

REP SALES, INC.
d/b/a RYKO DISTRIBUTION
30 Irving Place
Third Floor
New York, New York 10003

Dated as of February 22, 2007

DM Records
301 Yamato Road
Suite 1250
Boca Raton, FL 33431
Phone: (561) 988-1820
Attn.: Mark Watson

Re: REP SALES, INC. d/b/a RYKO DISTRIBUTION -w- DM RECORDS

Dear Mark:

The following, when signed by you on behalf of DM Records ("DM", "Grantor" and/or "you") and by us on behalf of REP Sales, Inc. d/b/a Ryko Distribution ("REP"), will modify the exclusive distribution agreement (the "Agreement") dated as of November 1, 1999 by and between DM and REP, as amended. All of the terms defined in the Agreement will have the same meaning in this modification unless otherwise stated herein.

1. The Term of the Agreement with respect to all recordings subject to the Agreement is hereby extended for an additional, consecutive period of two (2) years expiring on March 1, 2009.
2. The Agreement is hereby modified to include the following provision:

"Notwithstanding anything to the contrary set forth in the Agreement, Grantor and REP hereby agree that from time to time during the Term, Grantor shall determine those Products that Grantor desires to make available for sale via download, ringtones, ringbacks, and the like in the Territory and shall provide REP with all rights, materials and information necessary for REP to copy, store, prepare, deliver and otherwise make such Products available for sale via download, ringtones, ringbacks, and the like. Grantor shall cooperate with REP to ensure that all such materials and information are provided to REP in the form, format(s) and manner REP reasonably requires from time to time in order to make Products so available. Grantor understands that for the purposes of sales of Products via download, ringtones, ringbacks, and the like, the term "Products" shall be deemed to include units sold as full albums and "bundles" in addition to units sold as one or more individual recordings otherwise embodied in Records furnished to REP hereunder. The parties hereto understand that the rights being granted by Grantor to REP for so-called digital distribution

hereunder shall be non-exclusive except that the parties may not service Products to the same ISP (Internet Service Provider) and Grantor must elect and notify REP in writing, as between Grantor and REP, which entity will service such provider with Products on an exclusive basis for the remainder of the Term of this Agreement."

3. Paragraph 7 of the Agreement is hereby modified such that subparagraph 7(a) shall apply strictly to physical Products distributed by REP under the Agreement. With respect to REP's distribution of Products in non-physical form (i.e., digital downloads ringtones, ringbacks and the like), REP shall charge and retain for itself a distribution fee of twelve and one-half percent (12 1/2%) of net sales (i.e. (a) the number of units of Products sold via download multiplied by (b) the price (after all rebates, adjustments, settlements, allowances, credits and discounts (other than cash discounts) approved by Grantor) charged by REP to REP's customers for all such sales of Products.

4. Section 8bi of the Agreement shall be deleted in its entirety and replaced with the following provision:

"(i) REP will compute proceeds of sale, less actual returns and reserves and unpaid billing, and further deduct therefrom distribution fees and all other costs or expenses incurred by REP on Grantor's behalf or other offsets owed to REP (including, without limitation and if applicable, all content preparation charges and other amounts actually paid or incurred by REP in connection with the preparation or sale of units of Products via download and the like) and the balance (if any) shall be payable to Grantor. REP will be responsible for the costs of unpaid billing, if any, provided that REP receives reciprocal treatment from its collection and fulfillment licensee or provider, currently WEA."

5. It is hereby understood and agreed between the parties that in calculating the proceeds of sale earned by Grantor in connection with REP's distribution of Products in a non-physical form, REP shall not cross-collateralize such proceeds or any amounts owed by Grantor in connection with non-physical distribution with any amounts earned or owed by Grantor in connection with REP's distribution of Products in a physical form.
6. Except as expressly provided in this modification, all of the terms and

conditions set forth in the Agreement will remain in full force and effect.

Very truly yours,

REP SALES, INC.
d/b/a RYKO DISTRIBUTION

By



ACCEPTED AND AGREED:

DM RECORDS

By

(An authorized signatory)