirty-six (36) record sides during the first nine months of each Contract Period with at least twelve (12) of such thirty-six (36) sides being recorded during each three month period of each such nine month period.

(b) At Company's option, Artist agrees to record hereunder such additional record sides as Company may request; provided, however, that not more than a total of forty-six (46) different commercially satisfactory record sides shall be recorded by Artist during each contract period hereof without Artist's consent.

(c) For the purposes of paragraph 2, the total of all recordings of the same musical composition in different arrangements, languages or versions shall only be counted as one record side.

(d) Should Artist, for any reason, fail to or be unavailable for the rendering of services hereunder, and for the recording of any record sides hereunder, then and in addition to any other rights or remedies which Company may have under this agreement, the term of this agreement may, at Company's option, exercised by giving Artist written notice prior to the expiration of the term of this agreement, be extended for a period of time equal to the period of such failure or unavailability; provided, however that such period of extension shall not exceed sixty (60) days for each record side which the Artist failed to or was unavailable to perform. All such extensions of the term of this agreement shall apply consecutively at the end of the term. In the event that Company shall extend the term of this agreement as aforesaid and Artist duly renders her performances during the period of such extension, then the amount, if any, by which the guarantee provided for in Paragraph 7 was reduced by reason of Artist's initial failure to record the record sides which are recorded by Artist during such period of extension shall be restored by Company in the computations of the guarantee.

(e) The Artist agrees to re-record each selection recorded hereunder until a commercially satisfactory "master" record thereof shall have been obtained. The term "commercially satisfactory" record shall be deemed to mean records recorded in accordance with industry standards, including engineering skill, in connection with which Artist

has used her best efforts. Recordings rejected by Artist shall be deemed commercially unsatisfactory.

(f) The Artist agrees to record at such times and places during the term hereof, as Company may reasonably designate, subject to Artist's prior commitments, of which Company has reasonable prior notice, it being specifically understood that Artist will not make commitments which would make her unavailable for at least a one week period during each calendar quarter or sufficient extra time required to record the required number of sides. The place of recording shall be mutually agreed upon except that Atlantic Recording Corporation's New York studio is deemed to be approved by Artist.

(g) All material to be recorded hereunder shall be subject to Artist's approval, which approval shall not be unreasonably withheld.

(h) All material to be released during the term hereof shall be subject to Artist's approval, which approval shall not be unreasonably withheld. If Artist shall disapprove any material to be released, Company may apply the number of master records embodying such disapproved material in diminution of the number of record sides which Artist has recorded pursuant to paragraphs 2(a) or (b) hereof.

(i) Company may require Artist to advise Company of Artist's approval or disapproval pursuant to paragraph 2(g) or 2(h) by giving notice sent to Artist at her address

first above written by registered mail or prepaid telegram. Artist shall advise Company of such approval or disapproval in writing sent to Atlantic Recording Corporation at its address first above written by registered mail or prepaid telegram within five (5) days after such notice is sent by Company. In the event that Artist fails to advise Company of her disapproval or approval as aforesaid, Artist's approval shall be deemed to have been given.

(j) In the event that, during any Contract Period Artist records more than the minimum number of record sides required to be recorded in such Contract Period as provided for above, then such sides as may be recorded in excess of said minimum may be applied, at Company's option, in diminution of the minimum number of record sides required to be recorded during any subsequent Contract Period. The provisions of this paragraph shall have no effect on Company's release obligations pursuant to paragraph 2(1).

(k) Artist shall have the right to approve all photographs of Artist and the liner notes used by Company on albums embodying her performances in the United States, which approval shall not be unreasonably withheld. Company will send copies of same for Artist's approval to her at her address first above written. Artist shall advise Company of her approval or disapproval in writing sent to Atlantic Recording Corporation at its address first above written by registered mail or prepaid telegram within ten

(10) days after such material is sent to her. If Artist disapproves, she shall specify her reasons therefor. In the event Artist fails to advise Company of her disapproval or approval as aforesaid, Artist's approval shall be deemed to have been given.

(1) Company agrees to release in the United States during each Contract Period at least three (3) "singles" records and three (3) "albums" embodying Artist's performances hereunder, subject to the availability of completed commercially satisfactory master recordings to enable Company to perform its said obligations and subject to Artist's having given the approval provided for in paragraph 2(h).

(m) If, during any Contract Period of this agreement, Company fails, except for reasons beyond its control, to record or to release the minimum number of records provided for herein, and, if within ninety (90) days prior to the expiration of such Contract Period, Artist notifies Company by registered mail of Artist's request that Company record such of Artist's performances as will fulfill Company's minimum obligations hereunder, or release the minimum number of records as provided for herein, then Company shall, within the next ninety (90) days, fulfill said minimum obligation. No failure by Company to fulfill its minimum recording obligations other than for reasons beyond its control shall result in a reduction of guarantee pursuant to Paragraph 7.

3. The Artist agrees that during the period of this agreement she will not perform for any person, firm or corporation other than Company for the purpose of making phonograph records. The Artist agrees not to perform any selections which she has performed hereunder for any other person, firm or corporation for the purpose of making phonograph records for a period of five (5) years from the date of expiration of this agreement and any extensions thereof. If, during the term of this agreement the Artist performs any composition for the purpose of making any recording for any medium other than phonograph records, she will do so only pursuant to a written contract containing an express provision that neither such performance nor any recording thereof will be used directly or indirectly for the purpose of making phonograph records. The restriction hereinbefore stated shall apply also to all compositions which have been recorded under this agreement for a period of five (5) years from the date of expiration of this agreement. The provisions of paragraph 3 of the Old Agreement shall continue in full force and effect throughout the term hereof insofar as same apply to Artist's services rendered pursuant to the Old Agreement.

4. All recordings hereunder and all derivatives made therefrom, together with the performances embodied thereon, shall be entirely Company's property. Not in limitation of the foregoing or of any other rights granted herein, but in addition thereto, and without further payment other

than as herein provided, the Artist grants to Company (a) the right to manufacture, advertise, sell, lease, license or otherwise use or dispose of in any or all fields of use throughout the world, at any price or without price, or to refrain therefrom throughout the world or in any part thereof, records embodying the performances to be recorded hereunder, upon such terms and conditions as Company may approve; (b) the right to use and publish, and to permit others to use and publish, the Artist's name and likeness and all biographical material concerning the Artist; to write and publish and to permit others to write and publish articles concerning the Artist for advertising or trade purposes in connection with the sale and exploitation of Company's products, without restriction, and to use as descriptive of the Artist the phrase "exclusive artist", said words "exclusive artist" to be prefaced by any label, name or names designated by Company, or any other similar appropriate phrase, it being agreed that Company may release or sell records and masters of selections made hereunder under its name and/or any other name which from time to time may be selected by it; provided, however, that during the term hereof all masters will initially be released in the United States on one of Company's top selling labels such as the Atlantic label, and not on a "budget label"; (c) the sole and exclusive rights in, title to, and ownership of all recordings made hereunder, including, but not limited to, the right to use and control all masters, matrices, records or other

reproductions of the performances embodied in such recordings by any method, electronic, magnetic, mechanical or other, now or hereafter known, obtained from recordings made hereunder and the performances embodied therein; (d) the sole and exclusive right, if Company so desires, to publicly perform the records, or to permit the public performances thereof, by means of radio broadcast or otherwise; (e) the right to incorporate, in records to be made hereunder, instrumentations, orchestrations and arrangements owned by the Artist at the time of recording them.

5. Company will accrue to the Artist's Account the following sums:

(a) a royalty equal to a percentage (hereinafter called "The Basic Percentage") of the suggested retail list price in the country of manufacture or sale, at Company's option, less taxes (paid by Company and based on the unit price of the record and which are not separately stated to the consumer), duties, excise and tariffs, on ninety (90%) percent of all records manufactured and sold during the term hereof, and not subject to return, embodying performances hereunder on both sides thereof; and one half the amount of such royalty on all records sold embodying performances hereunder on only one side thereof; and also, the amount of such royalty shall be proportionately reduced by the number of artists on recordings made with another featured artist or artists. Royalties on records sold in albums or in packets, covers or boxes, or in any manner other than stock factory sleeves shall be determined by the suggested retail list price of replacement of the recorded unit, Company's deduction in respect of packaging thereby being a deduction in the computation of the retail list price. The Artist agrees

that Company may, if it so desires, issue long-play or other recordings which will contain performances by the Artist, together with those of other artists. The royalty payable to the Artist on any record shall be based on that fraction of the suggested retail list price as the number of recordings by the Artist contained in such record bears to the total number of recordings contained therein. Company agrees that it will not couple performances by Artist with performances by other artists on "single" records in the United States. Company agrees that on long play records released in the United States which contain performances by Artist with performances by other artists, not more than one third (1/3) of the total number of sides on each such record shall be by Artist.

(b) Royalties for records sold outside of the United States are to be computed at a rate of one half (1/2) of the above stated royalty and computed in the national currency of the country where sold, and are to be accrued only after such royalties are received by Company, in the United States and in the dollar equivalent at the rate of exchange at the time Company received payment. In the event that Company does not for any reason receive such royalties in the United States in United States dollars, Company shall deposit such royalties in a bank account in Artist's name in the country where such funds are located and shall give Artist notice thereof, provided that Company shall have no obligation in this regard until such time as accruals of royalties hereunder

shall equal the total guarantee.

(c) Royalties for records sold pursuant to mail order or "club" plans as distinguished from sale through retail stores shall be computed at one half the applicable royalty stated in paragraph 5(a) or 5(b) above or at one half of Company's receipts in respect thereof, whichever is less.

(d) No royalties shall be accrued on records given away or sold at less than Company's cost therefor for promotional purposes or to induce sales of records subject hereto on "bonus" or "free" records distributed by clubs, or on records distributed without charge to affect a discount from Company's normal wholesale price. In the event that Company sells records at less than fifty (50%) percent of Company's normal wholesale price to affect a discount from Company's normal wholesale price, royalties on such records shall be computed pro rata in the proportion that the price actually charged bears to the normal wholesale price. For the purposes of this paragraph, a record sold at "less than Company's cost" is a record which is sold at or below the total actual cost of pressing, label, copyright royalties (when such royalties are paid) jackets and contributions to the Music Performance Trust Fund, Phonograph Manufacturer's Special Payments Fund and similar funds.

(e) With respect to all records sold as premiums to Company's clients therefor, all royalties shall be

based on the actual sales price charged to Company's clients for such phonograph records, and such actual sales price shall be deemed the list price for such phonograph records in computing royalties hereunder.

(f) All royalties otherwise payable in the normal course of business after the date hereof (after payment of royalties for the first quarter ^{of 1968} in respect of master recordings recorded by Artist pursuant to the Old Agreement ^{which royalties} shall be computed in accordance with the Old Agreement and shall be accrued to Artist's account hereunder.

(g) The Basic Percentage referred to in Paragraph 5(a) shall be as follows with respect to master recordings actually recorded or master recordings required to be recorded in accordance with paragraphs 2(a) and 2(b) during the following periods:

<u>Period</u>	<u>Basic Percentage</u>
Between April 1, 1968 through March 31, 1969	7%
Between April 1, 1969 through March 31, 1970	8%
Between April 1, 1970 through March 31, 1971	9%
On and after April 1, 1971	10%

6. (a) Company will, within sixty (60) days after the expiration of each calendar quarter, render a statement of accrued royalties under this agreement earned during such preceding calendar quarter less all deductions and charges applicable thereto. Each such statement shall become binding upon the Artist two (2) years after it is rendered, unless specific objection thereto has been made during such period of time. Payments to Artist shall be

made in accordance with Paragraph 7.

(b) Company agrees that it will advance recording costs at its risk and one half of all payments of recording costs with respect to the recordings made hereunder shall be charged against Artist's account hereunder and deducted therefrom.

7. (a) Provided that Artist shall not be in default in the performance of any of the terms, covenants and conditions of this agreement on her part to be kept or performed, Company guarantees that the royalties accruing to Artist's account in accordance with paragraph 5 hereof (hereinafter referred to as the "Guarantee") will (subject to the provisions of subparagraphs (d) and (e) hereof) amount to no less than Two Hundred Thousand Dollars (\$200,000.00) multiplied by the number of contract periods of this agreement during which Artist shall have duly rendered her performances in accordance with this agreement.

(b) All sums accruing to Artist's account under the terms of this agreement shall be paid to Artist in annual installments of not more than One Hundred Thousand Dollars (\$100,000.00) each, the first of which shall be paid between January 10 and January 15, 1969, and the remaining installments shall be paid to Artist between the 10th ^{and 15th} /days of January in each successive year thereafter until payment shall have been made to Artist of all sums accruing to her under any provisions of this agreement.

Company shall not be in default with respect to any such payment unless Artist has given Company written notice thereof by registered mail and Company has failed to cure such default within ten (10) business days after receipt of such notice.

(c) The Company shall have the right, but not the obligation, to secure, for its own benefit, term insurance on the life of Artist, if such insurance is available, in an amount not exceeding the difference between ~~One Million Dollars~~ One Million Dollars (\$1,000,000.00) and the total amount of all sums which shall have accrued to Artist pursuant to the terms of this agreement, less all charges and deductions. Such insurance shall, if possible, be secured in multiples of One Hundred Thousand Dollars (\$100,000.00) each and shall be computed for each contract period concurrently with the rendition of the last statement for each such contract period. Company shall not be required to secure any such insurance or to maintain any thereof in force or in effect at any time, it being acknowledged by Artist that the procurement or maintenance of such insurance shall be optional with Company and Company shall not be liable to Artist in any event if any such insurance is not obtained, or, if obtained, the same is not continued in full force and effect at any time. Artist agrees to make herself available for physical examinations as and when reasonably requested by Company and agrees to complete such questionnaires and other documents as Company or any insurance carrier may from

time to time require in connection with securing and maintaining such insurance. In the event that Company is able to secure such insurance and in the event of Artist's death prior to the expiration of this agreement, and while such insurance is in effect, Company agrees to pay to Artist's estate after Company has collected the proceeds of the aforesaid insurance, if any, the difference between the total of all payments theretofor made to Artist and one million dollars, but not more than the proceeds of the aforesaid insurance (less the cost of said insurance) together with any net accruals of royalties in excess of the total of all payments theretofor made to Artist pursuant to this agreement. Such payment, if made, shall be in lieu of and in full satisfaction of all other obligations to Artist under this agreement other than the payment of any net royalties thereafter accruing. The cost of said insurance may be charged by Company against accruals made pursuant to paragraph 5 hereof, but not in diminution of the Guarantee.

(d) Should Artist, for any reason, fail to or be unavailable for the rendering of services hereunder and for the recording of any record sides pursuant to paragraphs 2(a) or 2(b) (other than by reason of her death, if Company has secured the insurance referred to in paragraph 7(c) and Company receives the full proceeds of such insurance) then and in that event the Guarantee provided for in paragraph 7(a) shall be modified as follows:

(i) If during a Contract Period, Artist has failed to or is unavailable for the recording of the minimum number of record sides as is provided for in paragraph 2(a), then and for each such Contract Period in which such failure or unavailability occurs the Guarantee shall be without prejudice and in addition to any other right and remedy which may be available to Company, reduced by that percentage of two hundred thousand (\$200,000.00) dollars as the number of commercially satisfactory master recordings, in multiples of twelve (12), so unrecorded by Artist bears to the number thirty-six (36).

(ii) If during a Contract Period, Artist has recorded the minimum number of record sides as is provided for in paragraph 2(a) and Company has requested additional record sides in accordance with paragraph 2(b) and Artist has failed to or is unavailable for the recording of such additional record sides, then and for each such Contract Period in which such failure or unavailability occurs, the Guarantee shall, without prejudice and in addition to any other right and remedy which may be available to Company, be reduced by that percentage of Two Hundred Thousand Dollars (\$200,000.00) as the total number of commercially satisfactory master recordings so unrecorded by Artist bears to the number forty-six (46).

(e) Should the Artist die during the term of this agreement, and if Company has not secured the

insurance referred to in paragraph 7(c), or if any such insurance is obtained but Company has not received the full proceeds of such insurance, then the Guarantee shall be the following amount rather than the amount provided for in paragraph 7(a):

The Guarantee shall be equal to Two Hundred Thousand Dollars (\$200,000.00) multiplied by the number of prior full Contract Periods and reduced, if appropriate, in accordance with paragraph 7(d)(i) and (ii) plus Two Hundred Thousand Dollars (\$200,000.00) in respect of the then current Contract Period reduced for the then current Contract Period in accordance with 7(d)(i) and (ii) plus the proceeds, if any, actually received by Company from insurance in accordance with paragraph 7(c) but not more than a total of One Million Dollars (\$1,000,000.00) in Guarantees.

(f) Should the Artist for any reason not within her control, other than death, fail to or be unavailable for the rendering of services hereunder and for the recording of any record sides pursuant to paragraph 2(a) or 2(b) for a period of nine (9) consecutive months during the term of this agreement, then in addition to any other right and remedy which may be available to Company the Guarantee shall be the following amount rather than the amount provided for in paragraph 7(a):

The Guarantee shall be equal to Two Hundred Thousand Dollars (\$200,000.00) multiplied by the number of prior full Contract Periods and reduced, if appropriate,

in accordance with paragraph 7(d)(i) and (ii) plus Two Hundred Thousand Dollars (\$200,000.00) in respect of the then current Contract Period reduced for the then current Contract Period in accordance with 7(d)(i) and (ii) plus:

(i) Two Hundred Thousand Dollars (\$200,000.00) reduced if appropriate in accordance with paragraph 7(d)(i) and (ii) for each succeeding Contract Period if Artist thereafter becomes available to perform and performs during either of the first two Contract Periods, or

(ii) One Hundred and Fifty Thousand Dollars (\$150,000.00) reduced if appropriate in accordance with paragraph 7(d)(i) and (ii) for each succeeding Contract Period if Artist thereafter becomes available to perform and performs during the Third Contract Period, or

(iii) One Hundred Thousand Dollars (\$100,000.00) reduced if appropriate in accordance with paragraph 7(d)(i) and (ii) for each succeeding Contract Period if Artist thereafter becomes available to perform and performs during the Fourth Contract Period;

Provided, however, that in the event that the sums provided for in (i), (ii) or (iii) above are used, and if during the applicable Contract Period actual accruals of royalties hereunder for such period are greater than the

applicable sum, the amount of such actual accrual, but not more than Two Hundred Thousand Dollars (\$200,000.00) shall be utilized for such Contract Period and any succeeding Contract Periods.

Company may, however, in lieu of recomputing the Guarantee as aforesaid, elect to terminate this agreement by giving Artist written notice thereof, and in the event of such termination the Guarantee shall be computed in the same manner as provided for in paragraph 7(e).

8. Company and Artist agree that the Artist's services for the purpose of recording phonograph records hereunder are of a special, unique and extraordinary character. The Artist agrees that in the event of the Artist's breach of any term, condition or covenant of this agreement, Company shall be entitled to injunctive relief in addition to any other rights or remedies available to it.

9. This agreement is subject to all rules and regulations of any union having jurisdiction. No failure of Company to perform because of such rules and regulations shall be deemed to be a breach of this agreement. If, due to any labor controversy or adjustment thereof or to any cause not entirely within Company's control or which Company could not by reasonable diligence have avoided, Company is materially hampered in the recording, manufacture or distribution of records, then for the duration of such contingency Company may suspend the term hereof by written notice to Artist to such effect.

10. It is agreed that all persons who will act as Producers of record sessions to be conducted by Company with Artist pursuant to this agreement shall be subject to Artist's prior approval, which approval shall not be unreasonably withheld. Artist hereby irrevocably approves Gerald Wexler, and if he is not available for any reason, Thomas Dowd, as persons who may act as such Producers.

11. For the purposes of this agreement, the following definitions shall apply:

Recording costs - all costs incurred in or incident to the recording of the Artist's performance including, but limited to, costs of musicians, singers and actors, costs of arrangements, copying charges, cartage of musical instruments and studio costs and expenses; provided, however, that if studios owned by Company are used for recordings hereunder, no charge shall be made therefor by Company.

Record - any device now or hereafter known used for the reproduction of sound by electrical, mechanical, magnetic or other means.

Master record - any device used as the mould or permanent manufacturing agent from which records can be manufactured.

Records sold and not subject to return - all records for which Company invoices any party, and for which it receives payment, and which are not subject

to later return at any time or for any reason, but excluding any records sold after deletion from Company's catalogue in order to dispose of existing inventory (referred to in the industry as "cutouts"). Company shall have the right to set up and maintain reasonable self-liquidating reserves to provide for returns.

Company - Company, its successors, assigns, lessees and licensees. Company shall have the right to assign this agreement in whole or in part but only to any parent, subsidiary or affiliated corporation in connection with the sale or assignment of all or a substantial part of Company's assets.

12. (a) In the event that Artist writes or Artist or any firm or corporation (including, without limitation, 14th Hour Music, Inc.) owned or controlled by Artist, or affiliated with Artist, directly or indirectly, owns or controls, directly or indirectly, in whole or in part, any musical composition which is recorded by Artist for Company pursuant to this agreement during the term hereof, then and in that event Artist agrees to issue a license or to cause a license to be issued to Company to mechanically reproduce each such musical composition which shall provide inter alia for quarter annual accountings and payments on the same dates as accountings are due hereunder and for payment at the rate of $1\frac{1}{2}$ ¢ per composition per record manufactured and sold and not subject to return.

(b) In the event that Company or any firm or corporation owned or controlled by Company or affiliated with Company, directly or indirectly, owns or controls, directly or indirectly, in whole or in part, any theretofore unrecorded and unreleased musical composition which is recorded by Artist for Company pursuant to this agreement, then and in that event Company agrees to assign or cause to be assigned to a music publisher designated by Artist an undivided one-half (1/2) of such interest in and to each such musical composition and all rights therein throughout the world. Company or its designee shall administer each such composition throughout the world on behalf of all parties. With respect to those compositions administered by Company or its designee, in accordance with this paragraph 12(b), Company agrees to compute mechanical royalties on records sold by it at the rate of two (2¢) cents per composition per record manufactured and sold and not subject to return. In administering such musical compositions in the United States and Canada, Company shall make no charge in respect of general overhead not directly attributable to such musical compositions.

(c) With respect to recordings of any musical compositions subject to paragraphs 12(a) and (b) which are embodied in records distributed by Company, it is agreed that mechanical royalties will not be paid by Company on records described in paragraph 5(d) except that with respect to those records sold by Company at less than fifty (50%) percent of Company's normal wholesale price to affect a price discount, mechanical royalties shall be payable by Company pro rata in the proportion that the price actually charged bears to the normal wholesale price.

(d) The parties agree to execute and cause to be executed all documents necessary to effectuate the intent hereof.

(e) The provisions of paragraph 13 of the Old Agreement shall continue to apply to all musical compositions described therein which were recorded by the Artist for Company prior to the date of this agreement.

13. Artist agrees that Company shall each have the right from time to time during the term hereof, and for the term hereof only, to purchase at their own expense and for their own benefit such term insurance in an amount not exceeding One Million Dollars (\$1,000,000.00) relating to Artist as they may in their sole discretion determine in addition to the insurance provided for in paragraph 7(c); provided, however, that in connection with such additional insurance they shall purchase an equivalent amount of like insurance at their expense for Artist's benefit. Artist agrees to make herself available for physical examinations as and when reasonably requested by Company and agrees to complete such questionnaires and other documents as Company or any insurance carrier may from time to time require in connection with securing and maintaining such insurance. Company shall not be required to secure any such insurance or to maintain any thereof in force or in effect at any time, it being acknowledged by Artist that the procurement or maintenance of such insurance shall be optional with Company and Company shall not be liable to Artist in any event if any such insurance is not obtained, or if obtained, the same is not continued in full force and effect at any time. Anything to the contrary contained in this paragraph notwithstanding, Artist may at any time require Company by giving Company notice in writing, to cancel or reduce any or all insurance, if any, purchased by Company hereunder, provided, however, that such cancellation or reduction

shall apply equally to all insurance purchased by Company in accordance with this paragraph. Artist may at any time require Company to cancel all insurance, if any, purchased in accordance with Paragraph 7(c) by giving Company notice in writing.

14. All notices which any party hereto may desire to give to another party hereto shall be in writing and shall be sent as follows:

If to Artist: To Artist at her address first above written with a copy to Andrew Feinman, Esq., 424 Madison Avenue, New York, New York.

If to Company: To Atlantic Recording Corporation and Warner Bros.-Seven Arts, Inc.

If to Atlantic Recording Corporation: To 1841 Broadway, New York, New York, attention: Mr. Gerald Wexler.

If to Warner Bros.-Seven Arts, Inc.: to 200 Park Avenue, New York, New York, attention: Legal Dept.

15. Artist agrees to indemnify Company and hold Company harmless from and against all liability, loss, damage, cost or expense, including legal fees, paid or incurred by Company by reason of any breach or failure of Artist's representations or warranties hereunder. Pending the determination of any claim involving such breach or failure, Company may withhold payments hereunder in a reasonable amount to provide for such claim. No settlement of any claim to which this indemnity applies shall be made by Company or by Artist without the other's prior written

consent. Artist shall be entitled to be represented in the defense of any claim to which this indemnity applies by counsel of her own choice and at her own expense.

16. This agreement may not be modified, except in writing signed by all parties hereto. This agreement shall be subject to the laws of the State of New York, applicable to agreements made and to be wholly performed therein. Illegality or unenforceability of any portions hereof shall not affect the legality or enforceability of the balance of this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year hereinabove first written.

ATLANTIC RECORDING CORPORATION

By *Frank [unclear]*

WARNER BROS.-SEVEN ARTS, INC.

By *Alan J. [unclear]*

Aretha Franklin
ARETHA FRANKLIN