

EXECUTED

LICENSE AGREEMENT

AGREEMENT made and entered into as of this 16th day of August, 1993, by and between PRIORITY RECORDS, INC., a California Corporation, 6430 Sunset Boulevard, Suite 900, Hollywood, California 90028 ("Priority") and TERCER MUNDO, INC., a California corporation ("Tercer"), c/o Hansen, Jacobson, Teller and Hoberman, 450 North Roxbury Drive, 8th Floor, Beverly Hills, California 90210, Attention: Kenneth B. Hertz, Esq.

WITNESSETH

In consideration of the mutual promises and covenants herein contained, the parties hereby agree as follows:

1. Licensed Masters. Tercer hereby licenses to Priority the exclusive right during the Term hereof to manufacture, distribute, advertise, sell and otherwise exploit the Masters embodying the performances of the musical artist George Clinton professionally known as "Funkadelic" (individually and collectively "Artist") listed on Schedule A attached hereto in the Territory (defined below). It is the intention of the parties that Priority will release the Masters on Records in the same album ("Album") formats as such Masters were initially released commercially and in such other formats as the parties shall mutually agree; provided, however, that the parties have heretofore agreed to remix certain Masters as more specifically delineated in Schedule B attached hereto.

2. Release Commitment/Term.

(a) Company agrees to commercially release the Albums entitled "One Nation Under Groove", "Uncle Jam Wants You", and "Hardcore Jollies" in the United States on or before December 31, 1993 and to commercially release the Album entitled "Electric Spanking of War Babies" in the United States within twelve (12) months from the date of this Agreement.

(b) The term ("Term") of this Agreement with respect to each Master shall commence upon the date of this Agreement and shall continue for a period of three (3) years from the initial commercial release of such Master on a country by country basis; provided, however, in the event the "One Nation Under Groove", "Uncle Jam Wants You", and "Hardcore Jollies" Masters have not been released in any individual country of the Territory within twelve (12) months from the date hereof, then all rights in the Masters for such country(ies) shall revert to Tercer and provided, further, in the event the "Electric Spanking of War Babies" Masters have not been released in any individual country of the Territory within eighteen (18) months from the date hereof, then all rights in the Masters for such country(ies) shall revert to Tercer.

(c) Notwithstanding anything to the contrary contained herein, if at *WB's responsibility: 5% on 100% of sub total of*

*Inception to Dec. 2001*

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*#176.315 paid to Warner Bros for*

the expiration of the Term, Priority is in an unrecouped position, then the Term hereof shall be automatically extended until such time as Priority attains a recouped position (i.e. the aggregate of royalties accrued to such account is equal to or exceeds the aggregate of Advances and any other recoupable amounts chargeable and recoupable from such royalties).

Term  
extends  
automatically.

3. Territory. The Territory of this Agreement shall be the world excluding the United Kingdom of Great Britain, the Republic of Eire, France, Italy, Germany, Poland, Hungary, Russia, Romania, Czechoslovakia, Yugoslavia, Israel, Turkey, Greece, Portugal, Spain, Belgium, The Netherlands, Luxembourg, Sweden, Denmark, Norway, Finland, Iceland, Austria, Switzerland and Japan.

4. Delivery Requirements. Tercer shall deliver the Masters upon execution of this Agreement. Delivery of the Masters shall be deemed to have occurred following Priority's receipt of the following materials ("Delivery Materials"):

(a) All chain-of-title documents attendant to the Masters and the musical compositions ("Compositions") embodied thereon, including the copyright in the sound recordings and the Compositions. Notwithstanding anything to the contrary, Priority acknowledges that Warner Bros. Records, Inc. ("WBR") shall retain ownership of the sound recording copyrights in the Masters until such time as WBR has been paid the full Override Royalty obligation in accordance with Paragraph 23 below and, thereafter, as between Priority and Tercer, Tercer shall retain ownership of the sound recording copyrights in the Masters.

(b) A fully equalized, edited and mixed two-track stereo tape "album version" for each Master in the proper form for the production of the parts necessary for the manufacture of Records in all formats and configurations;

(c) All licenses, consents and other permissions necessary to enable Priority to exploit the Masters executed by all persons having furnished any services, goods, materials or other items for use in connection with the exploitation of the Masters;

(d) All titles of the Compositions or other materials embodied in the Masters, timings, label credits, writer and publisher information with performing rights society affiliations, required credits, and all other information and materials which are necessary in the reasonable judgement of Priority for Priority to be able to exploit the Masters as contemplated by this Agreement, it being agreed that such relevant information shall be provided as to all known "samples" (as that term is customarily understood in the recording industry) embodied in the Masters; and

(e) All artwork, film, separations and publicity materials used or created in connection with the exploitation of the Masters including, but not limited to, pictures, portraits, likenesses, biographical materials, posters, to the extent that

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these materials are in Tercer's possession or under its control.

5. Exclusive License.

(a) (i) Tercer hereby licenses to Priority the sole and exclusive right to manufacture, distribute, advertise and sell and Records embodying one (1) or more Masters throughout the Territory during the Term. Priority shall have the right to register with the U.S. Copyright Office, in Priority's name, Priority's exclusive license in and to the Masters as provided herein.

(ii) Without limiting the generality of the foregoing, Priority and any person authorized by Priority shall, subject to the other terms hereof, have the right during the Term, throughout the Territory: ✓

(A) to manufacture, advertise, sell, lease, license, Records manufactured from and embodying the Masters as originally released, or otherwise as the parties shall mutually determine, or to refrain therefrom, in any and all fields of use;

(B) Subject to Paragraph 20 below, to release, sell, market, transfer or otherwise deal Records manufactured from the Masters under the name of "Priority" or such other trade name or make as Priority may elect;

(C) Subject to Tercer's prior written approval, not to be unreasonably withheld, to synchronize the Masters with any medium now known or hereafter devised;

(D) subject to Tercer's prior written approval, not to be unreasonably withheld, the right to sell and exploit Records manufactured from the Masters on which performances by other artists are coupled; and

(E) to issue "sampling" type licenses for the Masters and the Compositions to third parties subject to the royalty provisions contained in Paragraph 8(d) below. Notwithstanding anything in this Agreement to the contrary, Priority's right to received income from sampling licenses entered into during the Term, shall extend for the entire duration of such sampling license even if the term of the sampling license extends beyond the Term of this Agreement. \*\*\*\*

(b) Prior to the expiration of the Term, Priority shall only manufacture such Records as it expects, in its good faith business judgment, to sell during the Term. Upon expiration of the Term, Priority shall not manufacture any additional Records from the Masters. Within thirty (30) days subsequent to the end of the Term, Priority shall send Tercer a written inventory of all Records embodying Masters that remain in Priority's inventory or that of any person designated by Priority to sell Records embodying the Masters.

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\*\*\*\* Notwithstanding anything to the contrary contained herein, Priority's right to receive income from sampling licenses entered into during the Term shall only apply to records sold during or after the Term.

(c) Notwithstanding any of the foregoing, during the period commencing upon the expiration of the Term and ending six (6) months after the end of the Term (the "Sell-Off Period"), Priority shall have the nonexclusive right in the Territory to sell the remaining inventory embodying Masters in Priority's possession upon the same terms and conditions applicable during the Term. Priority's accountings, statements, and royalty payments to Tercer in connection with the Sell-Off Period shall be rendered in accordance with the provisions of Paragraph 9 below. All Masters and all derivatives thereof and any other material in Priority's possession or control used in the manufacture of Records of the Masters (including, but not limited to, tapes, mothers and stampers) shall promptly, at Tercer's option and upon Tercer's written instructions, either: (i) be transferred by Priority to Tercer or Priority's designee at Priority's actual cost (for which Priority shall submit to Tercer a written itemization of those costs), plus shipment and other charges; or (ii) be destroyed by Priority, in which event Priority shall supply Tercer with a certificate of such destruction;

6. Name and Likeness.

(a) Priority and any of its Licensees shall have the right in the Territory during the Term and during the Sell-Off Period to use and to permit others to use Tercer's name and the Artist's name, likeness, other identification and biographical material concerning Artist, and the name of any producer or other performer rendering services in connection with Masters for purposes of trade and advertising on and in connection with the exploitation of the Masters and the packaging and advertising for Records embodying Masters. Priority shall not use or reproduce any likenesses or biographical materials concerning Artist on or in connection with the reproduction of the Masters unless those likenesses and biographical materials are submitted by Tercer to Priority or approved, in writing in advance, for use by or on behalf of Tercer or Artist.

(b) As additional consideration for Priority's right to the use of Artist's name and likeness, Priority agrees to pay and account to Tercer an additional royalty in the amount of six (6%) percent for Net Sales of Album Records in the compact disc format only sold in the Territory, based on the applicable Royalty Base Price in the compact disc format only. All statements and accounts shall be rendered in accordance with the provisions of Paragraph 9 hereof. The royalty provided for in this Paragraph 6 shall only be payable prospectively after Tercer has recouped all Advances.

7. Advances.

(a) Priority shall pay to Tercer the sum of Two Hundred Fifty Thousand Dollars (\$250,000) as a nonreturnable advance ("Advance") recoupable from any and all royalties earned by Tercer, pursuant to this Agreement or any other Agreement between the parties, payable upon execution of this Agreement and the Delivery of all the Delivery Materials provided for herein.

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(b) Conditioned upon Tercer's delivery of chain of title document demonstrating to Priority's satisfaction, Tercer's one hundred percent (100%) ownership in each of the Compositions, Priority shall pay to Tercer as a nonreturnable Advance recoupable from any and all royalties earned by Tercer pursuant to this Agreement or any other Agreement between the parties, the mechanical royalty payments that would otherwise be credited to Tercer's royalty account pursuant to Paragraph 15 below for Priority's shipment of two hundred fifty thousand (250,000) units of Records hereunder, payable as and when such Records are shipped.

(c) Any other amounts paid to Tercer or, with Tercer's consent, on Tercer's behalf other than royalties payable pursuant to Paragraphs 6, 8, 13 and 15 shall also be deemed Advances hereunder.

8. Royalties. Priority shall pay Tercer royalties in connection with Records manufactured from Masters hereunder and sold during the Term on the Net Sales of Records manufactured from the Masters hereunder at the applicable rates specified hereinbelow. Tercer shall be solely responsible for and pay royalties and/or other sums due to Artist and/or the Producer; all other artists, musicians, performers and producer(s); and all contributions for union, trust fund-type payments which are or may become due by reason of Tercer's exploitation of the Masters Licensed hereunder.

(a) (i) Priority shall pay Tercer as a basic royalty with respect to each Album, fifteen and seven-tenths (15.7%) percent of the applicable Royalty Base Price in respect of Net Sales of Album Records in disc, tape or other forms, consisting entirely of Masters hereunder and sold by Priority or its Licensees through Normal Retail Channels in the United States, subject to the other provisions herein;

(ii) Notwithstanding the provisions of Subparagraph 8(a)(i) above, if Priority's Net Sales of Albums consisting entirely of Masters hereunder through Normal Retail Channels in the United States either (A) exceeds one million (1,000,000) units on or before December 31, 1993 or (B) two million (2,000,000) units on or before September 30, 1994, then the applicable royalty rate regarding the Albums in respect of such excess over one million (1,000,000) units shall be seventeen and seven-tenths (17.7%) percent of the applicable Royalty Base Price in respect of Net Sales of such Records in the United States.

(b) (i) In respect of Records sold in the form of Singles (except as set forth in Subparagraph 8(b)(ii) below) through Normal Retail Channels for distribution in the United States, the royalty rate payable to Tercer therefor shall be ten (10%) percent of the applicable Royalty Base Price, and such royalties shall at all times be computed on the basis of Net Sales of said Singles.

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(ii) In respect of Records sold in the form of Long Play Singles and EPs through Normal Retail Channels for distribution in the United States, the royalty rate payable to Tercer therefor shall be thirteen (13%) percent of the applicable Royalty Base Price, and such royalties shall at all times be computed on the basis of Net Sales of said Long Play Singles and EPs, as the case may be.

(c) In respect of Records sold, by Priority or otherwise, through any Special Markets Plan, mail order, direct mail, or record club or similar operation, the royalty rate shall be one-half (1/2) of the otherwise applicable royalty rates, and such royalties shall at all times be computed on the basis of eighty-five (85%) percent of Net Sales of such Records. Notwithstanding anything to the contrary contained herein, Priority shall not sell Records through any Special Market Plan, mail order, direct mail, or record club or similar operation without Tercer's prior written consent, not to be unreasonably withheld.

(d) In respect of Masters licensed or made available by Priority to third Parties for the manufacture, distribution or sale of Records through broadcast or other advertisements utilizing key-outlet distributors or any similar method of operation; or for use in connection with a so-called "premium" operation; or for use on a particular Record that is intended for sale through customary retail trade channels (e.g., a soundtrack album); or for the use in synchronization with the soundtrack of motion pictures, television, or other audiovisual devices now known or hereafter devised; or where the consideration paid to Priority is based on a flat fee, cent rate or percentage basis, including, for example, a "sampling" license, then in lieu of any other royalty specified in this Agreement, Priority shall credit Tercer's royalty account with fifty (50%) percent of the "net royalties" or "net receipts," as the case may be, actually received by Priority from such third Parties. Any amounts payable to Artist or the (Producer) ~~artist~~ shall be deducted solely from Tercer's fifty percent (50%) share of net royalties or net receipts. Notwithstanding anything to the contrary contained herein, Priority shall not license Masters to third Parties for the sale of Records through broadcast or other advertisements utilizing key outlet distributors or similar operation, any so-called "premium" operation, or for use in synchronization with the soundtrack of motion pictures or other audio visual devises without Tercer's prior written consent, not to be unreasonably withheld.

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(e) In respect of Records sold to educational institutions or libraries or to armed forces post exchanges and in respect of any Record(s) which is not an Album, Single or Long Play Single, the royalty payable to Tercer shall be one-half (1/2) of the otherwise applicable royalty rate, and such royalty shall at all times be computed on the basis of Net Sales of such Records.

(f) In respect of Mid-Priced Records and Budget-line Records, the royalty rate payable to Tercer shall, respectively, be two-thirds (2/3) and one-half (1/2) of the otherwise applicable royalty rates hereunder, computed on the basis of Net Sales of such Records. Notwithstanding anything to the contrary contained herein, Priority agrees to a twelve (12) month holdback on Mid-Priced Records and a

fifteen (15) month holdback on Budget-line Records.

(g) In respect of Records sold by Priority or its Licensees outside of the United States, or licensed or otherwise furnished by Priority or its Licensees to others for its manufacture or distribution outside of the United States, then in lieu of any other royalty specified in this Agreement, the royalty rate payable to Tercer therefor shall be fifty (50%) percent of the applicable minimum royalty rate specified in Subparagraph 8(a) or 8(b), as the case may be, computed on the basis of Net Sales of such Records; provided, however, Tercer's royalty hereunder shall not exceed fifty (50%) percent of the gross monies received by Priority from any Licensee for Records sold by Licensee in any country of the Territory. Notwithstanding anything to the contrary contained herein, if Priority self-distributes Records within Canada, then the royalty rate payable by Priority to Tercer for such Records shall not be reduced pursuant to this subparagraph.

(h) Notwithstanding anything to the contrary contained herein, with respect to Records embodying the Masters, coupled together with other master recordings in accordance with Paragraph 5(a)(ii)(D) above, the royalty rate payable to Tercer shall be computed by multiplying the royalty rate otherwise applicable by a fraction, the numerator of which is the number of royalty bearing Sides contained thereon embodying Masters made hereunder and the denominator of which is the total number of royalty bearing Sides contained on such Record.

(i) Notwithstanding anything to the contrary contained herein, no royalties shall be payable to Tercer on Records (i) sold by Priority or its Licensees as cut-outs or for scrap at a salvage or close-out price, or for less than fifty (50%) percent of Priority's or its Licensee's regular wholesale price for such Records; or (ii) distributed for promotional purposes or sold or distributed to disc jockeys, radio and television or networks or other stations, or for use on airline, background use or other transportation carriers or facilities to promote or stimulate the sale of Records; provided, however, Priority acknowledges that nonroyalty bearing Records pursuant to this Paragraph 8(i) shall not exceed ten percent (10%) of Records shipped and except as provided, Priority will not ship any so-called "free goods".

(j) Unless and until Priority has recouped all Advances including the Advances referenced in Paragraph 23 below from the royalties payable to Tercer in respect of Net Sales of Records embodying the Masters, and after such recoupment, royalties shall be computed and paid to Tercer only on those Records sold by Priority or its Licensees after such recoupment. No royalties shall be payable to Tercer in respect of Records sold by Priority or its Licensees until payment for such Records has been received by Priority in the United States or for which Priority's account has been credited. For accounting purposes, sales of Records hereunder by any person other than Priority (e.g., Priority's Licensees) shall be deemed to occur in the same semiannual accounting period in which such person accounts to Priority therefor.

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(k) Royalties will be computed and paid upon Net Sales of Records. Priority shall have the right to withhold a portion of Tercer's royalties due from time to time reserves against anticipated returns, rebates, credits and exchanges. The amount of such reserve shall be determined by Priority in its sound commercial judgment, and substantially all of such reserve shall be liquidated within three (3) semiannual accounting periods following the accounting period in which such reserve was established.

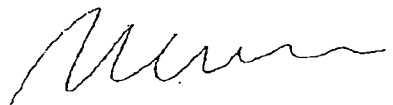
9. Royalty Accountings.

(a) During the Term of this Agreement, and at such times after the Term that Tercer's royalty account with Priority contains a net credit balance due and owing to Tercer, Priority shall compute royalties payable to Tercer hereunder as of June 30th and December 31st for each preceding six (6) month period during which Records as to which royalties are payable hereunder are sold, and will render a statement and pay such royalties, less any unrecouped Advances and any other permissible offsets prior to each succeeding September 30th and March 31st, respectively. Priority may deduct from any royalty or other payment due to Tercer under this Agreement any amount Tercer may owe Priority under this Agreement or any other agreement between the parties.

(b) Royalties for Records sold for distribution outside of the United States (the "foreign sales") shall be computed in the national currency in which Priority is paid by its Licensees and shall be paid to Tercer at the same rate of exchange at which Priority is paid. For accounting purposes, foreign sales shall be deemed to occur in the same semiannual accounting periods in which Priority's Licensees account to Priority therefor. All royalties applicable to this Agreement received from foreign sources shall be subject to and reduced by any applicable taxes, including, without limitation, that portion of all withholding and/or monetary transfer or export taxes, if any, charged to or paid by Priority's Licensees on Priority's behalf. Priority will provide Tercer with copies of any certificates received by Priority setting forth the amounts so deducted by such government or fiscal authority and, if such amounts were otherwise deducted by Priority in calculating Tercer's Royalties hereunder, credit Tercer's Royalty account with a pro rata share of any tax credits or refunds actually received by Priority. If Priority cannot collect payment for a foreign sale in the United States in United States Dollars, it will not be required to account to Tercer for that sale, except as provided in the next sentence. Priority will, at Tercer's request and at Tercer's expense, deduct from the monies so blocked and deposit in a foreign depository the equivalent in local currency of the royalties which would be payable to Tercer on the foreign sale concerned, to the extent such monies are available for that purpose, and only to the extent to which Tercer's royalty account is then in a fully recouped position. All such deposits will constitute and be deemed to fulfill Priority's obligation to make royalty payments to Tercer for the respective foreign sale.

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(c) At any time within two (2) years after any royalty statement is





rendered to Tercer hereunder, Tercer shall have the right to give Priority written notice of Tercer's intention to examine Priority's books and records with respect to such statement. Such examination shall be commenced within two (2) months after the date of such notice, at Tercer's sole cost and expense, by any certified public accountant or attorney designated by Tercer, provided that such representative certifies that he/she will conduct such examination in accordance with generally accepted accounting principles. Such examination shall be made during Priority's usual business hours at the place where Priority maintains the books and records which relate to Tercer (which, for purposes of this Agreement only, Priority agrees will be either Los Angeles or New York) and which are necessary to verify the accuracy of the statement or statements specified in Tercer's notice to Priority and Tercer's examination shall be limited to the foregoing. Tercer's right to inspect Priority's books and records shall be only as set forth in this Subparagraph 9(c) and Priority shall have no obligation to produce such books and records more than once with respect to each statement rendered to Tercer or more than once in any calendar year. If the results of any such examination reveal an underpayment to Tercer of more than ten percent (10%), then Priority will reimburse Tercer for Tercer's actual reasonable audit expenses, which in no event shall exceed the amount of underpayment discovered by Tercer.

(d) Each royalty statement rendered to Tercer shall be final, conclusive and binding on Tercer and shall constitute an account stated. Tercer shall be foreclosed from maintaining any action, claim or proceeding against Priority in any forum or tribunal with respect to any statement or accounting rendered hereunder unless such action, claim or proceeding is commenced against Priority in a court of competent jurisdiction within two and one-half (2-1/2) years after the rendering date of such statement.

10. Representations and Warranties. Tercer hereby represents and warrants that:

- (a) Tercer is the sole and exclusive Owner of the Masters;
- (b) Tercer has the full right, power and authority to enter into this Agreement, to deliver the Masters to Priority and to grant to Priority all of the rights in the Masters and the performances therein as hereinafter set forth;
- (c) Tercer shall, following Priority's request therefor, execute and deliver to Priority such documents as Priority may require as necessary to effectuate the intent hereof;
- (d) Except as set forth on Schedule C attached hereto, Tercer has not heretofore manufactured, sold or distributed, nor caused nor permitted, by license or otherwise, to be manufactured, sold or distributed, any Records embodying any of the Masters in the Territory, nor has Tercer conveyed or granted to any person any of the rights granted to Priority herein;

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(e) Tercer is the sole and exclusive Owner of the Compositions and Tercer has the right to mechanically record the Musical Compositions or other material recorded in the Masters;

(f) Neither the Masters nor the Compositions nor any of the other materials hereunder, nor the manufacture and sale of Records made from the Masters, nor any other exploitation or use thereof, violates or infringes upon or will infringe upon any common law or statutory rights of any party, including, without limitation, contractual rights, copyrights and rights of privacy;

(g) No claims, demands or any form of litigation is pending or threatened with respect to any of the Masters or the Compositions;

(h) Tercer shall not at any time during the Term, and with respect to the Territory, manufacture, distribute or sell Records embodying any performance contained in the Masters or any Composition embodied in the Masters nor authorize or permit any such manufacture, distribution or sale by any party other than Priority, nor has Tercer granted nor shall Tercer grant to any party any rights which would in any way derogate from the rights granted to Priority hereunder;

(i) Except for payments to the AFM Special Payments Trust Fund or other per record-type payments, if any, Priority shall not be required to make any payments of any nature for or in connection with the Masters and the exercise or exploitation of all rights granted to Priority pursuant to this Agreement, except as otherwise specifically provided in this Agreement.

(j) Tercer shall be solely responsible for and shall pay the following: (i) any and all royalties and/or other consideration due to Artist, the producers of each Master and to any person in respect of the producing and recording the Masters or any of them hereunder, and (ii) all musicians' royalties and other royalties which may be payable by reason of the manufacture and sale throughout the Territory of Records embodying the Masters on any of them or by reason of any other exploitation of the Masters; provided, however, Priority shall be responsible for payments to the AFM Special Payments Trust Fund or other per record-type payments, if any. If Tercer fails for any reason to make any payments required to be made by Tercer in accordance with the provisions of this Agreement, Priority may, at its election, make those payment(s) on Tercer's behalf, and should Priority so elect, (A) Tercer shall repay the amount of those monies to Priority promptly upon Priority's demand; or, at Priority's election, (B) Priority shall have the right to recoup those monies so paid by Priority from any and all royalties or other monies payable to Tercer hereunder. Notwithstanding the foregoing provisions or anything else to the contrary contained in this Agreement, Priority shall pay the royalties for the mechanical license(s) to reproduce the Compositions recorded in the Masters;

(k) All of Tercer's representations and warranties shall be true and

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correct upon execution hereof and upon delivery of each Master hereunder, and shall remain in effect in perpetuity. Priority's acceptance of the Masters or other materials hereunder shall not constitute a waiver of any of Tercer's representations, warranties or agreements in respect thereof.

11. Indemnification.

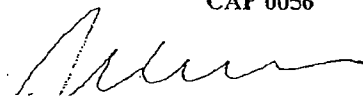
(a) Tercer shall at all times indemnify, defend, and hold harmless Priority and any affiliates, subsidiaries, assigns or Licensee of Priority (collectively "Indemnified Parties") from and against any and all claims, damages, liabilities, costs and expenses, including legal expenses, court costs and reasonable counsel fees, arising out of or in any way related to any breach or claimed breach by Tercer of any warranty, representation or agreement made by Tercer herein. Tercer will reimburse Priority on demand for any payment made at any time after the date hereof in respect of any liability or claim in respect of which Priority or the Indemnified Parties are entitled to be indemnified. Upon Priority's receipt of written notice of any such claim, action or demand, Priority shall be entitled to withhold from any amounts payable under this Agreement such amounts as are reasonably related to the potential liability of such claim(s), including reasonable attorneys' fees, court costs and direct out-of-pocket expenses until such time as such claim(s) is reduced to a final judgment by a court of competent jurisdiction or is settled with Tercer's prior written consent, not to be unreasonably withheld. Any amount so withheld shall be released if, and to the extent that, legal action shall not have been commenced with respect to the respective claim or demand in a court of competent jurisdiction within one (1) year following Priority's receipt of such claim; and Priority shall not withhold amounts otherwise payable to Tercer if Tercer delivers to Priority an indemnity or surety bond, in a form reasonably satisfactory to Priority, which covers the amount of the respective claim or demand and anticipated court costs and counsel fees. Tercer shall be notified of any such claim, action or demand and shall have the right, at Tercer's own expense, to participate in the defense thereof with counsel of Tercer's own choosing; provided, however, that Priority's decision in connection with the defense of any such claim, action or demand shall be final.

(b) Priority shall similarly indemnify, defend, and hold harmless Tercer from and against any and all claims, damages, liabilities, costs and expenses, including legal expenses, court costs and reasonable counsel fees, arising out of or in any way related to any breach or alleged breach of this Agreement by Priority.

12. Creative Control.

(a) Unless Tercer and Priority otherwise agree, the Masters will be released by Priority in the same Record Album configuration and under the same titles, as they were originally released in the United States. Notwithstanding anything to the contrary contained in this Agreement, all coupling, remixing, re-editing and use of Master(s) on promotional, sampler type Records or "premium"

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type sales shall require Tercer's prior written approval.

(b) : Notwithstanding anything to the contrary contained herein, Tercer shall have prior creative approval, not to be unreasonably withheld, over all items of Merchandise licensed, manufactured, distributed, advertised or sold pursuant to this Agreement.

13. Merchandising and Telemarketing.

(a) Grant of Rights. Tercer hereby grants to Priority for exploitation by its affiliated merchandising company, Northland Merchandising, Inc. ("Northland"), during the Term hereof and throughout the Territory (i) the exclusive right and license to manufacture, distribute, advertise and sell through all methods of retail, mail order, direct mail and direct response, in conjunction with announcements/advertisements contained on or in the packaging or containers of Records, and (ii) the exclusive right to manufacture, distribute, advertise and sell through all methods employing telemarketing type companies using call-in telephonic type systems (e.g., 900 numbers), all embodying the performances of Artist as embodied on the Masters; all types of products and merchandise, whether now or hereafter known, including, but not limited to, T-shirts, sweatshirts, hats, buttons and posters (collectively "Merchandise") embodying (a) the name, approved photograph or approved likeness of, and/or approved biographical material concerning Artist and supplied by or approved by <sup>Tercer</sup> and (b) any words or symbols which identify Artist and any trademarks, tradenames, service marks or similar properties relating to Artist, including, without limitation, the titles of the Albums, but specifically excluding the name "George Clinton" (collectively the "Property"). Priority will not sublicense the foregoing Merchandising Rights without Tercer's prior written approval, not to be unreasonably withheld. *All other rights are reserved to Tercer.*

(b) Without limiting the generality or the foregoing, the rights herein granted to Priority include:

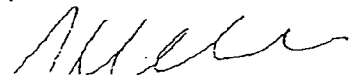
(i) The applicable and appropriate rights to manufacture, distribute, advertise and sell Merchandise derived from the Property through the aforesaid methods in such forms and versions as Priority and Tercer shall in good faith mutually determine, under whatever trademark, label or name Priority shall desire; and

(ii) The right to use and publish, and allow others to use and publish, the names of Tercer and Artist and the approved likeness of and approved biographical material concerning Artist, for advertising and purposes of trade in connection with the sale of Merchandise derived from the Property and in furtherance of Priority's sales and licensing program involving the Property.

(c) Delivery of Property. Promptly following the execution of this Agreement, Tercer shall deliver to Priority samples of artwork, photographs, film,

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*\* relating directly or indirectly to Priority exploitation of the Masters*



slides and other materials in Tercer's or Artist's possession concerning Artist which Tercer approves in principal for content for use by Priority in connection with the manufacture, distribution, advertising and sale of Merchandise hereunder. Tercer shall have the right to approve each sample product prior to manufacture. Failure to disapprove within ten (10) days after submission of the sample product (or concept if no sample is practicable) shall constitute approval. Priority shall have the exclusive right to use all or any part of such approved material originally prepared by Priority in connection with the creation of approved Merchandise and the exercise of its rights hereunder. The Property shall be of suitable quality for use in the commercial production of Merchandise for general sale. At the time of delivery of the Property, Tercer shall supply Priority, in writing, with the correct copyright or trademark information, if any, relating thereto.

(d) Merchandising Royalties. Conditioned upon Tercer's full and faithful performance of all the terms and conditions hereof, Priority shall pay to Tercer an amount equal to fifty (50%) percent of all Net Merchandise Receipts hereunder. As used in this paragraph, "Net Merchandising Receipts" means all gross receipts, royalties, fees and other monies actually received by or credited to Priority or Northland from sales or other use of Merchandise derived from the Property ("Gross Merchandising Receipts") less (i) all actual out-of-pocket costs incurred by Priority in the manufacture and distribution of such Merchandise, including all transportation, shipping, postage, fulfillment and handling charges, (ii) a distribution fee of ten (10%) percent of Gross Merchandising Receipts to be retained by Priority, and (iii) all actual out-of-pocket commissions, taxes and duties. Accounting statements and payments, if any, shall be made in accordance with the terms and conditions of Paragraph 9 hereinabove.

(e) Other Terms. All other terms and conditions of this Agreement, including, but not limited to, the provisions regarding warranties and representations, indemnification, accounting, auditing and objection to statements shall apply to all parties herein with regard to the subject matter of this Paragraph 14.

(f) Selloff. Priority may, on a nonexclusive basis, sell, in accordance with this Agreement, Merchandise which is on hand or in process at the end of the term of this Agreement, for a period of six (6) months following expiration of this Agreement whereupon such Merchandise shall either be destroyed or offered for sale to Tercer at cost. Prior to the expiration of the Term, Priority shall only manufacture such Merchandise as it expects, in its good business judgement, to sell during the Term.

14. Suspension and Termination. If, because of an act of God, inevitable accident, fire, lockout, strike or other labor dispute, riot or civil commotion, act of public enemy, enactment, rule, order or act of any government or governmental instrumentality (whether federal, state, local or foreign), failure of technical facilities, failure or delay of transportation facilities, or other cause of a similar or

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different nature not reasonably within Priority's control, Priority is substantially prevented from manufacturing, distributing or selling Records, then, without limiting Priority's rights, Priority shall have the option by giving Tercer notice to suspend the term of this Agreement for the duration of any such contingency. If any such suspension exceeds four (4) consecutive months, Tercer may terminate the term of this Agreement upon ten (10) days' written notice to Priority; provided that any such termination by Tercer shall only be effective if the respective force majeure event does not affect a substantial portion of the United States record industry and Priority fails to terminate the suspension within ten (10) days following Priority's receipt of Tercer's notice. Priority shall not withhold accountings and payment of royalties during any such suspension unless the force majeure event materially impairs Priority's ability to account for and/or pay such royalties:

15. Mechanical Licenses.

(a) Tercer shall issue to Priority or its Licensees mechanical licenses for the United States and Canada at the statutory minimum compulsory license rate (without regard to any playing time formula) with respect to each Record for which Priority is required to pay such royalties (the "U.S. Compulsory Rate"), and of the statutory minimum compulsory license rate (without regard to any playing time formula) required by the laws of Canada; however, if there is no minimum compulsory license rate in Canada then by the applicable contract between the "major" Canadian record companies and the Canadian mechanical rights society; (the "Canadian Compulsory Rate") but in no event shall Priority be obligated to pay for a mechanical license in Canada a sum in excess of an amount equal to the U.S. Compulsory Rate. The U.S. Compulsory Rate and the Canadian Compulsory Rate are sometimes hereinafter collectively referred to as the "Compulsory Rate."

(b) No copyright royalties shall be payable with respect to (i) any Records as to which no royalties are payable and (ii) arranged versions of Compositions in the public domain; unless such arrangement is credited by ASCAP or BMI then such arrangement shall be licensed to Priority at a mechanical royalty rate equal to that of the original composition multiplied by a percentage utilized by the applicable performing rights society or organization (ASCAP or BMI) in determining the credits to be given to the publisher of such arrangement for public performances thereof; provided, that unless and until Tercer furnishes Priority a copy of a letter from the performing rights society or organization setting forth the percentage of the otherwise applicable credit which the publisher will receive for such public performances, Priority shall not be obligated to pay any copyright royalty with respect to any such arrangement.

(c) The copyright royalty rate for Compositions contained on Long Play Singles, Multiple Albums, Budget Records or Records sold through a Club Operation, shall be three-fourths (3/4) of the Compulsory Rates. The license granted in this subparagraph includes the right, without additional compensation, to record, reproduce and perform the Compositions in synchronization with Audiovisual

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Recordings which are used for promotional purposes only (and not for sale to the public).

(d) Notwithstanding the provisions of Subparagraph 15(a), with respect to Records sold in the United States or Canada: (i) the maximum aggregate copyright royalty rate payable by Priority or its Licensees in respect of any Album hereunder, regardless of the number or playing time of Compositions, shall be ten (10) times the Compulsory Rate (excluding multiple Record sets, for which the maximum aggregate Album copyright royalty rate shall be increased by the percentage increase that the Retail Selling Price of the multiple Record set bears to the Retail Selling Price of an Album; (ii) the maximum aggregate copyright royalty rate payable by Priority or its Licensees in respect of any Single Record, regardless of the number or playing time of the Compositions shall be two (2) times the Compulsory Rate; (iii) the maximum aggregate copyright rate payable by Priority or its Licensees in respect of any EP or mini-LP shall be three (3) times the Compulsory Rate.

Accordingly, in the event the actual aggregate copyright royalty rate which Priority or its Licensees is required to pay in respect of any Album or any Single Record or EP hereunder shall exceed the applicable maximum aggregate copyright royalty rate hereinabove specified, then Priority or its Licensees shall have the right to deduct such excess from the aggregate copyright royalty rate for the Compulsory Compositions, if any, contained thereon; to the extent Priority is unable to recover all of such excess from the aggregate copyright royalty rate for the Compulsory Compositions, if any, contained thereon, Priority shall have the right to deduct the additional payments required to be made by Priority from any royalties or other sums payable to Tercer under this Agreement.

(e) Notwithstanding anything in the foregoing provisions of this Paragraph 15 to the contrary, if a particular selection recorded hereunder is embodied more than once on a particular record (whether as an instrumental version, new arrangement, reprise, new, added or deleted lyrics, a capella version or remix version) Priority shall pay mechanical royalties in connection therewith at the applicable rate for such composition as though the selection was embodied thereon only once.

(f) Any assignment made of the ownership or copyrights in, or the rights to license or administer the use of, any Compositions shall be subject to the terms and provisions hereof.

(g) Statements and accountings with respect to copyright royalties payable in connection with Compositions contained on Records sold hereunder shall be rendered on a quarterly basis, but otherwise in accordance with the provisions of Paragraph 9 above.

(h) The provisions of this Paragraph 15 shall constitute and are



hereby accepted by Tercer on behalf of each other owner of any Compositions or any rights therein, as full compliance by Priority or its Licensees with all of Priority's or its Licensees' obligations, under the compulsory license provisions of the copyright laws of the United States or otherwise, arising from any use by Priority or its Licensees of the Compositions under this Agreement. -

16. Legal and Equitable Relief. Tercer acknowledges that the rights and privileges granted to Priority under the terms hereof, are of a special unique, unusual, extraordinary and intellectual character which gives them a peculiar value, and that, in the event of a breach by Tercer of any material term, condition, representation, warranty or covenant contained herein, Priority will be caused irreparable injury and damage. Tercer expressly agrees that Priority shall be entitled to seek the remedies of injunction and other equitable relief to prevent or remedy a breach of this Agreement, which relief shall be in addition to any other rights or remedies, for damages or otherwise, which Priority may have.

17. Assignment. Priority may assign this Agreement or parts thereof to any third party or to any subsidiary, affiliated or controlling corporation or to any person owning or acquiring all or substantially all of the stock or assets of Priority. Priority may also assign its rights hereunder to any of its Licensees to the extent necessary or advisable in Priority's sole discretion to implement the license granted. In the event Priority assigns its obligation pursuant to this provision Priority shall remain secondarily liable for its obligations hereunder. Tercer may not assign its rights or obligations under this Agreement; provided, however, upon prior notice to Priority, Tercer may assign its right to receive money hereunder.

18. Notices. Except as otherwise specifically provided herein, all notices hereunder shall be in writing and shall be given by registered or certified mail and telefax at the respective addresses hereinabove set forth, or such other address or addresses as may be designated by either party, provided that any royalty statement may be sent by regular mail. Such notices shall be deemed given when mailed, received by telefax except that notice of change of address shall be effective only from the date of its receipt. A copy of all notices given by Tercer to Priority must be sent to Hall, Dickler, Lawler, Kent & Friedman, 2029 Century Park East, Suite 3590, Los Angeles, California 90067, Attention: Fredric W. Ansis, Esq., telefax number (310) 203-8559. A copy of all notices given by Priority to Tercer shall be sent to Hansen, Jacobson, Teller and Hoberman, 450 North Roxbury Drive, 8th Floor, Beverly Hills, California 90210, Attention: Kenneth B. Hertz, Esq., telefax number (310) 276-8310.

19. Failure of Performance. The failure by either party to perform any of its obligations hereunder shall not be deemed a breach of this Agreement unless such party's written notice of such failure to perform and such failure is not corrected within thirty (30) days from and after receipt of such notice, or, if such breach is not reasonably capable of being cured within such thirty (30) day period, the defaulting party does not commence to cure such breach within such thirty (30) day period and proceed with reasonable diligence to complete the curing of such breach

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thereafter. Notwithstanding anything to the contrary contained herein, the cure period for Priority's failure to pay money due to Tercer hereunder shall be ten (10) business days.

20. Tercer's Logo. Priority will print Tercer's logotype "FUNKENTELECHY" (or, prospectively only, such other trademark designated in writing and owned by Tercer ("Logo") prominently on the record labels and Album covers used for Records released hereunder. Any such use of the Logo shall be without any payment to Tercer or any other party with respect to Records released hereunder. Priority shall have the right, at its election to indicate that such Records are manufactured and/or distributed by Priority. Tercer warrants, represents and agrees that: (a) Tercer possesses all rights in and to the use of the Logo, (b) Tercer has not and will not authorize or consent to the use of the Logo by any other person in connection with the manufacture and sale of Records embodying the Masters hereunder, (c) Tercer has the right to make the grant to Priority the rights set forth in this Paragraph; and (d) The Logo, wherever used by Priority or its Licensees, will be deemed to be an item of "Materials" covered by Tercer's warranties, representations and indemnification obligations hereinabove.

21. Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

(a) "Album" - shall mean a Record in any configuration embodying not less than eight (8) to (10) Masters, packaged as a single unit. Except as specified in Paragraph 15(d) above, multiple Records sets intended to be released, packaged and sold together for a single overall price shall be deemed to be the equivalent of one (1) Album for the purposes of this Agreement but shall not be recorded or delivered without Priority's prior written consent.

(b) "Budget-line Record" - a Record bearing a Retail Selling Price which is less than sixty-five (65%) percent of the Retail Selling Price of top-line Records embodying performances of "pop" artist released by Priority or its Licensees.

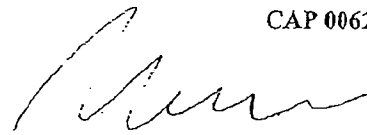
(c) "Composition" - a single musical composition, including all spoken words and bridging passages and including a medley embodied on the Masters.

(d) "Container charge" - with respect to Records in all configurations, twenty (20%) percent of the applicable Retail Selling Price of such Records.

(e) "EP" shall mean a Record, in any configuration, embodying no fewer than four (4) Masters and no more than seven (7) Masters or the tape record or compact disc equivalent thereof.

(f) "Licensee(s)" - includes Priority's licensees.

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(g) "Long Play Single" means a ten (10") inch or twelve (12") inch Single Record, that is not a seven (7") inch Single, EP or an Album.

(h) "Master(s)" - each and every recording of sound listed on Schedule A. The word "Master" includes the original recording and all derivatives therefrom.

(i) "Mid-line Records" - a Record bearing a Retail Selling Price which is at least sixty-five (65%) percent but not more than eighty (80%) percent of the Retail Selling Price of top-line Records released by Priority or its Licensees.

(j) "Net Sales" - shall refer to one hundred (100%) percent of aggregate sales for which Priority has been paid or credited in each applicable royalty category less returns for full credit and reserves against anticipated returns and credits. Unless otherwise specifically provided for hereinabove, Tercer's royalties hereunder with respect to the computation of Licensee sales of Records shall be computed and paid on the same percentage of sales as such Licensee shall utilize in computing and paying to Priority royalties in respect of such Records; provided, however, for purposes of determining Tercer's Royalty, Priority's royalty rate will be "grossed-up" if said percentage is less than one hundred percent (100%).

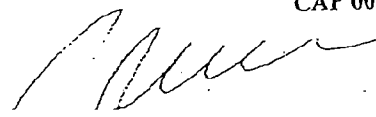
(k) "Person" - any individual, corporation, partnership, association or other organized group of persons or legal successors or representatives of the foregoing.

(l) "Producer" - includes, individually and collectively, all producers of the Masters.

(m) "Record(s)" as a noun, means any device by which sound may be recorded for later transmission to listeners, whether now known or unknown and howsoever used, whether embodying sound alone. The noun "Record" does not include a "Master" as defined above.

(n) "Retail Selling Price" - with respect to a particular Record shall mean (i) for Records sold in the United States, the suggested retail selling price or suggested retail list price, as the case may be; and (ii) with respect to Records sold for distribution outside of the United States, the suggested retail list price of such Records, in the country of manufacture, the United States or the country of sale, as Priority is paid. If in a particular country a different base than the suggested retail list price is used for computing mechanical royalties on the Records concerned by agreement between record manufacturers and a licensing organization, e.g., BIEM, Priority will use that base instead of a suggested retail list price as the base for defining the retail list price in computing Tercer's royalties if no suggested retail list price is applicable to them. If neither a suggested retail list price nor an agreed mechanical royalty base is applicable to the Records concerned, the consumer selling

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price to the public will be used as the basis for computing Tercer's royalties on the applicable Records sold hereunder. Notwithstanding anything to the contrary contained herein, the Retail Selling Price with respect to Records in the form of compact discs, digital audio tapes and digital compact cassettes or other new configurations shall be eighty-five (85%) of the suggested retail selling price or suggested retail list price, as the case may be.

(o) "Royalty Base Price" - the applicable suggested Retail Selling Price of Records less all taxes and less the applicable container charge.

(p) "Sales Through Normal Retail Channels" shall mean sales of Records at full retail price suggested by the manufacturer in the United States of America.

(q) "Side" - a Recording of sufficient playing time to constitute one (1) selection of not less than two and one-half (2-1/2) minutes of continuous sound.

(r) "Single" or "single record" means a Record, in any configuration, size or playing speed, which embodies therein not more than three (3) different selections.

(s) "Special Markets Plan" - means a marketing plan designed for ultimate distribution of all types of Records to consumers through such methods, including, but not limited to, methods commonly known in the recording industry, key outlet marketing and methods involving television advertised Records released in conjunction with a special television advertising campaign, and any combination of such methods or other similar plans and methods.

## 22. Miscellaneous.

(a) All remedies, rights, undertakings, obligations, and agreements contained in this Agreement shall be cumulative and none of them shall be in limitation of any other remedy, right, undertaking, obligation or agreement of either party. The headings of the paragraphs hereof are for convenience only and shall not be deemed to limit or in any way affect the scope, meaning or intent of this Agreement or any portion thereof.

(b) It is understood and agreed that in entering into this Agreement, Tercer has, and shall have, the status of an independent contractor and nothing herein contained shall contemplate or constitute a partnership or joint venture or employment relationship between Tercer and Priority.

(c) Those provisions of any applicable collective bargaining agreement between Priority and any labor organization which are required, by the terms of such agreement, to be included in this Agreement shall be deemed incorporated herein.

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(d) This Agreement has been entered into in the State of California, and the validity, interpretation and legal effect of this Agreement shall be governed by the laws of the State of California applicable to contracts entered into and performed entirely within the State of California. The California courts, only, will have jurisdiction of any controversies regarding this Agreement; and, any action or other proceeding which involves such a controversy will be brought in the courts located within the State of California, and not elsewhere. Any process in any action or proceeding commenced in the courts of the State of California arising out of any such claim, dispute or disagreement, may, among other methods, be served upon Tercer by delivering or mailing the same, via registered or certified mail, addressed to Tercer at the address first above written or such other address as Tercer may designate pursuant to Paragraph 19 hereof. Any such delivery or mail service shall be deemed to have the same force and effect as personal service within the State of California.

(e) This Agreement shall become effective only when executed by an authorized agent of Tercer and an authorized signer on behalf of Priority.

(f) This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and cannot be changed or terminated by Tercer except by an instrument signed by the party to be charged. A waiver by either party of any term or condition of this Agreement in any instance shall not be deemed or construed as a waiver of such term or condition for the future, or of any subsequent breach thereof.

(g) Except for Tercer's name and likeness approval in Paragraph 6 above, wherever in this Agreement Tercer's approval or consent is required, such approval or consent shall not be unreasonably withheld. Tercer shall give Priority written notice of approval or disapproval within seven (7) business days after such consent or approval is sought by Priority. In the event of disapproval or denial of consent, the reasons therefor shall be stated by Tercer in writing. Failure to give such consent or approval within the aforesaid period shall be deemed to be consent or approval by Tercer.

23. Warner Bros. Records Override. Reference is hereby made to the Settlement Agreement dated as of August 18, 1982 by and between WBR, George Clinton professionally known as "Funkadelic" ("Clinton"), William Collins professionally known as "Bootsy" Collins, Lawrence Troutman and Lester Troutman recording together as "Zapp," Thang, Inc., P-Funk Inc. and Rubber Band Music, Inc. ("WB Settlement Agreement"), a copy of which is attached hereto as Schedule D, and the Override Agreement dated as of August, 1982 by and between WBR and Tercer ("WB Override Agreement"), a copy of which is attached hereto as Schedule E. Tercer hereby authorizes Priority to make direct payment to WBR for the royalty obligation specified in the WB Settlement Agreement as modified by the WB Override Agreement with respect to the distribution of Masters in the Territory.



("Override Royalty"). The parties acknowledge that such Override Royalty shall be payable by Priority from the first Record sold and that at such point as Warner Bros. has been paid Two Hundred Eighty-Three Thousand Three Hundred Thirty-Three Dollars and Thirty-Four Cents (\$283,333.34) the Override Royalty obligation shall cease. Tercer acknowledges that the payments made by Priority pursuant to this paragraph shall be in reduction of Priority's royalty obligation to Tercer pursuant to Paragraph 8 above and, to the extent such payments are not reducible from a credit balance in Tercer's royalty account, shall be deemed to constitute additional Advances hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on or about the day and year first above written.

PRIORITY RECORDS, INC.

By 

Its \_\_\_\_\_

TERCER MUNDO, INC.

By 

Its \_\_\_\_\_

CONSULTATION: Priority agrees to meaningfully consult with Tercer with respect to Priority's marketing plans hereunder.

Logo: Tercer's logo shall appear where Priority's logo appears subject the cure provision above.

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*Tercer Mundo*

EXHIBIT "A"

- |  |  |
|--|--|
| Get Dressed                                    | Crush You  |
| Man's Best Friend                              | Trombipulation   |
| Loopzilla                                      | Longer Way Around  |
| Pot Sharing Tots                               | Agony of Da Feet   |
| Computer Games                                 | Nu Doo Review  |
| Atomic Dog                                     | Lets Play House  |
| Free Alterations                               | Body Language  |
| One Fun at a Time                              | Peak-a-Groove  |
| Put Your Own Puzzle Together                   | Electric Cuties  |
| You Make Me Happy (You Got<br>the Love I Need) | Electric Spanking  |
| We Dance so Good Together                      | Funk Gets Stronger   |
| Hotel Eternity                                 | (Glory Halla Stoopid) (Pin the Tale<br>on the Funky)             |
| Breakout                                       | Party People   |
| You Gotta Take Chances                         | Theme From the Black Hole  |
| Woo Together                                   | May We Bang You  |
| I'll Be With You                               | Big Bang Theory  |
| Hold On  | The Freeze (Sizzalean Mean)                                      |
| Much Thrust                                    | Colour Me Funky  |
| Happy to Have (Happiness on<br>Our Side)       | Freak of the Week  |
| Insurance Man for the Funk                     | Knee Deep  |
| (Reprise) Much Thrust                          | Uncle Jam Wants You  |
| Up for the Down Stroke                         | Field Maneuvers  |
| Horny Horns                                    | Think it Ain't Illegal Yet                                       |
| Pleasure Principle                             | Mt. Wiggles  |
| Love Amnesia                                   | Rumpotsteelskin  |
| Cookie Jar                                     | Water Sign   |
| Mrs. Understanding                             | Aqua Boogie  |
| Are You Dreaming                               | One of Those Funky Thongs  |
| Mr. Melody Man                                 | Liquid Sunshine  |
| Booty Snatchers                                | The Motor Booty Affair   |
| Huff-n-Puff                                    | Deep   |
| Ridin' High                                    | One Nation Under a Groove  |
| No Rump to Bump                                | Groovallegiance  |
| Don't Ever Stop (Lovin' me -<br>Needin' Me)    | Who Says a Funk Band Can't Play Rock                             |
| Ridin' High                                    | Promentolshitbackwashpsychosisenemasqu.<br>(The Doo Doo Chasers) |
| Disco To Go                                    | Info You   |
| Warship Touchante'                             | Cholly (Funk Getting Ready to Roll)                              |
| Nappy  | Bop Gun  |
| Birdie   | 3 Blind Mice   |
| Just Like You                                  | Wizard of Finance  |
| When You're Gone                               | Funkentelichy  |
| Amourous                                       | The Placebo Syndrome   |
| Never Buy Texas (From a Cowboy)                | Flashlight   |
| Responsible                                    | This is the Way We Funk. With You                                |
| Party  | Dr. Funkenstein  |
| Mother May I                                   | Children of Production   |
|  | Star Child   |

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*6 OF EXHIBIT "3" 64*

EXHIBIT "A"  
Continued

Swing Down Sweet Chariot  
P-Funk  
The Landing (Off the Holy  
Mothership)  
Fantasy is Reality  
Gamin' on Ya  
Children of Production  
Dr. Funkenstein  
Getting to Know You  
Do That Stuff  
I've Been Watching You  
P-Funk (Wants to Get Funked Up)  
Star Child  
We Want the Funk (Tear The Roof Off)  
Night of the Thumpasorus People  
Super Groovalisticprosifunkstication  
Up For the Down Stroke  
The Goose  
Adolescent Funk  
If You Got Funk You Got Style  
Chocolate City  
Ride On  
Together  
Side Effects  
What Comes Funky  
Met Me Be  
If It Don't Fit  
Big Footin

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7 - 11 - 1971 "3" LS

AMERICA ~~ETAS~~ <sup>ETAS</sup> IT'S YOUNG (Beane/Clinton/Worrell)  
 BALANCE (Worrell/Clinton)  
 BIOLOGICAL SPECULATION (Clinton/Harris)  
 CAN YOU GET TO THAT (Clinton/Harris)  
 COMIN' ROUND THE MOUNTAIN (Clinton/Cook)  
 EVERYBODY IS GOING TO MAKE IT THIS TIME (Clinton/Worrell)  
 EVERYTHING IS ON THE ONE (Clinton/Collins/Worrell) 66 2/3 %  
 FOOT SOLDIERS (Clinton/Vitti)  
 FREE YOUR MIND AND YOUR ASS WILL FOLLOW (HAZEL/Clinton/Ross)  
 FUNK UNTIL THE EDGE OF TIME (Pannell/Dunbar/Washington)  
 FUNKIN FOR FUN (Clinton/Shider/Goins)  
 GETTEN TO KNOW YOU (Clinton/Shider)  
 HANDCUFFS (H Laughlin/Clinton/Goins)  
 HARDCORE JOLLIES (Clinton/Worrell)  
 HELP FROM MY FRIENDS (Lampkin/Dunbar)  
 HIT IT AND QUIT IT (Clinton/Nelson)  
 HOLLY WANTS TO GO TO CALIFORNIA (Worrell/Clinton)  
 I CAN MOVE YOU IF YOU LET ME (Collins/Worrell/Mosson/Clinton)  
 I GOT A THING YOU GOT A THING EVERYBODY GOT A THING (Haskin)  
 I'M NO BE HITTING IT (Clinton/Dunbar/Shider)  
 IF YOU DON'T LIKE THE EFFECTS DON'T PRODUCE THE CAUSE (Shider/Clinton)  
 JOYFUL PROCESS (Worrell/Clinton)  
 LIQUID SUNSHINE (Brown/Clinton/Vitti/Bishop)  
 LOOSE BOOTY (Beane Harold/Clinton)  
 MAGGOT BRAIN (Hazel/Clinton)  
 MAY WE BANG YOU (Clinton/Bishop/Collins/Therd on)  
 MISS LUCIFER'S LOVE (Clinton/Haskins)  
 MOMMY WHAT A FUNKADELIC (Hazel/Clinton)  
 MR WIGGLES (Happon/Worrell/Clinton)  
 MUSIC FOR MY MOTHER (Hazel/Nelson/Clinton)  
 PLAY ME OR TRADE ME (Ford Ronald/Dunbar/Clinton)  
 PRELUDE (Clinton/Worrell)  
 QUALIFY AND SATISFY (Hazel/Clinton)  
 SIR NOSE D VOIDOFFUNK PAY ATTENTION (Worrell/Collins/Clinton)  
 SMOKEY (Shider/Clinton)  
 SOME MORE (Harris/Clinton)  
 SOUL MATE (Clinton/Cook)  
 SUPER STUPID (Hazel/Ross/Nelson/Clinton)  
 THAT WAS MY GIRL (Barnes/Clinton)  
 UNFUNKY UFOS (Collins/Shider/Clinton)  
 WAKE UP (CLINTON/Beane/Worrell/Jackson)  
 WARS OF ARMAGEDDON (Fulwood/Ross/Clinton/Worrell)  
 WHAT IS SOULD (Hazel/Clinton/Nelson)  
 WOLF TICKETS (Ali/Johnson/Clinton)  
 WONDERFUL ONE (Dunbar/Mosson)  
 YOU AND YOUR FOLKS ME AND MY FOLKS (Haskins/Nelson/Clinton)  
 YOU HIT THE NAIL ON THE HEAD (Clinton/Haskins/Worrell)  
 YOU'RE A FISH AND I'M A WATERSIGN (Shider/Clinton/Griffith/Theracor)  
 YOU SCARED THE LOVIN OUTTA ME (Goins)

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