

OPERATING AGREEMENT
OF
THE AUTHORS COALITION OF AMERICA LLC

This Operating Agreement (this "Agreement") of The Authors Coalition of America LLC, a Delaware limited liability company (the "Company"), is made effective as of the 21st day of April, 2008 by and among each person set forth on Schedule 1 attached hereto and made a part hereof (each a "Member Organization" and, collectively, the "Member Organizations").

RECITALS

WHEREAS, the American Society of Journalists and Authors, Inc., the Artists Rights Society, a New York corporation, The Authors Guild, Inc., a New York not for profit corporation, The Dramatists Guild of America, Inc., a New York for profit corporation, Mystery Writers of America, Inc., a New York not for profit corporation, Novelists, Inc., a Kansas not for profit corporation, Romance Writers of America, Inc., a Texas corporation, Science Fiction and Fantasy Writers of America, Inc., a Massachusetts non-profit corporation, The Songwriters Guild of America, a New York corporation, and Text and Academic Authors Association, Inc., a Florida non-profit corporation, formed The Authors Coalition of America pursuant to the New York Limited Liability Company Laws by filing Articles of Organization and entering into that certain Operating Agreement of The Authors Coalition of America LLC, a New York limited liability company (the "Prior LLC"), dated as of November 14, 1994 (the "Prior Agreement");

WHEREAS, the Prior Agreement provided for the allocation and distribution of certain royalty monies received by the Prior LLC from one or more organizations operated for the protection and collection of compensation in respect of reproduction rights royalty to its members in accordance with the terms and conditions of the Prior Agreement;

WHEREAS, the Prior Agreement and the Articles of Organization of the Prior LLC provided that the term of the Prior LLC expired on November 14, 2004;

WHEREAS, neither the Prior Agreement nor the Articles of Organization were amended prior to November 14, 2004 to extend the term of the Prior LLC, and, accordingly, the Secretary of State of the State of New York administratively dissolved the Prior LLC as of such date;

WHEREAS, immediately prior to the formation of the Company, the Member Organizations, although not acting as members of the Prior LLC or any other limited liability company, operated the business of the Prior LLC substantially in the same manner as such business was conducted immediately prior to the dissolution of the Prior LLC and allocated and distributed royalty monies received in the name of the Prior LLC in a manner which is consistent with the terms and conditions of the Prior Agreement; and

WHEREAS the Member Organizations desire to form the Company pursuant to the Act (as defined below) and, in connection therewith, enter into this Agreement for the purposes of providing for the allocation and distribution of royalty monies received by the Company from collecting societies or any other similar organizations to the Member Organizations.

NOW, THEREFORE, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Member Organizations, intending to be legally bound, hereby agree as follows:

ARTICLE I

ORGANIZATIONAL AND OTHER MATTERS

SECTION 1.01. Formation: Admission. Jennifer H. Hamm, as an authorized person within the meaning of the Delaware Limited Liability Company Act, as amended from time to time (the "Act"), formed the Company as a Delaware limited liability company pursuant to the provisions of the Act on April 21, 2008 by executing and filing with the Secretary of State of the State of Delaware (the "Secretary of State") a Certificate of Formation in the form attached hereto as Exhibit B (the "Certificate of Formation"). Each Member Organization listed on Schedule 1 shall become a Member of the Company as of the date hereof. The Member Organizations agree that the rights, duties and liabilities of the Member Organizations shall be as provided in the Act, except as otherwise provided herein.

SECTION 1.02. Name. The name of the Company shall be, and the business of the Company shall be conducted under the name "The Authors Coalition of America, LLC." Upon the consent of a majority of Member Organizations, (a) the Company's business may be conducted under any other name or names, and (b) the name of the Company may be changed at any time.

SECTION 1.03. Term. The term of the Company began upon the acceptance of the Certificate of Formation by the Secretary of State and shall continue perpetually, unless the Company's existence is sooner terminated pursuant to ARTICLE VI of this Agreement.

SECTION 1.04. Member Organizations. The names and current mailing addresses of the Member Organizations are set forth on Exhibit A. Any amendment or revision to an Exhibit made in accordance with the provisions of this Agreement (except for changes to a Member Organization's mailing address as set forth on Exhibit A) shall require the approval of a majority of all the Member Organizations.

ARTICLE II

PURPOSE AND POWERS

SECTION 2.01. Purpose and Powers. The Company is comprised of a coalition of organizations of United States based authors united to receive and distribute royalties to Member Organizations, assist in the further development of collective licensing programs and act for the general benefit of authors. The Company shall distribute to the Member Organizations monies received by it from collecting societies or any other similar organizations pursuant to any written

or oral contacts, agreements, understandings or similar arrangements. This specific purpose shall in no way limit the Company's pursuit of other activities in accordance with this Agreement. The Company shall have the power to do any and all acts necessary or convenient to or for the furtherance of purposes described herein.

ARTICLE III

MEMBERSHIP ELIGIBILITY, REMOVAL AND SUSPENSION

SECTION 3.01. Membership Eligibility.

(a) Only author organizations meeting the eligibility requirements set forth herein may become Member Organizations of the Company.

(b) All Member Organizations must have at least five hundred (500) "published authors" (as defined below) or estates thereof as current, paid members of the Member Organization. "Published authors" shall have the following meanings (solely for purposes of determining whether any entity may become or remain a Member Organization):

(i) When referring to writers, "published author" shall mean a writer whose work is commercially distributed outside the U.S., is reasonably capable of being reprographically reproduced abroad and is not self-published, or whose work, if self-published, has no fewer than one thousand (1,000) copies sold, is commercially distributed outside of the United States and is reasonably capable of being reprographically reproduced abroad. Author--subsidized publications shall be considered self-published.

(ii) When referring to song writers, "published author" shall mean a song writer whose work has been published by a music publisher or distributed by a licensee.

(iii) When referring to dramatists (which shall include playwrights, composers and/or lyricists), "published author" shall mean a dramatist if (1) any or all rights in his or her work have been purchased or licensed by a publisher or producer; or (2) his or her work has been performed in the United States and thereafter disseminated for the purpose of promotion or production to producers, promoters, or presenters; or (3) his or her work, in the form of a performable script, has been deposited in a theatrical library or other theatrical institution which permits the reprographic reproduction or circulation of such work.

(iv) When referring to visual or graphic artists, photographers and creators of other non-verbal media, "published author" shall mean an artist whose work has been published by a publisher and is reasonably capable of being reprographically reproduced abroad, or whose work has been commercially distributed by a licensee or a manufacturer in a form reasonably capable of being reprographically reproduced abroad.

(c) Purpose. Each Member Organization must have as its primary purpose the professional advancement of authors. A Member Organization can include authors in general or a category of authors in particular. Each Member Organization must submit its articles of

incorporation, or similar organizational documents (which shall be in a form acceptable to a majority vote of the Member Organizations), to substantiate its statement of primary purpose.

(d) Scope. Each Member Organization must be a "National Organization" (as defined below). For purposes of this Agreement, "National Organization" shall mean an organization whose membership is not limited by its statement of purpose or its name to authors in a single state, city, region or locality.

(e) Independence. Each Member Organization must be funded by its authors or authors' organizations. A Member Organization shall be deemed to be funded by its authors or authors' organizations so long as it has not received more than twenty-five percent (25%) of its gross receipts or \$25,000 (excluding any monies received by such Member Organization pursuant to this Agreement), whichever is greater, from sources other than the sale of publications by the organization that promote the collective interests of its authors and/or authors' dues, fees, assessments, contributions, conference fees and similar payments in more than two (2) out of the five (5) years immediately prior to its becoming a Member Organization. If a Member Organization has not been in existence for at least five years, then such Member Organization must meet this requirement for each year it has been in operation.

(f) Non-Discriminatory Membership Policy. No organization shall be eligible to become a Member Organization if it discriminates among its potential members on the basis of race, gender, sexual orientation, religion, political beliefs or national origin.

(g) Continued Eligibility. A Member Organization must continue to meet all of the eligibility requirements referred to in this ARTICLE III in order to remain a Member Organization of the Company. If at any time a Member Organization does not meet the requirements of this in this ARTICLE III, it must promptly notify the Company. Thereafter, such Member Organization shall neither be eligible to receive distributions from the Company, nor be permitted to participate in or vote at meetings of the Company or its committees.

(h) Proof of Eligibility. Each Member Organization must submit an affidavit to the Company (an "Eligibility Affidavit") stating the number of published author members who have paid dues to the Member Organization during the past fiscal year. Each Member Organization has submitted its initial Eligibility Affidavit to the Company. Commencing as of the Company's fiscal year 2009, each Member Organization shall submit an Eligibility Affidavit to the Company once a year not later than thirty (30) days after the beginning of the Company's fiscal year; provided, however, that if a Member Organization fails to submit its Eligibility Affidavit within such thirty (30) day period, the Company shall automatically grant such member Organization a thirty (30) day extension to submit its Eligibility Affidavit. If a Member Organization fails to submit its Eligibility Affidavit prior to the end of such additional thirty (30) day period, the Administrator shall send a written notice to the Member Organization's Designated Representative (as defined below), via certified mail, notifying such representative that the Member Organization has failed to submit its Eligibility Affidavit and granting such Member Organization an additional thirty (30) day extension to submit such Eligibility Affidavit. If, in the absence of a force majeure event, such Member Organization fails to submit its Eligibility Affidavit prior to the expiration of such thirty (30) day period, the Member

Organization acknowledges and agrees that it shall forfeit all rights to receive distributions as a Member Organization of the Company for the then current fiscal year. Each Member Organization must certify in its Eligibility Affidavit that such Member Organization continues to meet the eligibility requirements set forth in this ARTICLE III.

(i) Proof of Member Category Breakdown.

(A) Each Member Organization must submit an affidavit to the Company which states the category of work or works that have been created by the published authors that are members of such Member Organization or that the Member Organization represents (the "Category Breakdown Affidavit") (formerly referred to as the "Genre Affidavit"). The Administrator (as defined below) shall send copies of all submitted Category Breakdown Affidavits to the Member Organizations not later than June 30 of each fiscal year. Each Member Organization has submitted its initial Category Breakdown Affidavit to the Company. Commencing as of the Company's fiscal year 2009, each Member Organization shall submit a Category Breakdown Affidavit once each year not later than thirty (30) days after the beginning of the fiscal year based on information collected during the past fiscal year of the Company; provided, however, that if a Member Organization fails to submit its Category Breakdown Affidavit within such thirty (30) day period, the Company shall automatically grant such member Organization a thirty (30) day extension to submit its Category Breakdown Affidavit. If a Member Organization fails to submit its Category Breakdown Affidavit prior to the end of such additional thirty (30) day period, the Administrator shall send a written notice to the Member Organization's Designated Representative, via certified mail, notifying such representative that the Member Organization has failed to submit its Category Breakdown Affidavit and granting such Member Organization an additional thirty (30) day extension to submit such Category Breakdown Affidavit. If, in the absence of a force majeure event, such Member Organization fails to submit its Category Breakdown Affidavit prior to the expiration of such thirty (30) day period, the Member Organization acknowledges and agrees that it shall forfeit all rights to receive distributions as a Member Organization of the Company for the then current fiscal year. A list of categories recognized by the Company shall be determined at least annually by a distribution committee (the "Distribution Committee") and distributed by the Distribution Committee to the Member Organizations. The members of the Distribution Committee shall be selected annually by a majority vote of Member Organizations that are present at a duly held meeting of the Member Organizations. The Distribution Committee shall be comprised of representatives from the Member Organizations; provided, however, that no more than one (1) representative from each Member Organization may be a member of the Distribution Committee. A Member Organization's Designated Representative may also be a member of the Finance Committee. A Member Organization need only be able to provide proof of the authors and categories of work for which it wishes to claim royalties (i.e. if a Member Organization only wishes to make a claim for seven hundred (700) fiction writers, it shall not be required to survey its members as to other categories.) However, if a Member Organization wishes to make claims for more than one category, it must survey its authors as to each category for which it shall make claims and submit those surveys to the Company in accordance with this Section 3.01(i).

(B) Member Organizations may provide either the exact number of its members who are authors of each category for which it makes claims based on survey results,

