



PERFECT EXAMPLE MUSIC SOUNDS INC.

ARTIST/PRODUCER DEVELOPMENT AGREEMENT

AGREEMENT made this _____ day of _____ by and between ("Producer") and ("Artist")

Witnesseth:

In consideration of the mutual covenants herein contained, it is hereby agreed as follows:

1. Producer agrees to provide production services as an independent producer and the necessary studio facilities to Artist, for the immediate purpose of producing and exploiting a master demonstration record ("master demo") and for the further purpose of assisting in the development of the Artist's career.
2. Artist and Producer ("Parties") agree to seek an exclusive artist/producer recording contract with the nationally distributed record company ("Perfect Example Music Sounds, Inc.-Recording Contract"), providing for
 - (a) a commitment of at least two (2) double-sided singles in the initial year and at least one (1) album, or its equivalent, a year in not more than four (4) option years, and
 - (b) a basic combined artist-producer royalty of not less than ten per cent (10%) of ninety percent (90%) of the retail selling price, subject to customary adjustments for tape, foreign, record clubs, budget records, container charges, etc.
3. The Parties shall share equally in all advances and royalties received under the Recording Contract, and under any alternate or substitute agreement. The shares shall be payable only after recoupment of all recording costs and other disbursements under this agreement and the Recording Contract.
4. Artist agrees that Producer will continue as Artist's Producer for the full term, including any exercised options, of the Recording Contract, and of any alternate or substituted agreements with respect to the Recording Contract.
5. Artist agrees to execute, at Producer's request, a Recording Contract which contains terms and conditions no less favorable to the Artist than those set forth above.
6. In the event that Producer has not negotiated a Recording Contract within a period of one (1) year from the date hereof, Artist shall have the right to terminate this contract by written notice by registered or certified mail.
7. The Parties agree that the term of this agreement shall extend for the full term of the Recording Contract, as same may be extended through the exercise of options, and such term as extended of any alternate or substitute agreements. If an option is not exercised under any such agreement, the term of this agreement shall be deemed extended for an additional six (6) months for the purpose of obtaining an alternate or substitute agreement.
8. In the event that the Parties are unable to obtain a Recording Contract within nine (9) months from the date of this agreement, Producer may authorize the release, on a regional or national basis, of any master demo produced under this agreement upon the minimum royalty and the participation terms of Paragraphs 2 and 3 hereof.
9. As to any composition written or controlled directly or indirectly by Artist which is recorded and released pursuant to the provisions hereof, Artist agrees to assign to Producer a fifty percent (50%) undivided interest in Artist's interest in the copyright of the composition, as well as the sole and exclusive right to administer and protect both Parties' interest in the composition throughout the world, for the full life of the copyright. Producer will account to Artist, and pay Artist, semiannually within sixty (60) days after July 1 and December 31 of each year, fifty per cent (50%) of the net publisher's share actually received by Producer or its representative in CANADA and remaining after deduction of writer royalties and other direct costs. If Artist is a writer of such a composition, Artist and Producer shall enter into a songwriter-publisher contract on the terms of The Songwriters Guild minimum basic form contract.

10. Producer agrees to be available for the actual production services as an independent producer pursuant to the agreement. In the event of the Producer's disability or other unavailability for such services, any substitute for Producer must be mutually approved, which approval shall not be unreasonably withheld. The costs of any such substitute shall be charged against the participation of the Producer.
11. In the event of any unresolved controversy between the Parties relating to this agreement, the Parties shall submit the same to a single arbitrator for final determination under the then applicable rules of the Canadian Arbitration Association in the Province of Quebec, and judgment may be entered upon any such award in any court having jurisdiction.
12. No breach of this agreement by either Party shall be deemed material, unless the other Party gives written notice of the breach by registered or certified mail, and the recipient of the notice has failed to cure the breach within thirty (30) days after the receipt of such notice.
13. Producer shall account and pay royalties to Artist semiannually within sixty (60) days after receipt from a record company pursuant to a Recording Contract. Receipts contemplated under Paragraph 9 above shall also be so accounted for.
14. Artist shall have the right to audit the books and records of Producer, no more than once annually, upon reasonable written notice with respect to all matters hereunder. Audits shall be performed during business hours at Producer's offices by a certified public accountant.
15. Artist agrees that because his or her services are unique and extraordinary and cannot be adequately compensated for in damages, Producer shall be entitled to injunctive relief, in addition to damages, to enforce the provisions of this agreement.
16. Producer may assign its rights under this agreement, in whole or in part, to any subsidiary, affiliated or controlling corporation or to any other assignee, provided that such assignment shall not relieve Producer of its obligations under this agreement, Producer may also assign its rights under this agreement to any of its licensees, in the ordinary course of business, to the extent necessary or appropriate, in Producer's sole discretion, to implement the license granted.
17. This agreement shall be deemed made in and shall be construed in accordance with the laws of CANADA.
18. This agreement may not be modified orally and shall not be binding until it is signed by both Parties hereto.
19. IN WITNESS WHEREOF, the parties hereto have entered into this agreement the day and year first above written.

PRODUCER

ARTIST
