

**LOW BUDGET SIDE LETTER
TO THE AFM SOUND RECORDING LABOR AGREEMENT**

SUMMARY

1. **PERIOD** –February 9, 2009 – January 31, 2010
2. **EXCLUSIONS** – This side letter agreement shall not be applicable to:
 - (1) Musicians performing for symphonic orchestras.
 - (2) Musicians performing on records produced in Canada.
 - (3) Soundtracks and cast albums.
 - (4) Location recordings, except for religious services in accordance with the Low Budget Side Letter Addendum to the Sound Recording Labor Agreement (“SRLA”).

3. **REQUIREMENTS**

a. Budgets computed for each full-length album shall include all costs customarily considered recording costs by the recording industry in this country, including (1) studio charges, (2) engineering, (3) tape, (4) mixing costs, (5) payments to musicians (including their travel expenses), (6) equipment rental, and (7) cartage (see checklist) but excluding producer and artist advances, art work, travel for artists and producers and mastering costs. The Company shall provide the Federation with a copy of the producer’s approved detailed budget 72 hours in advance of producing each album under this side letter agreement. Budgets must fall within the following amounts:

b. Budget Limits:

- ⇒ Tier 1 wages (regular): \$99,000
- ⇒ Tier 2 wages (experimental): \$40,000
- ⇒ Tier 3 wages (choral recordings/concept pieces):
 - \$99,000 for choral recordings (companion music for printed works)*
 - \$40,000 for concept piece (primary focus is on concept, not featured artist)

If budget maximum is exceeded (except where the excess is attributable directly to the incapacity of an artist or producer, unanticipated increased mixing costs or an Act of God, including illness), the Low Budget Side Letter will not apply and the provisions of the SRLA will apply.

* With respect to choral recordings, contributions to the Sound Recording Special Payments Fund and Music Performance Fund shall not be required.

This Low Budget Side Letter Summary is provided for illustration purposes only. In the event there is a discrepancy between this Summary and the Sound Recording Labor Agreement (“SRLA”), the SRLA will control.

4. **WAGES** - Per side musician as follows:**Tier 1 – Regular sessions**

| Effective | 3-Hour Minimum | OT ½ Hour | OT ¼ Hour |
|------------------|----------------------------------|--------------------------------|--------------------------------|
| | 15 min. of recorded music max | 5 minutes of recorded music | 0 minutes of recorded music |
| February 9, 2009 | \$213.48 | \$71.16 | \$35.58 |

Tier 2 – Experimental

| 3-Hour Minimum | OT ½ Hour | OT ¼ Hour |
|----------------------------------|--------------------------------|--------------------------------|
| 15 min. of recorded music max | 5 minutes of recorded music | 0 minutes of recorded music |
| \$153.00 | \$51.00 | \$25.50 |

Tier 3 – Choral recordings

| Effective | 3-Hour Minimum | OT ½ Hour | OT ¼ Hour |
|------------------|---------------------------|--------------------------|--------------------------|
| | 15 min. of recorded music | 5 min. of recorded music | 0 min. of recorded music |
| February 9, 2009 | \$176.95 | \$59.00 | \$29.50 |

Tier 4 – Concept Piece Production

| Effective | 2-Hour Minimum | OT ½ Hour |
|------------------|---------------------------|--------------------------|
| | 10 min. of recorded music | 5 min. of recorded music |
| February 9, 2009 | \$106.74 | \$26.68 |

5. **OVERDUBS** - If two or fewer musicians are performing, the services of a leader shall not be required.
6. **OVERSCALE, DOUBLING, MULTIPLE PARTS, ETC.** - Based on above rates.
7. **MUSIC PREPARATION** - Arrangers, orchestrators and copyists shall be paid in accordance with the applicable rates set forth in the SRLA except that Health and Welfare contribution payments shall be in accordance with this Side Letter Agreement.
8. **PENSION FUND CONTRIBUTION** - 11%
9. **HEALTH AND WELFARE FUND CONTRIBUTION** - \$15.50 for each original service.

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10. **SOUND RECORDING SPECIAL PAYMENTS FUND (“SRSPF”)/MUSIC PERFORMANCE FUND (“MPF”)** – Contributions required to SRSPF and MPF where sales of units exceed 25,000, except for choral recordings. Contributions also required to SRSPF on digital downloads pursuant to the terms established in the Memorandum of Understanding Digital Exploitation Term Sheet.
11. **ALL OTHER TERMS AND CONDITIONS** – All terms and conditions of the SRLA will apply to recordings made under the Low Budget Side Letter, except as otherwise provided in the Side Letter.
12. **REPORT FORM** - All payments made under the Side Letter shall be reported on a properly completed AFM B-4 Report Form. Completed report forms and payments must be submitted to the AFM local in whose jurisdiction the approved sessions takes place within the time limits set forth in the SRLA.

**LOW BUDGET SIDE LETTER TO AFM SOUND RECORDING LABOR AGREEMENT
CHECKLIST**

(The following information must be submitted to the AFM office in New York at least 72 hours prior to the start of the recording sessions)

Name of Record Company _____

Label _____

Name of Artist _____

Title of Project _____

Recording City _____

Start Date _____

- (1) Studio charges – Include dollar amount, # of days and hours
- (2) Engineering – Include dollar amount, # of days and hours
- (3) Tape
- (4) Mixing costs – Include dollar amount, # of days and hours
- (5) Payments to musicians (including their travel expenses)
 - Please provide the number of anticipated sessions for each instrumentalist.
- (6) Include separately any payments for arrangers, orchestrators and copyists
- (7) Equipment rental
- (8) Cartage
- (9) Cost of background vocalists – any AFTRA scale (including studio charges)
- (10) All payroll expenses and employer share of taxes

Please submit detailed budget to Pat Varriale at the AFM at (212) 764-6134.

RECORDING BUDGET ESTIMATE FORM

(For full Album project only)

COMPANIES MAY SUBMIT BUDGET IN FORM USED IN COMPANIES' NORMAL COURSE OF BUSINESS

| | | | |
|--|---------------------------|-------------------------|--|
| RECORDING BUDGET ESTIMATE | | FORMAT: | LOW BUDGET |
| PROJECT: | | | PHONO (Check One) |
| ARTIST: | | | <input type="checkbox"/> Tier 1 (Regular Low Budget Scale) |
| PRODUCER: | | | <input type="checkbox"/> Tier 2 (Experimental Rate) |
| COMPANY: | | | <input type="checkbox"/> Concept Piece/Choral |
| # OF SIDES: | | | |
| RECORDING CITY: | | | |
| START DATE: | | | |
| PRE-PRODUCTION: | | | |
| STUDIO: | | | |
| Tracks and overdubs: | _____ days @ | \$ _____ | \$ _____ |
| Mix: | _____ days @ | \$ _____ | \$ _____ |
| Strings: | _____ days @ | \$ _____ | \$ _____ |
| | | TOTAL STUDIO: | \$ _____ |
| ENGINEERS: | | | |
| Tracks and overdubs: | _____ days @ | \$ _____ | \$ _____ |
| Mix: | _____ days @ | \$ _____ | \$ _____ |
| Strings: | _____ days @ | \$ _____ | \$ _____ |
| | | TOTAL ENGINEERS: | \$ _____ |
| EQUIPMENT: | | | |
| Cartage: | | | \$ _____ |
| Miscellaneous: | | | \$ _____ |
| | | TOTAL EQUIPMENT: | \$ _____ |
| TAPE/MATERIALS: _____ | | | |
| A F of M FEES: | | | |
| Tracks: | _____ musician(s) @ _____ | sgl scale sess | \$ _____ |
| | _____ musician(s) @ _____ | ldr scale sess | \$ _____ |
| Strings: | _____ musician(s) @ _____ | sgl scale sess | \$ _____ |
| | _____ musician(s) @ _____ | ldr scale sess | \$ _____ |
| Arrangements: | _____ @ \$ _____ | per chart | \$ _____ |
| Orchestrations: | _____ @ \$ _____ | per chart | \$ _____ |
| Copyist: | _____ @ \$ _____ | per chart | \$ _____ |
| Royalty Artist: | _____ @ \$ _____ | | \$ _____ |
| | | PENSION: | \$ _____ |
| | | H&W: | \$ _____ |
| | | TOTAL A F of M: | \$ _____ |
| AFTRA/SAG: \$ _____ | | | |
| TRAVEL EXPENSES: \$ _____ | | | |
| EMPLOYER PAYROLL EXPENSES: \$ _____ | | | |
| MISCELLANEOUS: | | | |
| Shipping/Couriers | | | \$ _____ |
| | | TOTAL MISC: | \$ _____ |
| | | TOTAL PROJECT: | \$ _____ |