

AFM/RECORDING INDUSTRY
MEMORANDUM OF AGREEMENT

- 1) **Term**: Ratification through January 31, 2026.
- 2) **Wages**: 6.0% effective first Monday of the month following ratification, 3% on Feb. 5, 2024, 3% on Feb. 3, 2025.
- 3) **Health and Welfare**: On February 5, 2024, increase the contribution amount for the first session in a day to \$30. On February 3, 2025, increase the contribution amount for each additional service beyond the first session in a day to \$25.
- 4) **Holidays**: Add Juneteenth to the listed holidays.
- 5) **Foreign Licensing**: See attached.
- 6) **Non-Traditional License (Amend Article 21)**:

a) ***Blanket Licenses***: If a Company enters into a blanket catalog license for any non-traditional use (including mobile applications and low fee life cycle) allowing for the use of an entire (or a significant portion of) Company's catalog at the licensee's discretion, the new use fee shall be .36% for worldwide Receipts, not to exceed .55% of Receipts from the United States. Such payments shall be made to the SPF/MPF in the same manner as audio streaming payments.

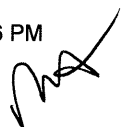
The AFM, on behalf of itself and its members, waives any claim against any Company for new use payments for licensing covered recordings for any use described in this paragraph.

b) ***Mobile Apps***: Extend and make permanent mobile applications provisions of previous SRLA Term Sheet.

7) **Streaming Payments (Amend Applicable provisions of the Sound Recordings Special Payment Funds Agreement)**:

a) The aggregate Pension Lump Sum Payment for 2023 will be \$7,000,000, for 2024 it will be \$7,500,000, for 2025 it will be \$8,000,000 and the lump sum shall remain \$8,000,000 per year until a new agreement is reached or the parties otherwise exercise their rights under the National Labor Relations Act.

Year	UMG and Capitol	Hollywood Records	Sony Music	Warner Music Group	Total
2023	\$3,054,055.45	\$130,810.44	\$2,226,020.48	\$1,589,113.63	\$7,000,000.00



2024	\$3,272,202.27	\$140,154.04	\$2,385,021.94	\$1,702,621.74	\$7,500,000.00
2025	\$3,490,349.09	\$149,497.65	\$2,544,023.40	\$1,816,129.86	\$8,000,000.00

b) There will be an Additional Lump Sum Payment (split 2/3 to the SPF and 1/3 to MPF) (allocated in the same manner as the Pension Lump Sum Payment) as follows:

- i) June 2023 - \$637,000
- ii) June 2024 – \$682,500
- iii) June 2025 - \$728,000

*[This Additional Pension Payment is calculated as follows: (35% *(2x the Annual Lump Sum Pension Payment))*13%]*

8) **Withdrawal of Proposals:** The parties agree that all proposals that have been made and withdrawn in this negotiation have been done so without prejudice to any parties’ position with respect to the interpretation of the current terms of the collective bargaining agreement and such proposal, withdrawals and any and all bargaining history related to the fact that such proposals were made and withdrawn in negotiations for this SRLA extension shall not be cited by either party as evidence regarding the interpretation of the SRLA (or any of its provisions) in any future proceeding, including, without limitation, as evidence of an “unachieved bargaining demand.”

9) **Low Budget Recordings:**

- a) Delete the limitation preventing use of the Low Budget Side Letter in Canada.
- b) Raise the Low Budget Location Recording budget threshold to \$30,000.

10) **Audio-Visual Electronic Distribution of a Live Performance:**

(2) Where not covered by the Low Budget Location Recording provisions of the agreement, audiovisual recordings produced from public performances intended to be distributed electronically as individual songs are within the scope of this Agreement. For purposes of this section, the term “produced” shall have the same meaning as set forth for Covered Concert DVDs.

For the capture of such content, a payment of \$250.00 will be made to each musician (excluding Royalty Artists) whose musical services are embodied in the audiovisual content. Such payment shall cover the first song released from such public performance and an additional payment of \$125.00 will be made to each musician for each subsequent song released from the same performance. Such payment shall be filed on a B-7 Report Form and all other premiums, benefits and doubling provisions of the SRLA shall apply. Other than as provided above, there shall be no licensing or any additional use of content covered in this provision unless payment is made in accordance with the applicable AFM Agreement.

Renumber the existing language of Paragraph I as (1).

11) **Music Videos in the Studio:** Modify “**Exhibit B: Traditional Music Videos**” by inserting a new paragraph after paragraph “**1. Production**”, as follows:

a) Music Video Audio-Visual Capture

When the Company engages a Musician to produce audiovisual content at a session, the Company will pay to each sidemusician a scale rate of \$350.00 for a 3-hour minimum call. For session work performed in excess of 3 hours, the musicians shall be compensated at 1 ½ times the pro rata 3-hour payment at ½ hour intervals. Such payment shall permit the Company to release any amount of audio-visual content. All other premiums, benefits, break periods and doubling provisions in Exhibit A of the SRLA shall apply.

If audio from the session is released as a sound recording, the Company shall pay to those Musicians who rendered services at the session an amount equal to all payments that would be required if the material had been recorded at a session under Exhibit A of this Agreement, as determined by minutes of audio released. However, no such payment is required to Musicians who were previously paid under this Agreement for services rendered in connection with a previous version of the track with the same Royalty Artist.

Nothing herein shall require payment for the creation of an EPK as set forth otherwise in this agreement. Further, no payment shall be required as a result of incidental or informal recording of a session.

This provision may be used for live streaming of the session, but cannot be used if the session involves a ticketed audience, nor can it be used for entertainment programs of the type that have traditionally been covered under the AFM Television Videotape Agreement, including variety shows, music competition programs, award shows, etc.

Renumber the subsequent paragraphs of Exhibit B.

SIDELETTER:

The parties agree to work together in good faith to ensure that late penalties are not assessed by the AFM-EPF when the Company did not receive the necessary information in a timely fashion and will continue to discuss concerns relating to the timing of the filing of contracts.



Foreign Licensing (Amend Article 21)

- a. *Definition and Scope:*
 - i. A Foreign Traditional Use License shall be defined as a license issued to a licensee domiciled outside the United States or Canada for exploitation anywhere in the world of a covered sound recording in a television broadcast, program for cable exhibition, commercial, motion picture, and/or video game.
 - ii. For coverage under this provision, the Licensee must be *bona fide* domiciled outside the United States or Canada.
- b. *Pension*
 - i. Except as otherwise provided in paragraph (c) below, there shall be no pension contributions payable with respect to such licenses.
- c. *New Use Fees*
 - i. The new use fee payable for Foreign Traditional Use Licenses (i.) shall be 4.0% of Receipts, of which amount 2/3 will be payable to the SPF and 1/3 will be payable to the MPTF with the minimum fee for such licenses of \$150, and a maximum fee of \$4,500 (ii.) provided that in the event a commercial is actually exploited within the United States or Canada, their possessions and territories (excluding incidental use as set forth in Article 21 (g) i.) the licensee shall pay additional conversion fees equal to the full conversion payment (including benefit contributions and payroll costs) for the exploitation in the United States or Canada in accordance with the existing provisions set forth in the SRLA, subject to the remaining provisions of this paragraph (c).
 - ii. Upon request for a new use fee estimate for a Foreign Traditional Use commercial not produced by an AFM Commercials Contracts signatory that is to be exploited within the United States or Canada, the AFM shall in good faith provide the potential licensee (with a copy to the Company) such estimate within five (5) business days, not including the date of receipt of the request. If the AFM fails to provide such estimate in a timely manner, the New Use fee shall be 4% of Receipts, of which amount 2/3 will be payable to the SPF and 1/3 will be payable to the MPTF.
- d. *Invoice and Reporting*
 - i. Company will work with its foreign affiliates to have the foreign affiliates:
 1. send each Licensee under a Foreign Traditional Use License an invoice showing the conversion fee payable in respect of such license, except as provided under paragraph c above,
 2. provide a copy of the invoice to SPF at the time the invoice is issued,
 3. request that the Licensee provide another copy of the Invoice or other identifying information along with the full payment to the SPF, which will forward 1/3 of the payment to the MPTF, and
 4. encourage Licensee to promptly remit the conversion fee to the SPF.'
 - ii. Each such invoice shall contain the recording name, featured artist name, the licensee, the specific nature of the use (including the title, if possible), the date of the license, the amount of the license fee, the amount of the conversion fee (except as provided under paragraph c above), instructions regarding how to remit payment to the SPF.
 - iii. For each Foreign Traditional Use License reported to the Company, the Company will, on a semi-annual basis, provide the Union with a report showing, to the extent received by the Company, the recording name,

featured artist name, the specific nature of the use (including the title, if possible), and the amount of the Receipts for the license fee.

- e. This provision is not to be used to evade or circumvent the limitations on Low Fee Traditional Use licenses in the United States or Canada.

WARNER MUSIC GROUP
SONY MUSIC ENTERTAINMENT
UNIVERSAL MUSIC GROUP
HOLLYWOOD RECORDS
CAPITOL RECORDS, LLC

By: 

Michael J. Lebowich, Proskauer Rose LLP

AMERICAN FEDERATION OF MUSICIANS OF THE UNITED STATES AND CANADA

By: 

Ray Hair, President