

**NOTICE OF CERTIFICATION AND SETTLEMENT APPROVAL
HEARING
CANADIAN CLASS ACTION RE: UNPAID MECHANICAL AND
VIDEO ROYALTIES AND COPYRIGHT INFRINGEMENT**

PLEASE READ THIS NOTICE CAREFULLY. IT MAY AFFECT YOUR LEGAL RIGHTS

I. THE PURPOSE OF THIS NOTICE

The purpose of this notice is to advise that a court proceeding has been initiated in Ontario and that the action has been settled with all of the defendants, subject to court approval. A hearing to certify the action as a class proceeding for the purposes of settlement, to approve a settlement class and to approve the settlements will take place on Tuesday, February 15, 2011 at 10am at Osgoode Hall, 130 Queen Street West, Toronto, Ontario.

The Class Action

A proposed class action has been initiated in Ontario against Sony BMG Music (Canada) Inc., now Sony Music Entertainment Canada Inc., (“Sony”), EMI Group Canada Inc. (“EMI”), Universal Music Canada Inc. (“Universal”), Warner Music Canada Co. (“Warner”), (collectively, the “Record Companies”), the Canadian Musical Reproduction Rights Agency Ltd. (“CMRRA”) and the Society for Reproduction Rights of Authors, Composers and Publishers (SODRAC) Inc. (“SODRAC”), in which it is alleged that the Record Companies are liable for copyright infringement by reproducing certain musical works in sound recordings released in physical formats in Canada, without securing licences from the owners of copyright in those musical works and/or without payment of the necessary royalties (collectively, the “Proceedings”). Various allegations are also made against the Defendants CMRRA and SODRAC. Online digital downloads and other digital products are not at issue in the class action.

The “Pending Lists”

The class action pertains to a process whereby the Record Companies maintain lists, usually referred to as “Pending Lists”, pursuant to mechanical licensing agreements with CMRRA. Those lists itemize musical works that have been reproduced by the Record Companies in sound recordings (and in some cases, video products) released in physical formats in Canada, for which the Record Companies have not, for various reasons and despite ongoing efforts, secured licences from and/or paid royalties to the owners of copyright in those musical works.

The Settlement

Settlement Agreements have been reached with Sony, EMI, Warner and Universal and CMRRA and SODRAC (collectively, with the Record Companies, the “Defendants”).

The Record Companies have agreed, in exchange for, among other things, a full release of all claims made against them in relation to the Proceedings, including copyright infringement claims, to collectively pay an amount currently estimated to be approximately CDN \$47,533,410.00 (and adjusted in accordance with the terms of the Settlement Agreements) into a settlement fund in accordance with the Settlement Agreements reached between the parties, and to pay further amounts to reflect future sales of sound recordings embodying musical works which are unlicensed. The Record Companies do not admit liability and the settlements reflect a compromise of disputed claims. The Settlement Agreements encompass the reproduction of musical works in sound recordings and video products (i.e., videocassettes and DVDs, but not digital video products distributed online).

CMRRA and SODRAC agreed to and have provided the plaintiffs with evidence, cooperation and assistance to the plaintiffs in exchange for a release of the claims made against them.

The Settlement Agreements will not become effective unless they are approved by the Ontario Superior Court of Justice.

The Settlement Class

The proposed definition for the settlement class is as follows:

“Any rightsholder in a musical work embodied in a sound recording released in physical format in Canada by any of Sony Music Entertainment Canada Inc., Universal Music Canada Inc., Warner Music Canada Co. or EMI Group Canada Inc. or in a music video product released in physical format in Canada by either Sony, Universal or Warner, for which no reproduction licence has been obtained and/or for which the appropriate royalties have not been paid.” (hereinafter the “Class Members”)

The Certification and Settlement Approval Hearing

A hearing to approve the settlements entered into between the Plaintiffs and the Defendants will be held by the Ontario Superior Court of Justice in Toronto on Tuesday, February 15, 2011 at 10:00am.

Class Members are permitted to appear and make submissions at the hearing with respect to the settlements or to make submissions in writing. If you wish to comment on or make an objection to the settlements, a written submission must be delivered to Class Counsel by fax or regular mail at the contact particulars listed below by Wednesday, February 09, 2011. Class Counsel undertake to forward all such submissions to the Court and to counsel for the Defendants for consideration. If the settlements receive court approval, further notices will be published to advise of such court approval.

Class Members who do not oppose the proposed settlements need not appear at the hearing or take any other action at this time to indicate their desire to participate in the settlements. The process for Class Members to make a claim for settlement benefits will be explained in the future within a subsequent notice.

II. THE SETTLEMENT BENEFITS

The total settlement funds of approximately CDN \$47,533,410 will be allocated to the class in accordance with Settlement Agreements reached between the parties, less deductions for the cost of settlement administration, class counsel fees, taxes and disbursements and costs of notice.

Distribution of Settlement Funds

The settlement funds will be held by an independent trustee to be approved by the court and will accrue interest during the period of administration of the settlement.

The distribution of settlement funds will occur by two means: 1) class counsel and the settlement administrator will make extensive efforts to research, identify and locate Class Members, and 2) there will be a searchable web-based system and a 1-800 call-in platform established for the benefit of Class Members.

Class Members will be paid settlement benefits having regard to the amounts of royalties accrued by the Record Companies in relation to the various items on their Pending Lists, as confirmed by the Record Companies in the Settlement Agreements between the parties and further verified through a process of due diligence conducted by the plaintiffs, CMRRA and SODRAC in cooperation with the Record Companies.

The Settlement Agreements also contemplate a distribution of certain amounts which cannot be paid directly to Class Members, either because the class members cannot be located or for other valid reasons provided for in the Settlement Agreements. An objective Canadian market share analysis will be undertaken and those Class Members with Canadian market share during periods of time specified within the settlement agreements will be paid a portion of the undistributed sums according to their market share allocation. For more information in respect of the market share distribution, please review the Settlement Agreements on-line at: www.pendinglistssettlement.com.

Future Licensing

Within the context of this proposed settlement, the parties have also constructed a new platform for the administration of mechanical licensing of audio-only physical products, and the associated royalty distribution process, in Canada. Music video products are not included in the new licensing platform. This new platform is designed to facilitate more efficient licensing and payment of royalties to rightsholders and to eliminate the accumulation of unlicensed works and unpaid royalties to Class Members by the Record Companies.

Settlement Documents

Complete copies of the Settlement Agreements will be made available at www.pendinglistssettlement.com.

III. OPTING OUT OF THE PROCEEDINGS

At the settlement approval hearing, the Plaintiffs will ask the Court to approve terms whereby Class Members will be bound by the terms of the settlements, if approved, unless they “opt out.” The deadline and procedure for opting out, and the effect of doing so, will be reviewed at the hearing, and those details will be available in a further notice to be published in the event that the settlement agreements are approved by the Court.

IV. CLASS COUNSEL AND CLASS COUNSEL FEES

The law firms of Harrison Pensa^{LLP} and Bates Barristers^{LLP} represent class members. Class counsel can be reached at 1-866-924-5859, by e-mail at pendinglists@harrisonpensa.com, or by mail at: Harrison Pensa^{LLP} 450 Talbot Street, London, ON N6A 4K3 Attention: Jonathan Foreman.

Class Counsel's legal fees, applicable taxes and disbursements must be approved by the Court. Class Counsel will collectively be requesting reasonable contingent legal fees as a percentage of the settlement fund, plus disbursements and applicable taxes. The contingent legal fees, taxes and disbursements will be determined by the court following settlement approval on notice to the class. The Record Companies have agreed to make partial contributions towards the legal fees of class counsel.

V. QUESTIONS ABOUT THE SETTLEMENT

If you would like copies of the Settlement Agreements or have questions, please visit the settlement website at www.pendinglistssettlement.com or contact Class Counsel. Copies of the Settlement Agreements can also be mailed to you at a cost of \$10, which represents the cost of photocopying and mailing. This notice contains only a summary of the settlement and class members are encouraged to review the Settlement Agreements in their entirety.

Any questions about this action or matters conveyed in this Notice should be directed to Class Counsel and should **not** be directed to the Court.

VI. INTERPRETATION

This notice contains a summary of some of the terms of the settlement. If there is a conflict between the provisions of this notice and the Settlement Agreements, including the appendices to the Settlement Agreements, the terms of the Settlement Agreements shall prevail.

**THIS NOTICE HAS BEEN AUTHORIZED BY
THE ONTARIO SUPERIOR COURT OF JUSTICE**