

QUINN EMANUEL URQUHART & SULLIVAN, LLP

MEMORANDUM

PRIVILEGED & CONFIDENTIAL  
ATTORNEY-CLIENT PRIVILEGE  
ATTORNEY WORK PRODUCT

**TO:** File  
**FROM:** Quinn Emanuel  
**DATE:** January 9, 2019  
**RE:** Kanye West’s Label Agreements

Below are the key terms of Kanye West’s main licensing agreement and subsequent modifications thereto.

Parties	
Agmt. Date/ Name	Terms
May 31, 2011 [Original Label Agreement]	Island Def Jam Music Group (“IDJ”) and Getting Out Our Dreams, Inc. (“GM”)
May 7, 2012 [2012 Label Amendment]	IDJ and GM
Mar. 17, 2016 [2016 Label Amendment]	IDJ and GM (NB: “UMG” is named as the party in contract with GM).

Duration	
Agmt. Date/ Name	Terms
May 31, 2011  [Original Label Agreement]	<b><u>Term</u></b>  Three (3) Contract Years commencing on April 1, 2011. As used herein, "Contract Year" shall mean a period of twelve (12) months, unless otherwise suspended or extended as set forth in this agreement. IDJ shall have the right to suspend the Term during any Contract Year in which GM does not deliver to IDJ at least two (2) Albums, and the applicable Contract Year will be suspended until such two (2) Albums have been so delivered.
May 7, 2012 [2012 Label Amendment]	<b><u>Term</u></b> , Section (1)(A)  IDJ and GM hereby agree to extend the term of the Label Agreement for a period of two (2) years, commencing on the date immediately following the day on which the Label Agreement was originally scheduled to expire (i.e., March 31, 2014) and continuing through and until the date March 31, 2016 (the "Extended Term"). The terms and conditions of the Label Agreement during the Extended Term shall be the same as the terms and conditions of the Label Agreement prior to the Extended Term, except as otherwise set forth herein. The two (2) years comprising the Extended Term may sometimes be referred to herein as the "fourth Contract Year" and the "fifth Contract Year".
Mar. 17, 2016 [2016 Label Amendment]	<b><u>Term/Product</u></b> , Section 1  Notwithstanding anything to the contrary contained in the Label Agreement (including, without limitation, this Label Amendment), UMG and GM hereby agree to extend the term of the Label Agreement for a period of two (2) years, commencing on the date immediately following the day on which the Label Agreement was originally scheduled to expire (i.e. March 31, 2016) and continuing through and until March 31, 2018 (the "Extended Term"). The terms and conditions of the Label Agreement during the Extended Term shall be the same as the terms and conditions of the Label Agreement prior to the Extended Term, except as otherwise set forth herein. The two (2) years comprising the Extended Term may sometimes herein be referred to as the "Sixth Contract Year" and the "Seventh Contract Year". For the purpose of clarification, GM will be deemed to have satisfied its delivery obligations for the Fifth Contract Year so that the Fifth Contract Year shall end on March 31, 2016.



Obligations	
Agmt. Date/ Name	Terms
May 31, 2011  [Original Label Agreement]	<p><b><u>Services</u></b></p> <p>During the Term, as defined below, GM will provide to IDJ exclusive record label executive services (including the exclusive record label executive services of Kanye West ("Kanye")), including, without limitation, exclusive talent-finding and submission to IDJ of recording artists, A +R services in relation to submitted artists accepted by IDJ, and general oversight of the development, creative, marketing, promotion and label services related to such artists and their recordings. GM and Kanye shall continue to have the right to render services in respect of the recording artists signed prior to the date hereof, which are: John Legend, Kid Cudi, Mr. Hudson and Big Sean, provided, however that same shall not materially limit the ability of GM and/or Kanye to perform its or his services and obligations hereunder.</p> <p>In the event that IDJ passes on a submitted Artist (a "Rejected Artist"), GM will have the right to take such Rejected Artist to a third party label subject to the following (i) the Rejected Artist will first be offered (through GM) to other labels within the UMG group of labels, and such other UMG labels shall have no longer than ten (10) business days from the date IDJ rejects such artist to determine if such other UMG label wishes to enter into a recording agreement with GM with respect to such artist (and the financial terms of such agreement as to GM will be the same as those contained herein, other than the Overhead and Advance payments to GM); (ii) if no other UMG label enters into an agreement with GM with respect to the particular rejected artist, then GM shall have the right to enter into an agreement with a third party label in respect of the Rejected Artist, subject to GM or such label paying IDJ an offset against Overhead payments in an amount equal to the Overhead payment in the applicable Contract Year multiplied by a fraction, the numerator of which is one (1) and the denominator of which is the number of Artists then signed to the GM label; and (iii) GM will neither furnish the services of nor provide A +R or label services related to more than two (2) Rejected Artists will be signed to exclusive recording agreements with record labels other than IDJ during the Term. If neither GM nor Kanye, nor any of GM or Kanye's affiliates, enters into an agreement related to the services of a Rejected Artist with a third party label (but the Rejected Artist does so directly and not through or otherwise affiliated with GM and/or Kanye), GM and Kanye shall have no obligation to IDJ pursuant to the foregoing. An agreement related to Kanye's services (for example, as a producer or re-mixer) for a Rejected Artist (whether engaged by a third party label, a Rejected Artist or any other entity) shall not give rise to Overhead re-payment obligation described above.</p>

Obligations	
Agmt. Date/ Name	Terms
	<p><b><u>Creative</u></b></p> <p>Key Man: During the Term, Kanye will be the key creative executive of GM.</p> <p>Creative Issues: During the Term, GM and Kanye shall have complete Creative Control, subject only to meaningful consultation with IDJ, with respect to selection of Compositions to be recorded, Producers, Recording Studios, selection of Album Artwork, and Video concept and Director. Any other creative issues will be determined by GM and Kanye, subject only to IDJ's reasonable approval not to be unreasonably withheld or delayed.</p> <p>If the Creative Issues and materials are not timely delivered for reasons within GM's and/or Kanye's sole control, based on schedules of which GM is made aware and has approved, or if any materials would, as confirmed by a third party retailer, significantly impair the commercial viability of a product, then, subject to GM's and Kanye's prior written approval, not to be unreasonably delayed and, if denied, then with commercially reasonable specific reasons as to such denial, IDJ may proceed based on a viable alternative which GM and Kanye have reasonably approved in writing in advance as above.</p> <p>Artist Submission: During the Term, GM and Kanye will submit all available artists which GM desires to furnish to a record label and/or enter into an agreement for such artist's exclusive recording services, exclusively to IDJ for consideration. GM and IDJ will mutually determine the basic material terms on which the applicable accepted artists will enter into exclusive recording agreements on IDJ's standard form agreement and in accordance with industry standards and IDJ and its parent Company's standard terms and conditions.</p> <p>GM and Kanye to have reasonable approval of the terms of the Artist agreements, subject to IDJ and UMG policies as to minimum contractual terms, and shall be involved in the negotiation of same.</p> <p>IDJ to provide customary label services, including, without limitation, business and legal affairs functions.</p> <p>Label Roster / Artist Contributions: IDJ will contribute to the New Label the following artists: (i) Big Sean; and (ii) Pusha T, when such artist signs an exclusive agreement with IDJ.</p>



Obligations	
Agmt. Date/ Name	Terms
May 7, 2012 [2012 Label Amendment]	<p><b><u>Term</u></b>, Section (1)(b)</p> <p>IDJ hereby waives its right to suspend the Term for GM's failure to deliver to IDJ at least two (2) Albums during the first Contract Year (i.e., during the period April 1, 2011 to March 31, 2012).</p> <p>[NB: The two album obligation is in the “term”/duration section of the original label agreement]</p> <p>Artist Signings, Section (6)(c)-(d)</p> <p>(c) With respect to each Contract Year of the Term other than the first Contract Year, you may cause IDJ to accept one (1) artist of your choice, submitted by you hereunder in accordance with the terms hereof, by notice to IDJ to such effect (such right being referred to herein as a "Put"). Upon proper exercise of a Put, the applicable artist will be deemed an Artist hereunder. The material terms of any Artist Agreement entered into as a result of your exercise of a Put shall be subject to IDJ's and your mutual approval. With respect to IDJ approving said material terms, IDJ shall not withhold its approval of a recording fund in connection with the first Album required to be delivered under such Artist Agreement that does not exceed Five Hundred Thousand Dollars (\$500,000) or other terms that are consistent with an exclusive recording agreement of that magnitude and with IDJ's standard terms and conditions and policies as to contractual terms. For the avoidance of doubt, your failure to exercise a Put with respect to a Contract Year shall cause your right to exercise such Put to lapse, it being understood that you may not exercise such Put in any subsequent Contract Year.</p> <p>(d) That certain section of the Label Agreement entitled "Services", located on page 1 of the Label Agreement, is hereby modified such that: (i) the 2nd paragraph thereof is revised to allow for three (3) Rejected Artists during the Term, as opposed to two (2); and, (ii) the Overhead reduction formula described in such paragraph shall not apply except as follows: it is specifically understood and agreed that if there shall be more than two (2) Rejected Artists signed by you and/or Principal to recording agreements with the same Person (or with record labels or divisions within the same parent company or organization) other than IDJ at any time during the Term, then the Overhead reduction formula described in such paragraph shall apply. For the avoidance of doubt, in the event that IDJ determines that it does not wish to exercise the option to extend the term of an Artist Agreement for an additional contract period and GM decides that it does so wish to exercise such option, then without limiting any</p>

Obligations	
Agmt. Date/ Name	Terms
	<p>of IDJ's rights (e.g., without limitation, such artist shall first be offered to other labels within the Universal Music Group), GM shall have the option to exercise such option on its own behalf and have IDJ assign to GM all prospective rights and obligations under the applicable Artist Agreement. If GM exercises the option described in the preceding sentence, then the applicable Artist shall be deemed a Rejected Artist hereunder. Principal shall devote significant personal efforts and such time as may be necessary to the Artists' recordings hereunder and the fulfillment of GM's obligations to IDJ. In no event shall activities under such third party agreements materially interfere with the Principal's or your obligations hereunder.</p>
Mar. 17, 2016 [2016 Label Amendment]	<p>[NB: Delivery Obligations are discussed in Section 1 under “Term” (Duration)].</p> <p>Further Delivery Obligations, Section 5:</p> <p>Cruel Summer Film. One Million Five Hundred Thousand Dollars (\$1,500,000) ("Film Costs") in overall film cost Expenses shall be removed from GM's unrecouped balance (i.e., the Film Costs shall be "forgiven"), provided at least four (4) GM albums (inclusive of the joint album by "Big Sean and "Jhene Aiko") are delivered to UMG for release within fifteen (15) months from the date hereof.</p>

Profit Advances	
Agmt. Date/ Name	Terms
May 31, 2011  [Original Label Agreement]	<p><b><u>Profit Share</u></b></p> <p>IDJ will pay to GM an advance ("Profit Advance") recoupable against GM's share of Profits, in the amount of One Million Dollars (\$1,000,000); which will be paid one-half (112) promptly following the execution of this short-form agreement, and one-half (112) promptly after the complete execution of the more formal agreement, but in no event later than June 15,2011.</p>
May 7, 2012 [2012 Label Amendment]	<p><b><u>Profit Advances</u></b>, Section 2</p> <p>IDJ will pay GM the following amounts, each of which shall be deemed a Profit Advance (i.e., a prepayment of GM's share of Profits), as follows:</p>



Profit Advances	
Agmt. Date/ Name	Terms
	<p>(a) Three Hundred Thousand Dollars (\$300,000) promptly following full execution hereof (the "Execution Payment"). GM hereby acknowledges its receipt of the Execution Payment pursuant to that certain amendment to the Label Agreement, dated April 24, 2012; consequently, paragraph 2 of such amendment shall no longer apply;</p> <p>(b) Two Hundred Thousand Dollars (\$200,000) promptly following January 1, 2013; and</p> <p>(c) Promptly following the commencement of the fourth Contract Year of the Term (i.e., April 1, 2014), an amount equal to One Million Dollars (\$1,000,000) less the amount of Profit Advances then remaining unrecouped, but in no event less than Five Hundred Thousand Dollars (\$500,000).</p> <p><b>Marketing</b>, Section 5 [NB: Advances are discussed here as well]</p> <p>(a) In connection with the initial commercial release in the United States of each Album hereunder, you will prepare and submit to IDJ, for IDJ and you to mutually approve, a marketing plan and accompanying budget with respect to all costs of marketing, promotion, publicity, and advertising, including without limitation, the cost of promotional Records and videos (hereinafter referred to collectively as the "Third Party Marketing Costs"). In the event of a disagreement between IDJ and you as to any element of a marketing plan or accompanying budget, then at Principal's request, senior executives of both IDJ and GM will make themselves available to each other to attempt to resolve the dispute; if a disagreement persists after such discussion(s), then IDJ's decision with respect thereto shall control. IDJ will provide certain of IDJ's in-house services in connection with any such marketing plan, such as promotion, marketing, publicity and advertising, and creative (e.g., video production and artwork supervision). Any and all decisions with respect to how IDJ provides any of such in-house services will be made mutually by IDJ and you, provided that in the event of a dispute, IDJ's decision shall control.</p> <p>(b) IDJ will advance or incur Third Party Marketing Costs that are part of the marketing plan approved in writing by IDJ and you for the Album concerned; provided, however, that in connection with each such Album, IDJ</p>

Profit Advances	
Agmt. Date/ Name	Terms
	<p>shall incur Third Party Marketing Costs of no less than the greater of: (1) Two Hundred Fifty Thousand Dollars (\$250,000); or, (ii) an amount equal to twenty five percent (25%) of the amount in Net U.S. Revenues that IDJ projects earning from sales of its initial shipment of the Album concerned, which projection IDJ determines in its sole good faith reasonable discretion.</p>
Mar. 17, 2016 [2016 Label Amendment]	<p><b>Profit Advances</b>, Section 2</p> <p>UMG will pay GM the following amounts, each of which shall be deemed a Profit Advance (i.e., a prepayment of GM's share of Profits), as follows:</p> <p>(a) Sixth Contract Year.</p> <p>i. Two Hundred Fifty Thousand Dollars (\$250,000) promptly following the complete execution hereof (the "Execution Profit Advance"); and</p> <p>ii. Two Hundred Fifty Thousand Dollars (\$250,000) promptly following delivery to UMG of the next GM artist studio album (the "Delivery Profit Advance") (solely for the purpose of this paragraph 2[a][ii], the joint album featuring the performances of the artist p/k/a "Big Sean" and the artist p/k/a "Jhene Aiko" ("Joint Album") shall be deemed a GM studio album), provided such album is delivered to UMG for commercial release in 2016. For the avoidance of doubt, the parties hereby acknowledge that the Joint Album has been delivered to UMG and the Delivery Profit Advance shall be payable to GM promptly following the complete execution hereof.</p> <p>(b) Seventh Contract Year: Five Hundred Thousand Dollars (\$500,000) promptly following the commencement of the Seventh Contract Year, less the amount of Profit Advances then remaining unrecouped.</p> <p><b>GM General Marketing Fund</b>, Section (3)(B)</p> <p>During the Extended Term, solely in connection with GM's artists, GM shall have a discretionary marketing fund of Two Hundred Fifty Thousand Dollars (\$250,000) (the "GM General Marketing Fund") per Contract Year of the Extended Term. Notwithstanding the generality of the foregoing, the GM General Marketing Fund shall be</p>



Profit Advances	
Agmt. Date/ Name	Terms
	administered by UMG and paid directly to "third-party" vendors at GM's direction, promptly following UMG's receipt of invoices that comply with UMG's reasonable requirements and applicable support documentation in connection therewith. For the purpose of this paragraph 3B, the parties stipulate that DONDA Services, Donda Design Lab, LLC., and the individual p/k/a "Consequence" are all approved "third party" vendors.

Overhead Funding	
Agmt. Date/ Name	Terms
May 31, 2011  [Original Label Agreement]	<p><b><u>Label Overhead Funding</u></b></p> <p>During each Contract Year of the Term, IDJ shall fund Eight Hundred Thousand Dollars (\$800,000) toward the New Label's operating expenses ("Overhead Funding") payable in equal quarterly installments of Two Hundred Thousand Dollars (\$200,000) each at the beginning of each quarter, and subject to a customary stop/loss provision [such that if at any time after the twenty-fourth (24th) month of the Term the label has then-current or cumulative losses of Three Million Five Hundred Thousand Dollars (\$3,500,000) or more then IDJ shall have the option by written notice to GM to terminate the Term within thirty (30) days after such cumulative Loss has been reached]. For the avoidance of doubt, fifty percent (50%) of the Profit Advance (i.e. Five Hundred Thousand Dollars (\$500,000)) shall be disregarded for purposes of computing the loss threshold set forth in this paragraph.</p>
May 7, 2012 [2012 Label Amendment]	<p><b><u>Label Overhead Funding</u></b>, Section 3</p> <p>(a) Solely in the event that the account under the Label Agreement earns at least Twenty Million Dollars (\$20,000,000) (the "Revenue Threshold") in Net U.S. Revenues during any Contract Year of the Term, then the amount that IDJ is currently required to pay to GM in Overhead Funding with respect to such Contract Year and each subsequent Contract Year (i.e., \$800,000 if the second or third Contract Year, and \$1,000,000 if the fourth or fifth Contract Year) shall be increased by One Hundred Thousand Dollars (\$100,000) (the "Additional</p>

Overhead Funding	
Agmt. Date/ Name	Terms
	<p>Overhead Funding"). IDJ shall pay GM the Additional Overhead Funding, if at all, promptly after IDJ has determined that the Revenue Threshold has been achieved. For purposes of clarification, once the Revenue Threshold is achieved, the Additional Funding will apply to each subsequent Contract Year, but the Overhead Funding will not increase further in such subsequent Contract Year simply because the Revenue Threshold is achieved again. (For example, if the account under the Label Agreement earns \$20,000,001 in the second Contract Year, the Overhead Funding for the third Contract Year will be \$100,000 over the minimum, or \$900,000. If the account under the Label Agreement earns only \$18,000,000 in the third Contract Year, the Overhead Funding for the fourth Contract Year will remain at \$100,000 over the applicable minimum for that year, or \$1,100,000. If the account under the Label Agreement earns \$20,000,001 in the third Contract Year, the Overhead Funding for the fourth Contract year will still be \$1,100,000 (and will not increase to \$1,200,000).</p> <p>(b) Solely in the event that the account under the Label Agreement earns in excess of Twenty Three Million Dollars (\$23,000,000) in Net U.S. Revenues during any Contract Year of the Term, then the amount that IDJ is required to pay to GM in Overhead Funding with respect to such Contract Year and each subsequent Contract Year (i.e., \$900,000 if the second or third Contract Year, or \$1,100,000 if the fourth or fifth Contract Year) shall be increased by Fifty Thousand Dollars (\$50,000); and, the amount that IDJ is required to pay to GM in Overhead Funding with respect to such Contract Year and each subsequent Contract Year shall be further increased by Fifty Thousand Dollars (\$50,000) with respect to each full Three Million Dollars (\$3,000,0000) in Net U.S. Revenues earned hereunder during such Contract Year that is in excess of Twenty Three Million Dollars (\$23,000,000). IDJ shall pay GM such Additional Overhead Funding, if at all, promptly after IDJ has determined that the requisite Net U.S. Revenue amount has been achieved. For purposes of clarification, once a threshold for additional Overhead Funding is achieved, the additional Overhead Funding amount will apply to each subsequent Contract Year, but the Overhead Funding will not increase further simply because the same additional Overhead Funding threshold is achieved again subsequently. (For example, if the account under the Label Agreement earns \$20,000,001 in the second Contract Year, the Overhead Funding for the third Contract Year will be \$100,000 over the minimum , or \$900,000. If the account under the Label Agreement earns \$23,000,001 in the third Contract Year, the Overhead Funding for the fourth Contract Year will be \$150,000 over the applicable minimum for that year, or \$1,150,000. If the account under the Label Agreement earns \$20,000,001 in the fourth Contract Year, the Overhead Funding for the fifth Contract year will still be \$1,150,000.).</p>



Overhead Funding			
Agmt. Date/ Name	Terms		
	(c) Notwithstanding anything to the contrary contained in subparagraphs 3(a) and 3(b) above, IDJ shall not pay GM Overhead Funding with respect to each Contract Year that is less than, nor more than, the following amounts:		
		<u>Minimum</u>	<u>Maximum</u>
	second Contract Year	\$800,000	\$1,500,000
	third Contract Year	\$800,000	\$1,500,000
	fourth Contract Year	\$1,000,000	\$2,000,000
	fifth Contract Year	\$1,000,000	\$2,000,000
Mar. 17, 2016 [2016 Label Amendment]	<b><u>Label Overhead Funding</u></b> , Section 3  UMG shall pay GM Overhead Funding in the amount of Three Million Two Hundred Thousand Dollars (\$3,200,000) during the Extended Term (i.e., One Million Six Hundred Thousand Dollars (\$1,600,000) per year of the Extended Term, paid on a quarterly basis).		

Royalties/Profits/Distribution Fee	
Agmt. Date/ Name	Terms
May 31, 2011  [Original Label Agreement]	<p><b><u>Profit Share</u></b></p> <p>IDJ will accrue to GM's account hereunder a profit share ("Profit Share") in an amount equal to fifty percent (50%) of the New Label's Profits, provided that the Profit Share shall not be due and payable until all Profit Advances have been recouped by IDJ from the Profit Share otherwise payable to GM hereunder.</p> <p><b><u>"Profits"</u></b>: Net Revenues less (i) Expenses and (ii) all applicable and customary taxes or other payments included in Net Revenues and required to be paid by IDJ pursuant to applicable law which are directly attributable to the</p>

Royalties/Profits/Distribution Fee	
Agmt. Date/ Name	Terms
	<p>exploitation of masters by New Label Artists, if any. For the avoidance of doubt, Profits shall be calculated on a cumulative basis (i.e., from the commencement of the New Label Term). Furthermore, in calculating Profit Share, IDJ shall have the right to hold reasonable reserves in respect of anticipated returns of Records hereunder.</p> <p><b><u>"Net Revenues"</u></b>: (i) in respect of the exploitation of Artist Masters in the United States, 100% of Net U.S. Revenues and (ii) in respect of the exploitation of Artist Masters outside the United States, a royalty equal to twenty-five percent (25%) of the Foreign Royalty Base in respect of Net Sales of Records derived from Label Artist masters. "Foreign Royalty Base": the published price to dealers in the applicable country of sale, without any so-called "container charges" or "packaging deductions".</p> <p>"Net U.S. Revenues": Gross revenues actually derived from the exploitation of Artist Masters in the United States, less actual returns and credits of Records embodying New Label Artist masters.</p> <p>"Expenses": The following expenses relating to New Label Artist masters: (i) a distribution and marketing services fee to be retained by IDJ equal to eighteen percent (18%) of Net U.S. Revenues (the "Distribution Fee") together with any additional a la carte or other charges in respect thereof [the Distribution Fee shall not be applicable to so-called "Ancillary Net Receipts" and / or so-called "License" income received pursuant to the applicable Artist agreement; (ii) manufacturing, artwork and production costs; (iii) any and all marketing, promotion and publicity costs to the extent not recouped from the Artist royalties (with a credit back as and when recouped); (iv) advances and other recoupable amounts paid to or on behalf of New Label Artists or any other party in respect of New Label Artist masters to the extent not recouped from the Artist royalties (with a credit back as and when recouped); (v) Artist royalties; (vi) mechanical royalties; (vii) New Label Overhead Funding; and (viii) any and all other costs actually incurred or paid by IDJ which are directly attributable to the New Label.</p> <p>GM intends to hire an A+R Executive for the New Label, and part of such A+R Executive's compensation will include a one percent (1 %) override royalty ("Exec Override Royalty") to be paid on a prospective basis only following recoupment of the applicable New Label Artist's royalty account pursuant to their respective recording agreement (on an album by album basis, as otherwise computed under the IDJ A+R royalty plan applicable to senior executives). Such Exec Override Royalty shall otherwise be calculated and paid in the same manner and at the same times as the applicable New Label Artist's recording agreement. IDJ shall pay the Exec Override Royalty on behalf of</p>



Royalties/Profits/Distribution Fee							
Agmt. Date/ Name	Terms						
	New Label, as and when required, it being understood and agreed that seventy-five percent (75%) of such Exec Override Royalty payments shall be deducted from Profits otherwise due and payable to GM hereunder, and the balance shall be borne by IDJ (and shall not be an Expense hereunder).						
May 7, 2012 [2012 Label Amendment]	<p><b><u>Distribution Fee</u></b>, Section 4 [NB: Discusses royalties here as well]</p> <p>(a) Solely in the event that Net U.S. Revenues derived from the Net Sale of Records hereunder with respect to any Contract Year of the Term exceed Twenty Five Million Dollars (\$25,000,000)(the "Second Revenue Threshold"), the Distribution Fee shall prospectively be reduced to seventeen percent (17%) of Net U.S. Revenues with respect to the distribution, sales and other exploitation of Records hereunder (the "New Rate") during the remainder of such Contract Year; provided, however, that if the Second Revenue Threshold is achieved or exceeded during any two (2) consecutive Contract Years of the Term, then the Distribution Fee shall prospectively be reduced to the New Rate with respect to the remainder of the Term.</p> <p>(b) Solely in the event that the revenue derived from the royalty payable hereunder with respect to the exploitation of Artist Masters outside of the United States ("Foreign Revenue") exceeds the amount set forth below under the column entitled "Foreign Revenue" during any Contract Year of the Term, then the royalty payable hereunder with respect to exploitation of Artist Masters outside of the United States shall prospectively be increased from twenty five percent (25%) to the rate set forth below under the column entitled "Royalty" and shall remain in effect only during the remainder of the applicable Contract Year:</p> <table> <tr> <td><u>Foreign Licensing Revenue</u></td><td><u>Royalty</u></td></tr> <tr> <td>Six Million Dollars (\$6,000,000)</td><td>26%</td></tr> <tr> <td>Ten Million Dollars (\$10,000,000)</td><td>27%</td></tr> </table>	<u>Foreign Licensing Revenue</u>	<u>Royalty</u>	Six Million Dollars (\$6,000,000)	26%	Ten Million Dollars (\$10,000,000)	27%
<u>Foreign Licensing Revenue</u>	<u>Royalty</u>						
Six Million Dollars (\$6,000,000)	26%						
Ten Million Dollars (\$10,000,000)	27%						
Mar. 17, 2016 [2016 Label Amendment]	<p><b><u>Distribution Fee</u></b>, [NB: Discusses royalties here as well]</p> <p>During the Extended Term, in the event that Foreign Revenue exceeds Fifteen Million Dollars (\$15,000,000) during any Contract Year of the Extended Term, the royalty payable hereunder with respect to the exploitation of Artist Masters outside of the United States shall prospectively be increased to twenty-eight percent (28%).</p>						