

April 8, 2010

## MEMORANDUM OF UNDERSTANDING

On April 8, 2010, at the culmination of collective bargaining between the American Federation of Musicians ("Federation") and the Association of National Advertisers ("ANA") and the American Association of Advertising Agencies ("AAAA") Joint Policy Committee on Broadcast Talent Union Relations ("JPC"), referred to herein as the "Employer,"<sup>1</sup> the parties agreed to enter into a successor agreement to the Television and Radio Commercial Announcements Agreement ("Agreement"), as follows:

1. The Agreement shall be effective from October 17, 2009 continuing in effect through October 16, 2012.
2. By the terms of the Agreement, the Television and Radio Commercial Announcements Agreement in effect from October 17, 2004 – October 16, 2007 (as amended by the 2007 Extension Agreement) shall be modified as set forth below.<sup>2</sup>
3. In all other respects, the provisions of the October 17, 2004 – October 16, 2007 Agreement (as amended by the 2007 Extension Agreement) shall remain in full force and effect commencing on October 17, 2009 and continuing throughout the term of the Agreement.

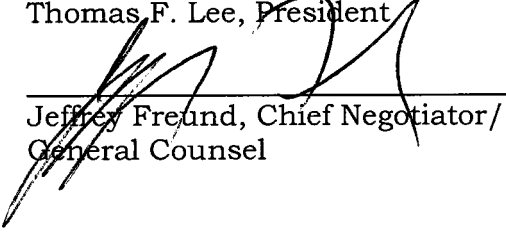
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AMERICAN FEDERATION OF MUSICIANS  
OF THE UNITED STATES AND CANADA

By:


  
Thomas F. Lee, President

By:

  
Jeffrey Freund, Chief Negotiator/  
General Counsel

ANA-AAAA JOINT POLICY  
COMMITTEE ON BROADCAST  
TALENT UNION RELATIONS

By:

  
Douglas Wood, Lead  
Negotiator

<sup>1</sup> The lists of ANA and AAAA companies that have agreed to be bound by the Agreement are attached.

<sup>2</sup> In addition, the parties agree to make such non-substantive changes to the Agreement as may be appropriate.

## **1. Name of Agreement**

Change the name of the Agreement from the "Television and Radio Commercial Announcements Agreement" to the "Commercial Announcements Agreement."

## **2. Term**

Article I, Section 2 is amended to read as follows:

"The Agreement shall be in effect commencing October 17, 2009 – or in the case of any new signatory Employer, on the effective date in the Letter of Adherence – and continuing through October 16, 2012."

## **3. Wages**

A. Effective April 9, 2010 and continuing throughout the term of the Agreement, the minimum call session fee (Article VIII, Section 1) for all music tracks produced on or after April 9, 2010 shall be increased from \$115 to \$120 and \$230 to \$240 respectively.

B. Effective April 9, 2010 and continuing throughout the term of the Agreement, Initial Use Payments (Article XIV, Section 1) for any commercial announcement produced using music recorded on or after October 17, 2009 shall be increased from \$32 to \$34 and from \$64 to \$68 respectively.

C. Effective April 9, 2010 and continuing throughout the term of the Agreement, all use/reuse payments in Article XIV for any commercial announcement produced using music recorded on or after October 17, 2009 shall continue to be based on the current ratio to the applicable session fee.

D. Effective April 9, 2010 and continuing throughout the term of the Agreement, all wages other than those in 3A and 3B above earned under the Agreement for music tracks produced on or after October 17, 2009 including Foreign Use but excluding fixed allowances such as cartage shall be increased by 4.35%.

## **4. Pension**

A. If the AFMEP Trustees adopt a Rehabilitation Plan requiring an increase in contributions by 4% effective June 1, 2010 and by 9% effective April 1, 2011 in lieu of participating employers facing a statutory requirement to make surcharge payments of 5% and 10% of contributions on those dates, increase pension contribution rate to 12.48% effective June 1, 2010 and to 13.08% effective April 1, 2011.

B. The parties will execute a side letter regarding the AFMEP attached hereto as Exhibit 1.

## **5. Use/Re-Use Cycles for Non-Broadcast Use**

Amend Article XIV, Section 9.A. to include an option for 8 week consecutive cycles. The rate for such 8 week cycle shall be thirty-eight percent (38%) of the 52 week rate for commercial announcements made for non-broadcast use.

## **6. Use/Re-Use Cycles for Internet/New Media**

A. Amend Article X to include an option for 8 week consecutive cycles. The rate for such 8 week cycle shall be thirty-eight percent (38%) of the 52 week rate for commercial announcements made for the Internet or other New Media.

B. Add an option for 8 week consecutive cycles for the moveover of commercial announcement to the Internet or other New Media. The rate for such 8 week cycle shall be thirty-eight percent (38%) of the 52 week rate for commercial announcements moved over to the Internet or other New Media.

## **7. Joint Cooperative Committee**

The AFM and the JPC will meet on April 5, 2011 to discuss items of mutual interest between them unless they jointly agree to reschedule such meeting.

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Reed Smith LLP  
599 Lexington Avenue  
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April 8, 2010

Mr. Tom Lee, President  
American Federation of Musicians  
322 West 48th Street  
New York, NY 10036

Dear Mr. Lee:

During negotiations for the new Agreement (October 17, 2009 – October 16, 2012), the parties agreed to increase contributions to the AFMEP contingent on the Trustees adopting a Rehabilitation Plan calling for an increase in current contribution rates by 4% effective June 1, 2010 for a pension contribution rate of 12.48% and 9% effective April 1, 2011 for a pension contribution rate of 13.08% (the “Rehabilitation Plan”). This letter confirms our certain related understandings reached during those negotiations in the event the Trustees request an additional pension increase over the term of the Agreement.

In the event that, during the term of the Agreement, either (i) the Trustees of the AFMEP do not adopt the Rehabilitation Plan or (ii) the Trustees adopt a rehabilitation plan other than the Rehabilitation Plan requiring increases in excess of those agreed upon; or (iii) the Trustees adopt the Rehabilitation Plan but subsequently adopt a different rehabilitation plan or otherwise require additional Employer contributions for continued participation in the Plan; or (iv) legislation obligates the Employers to make additional contributions to the AFMEP (either through surcharges or otherwise), then the JPC, on behalf of its signatory members, may reopen this Agreement to bargain over the payment of such pension increases or surcharges, provided that the contribution rate in Article XVII, Section 1 shall not be reduced by the parties under this provision. If the parties cannot agree on the source for the additional contributions, then the Union agrees the health contribution will be reduced by the increase pension contribution and/or surcharge.

Very truly yours,

Douglas Wood  
Lead Negotiator

Agreed to:

American Federation of Musicians