American Bar Association
Forum on the Entertainment and Sports Industries
2016 Annual Meeting
October 6-8, 2016 (Las Vegas, NV)

Legal Issues in Live Entertainment II: Building a Broadway Global Brand

Saturday, October 8, 2016
10:45am-12:15pm

Moderator

M. Graham Coleman
Partner, Davis Wright Tremaine (New York, NY)

Panelists

Robbin Kelley
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Executive Vice President of Business Affairs and General Counsel, Imagem USA (New York, NY)
American Bar Association
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Legal Issues in Live Entertainment II: Building a Broadway Global Brand

Saturday, October 8, 2016
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Program Description
And Learning Objectives

While Broadway remains the “make or break” location for theatrical productions, in particular with respect to musical theater, producers are increasingly setting their sights far beyond Broadway, and even traditional English language markets. Discover the revolution that is merging in theater and examine the boom in productions launching in continental Europe, Asia, and elsewhere. Take an insider’s look at how savvy producers are developing their shows into global brands.
Setting the Stage

- The Dramatists Guild Approved Production Contract (APC) approach – limited by territory, with assumptions about language/cultural limitations

- New approaches with expanded territorial reach, arising from:
  - Increased payments to authors and the search for “fair exchange”
  - A growing number of global-operating producers
  - Review of sample author agreement

Securing an International Sales Agent

- Advantages to “boots on the ground” in an offshore territory

- In terms of creative control, sales agent knows the territory and can approve creative team and cast, and can make sure the licensee does not make changes in the show

- Approval of translation: need for sensitivity to local language issues; must have translation back into English.

- Number of musicians; question of prerecording music to reduce costs.

- Financial protections/enforcement
  - Substantial advance
  - Letters of credit, confirmed by US bank
  - Where English language touring production is going to foreign country, must be paid in full before company leaves the country.
  - Know your customer
• Other Financial Issues
  - Lock in exchange rate
  - Contractual provision for blocked funds
  - Foreign withholding tax and US tax credit

ASPECTS OF FOREIGN PRODUCTION LICENSES

• Stringent creative approvals (often requiring re-hiring of the Broadway team or use of their designs, direction, choreography) - especially in main territories

• Purchase or lease of Broadway or touring set - this is a way to generate additional income to the "mother company"

• Strong termination rights

• Ability to participate / coordinate in sponsorship efforts - again if an international company - there may be partners who want first shot at sponsoring and or have first opportunity rights from their relationship with the corporate parent

• Approval of marketing efforts to make sure "on brand" / consistent with the show

• Building in the ability to have the licensee pay for the licensor's necessary and reasonable travel to exercise their creative approvals

• Merchandise rights usually a bigger revenue stream for replica first class productions. Negotiate separately and can also license Broadway designs / logo

• Reporting requirements - big issue - especially in China, etc. where no one wants to provide actual #'s. Need to be creative on how to ensure compliance

• Compliance with the FCPA - this is becoming a more and more important issue, especially for corporate producers like Disney, Universal, DreamWorks that are publicly traded

AND THE FINAL FRONTIER – INITIATING “BROADWAY” SHOWS IN FOREIGN TERRITORIES...
The Broadway Musical: Composer, Lyricist and Songwriter Royalties and Deals

By:
Todd Brabec
Jeff Brabec

Broadway and the Road, a 2.3 billion dollar business in the United States, represents for composers, lyricists and songwriters involved in the field, a significant source of royalties and in the case of a hit, a lifetime annuity. Each year, Broadway produces many new musicals in addition to revivals of musicals from the past. Most of these shows never recoup their financial investment but when a "Beautiful: the Carole King Musical", "Wicked", "Jersey Boys", "Lion King", "South Pacific", "Phantom of the Opera" or "Mamma Mia" succeeds, the financial returns can be staggering both for investors as well as creators as well as other royalty participants.

This article will discuss the many different types of music licensing deals, contracts and practices that govern music in the theatre.

Types of Broadway Musicals

Musicals can take many forms with the particular form many times dictating the type of contract and royalty structure received by composers, lyricists and songwriters as well as the music publishers involved. The most common types of musicals are a new show with original music and lyrics ("Hamilton", "Kinky Boots", "A Gentleman's Guide to Love & Murder"), a "catalogue/jukebox musical" which uses pre-existing songs ("Beautiful: the Carole King Musical", "Motown the Musical", "Rock of Ages", "Jersey Boys", "American Idiot") and shows that combine new compositions with pre-existing works. In many cases, an additional royalty participant will also be involved in cases where the show is adapted from a work in another media such as a book, feature film, television program or comic book ("Aladdin", "School of Rock", "Rocky", "Doctor Zhivago", "the Lion King", "Beauty and the Beast", "Spider-Man: Turn Off the Dark", "the Addams Family", "Dirty Dancing"). This latter category sometimes uses the originally composed music as well as lyrics, other times uses entirely new compositions or utilizes a combination of both old and new.

Weekly Costs of a Broadway Musical

The starting point for most royalty calculations is the weekly operating costs of the musical. These costs are many and determine whether the show is making money, losing money or breaking even on a weekly basis. Most Broadway musicals’ weekly operating costs are in the area of $400,000-$750,000 but some shows are known to exceed $1,000,000 in a week.
A representative breakdown of the costs associated with a musical with weekly running expenses of $600,000 are as follows: Physical Production ($49,000/carpentry, electrical, etc.), Salaries($132,000/cast, general manager, stage manager, press agent, music director, musicians, etc.), Re-Occurring Fees($11,000/ music coordinator, technical supervisor, etc.), Taxes and Benefits($40,000/ union pension and welfare benefits, etc.), Rehearsals and Casting($1,000/ studio rental), Advertising and Promotion($120,000/ artwork, television media, marketing, photography, print media, website, etc.), Theatre Venue Expenses($190,000/ fixed weekly theatre charges, theatre share, local musicians and crew, etc.), General and Administrative Expenses($20,000/legal, accounting, payroll expenses, office charges, insurance, etc.), Royalties($35,000/author, producer, director, choreographer, music supervisor, original venue royalty, etc.) and Miscellaneous($2,000).

It is important to note also that there is a huge amount of money expended prior to the show's "opening night" and first week's operating costs. Those are the figures involved when you hear that a musical costs 10 to 20 million dollars in investors' money just to get the show to the Broadway opening. This is the total amount that investors need to recoup prior to the musical returning a profit.

These costs include any option fees paid (book writer, lyricist, composer), possible image and likeness royalties, fees payable to the organization that initially presented the production, scenery, props, costumes, sound, creative fees (lighting, sound, costume and scenic designers, musical supervisor, dance music arranger, orchestrator, choreographer, director, etc.), production fees (general manager, casting directors, production managers, accounting, legal, etc.), rehearsal salaries and fees, theatre rental, hauling and storage and general and administrative costs (executive producer and production consultant fees, office operating costs, payroll service, insurance, etc.). In some cases, the theatre itself has to be reconstructed which can lead to additional costs over and above those related directly to the musical.

Music Licensing Agreements

There are three basic contracts/license arrangements that cover most situations on Broadway. They are (1) the Dramatists Guild of America (DGA) Approved Production Contract (APC), (2) Royalty Pool arrangements and (3) Fixed Dollar royalty shows. Variations of these are found in practically all Broadway productions from original shows, to revivals to "catalogue musicals."

1. DGA/APC:

The Dramatists Guild of America is a professional association of playwrights, composers, lyricists and librettists for the stage. As part of its role, the DGA provides model contracts for all levels of production (Broadway, touring companies, amateur, etc.) and gives advice to members on how their contracts compare to industry standards. The "model contracts" are very comprehensive and are de-
signed to make sure creators receive fair compensation as well as retain significant control over their works. They cover every important area including advance payments, option periods, copyright ownership, royalty adjustments, production rights and subsidiary rights, among others.

The APC contract deals with what happens to productions before, during and after they are produced. When a Producer becomes interested in a property, he or she will enter into an APC to acquire an option to produce the play from the book writer, composer and lyricist. This option provides exclusive rights to produce the play as well as the time frame within which to do so. The APC requires certain minimum payments prior to the actual Broadway opening. The minimum option payments are $18,000 total for the Author (composer, lyricist and book writer combined) for the period of 12 months following the effective date of the contract, $9,000 total for a second consecutive 12-month period and $900 total per month for a maximum of 12 additional consecutive months. Option payments are non-returnable but shall be deductible from royalties.

For the first 12 out-of-town performance weeks prior to the Broadway opening, the composer, lyricist and book writer are guaranteed a total of $4,500 for each full performance week of 8 performances, pro-rated for weeks in which a smaller number of performances is given. Commencing with the 13th week, the three creative participants receive 4.5% of the Gross Weekly Box Office receipts (GWBOR) until such time as all production costs are recouped. Once the show recoups its entire investment plus a return on that investment (normally a figure of 110% of the total), the 4.5% figure is increased to 6% of the GWBOR with the composer, lyricist and book writer each receiving 2%.

A number of additional APC clauses affect royalties including how the initial writer guarantees are treated as well as the possibility of additional payments to the writers based on the amount of capitalization of the show. Keep in mind that the DGA contract is a model contract and not mandatory though numerous productions still use it. Many others use its provisions as a guide or as a starting point for negotiations. Also, for writers of a certain stature, as in other areas of Entertainment, "everything is negotiable."

A good example of how the DGA APC formula works is as follows: A new show opens on Broadway and is a smash hit. It has weekly box office grosses of $1.25 million. The composer and lyricist would receive 3% of this total (2/3 of the 4.5% royalty figure) prior to full recoupment and 4% of the total (2/3 of the 6% royalty figure) once the show finally recoups its total investment. In this example, the total weekly composer and lyricist pre-recoupment dollar figure would be $37,500 with the weekly post recoupment number at $50,000 (in each case less some minor deductions).

It is important to keep in mind that the copyright ownership of intellectual property is very different in the theatre world than in most other areas of entertainment. To quote the DGA, "The author (book writer, composer and lyricist) shall retain sole and complete title, both legal and equitable, in and to the play and all rights and uses of every kind except as specifically herein provided. Further all con-
tracts for the publication of the music and lyrics of the play shall provide that the copyright be in the names of the composer and lyricist". In recent years though, there have been exceptions to this long standing practice- namely motion picture and television studios where musicals are being made from feature films or television series where all of the original music was written under "work for hire" agreements or where "work for hire agreements" are a company's business norm when hiring writers to create original compositions.

2. Royalty Pools:

The most common type of formula being used on Broadway today is the "Royalty Pool" arrangement whereby all royalty participants (for example, music and lyric writers, book writer, director, choreographer, underlying rights owner, producer, etc.) share in an agreed-upon percentage of the weekly operating profits of the musical with certain guaranteed minimum per-point royalties. The total amount of money in the royalty pool is based on a show's operating profits, which is the difference between the Gross Weekly Box Office and the actual weekly running expenses of the show.

For example, a show grossing $1.25 million in GWBOR with operating costs of $700,000 would have operating profits of $550,000. If the royalty pool percentage for this show was 35%, the royalty participants would receive a total of $192,500 (35% of $550,000) with the investors receiving $357,500 (65% of $550,000).

Once the royalty pool percentage of GWBOR is set, all royalty participants are assigned points in the pool and distributions are made based on the number of points each participant has. If there were a total of 20 points and the composer and lyricist had 3 points each with the remaining 14 points allocated to all other royalty participants, the royalty split on $192,500 would be $28,875 to the composer, $28,875 to the lyricist and $134,750 payable to all others.

In addition, there is a minimum royalty (sometimes referred to as a "point") that must be paid to all royalty participants if the show is not running a weekly profit (i.e., it is breaking even or operating at a loss). This royalty is based on a set dollar value for each royalty point that a participant has in the pool. If the minimum per point value was $500, each party would multiply their points by $500 and that would be their respective royalty for that week. Finally, the royalty pool percentage can be increased once a show achieves 110%-125% full investor recoupment of total capitalization. For example, it can go from a 35% pool to a 40% pool. This minimum royalty clause insures that the royalty participants will receive some compensation during periods when the show is trying to find an audience, is struggling or is just in a temporary "down period". Occasionally, royalty participants may forego or reduce these minimums if it helps to keep the show open.

Royalty calculations and payments are normally paid after each four week performance period commonly referred to as a "cycle".
3. Fixed Dollar Shows/Combination with Royalty Pool:

In situations where the Broadway show is using pre-existing songs, the producer sometimes may try to negotiate a specified weekly dollar payment (e.g. $600 per song per week). Under such a plan, the Producer does not have to deal with a percentage of box office receipts formula or a royalty pool. Whether the show is a hit or a flop, the figure remains the same. These payments are normally based on an eight performance week and are reduced proportionally if there are less than eight.

In the case of so called "Catalogue Musicals", many times two formulas will be used. Well-known songs and songs integral to the story may be paid on a Royalty Pool basis or a percentage of box office receipts calculation (as in the DGA/APC discussed above) whereas other songs in the show receive Fixed Dollar weekly amounts. Obviously, this is an area for negotiation as it can have a significant effect on the amount of royalties a songwriter and his or her music publisher receive especially if the show is a hit.

Since it often takes years to develop a musical for presentation as a first run commercial production, the agreement for use of a pre-existing song in a musical will provide for a development period. For example, an agreement might read that the producer will have two (2) years to have the musical open on Broadway or other first run venue. During this period, the right to make theatrical use of the compositions often will be exclusive to the producer for live theatrical use and there will be a payment made to secure these rights (sometimes in the form of an advance, recoupable from future royalties).

Since you never know how long it is going to take to fully develop a theatrical musical, to say nothing of securing the necessary financing, the producer usually has an option to extend the development period for an additional period of time (one year, two years, etc.) with payment of an additional advance to the composers and lyricists (and/or music publisher, if applicable).

It should also be noted that, depending on the amount of money being paid for the commitment to be able to use the composition or compositions in the “to-be-developed musical,” the rights may or may not be exclusive since exclusivity ties up the composition for use in this area for a period of time with no guarantee that the show will actually be produced. Thus, the money being paid can be a very important issue when the producer introduces the concept of "exclusivity" into the negotiations as opposed to “the non-exclusive right to use the composition” in the show. For example, a license might read "Licensor grants Licensee the non-exclusive, limited right during the term and territory to use and perform the composition in live dramatico-musical performances of the specific Production. Licensor may grant others the right to use the composition in other live stage productions."

Subsidiary Rights/ Producer Vesting
It is important to remember that the Author (a term that includes the book writer, composer and lyricist jointly) owns and controls the play and has the right to exploit the work in other media or in other ways besides First Class live stage performances, including audio-visual productions (motion pictures, television, soundtrack albums), commercial use products (toys, games, clothes), stock, amateur and ancillary performances and performances in other territories, as well as revivals, remakes, prequels, sequels and spinoffs after the expiration of the Producer's right to produce the play in the originally agreed upon territory.

When a Producer has presented the show in the territory for a specific number of consecutive First Class Performances (a combination of out of town performances, previews, official Press Opening in New York City as well as regular performances), the Producer becomes "Vested" in subsidiary rights (assuming the producer is not in breach of any provision of the contract) and becomes entitled to certain decision-making and financial participation rights with respect to the disposition of Subsidiary Rights in the territory and, in some cases, the rest of the world. The Producer's participation is a specific percentage of the Author's compensation for media productions, stock and ancillary performances, amateur performances and commercial use products. The Producer also must be given a reasonable opportunity to consult fully with the Author in connection with the exploitation of such rights. Finally, there are limits placed on the length of time that a Producer continues to participate in Subsidiary Rights with the sole exception of media productions which continue in perpetuity. The "Vesting" concept recognizes the contribution that a Producer's successful production has made to the value of other rights in the play.

Grand Rights Song License Agreement

When a Producer wants to use a pre-existing composition in a musical, the negotiated agreement between the copyright owner (usually the music publisher or administrator) and the Producer is referred to as a Grand Rights License Agreement. (The term "grand rights" is used to distinguish dramatic performances, i.e., those within a musical play or other dramatico-musical work, from non-dramatic or small right performances, which are performances without any dramatic element (that is, no book, staging, costumes, dramatic gestures, etc.) that are most often licensed through a performing right society. This 8-10 page agreement grants the live stage rights (Grand and Dramatic) to the Producer for a specific Broadway or Off-Broadway production. The publisher grants an "exclusive option" to present an initial First Class (or Second Class) production in the United States and Canada within a specified period of time usually with advances paid if option periods are involved. If the Producer presents the required number of public theatrical performances, Producer will have "Vested" and will have the right to license additional productions throughout the territory.
The royalty structure for the pre-existing composition can either be a fixed dollar amount per week, a royalty pool arrangement with a minimum weekly guarantee or a GWBOR formula pursuant to the Dramatists Guild APC contract. The Producer will also negotiate a Subsidiary Rights clause with specified fees and royalties if the production is licensed for presentation in motion pictures, radio, television, cast albums or any other audio or audio-visual format. The Producer also has the right to arrange the composition provided it does not alter the fundamental character of the composition. Warranties and dispute resolution procedures are also set forth in the agreement.

Writing a New Song for a Musical

The basic structure for this type of agreement is as follows:

As to Services, the writer is hired to compose the music and lyrics to one song for the new musical. Composer is to deliver the composition according to an agreed upon schedule and revise upon request. The Producer, in the case of a non-work-made-for-hire situation, acquires the sole and exclusive license to use the song in any and all versions, productions, etc. of the musical as well as the writer's name and likeness, right of publicity and promo rights on a non-exclusive basis. If the song is included in the official opening night, the Producer's rights will be perpetual. Further, if the song is used, the Producer can place it on cast albums and merchandise and has the right to embody the composition in a motion picture, television or other audio-visual adaptation. If the song is not used in the Broadway opening or a 1st class production within a certain period of time, all rights will revert back to the writer except for any intellectual property elements in the song owned by the Producer. A creative writing fee would be negotiated (e.g. 1/3rd upon signing the agreement, 1/3rd upon delivery of a final version and 1/3rd if the song is included in the full draft of the script) along with royalty clauses either reflecting the APC percentages, a Royalty Pool or some other arrangement as well as all customary composer and lyricist shares of subsidiary rights income as set forth in Article XI of the Dramatists Guild Approved Production Contract(APC). Credit, warranty and indemnification clauses, among others, would also be negotiated.

Underlying Rights Agreement

The Underlying Rights agreement is negotiated when a Producer wants to make a musical from a pre-existing work. Obvious examples are musicals based on motion pictures. Considering that practically all of the original music in a film (score and songs specifically written for the film) are written under work for hire contracts, the underlying rights owner (the studio, for example) already controls all rights in the work including the music. The Underlying Rights/Copyright owner normally receives a royalty percent equal to the composer, lyricist or book writer under the APC contract and is normally in the area of 2% of the GWBOR with a possible increase upon recoupment.

This agreement grants a license to produce and present one dramatico musical play based upon the motion picture entitled ____ and upon the original screenplay upon which the play is based. The Grant of Rights includes the worldwide live stage dramatico-musical rights in and to the property and
all component parts of the property including without limitation the unrestricted right to adapt, translate, change, rearrange, interpolate in, add to (including the addition of music and lyrics) and subtract from the property all in the Producer's sole discretion. In addition, the Producer has the right to engage persons to write or revise the play based on the property and compose music and lyrics for the play in accordance with the provisions of the overall agreement. The Producer also has the right to exploit the publication, mechanical reproduction, synchronization and small performance rights in the separate music and/or lyrics of the play. The underlying rights owner many times has the right to approve the musical's book writer, composer and lyricist and also participate in a share of the Subsidiary Rights proceeds.

It is important for any composer, lyricist or songwriter who created works under a work-for-hire agreement for the feature film now being made into a musical to determine what royalty structure will govern their compositions if used in the final Broadway production. The possibilities include the Dramatists Guild pre and post recoupment percentages, a royalty pool participation, a creator's Schedule A royalty addendum attached to the original work-for-hire agreement or some other arrangement.

Additional Sources of Income

In addition to the composer/lyricist provisions for theatrical performances of a Broadway musical (e.g., 3% of the pre-recoupment adjusted GWBOR and 4% following recoupment of 110% of production costs or, in the alternative, a royalty pool based on a percentage of the weekly operating profits of the show), there are a number of other royalty related items contained in the agreement that the writer signs with the producer.

The following represents a brief description of some of the more important potential additional income sources related to the Broadway musical.

1. Touring Productions:

   Since the composer/lyricist compensation is many times based on a royalty pool arrangement, there is usually a minimum dollar compensation guarantee provided for with respect to each four-week performance period regardless of the operating profits of the show for each particular accounting period. For example, the producer might guarantee each of the authors $4,000 without regard to how the show is performing financially during a particular accounting period.

2. Cast Albums:

   The composer/lyricist will share in a percentage of the monies received by the producer of the musical from the applicable record company for sales of the Broadway show cast album (e.g., 10%, 15%, etc.).

3. Mechanical Royalties:

   There will also be a mechanical royalty for sales of the cast album and single tracks taken from the show. For example, these songwriter/music publishing royalties are many times paid at the statutory
ry rate with a song cap for albums and a full 100% statutory rate for digital downloads. In the United States, the statutory mechanical rate is 9.1 cents per composition (or 1.75 cents per minute if the composition is over 5 minutes in duration). For a show in which the music is primarily in the form of songs or other individual numbers, the statutory rate would be paid on each number so that the 9.1 cents basic rate would apply to each number of 5 minutes durations or less, and 1.75 cents per minute for numbers in excess of 5 minutes duration. For a show in which the music is continuous, the 1.75 cents per minute basic rate may be applied to the entire work. In either case, it is common in the U.S, for the record company to propose adjustments to limit the total mechanical royalties paid on physical copies (e.g., CDs, vinyl, etc.). To put this income source into perspective for a successful show, the total cast album sales for the 2015 musical "Hamilton" are in excess of 700,000 with over 400,000 of those representing digital sales.

It is important to note that this source of income, which in addition to physical recordings and permanent downloads also includes limited downloads, interactive streaming, ringtones, paid locker services, purchased content lockers, mixed service bundles, limited offerings and music bundles, will have new rates set in December of 2017 by the Copyright Royalty Board for the years 2018-2022.

For sales outside the United States, mechanical royalties will be paid in conformance with the rules and regulations of the applicable foreign country society (many times a percentage of the wholesale or price to the dealer with respect to albums). For example, in the UK, the physical product rate is 8.5% of the purchased price to the dealer with an 8% of gross revenue rate for permanent downloads.

The above mechanical rate calculations will also apply if the musical is made into a film or television production and there is a new soundtrack album or tracks released from these new versions of the play. These royalties can be significant especially in the area of musicals made into motion pictures. For example, the soundtrack sales in the United States alone for Les Misérables and Rock Of Ages were over 650,000 and 320,000 respectively. Doing the math, the monies that can be earned can be substantial especially since the mechanical royalties from digital sales will be at statutory as opposed to any reduced statutory controlled composition rate provided for in the soundtrack agreement. This does not even take into account the individual track sales which can be significant.

4. Merchandise:

There will a royalty paid to the writers for sales of merchandise relating to the musical which is sold in the theatre itself. This percentage is negotiable and is based on the revenues received by the producer from such area.

5. Motion Picture Rights To The Musical:

If the musical is made into a theatrical motion picture, the composer and lyricist will often be entitled to share in a percentage of the actual purchase price received by the producer from the film company. In most cases, this will equate to a small percentage of the final budget of the motion picture. There is usually a floor and a ceiling to the amount and there also may be a continuing participation in the back-end profits of the motion picture company provided for. Obviously, the negotiations in this area are complicated because of the various formulae and/or practices of the particular film company, industry understandings, court cases, and the terms of the signed contract with respect to the definition of what constitutes back-end profits and the calculation thereof.
In many cases, there is a separate synchronization fee payable for each composition being put into the movie; especially when dealing with pre-existing compositions not written for the play. If this is the case, there is usually an agreed-upon fee specified in the initial rights agreement so there is certainty for all parties as to the cost rather than a “to be negotiated in the future” provision.

6. Theme Parks, Ice Shows And Other Live Versions:

These type of shows are licensed on either a one-time flat fee (sometimes with additional payments if the version continues to run for a set period of years) or on a royalty basis.

7. Television Rights:

If the musical is made into a television production, there will be a flat-fee payment to the composers and lyricists which can be based on the duration of the program. In addition, as previously discussed, the composers, lyricists and their music publisher may receive performing right income for the individual numbers.

8. Performance Royalties

Performing Rights Organizations such as ASCAP (the American Society of Composers, Authors and Publishers), BMI (Broadcast Music Inc.), SESAC and GMR (Global Music Rights) and their affiliated counterparts throughout the world, such as PRS for Music in the U.K., SACEM in France, SOCAN in Canada and GEMA in Germany, license only the non-dramatic performance right in copyrighted musical works and therefore are not involved in the licensing of live musical theater on the stage. This is a dramatic performance right reserved for licensing by the copyright owner who in most cases is the Author (book writer, composer and lyricist) or the music publisher in the case of pre-existing songs. But if the musical is broadcast on television (network, local, cable, etc.) or songs from the show are played on the radio or performed in other licensed media, writer and publisher performance earnings from performing rights organizations can prove substantial over the life of the copyright. It's not unusual for a major hit song to generate well over 1 million dollars in writer and publisher earnings during its initial chart activity period let alone many millions of dollars more over the composition's copyright life.

To put this area into perspective, total combined annual receipts of the three U.S. performing rights organizations ASCAP, BMI and SESAC are in the area of $2.3 billion with combined television and radio license fees accounting for over $1 billion of that total. In addition, approximately $700 million represents primarily writer money coming in from foreign countries for performances of U.S. writers’ works with an additional $300 million collected from the general licensing and live non-dramatic performance area. Successful musical compositions from the theatre share significantly in the distributions from all major and minor licensed media as well as income from all distribution channels.

As successful musicals have a worldwide market, performance royalties from foreign countries can be substantial, particularly if there is a feature film version of the show or recordings of individual songs released. Foreign country performing rights organizations (i.e. PRS for Music in the U.K., SOCAN in
Canada, APRA in Australia/New Zealand, SACEM in France, IMRO in Ireland, SIAE in Italy, etc.) not only license television, radio, live and Internet performances (among others), they also license movie theaters for all of the music contained in films being shown in their territory. This latter income source can prove substantial for musicals made into feature films as most foreign country performing rights societies license movie theaters on a percentage of box office gross receipts (1% as an average) less certain administrative, social and cultural deductions.

CONCLUSION

Musical theatre-expensive to get into, difficult to write and many times very costly to get out of. But for the composer and lyricist of hit new musicals and past successful shows and songwriters and music publishers of pre-existing compositions used in "catalogue" musicals and dramatic plays, the theatre can be a significant source of income.

Though Broadway hits are "where the money is," there are many examples of shows which never recouped their initial Broadway investment but have lived on for decades in stock, regional, resident, dinner, university, concert, amateur and foreign country performances providing continuing royalties to all those involved. The size and scope of those royalties though are most often determined by the original contract signed. Contracts and licensing arrangements can be, and are, very different based on the type of show, the particular music use and the negotiating tactics, knowledge, experience and bargaining power of the respective parties. Good advice- know your contracts, your license agreements and definitely know and understand the field you are dealing in. Without that knowledge, "fame and fortune may very well be fleeting"- if it comes at all.

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Todd Brabec, former ASCAP Executive Vice President and Worldwide Director of Membership, is an Entertainment Law attorney and former Governing Committee member as well as Music and Budget Chair of the American Bar Association Forum on the Entertainment and Sports Industries. Jeff Brabec is Vice President Business Affairs at BMG and an Entertainment Law attorney. They are Deems Taylor Award winning co-authors of "Music Money and Success: the Insider's Guide to Making Money in the Music Business"(Schirmer Books/ Music Sales/ 560 pages/7th edition), Adjunct Professors at USC where they teach the course on Music Licensing, Publishing and Film, Television and Video Game Scoring and Song Contracts and the 2015 recipients of the Texas Star Award for outstanding contribution and achievements in the field of Entertainment Law.
compensation by reason thereof and the Producer’s share of the income therefrom shall not be diminished.

ARTICLE IX

ADDITIONAL PRODUCTION RIGHTS

SECTION 9.01 Grant of Second Class Performance Rights. (a) Author hereby grants Producer the sole and exclusive rights to produce one or more Second Class Performances of the Play on the speaking stage in the Territory during the time that Producer continues to have rights to present the Play hereunder. For the purposes of this Contract, the term "Second Class Performances" shall mean all performances of the Play other than Stock, Amateur and Ancillary Performances (as those terms are defined in SECTION 11.01 herein), Off-Broadway Performances (as defined in SECTION 9.02 herein), and First Class Performances and Developmental (i.e. "workshop") Productions.

(b) Author’s Royalties for Second Class Performances shall be calculated and paid in the manner set forth in SECTION 4.02(c) herein with respect to Touring Performances, unless Author’s Royalty is calculated in whole or in part on the basis of a fixed fee payable to Producer, in which case the Royalty shall be calculated and paid in the manner set forth for Fixed-Fee Performances.

SECTION 9.02 Grant of Off-Broadway Performance Rights. (a) Author hereby grants Producer the sole and exclusive rights to produce one or more Off-Broadway Performances of the Play during the time that Producer continues to have rights to present the Play hereunder. The foregoing grant is subject to the conditions precedent that Producer has Vested (as defined in SECTION 11.02 herein) in the Territory and that Producer is not simultaneously presenting any other performances of the Play in New York City. For the purposes of this Contract, the term "Off-Broadway Performances" shall mean performances of the Play in theatres which are classified as Off-Broadway pursuant to the Actors’ Equity Association Agreement Governing Employment Off-Broadway, as that agreement may be amended from time to time.

(b) Author’s Royalties for Off-Broadway Performances shall be calculated and paid in the manner set forth in ARTICLES IV and V herein with respect to Touring Performances except that Author’s post-Recoupment Royalties shall be such amount as may be agreed upon by Author and Producer and set forth in ARTICLE XXII herein, but in no event more than 7% of the Gross Weekly Box Office Receipts.

SECTION 9.03 Grant of Rights in the British Isles, Australia and New Zealand. (a) Author hereby grants to Producer the sole and exclusive rights to produce one or more productions of the Play for a consecutive run, as theatrically understood, in a regular evening bill, in a first class manner, in a first class theatre, on the speaking stage in one or more of the following "Additional Territories":

(i) The United Kingdom of Great Britain (i.e., England, Northern Ireland, Scotland and Wales) and in Ireland (collectively the "British Isles")

(ii) Australia

(iii) New Zealand

(b) The foregoing grant is subject to the conditions precedent that Producer has Vested in the Territory and is not in breach of any provision of this Contract.
(c) Producer's rights to present the Play in the Additional Territories shall include the right to present "tryout" performances prior to the presentation of the Play in the Additional Territory equivalent of first-class theatres.

(d) The terms of this Contract applicable to First Class Performances in the Territory shall apply to performances of the Play in the Additional Territories except as may be provided to the contrary herein.

(e) If Producer chooses to produce the Play pursuant to a lease or license to a third party in Australia or New Zealand, Producer's rights shall be subject to the following procedure: Producer shall give Author written notice of the terms of any third party offer for the production of the Play in such Additional Territory. Producer may accept the offer unless Author shall, within 5 business days after receipt of Producer's notice, give Producer written notice, delivered either in person or by wire communication, that the offer is unacceptable, stating Author's reasons therefor, together with a definite offer from a third party, on terms at least as favorable to Producer as those contained in the offer which Producer is willing to accept. If within the prescribed period of time Author submits such an offer, Author may accept such offer. If within the prescribed period of time Author fails to submit such an offer, then Producer may accept the original offer. If the offer presented by Author is from a producer or other entity or person in which Author has any financial or other interest, or if a dispute arises as to whether such offer is at least as favorable to Producer as the offer which Producer obtained, or if any other dispute arises under this SECTION 9.03(e), the parties shall submit the matter to the Theatrical Conciliation Council for the purposes of (i) determining whether or not such offer is the result of good-faith arm's length negotiations, or (ii) determining whether the offer presented by Author is at least as favorable to Producer or (iii) resolving any other dispute, as the case may be. If the Council determines that the offer is the result of good-faith arm's length negotiations or is at least as favorable to Producer, as the case may be, then Author may accept such offer; however, if the Council determines that such offer is not the result of such negotiations, or is not at least as favorable to Producer, as the case may be, the offer presented by Producer shall be accepted. The decision of the Council in connection with any matter presented under this SECTION 9.03(e) shall be final and binding on the parties hereto.

SECTION 9.04 Payments Required to Extend Rights in the Additional Territories. The following provisions of this SECTION shall apply separately to each Additional Territory:

(a) Unless Producer presents the first paid public performance of the Play in an Additional Territory within 6 months after the close of First Class Performances in New York City, Producer's rights to present the Play in such Additional Territory shall automatically terminate unless such rights are extended as provided in this SECTION.

(b) Producer shall be entitled to three consecutive 6-month extensions of such rights upon payment of $1,000 for the first extension, $1,500 for the second extension and $2,000 for the third extension, which payment must be made prior to the expiration of the rights period then in effect, provided, however, that for the third extension, Producer must give Author, simultaneously with the payment of $2,000, written notice of the intended date of the first paid public performance together with copies of documents representing one of the following:

(i) a commitment for the licensing of the Additional Territory equivalent of a first class theatre, with occupancy to occur before the end of the third extension period or

(ii) contracts for the engagement of the principal members of the cast or the director, pursuant to which such person(s) agrees to render services before the end of the third extension period. The extension of Producer's rights and option for the third extension period shall not be prevented or affected by the fact that any of these commitments or contracts may be made subject to conditions, such as the availability of a person or theatre, the attainment of full
capitalization of the production, further negotiations regarding material terms, the execution of a formal agreement, or any other condition, or the fact that any of these commitments or contracts may later be breached or unenforceable.

**SECTION 9.05 Royalty Payments in the Additional Territories.** (a) Author’s Royalties for performances of the Play in the British Isles, shall be calculated and paid in accordance with the provision of ARTICLES IV and V applicable to Touring and Fixed-Fee Performances, except that all references to fixed dollar amounts in such ARTICLES shall be reduced to one-third of the stated amounts. Author’s Royalties for performances in Australia and New Zealand shall be 6% of the Gross Weekly Box Office Receipts.

(b) The payments made pursuant to **SECTION 9.04** herein for an Additional Territory may be deducted from the Royalties earned by Author from any Company presenting the Play in such Additional Territory at the rate of up to 50% of such Royalties per Performance Week commencing for the Performance Week in which such Company has reached Recoupment. Such deductions shall be permitted only in such amounts as will not cause Author to earn, for any week in which such deductions are made, Royalties of less than the foreign currency equivalent (at the time of payment) of $900 per Full Performance Week.

(c) Sums payable to Author in connection with performances of the Play in any Additional Territory shall be paid after deduction of all withholding and other taxes due thereon pursuant to the laws of the applicable Additional Territory, all conversion and remittance costs applicable to such payments and all payments required to be made to any author’s society or similar organizations. Producer shall not be liable for losses incurred due to fluctuations in the exchange rate.

(d) In addition to the Royalties payable pursuant to this **SECTION**, if Author earns in any Performance Week Royalties equal to less than 6% of the Gross Weekly Box Office Receipts for such week from productions in Australia or New Zealand, Producer shall, simultaneously with the payment of Author’s Royalties for such week, pay to the Guild, on Author’s behalf (for the benefit of Author’s representatives), a sum equal to 10% of the difference between the amount of Author’s Royalties and a sum equal to 6% of the Gross Weekly Box Office Receipts.

**SECTION 9.06 Transfer of Rights to an Additional Territory Producer.** Provided Producer has complied with the provisions of **SECTION 9.03(b)** herein, Producer may produce the Play alone or in association with or under lease or license to an Additional Territory producer or manager, subject to Author’s written consent. In such case, Producer’s obligations to make the payments herein provided shall remain unimpaired. The contract between Producer and the Additional Territory producer or manager shall require the Play to be produced in the manner and on the terms provided herein with respect to productions in the Additional Territory.

**SECTION 9.07 Advances for Performances in the Additional Territories.** If the Play is produced in any Additional Territory in association with or under lease or license to an Additional Territory producer or manager pursuant to the provisions of this **ARTICLE**, and if, in connection therewith Producer receives an advance payment applicable against royalties payable to Producer, or a lump sum in lieu of a portion of such royalties, Author shall receive 50% of such advance or lump sum as an advance against Royalties payable for such production. Author’s share of the advance or lump sum received by Producer with respect to an Additional Territory may be deducted from the payments due pursuant to **SECTION 9.05** herein with respect to such Additional Territory.

**SECTION 9.08 Author’s Presence in the Additional Territories.** If the Play is presented in any Additional Territory by or under grant of rights from Producer, Author shall have the right to be present for up to 3 weeks in order to attend rehearsals, tryouts and the opening of the first production of the Play in such Additional Territory. Producer shall reimburse Author for hotel and travel expenses during
such period and at any other time when the presence of Author is required by Producer. Unless specific dollar amounts are provided in ARTICLE XXII herein, the amounts reimbursable by Producer under this SECTION shall be the cost of reasonable hotel and travel accommodations. In any event, Author’s hotel and travel accommodations shall be of a class equal to the greater of the class charged to the Company by Producer or Director.

SECTION 9.09 Producer’s Financial Participation in Additional Territory Uses. (a) If the Play is not presented in any Additional Territory by or under grant of rights from Producer within the period set forth in SECTION 9.04 herein, then Author shall thereafter have the sole right to produce or authorize the production of the Play in any such Additional Territory in which Producer’s rights have lapsed and, provided that Producer has Vested in the Territory and is not in breach of any provision of this Contract, Author shall pay Producer the following amounts:

(i) with respect to the British Isles, 25% of the compensation earned by Author (after deduction of agents’ commissions, if any) regardless of when paid, in connection with each contract for the production of the Play (including any contracts for British Isles Subsidiary Rights, other than Media Productions in which Producer will have previously acquired a worldwide interest) entered into on or after the Effective Date of this Contract but prior to the expiration of 7 years from the date on which Producer has Vested in the Territory; provided, however, that with respect to each contract for the presentation of the British Isles equivalents of First or Second Class Performances, Author shall pay Producer 10% of the compensation earned by Author (after deduction of agents’ commissions, if any) regardless of when paid, in connection with each such contract entered into after said 7-year period or after the close of the first First Class Performance in the British Isles, whichever first occurs, but before the expiration of 40 years from the date on which Producer Vested in the Territory; and

(ii) with respect to Australia and New Zealand, 35% of the compensation earned by Author (after deduction of agents’ commissions, if any) regardless of when paid, in connection with each contract for the production of the Play (including any contracts for Australian or New Zealand Subsidiary Rights, other than Media Productions in which Producer will have previously acquired a worldwide interest) entered into on or after the Effective Date of this Contract but prior to the expiration of 6 years from the date on which Producer has Vested in the Territory;

(b) If the Play has been presented in any Additional Territory by or under a grant of rights from Producer in accordance with the provisions of this ARTICLE and Producer has Vested in such Additional Territory and is not in breach of any provision of this Contract, Producer’s financial interest in Author’s compensation derived from the disposition of Subsidiary Rights in such Additional Territory (other than Media Productions in which Producer will have previously acquired a worldwide interest), will be as follows:

(i) with respect to the British Isles, Producer will have the same financial interest in British Isles Subsidiary Rights as Producer has with respect to such Subsidiary Rights in the Territory, and the time periods described in the applicable Producer’s Alternative (as defined in SECTION 11.03(c) herein) shall be measured from the last performance of the Play in the British Isles; and

(ii) with respect to Australia and New Zealand, Producer’s financial interest in Australian and New Zealand Subsidiary Rights shall be equal to 40% of the compensation earned by Author (after deduction of agents’ commissions, if any) regardless of when paid, in connection with each contract for the disposition of such Subsidiary Rights entered into on or after the Effective Date of this Contract but prior to the expiration of 7 years from the date on which Producer Vested
in such Additional Territory or 4 years from the last performance of the Play in the Additional Territory, whichever is later.

SECTION 9.10 Additional Rights to Present Backers' Auditions. While Producer has the rights to present the Play hereunder, Producer shall also have the rights to present Backers' Auditions of the Play.

SECTION 9.11 LORT Productions. If the rights to present LORT Productions of the Play are granted in ARTICLE XXII herein, Producer agrees that Author shall have with respect to any such LORT Productions all of the rights granted Author in SECTIONS 1.02, 1.03, 1.06, 8.01, 8.02, 8.03, 8.04, 8.08, 8.10 and ARTICLE XX herein in addition to any other rights granted Author in ARTICLE XXII. Only one LORT Production of the Play may be presented although the production may be transferred from one LORT theatre to another.

ARTICLE X
REOPENING RIGHTS

SECTION 10.01 Reopenings in the Territory. (a) Provided Producer has Vested in the Territory, Producer may, within 4 months after the last performance of the Play in the Territory, notify Author in writing of Producer's intention to reopen the Play in the Territory. In such case Producer may so reopen the Play within 12 months following such last performance; provided, however, that if the Play is not reopened within 4 months from such last performance, Producer must, in order to retain his rights to reopen the Play, pay Author the following sums (as non-returnable advances against the Royalties payable): $500 per month for up to 4 months, commencing with the fourth month following the last performance, and $1,000 per month for up to an additional 4 months.

(b) If Producer presents the Play in the Territory but closes the Play prior to having Vested, Producer may reopen the Play provided he gives the Author written notice, within 30 days after such closing, of Producer's intention to reopen the Play, pays Author $500 per month (as non-returnable advances against the Royalties payable), commencing one month following the closing until the Play has reopened, and commences rehearsals for such production no later than 3 months after the closing.

(c) All the provisions of this SECTION shall apply to each reopening in the Territory. Such reopenings may be First Class, Second Class or Off-Broadway Performances.

SECTION 10.02 Reopenings in the Additional Territories. (a) Provided Producer has Vested in the British Isles, Producer may, within 4 months after the close of the last performance in the British Isles, notify Author in writing of Producer's intention to reopen the Play in the British Isles. In such case Producer may reopen the Play in the British Isles, within 12 months following such last performance, in accordance with the provisions of SECTION 10.01(a) herein.

(b) If Producer presents the Play in the British Isles but closes the Play prior to having Vested in the British Isles, Producer may reopen the Play in the British Isles in accordance with the provisions of SECTION 10.01(b) herein.

(c) Provided Producer has Vested in Australia or New Zealand, Producer may retain the rights to reopen the Play in such Additional Territory upon paying Author (as non-returnable advances against the Royalties payable) $900 per month, for up to 6 months, commencing one month following the last performance in such Additional Territory. In no event may Producer reopen the Play after 7 years from the date on which Producer Vested in such Additional Territory.
As of [DATE]

[LICENSEE]

RE: SHOW TITLE

Gentlepersons:

The following agreement (the “Agreement”) outlines, inter alia, the material terms and conditions of the agreement between [LICENSOR] (“Licensor”) and [LICENSEE] (“Licensee”), (and with Licensor, the “Parties”) in connection with the proposed touring production of the live stage show entitled [SHOW TITLE] (the “Play”) in the Territory (as hereinafter defined).

1. Conditions Precedent.

This Agreement shall only become effective upon full execution of this Agreement by all the Parties in form and substance acceptable to Licensor.

2. Exhibits.

2.1 Definitions. The terms “Gross Receipts”, “GWBOR”, “Operating Expenses”, “Production Expenses” and “Recoupment”, as mutually agreed upon by Licensor and Licensee, are defined in Exhibit A, attached to and incorporated within this Agreement.

2.2 Budgets. The budgets for Production Expenses and Operating Expenses for the Production (the “Final Budgets”) are included in Exhibit “B”, attached to and incorporated within this Agreement.

2.3 Casting / Rehearsal / Production Schedule. Proposed casting, rehearsal and production schedules and the dates for key marketing events, such as on-sale dates for each Venue, shall be mutually agreed upon by the Parties, provided that in the event of a disagreement as to said proposed schedule, Licensor’s determination shall be controlling.

3. Term / Territory / Rights Granted. Licensor represents and warrants that it has all necessary rights and the authority to enter into this Agreement and to grant Licensee the rights granted herein.

3.1 Term. The initial term of this Agreement shall commence upon satisfaction of the conditions precedent in Paragraph 1 above (the “Effective Date”) and shall continue until the earlier of the closing of the production of the Play or [LENGTH OF RUN] after the official opening night performance of the Production, as defined below (the “Term”).

3.2 Territory. The territory shall be defined as: [GEOGRAPHIC TERRITORY OF LICENSE].
3.3 Rights Granted. Subject to the terms and conditions in this Agreement, Licensor grants Licensee the rights to produce a first-class touring production of the Play with a live orchestra, or virtual or other non-live orchestra, as the case may be, during the Term and in the Territory (the “Production”). Subject solely to Paragraph 26 below, the first day of rehearsals of the Production is anticipated to be [_________] (the “Scheduled First Rehearsal”), and the official opening night of the Production is anticipated to be on [_________] (the “Scheduled Opening Night”). In the event that the official opening night of the Production does not occur within [X] months after the Scheduled Opening Night, then Licensor shall have the right to terminate this Agreement, and shall have no further obligation to Licensee hereunder, provided that a failure of Licensor to exercise such right shall not be deemed to be a waiver of such right, which termination right Licensor shall continue to have until the official opening of the Production, as the case may be. In the event that any of the casting, rehearsal and/or production schedules on Exhibit C shall change after being approved by Licensor for any reason at all, including any and all events of force majeure, Licensee shall be responsible for all costs, expenses and liabilities incurred by Licensor as a result of such delay. Licensee shall present no fewer than eight (8) performances per week after the official opening of the Production unless otherwise agreed to in advance by both parties, provided that no prior approval shall be required for the first and last weeks of each Engagement. Licensor hereby reserves the right to open or license the opening of other productions of the Play in the United States or in any other market throughout the world, provided that Licensor shall not during the Term (subject to the termination rights in Paragraph 8 below) in the Territory produce or authorize production of any first-class arena productions of the Play (except as herein granted).

4. Capitalization / Production Expenses / Physical Production. It is of the essence of this Agreement that Licensee shall, at the sole cost and expense of Licensee, timely satisfy all of the necessary requirements in connection with the Production, as producer of the Production, including, without limitation, oversee rehearsals, enter into all agreements with the Venues, pay all Production Expenses and Operating Expenses, utilize the services and pay all applicable fees to the creative team and Licensor production team and travel expenses of such persons pursuant to Paragraph 14 below, hire the cast, technical director, director, choreographer, designers, music director, crew and all other required personnel (subject to Paragraph 5.3 below), perform or cause to be performed all accounting services (e.g. all payroll services and tracking all Operating Expenses and Production Expenses), obtain all the requisite visas, permissions or additional services from Licensee’s production personnel, contract for and supervise the movement of the Production to and from the Venues, as the case may be, and otherwise manage and supervise all aspects of producing, presenting, maintaining and marketing the Production, all in accordance with the terms of this Agreement and the Final Budgets, as may be modified pursuant to Paragraph 2.2 above. Both parties shall have mutual approval over any changes to the Final Budgets, provided, however, that with respect to elements in the Final Budgets that Licensor may determine in its sole discretion shall bear on the overall integrity of the Play (artistic or otherwise), Licensor’s decision on such changes to the production budget elements shall be final.

5.1 Physical Production. The Parties acknowledge that Licensee shall lease the sets, costumes, props and certain other physical production elements for the Production (the “Physical Production”), from Licensor, subject to execution of a lease agreement between Licensor and Licensee. Included in the Production and Operating Expenses are payments to Licensor under such lease; the costs of transporting the Physical Production from
5.2 Marketing Costs. Both parties shall have mutual approval over all advertising/marketing costs for the Production, including the amount of the Production Expenses to be applied to marketing/advertising for the Production.

5.3 Creative Team. The foregoing Production Expenses shall include all production fees (including any fees, advances and bonuses, fixed weekly royalties, weekly salaries, post-opening consultation fees, and any other compensation) and travel costs (pursuant to Paragraph 14 below) for the Play’s creative and artistic team and their assistants (if applicable).

5.4 Translator.

5.5.1 Licensee shall be solely responsible for all fees and expenses payable to the local-language translator (the “Play Translator”), if any, in connection with any approved local-language translation of the script and lyrics of the Play (each a “Translation”) for the Production. Licensee hereby acknowledges and agrees that the copyright and all other intellectual property rights in the Translation shall vest in Licensor immediately upon its creation, and all so-called “moral rights” are waived by the Play Translator in favor of Licensor, its licensees and assigns. Licensee agrees that it shall cause the Play Translator to execute (i) an assignment of copyright in favor of Licensor; and (ii) a supplemental deed waiving all moral rights in favor of Licensor, both in form and substance acceptable to Licensor.

5.5.2 In addition to any fees and expenses pursuant to Paragraph 5.4.1 above, Licensee shall be responsible for obtaining all necessary public performance rights from, and for paying any and all amounts payable to, any authors’ societies in connection with the use of any of the above-referenced Translations. Licensee shall also be responsible for obtaining all other necessary rights (e.g. synchronization rights) and paying associated fees and expenses in connection with use of such Translations.

5.5.3 Box-office royalties, weekly re-use payments or other weekly compensation, as the case may be, actually paid by Licensee to the Play Translator after the first paid performance of the Production shall be included as Operating Expense. All other fees or expenses paid to the Play Translator, including any travel expenses incurred prior to the Scheduled Opening Night, actually paid by Licensee to the Play Translator, shall be included as Production Expenses.

6. Weekly Operating Expenses. Both Parties shall have mutual approval over all elements of the weekly operating budget, provided, however, that with respect to elements
in the weekly operating budget that Licensor may determine in its sole discretion shall bear on the overall integrity of the Play (artistic or otherwise), Licensor’s decision on such weekly operating budget elements shall be final. Notwithstanding anything in this Paragraph to the contrary, both Parties shall have mutual approval over all advertising and marketing costs, including the amount of the foregoing weekly operating costs to be applied to advertising and marketing for the Production.

7. Royalties. Commencing with the first paid performance of the Production, a royalty (the “Licensor Royalty”) in the amount of [GWBOR ROYALTY % OR WEEKLY OPERATING PROFITS %], shall be payable to Licensor.

8. Termination / Stop Clause.

8.1 Termination Rights. Licensor shall have the immediate right to terminate this Agreement in the event of any of the following:

8.1.1 Any failure by Licensee (including its respective employees, officers, directors and contractors) in connection with its live performance business to conduct itself in a manner which could be viewed by a substantial portion or group of the general community as reflecting unfavorably on the Play or on Licensor or its parent, subsidiary, or affiliated companies; subject to a one-time only right to cure such failure within five (5) days after written notice thereof.

8.1.2 Licensee’s failure to comply with any material obligation herein after written notice by Licensor of such failure, subject to a one-time only right to cure such failure within ten (10) business days after such notice to cure;

8.1.3 Licensee’s intentional failure to pay debts or other obligations by, insolvency of, or declaration of bankruptcy, voluntary, or involuntary, by Licensee; provided, however, that Licensor’s termination right shall not apply in instances where Licensee’s failure to pay a debt or other obligation does not arise from Licensee’s financial inability to pay such debt but solely from a verifiably legitimate grounds for withholding payments (e.g., failure of a vendor to provide maintenance), provided, however, that in all such instances involving a material failure to pay Licensee first notifies Licensor of its intention to withhold payments);

8.1.4 Licensee’s intentional failure to pay any loans or bonds after the grace period or so as to cause or permit acceleration of the maturity of such loans or bonds; provided, however, that Licensor’s termination right shall not apply in instances where Licensee’s failure to pay any loans or bonds does not arise from Licensee’s financial inability to pay such debt but solely from a verifiably legitimate grounds for withholding payments (e.g., failure of the applicable payee to satisfy a contractual obligation before payment is required), provided, however, that in all such instances involving a material failure to pay Licensee first notifies Licensor of its intention to withhold payments);

8.1.5 Licensee’s material failure to operate its business in the usual manner; or if, after written notice by Licensor, Licensee fails to prove to Licensor’s satisfaction (as determined by Licensor in its good business judgment) within a time reasonable under the applicable circumstances, that Licensee can continue to
operate in the hitherto usual manner (e.g., in the event that Licensor receives information from outside sources of Licensee’s financial instability), including implement any cures to guarantee Licensee’s continued operation in the usual manner.

8.1.6 The official opening night of the Production does not occur within [X] months after the Scheduled Opening Night; or

8.1.7 [ADD KEY MAN CAUSE IF APPLICABLE]

8.2 Lapse of Termination Rights. Unless Licensor exercises its termination right herein within two (2) months of its becoming aware of an event warranting termination (the “Event”), Licensor shall be deemed, on a one-time basis, to have waived its termination right with respect to the occurrence of that Event, unless such Event is continuing in nature or is repeated. Notwithstanding the foregoing, no such waiver of Licensor termination rights shall occur with respect to any Events under Paragraphs 8.1.1 and 8.1.7.

9. Sponsorship. Licensor and Licensee shall each have the right to bring in sponsorships for the Production subject to the other party’s approval of the sponsor and all terms of the agreement with such sponsor, such approval not to be unreasonably withheld except that Licensor may withhold approval of certain sponsorships in its sole discretion to comply with internal corporate branding management guidelines and restrictions (all approved sponsors, “Sponsors”). Licensee and Licensor agree to work together to find the best possible relationships for the Production, giving pre-existing Licensor sponsors the first opportunity to participate. Any sponsorship money or other non-cash benefits obtained net of any commissions that might be payable to third parties (expressly excluding Licensee and Licensor) will be applied directly to reduce the Production’s Production Expenses until Recoupment, at which point Licensee and Licensor shall evenly divide any sponsorship money. Each party hereby acknowledges and agrees that no sponsorship deal entered into hereunder shall operate to bind the other party in any respect other than in connection with the Production at the Venues unless otherwise agreed in writing by the Parties.

10. Advance. Licensor shall be entitled to a non-refundable advance (the “Advance”) in the amount of [$ADVANCE]. Such Advance shall be recoupable from and applicable against all royalties [AND NET PROFITS IF APPLICABLE] (as hereinafter defined) attributable to Licensor with respect to the Production of the Play in the Territory as such royalties [AND NET PROFITS IF APPLICABLE] are set forth in Paragraph 7 above and Paragraph 12 below. The Advance shall be payable as follows: (a) fifty percent (50%) upon execution of this agreement; (b) twenty-five percent (25%) on commencement of general public ticket sales for the Production; and (c) Twenty Five Percent (25%) on commencement of rehearsals for the Production. In the event Licensor terminates this Agreement or the Term of this Agreement ends prior to recoupment of the Advance, Licensor shall retain for its own account the Advance.


11.1 Gross Potential / Scaling. Licensee has advised Licensor that the Production’s weekly Gross Potential shall be as indicated on Exhibit “E” hereto. Ticket price scales are attached as Exhibit “E” hereto. Any rescaling of the Venues at any time shall be
subject to Licensor’s and Licensee’s prior mutual approval, which approval shall not be unreasonably withheld by either party.

11.2 Ticket Fees and Deductions. The taxes, sales commissions, fees and surcharges which shall be deducted from the face value of all tickets sold for admission to the Production may be deducted solely to the extent actually deducted and paid by Licensee to third parties. The Parties shall negotiate in good faith appropriate caps to ticketing, credit card and group sales fees and surcharges.

12. Net Profits. [MAY BE ENTITLED TO NET PROFITS DEPENDING ON STRENGTH OF SHOW TITLE]

13. Licensor’s Creative / Business / Production Controls. Licensee acknowledges that it is of the essence of this Agreement that the Production shall replicate the U.S. production of the Play (the “Original Play Production”) subject to certain modifications as the Parties may approve to accommodate performance of the Production at the Venues. It is understood that Licensor shall retain all creative controls and have final approval with respect to all artistic elements of the Play, including without limitation the Play’s design, script, music, translations, and casting. In order to ensure that the Production faithfully duplicates the Original Play Production, all casting, rehearsal and production schedules shall be subject to Licensor’s approval, in its sole discretion, pursuant to Paragraph 2.3 above. It is understood and agreed that because of Licensor’s long-term interest in maintaining the high production and technical standards for the Play, Licensor shall have approval over all of the vendors and the production specifications for the manufacture of all sets, costumes and props and Licensee shall insure that Licensor’s representatives and/or designees shall have full access to all shops where construction of any elements of the Play property may be used outside of performances of the Play only in connection with mutually agreed upon marketing, advertising, and/or publicity purposes. If the Production fails to meet the foregoing criteria, other than matters which have been approved in writing by Licensor, then Licensor shall give written notice to Licensee of such failure and Licensee shall correct any such failure within five (5) calendar days, failing which Licensor shall have the right to terminate this Agreement.

14. Travel. Any travel required by Licensor for the Licensor production team in connection with the rehearsals, previews, and opening of the Production shall be a Production Expense; any such travel required thereafter (i.e. for maintenance) shall be an Operating Expense. It is understood that travel shall be subject to any requirements (e.g. air fare class) in the individual production team contracts. Immigration processing costs (and any out-of-house legal assistance required therefore) shall be charged as a production Operating Expense, as the case may be. Actual flight dates and times shall be subject to prior approval by Licensor.

15. Marketing / Advertising / Publicity. Licensor and Licensee shall be mutually responsible for and have mutual approval over all marketing, advertising, media plans and publicity (including but not limited to all press releases and performance schedule and ticket on-sale date announcements) in connection with the Production, provided that any and all uses of the name Licensor shall be subject to Paragraph 27 below.
16. **Advance Ticket Sales.** The interest earned on sums collected for advance tickets sales for the Production (“Advance Ticket Proceeds”) (if any) will be deemed and treated as Gross Receipts hereunder.

17. **Merchandise.** [TYPICALLY TO BE NEGOTIATED SEPARATELY.]

18. **VIP Premiums.** Licensee shall assume all responsibility for and receive all income in connection with any parking, valet/coat-check services, in-theatre catering and other similar hospitality services, provided, however, that Licensee may not include any premium items, such as parking, merchandise or drink vouchers, with “VIP” tickets without written prior approval from Licensor, in its sole discretion, of any such premiums and the financial treatment thereof.

19. **Billing.**

19.1 **Presentation Billing.** The Play will be billed as follows:

[TO BE DETERMINED]

The foregoing presentation credits of Licensee and Licensor shall be of equivalent average size of type, provided that placement of the final billing may be subject to certain limitations and restrictions in agreements with talent or other individuals with respect to advertising, houseboards, title pages, or other elements utilizing this billing.

19.2 **Sponsorship Billing.** All billing of sponsorships shall be subject to the mutual approval of Licensee and Licensor.

19.3 **Talent Billing.** Licensee agrees to abide by all of Licensor’s contractual billing requirements, specifically with regard to title page, paid ads, houseboards and other elements (such as program biographies) for which Licensor has obligations to talent and other individuals or otherwise. Promptly upon receipt of written notice from Licensor specifying a failure to accord any third party credit in accordance with the commitments of Licensor to such third party, Licensee shall cure prospectively any such material failure to accord such credit in any materials created after the date of such notice.

20. **Complimentary / House Seats.** Complimentary seats shall only be permitted in connection with approved production purposes, press, and any other mutually approved marketing purposes. Subject solely to the foregoing sentence, neither Licensee nor Licensor (or any third party) shall be entitled to and shall not receive any complimentary seats. Licensee agrees to honor all house seat obligations (i.e. quantity and location) of Licensor to talent and other individuals (i.e. at full box office prices but without any commissions). Licensee and Licensor shall mutually agree upon allocations of Licensor house seats as well as the quantity and locations of Licensor’s opening night tickets.

21. **Confidentiality.** Licensee and Licensor agree not to disclose to any third party other than to their respective directors, officers, employees and agents (and directors, officers, employees and agents of each of their respective affiliates) and advisors (including legal, financial, marketing and advertising advisors) (collectively, “Representatives”) on a need-to-know basis only, any non-public, confidential, or proprietary information that Licensee or its representatives make available to Licensor or its Representatives or that Licensor or its
Representatives make available to Licensee or its Representatives in connection with this Agreement, the Production or the Play. No disclosure required by law or the regulations of any securities exchange on which either party’s securities are listed shall be made without prior consultation with the other party. This Paragraph shall survive the expiration or earlier termination of this Agreement.

22. **Reporting Requirements / Payments.**

22.1 **Box Office Reports.** From commencement of performances, Licensee shall deliver full-analysis weekly reports to Licensor on the Tuesday following the reported week in such format as Licensor reasonably required, including statements indicating: (i) all sums received by Licensee from all ticket sales for the applicable performance week; (ii) GWBOR (including an itemization of all deductions from (i) to arrive at GWBOR); (iii) the calculation of Gross Potential for the performance week (pursuant to Paragraph 11 above); and (iv) paid and unpaid attendance. Additionally, from commencement of ticket sales, Licensee shall furnish Licensor no later than twenty-four (24) hours of the close of each day’s business with daily sales “wrap” reports indicating: (i) all ticket sales for the Production from all sources for the day reported; (ii) the total advance sales; (iii) current paid and unpaid group sales; and from the commencement of performances, (x) gross daily box office receipts and (y) daily attendance.

22.2 **Stage Manager Reports.** From commencement of rehearsals, Licensee shall deliver stage manager reports to Licensor within twenty-four (24) hours of the applicable rehearsal or performance.

22.3 **Audit.** Licensor shall have full audit rights hereunder, such rights to be exercised through a third-party professional auditor. Licensee shall maintain true, complete, and accurate books of accounts and records in the Territory for a period of three (3) years after the expiration or termination of this Agreement. All such books of account and records related to the payments of royalties or other amounts payable to Licensor hereunder shall be open during reasonable business hours for the inspection and copying by the third-party professional auditor.

22.4 **Operating Statements.** Commencing with the first performance of the Production and continuing during the Term thereof, operating statements shall be computed on a weekly basis and delivered to Licensor monthly.

22.5 **Billbacks.** Any and all Production Expenses and/or Operating Expenses paid by Licensor (“Billbacks”) shall be reimbursed by Licensee within thirty (30) business days of receipt of an invoice from Licensor.

22.6 **Payments.**

22.6.1 Licensee shall make all payments due to Licensor under this Agreement no more than thirty (30) days after each calendar month during which Licensee presents performances of the Production, except that Billbacks shall be due and owing on Licensee’s receipt thereof. In the event that Licensee fails to make any payment under this Agreement within such thirty (30) day period (excluding delays not to exceed two (2) days caused by bank errors):
22.6.1.1 Licensee shall pay to Licensor interest on such late payment equal to One Percent (1%) below the then-current prime rate, Bank of America NA computed retroactively from the original due date of such payment (excluding delays not to exceed two (2) days caused by bank errors);

22.6.1.2 Subject solely to a one-time cure within five (5) business days; notice from Licensor, such failure shall constitute a material breach and Licensor shall have the right to terminate this Agreement upon written notice to Licensee.

22.6.2 Payments of the Advance, Billbacks, Licensor Royalty and Net Profits hereunder to Licensor shall be made in United States Dollars and wired to a bank account designated by Licensor.

22.7 Third Party Costs. Licensee warrants that it has and will accurately and truthfully disclose to Licensor all third party costs charged to Licensee under the Final Budgets and operating statements (including, without limitation, rental and other charges for the use of the Venues and ticket broker fees and credit card charges or ticket sales) and that Licensee will not receive any credit or so-called "kick back" with respect to the same or with respect to any other aspect of the presentation of the Production at the Venues.

23. Ownership / Other Rights. The legal title to the Play and all intellectual property in connection therewith (including without limitation, the music, lyrics and script, including any local-language translations of each; set, lighting, costume, and all other designs; promotional materials, and all other artwork), whether supplied by Licensor or manufactured by Licensee (including but not limited to any new direction, choreography, music arrangements, designs, or other material manufactured by Licensee in connection with the Production), and all rights in the foregoing (inclusive of copyright) shall at all times be vested solely in Licensor, subject only to Licensee’s limited license to use during the Term as provided for under this Agreement. Licensee agrees to execute, at any time upon Licensor’s request, such further documents and do such other acts as may be required to evidence or confirm Licensor’s ownership of and exploitation rights in connection with the Play; and, to the extent permitted by local law, Licensee shall require that any person or entity who creates any material of any nature (including without limitation promotional and advertising materials and any local-language translations of the script and lyrics of the Play) for, or in any manner contributes such materials to, any productions of the Play hereunder shall execute an assignment to Licensor of the entire copyright (and all renewals thereof) and all right, title, and interest of any nature, in all media now or hereafter known, throughout the universe in perpetuity, by means of such forms as Licensor shall reasonably direct, including a waiver of all moral rights where permissible under law. All rights in the Play not hereunder expressly granted (e.g. production cast album) are reserved by Licensor for its unrestricted use except as otherwise expressly provided herein.

24. Notices. Any notices and requests to either party hereunder shall be in writing and shall be served by delivering said notice personally or by sending it through a pre-paid private carrier with expedited delivery service (not to exceed two business days) or by facsimile, addressed as follows (or as subsequently designated in writing):

To Licensor:
To Licensee:

The date of personal delivery of such notice or the date of pick-up by/drop-off to the private carrier (with pre-paid expedited delivery service) of such notice or the date of complete transmission (or first business day thereafter if transmitted outside of business hours) in the case of facsimiles shall be deemed the date of service of such notice or payment, unless otherwise specified herein; provided, however, that any notice by one party hereto which commences the running of any period of time for the other party's exercise of any option or performance of any other act shall be deemed to be served only when actually received by the other party. Without limitation of the preceding sentence, notices sent by facsimile shall be followed by a hard copy by private carrier (with pre-paid expedited delivery service) provided that failure to provide such hard copy shall not be deemed a breach of this Agreement and, for avoidance of doubt, the facsimile constitutes notice and not the following hard copy by private carrier.

25. Assignment. During the Term of this Agreement, Licensee shall not voluntarily or by operation of law assign, sub-license, transfer, encumber or otherwise dispose of all or any part of Licensee's interest in this Agreement without the prior written consent of Licensor, which Licensor may withhold in its sole discretion. Any attempted assignment, sub-license, transfer, encumbrance or other disposal of the same by Licensee shall constitute a material default and breach hereunder and shall result in the immediate right of Licensor to terminate this Agreement.

26. Force Majeure. Except as hereinafter provided, as a result of fire, riot, war, government regulation, labor action, or any other event beyond the control of Licensee or Licensor (a "Force Majeure Event"), Licensee or Licensor shall be unable to perform its obligations hereunder, such inability shall not constitute a breach of this Agreement provided that all such obligations are performed as soon as the cause of the inability shall have ceased or have been removed, and each party shall bear its own costs resulting from such Force Majeure Event. If such inability shall continue for ninety (90) or more consecutive days or one hundred and twenty (120) days in the aggregate, then Licensor shall be entitled at any time thereafter while the Agreement remains unperformed by Licensee, to terminate this Agreement by written notice to Licensee, in which case the remaining obligations of Licensee hereunder shall be extinguished, provided that such extinguishment of remaining obligations shall not affect any rights and obligations which have accrued prior to such event.

27. Proprietary Rights. Licensee shall acquire no right under this Agreement to use, and Licensee shall not use the name of Licensor (either alone or in conjunction with any other word or name) or any logos or trademarks of Licensor or any of its related, affiliated or subsidiary companies during or after the Term without Licensor's prior written approval in each instance of use thereof, provided however, that Licensee shall not be required to obtain additional written approval over materials from Licensee for subsequent re-publication thereof, provided no changes in any regard have been made to such materials, once Licensor's approval thereof has been obtained. Any failure by Licensee to comply with this Paragraph shall be deemed a material breach of this Agreement and notwithstanding anything in this Agreement to the contrary, shall not be subject to cure, except for Licensee's inadvertent or casual failure in connection with the materials printed for the Production, in which case Licensee shall use its best efforts to immediately cure such failure.
upon notice by Licensor or discovery by Licensee of such failure. Any other failure under this Paragraph shall also be deemed a material breach but subject to the cure provision under Paragraph 8 above.

28. **Indemnification / Insurance.**

28.1 **Licensee’s Indemnity.** Licensee shall defend (with counsel acceptable to Licensor) and indemnify Licensor, its parent, subsidiaries and affiliates, its and their officers, directors, representatives and employees, from and against any claims, losses, damages (including attorney’s fees) and/or causes of action (whether or not groundless), relating to any default or breach or alleged breach of Licensee’s obligations, promises, representations, warranties or agreements hereunder or arising out of any claim or liability for personal injury, property damage or any other claim relating to Licensee’s production of the Play or for any payment to any person or entity employed or engaged by Licensee.

28.2 **Licensor’s Indemnity.** Licensor shall defend and indemnify Licensee, its parent, subsidiaries and affiliates, its and their officers, directors, representatives and employees, from and against any claims, losses, damages (including attorney’s fees), and/or causes of action (whether or not groundless), relating to any default or breach or alleged breach of Licensor’s representations or warranties hereunder.

28.3 **Insurance.** During the Term, Licensee shall carry and pay for comprehensive general liability insurance (including broad form contractual and automobile liability and third party coverage) or its equivalent with minimum limits equal to Five Million United States Dollars (US$5,000,000) combined single limit per occurrence, protecting Licensee and Licensor from claims for personal injury (including bodily injury and death) and property damage which may arise from or in connection with Licensee’s exercise of its rights under this Agreement or from or out of any negligent act or omission of Licensee, its officers, directors, members, agents or employees. All such insurance shall (a) be from companies, in such form and in such amounts and with loss payee provisions, as approved by Licensor; (b) be written on an “occurrence” basis; (c) name Licensor, and its parent and related, affiliated and subsidiary companies as additional insureds; (d) contain a waiver of subrogation with respect to such additional insureds; (e) not be subject to any deductibles without Licensor’s prior written consent; and (f) provide that the coverage thereunder may not be reduced, canceled or materially altered until thirty (30) days prior written notice thereof is furnished to Licensor. Licensee shall provide Licensor with certificates of insurance (or copies of policies, if requested by Licensor) evidencing the insurance required to be carried by Licensee hereunder.

29. **Foreign Corrupt Practices Act.**

29.1 **Familiarity with FCPA.** Licensee represents and warrants that Licensee is familiar with the Foreign Corrupt Practices Act (“FCPA”) and its purposes, including its prohibition against taking corrupt actions in furtherance of an offer, promise to pay or authorization of the payment of any money, or offer, gift, promise to give or authorization of the giving of anything of value, directly or indirectly to any “Government Official” (as defined in this paragraph below), or to any person while knowing or having a reasonable belief that all or some portion of the consideration remitted to that person will be offered, given or promised to a Government Official, for the purpose of (a) influencing any act, decision, or failure to act by a Government Official in his or her official capacity, (b) inducing such official
to use his or her influence with a government or instrumentality to affect any act or decision of the government entity, or (c) securing an improper advantage, in each case, in order to obtain, retain or direct business. “Government Official” means an official or employee of any government department, agency or instrumentality (including, without limitation, any government owned or controlled enterprise), public international organization or political party, any candidate for public office, as well as any other person or entity determined to be a “government official” (as defined in the FCPA).

29.2 Compliance with FCPA. Licensee represents and warrants that Licensee is now in compliance with all applicable laws, regulations and statutes, including but not limited to the FCPA, and will remain in compliance with the FCPA and all applicable laws, regulations and statutes for the duration of this Agreement, in each case, with respect to the rights granted herein, and will not take any actions that would result in its violation of the FCPA or any other applicable laws, regulations and statutes, or a violation by its affiliates or licensees of any of the foregoing, and will certify, upon request by Licensor, to the foregoing by a letter signed by a senior officer of Licensee.

29.3 Compliance with Books and Records. Licensee represents and warrants that Licensee’s books and records relating to the activities contemplated by this Agreement and all records, information and representations that Licensee has provided to Licensor before the signing of this Agreement and will provide to Licensor in the future in connection therewith, are complete and accurate in all material respects. Licensee will, when and as may be requested by Licensor from time to time, provide access to such books and records.

29.4 Training of Employees. Licensee represents and warrants that any employee who may interact with Government Officials pursuant to this Agreement has received (or will receive prior to any such interaction) in-person training on the FCPA and other applicable anti-bribery laws.

29.5 No Employment of Government Officials. Licensee represents and warrants that no present or future owner, shareholder, partner, officer, director or employee, or any holder of any financial interest in any parent, subsidiary or affiliate thereof, in each case, that will perform any of the obligations of Licensee under this Agreement is or will be a Government Official during the Term of this Agreement, except in each case as has been disclosed to, and consented to in writing by Licensor.

30. General. No amendment to this Agreement shall be binding upon either party unless such amendment is in writing and signed by both parties hereto. No waiver by either of the parties hereto of any failure by the other party to keep or perform any covenant or condition of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of same, or of any other covenant or condition. All prior discussions, oral understanding, or other agreements between the parties which are not embodied in this Agreement shall be of no force and effect. All such agreements shall be deemed integrated herein. If any provision of this Agreement shall conflict with any applicable law, policy, or regulation, the latter shall prevail and the provision or provisions of the Agreement affected shall be curtailed, limited, or eliminated, but only to the extent necessary to remove such conflict; and as so modified, this Agreement shall continue in full force and effect. In the event of any dispute regarding the terms and conditions of this Agreement, the laws of the State of New York shall apply and all such disputes shall be subject to and both parties hereto
submit to the exclusive jurisdiction of any federal or state court located within the city of New York, county of New York. In the event of any alleged breach of this Agreement of any kind whatsoever by Licensor, Licensee hereby agrees that Licensee shall not be entitled to seek injunctive or any other equitable relief and that Licensee’s only claim shall be in action in law for damages, if any. The paragraph headings hereunder have no force and effect and are for convenience only. This Agreement may be executed in counterparts each of which when taken together shall constitute one and the same agreement. This Agreement shall be construed as though both parties participated in its drafting and without regard to the drafter thereof.

Accepted and Agreed To:

[LICENSOR]

By: _______________________________

Its: ______________________________

Accepted and Agreed To:

[LICENSEE]

By: ______________________________

Its: ______________________________
Exhibit A – Definitions

For purposes of the Agreement, the following terms shall have the following meanings:

1. **Gross Receipts.** Gross Receipts shall be defined as (i) GWBOR and other revenues, if any, received and credited of or otherwise derived by Licensee from any source whatsoever from the exploitation or turning to account of rights in the Play pursuant to this Agreement (provided that nothing herein shall be deemed to expand the limited rights granted in the Agreement) and from the return of bonds and other recoverable items (e.g., insurance policy rebates and/or claims recoveries, advertising rebates) included in Production Expenses; (ii) all sponsorship money or other non-cash receipts pursuant to Paragraph 9 of the Agreement; and (iii) except to the extent expressly excluded in the Agreement, all other compensation, royalties, or other consideration whatsoever received by or charged to the account of or otherwise derived by Licensee in connection with the producing or exploitation of the Play pursuant to this Agreement.

2. **GWBOR.** “GWBOR,” or “Gross Weekly Box Office Receipts,” shall be defined as one hundred percent (100%) of all gross revenue and other consideration received by or credited to Licensee (or any affiliates) from the sale of tickets for admission to performances of the Production less the following deductions from box office receipts to the extent actually deducted and paid by Licensee to third parties: Local Taxes. Ticketmaster fees, Group sales commissions and Credit card commissions as mutually agreed by the Parties.

3. **Operating Expenses:** For purposes of calculating Recoupment, Operating Expenses shall mean the total expenses, charges, and disbursements actually incurred and paid to third parties (unless otherwise approved by Licensor) or paid by Licensee to Licensor, as provided hereunder, as running expenses of the Production at each Venue; Venue rent, costs and expenses; compensation and salaries of the general manager, company manager, stage manager, conductor (as the case may be), musicians, arrangers, production assistants, production supervisor, cast and stage hands; reasonable transportation charges and expenses necessary for the Production (but excluding such charges and expenses in connection with Licensee and its employees or officers, except as may be agreed upon by the Parties and as specified in the Agreement as Operating Expenses); immigration expenses (to the extent specified in the Agreement as Operating Expenses); costs and expenses of transferring the Physical Production to and from each Venue; approved advertising, publicity and promotion expenses (including third-party advertising agency commissions at reasonable customary rates and additional payments for third-party sales promotion publicity, and marketing, provided that Licensee shall not provide any of such services itself without Licensor’s prior approval of such services, in its sole discretion, and of the compensation therefore to be paid to Licensee); rentals of equipment and props from third parties; television commercials subsequent to the initial television commercial and media buys; and all required applicable and appropriate taxes (if any) incurred.
4. **Production Expenses.** For purposes of calculating Recoupment, Production Expenses shall mean the total expenses, charges, and disbursements actually incurred and paid (but not prepaid) by Licensee (or paid by Licensee to Licensor as reimbursement thereof), approved pursuant to the Agreement in connection with the Production up to and including the official opening press opening thereof, including, without limitation, fees of production assistants; costs of sets, costumes and physical properties (purchased and/or rented), except for the Physical Production provided by Licensor; insurance premiums; audition, casting, immigration (to the extent specified in the Agreement as Production Expenses), and rehearsal charges and expenses; reasonable transportation charges and expenses necessary for the Production (but excluding such charges and expenses in connection with Licensee and its employees or officers, or Licensor and its employees or officers, except as may be agreed upon by the Parties and as specified in the Agreement as Production Expenses); advance publicity and advertising (including the production of television and radio commercials); and required applicable and appropriate taxes (if any) incurred. Any items chargeable as Production Expenses that are supplied by Licensee or Licensee’s related or affiliated companies or persons shall be approved by Licensor.

5. **Recoupment.** “Recoupment” shall mean the recovery from Gross Receipts of all Production Expenses after payment or accrual (but not prepayment) of all Operating Expenses for the Production.
Exhibit B – Budgets

[PLEASE SEE ATTACHED]
Exhibit C

Casting / Rehearsal / Production Schedules

[PLEASE SEE ATTACHED]
Exhibit D – Ticket Price Scales

[PLEASE SEE ATTACHED]
SECTION 22.13 Additional Territories.

(a) Subject to the conditions in this Section 22.13, during a four-year period commencing on the date of the Official Press Opening of the initial First Class
Production of the Play, excluding “tryout” productions (“Worldwide Option Period”), Producer shall have the exclusive option to produce the Play in the following groupings of additional territories: (i) British Isles, Australia and New Zealand (“Anglo Territories”); (ii) Continental Europe; (iii) Asia; and (iv) Mexico, Central America and South America (each of the foregoing grouping of territories, an “Additional Territory,” and together the “Additional Territories”).

(b) With respect to each Additional Territory, Producer may exercise its option described in subsection (a) above by delivering notice to Author, no later than six (6) months after the commencement of the Worldwide Option Period, of its intention to present the Play in such Additional Territory and by paying an advance (against royalties in the applicable Additional Territory) to each of the parties constituting Author for such Additional Territory equal to One Hundred Thousand Dollars ($100,000), payable in three (3) installments as follows: Twenty-Five Thousand Dollars ($25,000) on the date that Producer delivers such notice; Thirty-Seven Thousand Five Hundred Dollars ($37,500) no later than the second anniversary of the commencement of the Worldwide Option Period; and Thirty Seven Thousand Five Hundred Dollars ($37,500) no later than the third anniversary of the commencement of the Worldwide Option Period; provided, that any balance of the One Hundred Thousand Dollars ($100,000) remaining shall be paid in full upon the first rehearsal of the initial First Class Production of the Play in the applicable Additional Territory. Other than with respect to productions in the Anglo Territories, and except as otherwise agreed by Author, Producer agrees to pay to each of Bookwriter, Composer and Lyricist from each production in the Additional Territories a Royalty of Two Percent (2%) of GWBOR, on a Company by Company basis. For
avoidance of doubt, Royalties for productions in the Anglo Territories shall be paid on the terms and conditions set forth in Section 22.08.

(c) If, by the last day of the Worldwide Option Period (“Worldwide Option Date”), Producer has presented the Play both (i) in the West End (which, for the avoidance of doubt, shall be deemed Producer’s exercise of its option to produce in the Anglo Territories) and (ii) either (A) elsewhere in the Anglo Territories or (B) in an Additional Territory other than the Anglo Territories, then Producer shall retain the exclusive right to present the Play in the remaining Additional Territories by delivering to each party constituting Author, no later than the Worldwide Option Date, a notice of Producer’s intention to produce the Play in one or more specific remaining Additional Territories, along with Fifty Thousand Dollars ($50,000) for each such remaining Additional Territory specified in such notice. If Producer provides such notice and payment, then Producer shall be entitled to present the Play in such Additional Territories until the date that is two (2) years from the Worldwide Option Date.

(d) If Producer has presented the Play in at least one (1) additional Additional Territory within such two-year period, then Producer shall retain the exclusive right to present the Play in any remaining Additional Territories by delivering to each party constituting Author, no later than the end of such two-year period, a notice of Producer’s intention to produce the Play in one or more specific remaining Additional Territories along with Twenty-Five Thousand Dollars ($25,000) for each such remaining Additional Territory specified in such notice. If Producer provides such notice and payment, then Producer shall be entitled to present the Play in such remaining Additional Territories until the date that is three (3) years from the Worldwide Option Date.
AGREEMENT made as of the 1st day of May, 20___, by and between [Name of Licensor], [Address] New York, New York, and [Name of Licensee], [Address] New York, NY (the “Licensee”).

W I T N E S S E T H:

It is hereby agreed between the parties as follows:

1. Definitions
   The following terms when used herein shall have the following meaning:

   (A) “Authors” of each Play shall mean the individuals listed in the attached Exhibit A.

   (B) “Customers” shall mean those parties who have entered into licenses with Licensee for the exercise of “Stage Rights” as defined herein.

   (C) “Gross Box Office Receipts” shall mean gross box office and admission receipts of Customers or their agents or employees from all sources whatsoever, including any and all sums over and above the regular box office prices of tickets paid by speculators, ticket agencies, ticket brokers or all other persons and entities, as well as all other additional sums whatsoever received from the presentation by Customers, less admission, cultural or equivalent taxes thereon, value added taxes, and withholding taxes, if any.

   (D) “Licensee’s Gross Receipts” shall mean all moneys collected by Licensee from all sources whatsoever in connection with the granting of Stage Rights, but excluding Gross Rental Fees, without any deductions whatsoever, except admission or similar taxes, value added taxes, and withholding taxes, if any, not theretofore deducted in computing said Gross Receipts.

   (E) “Plays” shall mean the dramatico-musical plays listed in the attached Exhibit A.
(F) "Gross Rental Fees" shall mean all moneys collected by Licensee from all sources whatever in connection with "Materials" provided in connection with the grant of Stage Rights, without any deductions whatsoever.

(G) "Stage Rights" shall mean the right to present the Plays only on the spoken stage by living actors and musicians appearing in the immediate presence of their audience, with either a professional or a non-professional cast in the local languages of the countries constituting the Territory. "Stage Rights" shall also include English language licenses in the Territory (hereinafter referred to as "English Language Stage Rights"), provided that no commission shall be paid by Licensor to Licensee for English language licenses granted to any production company affiliated or under common control with Licensee, unless otherwise agreed on a case by case basis.

(H) "Territory" shall mean China, Taiwan, Hong Kong, Korea, Malaysia, Singapore, the Philippines, Indonesia, Sri Lanka, Macau and Thailand. In the event that Licensor agrees in writing in advance to authorize Licensee to issue a license of Stage Rights for an English language production of any of the Plays in Japan, Licensee shall receive a commission as provided in Paragraph 6(A) below but subject to Paragraph 1(G) above.

2. Rights Licensed
Subject to the reservation of rights in Paragraph 3, Licensor hereby grants to Licensee the exclusive right to exercise or grant licenses to others of Stage Rights to the Plays in the Territory during the Term hereinafter set forth, on all the terms and conditions herein set forth.

3. Rights Reserved
(A) Licensor reserves for its use, as its respective interests may appear, all rights in the Plays in the Territory not expressly licensed herein, whether or not now known or in existence, and whether of a competing or non-competing nature, including but not limited to motion picture rights, radio and television (including cable television) rights, cast album and sound track album rights, video cassette and video disk and similar and dissimilar types of rights, non-dramatic concert rights, merchandising rights, and publication rights. For the avoidance of doubt, the parties acknowledge that the concept of First Class Stage Rights as customarily defined in the theatre industry is not applicable to productions in the Territory.
(B) Licensor shall have the right, exercisable in its sole discretion, to license tours or sit-down productions for English Language Stage Rights in the Territory directly to third-party producers, but only in connection with licenses by Licensor for productions originating outside the Territory, provided, however, that Licensor shall consult in advance with Licensee about any preexisting local language license(s) in the applicable country or countries.

(C) Licensee shall prohibit by contract its Customers from creating or permitting any third party to create any audio-only, video or audio-video recording of any performance of any Play or portion thereof. In the event any Customer shall request merchandising rights in connection with any performance licensed by Licensee hereunder, Licensee shall direct such Customer to apply in writing directly to Licensor for such rights.

4. Performance Materials

(A) Licensor shall provide copies of orchestration materials, vocal scores, librettos and other rehearsal and performance materials reasonably available for the Plays (the "Materials") to Customers in accordance with the following procedure: (i) For each license entered into by Licensee hereunder, Licensor shall provide Licensor with the title of the Play, Customer's name, shipping address and other contact information (i.e. telephone number, telefax number, e-mail address) and performance dates, (ii) Upon confirmation of the quantity of Materials required by the Customer, Licensor shall notify Licensee of the fees to be charged to said Customer and Licensee shall bill the Customer accordingly for said fees and all shipping, handling, customs and other charges incurred by Licensor in delivering the Materials to said Customer (the "Delivery Costs"). Anything in Paragraph 7(A) to the contrary notwithstanding, at the end of each calendar year, Licensor shall provide Licensee with a single statement showing all Delivery Costs for the past year, which shall be paid by Licensee to Licensor. It is acknowledged that the parties may decide during the Term that these functions will be taken over by Licensee, in which case an increased participation by Licensee in Gross Rental Fees will be negotiated in good faith.

(B) Licensor shall at all times retain control over the disposition of the Materials. Licensor and Licensee shall prohibit by contract Customers from making copies (including photocopies) of any Materials, and shall require by contract Customers to return all Materials to Licensor promptly upon expiration of the respective license period. Licensee shall be responsible for all communications with Customers with respect to Materials, including, without limitation, late return of, or missing, Materials.
Licensor shall provide Licensee with copies of the [redacted] Logo for the Play entitled [redacted] for Licensee’s and its Customers’ promotional purposes only and Licensee shall have no right to sell such Logo. Licensee shall include within and as part of each license it issues for performances of [redacted] a rider relating to such logo in the form annexed hereto as Exhibit C.

5. **Representations and Indemnities**

Licensor represents and warrants that it has the full right to enter into this Agreement and to grant to Licensee the rights herein granted on the terms and conditions set forth herein. Licensee shall notify Licensor promptly and in writing of any claim brought against Licensee which, if successful, would give rise to a breach of any of Licensor’s representations or warranties set forth herein. Licensor shall have the right, but not the obligation, to control the defense of such claim with its own counsel at its own expense. Licensee shall have the right to participate in the defense of such claim with its own counsel at its own expense. Licensee shall have no right to compromise or settle such a claim without the prior written approval of Licensor. The maximum liability of Licensor to Licensee for the breach of any representations, warranties, or covenants contained in this Agreement shall not exceed 150% of the total amount of money theretofore paid to it hereunder as its share of Licensee’s Gross Receipts. Licensee and Licensor, respectively, agree to defend, indemnify and save harmless the other and, in the case of Licensee as Indemnitee, the Authors against any and all claims, damages, liabilities and expenses (including but not limited to reasonable legal fees and expenses) incurred by reason of the indemnifying party’s acts or failure to act hereunder or any breach of the indemnifying party’s representations and warranties.

6. **Royalty and Rental Fees:**

Licensee shall pay Licensor the following:

(A) **Commission**

With respect to amateur performances of the Plays, Licensee shall be entitled to retain a commission equal to Fourteen Percent (14%) of Licensee’s Gross Receipts with respect to each amateur license issued by it; with respect to professional performances, Licensee shall be entitled to retain a commission equal to Seven Percent (7%) of Licensee’s Gross Receipts with respect to each professional license issued by it. The balance of Licensee’s Gross Receipts shall be deemed “Net Receipts”. One Hundred Percent (100%) of Net Receipts shall be remitted to Licensor in accordance with paragraph 7(A) below.
(B) **Rental Fees**

Licensee shall remit to Licensor One Hundred Percent (100%) of Gross Rental Fees received by Licensee in connection with Materials provided for Stage Rights for professional performances and Fifty Percent (50%) of Gross Rental Fees received by Licensee in connection with Materials provided for Stage Rights for amateur performances ("Amateur Rentals" in accordance with paragraph 7(A) below). The remaining Fifty Percent (50%) of Amateur Rentals shall be retained by Licensee as an administrative fee on a non-precedential basis.

7. **Payments, Statements and Audit Rights**

(A) There shall be furnished to Licensor, within sixty (60) days of the close of the period to which they relate, itemized quarter-annual statements of Licensee’s Gross Receipts. Said statements shall include the following information (to the extent available to Licensee) with respect to each license for which Licensee’s Gross Receipts are received: title of the Play, date of statement, name of Customer, name of theatre, location of theatre, nature of production (professional or amateur), number of performances, dates of performances, Gross Box Office Receipts or the fee charged for such license, whichever is applicable, date of receipt of Licensee’s Gross Receipts, deduction of taxes, if any, currency conversion rate applied and date thereof, date of receipt of Licensee’s Gross Rental Fees (including Delivery Costs) and the amount of Net Receipts and Gross Rental Fees due to Licensor under Paragraph 6(A) and (B) hereof.

Said statements shall be certified by Licensee to be true and accurate in all respects. Such statements shall be sent for each quarter-annual period, even in the event no payment is due, such statement shall be accompanied in each instance by a statement of the conversion rate showing the amount in United States Dollars. Such statements shall likewise be sent in the event payment cannot be made when due because of governmental laws or regulations as provided in sub-paragraph (D) hereinafter.

(B) All payments to be made to Licensor hereunder shall be made on the date on which the statement for the respective period is rendered, in lawful currency of the United States of America, in United States Dollars in the form of (i) a check drawn on a U.S. bank payable to [Redacted] and sent to [Redacted] New York, NY [Redacted] attention: Accounting Department or (ii) by cable remittance, made payable to the account of [Redacted] JP Morgan Chase Bank, 111...
West 40th Street, 10th Floor, New York, NY 10018, and Licensee shall simultaneously therewith forward to [REDACTED] Attention: Theatre Royalties Manager, a duplicate receipt for each such payment. All such payments shall be in amounts determined at conversion rates in effect at the time such payments are received by Licensee from Customers, and Licensee shall bear all costs and expenses involved in converting payments into United States currency, if any.

(C) Payments of sums due hereunder shall be subject to delays and withholdings (if any) caused by taxation laws and regulations of the Territory, in which event Licensee shall cooperate with Licensor in obtaining appropriate permissions and exemptions at the earliest possible date in order to transmit to New York City in United States currency all sums when due. Licensee agrees to provide such assistance as Licensor may reasonably request in connection with Licensor’s procuring, preparing, and filing such documents as may be required in the Territory to apply for and/or claim exemption from taxes imposed in the Territory upon royalty income from sources within the Territory under the provisions of any applicable treaty with respect to double taxation between the United States and any nation in the Territory.

(D) If, because of any law, edict or regulation of any government authority, Licensee is prevented from paying any sums due hereunder in United States Dollars, Licensee shall deposit forthwith such sums in a separate bank account in the Territory designated by Licensor and in Licensor’s name. Licensee shall in each instance simultaneously forward to Licensor a duplicate deposit slip for each such deposit. Licensee shall leave such sums on deposit until such time as payment is permitted to be made and is authorized by Licensor, and Licensee shall then forthwith make payment thereof. In the alternative, at the election of Licensor, Licensee shall turn over such funds on deposit to such third party in the Territory as Licensor shall designate.

(E) Licensee shall require of each of its professional Customers monthly statements of the Gross Box Office Receipts and a monthly settlement sheet for performances of the Play(s) for which the royalty due is calculated as a portion of the box office receipts. Said statements shall be duly certified by the treasurer or other similar officer of the venue where the Play is presented to be true and accurate in all respects. Licensee shall retain such statements for not less than one (1) year following the expiration date of this Agreement (or until final resolution of any then-pending dispute between the parties) and shall, upon Licensor’s written request, promptly deliver copies of said statements to Licensor.
The portion of Licensee's Gross Receipts and Gross Rental Fees due Licensor shall belong to Licensor and shall be held in trust by Licensee as Licensor's property until payment. The trust nature of such funds shall not be questioned, whether said moneys are physically segregated or not.

Licensee shall keep accurate books and records of all of Licensee's Gross Receipts and of all licenses issued to its Customers and all collections from its Customers, and Licensor or its representatives shall have the right, during regular business hours, to examine and audit such books and records, and to make copies of, and take excerpts from all such books and records not more than once during any single year of the term.

8. Conditions of Licenses

Licensee shall prohibit by contract its Customers from making any alterations whatsoever to any element of the Plays, including but not limited to any deletions therefrom and/or additions thereto (including the orchestrations and vocal arrangements) without the express written authorization of Licensor. Licensee shall not, without Licensor's prior written authorization, license any professional or amateur performance of any Play for a royalty of less than the percentages of gross box office receipts set forth in the attached Exhibit A. For the avoidance of doubt, it is acknowledged that Licensee’s rights with respect to translations pursuant to Paragraph 14 shall not be deemed to conflict with this Paragraph 8.

9. Billing Credits:

Licensee shall require its Customers to state on all programs, houseboards, posters, fliers, advertisements, announcements and other printed and advertising matter whereon is set forth the title of the Play, the credits set forth in Exhibit B hereto.

In addition to the billing requirements set forth herein, Licensor shall require each of its Customers to set forth the following credit on the title page in all programs: "[TITLE OF THE PLAY] is presented through special arrangement with, and all authorized performance materials are supplied by," followed by the name of the Licensor on behalf of Licensor, New York City. Licensee shall require its Customers to include in all programs in connection with any performance of any Play authorized biographies of the authors of such Play, which Licensor shall provide.
10. **Production Photographs, Programs and Clippings**

Licensee shall use its best efforts to secure publicity photographs, newspaper and magazine advertisements, articles and reviews, programs and posters attendant to performances of the Plays licensed hereunder as may be reasonably available, and shall forward such materials to Licensor in a timely manner.

11. **Term**

The term of this Agreement ("Term") shall commence and, subject to any termination of Licensor's rights to any Play during the Term and any rights and/or remedies available to Licensor in the event of a breach of this Agreement by Licensee, shall continue until Licenses entered into by Licensee during the Term may authorize the presentation of Plays during the two (2) year period immediately following the Term, and Licensor shall consider in good faith requests by Licensee to authorize performances of Plays during the third year following the Term. Licensor agrees to begin good faith negotiations with Licensee regarding an extension of the Term not later than

12. **Protection of Copyright**

Licensee shall not, to the best of Licensee's knowledge, commit any act of omission or commission which shall invalidate the copyright in any of the Plays or the right to copyright same in the Territory, the United States and the member nations of the Berne Union and Universal Copyright Convention. All copies of all materials relating to the Plays utilized by Licensee hereunder shall contain a copyright notice in the exact form furnished by the Licensor.

13. **English Language Productions**

If Licensor or the Authors shall, during the Term hereof, grant to a third party the right to present in the Territory an English Language Production of any of the Plays as permitted under Paragraph 3(B) and shall notify Licensee thereof, Licensee shall thereafter, if so instructed by Licensor or Authors, refrain from licensing Stage Rights to such Play. Any license issued by Licensee for any Play prior to its receipt of such notice shall remain in full force and effect.

14. **Translations:**

(A) Licensor shall have the right to approve in writing all translations of the lyrics and/or libretto of the Plays created in connection with foreign language versions of the Plays. Licensee shall require its
Customers to include with Translations delivered to R&H a literal English rendering of the foreign language translation. No material changes shall be made to the dialogue or lyrics of the Plays, other than those dictated by the nature of the language into which they are translated or the space exigencies of subtitling. Licensee shall use all commercially reasonable efforts to require that all translations shall be prepared as work for hire for Licensor on behalf of the copyright owners of the Plays, without any obligation to make any payment to Licensee, any translator or any other third party, provided that Licensee shall not be required to make any payment at any time to any other party for the use of such translations in connection with the Plays and that Licensor shall not be required to make any payment to the translator in connection with the initial license issued by Licensee for a production using a translation. In the event Licensee issues any subsequent license(s) after its initial license for a production using a translation, Licensee shall use all commercially reasonable efforts to cause its Customer to pay any amounts payable to the translator in connection with such production(s). Licensee shall cause each translator to enter into an agreement incorporating the provisions annexed hereto as Exhibit D. To the extent that controls pre-existing translations of the libretto and/or lyrics of any Play in any language, Licensee shall make such translations available to the Customers for use in connection with the Stage Rights without any payment by Licensee to any party for such use, but subject to payment by said Customers of any amounts required to be paid to the translators for such use.

(B) Licensee shall, at its sole cost and expense, arrange for the translation of Licensor's licensing and other agreements, marketing and production materials into foreign languages spoken in the Territory.

15. Further Agreements:

(A) Paragraph A intentionally omitted.

(B) Licensee agrees to (i) create and publish a catalog of the Plays for distribution within the Territory, (ii) set up a website capable of receiving applications for rights to present the Plays, (iii) participate in conventions and other theatre related events in the Territory, (iv) provide seminars and workshops to educate schools and performing rights societies about the process of licensing and producing musical plays, and (v) if Licensor so requests, distribute a booklet to be written by Licensor relating to the production of musicals tentatively entitled "Musicals Made Easy". Licensor shall cooperate with Licensee in the development of the catalog and website, and Licensee shall obtain Licensor's prior written approval of the final versions.
(C) Licensor and Licensee agree to consider, in good faith, the establishment by Licensee of a fully-staffed business office in the Territory.

(D) The parties recognize that [redacted] unique and special professional relationship with Licensor is a material reason for Licensor's decision to enter into this Agreement. In the event that [redacted] ceases to be the owner of a controlling interest in Licensee and/or ceases to be employed by Licensee on a full-time basis, for any reason during the Term of this Agreement, Licensor shall have the right to terminate the Agreement at any time within six months thereafter, provided that any licenses issued hereunder prior to such termination shall remain in effect and Licensee shall be entitled to compensation hereunder with respect to such licenses.

16. Default

The grant of rights to Licensee hereunder shall automatically terminate and revert to Licensor in the event Licensee shall breach or fail to comply with or fulfill any of the terms or provisions hereof and Licensor shall have notified Licensee of such breach or failure in writing and Licensee shall have failed to rectify or cure such breach or default within thirty (30) days following the date of such notice. Any such termination shall be without prejudice and in addition to any and all rights and remedies Licensor shall have at law or in equity or as otherwise provided in this Agreement, and shall not release Licensee from any obligation to pay any moneys owing by Licensee to Licensor. Nothing herein contained shall require the giving of any such notice where it is provided that the Term hereof shall terminate or the rights herein granted shall revert upon the happening of a specified contingency.

17. Arbitration

Any and all disputes, claims and controversies arising out of or relating to any provision of this Agreement, or the breach hereof, shall be settled by arbitration in New York City, before a single arbitrator, in accordance with the rules then obtaining of the American Arbitration Association, and the award rendered in such proceeding shall be binding and conclusive upon the parties. The parties agree that the arbitrator shall have the right to grant injunctive or other equitable relief. The parties irrevocably consent to the jurisdiction of the courts of the State of New York or of the United States, District Court for the Southern District of New York for the purpose of enforcing any arbitration award rendered pursuant hereto and for entering judgment thereon, and they further consent that any process or notice of motion or other application to said courts or to the judges thereof may be served by mail in the manner provided in Paragraph 18 hereof.
18. Notices

All notices given hereunder shall be in writing and shall be sent by registered or certified mail, or by telex or cable (and if by telex or cable, confirmed by registered or certified mail), addressed to the respective party at its address hereinafter set forth, or at such other address or to such designee as such party designates by notice given in accordance herewith. All such notices shall be deemed given when so sent (and, if applicable, so confirmed). Until otherwise notified in writing in accordance herewith, the addresses of the parties hereto shall be as follows:

To Licenser:
[Redacted]
Attention: Senior Vice President and General Counsel

To Licensee:
[Redacted]
Attention: [Redacted]

with a copy to:
[Redacted] Esq.

19. Insolvency

In the event Licensee or any guarantor of Licensee's obligations hereunder shall file for any bankruptcy proceeding or go into liquidation or become insolvent or make any assignment or deed or arrangement for the benefit of creditors, or in the event a receiver is appointed for the Licensee's business and such receiver remains undischarged for a period of twenty (20) days, or the equivalent of any of the foregoing under the laws of any country in the Territory takes place, then, in any such event, this Agreement and the rights licensed hereunder shall terminate automatically and without notice, without prejudice to any rights Licensor may have for moneys due or to become due to Licensor or in connection with any other thing or matter. Any outstanding licenses of Stage Rights shall automatically be assigned to Licensor and Licensor shall have the right to collect any and all moneys owing in accordance therewith, without any obligation whatsoever to Licensee.

20. Miscellaneous
(A) This Agreement sets forth the entire agreement between the parties, supersedes all prior arrangements, and shall be construed in accordance with the laws of the State of New York and of the United States of America applicable to contracts made and to be entirely performed therein.

(B) This Agreement is hereby declared to be personal with Licensee and without the written consent of Licensor shall not be assignable in whole or in part by Licensee whether voluntarily or by operation of law or, except as herein specified, sub-licensed.

(C) No waiver of any provision of this Agreement or the breach thereof shall constitute a waiver of any other provision or the breach thereof or of any subsequent breach.

(D) This Agreement shall supersed any and all prior agreements between the parties hereto, whether written or oral.

(E) This Agreement shall be binding upon the parties hereto, their respective successors, administrators and assigns, and cannot be altered, modified or canceled except by a written instrument signed by the parties hereto.

(F) Licensee represents and warrants that Licensor shall have no liability for any brokerage or other commission in connection with the making of this Agreement.

(G) This Agreement shall not in any way constitute or be deemed to create a partnership or joint venture between the parties hereto and neither party shall have the right to bind the other except as herein expressly set forth.

(H) This instrument shall not constitute a binding agreement and shall have no force or effect unless and until a copy hereof signed by Licensee shall have been delivered to Licensor and a copy thereof signed by Licensor shall have been delivered to Licensee.

21. **Marketing**
(A) Licensor shall provide to Licensee such marketing materials as Licensor may have available for use by Licensee in creating marketing materials for the Plays in the Territory.

(B) Licensor shall use good faith efforts to establish a link between Licensor’s website and Licensee’s website.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

By: ____________________________

By: ____________________________
'The Lion King' premieres at Shanghai Disneyland as Broadway comes to China

Guests walk into the Walt Disney Theatre at Shanghai Disney Resort on Tuesday for the premiere of "The Lion King." (AFP/Getty Images)

By Jonathan Kaiman

JUNE 14, 2016, 9:57 AM | REPORTING FROM SHANGHAI

The first Mandarin-language production of "The Lion King" premiered Tuesday night at Shanghai Disneyland, part of a series of events scheduled before the park's grand opening Thursday.

A host of executives and Chinese and foreign celebrities attended, including Walt Disney Co. Chairman and Chief Executive Robert Iger, former NBA star Yao Ming, producer Jerry Bruckheimer, and director of the original "Lion King" stage musical Julie Taymor.

Tuesday's performance was close in content to the original Broadway production, which premiered in 1997, but also featured an assortment of distinctly Chinese elements, including a Peking Opera musical number and shadow puppet lions and giraffes.
Countdown to Shanghai Disney

"The Lion King" is the highest-grossing show in Broadway history. It has been seen by about 85 million people in about 22 countries, Bob Chapek, chairman of Walt Disney Parks and Resorts, said in advance remarks on Tuesday.

Broadway producers have long coveted the Chinese market for its 1.4-billion-strong population and rapidly expanding consumer class. Yet bridges between China and Broadway remain few and far between.

China has no tradition of Broadway-style song-and-dance theater. The Chinese government has built cutting-edge performance halls in several cities without investing in productions to fill them. Mandarin-language productions remain rare.

The first Broadway musical to show in China was "Les Misérables," which ran in Shanghai in 2002. Since then, a handful of Broadway productions have toured the country, including "Cats" and "The Sound of Music." A Mandarin-language production of "Mamma Mia" showed at the Shanghai Grand Theatre in 2011, featuring localized dance routines and dialogue that drew from regional Chinese dialects.

"Understand that in China, the government wants to support entertainment — they want approved [shows] to come into the country," said Darren Bagert, a Tony-winning Broadway producer who has brought musicals to China. "Broadway grossed last year just over $1 billion — just Broadway alone — but it brought New York City an ancillary income of more than $12 billion. People come to New York to see "The Lion King," and now for Shanghai, the income could be vast."

Yet the market is still nascent, he said. "It's not like here in the U.S. where we have 20 different markets [for Broadway shows]," he continued. "There's four, maybe five markets in China where shows can even go. In the U.S. we tour major cities, and each city we'll sit there for months, each show. We don't have that luxury in China right now."

DreamWorks Animation is also planning a major tourism development in Shanghai called the Dream Center, which will include 16 theaters for live performances. It's slated to open in 2018.

China has also invested in Broadway — last year, two Chinese funds, China Media Capital and China Broadway Entertainment, backed three popular Broadway shows: "Hand of God," "Something Rotten!" and "An American in Paris."
The Shanghai Disney Resort is nearly twice the size of the Anaheim Resort. It includes Shanghai Disneyland park with six themed lands encircling the Enchanted Storybook Castle, a shopping district and 99 acres of gardens, lakes and parkland.

Yingzhi Yang in The Times’ Beijing bureau contributed to this report.

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Broadway Sets Its Sights on Chinese Tourists

With almost a million tourists from China due to visit New York City this year, Broadway is beefing up its outreach to Chinese travelers through a new partnership with a Shanghai-based marketing firm.

The push steps up the activity in the Chinese tourism market already underway from Broadway Inbound, the arm of the Shubert Organization focused on ticketing and group sales to the international travel industry. Through its new partnership with Contineo, Broadway Inbound aims to drum up Broadway’s profile in Chinese travel publications, both consumer and trade, in order to attract theatergoers and encourage them to book tickets in advance of their trip.

Tourist audiences have become an increasingly significant component of Broadway sales, with international visitors accounting for close to 20% of all ticket sold in the 2014-15 season. Broadway Inbound’s team-up with Contineo comes after a shift in China’s visa rules that now allows for 10-year travel visas to the U.S., opening up new freedoms for individual travelers from the country.
or other type of live performance while they’re here. The new marketing initiative hopes to snag some of them before they arrive.

The media push comes in tandem to Broadway Inbound’s ongoing outreach to international tour operators, group ticket buyers and travel agents, which includes seminars and workshops as well as ticketing services geared directly to their needs. The company also has marketing partnerships with local firms in Japan, Germany, Brazil, Australia and the U.K., to tout Broadway In those markets.

FILED UNDER: Broadway, China, Tourism

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‘Cats’: 5 Ways the Smash Musical Changed Broadway

After conquering Broadway, "Hamilton" will now try its hand at taking over the world — with upcoming productions in Chicago (this fall), L.A., San Francisco and London (in 2017). As it expands, Broadway’s latest juggernaut can follow a trail blazed by “Cats.”

Back in New York after 16 years, Andrew Lloyd Webber’s 1982 musical has returned to a Broadway landscape that in many ways it helped create. The show not only launched the era of the British megamusical (“The Phantom of the Opera,” “Les Miserables”), it more importantly cemented the model of a globe-conquering smash hit — a model refined by the likes of “Phantom,” “Les Mis,” “The Lion King,” “Wicked” and now “Hamilton.” Here’s how it changed the game.

1. It prowled the globe — and became a New York City landmark at the same time.

“Cats” wasn’t the first show with global ambitions — Broadway hits like "A Chorus Line" and "Evita" also branched out to other cities and countries. “I remember back in 1971, when Robert Stigwood was my manager, Robert sat me down and said, ‘We have to get Jesus Christ Superstar around the world now, and we have to do it quickly,'” recalled Lloyd Webber, days before the new “Cats” opened on Broadway. “He said, ‘People are going to pirate it, and there’s nothing we can really do, so we must get out own productions up.’”

When “Superstar” went around the world in the 1970s, it wasn’t slaged in replica productions — but Hal Prince’s production of “Evita,” which ran almost four years on Broadway, did. Lloyd Webber said he kept that idea in mind as he and Cameron Mackintosh set about producing “Cats,” first in London, then on Broadway, then everywhere else.

2. It paved the way for other long-running shows.

"Cats" has only been on Broadway longer than "Phantom," "Les Mis," "Wicked," and "Hamilton," but it is the longest-running musical in the Great White Way's history. Its 21,258 performances are 6,000 ahead of "Phantom's" 2019 milestone. The show has also been the longest-running show in London, for its entire run. Other London runs are "Les Miserables," "Wicked," and "Hamilton."
While all those replica stagings made their way around the world, in sit-down and touring productions, ‘Cats’ became what was, at the time, the longest-running show on Broadway, with an 18-year lifespan that made the show a city landmark. All of that together lent ‘Cats’ an unprecedented international profile, not only for global audiences in their home countries but for tourists visiting New York (or London) as well. These days, the same can be said for the longrunners that followed in its wake, from ‘Phantom’ to ‘The Lion King’ to ‘Wicked.’

2. You don’t have to be fluent in English to get it.

A major reason ‘Cats’ works so well for international audiences. There’s no language barrier. For theater purists, that’s part of what they hate about the show—in their view, it’s a dumbed-down spectacle about kittens. But whatever you think of it, this new production and its hardworking cast will remind you that ‘Cats’ is, first and foremost, a dance musical, with only the barest of plots holding together a feline revue. Like a ballet or any other movement-centric performance, you don’t need English to get the gist.

‘Cats’ was one of the first shows to truly exploit the global potential of that. Other Broadway musicals—in particular, universal crowdpleaser ‘Mamma Mia!’—followed suit.

3. It embraced its family appeal.

‘Cats’ is a well-established draw for family audiences—and as the Disney’s uber-successful musicals (‘The Lion King,’ ‘Aladdin’) illustrate, that’s a powerful demographic, capable of sustaining a show for years.

But the original production of ‘Cats’ didn’t get that family-friendly reputation right off the bat. ‘Broadway didn’t have that sense of family audiences as a target demographic back then,’ said Nina Lannan, the executive producer of the revival and the general manager of the original production. ‘Not the way we talk about family audiences now. Nobody thought that way.’

She estimated that the change happened following the ninth anniversary of ‘Cats’ on Broadway. The production hosted a face-painting event in celebration, and the resulting TV ad, showing kids getting dolled up in feline makeup, turned the heads of parental ticketbuyers—and those all-ages crowds helped the show run another nine years. With that, Broadway had proof of the commercial power of appealing to young audiences.

4. That logo.

You know what it looks like. Yellow eyes with dancers inside them and a hand-scrawled title treatment against a black background, the logo has an iconic simplicity that gave ‘Cats’ a internationally resonant brand identity akin to the Coke squiggle or the Nike swoosh.

That simplicity made a bare-bones ad relatively cheap to run on TV, where ‘Cats’ advertised 52 weeks a year. ‘When we stopped advertising on television, there’d be a drop in business,’ recalled Philip J. Smith, the longtime executive (and current co-CEO) of the Shubert Organization, a major producer of both the Broadway original and the current revival. ‘It was amazing. The cat eyes were so fantastic, and you were dealing directly to a children’s audience. Hey Mommy, I want to go see ‘Cats!’ they’d say.’

Shows strive to establish that kind of instant recognition, and with good reason. After ‘The Phantom of the Opera’ became synonymous with its broken-mirror lettering and half-mask image, Warner Bros. largely revised movie adaptation actually revitalized the Broadway show—in part because the studio’s omnipresent ads for the film, using the same logo, doubled as advertising for the stage version.

5. Producers took control.

These days, it’s de rigueur for a hit musical’s original producers to have a strong hand in guiding the national and international rollout of a Broadway success. But in Smith’s recollections, ‘Cats’ started that trend.
8/19/2016

Lloyd Webber's Really Useful Group meticulously parcelled out production rights, Smith said. "They gave out the rights in sections as no one ever did before," Smith said. "People had done similar things, but nobody really took it down to a science like they did. They really and truly programmed the rights."

Lannan noted, "That was probably the first time a producer said, 'I'm in control of all that.'"

Now, of course, it's common. But "Cats" led the way.

FILED UNDER: Andrew Lloyd-Webber, Broadway, Cats, Hamilton

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