

**CONTRACT OF RECIPROCAL REPRESENTATION OF
MECHANICAL RIGHTS**

Between the undersigned:

ADDAF, Associacao Defensora de Direitos Autorais Fonomecanicos
Whose registered office is at Rua Visconde de Inhauma, 134- Rio de Janeiro
CEP 20091-000 - BRAZIL

and

ACUM Ltd., Society of Authors, Composers and Music Publishers in Israel,
whose registered office is at 118 Rothschild Blvd. P.O. Box 14220 Tel-Aviv
61140, ISRAEL

on the other part:

(hereafter defined as the "Contracting Societies")

IT IS AGREED AS FOLLOWS:

Article 1

- (I) Under the present contract, each of the contracting Societies entrusts to the other the management of the rights defined below, for the territories specified in Article 3.
- (II) The object of the management of the rights referred to above is the recording and mechanical reproduction of the works of the repertoire of the other Society and the distribution in any form, or in any place of the recordings and reproductions thus produced, in respective operating territory of the Contracting Societies.
- (III) The repertoire of the Contracting Societies includes dramatico-musical and musical works, with or without texts, for which the Mechanical Right Owners have entrusted or shall entrust the administration of these rights for the duration of the present contract.
- (IV) The rights for the recording and mechanical reproduction referred to in the present contract apply to any method of recording and reproduction, excluding graphic reproduction.

Article 2

Each of the contracting Society shall notify the other Society in writing of any limitations or reservations in the contents of its repertoire and in its administrative rights.

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Article 3

- (I) *The operating territory entrusted to ACUM by ADDAF consists of the State of Israel*
- (II) *The operating territory entrusted by ADDAF consists of BRAZIL*

Article 4

In any case when a total license is collected, each of the Contracting Societies will determine the share due to the works of the repertoire of the other Society following the same rules as for the works of its own repertoire.

Article 5

Each of the two Contracting Societies undertakes to provide regularly to the other Society the documentation necessary for the carrying out of the present contract.

Article 6

Each one of the two Contracting Societies will effect the distribution of sums collected for the account of the other Society in the same manner as to its own members, and at least once yearly, in the form of a statement (lists of the works in alphabetical order of titles) following the documentation provided in the preceding Article 5.

These sums are payable as soon as the distribution is complete and should be transferred without delay to the other Society.

Article 7

- (I) *The Contracting Societies shall apply the following retainer rates to the gross amount of the payments effected in the implementation of this contract:*

Phono/Video 15%

Radio/TV 20%

- (II) *The retainer rates applied to sums collected from other operations will be fixed by common consent between the Contracting Societies.*

Article 8

Each one of the Contracting Societies shall have the right to inspect all the operations of the other Societies relating to the implementation of the present contract.

Article 9

The present contract shall come into force as from January 1, 1999. It will be renewed by tacit agreement from year to year except for notice of termination by one of the Societies sent by registered letter 3 (three) months before the expire date of the current period.

The present contract is subject to all the provisions of the BIEM statutes and relevant decisions by the competent official bodies of BIEM.

Article 10

- (I) Each of the Contracting Society undertakes to do its utmost to obtain notifications of all recordings and mechanical reproductions which take place in its territories to use these notifications as the effective basis for the distribution of the total net royalties collected.*
- (II) The allocation of sums collected in respect of works recorded and reproduced in the territory of each of the Contracting Societies shall be made, in accordance with the distribution rules of the distributing Society, having regard, nevertheless, to the following paragraphs:*
 - a) Where all the parties interested in a work are members of a single Society other than the distributing Society the whole (100%) of the royalties accruing to that work shall be distributed to the Society of which the said interested parties are members*
 - b) In the case of contradictory index cards or notifications, the distributing Society may distribute the royalties in accordance with its Rules, except where different interested parties claim the same share, then such share may be put into suspense until agreement has been reached between the Societies concerned.*
 - c) In the case of a work one at least of the parties interested in is a member of the distributing Society, this latter Society may distribute the royalties in accordance with its own Rules.*
 - d) The publisher's share of the royalties accruing to a work, or the total share of all publishers or sub-publishers of a work, no matter how many, shall in no case exceed 50% of the total royalties accruing to the work.*

Article 11

In the event of a dispute concerning the present contract the competent Tribunal or Court of Law shall be that of the country in which the defendant party is domiciled.

Signed:

At Rio de Janeiro 30 JUN 2000

At Tel-Aviv

on on June, 2000

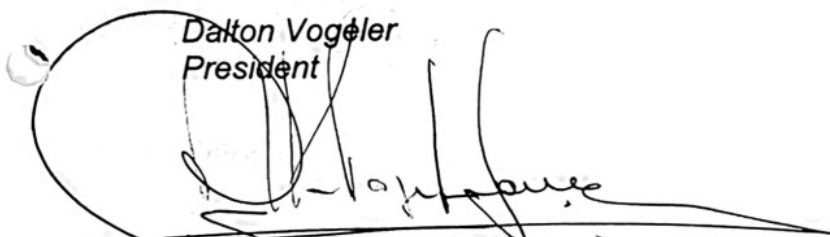
on June, 2000

For ADDAF

For ACUM

Dalton Vogeler
President

Yorik Ben David
Chief Executive Officer


ASSOCIACAO DEFENSORA DE DIREITOS AUTORAIS
DALTON VOGELER
PRESIDENTE
אקום בע"מ
ACUM LTD.

23º Ofício de Notas-MATRIZ- Notário:GUIDO MACIEL
Av. Nilo Peçanha, 26 3º andar - RJ-Tel: 2333-5500 Reconhecimento nº 000002527245
Reconheço por semelhança a(s) firma(s): DALTON VOGELER GOMES
Rio de Janeiro, 30 de Junho de 2000 às 13:52. Em Testemunho da verdade,
FLAVIA FRANCO CAETANO DA SILVA-AUTORIZADO-RFO
UFIR 43,12 P/Firma 0.0573 P/Proc.Dados 0.0587-Total R\$ 2,47

CORREGEDORIA GERAL
DA JUSTIÇA RJ
SELO DE FISCALIZAÇÃO
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FLAVIA FRAN
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(iv) The rights in
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Article 2

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