SX Exhibit 246 DP

SOUND RECORDING LABOR AGREEMENT

with the

Sound Recording Special Payments Fund Agreement (SPF)

and

Sound Recording Trust Agreement (MPTF)

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February 1, 2002 – January 31, 2005

American Federation of Musicians
of the United States and Canada
1501 Broadway, Suite 600, New York, New York 10036

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[1]SOUND RECORDING LABOR AGREEMENT

February 1, 2002 – January 31, 2005

Dated: New York, NY

PREAMBLE

In consideration of the mutual covenants herein contained, of the promise of the undersigned company (herein called the "Company") fully and faithfully to perform each and every term, condition, and covenant on its part to be performed pursuant to the [1]Sound Recording Trust Agreement (February, 2002) and to the Sound Recording Special Payments Fund Agreement (February, 2002) and of other good and valuable considerations, the American Federation of Musicians of the United States and Canada (herein called the "Federation") has entered into this agreement with the Company setting forth the terms and conditions, including those set forth in all exhibits and sideletters hereto attached, pursuant to which persons covered by this agreement may be employed by the Company in the recording of phonograph records.

1. Scope

For the purposes of this Agreement, the terms "phonograph record and "record" shall mean any phonograph record, compact disc, tape recording or any other device reproducing sound, whether now in existence or which may come into existence. For the purposes of this Agreement, the term "master record" shall include any matrix, "mother", stamper, or other device from which another such master record or phonograph record is produced, reproduced, pressed or otherwise processed.

2. Covered Individuals

This agreement shall cover and relate to members of the Federation wherever they shall perform, as employees, services for the Company as instrumental musicians or as leaders, contractors, copyists, orchestrators and arrangers of instrumental music (all of whom are collectively referred to as "musicians"[2]) in the recording of phonograph records, and to any other person employed as a Musician in the recording of phonograph records within the United States or Canada or a present territory or possession of either (herein called "Domestic Area"). This agreement shall also

[1] The Sound Recording Labor Agreement, Sound Recording Special Payments Fund Agreement and Sound Recording Trust Agreement were previously known as the Phonograph Record Labor Agreement, Phonograph Record Manufacturers' Special Payments Fund Agreement and Phonograph Record Trust Agreement, respectively. All references in this Agreement to the Sound Recording Labor Agreement, Sound Recording Special Payments Fund Agreement and Recording Trust Agreement will be deemed to include references to the Phonograph Record Labor Agreement, the Phonograph Record Manufacturers' Special Payments Fund Agreement and the Phonograph Record Trust Agreement, respectively, where appropriate.

[2] Anyone who causes a computer or sequencing device, synthesizer or other musical instrument to play or produce music or sound (hereinafter referred to as a "Performance") for a phonograph recording, including formats yet to be developed, is an instrumental musician within the meaning of this Agreement, whether the performance is caused or created by any input device such as a "qwerty" KBD, mouse, standard piano keyboard or any alternate controller (drum, wind synthesizer, etc.) or outside midi data (an orchestrator/arranger or composer's computer or controller).

cover and relate to any resident of the Domestic Area engaged within the Domestic Area to perform such services outside the Domestic Area. It is further agreed that if a resident of the Domestic Area is engaged outside the Domestic Area to perform such services for the Company outside the Domestic Area, he shall, as a condition of employment, be and remain a member in good standing of the Federation. The Federation shall exercise full authority in order that its locals and members engaged in such activities shall do nothing in derogation of the terms and intent of this agreement.

3. Waivers Prohibited

The Company shall not require, request, induce, or in any manner attempt to require a waiver or otherwise influence any person covered by this agreement to play, or perform for recordings, or render services pertaining thereto, except as permitted by this Agreement.

4. Company's Obligations

For the services rendered by the persons covered by this agreement in the making of recordings, the Company shall pay at least Federation scale as provided in Exhibit A. The Company shall fully and faithfully perform the terms and conditions, of its individual agreements with such persons. In addition, the persons covered by this agreement in the making of recordings shall be entitled to their respective portions of the musicians' share of the Sound Recording Special Payments Fund.

5. Catalogs/Schedule of Manufacturer's Suggested Retail Prices

Following the execution of this agreement, the Company shall promptly furnish to the Federation, upon request, a copy of all of the Company's record catalogs, and a schedule of its manufacturer's suggested retail prices for each record in its catalogs, and thereafter from time to time, a schedule listing all amendments and additions thereto, as and when established. The Company shall provide CDs and CD jackets of all new releases to the Federation or the Federation's designee.

6. Monthly Report of Releases

At the end of each month the Company shall advise the Federation of all recordings released by the Company during such month, of the serial or other number thereof, and of any additional information in connection with any such recording which the Federation may reasonably require. Upon request by the Federation, the Company shall promptly furnish to it a copy of any such recording. The Company shall respond promptly to reasonable requests by the Federation for information relating to the Company's performance of the terms and conditions of this agreement and of any and all individual agreements with persons covered by this agreement.

7. Unauthorized Productions/Unauthorized Uses

Persons covered by this agreement shall not make or be required to make phonograph records containing commercial advertisements, or any phonograph records to be used by or for the performers as accompaniment for or in connection with their live performances. The Company shall not furnish orchestra tracks without vocals to artists or any other person without prior approval of the Federation.

8. A Session May Only Be Called To Make A Phonograph Record

The Company shall only call or authorize a recording session in order to make a phonograph record.

9. No Recordings of Radio/TV Programs Without AFM Consent

The Company agrees not to make recordings of any radio or television programs, containing the services of persons covered by the Sound Recording Labor Agreement (February, 2002), off-the-line or off-the-air, without first obtaining written permission from the Office of the President of the Federation, except that no such permission shall be necessary in instances where such recordings are (a) for reference or file purposes, or (b) for the purpose of making delayed broadcast transcriptions which have been authorized in writing by the Federation.

The Federation agrees that in all cases it will not unreasonably withhold permission to make such off-the-air or off-the-line recordings, and that in such other instances where granted, permission shall be given on payment of the phonograph record scale, and of any and all additional payments applicable to such new use. This agreement shall not in any way modify any obligation independent of this agreement which the Company may be under to obtain other individual approvals as may be necessary in connection with such off-the line or off-the-air recordings.

10. Recognition

The Company hereby recognizes the Federation as the exclusive bargaining representative of persons covered by paragraph 2 of this agreement.

11. Union Security—Canada

The following provisions contained in this paragraph 11 shall apply only to recording services to be rendered hereunder in Canada where not prohibited by applicable law.

(a) Only the services of members in good standing of the American Federation of Musicians of the United States and Canada shall be used for the performance of all instrumental music, and in the copying, orchestrating or arranging of such music, in recording phonograph records, and, in the employment of persons who are eligible for membership in the Federation, only such persons as shall be members thereof in good standing shall be so employed.

(b) As the musicians referred to or engaged under the stipulations of this contract are members of the American Federation of Musicians of the United States and Canada, nothing in this contract shall ever be construed so as to interfere with any obligation which they may owe to the American Federation of Musicians of the United States and Canada as members thereof.

(c)(1) Any employee(s) covered by this agreement whose services hereunder are prevented, suspended, or stopped by reason of any lawful primary strike, ban, or unfair list of the Federation, shall, for the duration of such lawful primary strike, ban or unfair list, and for no longer than the duration thereof: (A) be free to suspend the performances of services hereunder; and (B) be free to perform services in other employment of the same or similar character, or otherwise, for other employers, or persons, firms, or corporations, without any restraint, hindrance, penalty, obligation, or liability, whatever, any other provision of this agreement to the contrary notwithstanding; provided, however, that upon the cessation of such lawful primary strike, ban, or unfair list, any and all such contractual obligations owed by employees covered by this agreement to the Company, which were suspended by reason of such strike, ban, or unfair list, shall immediately be revived and shall be in full force and effect.

(2) It shall not be a violation of this agreement, nor cause for disciplinary action, if a musician covered by this agreement refuses to cross or to work behind a lawful primary picket line of the Federation which has been posted by the Federation in connection with a dispute arising under this agreement, including a lawful primary picket line of the Federation at the Employer's place of business or at a place of business to which a musician(s) covered by this agreement is sent by the Employer to perform services hereunder.

12. Union Security—United States

The following provisions of this paragraph 12 shall apply to recording services rendered in the United States, its territories and possessions.

(a) It shall be a condition of employment that all employees of the employer covered by this labor agreement who are members of the union in good standing on the execution date of this union security agreement shall remain members in good standing and those who are not members on the execution date of this union security agreement shall on the 30th day following said execution date become and remain members in good standing in the union. It shall also be a condition of employment that all employees covered by this labor agreement and hired on or after said execution date shall on the 30th day following the beginning of such employment become and remain members in good standing in the Federation.

(b) As to the musicians referred to or engaged under the stipulations of this contract who are members of the American Federation of Musicians of the United States and Canada, and to the extent to which the inclusion and enforcement of this paragraph is not prohibited by any presently existing and valid law, nothing in this contract shall ever be construed so as to interfere with any obligation which they may owe to the American Federation of Musicians of the United States and Canada as members thereof.

(c)(1) Any employee(s) covered by this agreement whose services hereunder are prevented, suspended, or stopped by reason of any lawful primary strike, ban or unfair list of the Federation, shall for the duration of such lawful primary strike, ban or unfair list, and for no longer than the duration thereof: (A) be free to suspend the performance of services hereunder; and (B) be free to perform services in other employment of the same or similar character; or otherwise, for other employers, or persons, firms, or corporations, without any restraint, hindrance, penalty, obligation, or liability whatever, any other provision of this agreement to the contrary notwithstanding; provided, however, that upon the cessation of such lawful primary strike, ban, or unfair list, any and all such contractual obligations owed by employees covered by this agreement to the Company, which were suspended by reason of such strike, ban, or unfair list, shall immediately be revived and shall be in full force and effect.

(2) It shall not be a violation of this agreement, nor cause for disciplinary action, if a musician covered by this agreement refuses to cross or to work behind a lawful primary picket line of the Federation which has been posted by the Federation in connection with a dispute arising under this agreement, including a lawful primary picket line of the Federation at the Employer's place of business or at a place of business to which a musician(s) covered by this agreement is sent by the Employer to perform services hereunder.

13. Bylaws

Federation's Right to Disapprove Contracts – All present provisions of the Federation's Bylaws are made part of this agreement to the extent to which their inclusion and enforcement are not prohibited by any applicable law. No changes therein made during the term of this agreement shall be effective to contravene any of the provisions hereof.

14. Right of Access

The duly authorized representatives of the Federation and also of the local (affiliated with the Federation), upon presentation of proper identification to the Company, shall each be granted access to the studio or other place where services are being performed hereunder. Each shall be permitted to visit that place during working hours for the proper conduct of the business of the Federation or such local, respectively.

15. Right to Audit

(a) The Company agrees that it shall furnish to the Federation, simultaneously with its delivery thereof to the Trustee and to the Administrator named in the Special Payments Fund Agreement (February, 2002) copies of any and all statements submitted to the Trustee and to the Administrator.

(b) The Company agrees that the Federation shall have the right from time to time, without limitation to the duration of this agreement, and at all reasonable times during business hours, to have the Federation's duly authorized agents examine and audit the Company's records and accounts concerning all transactions involving the Company's sale of phonograph records which it shall keep pursuant to said Trust Agreements and to said Special Payments Fund Agreements and such other records and accounts as may be necessary; such examination and audit to be made for the purpose of the Federation's verifying any statements made by the Company pursuant to said agreements, during a period not exceeding four (4) years preceding such examination, and of determining the amount of payments due by it thereunder. It is agreed that the four (4) year period provided herein shall not effect the operation of the applicable statute of limitations. The Company agrees to afford all necessary facilities to such authorized agents to make such examination and audit and to make extracts and excerpts from said records and accounts as may be necessary or proper according to approved and recognized accounting practices. Examinations and audits made pursuant hereto shall be coordinated, to the extent practicable, with examinations and audits made under the aforesaid Trust Agreements and Special Payments Fund Agreements so that inconvenience to the Company may be minimized.

16. Use of Music Previously Recorded under Another AFM Agreement

When music previously recorded under an American Federation of Musicians agreement other than any Sound Recording Labor Agreement is used in a phonograph record and such agreement requires payment for such use, the use payments shall be the minimum session fee set forth in the Sound Recording Labor Agreement in effect at the time of such use.[3]

17. More Favorable Terms—(Most Favored Nations)

If during the term hereof, the Federation shall enter into an agreement with any phonograph record company upon terms more favorable than or different from those contained in this agreement, the Company shall have the right at its option to cause this agreement to be conformed therewith, provided, however, that no such right shall come into being by reason of the compromise of any claim against any recording Company by reason of the insolvency, bankruptcy, or other financial difficulty of such Company.

18. Payment for Music Recorded by Third Party

The Company shall not produce any phonograph record from recorded music acquired or taken from or licensed by any other person, firm or corporation, in the making of which there was utilized instrumental music recorded within the Domestic Area or by a person who, at the time of the recording, resided within the Domestic Area, unless the total cost to the person, firm or corporation which produced the recorded music with respect to the scale of wages and fringe benefits paid to the musicians was at least equal to what the cost would have been under the Sound Recording Labor Agreement of the Federation which was in effect at the time the recorded music was produced provided, however, that if such music was recorded outside the Domestic Area, no payment need be made pursuant to this paragraph if the music was acquired, taken or licensed before January 1, 1964.

The Company may satisfy its obligation under this paragraph by incorporating in an agreement under which it acquires the right to use recorded music, a representation and warranty by the seller or licensor (which the Company shall guarantee if the seller or licensor was not a party to a Sound Recording Labor Agreement with the Federation when the recording was made) that such recorded music does not come within the terms of this paragraph or that the requirements of this paragraph have been satisfied and a statement that such representation and warranty was included for the benefit of the Federation (among others) and may be enforced by the Federation or by such person or persons as it may designate. Upon request, a signed copy of such agreement shall be furnished to the Federation. No rights or privileges existing or accrued between January 1, 1959 and January 31, 2002 shall be deemed waived by reason of the provisions of this paragraph (numbered "17" in some prior agreements).

[3] Subject to ratification of the Basic Theatrical Motion Picture Agreement of 2002 and the Basic Television Film Agreement of 2002, effective February 16, 2002 the Company is entitled to a 15% discount from the rates set forth in this Article 16 for soundtrack records that: (i) use 45 minutes or more of music originally recorded for the motion picture; (ii) utilize 80 or more musicians (excluding orchestrators and music preparation musicians) for whom payment is due under this Article 16; and (iii) meet the conditions of Ex. A(I)(K)(6)(c)(iii) below.

19. Dubbing

Except as specifically provided in paragraphs 8, 9, 18 and 20, nothing contained in this agreement is intended to or shall be deemed to relate to the rendition of services or to dubbing in connection with the production of devices other than phonograph records as such devices are presently known.

20. Use of a Phonograph Record in the Same Medium

The Company may use all of the contents of any master record for the production of a new phonograph record that in its entirety contains only the identical content of the record originally produced from such master record (or contains the identical content except that it (i) is re-mixed, mastered or re-mastered or (ii) includes a translation into a different language) and is intended to be used for the same purposes to which the record originally produced from such master record was principally devoted. In all other circumstances, except as specifically provided in this Agreement, if the Company uses a phonograph record produced under any Sound Recording Labor Agreement since January 1954 in another phonograph record, the Company shall pay to those musicians who rendered services in the recording of the phonograph record an amount equal to all payments (including, without limitation, pension contributions, but excluding health and welfare contributions) that would be required under the Sound Recording Labor Agreement that would apply if the phonograph record so used were an original recording.

21. Use of a Phonograph Record in Other Mediums

If the Company uses a phonograph record produced under any Sound Recording Labor Agreement since January 1954 for a purpose not covered by this Agreement, the Company shall pay to those musicians who rendered services in the recording of the phonograph record an amount equal to all payments (including, without limitation, pension contributions, but excluding health and welfare contributions) that would be required under the AFM agreement that would then be effective if the recording were originally made for the purpose set forth under that agreement.

In order to effect such a "new use" of a phonograph record, the Company must first provide the Federation's Sound Recording Labor Agreement Contracts Administrator with the identity of the records involved and the intended use of the product in the form set forth in Exhibit F to this Agreement.

22. Assignment

(a) This agreement shall be personal to the Company and shall not be transferable or assignable, by operation of law or otherwise, without the written consent of the Federation, which consent shall not unreasonably be withheld.

(b) Without the written consent of the Federation, which consent shall not unreasonably be withheld, the Company shall not transfer or assign any individual contract (or part thereof) for the performance of services by a person(s) covered by this agreement, or give another person control over such contract of such services. Provided, however, that consent by the Federation shall not be required if the person to whom such individual contract (or part thereof) is transferred or assigned or to whom such control is given: (1) is at the time of such transfer, or agrees to become a party to this agreement; or (2) will incur total labor costs (for wages and fringe benefits) with respect to the

services covered by such individual contract, which are at least equal to the total labor costs (for wages and fringe benefits) which would be incurred under the scale of wages and fringe benefits provided for under this agreement.

(c) Nevertheless, if the provisions of paragraph (a) or (b) of this Section 22 are violated, and services are thereafter performed by such individual(s), the obligations and duties imposed by this agreement shall be binding upon the transferee or assignee with respect to such individual(s).

(d) The obligations imposed by this agreement upon the Company, shall be binding upon the Company, and to the extent permitted by applicable law, upon such of its subsidiaries as are engaged in the production of phonograph records in the Domestic Area.

(e) To the extent permitted by applicable law, the Federation, at its option, may, upon ninety (90) days written notice to both the transferee and transferor, terminate this agreement at any time after a transfer of any controlling interest in the Company.

23. Sound Recording Special Payments Fund Agreement

The Company agrees to be bound by the Sound Recording Special Payments Fund Agreement (February 1, 2002 – January 31, 2005) and the Sound Recording Trust Agreement (February 1, 2002 – January 31, 2005) which are incorporated by reference into this Agreement.

24. Transfers of Rights in a Phonograph Record

(a) If the Company sells, assigns, leases, licenses or otherwise transfers title to or permission to use any phonograph record produced under any Sound Recording Labor Agreement since January 1954 for any purpose, the Company may obtain from such party an assumption agreement in the form set forth in (e) below.

(b) Within sixty (60) days of each sale, assignment, lease, license or other transfer of title of any phonograph record produced under any Sound Recording Labor Agreement since January 1954, the Company shall provide the Federation's Sound Recording Labor Agreement Contracts Administrator, the Sound Recording Special Payments Fund and the Recording Industries Music Performance Trust Funds (collectively, the "Funds") with the identity of the records involved, the intended use of the product, the date of transfer, and the name, address, telephone number and fax number of each such purchaser, assignee, lessee, licensee, or other transferee in the form set forth in Exhibit D to this Agreement (or a redacted licensing agreement to the extent that it includes the information set forth in Exhibit D), and with an executed copy of each assumption agreement entered into by the Company. An inadvertent failure on the part of the Company to comply with any of the provisions of this Article 24 shall in no event constitute a default by the Company hereunder or a breach of this Agreement, provided that such failure is cured promptly after notice thereof from the Federation or either Fund.

(c) This Article 24 does not apply in the case of a transfer of phonograph records for the sole purpose of use in another phonograph record where no payment is due to either Fund because the phonograph record was recorded before 1964 or released more than ten years before the date of the transfer.

(d) Upon delivery of such assumption agreement, the Company (or any subsequent party obtaining an assumption agreement) shall not be further liable to the Federation or to either Fund for compliance with the terms of this Agreement with respect to the obligations assumed by the other party to the assumption agreement. In the event that no assumption agreement is delivered, the Company (or the party last obtaining an assumption agreement) shall continue to be liable for compliance with the terms of this Agreement with respect to the applicable phonograph records unless the purchaser, assignee, lessee, licensee, or other transferee is a signatory to the Federation agreement applicable to the use for which the transferred Sound Recording is intended, in which case the Company shall not have such liability.

(e) The assumption agreement under this Article 24 shall be in the following form (additional provisions may be included so long as they do not alter the terms set forth below):

Assumption Agreement Covering the Transfer of Rights of Product Covered by the Sound Recording Labor Agreement

1. *General.* The undersigned, [insert name and address of buyer, assignee, lessee, licensee, or other transferee], herein for convenience referred to as the "Licensee", hereby agrees with [insert name of Company], herein for convenience referred to as the "Company", that [identify title, length and identification number of each phonograph recording and album number, if applicable, covered by agreement] ("Phonograph Records") are produced from master records containing music performed or conducted by musicians covered under one or more Phonograph Record Labor Agreements.

2. *Obligations of the Licensee Under this Agreement.* The Licensee hereby assumes all of the Company's obligations under the Phonograph Record Labor Agreement with respect to the Phonograph Records, as follows:

   (a) With respect to the use of one or more Phonograph Records for any purpose set forth in the Sound Recording Labor Agreement, the Licensee will comply with all of the payment, reporting, and audit requirements of the applicable Sound Recording Labor Agreement, the Sound Recording Special Payments Fund Agreement and Sound Recording Trust Agreement.

   (b) With respect to the use of one or more Phonograph Records for a purpose not covered under the Sound Recording Labor Agreement (also known as a "new use"), the Licensee will pay to all musicians who rendered services in the recording of the Phonograph Record an amount equal to all payments (including, without limitation, pension contributions, but excluding health and welfare contributions) that would be required under the AFM agreement that would then apply if the recording were originally made for the purpose set forth under that agreement.

   The rights of the Licensee to use such Phonograph Records shall be subject to and conditioned upon compliance with the terms

and conditions of this paragraph 2, and the Federation (acting on behalf of any affected musician) and the Funds shall be entitled to seek injunctive relief and damages against the Licensee in the event the Licensee does not comply with the terms of this paragraph 2.

3. *Limitation of Licensee's Liability.* The Licensee's obligations with respect to the Phonograph Records set forth in paragraph 1 are limited to those obligations set forth in paragraph 2, and in no event shall the Licensee be deemed, solely as a result of having executed this assumption agreement, to have any other obligation under any Federation agreement or to be a signatory to any Federation agreement. In addition, the Licensee's obligations with respect to the Phonograph Records are limited to those rights actually acquired by the Licensee and only for the period it holds such rights (except to the extent that it transfers those rights to another party, in which case it shall retain liability unless it obtains an assumption agreement in substantially the same form as this assumption agreement).

25. Non-Discrimination

The parties reaffirm their long established and prevailing policy and practice that every person shall have an opportunity to obtain employment without discrimination because of race, creed, color, sex, national origin or age. In furtherance of such policy and practice the parties agree that in the hiring of employees for the performance of work under this agreement neither the Company nor the Federation shall discriminate by reason of race, creed, color, sex, national origin, age or union or non-union membership against any person who is qualified and available to perform the work to which the employment relates. Mutual concerns of the parties in this regard are appropriate subjects for the consideration of the joint committee established pursuant to paragraph 27, below.

26. Works–Made–For–Hire

All of the results and proceeds of the services provided under this agreement, whether in writing or recorded, are and shall be deemed "works–made–for–hire" for the Company. Accordingly, the Company shall be deemed the author and/or exclusive owner of all of the rights comprised in the copyright thereof, and the Company shall have the right to exploit any or all of the foregoing in any and all media, whether now known or hereafter invented, as the Company determines.

27. Industry–Federation Committee

A joint cooperative committee of representatives of Industry and the Federation will address problems of mutual concern which may arise under this Agreement including but not limited to a review of the following items: (i) experiences under the payment due dates procedure [Section A.I(K)], (ii) payments to musicians for the new use of previously recorded music in multimedia programs, (iii) Special Payments Fund contributions on unmatched/unprocessed product, (iv) making CD jackets available to Special Payments Fund auditors, and (v) low budget recordings (see p. 53-56). The joint committee shall meet at least once per year at a convenient time and place and, further, more frequently by mutual agreement.

28. Term of Agreement

This agreement shall be effective for the period from February 1, 2002 to and including January 31, 2005.

EXHIBIT A: MINIMUM WAGES AND OTHER WORKING CONDITIONS

I. Instrumentalists, Leaders, Contractors

Instrumentalists, leaders and contractors shall be paid not less than the rates set forth below and the conditions set forth shall apply:

A.[4] Phonograph records other than those recorded by symphonic orchestras

In the case of phonograph records other than those recorded by symphonic orchestras:

(1) There shall be a minimum call Basic Regular Session of three hours during which there may be recorded not more than 15 minutes of recorded music; provided, however, that in a session where sweetening (i.e., instrumental performances added to music recorded at a previous session) is performed not more than 4 single record sides or 4 segments of long play or extended play records may be sweetened. Subsequent continuous regular sessions may be arranged if the musicians have been notified and consented thereto before the end of the preceding session and if there is a 30 minute rest period between the two sessions.

(2) There shall be a minimum call Special Session of 1½ hours during which there may be recorded not more than two sides containing not more than 7½ minutes of recorded music. Unless the musicians are notified when they are engaged that the call is for a Special Session, it shall be deemed to be a Regular Session. Overtime in a Special Session can only be used to complete the one or two sides that were the subject of the original Special Session. The first one-half hour of overtime in a Special Session shall be paid in quarter-hour units at the Basic Special Session rate. Overtime beyond the first one-half hour shall be paid in quarter-hour units at double the Basic Regular Session rate.

(3) Overtime for Regular Sessions shall be paid for in units of one-half hour or final fraction thereof. During the one unit of overtime for Regular Sessions there may be recorded or completed not more than five minutes of recorded music; provided however, that in a unit where sweetening is performed, not more than one single record side or one segment of a long play or extended play record may be sweetened.

Notwithstanding the above, overtime may be paid for in one (1) quarter hour unit if such time is used only to complete the music recorded within the permissible limits of the foregoing provisions.

[4] For those full-length phonograph albums that qualify there is a separate Side Letter Agreement for Low Budget Recordings at pp. 53-56.

(4) There shall be two 10 minute rest periods during each Basic Regular Session and one 10 minute rest period during each Basic Special Session. No rest period shall commence sooner than 30 minutes following the beginning of any session call provided that all musicians who are scheduled to participate in the call are present at the commencement of the call. In addition, there shall be one 5 minute rest period during each hour of overtime, it being understood that such a rest period need not be called during the first half-hour of overtime.

(5) The minimum pay, per side musician, shall be as follows:

	Basic Rate	Overtime Rate ½ Hour Unit	Overtime Rate ¼ Hour Unit
Effective February 1, 2002			
Regular Session	$321.29	$107.10	$53.54
Special Session	$212.04	$70.68	$35.34
Effective February 1, 2003			
Regular Session	$329.32	$109.78	$54.88
Special Session	$217.34	$72.44	$36.22
Effective February 1, 2004			
Regular Session	$339.20	$113.06	$56.54
Special Session	$223.86	$74.62	$37.32

NOTE: See A(2) and (3) for overtime restrictions.

(6) *Health and Welfare Fund Contributions (Non-Symphonic)*

The Company will contribute to any existing lawful Health and Welfare Fund of any Federation Local (and commencing thirty (30) days after notice in writing to any such lawful Fund as may be established hereafter by any other Federation Local), as follows: effective February 1, 2002, the Company shall contribute $19.00 for each original service and $15.50 for each additional service that day on non-symphonic records, performed within the jurisdiction of such Federation Local by each musician covered by this agreement (irrespective of where the musician resides).

Health and welfare contributions on overdubs shall be due at the applicable rate for each additional service under this Exhibit A(I)(6).

(a) With respect to those members of any such Local Union who are participants in that Health and Welfare Plan, the plan shall credit each of their accounts with the applicable payment;

(b) With respect to those musicians who are participants in another Local Union's Health and Welfare Plan, the plan which receives the Company's contribution shall transmit to the participant's plan(s) an amount of money equal to the Company's contributions for all such musicians;

(c) With respect to those musicians who do not participate in any Local Union's Health and Welfare Plan and who perform original services within the jurisdiction of a Local having such a plan, the Company shall make the appropriate payment directly to each such musician. In the event that payments were inadvertently made to the wrong party, the employer shall not be held liable nor obligated to make additional payments;

(d) With respect to any such original service performed within the jurisdiction of a Local Union where no such Fund is established, and the musicians performing any such original service participate in another Local Union's Health and Welfare Plan, the Company shall send the Health and Welfare contributions to the Local Union in whose jurisdiction such original service was performed and that Local Union will transmit the contributions and crediting information to the appropriate Local Union's Health and Welfare Plan.

(e) With respect to any such original service performed within the jurisdiction of a Federation Local where no such Fund is established, and the musicians do not participate in any Local Union's Health and Welfare Plan, the Company shall pay to each such Musician said aforementioned amounts.

No such Health and Welfare Fund contribution whether paid to any Fund or paid directly to a musician shall be the basis for computing the applicable AFM–EP contribution or any other payments under this agreement such as doubling, overtime, premium time pay, etc.

(7) *Premium Rates (Non-Symphonic):*

(a) One and one-half (1½) times the basic session and overtime rates shall be paid for all hours of recording, (i) between midnight and 8:00 a.m., (ii) after 1:00 p.m. on Saturdays when it is the sixth consecutive day of work for the Company and (iii) on Sundays.

(b) Two times the basic session and overtime rates shall be paid for all hours of recording on any of the following holidays:

In the United States

New Year's Day	Labor Day
President's Day	Thanksgiving
Memorial Day	Christmas
Independence Day	

In Canada

New Year's Day	Dominion Day
Good Friday	Labour Day
Easter Monday	Thanksgiving
Victoria Day	Christmas

Each of these holidays shall be observed on the day on which it is observed by employees of the United States Government or of the government of Canada.

(c) The premium rates provided for in this paragraph numbered 7 shall not apply to show album recordings on Saturdays and Sundays nor to location recordings made on location during public performance, nor to Royalty Artists as defined in I.L(f)(i) unless such an artist is performing in a session scheduled at the express request of the Company.

(8) *Electronic Press Kits (Non-Symphonic)*

The Company may, without any additional payment, videotape/film the musicians performing during an entire session or any portion thereof; provided that in no event shall the Company use either a complete tune or in excess of two minutes from a tune. In the event that the Company fails to comply with the foregoing, the Company shall be required to compensate each musician at the rates provided for under the Video Promo Supplement section of the applicable Sound Recording Labor Agreement. The Company will deliver to the Federation a copy of the final EPK within fifteen (15) business days after it is released.

In the event that any product made under this provision is ever used by the Company for any purpose other than as a promotional Press Kit, the Company shall execute an assumption agreement pertaining to such use whereby the Company agrees to comply with all the terms and conditions of the applicable Federation agreement(s).

This provision shall not apply to sessions for symphony, opera, ballet or chamber recordings.

(9) *Sampling*

Definitions:

(a) For the purposes of this side letter agreement:

(1) "Covered Musician" shall mean any musician represented by the Federation (i) who is covered by, or required to be paid pursuant to, any Sound Recording Labor Agreement, and (ii) whose performed services are contained on or were rendered in connection with any sample of any phonograph record or master record that is produced or licensed by the Company for use in any phonograph record that is commercially released and that contains said sample. Provided, however, that Covered Musician shall not include a royalty artist, a self-contained royalty group or any musician when recording as a symphonic musician;[5]

(2) "Covered Use" shall mean the authorized use in any commercially released phonograph record of any phonograph record or master record or any portion thereof that is sampled; provided that the sample(s) so used (i) contains the performance of a Covered Musician or the services of a Covered Musician rendered in connection therewith, and (ii) is produced or licensed by the Company for said use;

(3) "Gross Revenues" shall mean the total fees received by the Company from the licensing of the sample(s) for use in any commercially released phonograph record that contains said sample;

(4) "Phonograph Record" and "Record" shall mean any phonograph record or tape recording or any other device reproducing sound, whether now in existence or which may come into existence.

(5) Sample shall mean the encoding of a portion of a phonograph record containing the performance of a Covered Musician(s) into a digital sampler, computer, digital hard drive storage unit or any other device for subsequent play-back on a digital synthesizer or other play-back device for use in another song; however, a re-mix or re-edit of the new song shall not be considered a sample for purposes hereunder.

Provided, however, that the term sample shall not apply in any circumstance in which the material "sampled" constitutes (i) the identical content, in its entirety or substantial entirety, of a master record or phonograph record, and/or (ii) any sample used in a master record, which master record is later re-edited, re-dubbed, and/or re-mixed but which still embodied the sample in whole or in part, i.e., "mixer's edits," "re-mix edits" or "edits."

5 It is the intention of the parties to negotiate hereafter a separate side letter sampling agreement for symphonic musicians.

(b) In the event the Company licenses to another entity or a division or department thereof a master record or phonograph record which includes the services rendered by any Covered Musician(s) for any Covered Use(s), the Company shall pay to the Sound Recording Special Payments Fund on behalf of and for distribution to or among the Covered Musicians an amount equal to:

(i) a one-time, lump sum payment of four hundred dollars ($400) for the first sample of a master record or phonograph record, regardless of how many times that particular sample is used in the new master record or phonograph record plus, where applicable, a one-time, lump sum payment of two hundred fifty dollars ($250) for the second and any subsequent sample of the same master record or phonograph record regardless of how may times those particular second and subsequent samples are used in the new master record or phonograph record; and

(ii) two percent (2%) of the gross revenue received by the Company for the Covered use if such revenue exceeds twenty-five thousand dollars ($25,000), less the amount to be paid under (i) above.

(c) The Company shall make the applicable lump sum payment to the Sound Recording Special Payments Fund within thirty (30) days of the authorized commercial release of the phonograph record containing the sample(s) accompanied by a report identifying each sample and the Covered Musician(s), if known. In connection with the formula set forth in paragraph (b) above, when a Company exacts an up-front licensing fee in-excess of $25,000, the Company shall remit the appropriate payment to the Sound Recording Special Payments Fund within fifteen (15) days of receipt of its licensing fee. In the event that the Company does not receive an up-front payment and the gross revenue received by the Company ultimately exceeds $25,000, the Company promptly shall notify the Sound Recording Special Payments Fund and, on a semiannual basis, submit to the Sound Recording Special Payments Fund the appropriate payment (in addition to the original lump sum payment) along with accompanying reports documenting the Company's gross revenues for each phonograph record or master record containing sampled material.

(d) In connection with each of the foregoing payment obligations, the Company shall permit the Sound Recording Special Payments Fund to conduct audits of the relevant records.

(e) In the event that the Company itself produces any master record which includes the services rendered by any Covered Musician(s) for any Covered Use(s), the Company shall be responsible for making the applicable payments to the Sound Recording Special Payments Fund and the other provisions of this paragraph (par.3) shall apply.

(f) Any payments made to the Sound Recording Special Payments Fund in compliance with the foregoing payment provisions shall constitute full settlement and discharge of all obligations of the Company to make payment for any sample to Covered Musician(s) and/or the Sound

Recording Special Payments Fund-including without limitation, the obligations concerning scale payments, new use fees, residuals payments, pension and welfare payments, payments to the Recording Industries Music Performance Trust Fund, and the Sound Recording Special Payments Fund.

(g) The Sound Recording Special Payments Fund shall allocate each payment made under this paragraph 9 equally among the identifiable Covered Musicians whose services are contained on or were rendered in connection with the sample with respect to which payment was made, and shall distribute the allocated payments (less all expenses reasonably incurred in the administration of this paragraph 9 and amounts reasonably reserved for contingencies) on an annual basis. The Sound Recording Special Payments Fund shall thereafter indemnify, release and hold harmless the Company in connection with any claim payment that may be made by any musician(s).

B. Phonograph records recorded by symphonic orchestras

In the case of phonograph records recorded by symphonic orchestras:

(1) There shall be a minimum call Basic Session of 3 hours or 4 hours, determined in accordance with subparagraph (2) below, during which the playing time shall not exceed an average of 40 minutes for each hour with an average rest period of 20 minutes for each hour. The intermission shall be divided by the contractor so as not to interrupt proper recording of symphonic works subject to (4) below.

(2) The basic session shall be three hours unless the Company by notice prior to any session elects a four hour basic session, provided that no more than one such four hour session may be called for any day. Unless such notice is given, the session shall be deemed to be a three hour session. No more than an average of seven and one-half minutes of finished recorded music may be made from each one-half hour segment of a recording session (including all overtime periods), and for this purpose multiple sessions devoted to the same composition shall be considered one session, so that the seven and one-half minutes of finished recorded music may be averaged out of each such session.

(3) Except as provided in subsection (8), below, overtime shall be paid for in units of one-half hour or final fraction thereof. During one unit of overtime, the playing time shall not exceed 20 minutes.

Notwithstanding the above, overtime may be paid for one one-quarter hour unit if such time is used only to complete the music recorded within the permissible limits of the foregoing provisions; provided that if such additional time is no more than 5 minutes, it may be paid for at 15 minutes straight time.

(4) No musician shall be required to work for more than sixty consecutive minutes without a rest period of at least 10 minutes. However, in order to complete a "take" a five minute grace period with regard to the 60 consecutive minutes shall be allowed. This paragraph (4) does not apply to location recordings where the work performed runs longer than 60 consecutive minutes.

(5) No additional payment shall be due the orchestra for the rerecording of solo cadenzas outside session time by the original orchestral musician, provided that the cadenza was originally recorded at the full orchestra session or during a live performance for which the cadenzas are to be patched or rerecorded and that the musician(s) performing the solo cadenzas is/are paid.

(6)(a) All members of the symphony orchestra, whether called to the engagement or not, shall be paid for at least the first two (2) hours of the basic session call ($227.04 effective February 1, 2002, $232.71 effective February 1, 2003 and $239.69 effective February 1, 2004) and shall not be called or required to attend if they are not scheduled to perform.

(b) *Reduced Orchestra Sessions*

A reduced orchestra session is defined as a recording session of orchestral music which, as performed in public by the orchestra, uses at least 25 but not more than 65 players, with a similar number called for the recording session. If the music has not been publicly performed by the orchestra, it must be so scheduled at the time of the recording.

Members of the symphony orchestra shall be paid for those reduced orchestra sessions to which they are called but no member shall be paid for fewer reduced orchestra sessions than two-thirds of an equalization number computed in accordance with the following sentence. The "equalization number" is the greatest number of reduced orchestra sessions played by any string player other than the 8 string players who the Company at its discretion exempts from this analysis.

In order to utilize the equalization rules in any year a Company must satisfy the following conditions:

(i) The Company must call, or commit to, a base number of non-reduced orchestra sessions at least equal to the average number of such sessions called by that Company with all domestic symphony orchestras for the years 1979, 1980 and 1981, but in no event shall this base number be less than 6; and

(ii) The Company must guarantee at least 4 reduced orchestra sessions in that year, or 6 reduced orchestra sessions in 2 years.

(7) The minimum pay, per side musician, for a basic session (Column A or B), for a unit of regular overtime before the completion of six (6) hours of work (seven (7) hours in the case of a four hour session) in any day (Column C or E – 1½ time) and for a unit of premium overtime after the completion of such six (6) or seven (7) hours of work in any day (Column D – double time), shall be as follows:

Effective	A "Basic Session Rate" 3 Hour Session	B "Basic Session Rate" 4 Hour Session	C ½-Hour Unit of "Regular Overtime" (1½ time)	D ½-Hour Unit of "Premium Overtime" (double time)	E ¼-Hour Unit of "Regular Overtime" (1½ time pay)
February 1, 2002	$340.56	$454.10	$85.14	$113.52	$42.57
February 1, 2003	$349.07	$465.45	$87.27	$116.36	$43.64
February 1, 2004	$359.54	$479.41	$89.88	$119.84	$44.94

(8) The recording session will begin at the called time unless all musicians are not on stage, tuned and ready to play, in which case the session will officially begin when they are ready to play. This provision is not meant to delay the beginning of a session because a musician(s) is late to a session and shall not apply to the resumption of a session after a break, which is as always on Company time.

(9) If a session runs over because of a technical problem beyond the producer's control, such additional time may be paid for at straight time rates for the time actually involved provided that such runover will not be considered for the purpose of increasing the amount of finished recorded music that may be made pursuant to B(2) above.

(10) *Rehearsal Session to Rehearse Music Not Performed in Live Concert*

The wages and working conditions for symphonic recordings are predicated upon the fact that the orchestra will usually have rehearsed numbers in its repertoire and therefore will need no rehearsals for recordings. The foregoing sentence shall not prohibit the recording in a studio session of material not previously performed in concert, provided that the following conditions shall apply to rehearsal sessions of such material: (1) the first such rehearsal is paid at the applicable locally negotiated rehearsal or service rate plus 50% of such rate, and any subsequent rehearsals are paid at the basic recording session rate; (2) the rehearsal does not take place on a regularly scheduled day off (as defined by local contract or custom); and (3) the length of the rehearsal, the break time, and any other working conditions shall be governed by the local contract.

(11) *Microphone Balancing*

Except as otherwise provided with respect to location recordings, at the last performance or the last rehearsal for that performance, the balancing of microphones may take place provided that the musical services are not being directed by a recording company or a recording engineer.

(12) *Premium Rates (Symphonic):*

With respect to sessions (other than location recordings made during public performance) held:

(i) between midnight and 8:00 a.m.

(ii) on Saturdays or Sundays if either day is a regular day off by contract or custom (which shall not be changed during the term of this agreement), or

(iii) on any of the holidays listed below: one and one-half (1½) times the basic session rate shall be paid for the first two hours, one and one-half (1½) times the regular overtime rate shall be paid in respect of the next four hours and one and one-half (1½) times the premium overtime rate shall be paid in respect of all recording time in excess of six (6) hours:

In the United States

New Year's Day	Labor Day
President's Day	Thanksgiving
Memorial Day	Christmas
Independence Day	

In Canada

New Year's Day	Dominion Day
Good Friday	Labour Day
Easter Monday	Thanksgiving
Victoria Day	Christmas

Each of these holidays shall be observed on the day on which it is observed by employees of the United States Government or of the Government of Canada.

(13) *Location Recordings*

The following provisions apply to the recording of complete operas, symphonies, and similar works performed by opera and symphonic orchestras during regularly scheduled performances:

(a) *General*

There is no limit on the number of performances of a work that may be recorded during a season. The orchestra shall be notified of the work to be recorded in advance of the recording and only that work may be recorded. The first recording session shall trigger a guarantee payment for one 3 hour session at the "basic session rate." Upon release, the complete work shall be paid for at the "basic session rate" on the basis of one session hour for each 10 minutes of finished product (15 minutes in the case of operas) against which the guarantee payment may be credited. (For example, a 45 minute symphonic work equates to 4½ hours, computed at straight time rates; a 25 minute work would be covered by the 3 hour guarantee.)

(b) *Inapplicable Symphonic Provisions*

The provisions of paragraphs (4) and (12) hereof do not apply to recordings made under this paragraph (13).

(c) *Microphone Balancing*

Balancing of microphones (without tape) will be permitted during ANY performances and rehearsals provided the rehearsal is not an extra service.

(d) *Recording "Patch" Sessions*

A recording "patch" session shall be permitted for a location symphonic or operatic recording. Within ten minutes after the Concertmaster has left the stage, the Company shall advise the musicians whether a patch session shall take place and, if so, the proposed length of that patch session. In the event that a patch session is called, the musicians shall be guaranteed a minimum call of one half hour at overtime pay calculated at the "basic session rate". If the patch session is called for and extends beyond one half-hour, the musicians shall receive overtime pay calculated at the "basic session rate" in fifteen-minute increments. A patch session shall begin no later than forty-five (45) minutes following the Concertmaster's exit from the stage and shall not exceed two (2) hours. Any portion of a patch session that takes place after midnight shall be paid at double the "basic session rate" in fifteen-minute increments. A two (2) hour patch session shall be permitted to patch product that has been recorded on a prior date (not to add any new product) provided that the patch session does not take place on any regularly scheduled day off (i.e. a day off established by local contract or custom) and that the patch session takes place within fourteen (14) days of the original location recording.

(e) *Discs That Include More Than One Work*

For discs with more than one work included on them, the following rules shall apply. These rules govern any currently pending disputes as well as apply to any prospective situations in which more than one work is involved. These rules shall apply irrespective of whether the works are recorded during the same concert program performance(s) or from different programs. It is the understanding and intent of the parties that administration of these provisions will not result in a payment to musicians of more money than is required by the existing provisions of the agreement, i.e., 1 hour of payment for each 10 minutes of finished product (15 minutes for opera).

(1) In advance of the location recording, the record company shall identify in writing the works intended to be recorded and included in the final product. The Company may later change any work that has not been recorded without penalty, and it may also add additional material to the planned disc at a later date without penalty. The Company is responsible for any additional payments if the additional work changes the length of the final product in such a way that an additional payment would be due.

(2) For the first such work recorded musicians shall receive a payment equivalent to 3 hours of session time, as it does in the case when a single work comprises the disc.

(3) For each subsequent work recorded musicians shall receive a payment equivalent to 2 hours of session time, provided however that the maximum amount of the payment shall not exceed the payment that would be due under the location recording provisions of the Sound Recording Labor Agreement as determined by the length of the planned final disc (1 session hour for each 10 minutes of finished product – 15 minutes in the case of operas – with half-hour increments; thus, for example, a 55 minute disc would be equate to 5.5 hours computed at straight time rates). Once the maximum payment has been reached, no further payments are due the musicians for material recorded.

(4) In the case of a recording which also includes material not performed by the orchestra, the musicians will be paid only for that amount of material which constitutes their performance on the disc.

(5) Non-playing Members of the orchestra receive 2/3 of whatever payment is received by playing members. If they play in some pieces but not others, they receive a 3 hour payment for the first piece in which they play, a 2 hour payment for any subsequent piece in which they play, and 2/3 of the appropriate payment for any pieces in which they do not play. However, in no case shall they receive an amount greater than that due a member who played on the entire disc.

(6) Extra players and substitutes who play in only some of the works involved are paid only for those works in which they perform. They are paid 3 hours for the first work in which they perform, and 2 hours for any additional work in which they perform. However, in no case shall they receive an amount greater than that due a member who played on the entire disc.

(14) *Opera*

The following discounts from symphonic rates apply to the recording of operatic works by opera orchestras other than as provided in (13) above:

(a) 15% if 3, 4 or 5 sessions are called.

(b) 20% if 6 or more sessions are called.

(15) *Premiere Recordings*

The following terms shall apply for premiere recordings of symphonic and operatic works written specifically for symphony or opera orchestras (but not music written as film soundtrack), by contemporary domestic composers. For the purpose of this provision "premiere" means repertoire previously unreleased on the commercial market at the time the commitment to record is made; and "contemporary" means a composer living in the second half of the 20th Century.

1. A two hour symphonic or operatic recording session may be called if it is coupled with either a three or four hour session on the same day. Payment for such a two hour session shall be pro rata at the regular symphonic hourly rate.

2. After the last performance and before a recording session, a rehearsal or rehearsals may be called, and the rates and terms for such rehearsals shall be governed by the orchestra's collective bargaining agreement with the Local. No recording will take place at these rehearsals but this does not prohibit the balancing of microphones during the last rehearsal of each work. Requests for waivers on balancing of microphones at other performances and rehearsals will be considered by the Federation and approval will not be unreasonably withheld.

3. A two hour recording "patch" session will be permitted for a location symphonic or operatic recording, with rates pro rata of the three or four hour session.

(16) *Health and Welfare Fund Contributions (Symphony Musicians)*

Extra musicians, if not covered by an applicable Orchestra Health and Welfare Plan, shall be treated in accordance with the applicable provisions of I.A(6) on page 13 in the case of instrumentalists and librarians, or II.D on page 44 in the case of copyists, orchestrators and arrangers.

The Company shall not be required to make any health and welfare payment on behalf of any musician covered by an applicable Orchestra Health and Welfare Plan.

Any musician not covered by an applicable Orchestra Health and Welfare Plan but who is a member of a Local Union that maintains a lawful Health and Welfare Fund shall be treated in accordance with the applicable provision of I.A(6) on page 13 in the case of instrumentalists and librarians or II.D on page 44 in the case of copyists, orchestrators and arrangers.

The foregoing Health and Welfare Fund contribution provisions shall not apply in Canada.

(17) *Electronic Press Kits (Symphonic)*

The Company may, without any additional payment, videotape/film the musicians performing during a session; provided that in no event shall the Company include in the finished product either (i) a complete movement, ballet or composition, or (ii) any product in excess of three (3) minutes from a movement, ballet or composition. In the event that the Company fails to comply with the foregoing, the Company shall be required to compensate each musician at the rates provided for under the Video Promo Supplement section of the applicable Sound Recording Labor Agreement. The Company will provide 24 hours' advance written notice (fax, e.g.) to the Federation and will deliver to the Federation two copies of the final EPK within fifteen (15) business days after it is released.

In the event that any product made under this provision is ever used by the Company for any purpose other than as a promotional Press Kit, the Company shall be obligated to execute an assumption agreement pertaining to such use whereby it agrees to comply with all the terms and conditions of the applicable Federation agreement(s). A Company that fails to comply with the foregoing sentence shall make the payment(s) due and owing under the applicable Federation agreement(s) plus a penalty equal to 50% of such payment(s).

Further, if the Federation believes that any Company is violating the provisions of this article, the Federation may convene a joint Federation-Industry meeting to discuss this matter.

(18) *New Use of Symphonic Recording*

Notwithstanding the provisions of Article 21, at page 7, in the event that a symphonic recording is used in a television or theatrical motion picture, the Company shall pay to all persons who were covered on the original Form B session report an amount equal to 50% of the payments (including, without limitation, pension contributions, but excluding health and welfare contributions) that would be required under the television and theatrical motion picture agreements that would then apply if the recording were

originally made for a motion picture, but only if all of the following conditions are satisfied:

(i) The motion picture must be scored entirely under the AFM Television or Theatrical Motion Picture Agreement.

(ii) The symphonic recording must have been recorded two or more years before the first scoring session for the motion picture takes place.

(iii) The material must be of a standard symphonic/opera/ballet nature (e.g., no chamber music, no recording in which the symphony performs non-symphonic repertoire).

C. Chamber Music

In lieu of the Provisions of paragraph B above, the Company may record chamber music under the following terms and conditions:

(a) The producer shall give the Federation 4 weeks advance notice of intent to record under this provision and should the Federation claim that this provision does not apply, it shall inform the producer of that position with its reasons therefore.

(b) There shall be a 4 hour basic session rate of $354.04 effective February 1, 2002, $362.89 effective February 1, 2003, and $373.78 effective February 1, 2004, with overtime at time and one-half, in half hour segments.

(c) 45 minutes of finished music may be taken from a 4 hour session.

(d) One 15 minute rest period per hour.

(e) Non-symphonic conditions and benefits apply unless otherwise provided.

(f) Neither the recording nor its package may claim or imply that the chamber group is associated with a parent symphony orchestra except where the recorded music is performed by no more than 16 players not playing multiple parts. This restriction does not preclude biographical sketches which identify the players as members of a symphony orchestra.

If the name of the parent symphony orchestra is mentioned on the record or its package, the musicians who play shall be compensated in accordance with the symphonic provisions; if the parent name is not mentioned on the record or its package, said musicians shall be compensated in accordance with the chamber provisions.

(g) This provision shall not be used:

(i) To record compositions requiring more than 24 players or compositions of less than 5 minutes duration without prior Federation approval;

(ii) For transferring from one medium to another (i.e., for production of sound track albums).

D. Leaders and Contractors

The leader and contractor shall receive not less than double the applicable side musician's scale, but in any event, the scale for any one person shall not exceed double side musician's scale.

If twelve or more side musicians are employed for any session, a contractor shall be employed in respect of said session. The contractor shall be in attendance throughout the session for which he is employed. The contractor may be one of the side musicians at the session.

At each session one person shall be designated as leader but in the event only one person performs the musical service at a session, only that person can be designated as leader. However, notwithstanding anything herein to the contrary, in the case of a "recognized self-contained group" (as defined in paragraph L(f)(iii), herein) when only such group (or any part thereof) appears on the contract, no leader shall be designated.

E. Dismissal and Overtime

Musicians shall be dismissed upon completion of performances for which they have been engaged whether or not the full session has expired. Musicians may record at any time during the session for which they have been engaged.

No musician shall be required to remain longer than one-half hour overtime unless a longer time requirement was specified at the time he accepted the engagement.

F. Advance Notice of Sessions and Contract Information

When the Company has prior knowledge of a session it will give advance notice to the appropriate Federation Local.

Where the Company employs an independent producer, the Company shall seek to include in the contract with such producer a provision which obligates such producer to notify the appropriate Federation Local in advance of recording sessions called by the producer. The Company will provide to the Federation a list of such producers who do not agree to include such provision in their contracts with the Company.

If a session is called to add to existing musical tracks the Company will, at the request of the Local having jurisdiction in the area where the session is called, provide the Local with dates, places and contract numbers of prior sessions on the basis of Form B contracts in the Company's files.

The Company will notify the Federation and the appropriate Local of any change in title of a song listed on a Form B contract.

The Company shall submit a listing to the Federation of non-signatory independent producers with their names, addresses and telephone numbers. Standby calls shall be prohibited.

The Company, or its authorized agent, shall announce the name of the signatory employer at the time of the calling of the session.

G. Session Calls and Cancellation

A session, once called, shall not be canceled, postponed, or otherwise rescheduled less than 7 days prior to the date of the session. In the event of an emergency, a session may be canceled, postponed or otherwise rescheduled upon shorter notice with the consent of the Office of the Federation President.

H. Doubling

(1) When a Musician plays one or more doubles during any session or during any unit of overtime or both, he shall be paid an additional 20% of the applicable session rate and the overtime related thereto for the first double and an additional 15% of such rate for each double thereafter.

(2) Instruments within the following respective groups are not construed as doubling:

(a) Piano.

(b) Drummer's standard outfit consisting of bass drum, snare drum, cymbals, gongs, piatti, small traps, and tom toms when used as part of a standard outfit.

(c) Timpani.

(d) Mallet instruments: xylophone, bells and marimbas.

(e) Latin rhythm instruments: Any Latin instrument when used in less than eight bars in connection with any other instrument or used not in a rhythm pattern shall not in any event be a doubling instrument.

(3) *Fretted instruments:* Performance on more than two instruments within group (a) below or performance on any one instrument in group (a) together with any one instrument in group (b) below shall be treated as doubling. Performance of two or more instruments within group (b) shall be treated as doubling:

(a) 6-String rhythm guitar
6-String electric guitar
"Combo" guitar (rhythm and electric combined)
6-String (steel) round hole guitar
6-String (nylon) classic guitar
12-String acoustic guitar
12-String electric guitar

(b) 6-String bass guitar
Tenor banjo
Plectrum
5-String banjo
Mandolin
Ukulele
Sitar

(4) *Electronic devices:* If an electronic device (e.g. multiplex, divider, maestro, multiplier of octaves) is used to simulate sounds of instruments in addition to the normal sound of the instruments to which such electronic device is attached or applied, such use of the electronic device shall be treated as a double.

(5) A special fee of $6 shall be paid for each additional instrument requiring a doubling fee which the musician is directed to bring to the engagement if such instrument is not actually used.

I. Location Recordings (Non-Symphonic)

The Company shall give notice to the Office of the Federation President and to the Local of the Federation involved prior to making any recording on location during public performance. Location recording work shall be paid for at the rate of one basic session for each day of recording (from noon to the following noon); provided, however, that an additional session payment is required where the same musicians perform as back-up for more than three acts. During any such day, no more than the length of the actual performance shall be recorded. Each session payment shall permit the release of up to 15 minutes of finished product on a phonograph record for each session payment made. The Company shall make additional payments equal to the regular hourly rate of pay for each additional five minutes of recorded music (or fraction thereof) released for sale. Further, if the finished product is released for sale on two or more albums (excluding a double album, a "best-of" or a boxed set), a separate session payment shall be required for each album. However, if the same performance is used on more than one phonograph record,, or if the product is released by the same artist, not exceeding the number of minutes of music already paid for, no additional payment shall be required. The Company agrees to send to the Office of the Federation President at the time of first release a copy of every album resulting from any such location recording.

The Company shall list the musical selections recorded at a location session from the tapes delivered to the Company by the producer and shall furnish to the Federation a copy of such list.

When a recording on location is released, the Company shall notify the orchestrators, arrangers and copyists involved in the tunes released in advance of such release so that they may submit their invoices for payment.

J. Cartage

Whenever the Company requests a musician to bring a heavy instrument to an engagement, the Company shall specify whether the musician shall transport such heavy instrument either by public or private transportation and public transportation shall be used if it is the only practicable manner of transportation. If a public carrier is used, the Company shall have the option of designating the public carrier which shall be qualified to transport musical instruments. The Company will pay cartage bills of the public carrier for such instrument. If private transportation is used, the Company will pay musician cartage fees as follows:

Harp, Timpani, Keyboard, String Bass — $30; Accordion, Tuba, Drums, Marimba, Chimes, Vibraphone, all Amplifiers, Baritone Saxophone, Bass Saxophone, Cello, Contrabassoon, Contra Bass Clarinet — $12 each.

A $12.00 payment shall be required whenever a musician is requested to bring to an engagement three or more instruments in separate cases; provided however that the $12.00 payment requirement shall not apply with respect to groups of harmonicas, flutes (including recorders) and clarinets (other than Bass Clarinet and Contra Bass Clarinets).

K. Payment

(1) *Payment to Instrumental Musicians*

Within 15 business days after the date of receipt of a completed Form B (typed or legibly printed or written) – regardless of whether the Company receives the completed Form B from the contractor, if any, the leader of the session, or from any other source (e.g., the Local, the member, or the producer) – the Company shall make the payments set forth in Exhibit A to each leader, contractor, and sidemusician employed at a recording session. The leader of the session shall be primarily responsible for preparing and submitting a completed Form B unless a contractor is present, in which case the contractor shall be primarily responsible for performing those functions.

(2) *Payment to Arrangers, Orchestrators, and Copyists*

Within 15 business days after the date of receipt of a completed Form B (typed or legibly printed or written) – regardless of whether the Company receives the completed Form B from the supervising copyist, if any, the arranger/orchestrator of the session, or from any other source (e.g., the Local, the member, or the producer) – the Company shall make the payments to each arranger, orchestrator, or copyist (including supervising copyist). The arranger/orchestrator shall be primarily responsible for preparing and submitting a completed Form B unless a supervising copyist is present, in which case the supervising copyist shall be primarily responsible for performing those functions.

(3) *Health and Welfare Payments*

The Company shall make health, welfare and pension fund contributions as set forth in Exhibit A to instrumental musicians at the same time the Company pays the musicians for the sessions.

(4) The contract Form B number shall be on or accompany the payment statements.

(5)(a) A penalty of 5% of the above-mentioned amount due and unpaid if the delinquent payment is made within 5 days (excluding Saturday, Sunday and holidays) after payment was due.

(b) A penalty of 7½% of the above-mentioned amount due and unpaid (excluding the penalty in 5(a) above) if the delinquent payment is made between the 6th and 10th business days (excluding Saturday, Sunday and holidays) after payment was due.

(c) A penalty of 10% of the above-mentioned amount due and unpaid (excluding the penalties in 5(a) and (b) above) if the delinquent payment is made between the 11th and 15th business days (excluding Saturday, Sunday and holidays) after payment was due.

(d) A penalty of 15% of the above-mentioned amount due and unpaid (excluding the penalties in 5(a), (b), and (c) above) if the delinquent payment is made between the 16th and 30th business days (excluding Saturday, Sunday, and holidays) after payment was due.

(e) A penalty of 20% of the above-mentioned amount due and unpaid (excluding the penalties in 5(a), (b), (c), and (d) above) if the delinquent payment is made between the 31st and 50th business day after the payment was due.

(f) Payments made after such 50th business day shall require in lieu of the said additional 20% payment, the payment of an additional amount equal to 50% of the initial amount payable plus an additional 10% payment for each thirty days after the 50th day in which payment is not made. Such 50% and 10% payments shall not be required unless written notice has been given (which may not be given before the 31st day after the date of receipt of their completed billings) that the employer is delinquent and the employer has not made the payment within 15 business days after receipt of such notice.

(g) The above delinquent payment penalties shall not apply to payments which have not been made by the Company by reason of:

(i) A bona fide dispute as to the amount due and payable notice of which shall be filed within five business days following receipt of bills with the local of the Federation in whose jurisdiction the work was performed.

(ii) Emergencies beyond the control of the Company.

(iii) Where the Company inadvertently makes a less than full payment and presentation of the claim for the remainder is deliberately delayed in an attempt to collect a penalty.

(iv) Lack of W-4 or I-9 forms shall not be a defense to the accrual of late payment penalties. However, in the circumstance where the Company needs additional information regarding the W-4 or I-9 forms, the Federation and the applicable Local shall cooperate fully with the Company and provide reasonable assistance to the Company in its efforts to obtain the necessary information.

(6) *Soundtrack Albums*

(a) With respect to any soundtrack record released in connection with any theatrical motion picture and/or television film subsequent to the effective date of this agreement, the Producer may elect to compensate musicians who rendered services in making the original soundtrack in accordance with the provisions of either (i) or (ii) below:[6]

(i) (1) Upon release of the record an amount equal to fifty percent (50%) of the scale wages (plus AFM-EP contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement;

(2) An amount equal to an additional fifty percent (50%) of the scale wages (plus AFM-EP contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement once the net sales exceed 50,000 records;

(3) An amount equal to an additional twenty percent (20%) of the scale wages (plus AFM-EP contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement once the net sales exceed 100,000 records.

(ii) For the use of up to seven and one-half (7 1/2) minutes of music soundtrack from a motion picture in a phonograph record, Producer shall pay to the musicians who recorded such music soundtrack one hundred percent (100%) of the scale wages calculated using the special session rate (plus AFM Employers' Pension Fund contributions) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement.

(iii) It is understood that the same phonograph record may incorporate motion picture sound track for which musicians are paid pursuant to both subparagraphs (i) and (ii) above.

[6] Subject to ratification of the Basic Theatrical Motion Picture Agreement of 2002 and the Basic Television Film Agreement of 2002, effective February 16, 2002, the Company is entitled to a 15% discount from the rates in (a)(i)(1) (payments due on release) for soundtrack records that (i) use 45 minutes or more of music originally recorded for the motion picture; and (ii) utilize 80 or more musicians (excluding orchestrators and music preparation musicians) for whom payment is due under this paragraph 6(a)(i); and (iii) meet the conditions of Ex. A(I)(K)(6)(c)(iii) below. The 15% discount described above will not apply to soundtrack records that include cues from any sessions scored in Canada under the Basic Theatrical Motion Picture Agreement or the Basic Television Film Agreement.

* Producers shall not be obligated to make any Health and Welfare payments.

(b) *Soundtrack Albums for Pressings of 25,000 Units or Less*[7]

With respect to any soundtrack record for pressings of 25,000 units or less that includes sound track from a theatrical motion picture and/or television film produced under the low budget provisions of the Basic Theatrical Motion Picture Agreement or the Television Film Labor Agreement, the Producer may elect to compensate musicians who rendered services in making the original soundtrack in accordance with the following provisions:

Upon release of the record an amount equal to twenty-five percent (25%) of the scale wages (plus AFM Employers' Pension Fund contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement;

An amount equal to an additional twenty-five percent (25%) of the scale wages (plus AFM Employers' Pension Fund contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for pressings in excess of 25,000;

An amount equal to an additional fifty percent (50%) of the scale wages (plus AFM Employers' Pension Fund contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for pressings in excess of 50,000; and

An amount equal to an additional twenty (20%) of the scale wages (plus AFM Employers' Pension Fund contributions*) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for pressings in excess of 100,000.

* Producers shall not be obligated to make any Health and Welfare payments.

(c) *Optional Provisions Regarding Soundtrack Records Released in Connection with Theatrical Motion Pictures and/or Television Films*

Subject to ratification of the Basic Theatrical Motion Picture Agreement of 2002 and the Basic Television Film Agreement of 2002, with respect to any soundtrack record released in connection with any theatrical motion picture and/or television

[7] Subject to ratification of the Basic Theatrical Motion Picture Agreement of 2002 and the Basic Television Film Agreement of 2002, effective February 16, 2002 this paragraph 6(b) will be available only to pictures produced under the low budget provisions of the Basic Theatrical Motion Picture Agreement with an initial cost estimate and final estimated cost of $15,000,000 or less, and to pictures produced under the low budget provisions of the Television Film Labor Agreement that are budgeted at $2,030,000 or less per program hour (or $6,365,000 in the case of motion pictures originally released to videocasssette).

film subsequent to February 16, 2002 (except for soundtrack records that include cues from any sessions scored in Canada under the Basic Theatrical Motion Picture Agreement or the Basic Television Film Agreement), the Company may elect to compensate musicians who rendered services in making the original sound track in accordance with the provisions of subparagraph (c)(i), provided that the Company also meets the conditions of subparagraph (c)(iii):

(i) Payments.

(1) Upon release of the record, an amount equal to twenty-five percent (25%) of the scale wages (plus AFM Employers' Pension Fund contributions but not including health and welfare contributions) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement;

(2) An amount equal to an additional twenty-five percent (25%) of the scale wages (plus AFM Employers' Pension Fund contributions but not including health and welfare contributions) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for sales in excess of 25,000 units;

(3) An amount equal to an additional fifty percent (50%) of the scale wages (plus AFM Employers' Pension Fund contributions but not including health and welfare contributions) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for sales in excess of 50,000 units; and

(4) An amount equal to an additional twenty percent (20%) of the scale wages (plus AFM Employers' Pension Fund contributions but not including health and welfare contributions) that would have been paid pursuant to the then-effective Sound Recording Labor Agreement for sales in excess of 100,000 units.

(ii) 15% Discount for Certain Soundtracks. The Company is entitled to a 15% discount from the rates in (i)(1) above (payments due on release) for soundtrack records that (i) use 45 minutes or more of music originally recorded for the motion picture; and (ii) utilize 80 or more musicians (excluding orchestrators and music preparation musicians) for whom payment is due under this paragraph 6(c).

(iii) Conditions.

(1) The following logo or credit must be provided on the jacket or other packaging accompanying the record:

(A) The AFM logo or credit to "The American Federation of Musicians."

(B) The instrumental musicians who performed on the largest recording session from which a cue is extracted for the soundtrack record must be credited by name and instrument (the largest session is the one utilizing the most musicians; if more than one has the identical "largest" number, the Company will identify from which session the credits will be determined). Such musicians may be grouped by instrument categories.

(C) The Leader/Conductor, Orchestra Manager, Orchestrator(s), Librarian, and Music Prep Service/Supervising Copyist must be credited by name and position.

(D) Any inadvertent error or omission with regard to credits required under (ii) and (iii) above will not be deemed a violation of this paragraph 6(c) provided that the Company has made a reasonable effort to comply with those provisions.

(2) An "organization name credit" that has been approved by the AFM must be placed on the front or back cover in a type size that is no less than 50% of the type size used for the composer credit unless no applicable organization name credit exists; provided that the entity that owns the organization name has agreed to hold harmless and indemnify the Company from and against any action arising out of the authorized use of such organization names.

(3) The Company must provide the AFM with 75 copies of the commercially released soundtrack recording as soon as practicable upon its release.

(4) If a Company fails to satisfy any of the foregoing requirements, the special rates will not apply and the Company will be required to make payment for the soundtrack record in accordance with paragraph 6(a).

(d) Wage payments for record albums produced from theatrical motion picture and television film scores will be made within 15 working days from receipt of completed Form B and W-4 forms but in no event later than 45 working days of release of the album.

(7) *Statute of Limitations*

A claim for payment for a service rendered under this Sound Recording Labor Agreement (i.e. February 1, 2002) shall be time barred unless that claim is made in writing to the Company by the Federation within 6 months of the date of the release of the phonograph record containing the product of the service, but in no event later than 18 months from the date of the service.

L. Regulations Relating to Overdubbing, Tracking, Sweetening, Multiple Parts, etc.

(a) Except as is specifically permitted below, nothing contained in this agreement shall be deemed to permit dubbing or tracking. The dubbing or tracking specifically permitted hereunder shall relate only to recordings made under, and during the term of this agreement, subject to paragraph (g) on page 37.

(b) During a session the Company may add live performances to a recording made at the same session without notice and without any additional payment to the musicians employed for the session.

(c) After the completion of an original session the Company may add vocal performances to the recordings made at that original session without any additional payment to the musicians employed at the original session for their services thereat.

(d) At a session subsequent to the completion of the original session at which music was first recorded, the Company may add additional instrumental performances to such recorded music without any additional payment to the musicians employed at the original session for their services thereat.

(e) If, at a session, a musician performs multiple instrument parts (other than doubles), or performs the same part in addition to the part previously recorded in order to create the sound of additional instruments, s/he shall be paid the total of all payments which would otherwise have been payable had separate musicians been used for these parts.

(f) The following special provisions relate solely to "royalty artists" as such term is defined below:

(i) The rates set forth in subdivision (ii), below, shall apply to each musician who is a "royalty artist," whether such musician plays multiple parts, doubles, overdubs, or "sweetens." A "royalty artist" is a musician (a) who records pursuant to a phonograph record contract which provides for a royalty payable to such musician at a basic rate of at least 3% of the suggested retail list price of records sold (less deductions usual and customary in the trade) (for contracts entered into after November 1, 1977) or a substantially equivalent royalty, or (b) who plays as a member of (and not as a sidemusician with) a recognized self-contained group as defined in subdivision (iii).

(ii) For the first session at which such royalty artist performs in respect to each selection he shall receive the basic session rate per song.

(iii) A "recognized self-contained group" is:

(a) Two or more persons who perform together in fields other than phonograph records under a group name (whether fictional or otherwise); and

(b) The members of which are recording pursuant to a phonograph record contract which provides for a royalty payable with respect to the group at a basic rate of at least 3% of the suggested retail list price of records sold (less deductions usual and customary in the trade) or a substantially equivalent royalty; and

(c) All of the musicians of which are or become members of the American Federation of Musicians as provided in this agreement.

Replacements of or additions to members of a recognized self-contained group shall be subject to the provisions of subdivisions (i) and (ii) above, if they qualify under items (a), (b) and (c) of this subdivision (iii).

(iv) This subsection (f) shall not be applicable to any musician who himself is not a "royalty artist" but who nevertheless performs hereunder with such royalty artist or royalty artists.

(v) The provisions of this subparagraph shall not be applicable unless the contract between the royalty artists and the Company and all amendments thereto have been filed with the Office of the President of the Federation.

(g) The tracking permitted by the foregoing provisions of this agreement does not apply to recordings by symphonic orchestras. As to such recordings the Federation agrees to grant waivers which will permit tracking in any case needed to meet unusual situations subject only to the following procedures: (i) waiver requests will be made in advance of the intended use when it is known that tracking will be employed; and (ii) if not so requested, prompt notice of such use will be given to the Federation after the event. It is the specific understanding of the parties that tracking will continue to be permitted in those situations where tracking under prior agreements has heretofore been practiced.

M. Certain Persons Not To Be Placed On Form B Contract

A producer or any other person who acts in a Company capacity can be placed on the Form B contract only if he actually performs a musical service on that contract which is covered by this agreement. No contractor shall serve as an engineer, producer, or in any capacity representing the employer with respect to the session on which he is the contractor.

II. ARRANGERS, ORCHESTRATORS, COPYISTS

Arrangers, orchestrators and copyists shall be paid not less than the rates set forth below and the conditions set forth shall apply:

A. Arrangers

(1) *Definition* – Arranging is the art of preparing and adapting an already written composition for presentation in other than its original form. An arrangement shall include reharmonization, paraphrasing and/or development of a composition so that it fully represents the melodic, harmonic and rhythmic structure and requires no changes or additions.

(2) *Credits* – Unless barred by a legal obligation undertaken by an arranger, he shall receive name credit on all seven inch "pop single" records and on all tapes and cartridges in respect of which the number of arrangers used is six or less. Unless the arranger requests he not be given credit and if no legal obligation undertaken by him prevents the use of his name by the Company, the arranger shall receive name credit on all albums. Such credit may appear either on the record label or jacket, or on the tape or cartridge label or package.

(3) *Minimum Rates* – Since arranging represents highly individual creative skills, the wages paid for arranging are left to the discretion of the person doing the work, provided, however, that the wages shall never be less than provided for in paragraph B(3). Arranging shall be paid for in addition to orchestrating where the same person performs the work of the two classifications. Payment for making and orchestrating an arrangement shall cover both the minimum for arranging and orchestrating.

B. Orchestrators

(1) *Definition* – Orchestrating is the labor of scoring the various voices and/or instruments of an arrangement without changing or adding to the melodies, counter-melodies, harmonies and rhythms.

(2) *Time rates for orchestrators* – May be used only on takedowns, adjustments, alterations, additions and in other situations where page rates are impractical. The hourly rates for time work shall be $41.75 effective February 1, 2002, $42.79 effective February 1, 2003 and $44.07 effective February 1, 2004.

(3) *Page rates for orchestrators* [subject to the rules of paragraph B(4)]

(a) For not more than ten lines per score page:

(i) Orchestrating an arrangement when incomplete material is furnished, per page: $26.20 effective February 1, 2002, $26.86 effective February 1, 2003 and $27.67 effective February 1, 2004.

(ii) Revoicing a score: $13.19 effective February 1, 2002, $13.52 effective February 1, 2003 and $13.93 effective February 1, 2004.

(b) For each additional single line in excess of ten lines per score page: $1.15 effective February 1, 2002, $1.18 effective February 1, 2003 and $1.22 effective February 1, 2004.

(c) For adding lines to a score already orchestrated (other than revoicing a score) when performed by the original orchestrator, per score page, per line: $1.26 effective February 1, 2002, $1.29 effective February 1, 2003 and $1.33 effective February 1, 2004. Any other orchestrator will be paid in accordance with (a)(ii), above.

(d) For adding piano part: in accordance with (a)(ii), above.

(e) Orchestrating the parts (without score): the combined rate for orchestrating and copying.

(f) For scoring a piano part from a lead or melody sheet, per piano page: $26.20 effective February 1, 2002, $26.86 effective February 1, 2003 and $27.67 effective February 1, 2004.

(g) For scoring a two line or three line full piano part from an orchestral score (or parts) or for scoring for solo piano, accordion, harp, etc., for individual performances, per piano page: $48.74 effective February 1, 2002, $49.96 effective February 1, 2003 and $51.46 effective February 1, 2004.

(h) For scoring for (choral) voices (a page to consist of not more than four voices, which may include a piano part, with come sopras being paid for): $11.49 effective February 1, 2002, $11.78 effective February 1, 2003 and $12.13 effective February 1, 2004. Each additional voice: $1.15 effective February 1, 2002, $1.18 effective February 1, 2003 and $1.22 effective February 1, 2004.

(i) For transcribing a melody from voice, instrument or mechanical device, including chords, symbols and lyrics (1 staff):

1st page (up to 32 measures)..... $40.57
Each additional page (up to 32 measures) $28.98

(j) Exact transcription of all parts of a composition from a mechanical device, and recreating the orchestration:

Per score page: double orchestration scale.

(4) The following rules shall apply to page rates:

(a) A score page consists of four bars and shall be computed on the basis of a minimum of ten lines.

(b) Piano and other multiple-staff parts.

(i) "Piano" refers to the pianoforte and to other keyboard instruments commonly written on 2 lines, such as celeste, organ, accordion, etc.

(ii) Piano parts where all notes are written out count as 4 lines.

(iii) Piano parts constructed only of guitar and bass parts count as 2 lines.

(iv) Harp parts, if more than 50% of the measures are fully written out, count as 3 lines; otherwise 2 lines.

(v) Organ parts written on 3 staves count as 5 lines.

(c) Each line of a divisi part shall count as one line.

(d) A pick-up shall be computed as a full measure.

(e) Come sopras shall be paid for.

(f) Repeats shall not be used within a chorus to reduce the wage paid, (but repeats, del segno, and the like, which appear in the composition are permissible).

(g) The last page may be paid for on a half-page basis.

(h) The page rates do not include proofreading service.

(i) Voice and conductor lines written into a score shall be treated as instrumental lines.

(j) Synthesizers, and other devices

(i) Patch and controller information for each part shall count as an additional line.

(ii) Where "layering" of instrumental voices occurs, an extra line per voice shall be charged.

C. Copyists

(1) Time rates for copyists may be used only on pasting, cutting, production lines, and in other situations where page rates are impractical. The hourly rates for time work shall be $21.54 effective February 1, 2002, $22.08 effective February 1, 2003 and $22.74 effective February 1, 2004.

(2) **Page rates for copyists shall be as follows** [subject to the rules set forth in paragraph C(3)]:

INSTRUMENTAL PARTS — **Effective**

		2/1/02	2/1/03	2/1/04
1.	a. Single stave parts: single notation	4.34	4.45	4.58
	b. Single stave parts: chorded and/or divisi (Chorded: guitar, banjo, vibraphone and similar parts) (Divisi: When more than 50% of page)	7.46	7.65	7.88
2.	a. Double stave parts: chorded piano, organ, harp, celeste, etc.	7.46	7.65	7.88
	b. Rhythm piano parts: chord symbols and bass line	5.71	5.85	6.03
3.	a. Piano with vocal melody cued (no lyrics–full chords)	9.75	9.99	10.29
	b. Rhythm piano with vocal melody cued (no lyrics–chord symbols)	7.68	7.87	8.11
	c. Piano with orchestral cues (Piano-Conductor)	11.91	12.21	12.58
4.	a. Piano-Vocal: 3 staves with lyrics (one set) and full chords	11.38	11.66	12.01
	b. Rhythm Piano-Vocal: 3 staves with lyrics (one set) and chord symbols	9.21	9.44	9.72
	c. Piano Vocal and orchestral cues with lyrics (Piano Conductor)	12.75	13.07	13.46
5.	Lead sheet: single melody line with lyrics (one set) and chord symbols	17.05	17.48	18.00
6.	Concert score parts where transposition is necessary (no additional charge to be made for transposition)	6.44	6.60	6.80

	VOCAL PARTS	Effective 2-1-02	2-1-03	2-1-04
7.	a. Single voice line with lyrics (one set)	6.44	6.60	6.80
	b. Foreign language lyrics, extra per page	1.53	1.57	1.62
8.	a. Choir parts with lyrics (one set)	19.35	19.83	20.42
	b. Foreign language lyrics, extra per page	1.15	1.18	1.22

	CONDUCTOR PARTS (Piano-Conductor), Production Control, etc. (one or more staves)	Effective 2-1-02	2-1-03	2-1-04
9.	a. Lead lines with notated instrumental cues	23.66	24.25	24.98
	b. (+) Harmonically complete	32.12	32.92	33.91
	c. (+) NOTE: If 12 stave paper is used in this category, not more than 3 braced systems per page shall be allowed.			
10.	Adding lyrics (or words) per set, per page:			
	a. Single stave parts	1.53	1.57	1.62
	b. Multiple stave parts	1.15	1.18	1.22
	c. Foreign language	2.40	2.46	2.53
11.	Numbering bars, per page (no charge for normal use of rehearsal letter)	.68	.70	.72
12.	Chord symbols (when added, per page):			
	a. Single stave parts	1.53	1.57	1.62
	b. Multiple stave parts	.68	.70	.72
13.	a. Single stave part for SOLO PERFORMANCE	50% additional		
	b. Solo piano, classical, concert, symphonic or similar parts	12.75	13.07	13.46
14.	MASTER COPY FOR REPRODUCTION: Copying or extracting parts to be duplicated by any process	Double all applicable rates (except items 5, 8a and b, 9a and b above which shall be paid at the single rate).		
15.	Adding symbols (other than chord symbols) for Electronic Instruments or Devices			
	a. Single stave parts	2.52	2.58	2.66
	b. Multiple stave parts	1.25	1.28	1.32

(3) The following rules shall apply to page rates:

(a) For duplicating orchestra and band scores (note for note), the minimum rate shall be seventy-five (75%) per cent of the orchestrating rate for scoring same.

(b) For remaking a score from regular parts, the minimum rate shall be seventy-five (75%) per cent of the orchestrating rate for scoring same.

(c) Modulations, new introductions, endings and interpolations from piano shall be paid for at orchestrating rates.

(d) Symphony, opera, cantata, oratorio, ballet or any other standard or classical music (copies, transcriptions, extractions) shall be paid for at forty (40%) per cent more than the rates listed.

(e) Special routine work (writing only) where two or more scores or orchestral parts must be used or referred to in constructing overtures, selections, finales, etc., shall be paid for at fifty (50%) per cent more than the rates listed, provided that if such work requires a transposition of parts, for the parts so transposed, there shall be an extra charge of 50% of the listed rates.

(f) When the services of more than one copyist are necessary to complete the work assignment, the contracting copyist shall be designated as a supervisor copyist and shall be paid for such services 25% more than the listed rates for the work which he or she supervises (which will be deemed to include copying done by him or her if the additional copyist(s) perform more than one-third of the copying on such assignment).

(g) When two or more copyists are required to split scores for the convenience of the Company, each copyist shall be paid at page and half-page rates for the section copied by him, but not less than the applicable hourly rate.

(h) Rates for copying do not include any proofreading services. Proofreading, if required by the Company, shall be paid for at the rate of $29.75 effective February 1. 2002, $30.49 effective February 1, 2003 and $31.40 effective February 1, 2004 per hour, with no minimum call to be applicable to such rate.

(i) Editing shall be paid for at the copying rate plus 50%.

(j) Rates shall be computed on the basis of ten stave paper except that parts requiring three or more braced staves shall be written on twelve stave paper, unless impractical.

(k) Rates shall be computed on page and half-page rates except that the first page shall be paid in full rather than prorated.

(l) An average of four bars per stave shall be secured, if possible, and two staves of the first page (or any following pages, if necessary) shall be used for titles or other written items.

(m) The copyist who prepared the original part shall be paid the listed rate for any reproductions thereof by any mechanical means whatsoever except where a master copy was previously paid for at the rate listed.

(n) All paper and necessary working material shall be supplied by the Company or furnished by the copyist at cost.

(o) Transposition of all parts shall be paid for at fifty (50%) percent more than the listed rates.

(p) Use of rehearsal letters every two, three or four bars or to circumvent payment for numbering shall not be deemed normal use.

D. Health and Welfare Fund Contributions

For each arranger and orchestrator the Company will contribute to any existing lawful Health and Welfare Fund of any Federation Local and commencing thirty days after notice in writing to any such lawful Fund as may be established hereafter by any other Federation Local, for each original composition as to which services are performed on non-symphonic records performed within the jurisdiction of such Federation Local by each arranger and orchestrator covered by this agreement: effective February 1, 2002, the Company shall contribute $19.00 for the first original service and $15.50 for each additional service that day. For each copyist the Company will contribute to any existing lawful Health and Welfare Fund of any Federation Local and commencing thirty days after notice in writing to any such lawful Fund as may be established hereafter by any other Federation Local, for work on non-symphonic records performed within the jurisdiction of such Federation Local by each copyist covered by this agreement: effective February 1, 2002 the Company shall contribute $19.00 for the first original service and $15.50 for each additional service that day.

(a) With respect to those members of any such Local Union who are participants in that Health and Welfare Plan the plan shall credit each of their accounts with the applicable payment;

(b) With respect to those musicians who are participants in another Local Union's Health and Welfare Plan, the plan which receives the Company's contribution shall transmit to the participant's plan(s) an amount of money equal to the Company's contributions for all such musicians;

(c) With respect to those musicians who do not participate in any Local Union's Health and Welfare Plan and who perform original services within the jurisdiction of a Local having such a plan, the Company shall make the appropriate payment directly to each such musician. In the event that payments were inadvertently made to the wrong party, the employer shall not be held liable nor obligated to make additional payments; and

(d) With respect to any such original service performed within the jurisdiction of a Local Union where no such Fund is established, and the musicians performing any such original service participate in another Local Union's Health and Welfare Plan, the Company shall send the Health and Welfare contributions to the Local Union in whose jurisdiction such original service was performed and that Local Union will transmit the contributions and crediting information to the appropriate Local Union's Health and Welfare Plan.

(e) With respect to any such original service performed within the jurisdiction of a Federation Local where no such Fund is established, and the musicians do not participate in any Local Union's Health and Welfare Plan, the Company shall pay to each such musician said aforementioned amounts.

No such Health and Welfare Fund contribution whether paid to any Fund or paid directly to a musician shall be the basis for computing the applicable AFM-EP contribution or any other payments under this agreement such as doubling, overtime, premium time pay, etc.

E. General Rules Applicable to Arrangers, Orchestrators, Copyists and Librarians

(1) The arranger or orchestrator shall deliver to the copyist a full score. A full score is a visual representation of parts to be performed by instruments and/or voice of a musical ensemble systematically placed on a series of staves, one above the other, single staff. Abbreviations by come sopra and/or col indications within the same score may be used.

(2) Arrangements, orchestrations and parts previously made for use other than phonograph records shall be paid for hereunder when first used for phonograph records. Arrangements, orchestrations and parts made initially for phonograph records shall not be used in any other field either by the Company or with its authorization unless the rate applicable to such purposes is paid.

(3) Arrangers, orchestrators and copyists shall stamp the first and last pages of all arrangements and scores and the first page of all parts with their official union stamp. Card number, local and year must be written on deshon master copy.

(4) In cases where an hourly rate is applicable the minimum call shall be four hours.

(5) Orchestrators and copyists shall receive the following premium rates:

(a) For work from 6:00 p.m. to 12 midnight, the listed rate plus one-half.

(b) For work on Saturdays from 9:00 a.m. to 6:00 p.m., the listed rate plus one-half.

(c) For work in excess of eight hours in one day and until midnight, the listed rate plus one-half.

(d) For work from 12 midnight until dismissed, and after 6:00 p.m. on Saturdays, double the listed rates.

(e) For work performed on the same job at anytime following a call-back less than eight hours after prior dismissal during premium pay hours, double the listed rates.

(f) For work on Sundays and the following holidays: New Year's Day, Lincoln's Birthday, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, double the listed rate.

Each of these holidays shall be observed on the day on which it is observed by employees of the United States Government or of the Government of Canada.

(6)(a) If the Company requests an orchestrator or copyist to work in a city other than the one in which he resides, work done out of town or en route shall be paid for at the listed rate plus 25%. In the case of an orchestrator, the Company shall guarantee a minimum of $70.00 per day plus $50.00 for personal expenses. In the case of a copyist, the Company shall guarantee a minimum of $55.00 per day plus $50.00 for personal expenses. In addition, when such orchestrator or copyist is required to remain overnight, the Company will reimburse the musician for the reasonable cost of a hotel room.

(b) Round-trip first class transportation, with sleeper for overnight travel, shall be furnished by the Company.

(7) Pick up and messenger service will be paid for by the Company.

(8) The rates specified herein relate to arranging, orchestrating and copying services of every nature as utilized in connection with phonograph records and no other rates shall be applied for any such services.

(9) Copyists who are required by the Company to attend recording sessions shall be paid at the page rate or at the hourly rate, whichever is higher.

(10) Any covered librarian who is required by the Company to attend a recording session shall be paid at the side musician's rate.

(11) The Leader or arranger shall collect and return musical parts and scores to the Company representatives at the end of each recording session, provided however, that the Company shall not be liable for the leader's or arranger's failure to collect such parts and scores if it did not interfere with his efforts to do so.

F. Electronic Data

If a computer is used to create electronic data, the Company may elect to obtain the disc (or other device hereinafter referred to as "disc") on which the data is stored for no additional charge. If the Company exercises its right to do so and the disc contains a reproducible musical performance and the disc thereafter is used as an additional musical performance on a phonograph record, an additional payment shall be made to the musician(s) in accordance with the applicable terms and conditions of this agreement.

EXHIBIT B: VIDEO PROMO SUPPLEMENT

The following terms and conditions shall apply to the production of video promo selections on or after July 1, 1983, and to the licensing, sale, leasing and other exploitation of video promo selections, and where, in either case, the video promo selection incorporates a master record produced pursuant to the AFM Sound Recording Labor Agreement:

1. A. The Company will pay to each side musician, i.e. other than a "royalty artist", (as that term is defined in the AFM Sound Recording Labor Agreement, February 2002) who performs as a musician "on-camera" (and for purposes of this agreement, this shall include "sideline musicians" as that term is commonly understood) in any covered video promo selection produced from February 1, 2002 through January 31, 2003, the sum of $229.02 per 10 hour day. For such video promo selections produced on or after February 1, 2003 said payment is to increased to $234.75 per 10 hour day and for such video promo selections produced on or after February 1, 2004, said payment is to be increased to $241.79 per 10 hour day. Pension and welfare payments at the rates and conditions set forth in the AFM Sound Recording Labor Agreement shall be made. For work performed in excess of 10 hours, the musicians shall be compensated at 1½ times the pro rata 10 hour payment at one-half hour intervals.

   B. A Meal Period shall be provided with the time of the meal period to be determined at the producer's discretion subject to applicable state law.

2. A. An "arbitrary recoupment figure" applicable to each video promo selection, regardless of the actual cost of production, is hereby established. That figure shall be $50,000 for each covered video promo selection produced prior to July 1, 1984; $60,000 for each covered video promo selection produced between July 1, 1984 and November 29, 1985; $70,000 for each covered video promo selection produced between November 30, 1985 and January 31, 1987; and $75,000 for each covered video promo selection produced on or after February 1, 1987.

   B. If and when the Company receives revenue from the licensing, sale, leasing or other exploitation of a covered video promo selection, the Company shall pay to the Sound Recording Special Payments Fund, as the agent for the musicians involved, 1% of revenues received therefrom by the Company to the extent such revenues are in excess of the "arbitrary recoupment figure" referred to in paragraph 2.A above.

   C. The Sound Recording Special Payments Fund shall distribute the monies collected pursuant to paragraph 2.B, above, among all musicians who were involved in the production of the original recording that was utilized in the video promo selection. Payments to be distributed to individual musicians resulting from audits shall be reduced in an amount equivalent to each musician's pro rata share of the reasonable costs incurred by the Sound Recording Special Payments Fund in providing such audits. The parties hereto agree that if the Company has fulfilled its obligations pursuant to paragraph 2.B, above, and made the required payments, the Company's obligations with respect to all musicians involved in the production of the original recording that was utilized in the video promo selection shall have been discharged and the Company shall not be required to look to the application of any such monies paid to the Sound Recording Special Payments Fund.

3. Notwithstanding anything provided for in paragraph 2, above, in the event that the "Company's revenue" derived from the sale or licensing of a video promo selection for use in the consumer market (i.e. as a video disc/cassette), and if and when

revenues received by the Company from any such exploitation total $5,000, the Company agrees to pay the sum of $500, which shall be credited against any payments to the Sound Recording Special Payments Fund on pursuant to paragraph 2.B, above, that may come due. This $500 advance shall be paid to the Sound Recording Special Payments Fund for distribution as set forth in paragraph 2.C, above.

4. A. For purposes of this agreement, "Company revenues" shall be deemed to mean the worldwide total gross receipts actually received by the Company in its role as the producer, from the licensing, sale, leasing or other exploitation of any covered video promo selection in any market or in any media. For example, if the Company does not directly exploit any covered video promo selection, but engages a third party to license or otherwise exploit the Company's rights in said video promo selection, then the monies paid to the Company by said third party shall constitute the Company's revenues for purposes thereof. As a further example, it is the intention of the parties hereto that the basis of determining "Company's revenues" from the sale of consumer products at the retail level would not be the amount received by the retailer or the distributor, but would be the amount actually received by the Company. Additionally, the Company is permitted to allocate revenues received from the licensing of more than one video promo selection in accordance with fair and reasonable practices.

B. In the event that any Company maintains a separate subsidiary, division, or other department to license or otherwise exploit the Company's rights in a covered video promo selection produced by a different subsidiary, division or department of the Company, "Company's revenues" shall be deemed to mean the fee or other payment received by the subsidiary, division or other department of the Company which serves as the production branch from the subsidiary, division or other department of the Company which serves as the "exploiting" branch. Where no separate subsidiary, division or other department serves as the production branch, the Company may make a reasonable allocation of the gross receipts of the Company from licenses attributable solely to fees or other payments which would be made to a production subsidiary, division, or other department of the Company, if one existed, or would be made to an outside producer and Company's revenues would be deemed to be the amount so allocated. The reasonableness of such allocation or the amount of the fee or other payment received by the producer, subsidiary, division or other department where the production and exploitation functions are separately maintained, shall be determined by the licensing fees paid to outside producers for comparable product, or in the absence of any such practice, by general prevailing trade practices with respect to video promos.

5. It is understood and agreed that nothing contained herein is intended to diminish the rights of any musician, including royalty artists, to individually negotiate better terms and conditions in connection with services on covered video promo selections. However, if a royalty artist's individual contract gives such artist a percentage or other participation in the receipts, revenues or profits of a covered program and if the royalty artist's individual contract so provides, the royalty artist's computed share under paragraphs 2 and 3, above, may be credited against the payment due to the royalty artist under his or her individual contract, and the sum payable to the Sound Recording Special Payments Fund shall be reduced accordingly.

6. The parties hereto agree that the payments required to be made by the Company, pursuant to paragraphs 1, 2, and 3, above, are intended to constitute the sole payments arising out of the production and/or exploitation of video promo selections by any party, to either the Federation or the Sound Recording Special Payments Fund, on behalf of, or to any individuals covered hereunder, unless such individuals negotiate for better terms and conditions pursuant to paragraph 5, above.

7. The parties hereto agree that in the event that the Company exploits video promo selections produced prior to July 1, 1983, all provisions of this agreement, except paragraph 1 hereof, shall be applicable.

8. Following the execution of this agreement, the Company shall promptly furnish to the Federation or the Sound Recording Special Payments Fund, upon request, a list of any covered video promos currently available for exploitation, and thereafter, from time to time, upon request, Company shall furnish a schedule listing amendments and additions thereto.

9. The Company shall respond promptly to reasonable requests by the Federation or the Sound Recording Special Payments Fund for information relating to the Company's performance of the terms and conditions of this agreement and for individual agreements with persons covered by this agreement.

10. In addition to the recognition provided for in paragraph 10 of the Sound Recording Labor Agreement (February, 2002), the Company hereby recognizes the Federation as the exclusive bargaining representative of musicians employed in the production of video promos covered hereunder and produced within the jurisdiction of the Federation, as set forth in the AFM Sound Recording Labor Agreement.

11. The provisions of paragraphs 11, 12, 14, 22, 25, and 26, of the Sound Recording Labor Agreement (February, 2002) shall herein be deemed incorporated by reference.

12. All present provisions of the Federation's Bylaws are made part of this agreement to the extent to which their inclusion and enforcement are not prohibited by any applicable law. No changes therein made during the term of this agreement shall be effective to contravene any of the provisions hereof.

13. The Company agrees that the Sound Recording Special Payments Fund shall have the right, from time to time and at reasonable times during business hours, to have its duly authorized agent examine and audit the Company records and accounts concerning revenues derived from the sale or licensing of video promo selections covered hereunder; such examination and audit to be made for the purpose of the Federation's verifying any statements made by the Company pursuant to this agreement, during a period not exceeding four (4) years preceding such examination, and of determining the amount of payments due it thereunder. It is agreed that the four (4) year period provided herein shall not affect the operation of the applicable statute of limitations. The Company agrees to afford all necessary facilities to such authorized agent to make such examination and audit and to make abstracts and excerpts from said records and accounts as may be necessary or proper according to approved recognized accounting practices. Such examinations and audits shall be coordinated, to the extent practical, with examinations and audits made under the Sound Recording Special Payments Fund Labor Agreement so that inconvenience to the Company may be minimized.

14. If during the term hereof, the Federation shall enter into any agreement with any Company engaged in the production of video promos of the type covered hereunder, which agreement contemplates the exploitation of such video promos, and which agreement contains terms more favorable than or different from those contained in this agreement, the Company shall have the right, at its option, to cause this agreement to be conformed therewith, provided, however, that no such right shall come into being by reason of any claim against any such Company by reason of the insolvency, bankruptcy, or other financial difficulty of such Company.

EXHIBIT C: PENSION WELFARE FUNDS

1. The Company shall contribute an amount equal to ten per cent (10%) of the earnings of persons covered by this agreement (except for the payments made in lieu of Health and Welfare Fund contributions under Exhibit A, I.A(6) and II.D, above, and under the Special Payments Fund Agreement) computed at the minimum rates set forth in Exhibit A as follows:

   (a) For services performed in the United States to the American Federation of Musicians' and Employers' Pension Fund created by the Trust Indenture dated October 2, 1959, as heretofore or hereafter amended. The Company agrees to be legally bound by the Agreement and Declaration of Trust Establishing the American Federation of Musicians and Employers' Pension Fund, as amended from time to time, which is incorporated by reference into this Agreement".

   (b) For services performed in the Dominion of Canada to the American Federation of Musicians' and Employers' Pension Welfare Fund created by the Agreement and Declaration of Trust dated April 9, 1962 as heretofore or hereafter amended.

   It is understood that, under the terms of said Trust Agreements, the Employees (in addition to musicians as therein defined) on behalf of whom contributions to the aforesaid Funds may be made by other employers include the following:

   (i) employees of the Funds themselves,

   (ii) office and clerical employees of the Federation and any of its affiliated Locals.

   (iii) duly elected officers and representatives of the Federation and of any of its affiliated Locals.

2. The Company shall make such payments to such place as the Trustees of the Funds may designate, upon the filing of a Form B contract.

3. The Company shall submit reports in such form as the Trustees may reasonably require; and the Company shall be subject to such reasonable audit by the Trustees as the Trustees may require.

4. The Federation and said Trustees, or either of them, may enforce any provision of this Exhibit C.

EXHIBIT D: SIDE LETTER AGREEMENT—LOW BUDGET RECORDINGS

This side letter agreement is entered into by and between the American Federation of Musicians of the United States and Canada (the "Federation") and any manufacturer of phonograph recordings (the "Company") that desires to produce phonograph recordings under the terms and conditions applicable to Low Budget Recordings, as set forth below:

1. Scope and Term[8]

Except as otherwise stated herein, the terms and conditions of this side letter agreement shall apply to all recorded products other than soundtrack albums and cast albums commenced on or after the effective date hereof made within a budget of (1)$95,000 ($99,000 effective February 1, 2003) or less for each full-length phonograph album produced during the period February 1, 2002 through January 31, 2005. In computing a budget for each full-length phonograph album, the Company shall include all costs customarily considered recording costs by the recording industry in this country, including studio charges, engineering, tape, mixing costs, payments to musicians (including their travel expenses), equipment rental, and cartage, but excluding producer and artist advances, art work, travel for artists and producers and mastering costs. The Company shall provide the Federation a copy of the producer's approved, detailed budget 72 hours in advance of producing each album under this agreement. The form of that budget shall be as used in the Company's normal course of business or as mutually agreeable between the parties hereto. Overages shall be excusable when they are attributable directly to the incapacity of an artist or producer, unanticipated increased mixing costs or an Act of God, including illness. In all other respects, when an overage occurs and the Company exceeds the maximum permissible budget established in this paragraph, then this side letter agreement shall not apply to the services performed by musicians, and the provisions of the then existing Sound Recording Labor Agreement shall apply, including but not limited to the provisions governing payments to musicians.

Exceptions – With respect both to a concept piece (i.e., one where the primary focus of the album, including a children's album, is on the concept thereof as opposed to a featured artist, and the budget does not exceed $40,000 as calculated in paragraph 1 hereof) and to a choral recording (i.e., companion music for printed works whether sold together or separately) where the budget does not exceed $95,000 ($99,000 effective February 1, 2003) during the applicable time period set forth in paragraph 1 above, the musicians shall be paid as follows: $45.12 effective February 1, 2002, $46.25 effective February 1, 2003 and $47.64 effective February 1, 2004 per hour (2 hour minimum), plus a 10 percent pension contribution and a $10.00 health and welfare contribution for each original service. With respect to choral recording only, there shall be no payments to the Sound Recording Special Payments Fund or the Recording Industries Music Performance Trust Funds.

[8] This side letter agreement shall not apply to musicians performing for symphonic orchestras or to musicians performing on records produced in Canada.

2. Wages and Benefits

a. *Scale* — The minimum scale shall be $180.48 effective February 1, 2002, $184.99 effective February 1, 2003 and $190.54 effective February 1, 2004 for a 3 hour session.

b. *Overscale, doubling, multiple parts, etc.* — All payments based on applicable scale as set forth in paragraph a. above.

c. *Pension* — The Company shall contribute 10% of scale as set forth in paragraph a. above.

d. *Health and Welfare* — The Company will contribute to any local union health and welfare plan or directly to musicians who do not participate in any local union health and welfare plan a $12.00 contribution for each original service.

3. Funds

The Company agrees to comply with the terms of the AFM Sound Recording Special Payments Fund Agreement effective February 1, 2002 through January 31, 2005.

Recording Industries Music Performance Trust Fund — The Company agrees to comply with the Sound Recording Trust Agreement effective February 1, 2002 through January 31, 2005.

4. Non-Secular Recordings

With respect to non-secular (including Christmas and Easter season) recordings: (1) the use of open tracks in non-broadcast performances (live performances, church performances, revivals, etc); and (2) one (1) type of broadcast performance – a traditional worship service of a non-commercial nature-will not be deemed subject to the Sound Recording Labor Agreement without regard to the budget for the recording; provided, however, that the understanding expressed herein shall apply only to a performance in which the artist is performing primarily non-secular music, and, during the time frame of any such performance, the emphasis of that artist's career is on non-secular music.

5. Low Budget Experimental Provision

For all recorded products other than soundtrack albums and cast albums commenced on or after February 1, 2002 and made within budget of $40,000 or less,the minimum scale shall be $50.00 per hour for a minimum 3-hour session ($150.00). Except as provided in the foregoing sentence, all other provisions of this Low Budget Side Letter Agreement will apply. This provision is agreed to on an experimental basis only for recordings made during the period February 1, 2002 through January 31, 2005 and may be modified or eliminated by the parties for recordings after that date if the parties conclude that this provision does not serve their mutual interests.

6. Miscellaneous

Overdubs — if two (2) or fewer musicians are performing, the services of a leader shall not be required.

Music Preparation — For productions covered by this side letter agreement, arrangers, orchestrators and copyists shall be paid in accordance with the rates set forth in the

existing Sound Recording Labor Agreement February 1, 2002 through January 31, 2005 except that health and welfare and pension fund payments shall be in accordance with this side letter agreement. In all other respects, the provisions of this side letter agreement shall apply to employees engaged in music preparation.

7. Joint Federation-Industry Committee

The parties to this side letter agreement shall meet at least annually to discuss matters of mutual interest and to review the administration of this agreement. Thereafter, upon written request of any party to this side letter agreement, a meeting may be convened upon reasonable notice and scheduled to discuss issues raised by that request that are within this side letter agreement.

For the Company

s/_____

For the Federation

s/_____

LOW BUDGET SIDE LETTER ADDENDUM—LOCATION RECORDINGS

The Parties agree that Location Recordings of musicians performing at church (religious) services are permitted under the low budget side letter provided there is no admission charge for attending the service with the exception of a "promotional" fee which will not exceed $10.00. The promotional fee is defined as a fee to cover the cost of printing and distributing flyers, posters, etc.

The AFM must be in receipt of the producer's approved detailed budget for the full album Location Recording project at least 72 hours in advance of the productions and shall identify the venue and city where the taped performance is to take place. The budget shall contain all applicable costs for the location project and shall include costs for any anticipated studio overdub sessions.

Provided these conditions have been met, location recording work under this Addendum shall be paid for at the rate of one basic session for each day of recording (i.e. $180.48 effective February 1, 2002, $184.99 effective February 1, 2003 and $190.54 effective February 1, 2004). During any such day, no more than the length of the church (religious) service shall be recorded. Each session payment shall permit the release of up to 15 minutes of finished product on the phonograph record. The Company shall make additional payments equal to the hourly rate of pay (i.e. $60.16 effective February 1, 2002, $61.66 effective February 1, 2003 and $63.51 effective February 1, 2004) for each additional 5 minutes of recorded music released for sale. All applicable Pension Fund contribution and Health and Welfare contribution payments shall apply. All payments shall be reported on properly completed AFM B-4 Report Forms and filed with the AFM local in whose jurisdiction the location recording(s) take place and within the time limits set forth in the AFM Sound Recording Labor Agreement.

The Company shall list the musical selections recorded at a location session from the tapes delivered to the Company by the producer and shall furnish to the AFM a copy of such list.

When a recording on location is released, the Company shall notify the orchestrators, arrangers and copyists involved in the tunes released in advance of such release so that they may submit their invoices for payment.

The Company shall send to the AFM at the time of first release a copy of every album produced under this provision.

For the Company

s/_____

For the Federation

s/_____

EXHIBIT E: MISCELLANEOUS SIDE LETTERS

American Federation of Musicians of the United States and Canada

Affiliated With The AFL-CIO/CLC

OFFICE OF THE PRESIDENT
STEVE YOUNG
1501 Broadway, Suite 600 New York, NY 10036-5503
Tel: (212) 869-1330; Fax (212) 764-6134

January 31, 1996

Norman K. Samnick
Stroock & Stroock &Lavan
7 Hanover Square, 20th Floor
New York, NY 10004-2696

Michael A. Curley
O'Melveny & Myers
Citicorp Center
153 East 53rd Street, 54th Floor
New York, NY 10022-4611

Side Letter Agreement I re Symphonic Recordings

Gentlemen:

In the current round of collective bargaining the Phonograph Record Industry and the American Federation of Musicians ("Federation"), Industry submitted a symphonic proposal whereby a provision would be incorporated into the collective bargaining agreement stating, in effect, that compensation due each musician may be credited by "service conversion" in lieu of direct payment. After a full discussion of that proposal and the general subject of service conversion, the Industry withdrew its proposal in return for the commitment made herein by the Federation.

In the course of these discussions, the parties noted that there are now numerous collectively negotiated agreements between the Federation local unions and symphony orchestra managements which contain provisions authorizing the performance of electronic services and specifying the guarantee and working conditions that apply to such services. In view of that development, the purpose of this letter is to notify the Phonograph RecordIndustry that the Federation policy over the course of the collective bargaining agreement (February 1, 1996 through January 31, 1999) will be to allow the parties – symphonic orchestra managements and the respective local unions with whom they bargain collectively – to negotiate whatever guarantee, if any, they may agree to concerning the orchestra's performance of electronic services, whether or not such guarantee is a part of or in addition to the minimum weekly salary, provided that any such agreement does not violate the Federation Bylaws in effect on the date of this Agreement.

For the Company

s/_____

For the Federation

s/_____

American Federation of Musicians of the United States and Canada

Affiliated With The AFL-CIO/CLC

OFFICE OF THE PRESIDENT
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January 31, 1996

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Side Letter Agreement II (two hour rule)

Gentlemen:

In the current round of collective bargaining between the Phonograph Record Industry and the American Federation of Musicians ("Federation"), Industry submitted a symphonic proposal to eliminate the existing contract provision requiring a two hour guarantee for those musicians not called to a recording session. A meaningful discussion of that proposal ensued, but in the face of the deadline created by contract expiration, the parties both recognized that time constraints precluded the exhaustive discussion that Industry is now agreeable to withdraw its above described proposal. In consideration of that action, the Federation has agreed to convene over the period of this agreement but in no event commencing later than October 1, 1996, on a periodic basis, a series of meetings with the Industry as a means of fostering an open and frank exchange of views and ideas concerning the pros and cons of the two hour rule, its administration and operation, and possible alternatives. By providing for these meetings, it is not the intent of the parties to relieve any employer of its obligation to comply with the two hour provision throughout the term of this collective bargaining agreement.

For the Company

s/_____

For the Federation

s/_____

American Federation of Musicians of the United States and Canada

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January 31, 1996

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Side Letter III re Symphonic Recordings (limited pressings)

Gentlemen:

In the current round of collective bargaining between the Phonograph Record Industry and the American Federation of Musicians ("Federation"), Industry submitted a symphonic proposal whereby symphonic musicians would be compensated pursuant to a formula that would provide a reduced scale payment that is less than would be required under the applicable scale payment provision of the current collective bargaining agreement. After a lengthy discussion concerning the proposal it was withdrawn by Industry. The Federation, for its part, contemporaneously advised Industry that the Federation's Negotiating Committee would promptly take all necessary steps to obtain the International Executive Board's approval to modify the International Executive Board's rules applicable to local union limited pressing agreements for symphonic recordings, as follows:

The maximum number of pressings per recording would be increased from the existing 5,000 unit level to 10,000; the existing cap of one (1) recording per year would remain in effect but the Federation would be authorized to approve on a project-by-project basis limited pressings in excess of one year. Any limited pressing would continue to be subject to approval by the orchestra musicians. As in the past, these rules shall not apply in Canada.

As soon as the foregoing modification to the limited pressing rules for symphonic recordings is approved by the International Executive Board, it will become effective retroactive to February 1, 1996.

For the Company

s/_____

For the Federation

s/_____

American Federation of Musicians of the United States and Canada

Affiliated With The AFL-CIO/CLC

OFFICE OF THE PRESIDENT
STEVE YOUNG

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November 13, 1998

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Side Letter Agreement IV re Licensed Product

In the current round of collective bargaining between the Phonograph Record Industry and the American Federation of Musicians, the parties clarified that each Company has the following obligation with respect to audits conducted by the Phonograph Record Manufacturers' Special Payments Fund and the Recording Industries Music Performance Trust Funds (collectively, the "Funds"):

With respect to a phonograph record that is licensed, leased, sold or otherwise transferred to a party that (i) is not signatory to the Phonograph Record Labor Agreement and (ii) has not executed an assumption agreement in the form set forth therein ("licensee"), the Company shall make available to the Funds (or their authorized agents) a redacted licensing agreement and the units sold (or, if no unit information is provided to the Company by the licensee, the licensing revenues received by the Company with respect to such phonograph record). In no event may the redacted licensing agreement referred to in the foregoing paragraph omit information relevant to payments due to the Funds, including without limitation advance payments from the licensee to the Company and minimum unit guarantees.

For the Company

s/_____

For the Federation

s/_____

American Federation of Musicians of the United States and Canada

Affiliated With The AFL-CIO/CLC

OFFICE OF THE PRESIDENT
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February 1, 2002

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Side Letter Agreement V re Digital Distribution

The parties have agreed that if, during the term of the 2002-2005 Sound Recording Labor Agreement, a dispute arises with respect either to the Company's obligation to make payments to musicians with respect to making recordings produced under any Sound Recording Labor Agreement available for digital distribution (*e.g.*, downloading) via any online computer service, the Internet, satellite, or any other similar distribution vehicle and/or the basis on which such payments should be calculated, either party has the limited right to convene a Joint Federation-Industry Cooperative Committee meeting to discuss these issues. In order to exercise this limited right, a party must serve written notice on the other party on or before July 15, 2003. During the 90 days following such notice, the parties shall attempt to reach a mutually acceptable resolution of any such dispute. Failing a negotiated agreement by the expiration of any such 90-day period, each party may exercise its rights under the federal labor laws and under the 2002-2005 Sound Recording Labor Agreement. The afore-described limited right has no effect on any other provision of the 2002-2005 Sound Recording Labor Agreement.

For the Company

s/_____

For the Federation

s/_____

EXHIBIT F: AFM STANDARD FORM REQUIRED FOR ANY NEW USE OF OR TRANSFERS OF THE RIGHT TO USE SOUND RECORDINGS

In accordance with paragraphs 21 and 24 of the AFM Sound Recording Labor Agreement, this form must be filled out and filed with the American Federation of Musicians at the address set forth in the box at the end of this form in order to effect either:

- A new use by the signatory Company of one or more phonograph records produced under any American Federation of Musicians Sound Recording Labor Agreement since January 1954, or
- A sale, lease, license, or other transfer of title to or permission to use, one or more Sound Recordings produced under any American Federation of Musicians Sound Recording Labor Agreement since January 1954 in either another Sound Recording or another medium.

Note: Any of the information required by this form may instead be provided by means of a redacted licensing agreement.

SIGNATORY NAME:

INFORMATION ABOUT APPLICABLE SOUND RECORDING(S)
[ATTACH ADDITIONAL PAGE(S) IF NECESSARY]

Song Title(s)	Artist(s)	Release Date(s)

INTENDED USE OF PRODUCT
(CHECK ALL APPLICABLE BOXES)

☐ Sound Recording/compact disc

Title: _____

☐ Motion Picture

Title: _____

☐ Multimedia project (*e.g.*, CD-Rom, DVD)

Title: _____

☐ Commercial announcement

Advertised product: _____

☐ Other (describe medium and specific project)

_____
_____
_____
_____

LICENSEE/TRANSFEREE INFORMATION (IF APPLICABLE)

Date of Transfer: _____

Name of Licensee/Transferee: _____

Contact person: _____

Address: _____
_____
_____

Telephone: _____

Fax Number: _____

Mail, fax or e-mail to:

Contracts Administrator
Sound Recording Labor Agreement
American Federation of Musicians
3550 Wilshire Blvd, Suite 1900
Los Angeles, CA 90010

TEL: 213-251-4510; FAX 213-251-4522; EMAIL: srlaadmin@afm.org

As agreed:

WARNER BROTHERS RECORDS
ATLANTIC RECORDING CORPORATION
ELEKTRA ENTERTAINMENT
SONY MUSIC ENTERTAINMENT INC.
UNIVERSAL MUSIC GROUP
BMG ENTERTAINMENT INTERNATIONAL
CAPITOL RECORDS, INC.

BY: Norman K. Samnick

BY: Michael A. Curley

AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES & CANADA

BY: Thomas F. Lee, President

BY: George H. Cohen, General Counsel

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SOUND RECORDING
SPECIAL PAYMENTS FUND AGREEMENT
(February 1, 2002 - January 31, 2005)

AGREEMENT, made and delivered in the City and State of New York, on the date set forth below, by and between the undersigned and such others as shall hereafter agree to contribute to the fund referred to hereafter (individually called "First Party" and collectively "First Parties"), the undersigned Executive Director ("Executive Director"), and The American Federation of Musicians of the United States and Canada ("Federation").

WITNESSETH:

(a) Each First Party has executed and delivered this Agreement pursuant to its undertaking so to do as provided by the Sound Recording Labor Agreement (February, 2002), simultaneously herewith entered into with the Federation.

(b) Each First Party by executing and delivering this Agreement assumes the duties and obligations to be performed and undertaken by each such First Party hereunder. The Executive Director has been designated collectively by the First Parties, who have requested it to assume and perform the duties of Executive Director hereunder, and it is willing to do so in the manner prescribed herein.

NOW, THEREFORE, in consideration of the premises, of the mutual covenants herein contained, of the undertakings assumed by each First Party, and of the undertakings herein by the Executive Director at the request of the First Parties, it is agreed as follows:

1. (a) There is incorporated herein and made part hereof, as though fully set forth herein, Addendum A.

   (b) Subject to paragraph 2(d), hereof, each First Party to this Agreement shall make the payments to the Executive Director called for in Addendum A, hereto, to provide for:

      (i) said First Party's contribution to the musicians' share of the Fund as defined under paragraph 2(b) hereof, and

      (ii) any employment taxes or insurance premiums which may be owing by the First Parties with respect to the distribution of the musicians' share of the Fund.

   (c) Within forty-five (45) days after the end of each calendar half-year (that is within forty-five (45) days after December 31st and June 30th in each year), each First Party will pay to the Executive Director such portion of the aforesaid payments as may have accrued hereunder during the preceding half-year, provided that the Executive Director may agree with any First Party that semi-annual payments be made with respect to other half-yearly periods ending on dates satisfactory to the Executive Director. Each payment hereunder shall be accompanied by a statement, certified by the Treasurer, Controller, or other authorized officer or representative of the First Party making such payment, containing such information as may be reasonably required to ascertain the correctness of the payment made. If such payments are not made when due hereunder,

the same shall bear interest at the rate of six percent (6%) per annum from the date when such payment was due.

(d) Each First Party at all times, without limitation to the duration of this Agreement, shall keep full and accurate records and accounts concerning all transactions on which payments to the Executive Director are based pursuant to this Agreement, in convenient form and pursuant to approved and recognized accounting practices. The Executive Director shall have the right from time to time, without limitation to the duration of this Agreement and at all reasonable times during business hours, to have its duly authorized agents examine and audit such records and accounts, and such other records and accounts as may be necessary, such examination and audit to be made for the purpose of verifying any statements made hereunder by each First Party, or due from such First Party, during a period not exceeding four (4) years preceding such examination and of determining the amount of payments due to the pursuant hereto. It is agreed that the four (4) year period provided herein shall not effect the operation of the applicable statute of limitations. Each First Party agrees to afford all necessary facilities to such authorized agents to make such examination and audit and to make such extracts and excerpts from said records and accounts as may be necessary or proper according to approved and recognized accounting practices. Examinations and audits made pursuant hereto shall be coordinated, to the extent practicable, with examinations and audits made under the Sound Recording Trust Agreements to which First Party is signatory so that inconvenience to the First Party may be minimized.

(e) Any sale, assignment, lease or license of, or other transfer of title to, or permission to use any device covered by Addendum A to this Agreement whether by operation of law or otherwise, shall be subject to the rights and duties established by this Agreement. The Executive Director shall be advised monthly of each purchaser, assignee, lessee, licensee, transferee or user and of the identity of the phonograph record (as defined above) involved. No sale, assignment, lease, license, transfer or permission shall be made or granted by any First Party to any person, firm or corporation doing business within the United States, Canada or Puerto Rico, unless and until such purchaser, assignee, lessee, licensee, transferee, or user, shall become an additional First Party hereto. No other sale, assignment, lease, license, transfer or permission shall be made or granted unless such purchaser, assignee, lessee, licensee, transferee, or user, shall promise to make to such First Party the payments required by this Agreement, which said First Party shall pay over to the Administrator, but only to the extent that such First Party has received such payments, (i) in the United States or Canada, or (ii) in United States or Canadian currency or in a currency convertible into United States or Canadian currency, or (iii) in a currency not convertible into United States or Canadian currency, of which such First Party has made beneficial use, or (iv) in an asset other than currency. No such First Party will, without the consent of the Executive Director and Federation forgive or compromise such obligation.

(f) All payments and other communications for each First Party to the Executive Director shall be made to the Executive Director at its office which shall be located in New York, N.Y.

2. (a) The Executive Director accepts the duties hereby assigned to it, and shall establish the proper administrative machinery and processes necessary for the performance of its duties hereunder. The Executive Director shall as soon as practicable after May 1st of each year, distribute as herein provided the "musicians' share of the Fund," as defined in paragraph 2(b) hereof. Each musician, as collectively referred to in paragraph 1 of the Sound Recording Labor Agreement (February, 2002), shall receive as a special payment a fraction of the total distribution which shall be determined as follows: the numerator of said fraction shall be a sum determined by adding the scale wages payable to such musician by all First Parties hereto; (i) during the immediately preceding calendar year weighted or multiplied by 100 percent, (ii) during the immediately preceding calendar year less one weighted or multiplied by 80 percent, (iii) during the immediately preceding calendar year less two weighted or multiplied by 60 percent, (iv) during the immediately preceding calendar year less three weighted or multiplied by 40 percent, and (v) during the immediately preceding calendar year less four weighted or multiplied by 20 percent; the denominator of said fraction shall be a sum determined by adding the scale wages payable to all such musicians during the same calendar years as aforesaid by all said First Parties hereto similarly weighted or multiplied as set forth above. In the case of arrangers and orchestrators scale wages for all purposes of this paragraph 2(a) shall be deemed to be 150 percent of the scale wages paid to an instrumentalist for each tune on which the arranger or orchestrator performed services hereunder.

By way of illustration but not limitation:

Example 1:

If the scale wages payable to a musician participating in the 1996 distribution have been $500 in 1995, and $1,000 in 1994, and the total scale wages payable to all musicians during the same two years have been $100,000 in 1995, and $90,000 in 1994, the fraction of the distribution payable to that musician would be determined as follows:

Year	Musician's scale wages	Total scale wages
1995	$500 x 100% = $ 500	$100,000 x 100% = $100,000
1994	$1,000 x 80% = 800	90,000 x 80% = 72,000
	$1,300	$172,000

The musician's 1996 special payment would be 1,300/172,000 of the "musicians' share of the Fund."

Example 2:

If the scale wages payable to a musician participating in the 1997 distribution have been $500 in 1996, $1,000 in 1995, $700 in 1994, none in 1993, and $300 in 1992, and if the total scale wages payable to all musicians during the same five years have been $100,000 in 1996, $90,000 in 1995, $70,000 in 1994, $50,000 in 1993 and $50,000 in 1992, the fraction of the distribution payable to that musician would be determined as follows:

Year	Musician's scale wages					Total scale wages payable to all musicians				
1996	$500	x	100%	=	$ 500	$100,000	x	100%	=	$100,000
1995	$1,000	x	80%	=	800	90,000	x	80%	=	72,000
1994	$700	x	60%	=	420	70,000	x	60%	=	42,000
1993	0	x	40%	=	0	50,000	x	40%	=	20,000
1992	300	x	20%	=	60	50,000	x	20%	=	10,000
					$1,780					$244,000

The musician's 1997 special payment would be 1,780/244,000 of the "musicians' share of the Fund."

(b) For purposes of this Agreement, the "musician's share of the Fund" shall be an amount equal to:

(i) All sums received by the Executive Director up to May 1st of the year of distribution, with respect to sales of phonograph records made:

(A) During the preceding calendar year, or,

(B) At any time prior to the preceding calendar year, if the payment with respect to such sales, was received by the Executive Director after May first of the preceding calendar year.

(ii) Less:

(A) All expenses reasonably incurred in the administration of the Fund, including the compensation of the Executive Director herein provided, and appropriate bonding premiums.

(B) Amounts reasonably reserved by the Executive Director as an operating Fund, and for contingencies, and,

(C) An amount (hereinafter referred to as the "share of the Fund") equal to the total of any Social Security Tax, Federal and/or State Unemployment Insurance Tax, other employment taxes, Disability Insurance premiums, and/or Workers' Compensation premiums, which may be owing by the First Parties, individually or collectively, and/or by the Executive Director, as Employer or Employers, with respect to the distribution of the musicians' share of the Fund.

(c) The First Parties, individually and collectively, hereby irrevocably designate the Executive Director as their agent to pay from the Manufacturers' share of the Fund, any Social Security Tax, Federal and/or State Unemployment Insurance premiums, and/or Workers' Compensation premiums, which may be owing by the First Parties individually and/or collectively, as Employer or Employers, with respect to the distribution of the musicians' share of the Fund.

(d) Notwithstanding any other provisions of this Agreement, a First Party may, at the time it makes its annual payment to the Fund, request that the Executive Director refund to it such proportion of such payment as:

(i) The total of any taxes and insurance premiums which may be payable under paragraph 2(b)(ii)(C) hereof, with respect to the distribution of the musicians' share of the Fund in the year of payment, bears to

(ii) The total payments made to the Fund by First Parties in said year.

Any such refund shall be made by the Executive Director to the First Party requesting the refund not later than September 1st of the year of payment.

If a refund is made to a First Party under this subparagraph, the Executive Director shall not be responsible in said year, for payment of said First Party's share of any taxes and insurance premiums payable under paragraph 2(b)(ii)(C), hereof, with regard to the distribution of the musicians' share of the Fund.

(e) The Federation has agreed to furnish to the Executive Director, and to cause its local unions to furnish to the Executive Director, all data in the possession or subject to the control thereof, which is necessary and proper to assist in the orderly and accurate distribution to musicians as provided herein and to request the Trustees of the American Federation of Musicians and Employers' Pension Fund to do likewise upon reimbursement of all costs reasonably incurred thereby in so doing.

(f) The Executive Director shall indemnify and hold the First Parties harmless out of the Fund against any liability for making any of the payments to the musicians under paragraph 2(a), hereof, or any payments of employment taxes and insurance premiums which may be required to be made by the Executive Director under paragraph 2(c), hereof, it being the express intent of the parties that all such payments are to be made out of the Fund with no further cost or expense of any kind whatsoever to the First Parties. Without limitation of the foregoing, the Executive Director also shall furnish a surety bond with a responsible surety company satisfactory to the First Parties and to the Federation, to guarantee the full and faithful performance of its duties as herein described.

(g) In making distribution to musicians hereunder, the Executive Director shall clearly and legibly display the following legend on all checks, vouchers, letters or documents of transmittal: "This is a special payment to you under a collectively negotiated agreement between the American Federation of Musicians and recording company signatories."

(h) In the event of the death of a musician entitled to a distributive share hereunder, the Executive Director shall distribute such share to the beneficiary designated by such musician on a form provided by the Executive Director for such purpose or, if no such beneficiary is so designated, the beneficiary designated by such musician pursuant to the AFM-EP Pension Fund; and if no beneficiary be so designated, then to the surviving spouse of such musician; and if there be no such person, to the musician's estate.

(i) If a musician for whom a distributive share has been set apart cannot be found, or if payment under this Agreement has been tendered but is not completed after efforts which the Executive Director deems reasonable, the Executive Director shall add such amounts to a reserve Fund and hold the same therein pending receipt of claim or until the end of the second full calendar year payable.

Thereafter, all such amounts remaining unclaimed shall be redeposited in the "musicians' share of the Fund" as defined in paragraph 2(b) for distribution as therein provided.

3. (a) In the event that any First Party shall default in the payment of any sums to the Executive Director when the same shall become due pursuant to this Agreement, the Executive Director shall have the duty, right and power forthwith to commence action or to take any other proceedings as shall be necessary for the collection thereof, including the power and authority to compromise and settle with the Federation's consent. The Executive Director's reasonable expenses, attorney's fees and other disbursements incurred in the collection of any such overdue sums shall be paid to the Executive Director by the First Party so defaulting and such payment shall be added to the Special Payments Fund.

(b) Nothing contained herein shall create any cause of action in favor of any musician as defined in the Sound Recording Labor Agreement (February, 2002) against any First Party but the Federation may enforce distribution of the musicians' share of the Fund in behalf of the individual musicians.

(c) The Executive Director shall deposit all money and property received by it, with or without interest, with any bank or trust company, insured by the Federal Deposit Insurance Corporation and having capital, surplus and undivided profits exceeding $5,000,000; provided, however, that in the event that Canadian dollars are receivable by the Executive Director and it is not feasible or desirable to convert such Canadian dollars into the United States funds, such Canadian funds and any securities purchased therewith may be deposited in a Chartered Bank of the Dominion of Canada, anything herein to the contrary notwithstanding. Except as modified by the provisions of paragraph 3(d) hereof, the Executive Director shall have the right and power to invest and reinvest the said money and property only in short term investments (not to exceed one year in duration), bonds and other direct obligations of the United States of America and of the Dominion of Canada, high grade commercial paper, insured bank certificates of deposit, and commingled investment funds managed by banks or trust companies.

The Executive Director shall promptly appoint for a reasonable fee an investment manager or managers which manager or managers shall render all decisions regarding the management, acquisition, or disposal of any assets of the Fund described in this paragraph 3(c) and in paragraph 3(d) hereof.

(d) In connection with the collection of any sums due to it hereunder, the Executive Director may consent to and participate in any composition of creditors, bankruptcy, reorganization or similar proceeding, and in the event that as a result thereof the Executive Director shall become the holder of assets other than money, obligations to pay money conditioned only as to the time of payment, or property of the class specified in paragraph 3(c) hereof (which assets are in this subsection (d) called "property"), the Executive Director may consent to and participate in any plan of reorganization, consolidation, merger, combination, or other similar plan, and consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan and accept any property which might be received by the Executive Director under any such plan, whether or not such property is of the class in which the Executive Director by paragraph 3(c) hereof, is authorized to invest the Fund: The Executive Director may deposit any such property with any protective, reorganization or similar committee, delegate discretionary power thereto, and pay part of its expenses and compensation and any assessment levied with respect to such property; the Executive Director may exercise all conversions, subscription, voting and other rights of whatsoever nature pertaining to any such property, and grant proxies, discretionary or otherwise, in respect thereof and accept any property which may be acquired by the Executive Director by the exercise of any such rights, whether or not such property is of the class in which the, Executive Director by paragraph 3(c) hereof, is authorized to invest the Fund. Anything to the contrary contained in this paragraph 3(d) notwithstanding, the Executive Director shall reasonably endeavor to dispose of any such property in order that the Fund, to the fullest extent possible, at all times shall be comprised as specified in paragraph 3(c) hereof.

(e) Parties dealing with the Executive Director shall not be required to look to the application of any monies paid to the Executive Director.

(f) The Executive Director has consented to act as Executive Director hereunder upon the express understanding that it shall not in any event or under any circumstances be liable for any loss or damage resulting from anything prudently done or omitted, and further, that this understanding shall not be limited or restricted by any reference to or inference from any general or special provisions herein contained or otherwise. In particular, and without limiting the foregoing, Executive Director shall not be subject to any personal liability for monies received and expended in accordance with the provisions hereof.

(g) Within ninety (90) days after the end of each fiscal year, the Executive Director shall furnish a statement for such fiscal year of its operations to each First Party hereto making payments to the Executive Director and to the Federation. Such statements shall set forth in detail the properties and monies on hand and the operations of the Executive Director during the immediately preceding fiscal year, including without limitation the details of any compromise or settlement made by the Executive Director with any First Party, and such other information and data as shall be appropriate to inform fully the recipients of such statements and shall be certified by an independent certified public accountant.

(h) The Executive Director, at all times without limitation to the duration of this Agreement, shall keep full and accurate records and accounts concerning all transactions involving the receipt and expenditure of monies hereunder and the investment and reinvestment thereof, all in convenient form and pursuant to approved

and recognized accounting practices. Each First Party and the Federation shall have the right from time to time, without limitation to the duration of this Agreement, and at all reasonable times during business hours, to have their respective duly authorized agents examine and audit the Executive Director's records and accounts for the purpose of verifying any statements and payments made by the Executive Director pursuant to this Agreement, during a period not exceeding two (2) years preceding such examination. The Executive Director shall afford all necessary facilities to such authorized agents to make such examination and audit and to make extracts and excerpts from said records and accounts as may be necessary or proper according to approved and recognized accounting practices.

(i) The Executive Director shall recognize and honor lawful assignments to the Federation of a portion of the payments to which any musician shall become entitled hereunder.

4. (a) The Oversight Committee ("Committee") will consist of one (1) or more Company representatives appointed by each Company listed on p.64 of the Sound Recording Labor Agreement (but limited to one representative per Company). A representative or representatives of the AFM (but not exceeding three (3) such representatives) appointed by the AFM President shall serve as liaison(s) to the Committee and may attend all Committee meetings on a non-voting basis.

(b) The Committee shall have the authority to take whatever measures the Committee, in its sole discretion, determines are necessary to ensure that the Executive Director is conducting the affairs of the Fund and incurring expenses in the administration of the Fund in a reasonable manner consistent with the provisions of this Agreement including, without limitation, the Committee shall have the authority to audit the books and financial records of the SPF and to interview SPF employees. Further, the Committee shall have the power to take whatever corrective actions the Committee, in its sole discretion, determines are necessary, including, but not limited to, the removal of the Executive Director or any other employee of the Fund and the commencement of legal action on behalf of the Fund.

(c) The annual budget for the costs associated with the operation of the Fund, including the salary of the Executive Director, shall be approved by the Committee after consultation with the AFM liaison(s), and paid out of the corpus of the Fund. The Committee's approval of the budget may be withheld only if the Committee reasonably determines that the budgeted amounts with which the Committee disagrees do not in a cost-effective manner further the purposes for which the Fund is maintained.

(d) The Committee will meet at periodic intervals at least annually. The Fund shall pay for all reasonable expenses incurred by the Committee members and the AFM liaison(s) in carrying out the Committee's activities.

(e) The Committee members and the AFM liaison(s) will be covered by any necessary or advisable liability insurance policy, which will be paid for by the Fund.

(f) Each appointing Company will have the right to replace the representative on the Committee that it has appointed by written notice to the Executive Director and to the President of the AFM, and the AFM President will have the right to replace any AFM liaison(s) to the Committee by written notice to the Executive Director and to the Committee members.

5. (a) The Executive Director may resign at any time by thirty (30) days written notice to the Committee and the Federation. A successor Executive Director shall thereupon be appointed by the Committee.

(b) The Executive Director shall be subject to removal by the Committee.

(c) In the event of the death of the Executive Director, if an individual, or the removal of the Executive Director, a successor Executive Director shall be appointed by the Committee.

(d) No Executive Director under this Agreement shall be a representative of labor,or of any union, or of employees within the meaning of Section 302(b) of the Labor Management Relations Act, 1947.

6. Any person, firm, corporation, association or other entity may apply to become an additional First Party to this Agreement by executing and delivering to the Executive Director three (3) counterparts of Schedule 1 hereto attached. The Executive Director shall indicate acceptance of such application by appropriately completing such application, executing three (3) such counterparts, and delivering one (1) such counterpart to such additional First Party at the Executive Director's office in the City of New York and one (1) such counterpart to the Federation. The Executive Director shall forthwith advise the Federation of the execution and delivery of such Agreement, and shall regularly advise all other First Parties thereof.

This Agreement shall be governed, construed and regulated in all respects by the laws of the State of New York.

ADDENDUM A

1. For the purposes of this Agreement, the terms "phonograph record" and "record" shall include phonograph records, wire or tape recordings, or other devices reproducing sound, and the term "master record" shall include any matrix, "mother," stamper or other device from which another such master record, phonograph record, wire or tape recording, or other device reproducing sound, is produced, reproduced, pressed or otherwise processed.

2. (a) Each First Party shall make payments to the Executive Director in the amounts computed as stated below, with respect to the sale during the period specified in 6, below, of phonograph records, produced from master records containing music which was performed or conducted by musicians covered by, or required to be paid pursuant to, a collective bargaining agreement with the Federation known as Sound Recording Labor Agreement (February, 2002) (but specifically excluding services solely as arranger, orchestrator or copyist) where such phonograph records are sold during said period by such First Party, or, subject to the provisions of paragraph 1 (e) of the main text of this Agreement, by purchasers, lessees, licensees, transferees, or other users deriving title, lease, license, or permission thereto, by operation of law or otherwise, by, from or through such First Party. Effective for all unresolved audits as of February 1, 2002 no payments shall be required with respect to any sale after February 1, 1996, of any single, defined as any record containing (i) no more than three (or four, for sales after February 1, 2002) different titles (songs) and (ii) no more than eight sides (versions).

   (b) For product produced during the term of this Agreement, as to foreign receipts the obligations of the First Party shall not accrue until the First Party shall either have the right to freely use such foreign currency, or the First Party has the right to transmit to the United States to the First Party such foreign currency from such foreign country or territory. If such currency may be utilized or transmitted as aforesaid it shall be deemed to have been converted to United States dollars at the rate of exchange at which such currency was actually transmitted to the United States as aforesaid, or if not actually transmitted, then at the prevailing free market rate of exchange at the time such right to use or to transmit occurs. Frozen foreign currency shall be deemed to be unblocked on the basis of "first in, first out", unless otherwise allocated by local foreign fiscal authorities. Allocation of such unblocked funds as between revenue which serves as the basis of determining payments hereunder and other revenue, shall be on a proportional basis, subject to different earmarking by local foreign fiscal authorities. Payments of amounts accruing hereunder shall be made semiannually on the basis of the reports to the Administrator required in paragraph l(c) of the main text of this Agreement. Foreign retail price shall be accounted for in U.S. dollars at the rate of exchange at which receipts are actually converted and remitted.

   With respect to foreign sales, the First Party shall pay only that proportion of the amount provided for in paragraph 3, as the adjusted foreign receipts bears to the total foreign receipts. For purposes hereof, adjusted foreign receipts shall be computed, as follows: total foreign receipts less (1) value added taxes or other taxes, whatever called, which the consumer pays and which are not segregated from the retail price and (2) repatriation taxes or withholding taxes or other foreign taxes, whatever called; provided, however, that taxes shall not reduce foreign receipts to the extent that such

taxes constitute income taxes which are credited as a foreign tax credit on the First Party's consolidated U.S. Corporation Income tax. For purposes hereof, an income tax will not be treated as credited as a foreign tax credit in a given year except to the extent of the excess of the First Party's allowed foreign tax credits computed pursuant to SS 901 and 904 of the Internal Revenue Code of 1986, as amended, for such year over the amount of such First Party's foreign tax credits which would have been allowed for such year if computed without reflecting the foreign receipts and related income taxes and expenses. The determination of whether an income tax will be treated as credited as a foreign tax credit shall take into account any carryback or carryforward of foreign income taxes to such year; provided, however, if the First Party makes a good faith determination that the First Party expects to be entitled to a foreign tax credit for a tax for the years subject to audit, an income tax will be treated as a foreign tax credit three years from the payment date of the royalty statement date which reflected such tax. The First Party shall not be responsible for loss or diminution of foreign receipts as a result of any matter or thing not reasonably within the control of the First Party. The Federation, the Executive Director, or the Special Payments Fund, as the case may be, and the musicians shall be bound by any arrangements made in good faith by the First Party, or for its account, with respect to the deposit or remittance of foreign revenue. Frozen foreign receipts shall not be considered trust funds and the First Party may freely commingle the same with other funds of the First Party. No sums received by way of deposits or security need be included until earned from net sales.

3. The payments to the Executive Director shall be computed as follows:

(a) .54% of the manufacturer's suggested retail price for each record when such price does not exceed $3.79.

(b) .52% of the manufacturer's suggested retail price for each record when such price exceeds $3.79, to a maximum suggested retail price of $8.98 for each record.

(c) .522% of the manufacturer's suggested retail price for each wire or tape recording or other device, to a maximum suggested retail price of $8.98 for each wire or tape recording or other device. In the case of compact discs, such maximum suggested retail price shall be $10.98. The term "compact disc" shall include Audio Digital Versatile Discs (Audio-DVD) and Super Audio Compact Discs (SACD) for all purposes under this Agreement.

(d) For sales of records, tapes, cartridges, compact discs and other devices in excess of the first 300,000 units of each title, the percentage of the manufacturer's suggested retail price shall be .53% effective February 1, 1996 and .54% effective August 1, 1997 for each unit, up to the maximum applicable suggested retail price set forth in paragraphs 3(a) through 3(c). [It is further agreed that the first 300,000 units of each title shall be calculated in the same manner that the 25,000 unit allowance under Addendum A, 4(c) is calculated–namely, by combining all configurations (per side letter of 2/13/96 available on request from AFM).]

(e) For sales of records, tapes cartridges, compact discs and other devices in excess of the first 1,000,000 royalty-bearing units of each title, the percentage of the manufacturer's suggested retail price shall be .55% on records produced on or after February 1, 2002, up to the maximum suggested retail price set forth in paragraphs 3(a) through 3(c). It is further agreed that the first 1,000,000 royalty-bearing units of each title shall be

calculated in the same manner that the 25,000 unit allowance under Addendum A, 4(c) is calculated–namely, by combining all configurations.

For packages which contain more than one (1) record or tape or wire equivalent, the maximum suggested retail price shall be $8.98 (in the case of compact discs, $10.98) multiplied by the number of units in the package.

With respect to a phonograph record produced after January 31, 2002, both from master records described in paragraph 2, of this Addendum A and recorded under the Sound Recording Labor Agreement (February, 2002) for which payments are due hereunder and from other master records, First Party shall pay that proportion of the amount provided for above as the number of such master records recorded under said Agreement bears to the total number of master records embodied in the phonograph record.

(f) Effective for all unresolved audits as of February 1, 2002, no payments shall be required with respect to the sale of any cutouts.

4. For the purposes of computing payments to the Executive Director:

(a) Each First Party will report 100% of net sales.

(b) Each First Party will have an allowance, with respect to singles sold before February 1, 1996, of the first 100,000 records sold for each title.

(c) Each First Party will have an allowance, with respect to albums, tapes, compact discs and other devices, of the first 25,000 units of a title.

(d) Each First Party will have a packaging allowance in the country of manufacture or sale of 20% of the suggested retail list price for phonograph records and 30% of the suggested retail list price for tapes, cartridges, and compact discs.

(e) Each First Party will have an absolute "free record" allowance with respect to records, tapes, cartridges and compact discs regardless of mix (except for record clubs which are dealt with separately below), of 25% of the total records distributed.

(f) With respect to its record clubs, if any, each First Party will have an allowance of "free" and "bonus" records, tapes, cartridges and compact discs actually distributed of up to 50% of the total records, tapes, cartridges and compact discs distributed by or through the clubs; and with respect to such "free" and "bonus" records, tapes, cartridges and compact discs distributed by its clubs in excess thereof, each First Party will pay the full rate on 50% of the excess of such "free" and "bonus" records, tapes, cartridges and compact discs so distributed.

5. Schedules of current manufacturer's suggested retail prices for each record in each First Party's catalogue shall be furnished by each First Party to the Executive Director upon the execution and delivery of this Agreement and amendments and additions thereto shall be so furnished as and when established. For the purposes of determining the amounts payable hereunder, such suggested retail prices shall be computed exclusive of any sales or excise taxes on the sale of phonograph records subject to this Agreement. If any First Party discontinues the practice of publishing manufacturer's suggested retail prices, it agrees

that it will negotiate a new basis for computing payments hereunder which shall be equivalent to those required above.

6. The payments provided for in this Agreement shall be made with respect to the sales of any phonograph record produced from a master record described in paragraph 2, of this Addendum A which take place during the period commencing with the calendar year during which a phonograph record produced from such master record is first released for sale and terminating at the end of the tenth calendar year thereafter. The year of such release shall be counted as the first year of the ten years. (By way of illustration but not limitation, if a phonograph record produced from a master record made pursuant to the Phonograph Record Labor Agreement (February, 1996), is first released for sale in May, 1996, payments shall be made with respect to sales of said record which take place during the calendar years 1996–2005 inclusive. If said phonograph record is first released for sale in April, 1998, payments shall be made with respect to sales of said record which take place during the calendar years 1998–2007 inclusive.)

7. The report to the Executive Director required in paragraph l(c) of the main text of this Agreement shall show the number of phonograph records, tapes and other devices subject to payment under this Agreement which have been sold during the period to be covered by the report, the dates of initial release for sale thereof, the manufacturer's suggested retail price thereof and of the component units thereof and the excise and sales taxes, if any, borne by the First Party thereon.

8. Despite anything to the contrary contained in this Agreement, it is specifically agreed that the First Party reserves the right, by written notice to the Executive Director, effective with the effective date of any termination, modification, extension or renewal of the said sound Recording Labor Agreement (February, 2002), to terminate or change any of the terms of this Special Payments Fund Agreement, but no such termination or change shall be effective unless the First Party has secured the prior written approval thereto by the Federation. It is agreed, however, that no such change may have any retroactive effect.

9. Anything to the contrary herein contained notwithstanding, it is agreed that if the sound Recording Labor Agreement (February, 2002), or any successor agreement is not renewed or extended at or prior to its expiration date, and if a work stoppage by members of the Federation ensues, then all payments otherwise due to the Executive Director based on sales for the period of such work stoppage, and only for such period, shall not be made to the Executive Director. In lieu thereof, equivalent amounts shall be paid by each First Party as an additional contribution to the Trustee under the sound Recording Trust Agreement (February, 2002) unless otherwise determined as a condition for the cessation of such work stoppage

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SOUND RECORDING TRUST AGREEMENT

(February 1, 2002 – January 31, 2005)

AGREEMENT, made and delivered in the City and State of New York, on the date set forth below, by and between the undersigned and such others as shall hereafter agree to contribute to the trust fund referred to hereafter (herein individually called "First Party" and collectively "First Parties"), and the undersigned Trustee (herein called the "Trustee").

WITNESSETH

(a) Some of the First Parties are signatories to a prior trust agreement or agreements and are incorporating into this agreement substantially the terms, conditions and provisions of said agreement or agreements.

(b) The First Parties desire to contribute to the trust referred to in this instrument; each First Party by executing and delivering this Agreement assumes the duties and obligations to be performed and undertaken by each such First Party hereunder. The Trustee has been designated collectively by the First Parties; who have requested the Trustee to assume and perform the duties of Trustee hereunder. The Trustee is willing to accept the trust and to perform the duties of Trustee, as prescribed herein, in a manner based solely upon the public interest.

Now, THEREFORE, in consideration of the premises, of the mutual covenants herein contained, of the undertakings assumed by each First Party, and of the undertakings assumed herein by the Trustee at the request of the First Parties, it is agreed as follows:

1. If the Trustee shall so request, each First Party, whether an original signatory hereof or an additional First Party, upon becoming a First Party, shall make an initial payment to the Trustee in an amount which such First Party estimates to be equal to fifty per cent (50%) of the payment which will become due from such First Party to the Trustee hereunder within forty-five (45) days after the end of the calendar half-year immediately following the date when such First Party shall become a signatory hereto, such initial payment to be deductible from the payment due and owing at such time but in no event to be otherwise returnable.

2. (a) There are incorporated herein and made part hereof, as though fully set forth herein, Addendums A and B.

   (b) Each First Party to this Agreement shall make the payments to the Trustee called for in Addendum A hereto.

   (c) Within forty-five (45) days after the end of each calendar half-year (that is within forty-five (45) days after December 31st and June 30th in each year), each First Party will pay to the Trustee such portion of the aforesaid payments as may have accrued

hereunder during the preceding half-year; provided that the Trustee may agree with any First Party that semi-annual payments be made with respect to other half-yearly periods ending on dates satisfactory to the Trustee. Each payment hereunder shall be accompanied by a statement, certified by the Treasurer, Controller, or other authorized officer or representative of the First Party making such payment, and containing such information as the Trustee may reasonably require to ascertain the correctness of the payment made. Such statements shall be made in such reasonable form and detail as the Trustee may from time to time prescribe. If such payments are not made when due hereunder, the same shall bear interest at the rate of six per cent (6%) per annum from the date when such payment was due.

(d) Each First Party at all times, without limitation to the duration of this Agreement, shall keep full and accurate records and accounts concerning all transactions on which payments to the Trustee are based pursuant to this Agreement, in convenient form and pursuant to approved and recognized accounting practices. The Trustee shall have the right from time to time, without limitation to the duration of this Agreement and at all reasonable times during business hours, to have its duly authorized agents examine and audit such records and accounts, and such other records and accounts as may be necessary, such examination and audit to be made for the purpose of verifying any statements made hereunder by each First Party, or due from such First Party, during a period not exceeding four years preceding such examination and of determining the amount of payments due to the Trustee pursuant hereto. It is agreed that the four year period provided herein shall not affect the operation of the applicable statute of limitations. Each First Party agrees to afford all necessary facilities to such authorized agents to make such examination and audit and to make such extracts and excerpts from said records and accounts as may be necessary or proper according to approved and recognized accounting practices. Examinations and audits made pursuant hereto shall be coordinated, to the extent practicable, with examinations and audits made under the Special Payments Fund Agreements to which First Party is signatory, so that inconvenience to the First Party may be minimized.

(e) It is agreed that any sale, assignment, lease or license of, or other transfer of title to, or permission to use any device covered by Addendum A to this Agreement, whether by operation of law or otherwise, shall be subject to the rights and duties established by this Agreement. The Trustee shall be advised monthly of the name and address of each purchaser, assignee, lessee, licensee, transferee or user and of the identity of the phonograph record (as defined in Addendum A) involved. No sale, assignment, lease, license, transfer or permission shall be made or granted by any First Party to any person, firm or corporation doing business within the United States, Canada or Puerto Rico, unless and until such purchaser, assignee, lessee, licensee, transferee, or user, shall promise to make to such First Party the payments required by this Agreement, which said First Party shall pay over to the Trustee, but only to the extent that such First Party has received such payments (i) in the United States or Canada, or (ii) in United States or Canadian currency or in a currency convertible into United States or Canadian currency, or (iii) in a currency not convertible into United States or Canadian

currency, of which such First Party has made beneficial use, or (iv) in an asset other than currency. No such First Party will, without the consent of the Trustee, forgive or compromise such obligation.

(f) All payments and other communications for each First Party to the Trustee shall be made to the Trustee at his office.

3. (a) The Trustee does hereby accept the trust hereby created, agrees to establish the proper administrative machinery and processes necessary for the performance of the Trustee's duties hereunder, and agrees fully and faithfully to perform each and every duty and obligation on the Trustee's part to be performed as set forth herein, for the purposes and objectives of arranging and organizing the presentation of personal performances by instrumental musicians (and singers, but limited to one per performance and only if accompanying a live band, if the vocals are a usual and integral part of the band's performance, and if the singer usually accompanies the band) in the areas throughout the United States, and its territories, possessions and dependencies, and the Dominion of Canada, as shall be specified in a Schedule to be promulgated by the Trustee on or before each May 1st, such Schedule when so promulgated to be called "Area Schedule" and a copy thereof to be delivered to each First Party hereto who requests it and to the Federation hereinafter named, on such occasions and at such times and places as in the judgment of the Trustee will contribute to the public knowledge and appreciation of music. In pursuance of such purposes and objectives, the Trustee shall organize such performances for live (face to face) audiences (which may also be broadcast over radio and television) upon occasions where no admission fees are charged, in connection with activities of patriotic, charitable, educational, civic and general public nature, such as, but not limited to, veteran's hospital entertainment programs, juvenile and adolescent social programs, programs of educational or cultural intention, programs for local or national civic, community or patriotic celebrations, symphony society or other musical activities of a non-profit nature, and similar programs and activities, entirely without profit to the trust fund. The Trustee shall not act as a representative of the Federation hereinafter referred to, or of any member or members thereof, or of any person or persons receiving payment under the terms of the trust for services rendered at the performances presented pursuant to the terms hereof. The Trustee shall be guided solely by the terms and conditions hereof and shall perform the Trustee's functions on the sole basis of the public interest.

(b) In connection with such activities, the Trustee shall have the following powers and authority subject to the following limitations:

(i) The Trustee shall arrange, as nearly as may be, for the expenditure for the above purposes, during each successive twelve (12) months period, the first such period to commence on the first day of May in the year following the calendar year in which this Agreement is executed of an amount equal to not less than ninety per cent (90%) of the total amount of the trust fund existing on the 31st day of March next preceding the commencement of each such twelve (12) months period, and which at such time is not already budgeted for expenditure.

(ii) Subject to the provisions of paragraph 3(b)(i) hereof, the Trustee shall, as nearly as may be, arrange for the expenditure for such purposes during each such twelve

(12) months period, (A) within each geographical area set forth in said Area Schedule, amounts equal, as nearly as may be, to the percentages set forth in said Area Schedule of ninety per cent (90%) of the total sums to be expended for such purposes by the Trustee during such twelve (12) months period, and (B) at such places and times as the Trustee in his discretion may determine of ten per cent (10%) (except as provided in paragraph 4(f) hereof) of such sums. Any sums not so expended during such twelve (12) months period shall be available for allocation and expenditure during the next but one ensuing twelve (12) months period as provided in this Agreement.

(iii) In connection with the performance of the Trustee's duties hereunder, the Trustee shall do the following:

(A) engage instrumental musicians (and singers, but limited to one per performance and only if accompanying a live band, if the vocals are a usual and integral part of the band's performance, and if the singer usually accompanies the band) in connection with the presentation of such performances, the rate of compensation to such instrumental musicians (and singers, as limited and defined in this section) to be at the union scale established in the area where such performances take place for performances of the category involved in the Trustee's presentation or the most similar category for which a scale exists;

(B) engage concert halls and similar places, arrange for the supplying of programs, tickets, ushers, advertisements, publicity and similar items required in connection with the presentation of such performances;

(C) enter into any agreements, necessary and proper in connection with the hiring of concert halls and similar places, the employment of musicians, the preparation of tickets, programs, posters, advertising material and similar material, the employment of publicists and other personnel, the purchase of advertisements, and such other agreements as may be necessary and proper in connection with the presentation of such performances;

(D) enter into agreements or arrangements, which in the Trustee's judgment may be appropriate, with co-sponsors of such performances and receive and expend monies and other property contributed by such co-sponsors for and in connection with the presentation of such performances;

(E) consult with and receive the counsel and advice of qualified institutions and organizations including business groups and organizations, public authorities, musical schools and institutions, the Federation hereinafter referred to, and other civic, patriotic, charitable and welfare organizations, and such other persons and organizations as the Trustee shall consider useful and suitable, with respect to matters relating to the presentation of such performances;

(F) prior to causing the disbursement of any monies from the trust fund for services rendered or other consideration received or contracted for, receive from the duly authorized representative of the Federation, hereinafter referred to, certification in writing that such services or other considerations have been received or contracted for, provided, that such

certification has not been unreasonably withheld where the contemplated disbursement is for services rendered or consideration contracted for or received in accordance with the purposes, objects and conditions hereof;

(G) at the request in writing of any First Party making payments to the Trustee, cause to be posted or otherwise publicized at each performance to be presented by the Trustee, an appropriate notice or other advice setting forth the name of such party not then in default in the performance of any of its obligations to the Trustee;

(H) whenever such delegation is deemed advisable, delegate to an agent of the Trustee, the power to make disbursements for services rendered or for considerations received or contracted for by the Trustee in accordance with the provisions hereof;

(I) enter into an agreement or agreement in writing, not inconsistent with this Agreement, with any depositary or depositories selected by the Trustee, covering the terms and conditions pursuant to which such depositary or depositories shall act.

(iv) Subject to the terms and conditions set forth above, the Trustee shall hold, manage, invest and reinvest the trust fund and pay, apply, utilize and expend the entire net income therefrom and the principal thereof for the payment of compensation for and by reason of the services of instrumental musicians, for the expenses of presenting such performances, for the payment of the Trustee's compensation as herein provided, for the payment of salaries, counsel and auditor's fees, for the payment of appropriate bonding and insurance premiums, and for other expenses reasonable, incurred in the administration of the fund.

4. Subject to the specific limitations otherwise imposed upon the Trustee by this Agreement, the Trustee shall have the following additional rights, duties and powers, and shall enjoy the following privileges and immunities, subject to the following limitations:

(a) In the event that any First Party shall default in the payment of any sums to the Trustee when the same shall become due pursuant to this Agreement, the Trustee shall have the duty, right and power forthwith to commence action or to take any other proceedings as shall be necessary for the collection thereof, including the power and authority to compromise and settle. The Trustee's reasonable expenses, attorney's fees and other disbursements incurred in the collection of any such overdue sums shall be paid to the Trustee by the First Party so defaulting and such payment shall be added to the trust fund.

(b) The Trustee shall deposit all money and property received by the Trust, with or without interest, with any bank or trust company, insured by the Federal Deposit Insurance Corporation, and having capital, surplus and undivided profits exceeding $5,000,000; provided, however, that in the event that Canadian dollars are receivable by the Trustee and it is not feasible or desirable to convert such Canadian dollars into United States funds, such Canadian funds and any securities purchased therewith may be deposited in a Chartered Bank of the Dominion of Canada, anything herein to the contrary notwithstanding. Except as modified by the provisions of paragraph 4(c) hereof, the Trustee shall have the right and power to invest and reinvest the said money and property only in short term investments (not to exceed one year in duration), bonds and other direct obligations of the United States of America and of the Dominion of

Canada, high grade commercial paper, insured bank certificates of deposit, and commingled investment funds managed by banks or trust companies. The Trustee may sell, exchange and otherwise deal with such investments as the Trustee may deem desirable, but such actions shall be prudent and in consideration of the liquidity needs of the trust fund and the preservation of principal. The Trustee may engage an investment manager or investment managers, for a reasonable fee, to invest all or a part of the trust fund.

(c) In connection with the collection of any sums due to the Trustee hereunder, the Trustee may consent to and participate in any composition of creditors, bankruptcy, reorganization or similar proceeding, and in the event that as a result thereof the Trustee shall become the holder of assets other than money, obligations to pay money conditioned only as to the time of payment, or property of the class specified in paragraph 4(b) hereof (which assets are in this subsection (c) called "property"), the Trustee may consent to and participate in any plan of reorganization, consolidation, merger, combination, or other similar plan, and consent to any contract, lease, mortgage, purchase, sale or other action by any corporation pursuant to such plan, and accept any property which might be received by the Trustee under any such plan, whether or not such property is of the class in which the Trustee by paragraph 4(b) hereof, is authorized to invest the trust fund; the Trustee may deposit any such property with any protective, reorganization or similar committee, delegate discretionary power thereto, and pay part of its expenses and compensation and any assessment levied with respect to such property; the Trustee may exercise all conversion, subscription, voting and other rights of whatsoever nature pertaining to any such property, and grant proxies, discretionary or otherwise, in respect thereof and accept any property which may be acquired by the Trustee by the exercise of any such rights, whether or not such property is of the class in which the Trustee, by paragraph 4(b) hereof, is authorized to invest the trust fund. Anything to the contrary contained in this paragraph 4(c) notwithstanding, the Trustee shall reasonably endeavor to dispose of any such property in order that the trust fund, to the fullest extent possible, at all times shall be comprised as specified in paragraph 4(b) hereof.

(d) The Trustee shall have the right, power and authority to enter into agreements with others, as First Parties, providing for the payment by such First Parties of monies to the Trustee, and may collect such monies and contributions, and may administer, use and expend such monies and contributions for the purposes of and as part of the trust created hereunder or any other trust having a similar object provided that each contribution is administered and expended in accordance with the terms of the agreement under which it is contributed.

(e) The Trustee, in his discretion, may administer and expend the trust fund in cooperation and conjunction with or as part of other trust funds, the objects and purposes of which are substantially similar to those contained herein, in which event the reports of the Trustee referred to in paragraph 4(j) hereof, may relate to such joint administration. The Trustee may deposit and commingle this trust fund and such other trust fund in the same bank account or accounts provided that in all other respects the administration and expenditure of this trust fund shall be in accordance with the terms and conditions herein contained.

(f) The Trustee shall not be liable for any loss sustained by the trust estate by reason of the Trustee's prudent purchase, retention, sale or exchange of any investment or deposit of monies permitted by this Agreement, or by reason of any payment in good faith in accordance with the terms of this Agreement.

(g) Parties dealing with the Trustee shall not be required to look to the application of any monies paid to the Trustee or to ascertain whether the direction, certification or consent to any transaction is required or has been obtained.

(h) The Trustee has consented to act as Trustee hereunder upon the express understanding that the Trustee shall not in any event or under any circumstances be liable for any loss or damage resulting from anything done or omitted in good faith, and further, that this understanding shall not be limited or restricted by any reference to or inference from any general or special provisions herein contained or otherwise. In particular, and without limiting the foregoing, the Trustee shall not be subject to any personal liability for monies received and expended in accordance with the provisions hereof.

(i) The Trustee shall be entitled to reimbursement from the property in the hands of the Trustee hereunder for any and all payments of whatsoever nature which the Trustee shall be required to make in the Trustee's fiduciary capacity in respect of such property and shall have a first lien on such property, for the amount of such payments.

(j) At the end of the fiscal year in which this Agreement is dated, and thereafter at the end of each succeeding fiscal year, the Trustee, within ninety (90) days following such dates, shall furnish statements of the Trustee's operations to each First Party hereto making payments to the Trustee, and to the Federation hereinafter referred to. Such statements shall set forth in reasonable detail the operations of the Trustee during the immediately preceding fiscal year, the properties and monies on hand, the total receipts from all First Parties, the receipts from investments, the other expenditures and disbursements by the Trustee and such other information and data as may be deemed appropriate by the Trustee to inform fully the recipients of such statements of the transactions of the Trustee during each period. The statements furnished by the Trustee within ninety (90) days following the end of each fiscal year shall contain such information for the immediately preceding full fiscal year and shall be certified by an independent accountant of good standing selected by the Trustee. Whenever such statements are furnished, the Trustee shall also furnish to the Federation and to each First Party who requests it, a statement setting forth the amounts of expenditures by the Trustee in each of the areas set forth in said Area Schedule. The Trustee may combine reports required to be made hereunder with reports required pursuant to the sound Recording Trust Agreement dated December 14, 1948.

(k) The Trustee, at all times without limitation to the duration of this Agreement, shall keep full and accurate records and accounts concerning all transactions involving the receipt and expenditure of monies hereunder and the investment and reinvestment of the trust fund, all in convenient form and pursuant to approved and recognized accounting practices.

(l) The Trustee may from time to time designate in a written instrument acknowledged, filed and distributed in the manner as prescribed under paragraph 6(a) hereof, a Deputy

Trustee who shall be temporarily empowered to act upon the death, resignation or removal of the Trustee until a successor Trustee shall be appointed but such Deputy will not be eligible to serve as such successor Trustee.

(m) The Trustee generally may do all such acts, take all such proceedings, and exercise all such rights and privileges, not inconsistent with any specific provision to the contrary herein contained, although not specifically mentioned, with relation to such trust fund and the administration thereof, as might be done or exercised by an individual having absolute ownership of the same in his own right, and in connection therewith, may employ agents and attorneys and enter into any covenants or agreements binding the trust estate.

5. The compensation of the Trustee shall be as set forth in Addendum B hereto attached, and shall be paid out of the funds and property in the hands of the Trustee.

6. (a) The Trustee may communicate the Trustee's intention to resign at any time by executing a written resignation acknowledged in like manner as a conveyance of real property entitled to record in the State of New York, and by filing such resignation with any First Party hereto and simultaneously sending a copy thereof to the Federation hereinafter referred to and to those of the other First Parties hereto who have made a payment to the Trustee on the payment date next preceding the date of such resignation. A successor Trustee who shall be selected by the RIAA shall thereupon be designated. Upon appointment of such successor Trustee and the acceptance by such successor Trustee of the duties of Trustee herein provided, such resignation of the resigning Trustee and such appointment of the successor Trustee shall become effective. Such designation and appointment shall operate in like manner as though such successor Trustee were named herein. Each successor Trustee shall have rights, powers and duties as those given to the Trustee hereinabove.

(b) The Trustee's tenure shall automatically terminate as of the last day of the calendar month in which the Trustee shall reach the age of 70 years.

(c) The Trustee shall be subject to removal as provided below if he shall become unable to perform his duties hereunder by reason of illness or other incapacity or if he shall be guilty of malfeasance or neglect of duty hereunder. Any demand for the removal of the Trustee for the reasons aforesaid shall be submitted by any two or more of the First Parties who have made individual payments hereunder to the Trustees during the calendar year immediately preceding the date of such submission aggregating $50,000 or more, together with the Federation named below, to the American Arbitration Association in New York, N.Y. The determination of whether the Trustee shall be removed for the reasons aforesaid shall be made in New York, N.Y., by three (3) Arbitrators selected from panels of the American Arbitration Association in accordance with the rules thereof and judgement upon the Award rendered by the Arbitrators may be entered in any court having jurisdiction thereof.

(d) In the event of the death, termination of tenure, or removal of the Trustee, a successor Trustee shall be appointed in the manner designated in paragraph 6(a) hereof.

(e) No Trustee under this Agreement shall be a representative of labor, or of any union, or of employees within the meaning of Section 302(b) of the Labor Management Relations Act, 1947. In the event that such Act is repealed, amended or otherwise changed so as to permit the substitution of the following provision in place of the second sentence of paragraph 6(a), then the following shall be so substituted:

"The then President of the Federation, hereinafter referred to, upon notice in writing, communicated to each First Party at its last known address, and to the Trustee, may designate a successor Trustee and successors to such successor Trustee. In such event, the then incumbent Trustee shall forthwith submit his resignation as such, if he has not already done so, and shall forthwith deliver to the successor Trustee so designated, all funds, books, records, and other data relating to the trust fund and the administration thereof. The conduct of any Trustee so designated shall be at all times in accordance with the terms and conditions of this Agreement."

7. Any person, firm, corporation, association or other entity may apply to become an additional First Party to this Agreement by executing and delivering to the Trustee two (2) counterparts of Schedule 1 hereto attached. The Trustee shall indicate acceptance of such application by appropriately completing such application, executing such two (2) counterparts, and delivering one (1) such counterpart to such additional First Party at the Trustee's office. The Trustee shall forthwith advise the American Federation of Musicians of the United States and Canada of the execution and delivery of such agreement, and shall regularly advise all other First Parties thereof.

8. The office of the Trustee shall be located in the County and State of New York or such other location within or without the State of New York as the Trustee may from time to time select, giving due consideration to the convenience of the First Parties and efficient discharge of the Trustee's duties.

9. This Agreement and the trust created hereunder shall be governed, construed and regulated in all respects by the laws of the State of New York.

10. This Agreement shall be binding upon and inure to the benefit of the heirs, executors, successors and assigns of the First Parties, as the case may be, and shall be binding upon and inure to the benefit of the successors to the Trustees, designated in the manner provided herein.

11. Notwithstanding any other provisions of this Agreement:

(a) The Music Performance Trust Funds (the "Trust") is organized exclusively for one or more of the purposes as specified in Internal Revenue Code ("Code") Section 501(c)(3), and shall not carry on any activities not permitted to be carried on by an organization exempt from Federal income tax under code section 501(c)(3) or corresponding provisions of any subsequent Federal tax laws.

(b) No part of the net earnings of the Trust shall inure to the benefit of the Trustee, to any director or officer of the Trust, or to any private individual (except that reasonable compensation may be paid for services rendered to or for the Funds, and neither the Trustee nor any director or officer of the Trust, nor any private individual, shall be entitled to share in the distribution of any of the Trust's assets on dissolution of the Trust.

(c) No substantial part of the activities of the Trust shall be carrying on propaganda, or otherwise attempting to influence legislation (except as otherwise provided by Code section 501(h)). The Trust does not participate in or intervene in (including the publication or distribution of statements) any political campaigns on behalf of any candidates for public office.

(d) In the event of the dissolution of the Trust, all of the remaining assets and property of the Trust shall after payment of necessary expenses thereof be distributed in a manner that is consistent with the general purposes for which the Trust was organized.

(e) In any taxable year in which the Trust is a private foundation as described in Code section 509(a), the Trust shall distribute its income for such period at such time and manner as not to subject it to tax under Code section 4942, and the Trust shall not engage in any act of self-dealing as defined in Code section 4941(d), retain any excess business holdings as defined in Code section 4943(c), make any investments in such a manner as to subject the Trust to tax under code section 4944, or make any taxable expenditures as defined in Code section 4945(d) or corresponding provisions of any subsequent Federal tax laws.

ADDENDUM A

1. For the purposes of this Agreement, the terms "phonograph record" and "record" shall include phonograph records, wire or tape recordings, or other devices reproducing sound, and the term "master record" shall include any matrix, "mother," stamper or other device from which another such master record, phonograph record, wire or tape recording, or other device reproducing sound, is produced, reproduced, pressed or otherwise processed.

2. (a) Each First Party shall make payments to the Trustee, in the amounts computed as stated below, with respect to the sale during the period specified in "6" below, of phonograph records produced from master records containing music which was performed or conducted by musicians covered by, or required to be paid pursuant to, a collective bargaining agreement with The American Federation of Musicians of the United States and Canada known as Sound Recording Labor Agreement (February, 2002) (but specifically excluding services solely as arranger, orchestrator or copyist) where such phonograph records are sold during said period by such First Party, or, subject to the provisions of paragraph 2(e) of the main text of this Agreement, by purchasers, lessees, licensees, transferees, or other users deriving title, lease, license, or permission thereto, by operation of law or otherwise, by, from or through such First Party.

   Effective for all unresolved audits as of Febreuary 1, 2002, no payments shall be required with respect to any sale after February 1, 1996 of any single, defined as any record containing (i) no more than three different titles (songs) (or four, for sales after February 1, 2002) and (ii) no more than eight sides (versions).

   (b) For product produced during the term of this Agreement, as to foreign receipts the obligations of the First Party shall not accrue until the First Party shall either have the right to freely use such foreign currency, or the First Party has the right to transmit to the United States to the First Party such foreign currency from such foreign country or territory. If such currency may be utilized or transmitted as aforesaid it shall be deemed to have been converted to United States dollars at the rate of exchange at which such currency was actually transmitted to the United States as aforesaid, or if not actually transmitted, then at the prevailing free market rate of exchange at the time such right to use or to transmit occurs. Frozen foreign currency shall be deemed to be unblocked on the basis of "first in, first out" unless otherwise allocated by local foreign fiscal authorities. Allocation of such unblocked funds as between revenue which serves as the basis of determining payments hereunder and other revenue, shall be on a proportional basis, subject to different earmarking by local foreign fiscal authorities. Payments of amounts accruing hereunder shall be made semiannually on the basis of the reports to the Trustee required in paragraph 2(c) of the main text of this Agreement. Foreign retail price shall be accounted for in U.S. dollars at the rate of exchange at which receipts are actually converted and remitted.

   With respect to foreign sales, the First Party shall pay only that proportion of the amount provided for in paragraph 3 as the adjusted foreign receipts bears to the total foreign receipts. For purposes hereof, adjusted foreign receipts shall be computed as follows: total foreign receipts less (1) value added taxes or other taxes, whatever called, which the consumer pays and which are not segregated from the retail price and (2)

repatriation taxes or withholding taxes or other foreign taxes, whatever called; provided, however, that taxes shall not reduce foreign receipts to the extent that such taxes constitute income taxes which are credited as a foreign tax credit on the First Party's consolidated U.S. Corporation Income tax. For purposes hereof, an income tax will not be treated as credited as a foreign tax credit in a given year except to the extent of the excess of the First Party's allowed foreign tax credits computed pursuant to SS 901 and 904 of the Internal Revenue Code of 1986, as amended, for such year over the amount of such First Party's foreign tax credits which would have been allowed for such year if computed without reflecting the foreign receipts and related income taxes and expenses. The determination of whether an income tax will be treated as credited as a foreign tax credit shall take into account any carryback or carryforward of foreign income taxes to such year; provided, however, if the First Party makes a good faith determination that the First Party expects to be entitled to a foreign tax credit for a tax for the years subject to audit, an income tax will be treated as a foreign tax credit three years from the payment date of the royalty statement date which reflected such tax. The First Party shall not be responsible for loss or diminution of foreign receipts as a result of any matter or thing not reasonably within the control of the First Party. The Federation, the Trustee, or the MPTF, as the case may be, and the Musicians shall be bound by any arrangements made in good faith by the First Party, or for its account, with respect to the deposit or remittance of foreign revenue. Frozen foreign receipts shall not be considered trust funds and the First Party may freely commingle the same with other funds of the First Party. No sums received by way of deposits or security need be included until earned from net sales.

3. The payments to the Trustee shall be computed as follows: .20475% of manufacturer's suggested retail price to a maximum suggested retail price of $8.98 for each record, wire or tape recording or other device. In the case of compact discs, such suggested maximum retail price shall be $10.98.* The term "compact disc" shall include Audio Digital Versatile Discs (Audio-DVD) and Super Audio Compact Discs (SACD) for all purposes under this Agreement.

   Payments made to the Trustee on or after February 1, 1996 for pre-1964 phonograph records shall be computed at .20475% of manufacturer's suggested retail price to a maximum suggested retail price of $8.98 for each record, wire or tape recording or other device. In the case of compact discs, such suggested retail price shall be $10.98. The obligation to make such payments shall cease with respect to any sale of such phonograph records after January 312002.

   For packages which contain more than one record or tape or wire equivalent, the maximum suggested retail price shall be $8.98 (in the case of compact discs, Audio Digital Versatile Discs (Audio-DVD) and Super Audio Compact Discs (SACD) $10.98) multiplied by the number of units in the package.

In computing payments due to the Trustee, each of the revised percentage payments shall be applicable on the respective effective dates both prospectively and retroactively (i.e., each of the revised percentages shall apply in computing payments due for the sale of any phonograph record irrespective of when that record was produced).

With respect to a phonograph record produced after January 31, 2002, both from master records described in paragraph 2 of this Addendum A and recorded under Sound Recording Labor Agreement (February, 2002) for which payments are due hereunder and from other master records, First Party shall pay that proportion of the amount provided for above as the number of such master records recorded under said Agreement bears to the total number of master records embodied in the phonograph record.

Effective for all unresolved audits as of February 1, 2002, no payments shall be required with respect to the sale of any cutouts.

4. For the purpose of computing payments to the Trustee,

   (a) Each First Party will report 100% of net sales.

   (b) Each First Party will have an allowance, with respect to single sold before February 1, 1996, of the first 150,000 records sold for each title.

   (c) Each First Party will have an allowance, with respect to albums, tapes, compact discs and other devices, of the first 25,000 units of a title.

   (d) Each First Party will have a packaging allowance in the country of manufacture or sale of 20% of the suggested retail list price for phonograph records and 30% of the suggested retail price for tapes, cartridges and compact discs.

   (e) Each First Party will have an absolute "free record" allowance with respect to records, tapes, cartridges and compact discs regardless of mix, (except for record clubs which are dealt with separately below), of 25% of the total records distributed.

   (f) With respect to its record clubs, if any, each First Party will have an allowance of "free" and "bonus" records, tapes, cartridges and compact discs actually distributed of up to 50% of the total records, tapes, cartridges and compact discs distributed by or through the clubs; and with respect to such "free" and "bonus" records, tapes, cartridges and compact discs, distributed by its clubs in excess thereof, each First Party will pay the full rate on 50% of the excess of such "free" and "bonus" records, tapes, cartridges and compact discs so distributed.

5. Schedules of current manufacturer's suggested retail prices for each record in each First Party's catalogue shall be furnished by each First Party to the Trustee upon the execution and delivery of this Agreement and amendments and additions thereto shall be so furnished as and when established. For the purposes of determining the amounts payable hereunder, such suggested retail prices shall be computed exclusive of any sales or excise taxes on the sale of phonograph records subject to this Agreement. If any First Party discontinues the practice of publishing manufacturer's suggested retail prices, it agrees that it will negotiate a new basis for computing payments hereunder which shall be equivalent to those required above.

6. The payments provided for in this Agreement shall be made with respect to the sales of any phonograph record produced from a master record described in paragraph 2 of this Addendum A which take place during the period commencing with the calendar year during which a phonograph record produced from such master record is first released for

sale and terminating at the end of the fifth calendar year thereafter. The year of such release shall be counted as the first year of the five years. (By way of illustration but not limitation, if a phonograph record produced from a master record made pursuant to Sound Recording Labor Agreement (December, 1983), is first released for sale in January, 1984, payments shall be made with respect to sales of said record which take place during the calendar years 1984–1988 inclusive. If said phonograph record is first released for sale in June, 1985, payments shall be made with respect to sales of said record which take place during the calendar years 1985–1989 inclusive.)

7. The report to the Trustee required in paragraph 2(c) of the main text of this Agreement shall show the number of phonograph records, tapes and other devices subject to payment under this Agreement which have been sold during the period to be covered by the report, the dates of initial release for sale thereof, the manufacturer's suggested retail price thereof and of the component units thereof, and the excise and sales taxes, if any, borne by the First Party thereon.

8. Despite anything to the contrary contained in this agreement, it is specifically agreed that the First Party reserves the right by written notice to the Trustee effective with the effective date of any termination, modification, extension or renewal of the said Sound Recording Labor Agreement (February, 2002) to terminate or change any of the terms of this Sound Recording Trust Agreement, but no such termination or change shall be effective unless the First Party has secured the prior written approval thereto by the Federation referred to in the main text hereof. It is agreed, however, that no such change may have any retroactive effect.

ADDENDUM B

Trustee's Compensation

As of and from January 1, 1980, the total compensation of the Trustee for services rendered pursuant to this agreement and pursuant to similar Trust Agreements with producers and/or distributors of phonograph records, electrical transcriptions, and/or films, tapes or sound tracks for exploitation by television or other means of reproduction, shall be at the rate of two per cent (2%) of the gross amount of funds received pursuant to all such agreements during each calendar year in which such services are rendered, provided that in no event shall such compensation be less than $10,400 per annum or more than $70,000. Upon the termination of the Trustee's tenure as provided by paragraph 6(b) of the main text of this agreement, the retiring Trustee shall be paid deferred compensation for a period of three years thereafter at a rate equal to one half of the Trustee's compensation paid under this agreement during the calendar year immediately preceding such termination of tenure to a maximum payment of $30,000 per year, provided that with respect to a Trustee whose tenure as Trustee begins after October 31, 1979, payment of such deferred compensation shall be made only if such tenure is not less than seven years.

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DIGITAL DISTRIBUTION MEMORANDUM OF AGREEMENT

The undersigned Companies and the American Federation of Musicians of the United States and Canada ("Federation") have agreed to enter into this Memorandum of Agreement ("Agreement") as an Addendum to the February 1, 2002 - January 31, 2005 Sound Recording Labor Agreement. This Agreement is subject to the Federation's ratification process.

(1) Digital Distribution Payments

(a) Rate of Payments – Effective for permanent downloads[1] occurring on or after January 1, 2004, for the purpose of compensating musicians for services performed on sound recordings (as defined in Section (1)(a)(iii) below) which are sold via digital transmission in the U.S. and abroad (each sale, a "permanent download" or a "download"), each signatory record company shall make payments to the AFM Special Payments Fund, which shall be computed as follows:

(i) There shall be no payment obligation for the first 10,000 downloads of each sound recording. See Attachment.

(ii) After 10,000 downloads of each sound recording, each signatory record company shall be obligated to contribute a sum equal to (a) 1/3 of 1% of the wholesale price (without deductions) applicable to each download of such sound recording occurring between January 1, 2004 and December 31, 2004, in any configuration, whether a single track or "bundle" of individual sound recordings, e.g., EP, LP, or other multi-track configuration and (b) 1/2 of 1% of the wholesale price (without deductions) applicable to each download of such sound recording occurring between January 1, 2005 and December 31, 2005, in any configuration, whether a single track or "bundle" of individual sound recordings, e.g., EP, LP, or other multi-track configuration. See Attachment for examples of how this payment obligation will be administered.

(iii) Solely for purposes of this Agreement, the term "sound recording" shall be defined as one (1) track or song produced by a signatory record company pursuant to the Sound Recording Labor Agreement; and the term "master record" shall include any matrix, "mother," stamper or other device from which another such master record, phonograph record, wire or tape recording, digital distribution, or other device or conveyance producing

[1] Throughout this Agreement, the terms "permanent download" and "download" have the same meaning and solely for the purposes of this Agreement exclude "non-permanent" or "tethered"/"conditional" downloads. See also Side Letter 1, attached.

sound, is produced, reproduced, pressed or otherwise processed or distributed by a signatory record company pursuant to the Sound Recording Labor Agreement.

The payments provided for in this Agreement shall be made with respect to permanent downloads of any sound recording produced from a master record which take place during the period commencing with the calendar year during which the record in which the sound recording is embodied is first released for sale in any form (or where the sound recording produced from a master record is released digitally and without a "physical product", from the date of the first release) and terminating at the end of the tenth calendar year thereafter. The year of such release shall be counted as the first year of the ten years.

No payment shall be due for a download if the service provider does not pay the record company for the download as required by the contractual arrangement between them.

(iv) Nothing herein shall be construed as obligating any signatory record company to make any payments in connection with the digital transmission of sound recordings which are subject to payment obligations pursuant to the 1994 Digital Performance Rights Agreement. (See also Side Letter 1, attached).

(b) There shall be no MPF contribution on digital downloads.

(c) Form and timing of payments and requisite accompanying information - Payments shall be made semi-annually at the same time as Special Payments Fund payments pursuant to the Sound Recording Special Payments Fund Agreement (incorporated in the Sound Recording Labor Agreement), for all monies received, accompanied by the requisite information relevant to the payments made for that calendar half year. A Sub-Committee shall be established consisting of an equal number of 1) Federation representatives; and 2) representatives from each of the Company signatories to this Agreement. The Sub-Committee shall meet for the purpose of discussing and recommending to the bargaining parties the nature of information and data that should accompany the payments to permit adequate monitoring and auditing. The Sub-Committee shall be convened within 60 days after this Agreement is ratified.

(d) Audit - The Companies shall be subject to audit in the manner prescribed by the Special Payments Fund Agreement.

If a question of interpretation of this Agreement arises, the language of this Agreement shall control. If there is an ambiguity

in the language, the intent of the parties bargaining this Agreement shall control.

(e) Transfer of Title - The obligation to make payments shall continue notwithstanding the sale, assignment, lease or license of, or transfer of title to, or permission to use the sound recordings, except that upon the delivery of an assumption agreement as set forth in Paragraph 24 (e) of the Sound Recording Labor Agreement, the Company shall not be further liable to the Special Payments Fund for compliance with the terms of this Agreement with respect to the obligations assumed by the other party to the assumption agreement.

(f) Right to Sue - The Federation or its agent designated in writing shall have the right to sue for defaulted payments.

(2) Administration and Distribution

Administration and distribution of payments shall be pursuant to the AFM Special Payments Fund procedures and formulaes.

(3) Duration

This Agreement shall be effective from January 1, 2004 up to and including December 31, 2005.

The parties have entered into this two-year agreement on an experimental basis. In connection with negotiating a successor to this Agreement, the parties will review their experiences under this Agreement and in that negotiation either party has the right to pursue, among other things, changes in the then existing thresholds and/or the formulae for calculating digital download payments and payments pursuant to the Sound Recording Labor Agreement on account of the sale of physical product.

Further, at such time as either party to this Agreement asserts that the sale of digital product has become the predominant form of sale (as opposed to the sale of physical product) of covered sound recordings, that party shall have the right to convene a Federation-Industry Joint Cooperative Committee meeting to discuss the existing thresholds and/or formulae under this Agreement in calculating digital download payments and taking exclusions from payment obligations and under the Sound Recording Labor Agreement in calculating payments for physical product and taking exclusions from payment obligations for physical product.

(4) The February 1, 2002 Sound Recording Labor Agreement due to expire on January 31, 2005, shall be extended for a one-year period up to and including January 31, 2006 with no changes in any of its terms and conditions except as follows: All the scale wages contained in the Sound

Recording Labor Agreement (pp. 1-56) shall be increased by 2% effective February 1, 2005.

(5) A Federation-Industry Joint Cooperative Committee meeting will be convened no later than June 1, 2005 to address any issue that either party may place on the agenda.

(6) The parties have agreed that in the Fall of 2005 they will commence negotiations with a view toward reaching successor agreements to this Digital Distribution Agreement, the Sound Recording Labor Agreement and the 1994 Memorandum of Agreement which, for the purposes of these negotiations and between the parties to this Agreement is deemed to remain in effect through and including January 31, 2006.

(7) During negotiations for this Agreement, the parties made, amended and withdrew various proposals. The parties agree that they did so without prejudice to any position they might take in any proceeding in which the meaning of any term of the Sound Recording Labor Agreement or this Agreement is an issue and that the fact that they made, amended and withdrew these proposals does not constitute evidence of the meaning of any provision of this Agreement or the Sound Recording Labor Agreement.

For WARNER BROTHERS RECORDS, ATLANTIC RECORDING CORPORATION, ELEKTRA ENTERTAINMENT GROUP INC., SONY MUSIC ENTERTAINMENT INC., UNIVERSAL MUSIC GROUP, BMG MUSIC, VIRGIN RECORDS AMERICA, INC., and CAPITOL RECORDS, INC.

By: Norman Samnick

Date: 9/20/04

By: Michael A. Curley
Michael Curley

Date: 10/5/04

For AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES AND CANADA

By: Tom Lee
Tom Lee, President

Date: 10/8/04

ATTACHMENT

The following example is provided to illustrate exemptions under Section (1)(a)(i) of the Memorandum of Agreement.

Company A releases Album X containing ten tracks, to a Digital Download Vendor. Album X is downloaded 5,000 times. In addition:

- If Track 1, individually, is downloaded 2,500 times:
  - Accordingly, Track 1 = 7,500 total downloads of the track
    - 5,000 from Album X ("unbundled" for this calculation); and
    - 2,500 individual track.
  - Therefore 2,500 downloads of Track 1 remain before payment obligation for downloads of Track 1 commences.
- If Track 2, individually, is downloaded 7,500 times:
  - Accordingly, Track 2 = 12,500 total downloads of the track
    - 5,000 from Album X ("unbundled" for this calculation); and
    - 7,500 individual track.
  - Therefore Company could take exclusion on 10,000 downloads of Track 2 and must pay on 2,500 downloads of Track 2 in excess of the threshold, as well as all future downloads of Track 2, as set forth in Sections (ii) and (iii) below.
- If Track 3, individually, is not downloaded at all, but it is included on "best of Y" compilation album released at a later date, which album is downloaded 2,500 times:
  - Accordingly, Track 3 = 7,500 total downloads of the track
    - 5,000 from Album X ("unbundled" for this calculation); and
    - 2,500 from "best of Y" album ("unbundled" for this calculation).
  - Therefore 2,500 downloads of Track 3 remain before payment obligation on Track 3 commences.
- If Track 4, individually, is downloaded 5,000 times, and "best of Y" compilation album is downloaded 2,500 times:
  - Accordingly, Track 4 = 12,500 total downloads of the track:
    - 5,000 from Album X ("unbundled" for this calculation); and
    - 5,000 individual track downloads; and
    - 2,500 from "best of Y" compilation album ("unbundled" for this calculation).
  - Therefore Company could take exclusion on 10,000 downloads of Track 4 and must pay on 2,500 downloads of Track 4 in excess of the threshold, as well as all future downloads of Track 4, as set forth in Sections (ii) and (iii) below.

This example is intended to illustrate that the 10,000 download exclusion threshold is calculated taking into account all formats from which any track was downloaded.

SIDE LETTER 1

(Digital Distribution Memorandum of Agreement)

This side letter agreement is entered into between the American Federation of Musicians of the United States and Canada and the Company party signatories to the attached Digital Distribution Memorandum of Agreement. The parties have agreed that non-permanent and/or tethered/conditional downloads are not covered by the terms of that Agreement. While reserving their respective legal positions as to the scope of the 1994 Memorandum of Agreement (the "1994 MOA") (attached hereto), and solely for the purposes of finalizing the Digital Distribution Memorandum of Agreement, the Company party signatories agree to make payments on non-permanent and/or tethered/conditional downloads in accordance with the terms of paragraph 2 of the 1994 MOA for the term of that Agreement. Nothing herein shall be construed as a concession by the Company party signatories that such downloads are "covered" by the 1994 MOA.

For WARNER BROTHERS RECORDS, ATLANTIC RECORDING CORPORATION, ELEKTRA ENTERTAINMENT GROUP INC., SONY MUSIC ENTERTAINMENT INC., UNIVERSAL MUSIC GROUP, BMG MUSIC, VIRGIN RECORDS AMERICA, INC., and CAPITOL RECORDS, INC.

By: Norman Samnick

Date: 9/30/04

By: Michael Curley

Date: 10/5/04

For AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES AND CANADA

By: Tom Lee, President

Date: 10/8/04