[Producer]

As of ___________, 2016

[Author]
[Address]

Re: "[Project]" Musical

Dear ______________:

This letter sets forth the material terms for the agreement between [Producer] ("**Producer**") and you ("**Author**") in connection with a live stage musical (the "**Play**") currently entitled _______________________, for which Author has written the book, music and lyrics.

1. Author hereby grants Producer an exclusive option to acquire an exclusive license of the live stage and customary ancillary rights to the Play for an initial option period commencing on the date hereof and continuing for one (1) year. In consideration therefor, Producer shall pay Author $_________ promptly following full execution hereof. Producer shall have the right to extend the initial option period for up to four (4) additional consecutive one (1) year periods by paying an additional $________ for each such extension prior to the expiration of the then-current option period. The option period will be extended by developmental productions of the Play in accordance with the Approved Production Contract for Musical Plays of The Dramatists Guild, Inc. (the "**APC**"). All of the foregoing option payments shall be non-returnable advances against Author's royalties (in excess of minimum weekly guarantees if royalties are based on weekly operating profits). Producer will exercise its option hereunder by presenting a paid, public performance of a commercial production of the Play in the United States or Canada (collectively, "**US/Canada**") or the British Isles prior to the expiration of the option period (as it may be extended).

2. Except as otherwise expressly provided herein, Author will be entitled to a royalty based on gross weekly box office receipts ("**GWBOR**", and as defined in the APC) equal to 4.5%, increasing to 6% at 110% recoupment; provided, that, at Producer's election, Author will be paid, in the alternative, a royalty equal to a minimum weekly guaranteed advance of $6,000 (or 2/3 thereof for the British Isles and 1/2 thereof for non-first class productions, and in any event reduced proportionately for weeks of fewer than 8 performances) against 15.56% of weekly operating profits, increasing to 17.78% at 110% recoupment, calculated on customary performance cycles. For touring engagements for which Producer is paid on a company share basis, all of the foregoing will be calculated on the basis of company share in lieu of GWBOR. If Producer elects to pay royalties based on weekly operating profits, Producer may further elect (in its discretion) to use an amortization formula (which Producer may impose, retroactively, no later than 2 weeks after the end of the second performance cycle after the opening of the subject company), pursuant to which (i) the minimum weekly guaranteed advance will be increased by 150% while the amortization formula is applied, and (ii) the amortization factor (basically an increase in the weekly operating expenses for purposes of calculating weekly operating profits until recoupment) will equal 2% of the company's production costs. Starting at 110%

recoupment, the aggregate amount by which all royalty recipients' pre-recoupment royalties from the subject company have been reduced as a result of amortization will be repaid from 10% of the net profits of such company (to be allocated among such royalty recipients on a proportionate basis based on their respective deferred royalties) until they have received 110% of such aggregate amount. Notwithstanding the foregoing, for any engagement at a not-for-profit regional theater or similar developmental theater, Author will accept the collective royalty customarily paid to the authors of new musicals by such theater.

3. Once Producer has vested by presenting the initial commercial production of the Play in either the US/Canada or the British Isles, Producer will be entitled to a share of the gross revenues from the disposition of Subsidiary Rights (as defined in the APC) worldwide, after deduction only of customary agents' commissions, including commissions payable to a stock and/or amateur licensing agent or any other agent or representative (not to exceed 10% of such gross receipts in the aggregate, except with regard to amateur licenses, for which such commissions shall not exceed 20% of such gross receipts in the aggregate). Producer's share of such revenues shall be equal to either (i) one of the "Alternatives" set forth in Section 11.03(c) of the APC, with all time periods set forth therein measured from the date of the Last Performance (as defined below) in such territory (the "**APC Election**"), or (ii) at Producer's election (the "**MBPC Election**"), 40% of such revenues from Subsidiary Rights dispositions made from the date hereof until ten (10) years after the date of the Last Performance in such territory, decreasing to 35% for years 11 and 12, 30% for years 13 and 14, 25% for years 15 and 16, and 20% for years 17 and 18. With respect to each territory in which Producer presents the Play, "**Last Performance**" means the later to occur of (A) the last performance of the Play presented by or under the authority of Producer in the US/Canada (or in the British Isles if Producer does not present the Play in the US/Canada) or (B) with respect to Subsidiary Rights revenues from any territory outside the US/Canada (or outside the British Isles if Producer does not present the Play in the US/Canada) in which Producer presents or licenses the Play, the last performance by or under the authority of Producer in such territory. Author will be entitled to the Subsidiary Rights revenues remaining after deduction of agents' commissions, Producer's share, any share required to be paid to Actors' Equity, and any other deductions approved in advance by Author (Author pre-approve a participation of up to 5% of 100% of subsidiary rights revenues for a director).

4. Producer will have the right to mount readings, workshops and developmental productions of the Play prior to presenting an initial commercial production in the US/Canada or the British Isles. Once it has opened such commercial production, Producer will have the right to present additional first class, second class and non-Equity productions of the Play (i) in the US/Canada, British Isles, Australia and New Zealand under the royalty terms set forth in paragraph 2 above (except Author's minimum weekly guaranteed advance for Australia and New Zealand will be two-thirds (2/3) of the applicable amounts therefor in the US/Canada), and for option periods and payments for such territories (other than the initial territory) to be negotiated in good faith; and (ii) in other customary territories where Producer will want to have production rights, on customary terms to be negotiated in good faith.

5. Provided that Producer exercises its option in any territory on a timely basis, Producer will retain its rights in such territory as long as it presents the Play therein on a continuous basis, subject to customary hiatus periods.

6. Producer will have the right to have cast albums (which term shall be understood to include so-called “concept albums” for all purposes hereof) produced, and the aggregate royalty payable by the record company to Producer and Author for any cast album (other than mechanical royalties, which will be retained solely by Author as composer and lyricist) will be split 60% to Author and 40% to Producer, after the deduction (off-the-top as between Author and Producer) of all third party participations in such aggregate royalty and all expenses actually incurred by Producer in connection with such cast album.

7. Producer will have the right to create and sell merchandise related to the Play, and Author will be entitled to 10% of the sales in the theater (less taxes), but no more than 50% of Producer’s license fee from the merchandise company for such in-theater sales, and 50% of Producer’s net receipts from sales of merchandise elsewhere.

8. Author will have customary approvals over director, designers, choreographer, principal cast, and any and all replacements of the foregoing personnel, such approvals not to be unreasonably withheld or delayed.

9. Once Producer has vested, the rights to the book, music and lyrics of the Play (exclusive of music publishing rights and other so-called “small” rights to such music and lyrics, which will be retained solely by Author as composer and lyricist), will merge and will thereafter be exploited and controlled by Author, subject to Producer’s rights hereunder. Notwithstanding the foregoing, if merger occurs hereunder prior to the official press opening of Producer’s initial first class production of the Play, and if any element of the Play is removed or replaced following such merger but prior to such official press opening, such element shall be deemed not to have merged with the other elements of the Play.

10. Author represents and warrants that the Play will be original with Author and will not infringe or violate the rights of any third party. Author will have no right of rescission or termination of this agreement or the rights granted hereunder, and will have no right of injunctive or other equitable relief with respect to Producer’s development, production and exploitation of the Play and any rights therein.

11. The parties hereto intend to negotiate and enter into a long-form agreement containing the foregoing terms, which agreement will contain all other terms and conditions customarily included in agreements of this nature, subject to good faith negotiations, including without limitation: additional representations and warranties by Author, mutual indemnities, Producer’s advertising and promotional rights, Producer’s right to replace Author as the author of any component (i.e., book, music or lyrics) of the Play and/or to engage additional authors to work with Author on any such component, Author’s billing, house seats and travel, supplemental foreign territory terms, and Producer’s right to produce any audiovisual versions of the Play. Until such time as such long-form agreement is executed, this agreement shall be binding upon the parties hereto.

12. This agreement represents the entire agreement of the parties hereto and supersedes all prior agreements, oral or written, between the parties with respect to the subject matter hereof. This agreement shall not be altered, modified or changed except in writing signed by all parties. This agreement shall be governed by the law of the State of New York applicable

to contracts made and performed entirely therein. This agreement may be executed in several counterparts, all of which when signed will constitute a single agreement. Facsimile and PDF copies of this agreement and signatures thereon will be valid and binding on the parties.

Please sign where indicated below to confirm your agreement to the foregoing.

Sincerely,

[PRODUCER]

By:________________________________
An Authorized Signatory

ACCEPTED AND AGREED:

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[Author]