

2010 – 2011 AFTRA NATIONAL CODE OF FAIR PRACTICE FOR SOUND RECORDINGS



Memorandum of Agreement

LLC (F/A Capital Records, Inc.)

The following terms and conditions of employment have been agreed to by and among Warner Brothers Records, Atlantic Recording Corporation, Sony Music Entertainment, Universal Music Group, Capitol Records, Inc. and Hollywood Records, Inc. (each hereinafter the “Company”) and the American Federation of Television and radio Artists, AFL-CIO (“AFTRA”).

All terms of the 2007-2010 AFTRA National Code of Fair Practice for Sound Recordings, as extended through June 30, 2010, not modified herein shall remain in full force and effect.

1) Term (Preface, Page 2):

Eighteen months, effective July 1, 2010 through December 31, 2011. Negotiations for a successor agreement will begin on or before September 1, 2011.

2) Union Security (Article 1, page 3; Letter of Agreement #2):

Amend the current Union security provisions to provide that the Company will provide the artist or his/her representative with membership and AFTRA H&R health insurance coverage information as provided by AFTRA to the Company either in physical or electronic form. If provided in electronic form, the Company will e-mail a copy to AFTRA as well. Failure to comply with any provision of this paragraph shall not subject the Company to any form of penalty or liquidated damages otherwise provided for in the Sound Code.

3) AFTRA Health and Retirement (Article 34, page 19; Side Letter #5 and Supplement thereto, pages 42-47):

Effective July 1, 2010, increase AFTRA H&R contributions for non-royalty artists to 12.5%.
Effective January 1, 2011, increase AFTRA H&R contributions for royalty artists to 11.5%.

4) Digital Payment Terms (add new paragraph to Appendix B pages 31-33):

Effective for the period commencing October 31, 2010, the payments required to be made under APPENDIX B shall be made by each Company to the AFM/AFTRA Fund in six (6) month intervals (January 1 – June 30 and July 1 – December 31), accompanied by a statement which identifies the covered recordings for which the payments are being made. Payments shall be made within three (3) months following the end of each six (6) month period, i.e. by March 31 or September 30. If such payments are not made when due hereunder, after written notice of the delinquency, each Company shall have ninety (90) days to cure such delinquency. If the payments are not made within such cure period, the Company shall pay interest on such payments at a rate equal to the Prime Interest Rate in effect at the time of the expiration of the cure period, plus one percent (1%), with a maximum interest rate not to exceed six percent (6%) per annum from the expiration of the cure period.

Each payment to the AFM/AFTRA Fund that is attributable to Permanent Audio Downloads shall be accompanied by a contribution to the AFTRA Health and Retirement Fund in an amount equal to 12.5% of such payment. The Company's obligation shall be to make this contribution to the AFM/AFTRA Fund under the terms of this Agreement. The AFM/AFTRA Fund shall be solely responsible for holding such contributions in a separate account and for remitting such contributions to the AFTRA H&R Fund at such time that the AFM/AFTRA Fund makes payments to the non-Royalty Artists. In no event shall any Company be responsible or have any liability for the AFM/AFTRA Fund's administration of Health and Retirement Fund contributions within its care, possession or control and/or for the AFM/AFTRA Fund's late remittance of such contributions to the AFTRA H&R Fund.

5) Music Videos:

Within sixty (60) days of ratification of this Agreement, the parties will resume their negotiations regarding the appearance of bargaining unit members in music videos.

6) AFTRA/Recording Industry Committee (ARIC) (add new Article to the Code):

The parties will establish the ARIC to meet on an as-needed basis, but not less than twice per year, to

- Discuss, investigate, and make recommendations as to changes that may be needed as well as the solution of problems arising in the construction, interpretations, and administration of the contract.
- Promote cooperation and assist in mutual understanding of problems faced by the labels and the union.
- Discuss, investigate, and make recommendation with respect to matters affecting the operation and application of the Code and which will aid in promoting harmonious relations between the labels and the union.

Meetings will alternate between New York and Los Angeles. The ARIC shall have no authority to amend or modify the collective bargaining agreement. Its recommendations on any individual disputes arising under the Code shall not be binding on any individual employer except with mutual agreement. The ARIC's recommendations shall not constitute precedent, but will be recorded and made available to the parties for future consideration.

7) Waivers (Article 10, page 13)

Modify Article 10 to provide that with respect to singing groups such as glee clubs, choirs and choruses of *bona fide* philanthropic, educational, or religious organizations of any size, AFTRA will continue to grant waivers based on the traditional criteria that have been previously applied (e.g., no professional singers or AFTRA members in choir, no prior recordings released by the group for sale, choir has not been the subject of multiple requests), provided that the Company will pay at least \$26.00 to each member of the group for his/her services at each recording session of three (3) hours at which not more than sixty (60) minutes of recorded music is produced.

The Company shall provide notice that it seeks a waiver as soon as practicable, and the Union will make its best efforts to respond in a time frame necessary for the Company to ensure that it has approval before the event. In any event, and under all circumstances, waiver requests will be deemed approved if no response is received within five (5) business days.

8) Definition of a Side (Article 8, page 11):

Article 8 shall be modified in all respects to define a "side" as four and one-half (4 1/2) minutes. No additional payment will be made until four minutes and thirty-one seconds.

**For WARNER BROTHERS RECORDS, ATLANTIC RECORDING CORPORATION,
SONY MUSIC ENTERTAINMENT, UNIVERSAL MUSIC GROUP, CAPITOL
RECORD, INC. and HOLLYWOOD RECORDS, INC.**

LLC (E/E/A Capital Records, Inc.)

By: _____

Bernard M. Plum

For AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS

By: _____

Kim Roberts Hedgpeth