



Dated As Of: January 1, 2017

Services Agreement

This Services Agreement ("Agreement") is entered into by and between Susman Godfrey, L.L.P. ("Client") on behalf of a settlement class ("Settlement Class"), with offices at 1901 Avenue of the Stars #950, Los Angeles, CA 90067, and Music Reports, Inc. ("Music Reports"), a Delaware corporation with offices at 21122 Erwin St., Woodland Hills, CA 91367. Client and Music Reports are sometimes hereafter referred to individually as a "Party" and collectively as the "Parties". Capitalized terms used by not defined herein shall have the meanings ascribed to them in the Class Action Settlement (as such Class Action Settlement is defined in the preamble of this Agreement).

WHEREAS, on August 1, 2013, Flo & Eddie, Inc. ("Flo & Eddie") filed a class action lawsuit against Sirius XM Radio Inc. ("Sirius XM") in the Superior Court of the State of California for the County of Los Angeles, Case No. BC517082, and removed to the United States District Court for the Central District of California, Case No. CV 13-05693 PSG (GJSx) (the "Class Action");

WHEREAS, on November 13, 2016, the parties to the Class Action signed a Stipulated Class Action Settlement, which received preliminary Court approval on January 27, 2017 (Dkt. 2:13-cv-05693-PSG-GJS Dkt 676), the defined terms of which are incorporated herein by reference, including, but not limited to, the terms Bona Fide Claimants, Database, Royalty Administrator, Royalty Claims Website, Royalty Program, Royalty Fund Escrow Account, Settlement Class, Settlement Fund, and Settlement Fund Escrow Account;

WHEREAS, the proposed Settlement also provides for a Settlement Fund in accordance with the terms of ¶ IV. A. thereof, and the creation, maintenance and oversight of the Settlement Fund Escrow Account by Class Counsel for further distribution to Settlement Class members;

WHEREAS, commencing January 1, 2018, the proposed Settlement requires an independent company to serve as the Royalty Administrator of the Royalty Program, to develop and maintain a Royalty Claims Website, to manage the distribution of royalty reporting and payments to certain payees including, without limitation Bona Fide Claimants and Class Counsel based on payments to the Royalty Fund Escrow Account and reporting provided by Sirius XM;

WHEREAS, Class Counsel anticipates that the work necessary for the development of the Database, the creation, maintenance, and oversight of the Settlement Fund Escrow Account and the distributions of the Settlement Fund to the Settlement Class Members will require the development of a Settlement Fund claims

website ("Settlement Fund Claims Website") which will overlap with the functionality of the Royalty Claims Website; and

WHEREAS, Client has agreed, to retain Music Reports as the Royalty Administrator on the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Music Reports' Services.

a. **Provision of Services.** Music Reports will perform the services described in any statements of work ("SOW") separately executed by Music Reports and Client, including SOW 1 attached hereto as Exhibit "A" and incorporated herein by this reference (the "Services"), pursuant to the terms and conditions of this Agreement. Music Reports will perform the Services in a professional manner such that the Services will be of a high grade, nature and quality. Music Reports will dedicate appropriate facilities, skilled employees, and resources to complete the Services.

b. **Technical Operations and Security.** Music Reports has implemented an information security program that is reasonably designed to provide for the security, confidentiality, integrity and availability of usage and financial data, which at a minimum includes risk assessment and controls for (i) system access, (ii) system and application development and maintenance, (iii) change management, (iv) asset classification and control, (v) incident response, physical and environmental security, (vi) disaster recovery/business continuity, and (vii) employee training. In the event that a security breach occurs, Music Reports will take prompt corrective measures to secure the breach, and immediately notify Clients of the nature of the breach and the corrective measures taken to cure the breach.

2. Term and Termination.

a. The term of this Agreement (the "Term") will commence on January 1, 2017 and, provided there is a continuing need to provide Services (e.g., royalty statements and/or accountings are still outstanding) will continue through August 31, 2028 unless earlier terminated upon order of the Court for reasonable cause or by the Parties pursuant to Section 2(b), below.

b. If any Party materially breaches any material obligation under this Agreement, the non-defaulting Party may give written notice to the defaulting Party describing the breach with specificity. If the breach is not corrected or a mutually agreed plan to correct the breach has not been established within thirty (30) days after the date of such notice, the non-defaulting Party may terminate this Agreement upon written notice to the defaulting Party. Notwithstanding the foregoing sentence, in the event of a breach by Client of its payment obligations to Music Reports hereunder, the period for remediation of the breach will be ten (10) days from the date of notice,

rather than thirty (30) days. The right of the non-defaulting Party to terminate this Agreement is in addition to all other rights and remedies that are available to it under this Agreement, at law or in equity. Notwithstanding anything to the contrary in this Agreement, Music Reports will have the right to suspend Services hereunder in the event of a breach by Client of its payment obligations to Music Reports hereunder that is not cured within ten (10) days of Music Reports' notice to Client, and to maintain such suspension until all outstanding Music Reports invoices to Client for fees and expenses have been paid in full.

3. No Conflicts. Client acknowledges that Music Reports is in the business of providing copyright license consulting, copyright license administration, royalty accounting, data management, business intelligence analytics, copyright usage reporting services and similar services to third parties. Client agrees that Music Reports may provide such services to third parties engaged in business activities that are competitive with Clients' business activities or the business activities of the Settlement Class. Client agrees that the rendering of such services by Music Reports to such third parties, without more, will not constitute a breach of this Agreement by Music Reports or otherwise expose Music Reports to liability to Client, Gradstein & Marzano PC ("Gradstein") or the Settlement Class in any manner.

4. Confidential Information.

a. Music Reports acknowledges that the Services that are the subject of this Agreement may require the sharing of Clients' confidential information with Music Reports. Music Reports agrees not to reveal or disclose any such confidential information to any other individual, corporation or firm except: (i) to the extent necessary to further the purposes of this Agreement; (ii) as required by law, legal process, or administrative proceeding; (iii) in connection with a dispute arising out of this Agreement and then only to the extent applicable to the dispute; or (iv) to its business and legal advisors who are under a duty of confidentiality to Music Reports. Notwithstanding anything to the contrary herein, Music Reports' confidentiality obligations will not apply to any information that is or becomes generally available to the public through no act or omission by Music Reports, which is developed independently of Clients' confidential information, or which is obtained lawfully by Music Reports from a third party that is not under a duty of confidentiality to Clients. Music Reports' confidentiality obligations hereunder will expire on the date that is three (3) years following the date of initial disclosure to Music Reports by either Client.

b. As used herein, "confidential information" will mean: (i) information conveyed verbally by Client(s) to Music Reports which is clearly identified by Client(s) as "confidential" at the time of verbal disclosure and confirmed by Client(s) in a writing to Music Reports as "confidential" no later than three (3) business days following the date of verbal disclosure; (ii) information conveyed in writing or other tangible form by Client(s) to Music Reports which is clearly marked as "confidential" at the time of disclosure; and (iii) the terms of this Agreement. As used herein, "Confidential

Information" will not include the Database or information about Identified Pre-1972 Sound Recordings or their owners.

5. Merger, Waiver, Severability. This Agreement represents the final expression of the Parties' intent with respect to the subject matter hereof, and all prior and contemporaneous agreements are merged herein. This Agreement may not be amended or waived without a written agreement signed by both Parties. A waiver by either Party of any term or condition of this Agreement in any instance will not be deemed or construed as a waiver of such term or condition for the future, or of any subsequent breach thereof. If any part of this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful, or unenforceable, then such part will be severed from the remainder of this Agreement which will continue to be valid and enforceable to the fullest extent permitted by law.

6. LIMITATION OF LIABILITY. IN NO EVENT WILL MUSIC REPORTS BE LIABLE FOR LOST PROFITS OR SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH SERVICES PROVIDED BY MUSIC REPORTS UNDER THIS AGREEMENT.

7. Limitation of Relationship. Clients understand that in rendering Services hereunder, neither Music Reports nor any Music Reports employee or contractor is acting as Clients' attorney. Clients understand that Music Reports is not a certified public accountancy.

8. Force Majeure. None of the Parties will be liable for any delay or failure to perform (a) if and to the extent such delay or failure arises from an act of God (e.g., earthquake, hurricane, tornado, tsunami), epidemic, war, strike, riot, civil insurrection, act of terrorism, or interruption of utilities (e.g. electricity) (collectively "force majeure" events); and (b) provided the non-performing Party is without fault and the delay or failure could not have been prevented by reasonable precautions. Any Party so delayed will promptly notify the other Party and describe the circumstances causing the delay.

9. Governing Law and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California (without giving effect to the conflict of laws principles thereof). The parties submit to the jurisdiction of Judge Gutierrez, of the Central District of California, over any disputes arising out of this Agreement.

10. No Solicitation. Clients warrant and represent that neither Clients nor any employee or independent contractor thereof will solicit, directly or indirectly, an employment or independent contractor relationship with any Music Reports employee or Music Reports independent contractor rendering services to Clients hereunder, until the date that is one (1) year after the termination or expiration of this Agreement.

11. Counterparts and Facsimile Signatures. This Agreement may be executed in counterparts, all of which, when taken together, will constitute one and the same document. Facsimile signatures hereto will be deemed original for all purposes.

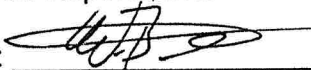
12. Representations/Warranties. The Parties to this Agreement each represent and warrant to the other that they have the right, power and authority to enter into and fully perform all of their respective obligations under this Agreement.

13. Notice. Except as specifically provided herein, any notice that may or must be given hereunder will be in writing and sent to the name and address first written above.

14. Survival. Without limiting either Party's rights or remedies, the following Sections will survive any expiration or termination of this Agreement: 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 14.

ACCEPTED AND AGREED:

Music Reports, Inc.

By: 

William B. Colitre
Vice President & General Counsel

Susman Godfrey, L.L.P.



By: _____
An Authorized Signatory
Name (printed): Kalpana Srinivasan

Exhibit A

Statement of Work

Pre-1972 Sound Recording Royalty Administration Services

This Statement of Work ("SOW 1") dated as of January 1, 2017, is hereby incorporated into that certain Services Agreement between Music Reports, Inc. ("Music Reports") and Susman Godfrey, L.L.P. ("Client") dated as of January 1, 2017 (the "Agreement"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Agreement or in the Settlement (as such Settlement is defined in the preamble of the Agreement), as applicable.

- A. Term and Termination: The term of this SOW 1 is coterminous with the Term of the Agreement and terminable solely as the Agreement may be terminated.
- B. SOW 1 Services: Music Reports will provide the Services set forth in this Exhibit A to Client during the Term and subject to the terms and conditions of the Agreement and any appendices incorporated herein (the "SOW 1 Services"). Client acknowledges and agrees that if there are any material changes to the scope of the SOW 1 Services during the Term, the Parties will consult in good faith regarding an appropriate change order pursuant to which Music Reports would undertake modified SOW 1 Services.

1. Database Vetting

Following the full execution of this Agreement, Music Reports will work with Gradstein to review the Database as received from the law firm of O'Melveny & Meyers LLP. It is contemplated herein that the Database will contain approximately 50,000 sound recordings. Music Reports shall assist Class Counsel in flagging or extracting from the Database sound recordings which: (a) are owned or controlled by the Major Record Labels; (b) are owned or controlled by Direct Licensors; (c) were initially fixed on or after February 15, 1972; or (d) were Identified on Opt Out Forms received by Music Reports from Gradstein. The Settlement contemplates that the Settlement Class will be notified by Garden City Group ("GCG") of their right to opt out of the Settlement, provided they complete a paper form (the "Opt Out Form") Identifying the recordings they wish to opt out of the Settlement, and return the Opt Out Form to GCG. Music Reports will then assist Gradstein, as requested, in evaluating the vetted Database pursuant to Section IV.A.7. of the Settlement. Music Reports will provide the services described in this Section 1 on a consultant basis according to the hourly fee schedule set forth in Appendix A1 (III). Music Reports will provide estimates of the expected time involved and receive Client's authorization before performing any hourly consulting work.

2. Settlement Fund Claims Website

Music Reports will develop a Settlement Fund Claims Website, and deploy the same by no later than ninety (90) days following the receipt of the Set Up Fee. Following the conclusion of the vetting process described in Section 1, above, Music Reports will receive from Gradstein a final version of the Database, and stage the same for integration into the two Music Reports websites contemplated by this agreement. The first of these websites, the Settlement Fund Claims Website will have the following minimum functionality:

a. Search. Allow the public to view and search the Database (as vetted pursuant to Section 1, above) both by browsing through the entirety of the Database or using the following search criteria (where populated): (i) recording title; (ii) artist; (iii) album; (iv) label; (v) ISRC; (vi) date first fixed. The Parties expressly agree that the Settlement Fund Claims Website will display to the public the number of plays of each row in the Database, to the extent the Database contains such information when provided to Music Reports.

b. Create Account. Allow visitors who wish to claim recordings in the Database to create an account by providing an email address, whereupon they will be given a temporary username and password.

c. Manage Profile. Require visitors who log in to their accounts with a temporary password to provide the following initial entity information:

- i. New username;
- ii. New password;
- iii. Entity Name;
- iv. Contact Name;
- v. Entity Telephone Number; and
- vi. Entity Mailing Address;
- vii. Edit E-Mail Address [as an option].

d. Claim. Allow visitors who are logged in to claim ownership of specific recordings listed in the Database one by one using check-box functionality. Upon completion of a claiming session, visitors will be required to 'save' or 'confirm' their claims, otherwise their claims will not be captured. If so requested by Gradstein, Music Reports will at this stage post a 'pop up window' requiring visitors to acknowledge via a check-box a legend indicating their representation and warranty of ownership or control of the recordings claimed, provided that Gradstein provides the text of such legend to Music Reports. Following the making of such representation and warranty, a claiming visitor will be considered a Bona Fide Claimant as to those properly Identified Pre-1972 Sound Recordings claimed by such visitor that are not contested.

e. Reports of Claims. Allow claims to be made on a rolling basis, from the time the Settlement Fund Claims Website is made available to the public until the

earlier of December 31, 2027, or contemporaneous with the last royalty accounting to be provided pursuant to Section 4, below. Upon request, but not more than once per week during the Term, Music Reports will deliver a report to Gradstein and/or GCG (the "Report of Claims") showing the following information, for each claiming visitor, as provided by such visitor:

- i. Entity Name
- ii. Contact Name
- iii. Entity Telephone Number
- iv. Entity Mailing Address; and
- v. A list of all the rows Identified by the applicable Entity named in item (i), above.

f. Conflicting Claims. The list of claimed rows containing the Report of Claims will include a flag for each row which has at any time prior to that date been claimed by another Entity. For clarity, given the nature of sound recording metadata, it is possible that more than one row in the Database may actually represent the same recording but with differing Identification information. Because each such row will represent a distinct group of historical plays, however, each is independently relevant to potential claimants. In addition, as and when it provides the Report of Claims, Music Reports will prepare a second report listing, for each row receiving one or more conflicting claims, the Entity Name provided by each claiming visitor who claimed the applicable row (each, a "Report of Conflicts"). On an hourly fee basis, as requested by Gradstein, the Court or the Special Master, Music Reports will provide copyright research support in an effort to resolve conflicting ownership claims of Identified Pre-1972 Sound Recordings.

g. No Settlement Administration. For the avoidance of doubt, other than as explicitly stated in this Section 2, Music Reports will have no responsibility for administration of the Settlement Fund, including, without limitation, collection of payment or tax identification number information from visitors to the Settlement Fund Claims Website.

3. Royalty Claims Website

Within fifteen (15) days after the Effective Date, Music Reports will deploy a Royalty Claims Website. The Royalty Claims Website will have the following minimum functionality:

a. Login. Allow visitors to login using the same username and password combination created in relation to the Settlement Fund Claims Website, which will be pre-populated with the information captured by the Settlement Fund Claims Website, specifically including:

- i. Entity Name;
- ii. Contact Name;

- iii. Entity Telephone Number; and
- iv. Entity Mailing Address.

To the extent parties who did not participate in the Settlement wish to create new accounts on the Royalty Claims Website, e.g., without limitation, parties to whom ownership of sound recordings has passed during the Term, Music Reports will provide such parties with accounts as necessary.

b. Manage Profile. Request visitors who log in to confirm and/or update the following entity information provided in relation to the Settlement Fund Claims Website from time to time:

- i. Username;
- ii. Password;
- iii. Email address;
- iv. Contact Name;
- v. Entity Telephone Number; and
- vi. Entity Mailing Address.

c. Manage Catalog.

- i. Section IV.C.5. of the Settlement contemplates that Bona Fide Claimants must 'complete a form' to Identify recordings they own or control. The Royalty Claims Website will expedite the Identification process by being pre-populated with a copy of the Database and a list, in each visitor's account, of the recordings in the Database they have claimed via the Settlement Fund Claims Website.
- ii. Pursuant to Section IV.C.5 of the Settlement, the Royalty Claims Website will contain a legend indicating to visitors that their use of the Royalty Claims Website constitutes their representation and warranty of ownership or control of the recordings claimed and that information provided through the Royalty Claims Website is true and correct in all respects, provided that Gradstein provides Music Reports the text of such legend. A claiming visitor will be considered a Bona Fide Claimant as to those properly Identified Pre-1972 Sound Recordings claimed by such visitor that are not contested.
- iii. From time to time during the Term, visitors may transfer recordings to new owners. Pursuant to Section IV.C.1 of the Settlement, any transfer of a recording will be subject to license and the Settlement Class Members will promptly notify the Royalty Administrator in writing of any such transfer. The Royalty Claims Website functionality will include a mechanism to communicate such transfers to Music Reports.

d. Reports of Identifications/Conflicts Management.

- i. Pursuant to Section IV.C.6 of the Settlement, the Royalty Claims Administrator is obligated to provide to Sirius XM and Class Counsel the Identification of all Pre-1972 Sound Recordings claimed within thirty (30) days after receiving notice of such claims. Once per month following the launch of the Royalty Claims Website, Music Reports will provide a report to Gradstein and Sirius XM showing a list of all the Identified rows, by Bona Fide Claimant, as shown in the Royalty Claims Website as of that month (the "Identified Recordings Report").
- ii. In addition, from time to time during the Term, multiple parties may claim the same recording via the Royalty Claims Website, and once a month, Music Reports will deliver a report to Gradstein and Sirius XM, indicating each recording receiving one or more conflicting claims, and the Entity Name provided by each party who claimed the applicable row (the "Identified Recordings Conflict Report"). Pursuant to the Settlement's definition of Bona Fide Claimant, Sirius XM may also contest claims. As requested by Gradstein, Sirius XM, the Court or the Special Master, Music Reports will provide copyright research support in an effort to resolve conflicting and contested ownership claims of Identified Pre-1972 Sound Recordings on a consultant basis according to the hourly fee schedule set forth in Appendix A1.

4. Settlement License Administration/Royalty Accounting

a. Royalty Payment and Reporting to the Royalty Administrator by Sirius XM.

- i. Pursuant to Section IV.C.6 of the Settlement, Sirius XM is obligated to make any required payments to the Royalty Fund Escrow Account within 120 days after the month in which Identified Pre-1972 Recordings are performed ("Monthly Payments"). Music Reports will open a bank account to serve as the Royalty Fund Escrow Account and provide Sirius XM with payment instructions to make deposits thereto. Client acknowledges that Wells Fargo is acceptable to Sirius XM and Client for this purpose.
- ii. Pursuant to Section IV.C.6 of the Settlement, Sirius XM shall identify the number of Performances on the Reference Channels of each Identified Pre-1972 Sound Recording owned by a Bona Fide Claimant and set forth the total number of Performances of all sound recordings in that accounting period on the Reference Channels (the "Monthly Reporting"). Music Reports will reasonably

coordinate with Sirius XM to receive and ingest the Monthly Reporting.

- b. Royalty Reporting and Payment to Payees by Music Reports. Promptly following the delivery of the Royalty Claims Website, Music Reports will Coordinate with Gradstein to establish royalty payment rules for the allocation of royalties received into the Royalty Fund Escrow Account among Music Reports, Class Counsel, and Bona Fide Claimants.
 - i. Reporting. Within thirty (30) days after having received both the Monthly Payment and the Monthly Reporting from Sirius XM for each applicable accounting period, Music Reports will:
 - a. Allocate amounts payable to payees pursuant to the rules established with Gradstein, as described in subsection b., above; and
 - b. Report the usage and Pro Rata Share of Identified Pre-1972 Sound Recordings to Bona Fide Claimants via the Royalty Claims Website.
 - c. Payment. Within forty five (45) days after the close of each calendar quarter, Music Reports will Send applicable payments to payees according to Music Reports' standard payment protocols (e.g., without limitation, applying a standard payment threshold of \$100, subject to adjustment at the request of payees).
 - ii. Royalty Services. In connection with such payments, Music Reports will:
 - a. Collect tax identification forms from payees and manage tax withholdings, in compliance with U.S. law, where possible;
 - b. Track accruals (e.g., without limitation, for amounts below payment threshold or withheld pursuant to applicable tax laws);
 - c. Address royalty inquiries from payees and provide routine royalty dispute support; and
 - d. Process and remit unclaimed royalty payments in compliance with the unclaimed property laws of applicable U.S. jurisdictions.
 - iii. Corrections.
 - a. Client and/or Gradstein, as applicable, will inform Music Reports immediately upon their discovery of any errors or omissions in the Database or other relevant data or instructions provided to Music Reports hereunder. During the Term, Music Reports will consult with Clients in good faith with respect to the resolution of any such errors or omissions including, without limitation, an appropriate project fee for such resolution.
 - b. During the Term, Music Reports will correct any error or omission caused by Music Reports in any report prepared by

Music Reports for the accounting cycle following the accounting cycle during which Music Reports discovers, or receives notification from Clients of its discovery of the error or omission, which notice must identify such error or omission with specificity.

5. Consulting Services

SOW 1 Services will include consulting generally with Gradstein and Client regarding best practices related to music licensing, license administration, and royalty and usage reporting ("Consulting Services"). Consulting Services will be billed on an hourly basis according to the hourly fee schedule set forth in Appendix A1. Music Reports will not undertake Consulting Services except at the request of Gradstein or Client.

6. Litigation Support Services & Exclusion of Audit

- a. During the Term and for five (5) years after the Term, if Music Reports is requested by Client or required by a court of competent jurisdiction to provide litigation support services in connection with the SOW 1 Services, e.g., responding to interrogatories and document requests, attending depositions, and providing expert witness testimony, such services will be referred to as "Litigation Support Services". Litigation Support Services will be billed on an hourly basis according to the hourly fee schedule set forth in Appendix A1.
- b. Pursuant to Section IV.C.7 of the Settlement, the Royalty Administrator will have the right to designate an independent auditor to examine the books and records of Sirius XM from time to time. Notwithstanding anything to the contrary in the Settlement or otherwise, Music Reports will not undertake any such designation or examination except pursuant to a separate agreement with a royalty recipient.

7. Data Storage

During the Term and for three (3) years thereafter, Music Reports will keep full, true and accurate books and records (including electronic records and data) relating to the SOW 1 Services, including without limitation: all Monthly Reporting and deposits to the Royalty Fund Escrow Account received from Sirius XM, and accounting statements and records of payment provided to payees by Music Reports hereunder. During the Term, Music Reports will retain a managed collocation vendor to provide services including redundant servers, network hardware, and connectivity, to act as a warm stand-by failover in the event of a disaster, via an access and climate controlled facility with on-site security personnel, redundant power systems and redundant network connections. Such collocation vendor will provide systems administration and network operations staff to perform 24/7/365 system and network monitoring.

Appendix A1

Fees Schedule

This Fees Schedule is hereby incorporated in that certain SOW 1 between Music Reports, Inc. ("Music Reports") and Susman Godfrey ("Client") dated as of January 1, 2017 ("SOW 1") and subject to the Services Agreement between the Parties dated January 1, 2017 (collectively, the "Agreement"). Capitalized terms used by not defined herein shall have the meanings ascribed to them in the Agreement or in the Settlement (as such settlement is defined in the preamble of the Agreement), as applicable.

I. Set-Up Fee

Clients will pay Music Reports a one-time set-up fee of [REDACTED], which shall become due no later than ten (10) days after the selection of Music Reports as the Royalty Fund Administrator. Music Reports will have no obligation to provide Clients and/or Settlement Class Members access to the Settlement Fund Claims Website or the Royalty Claims Website until Music Reports receives the Set-Up Fee. The Set-Up Fee will be Music Reports' sole compensation for building the Royalty Claims Website and the Settlement Fund Claims Website.

II. Administration Fee

Except where a different fee structure is specifically provided for in the Agreement, in consideration of all SOW 1 Services, Music Reports will be entitled to retain an Administration Fee of 4.6% of all royalties received into the Royalty Fund Escrow Account. Notwithstanding the foregoing sentence, if the royalty rate paid by Sirius XM is reduced from 5.5% of Gross Revenues for any reason, then the Administration Fee will be proportionally increased, as follows:

Royalty Rate	Administration Fee
5.5%	4.6%
4.0%	4.6%
3.5%	5.6%
2.0%	7.0%
1.5%	8.0%

KS

WBC

For the avoidance of doubt, Music Reports will not be entitled to any percentage of the Settlement Fund.

III. Hourly Fees

[REDACTED]

[REDACTED] Invoices for Hourly Fees will be invoiced promptly following the month during which such Hourly Fees were incurred, and will be due promptly following Clients' receipt of the invoice. From time to time, Music Reports may change the hourly rates, but not without 30 days prior notice to Clients.

IV. Expenses

Out-of-pocket, third-party expenses (e.g., without limitation, banking fees, postage, and advertising expenses) incurred by Music Reports hereunder, will be reimbursed by Clients to Music Reports, promptly following submission of documentation thereof by Music Reports.