



CMRRA-SODRAC INC.

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IMPORTANT INFORMATION:

**FIRST DISTRIBUTION TO CLASS MEMBERS IN THE CANADIAN CLASS ACTION
SETTLEMENT RESPECTING UNPAID MECHANICAL AND VIDEO ROYALTIES**

December 15, 2011

On May 30, 2011, the Ontario Superior Court of Justice certified the Northey v. Sony et al. action (formerly the Estate of Chet Baker v. Sony et al. action) as a class proceeding for the purposes of settlement and approved the settlement agreements that have been reached in this matter between the Representative Plaintiff and each of the record companies, Sony Music Entertainment Canada Inc., EMI Group Canada Inc., Universal Music Canada Inc. and Warner Music Canada Co. as well as with the Canadian Musical Reproduction Rights Agency Ltd. ("CMRRA") and the Society for Reproduction Rights of Authors, Composers and Publishers (SODRAC) Inc. and SODRAC 2003 Inc. ("SODRAC").

CMRRA-SODRAC Inc. ("CSI") was appointed Settlement Administrator and is responsible for the distribution of the settlement funds. CSI is pleased to enclose herewith its first distribution of royalties in this matter.

WHAT THIS PAYMENT REPRESENTS:

The enclosed cheque represents your portion of CSI's first payment related to the market share distribution of low-value items recorded for Group I and II Products on each of the record companies' pending list.

Low-value items consist of musical works for which the quantifiable aggregate royalties on each pending list totalled \$1,000.00 or less. Group I Products consist of recordings released in Canada at any time up to and including June 30, 2007. Group II Products consist of recordings released in Canada between July 1, 2007 and December 31, 2009, inclusive.

The market share allocation to class members for Group I Products was determined based on royalty payments made to rightsholders by the four major record companies between January 1, 2003 and December 31, 2009. The market share allocation to class members for Group II Products was determined based on royalty payments made to rightsholders by the four major record companies between January 1, 2005 and December 31, 2010.

In accordance with the Key Terms of Settlement between all parties, where a rightsholder was eligible to receive less than \$100.00 of the market share allocation, that amount was redistributed on a pro-rata basis to rightsholders eligible to receive an amount greater than \$100.

RECIPIENT OF THE MARKET SHARE DISTRIBUTION:

As stated above, CSI calculated the market share for each rightsholder based on prior payment information disclosed by the four major record companies. This information listed the name of the rightsholders to whom the payments were made, but did not disclose the musical works that were the subject of those payments (as this information was not required under the settlement).

It's important to note that the payment of the market share allocation by CSI is made to the current administrator of the copyrights in the individual publishing catalogues that were the subject of such prior payments by the record companies.

It is also important to note that this payment represents both the writer and publisher portions of the settlement, as would a regular payment of mechanical royalties. As such, it is incumbent upon the music publishers who are recipients of a market share payment hereunder to distribute, in accordance with the provisions of their relevant publishing agreements, a portion of such market share payment to the songwriter(s) associated with the publishing catalogue(s) for which payment is made. This also applies to any other rightsholder(s) associated with the publishing catalogue(s) in question. The catalogue information is disclosed on the attached statement.

For rightsholders who are members of SODRAC, or members of a society represented by SODRAC in Canada, payments related to the settlement of this action may be subject to different distribution methods. These distribution methods are explained in a separate SODRAC information letter enclosed with such payments where applicable.

AMOUNT OF FIRST DISTRIBUTION:

Enclosed with your cheque is a statement which discloses your market share allocation for each of Group I and Group II Products, for each of the publishing catalogues that you currently administer.

Please note that you have 180 days from December 15, 2011 to cash your cheque. Should you fail to cash your cheque within this period, your cheque will be cancelled and the amount will be redistributed on a pro-rata basis to other rightsholders who have received a market share payment under this distribution.

The total amount of CSI's first distribution is as follows:

Group I Products	\$7,024,567.86
Group II Products	\$1,707,169.69
TOTAL DISTRIBUTION	\$8,731,737.55

QUESTIONS:

For more information concerning the settlement and this first distribution, we invite you to visit CSI's website at www.cmrrasodrac.ca. Should you have any additional questions, please email CSI at: distribution@cmrrasodrac.ca.