



CMRRA-SODRAC INC.

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IMPORTANT INFORMATION:

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

September 15, 2012

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 third distribution of royalties in this matter.

WHAT THIS PAYMENT REPRESENTS:

The enclosed cheque covers two distribution types: a claims distribution and a market share distribution.

The claims distribution represents the payment of royalties associated with your claims to certain medium-value items (via the CSI Claims Website) for Group I and II Products on each of the record companies' pending list. Please note that CSI has not completed its validation of all the claims it has received from class members related to medium-value items. As such, the enclosed payment may not include royalties related to all the claims you have made. A second medium-value claims distribution will be performed in December 2012 where your remaining claims will be paid to you, if validated by CSI. In the interim, please refer to the status of your claims on the Claims Website for any update related to your claims.

The market share distribution represents your portion of settlement amounts related to unclaimed low and medium-value items for Group I and II Products on each of the record companies' pending list. This is CSI's second market share distribution.

Please note that you have 180 days from September 15, 2012 to cash your cheque. Should you fail to cash your cheque within this period, your cheque will be cancelled and the amount will be distributed on a pro-rata basis to other class members who will receive a payment under a subsequent market share distribution.

Low-value items consist of musical works for which the quantifiable aggregate royalties on each pending list equals \$1,000.00 or less. Medium-value items consist of musical works for which the quantifiable aggregate royalties on each pending list is greater than \$1,000.00 and less than \$2,500.00. 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.

DOCUMENTS INCLUDED WITH THIS DISTRIBUTION:

The enclosed cheque is accompanied by two statements. The first is the “Pending Settlement Distribution Summary”, which breaks out the amounts payable for each publishing catalogue by distribution type (“Claims” or “Market Share”) as well as by label and value category (“High”, “Medium” and “Low”). The second statement is the “Items Claimed from MNF Pending Lists”, which discloses the payment details for each work that is the subject of a claims distribution.

INFORMATION RELATED TO THE MARKET SHARE DISTRIBUTION:

CSI calculated the market share for each rightsholder based on payment information disclosed by the four major record companies. The market share allocation to class members for Group I Products was determined based on royalty payments made by those record companies to rightsholders 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 by those record companies to rightsholders between January 1, 2005 and December 31, 2010.

The information provided by the record companies 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). Therefore, work level information is not included in the enclosed statements.

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.

The total amount of this second market share distribution is as follows:

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|--|-----------------------|
| Group I Products | \$4,122,303.06 |
| Group II Products | \$1,100,358.07 |
| TOTAL MARKET SHARE DISTRIBUTION | \$5,222,661.13 |

Please note that, 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 \$100.00.

NEXT STEPS IN THE DISTRIBUTION OF THE SETTLEMENT:

As indicated above, a second medium-value claims distribution will take place on December 15, 2012. As CSI continues to validate the medium-value claims it has received from class members, it will update the status of those claims on the Claims Website.

Class members can continue to make claims to high-value items from the Claims Website until February 1, 2013. A first distribution for these claims will take place on March 15, 2013. The royalties associated with high-value items that have not been claimed by February 1, 2013 will likewise be distributed to class members on March 15, 2013 according to their market share.

QUESTIONS:

For more information concerning the settlement and this 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.