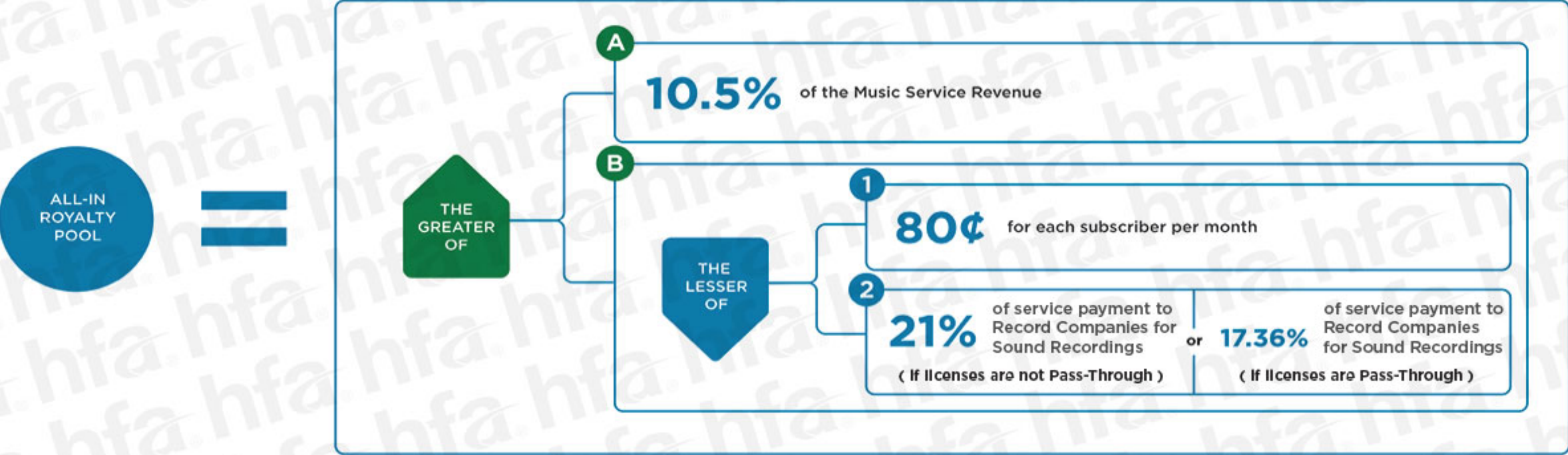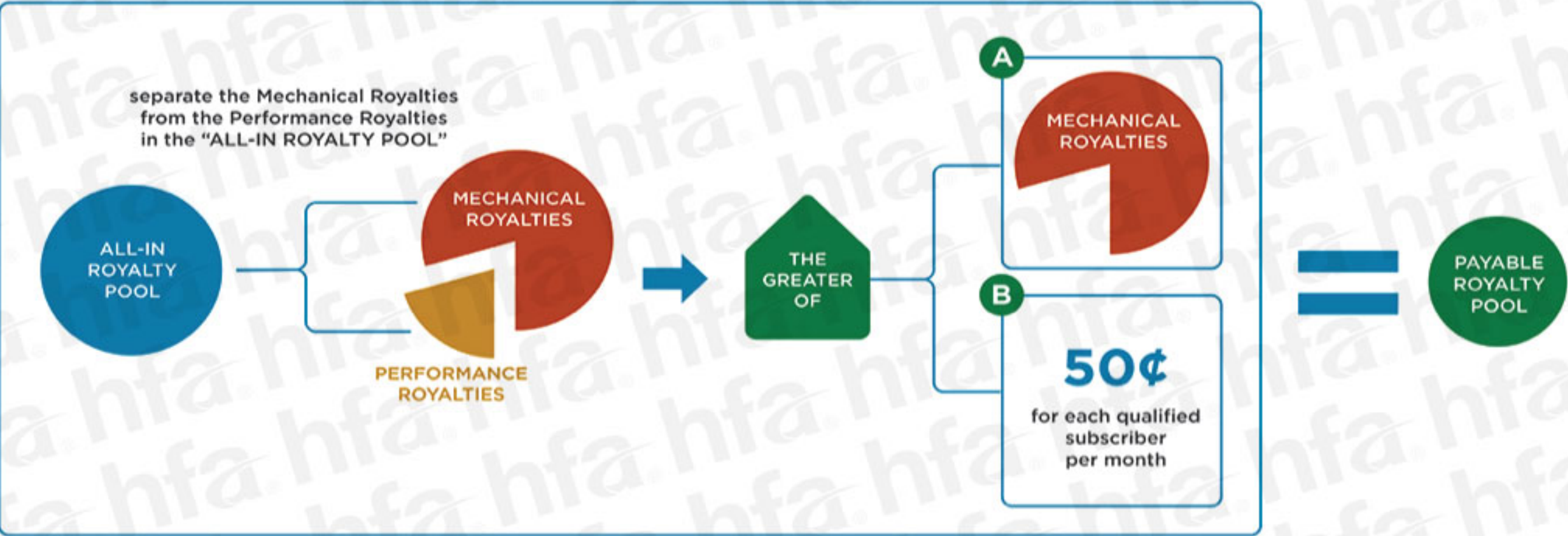# Standalone Portable Subscriptions, Mixed Use =

Subscription services accessible through portable devices such as mobile phones
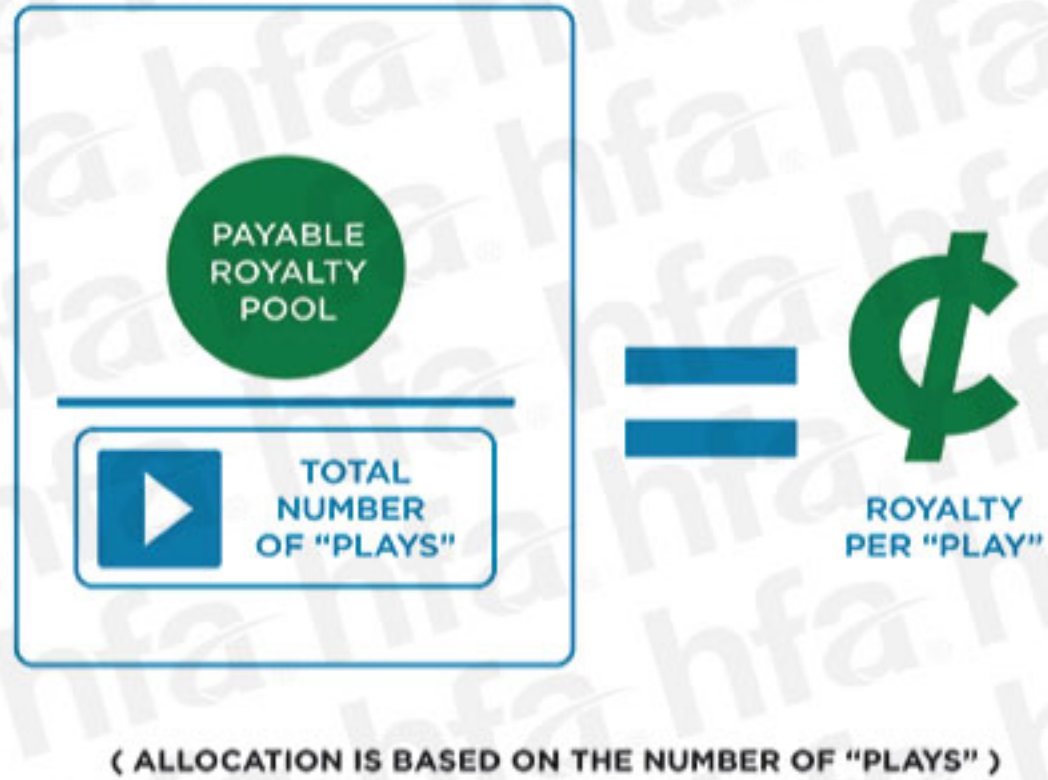
1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = THE GREATER OF

A 10.5% of the Music Service Revenue

B THE LESSER OF

1 80¢ for each subscriber per month

2 21% of service payment to Record Companies for Sound Recordings (if licenses are not Pass-Through)

or 17.36% of service payment to Record Companies for Sound Recordings (if licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL

MECHANICAL ROYALTIES

PERFORMANCE ROYALTIES

→ THE GREATER OF

A MECHANICAL ROYALTIES

B 50¢ for each qualified subscriber per month

= PAYABLE ROYALTY POOL

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = \text{ROYALTY PER "PLAY"} ¢$$

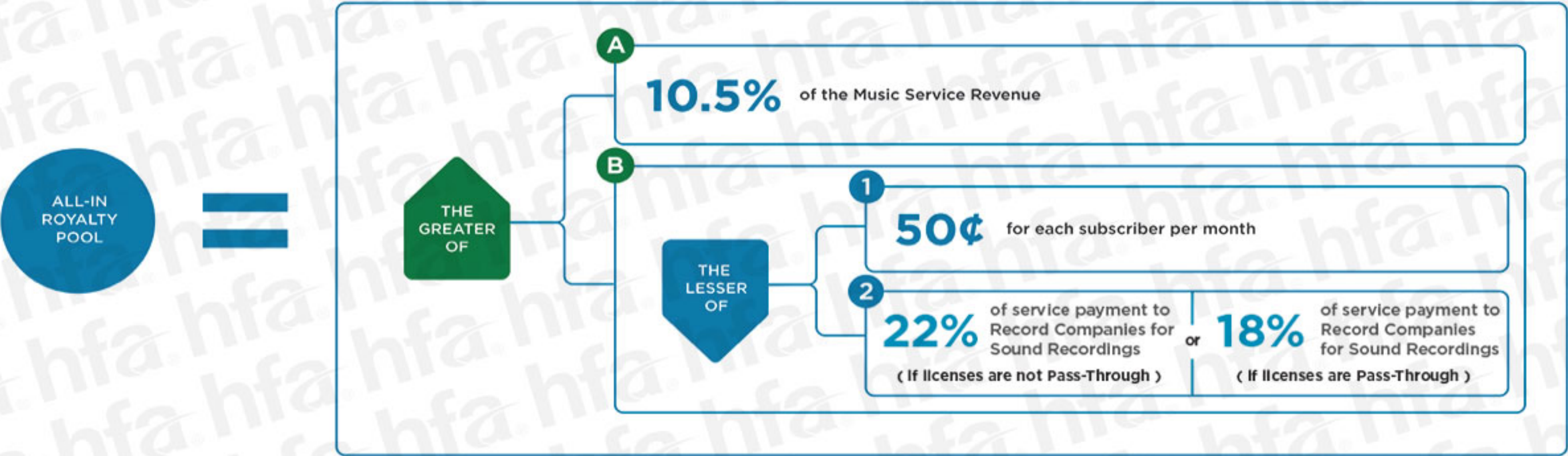(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

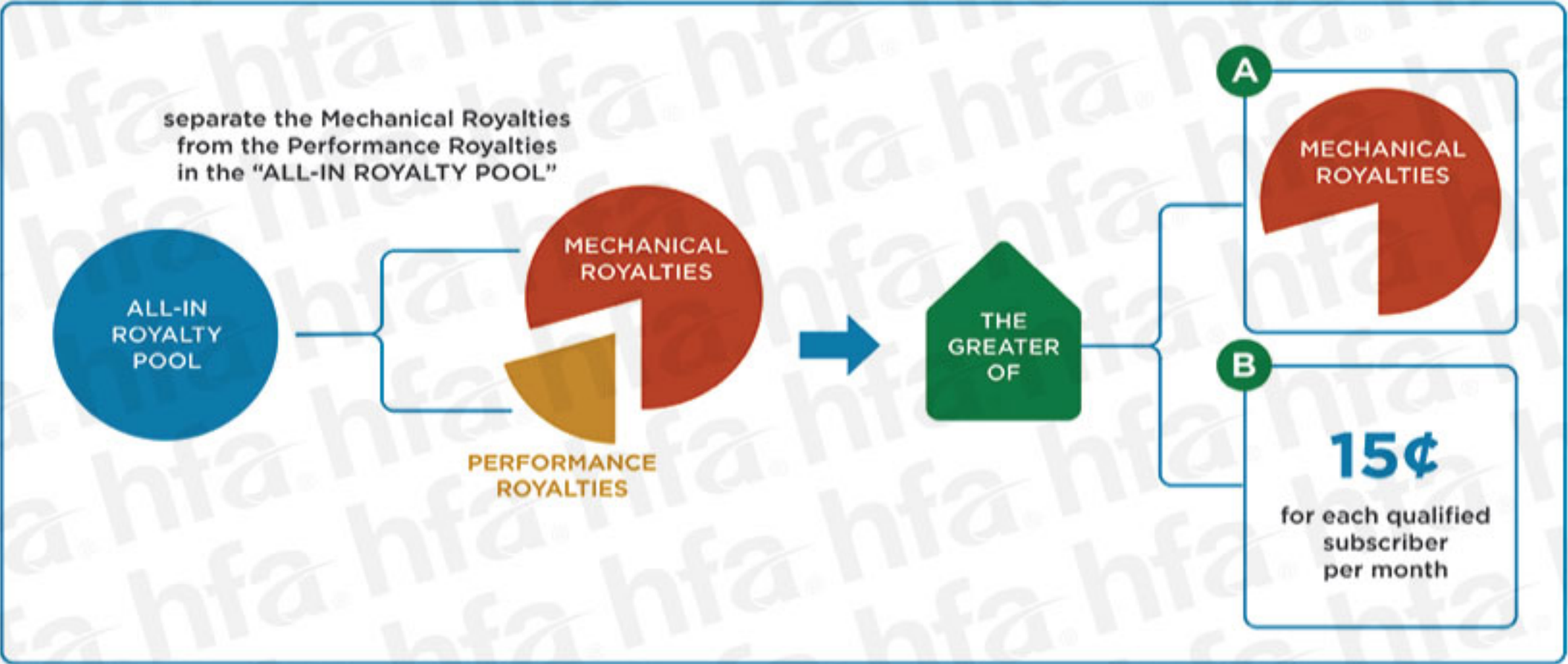# Standalone Non-portable Subscriptions, Streaming Only =

Subscription services accessible on desktop computers that only play music when a live internet connection exists
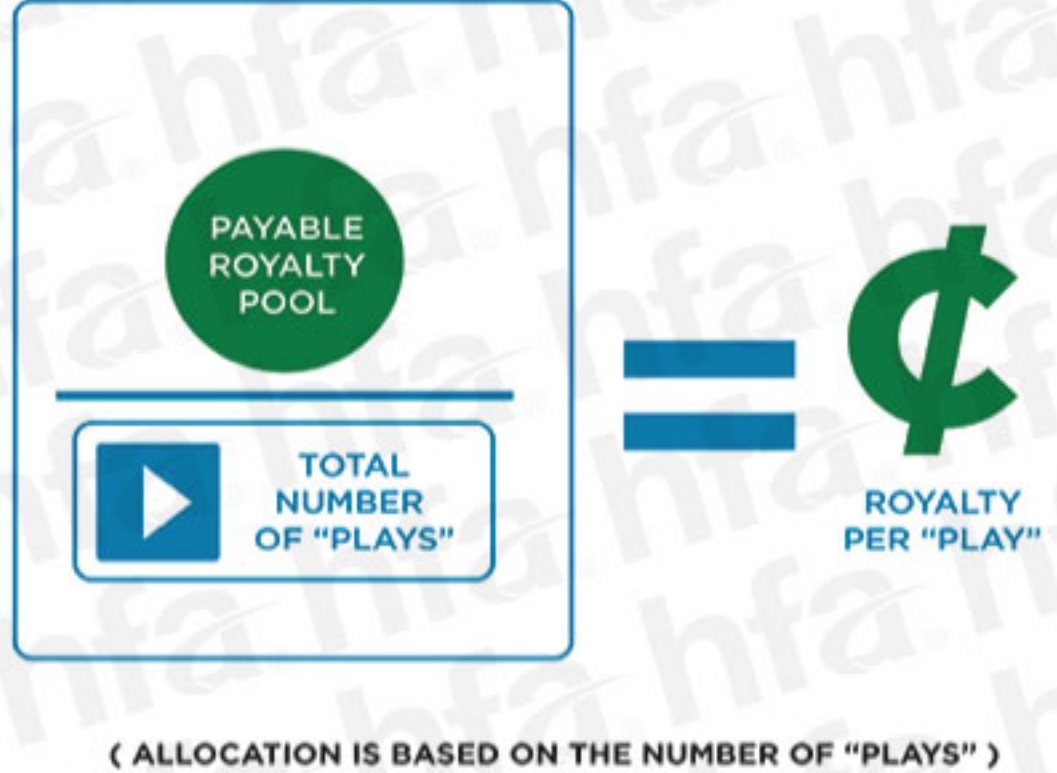
1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = **THE GREATER OF**

A **10.5%** of the Music Service Revenue

B **THE LESSER OF**

1 **50¢** for each subscriber per month

2 **22%** of service payment to Record Companies for Sound Recordings (If licenses are not Pass-Through) **or** **18%** of service payment to Record Companies for Sound Recordings (If licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL → MECHANICAL ROYALTIES / PERFORMANCE ROYALTIES → **THE GREATER OF**

A MECHANICAL ROYALTIES

B **15¢** for each qualified subscriber per month

= **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = ¢ \text{ ROYALTY PER "PLAY"}$$
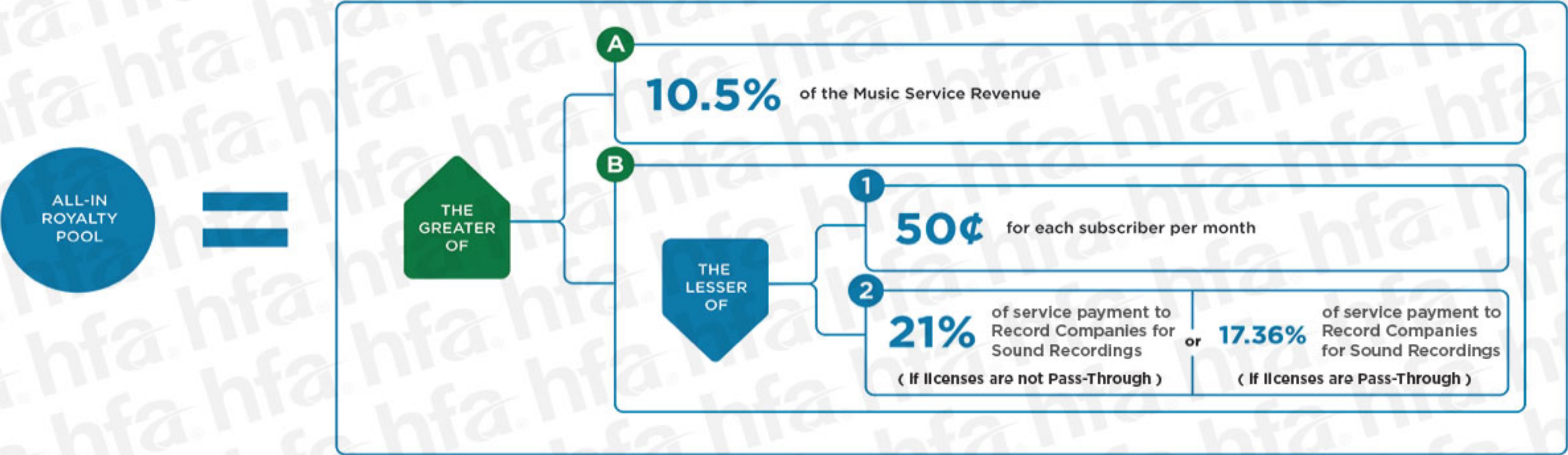
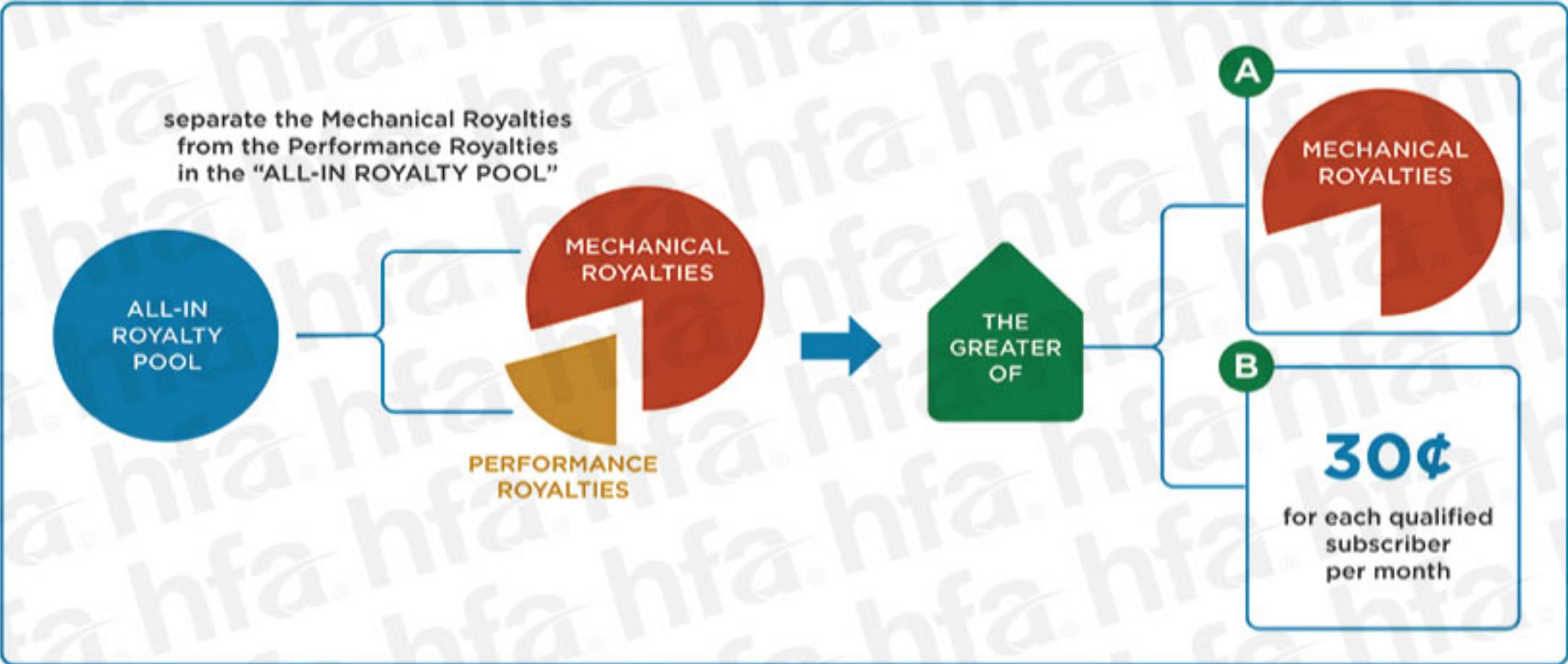(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

Standalone Non-portable Subscriptions, Mixed Use =

Subscription services accessible on desktop computers that play music whether the computer is online or offline
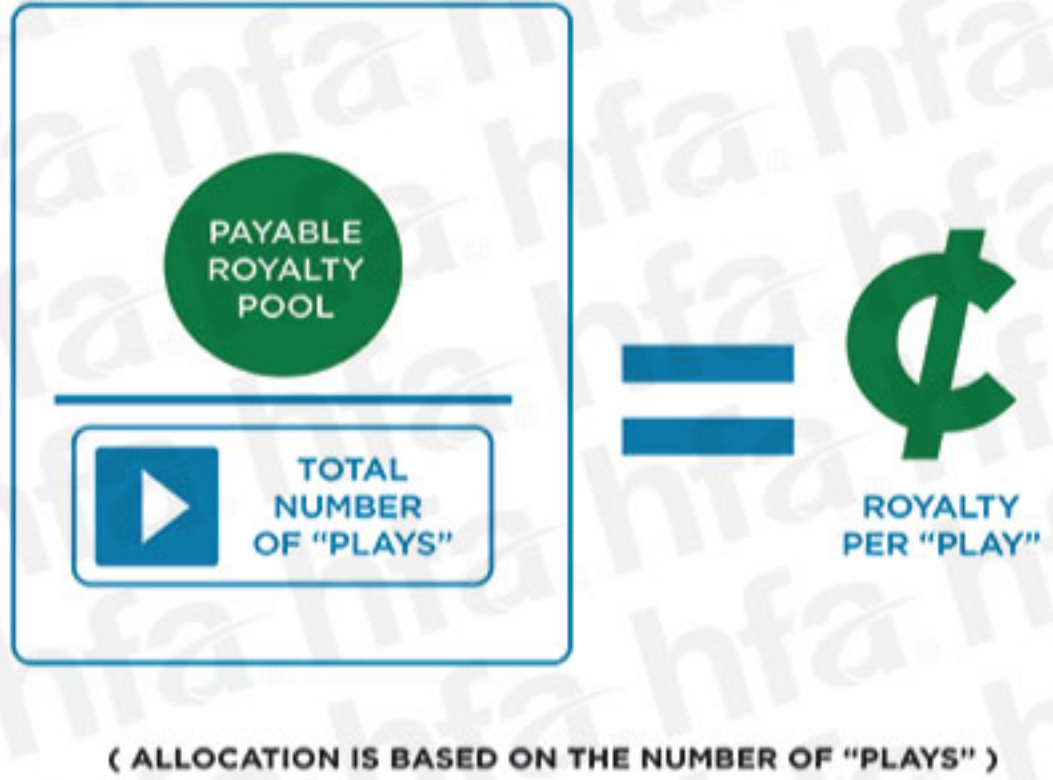
1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = THE GREATER OF

A — 10.5% of the Music Service Revenue

B — THE LESSER OF

- **1** — 50¢ for each subscriber per month
- **2** — 21% of service payment to Record Companies for Sound Recordings (If licenses are not Pass-Through) **or** 17.36% of service payment to Record Companies for Sound Recordings (If licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

ALL-IN ROYALTY POOL → separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

MECHANICAL ROYALTIES / PERFORMANCE ROYALTIES → THE GREATER OF

- **A** — MECHANICAL ROYALTIES
- **B** — 30¢ for each qualified subscriber per month

= PAYABLE ROYALTY POOL

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = \text{ROYALTY PER "PLAY"}$$
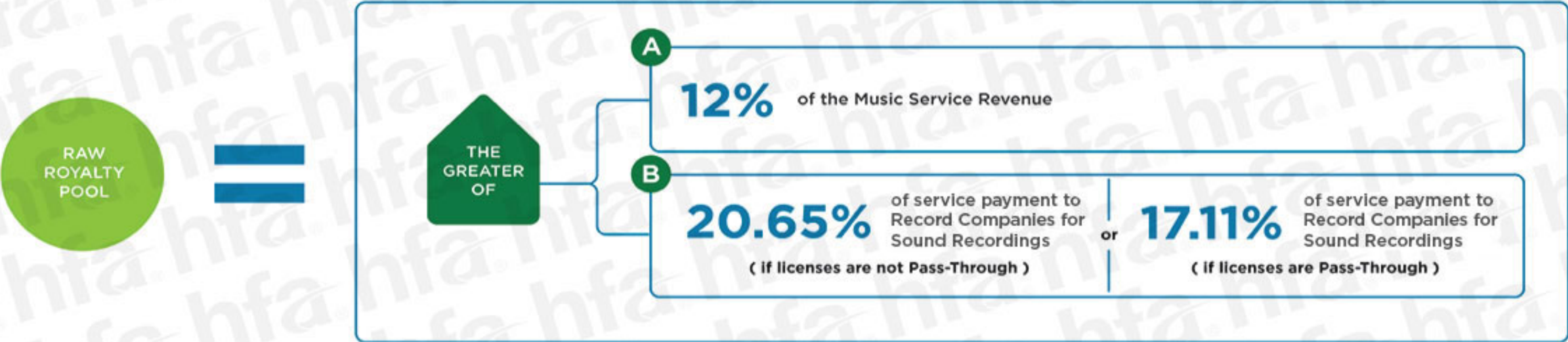
(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")
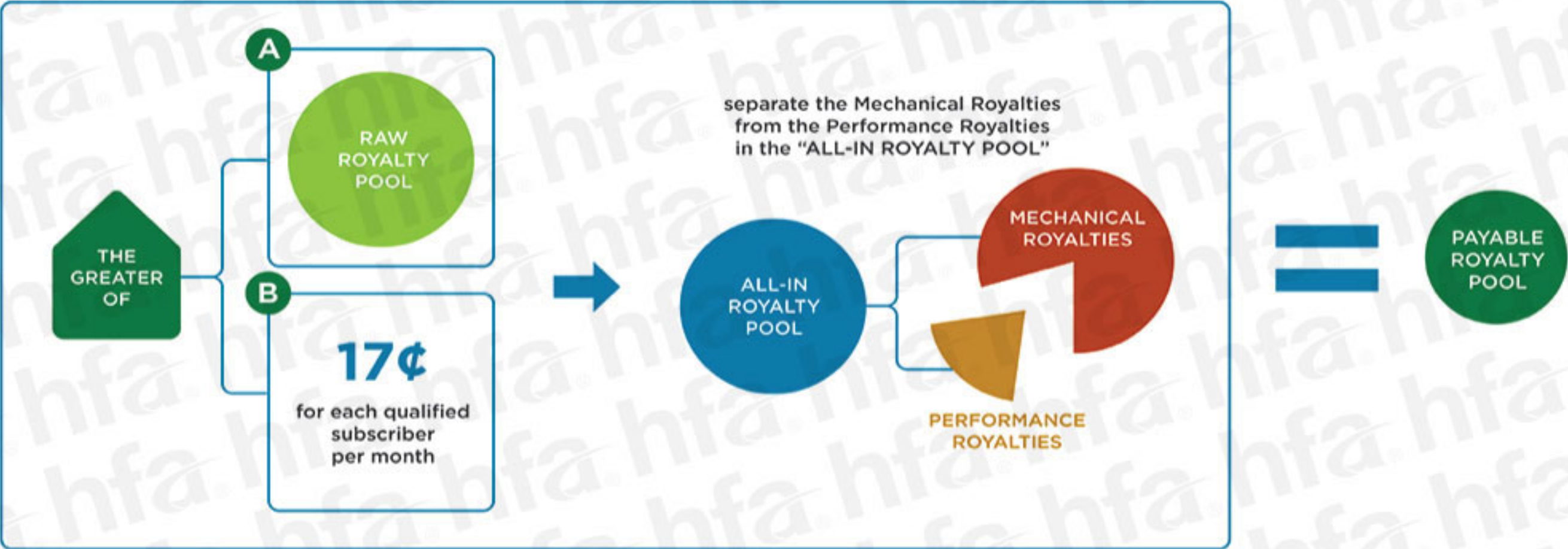
Paid Locker Service =

Service that provides continuous access to internet connected devices to recordings previously purchased by the end user
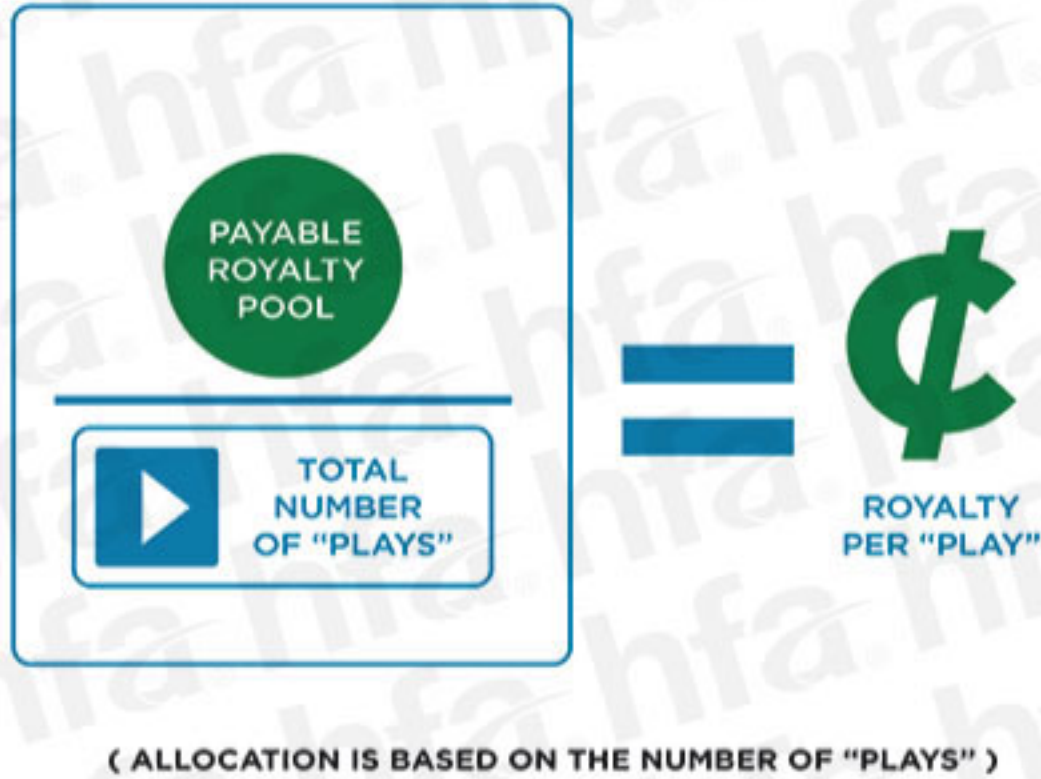
1 CALCULATE THE RAW ROYALTY POOL

RAW ROYALTY POOL **=** THE GREATER OF

A **12%** of the Music Service Revenue

B **20.65%** of service payment to Record Companies for Sound Recordings (if licenses are not Pass-Through) **or** **17.11%** of service payment to Record Companies for Sound Recordings (if licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

THE GREATER OF

A RAW ROYALTY POOL

B **17¢** for each qualified subscriber per month

→ separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL

MECHANICAL ROYALTIES

PERFORMANCE ROYALTIES

= PAYABLE ROYALTY POOL

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = ¢ \text{ ROYALTY PER "PLAY"}$$
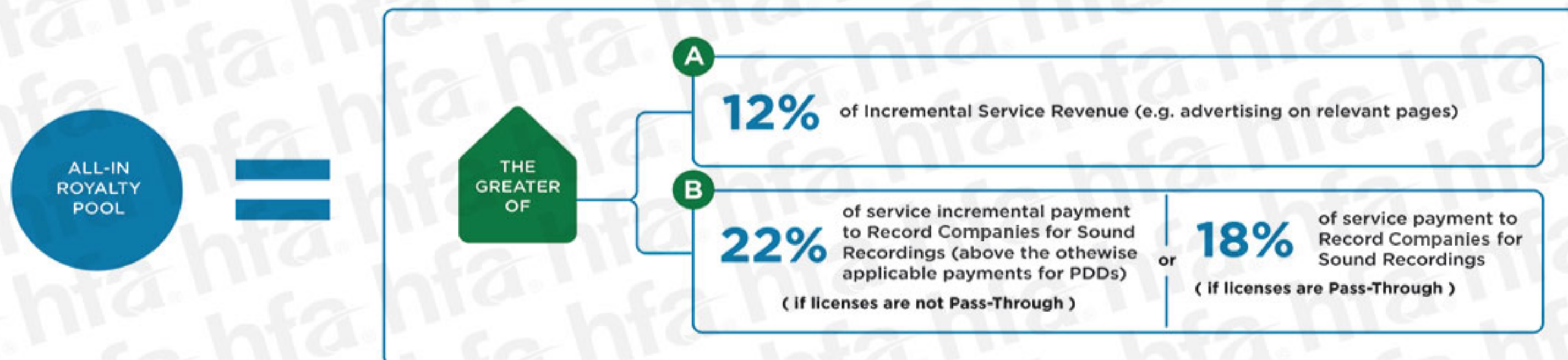
(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

Purchased Content Locker =

Services offered for free to purchasers of Permanent Downloads or CDs

FREE

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1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = **THE GREATER OF**

A **12%** of Incremental Service Revenue (e.g. advertising on relevant pages)

B **22%** of service incremental payment to Record Companies for Sound Recordings (above the othewise applicable payments for PDDs)
(if licenses are not Pass-Through)

or

18% of service payment to Record Companies for Sound Recordings
(if licenses are Pass-Through)

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2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL → MECHANICAL ROYALTIES / PERFORMANCE ROYALTIES → **MECHANICAL ROYALTIES** = **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = ¢ \text{ ROYALTY PER "PLAY"}$$

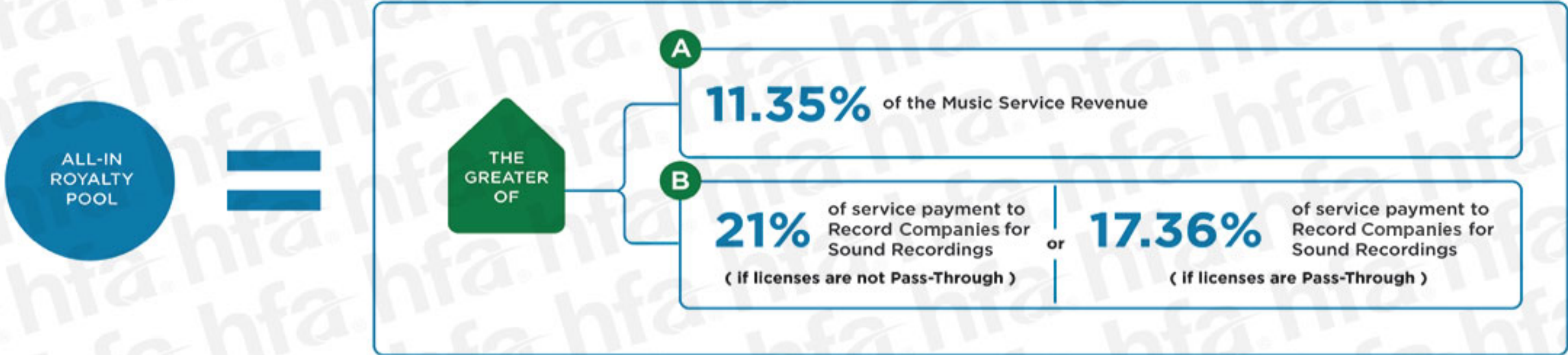(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

Mixed Service Bundle =

Sale of a music service together with a non-music product
(such as Internet services) for one price

1 CALCULATE THE ALL-IN ROYALTY POOL
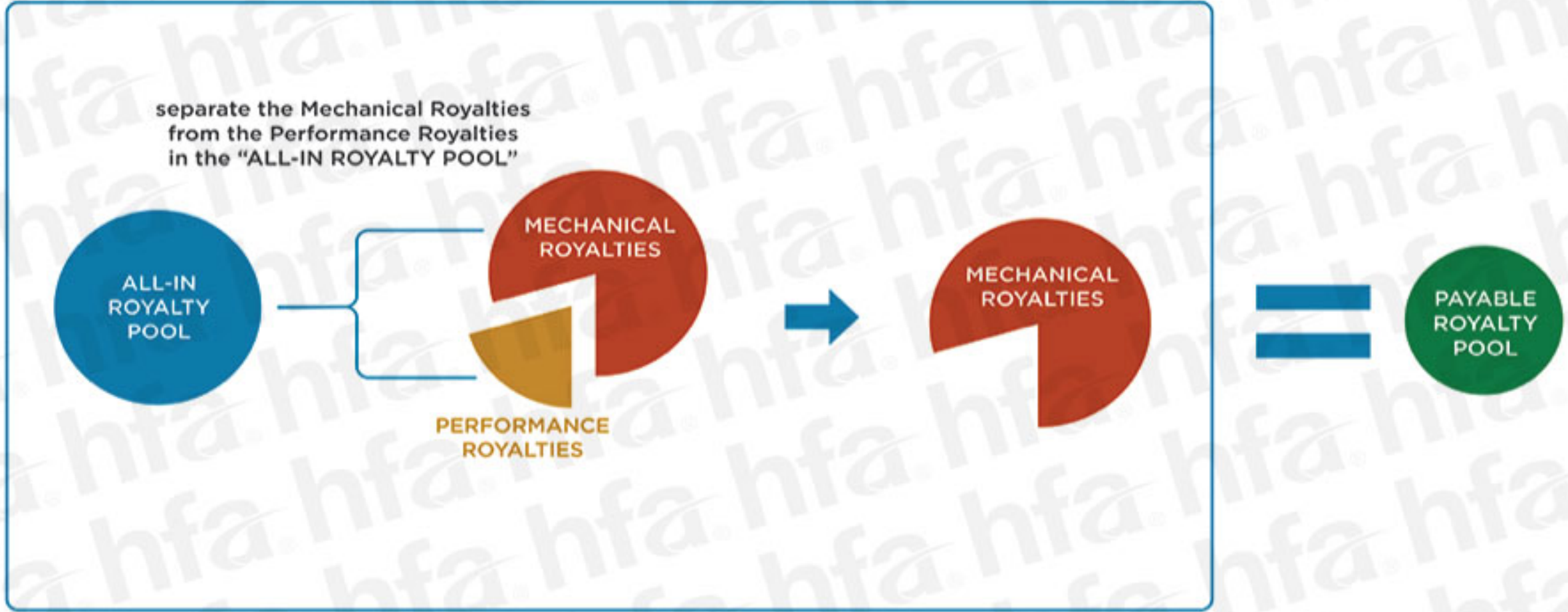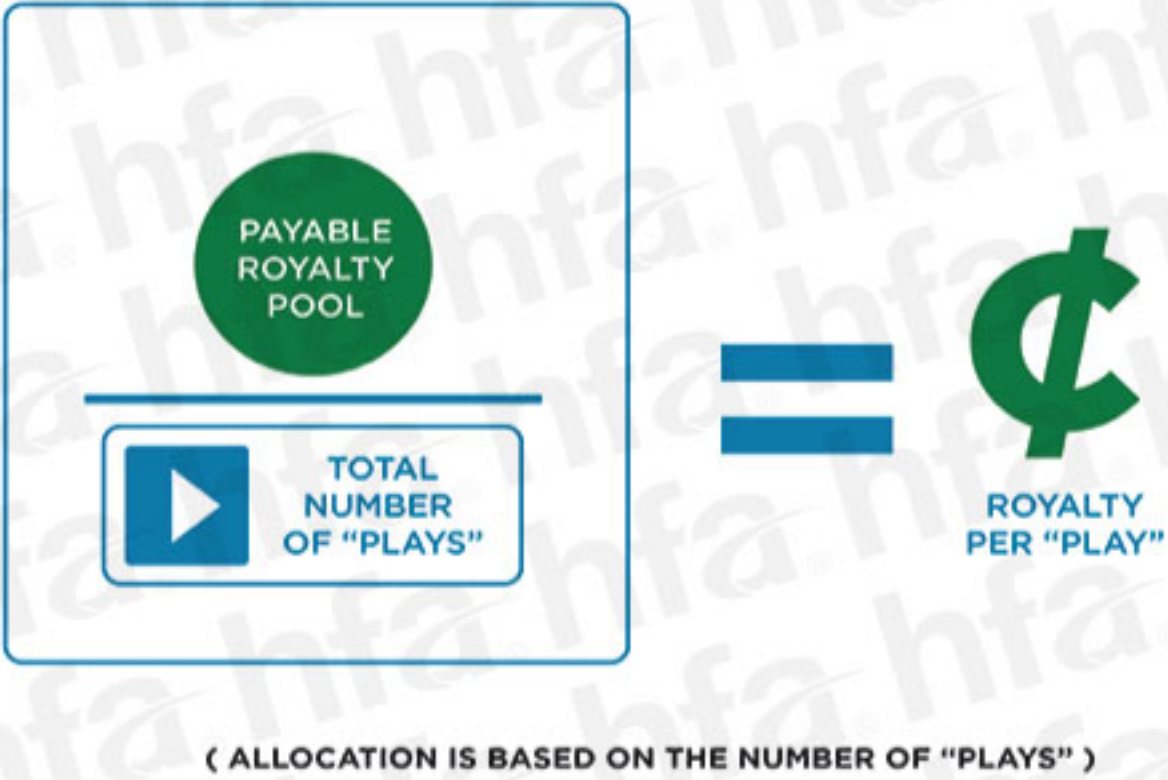
ALL-IN ROYALTY POOL = **THE GREATER OF**

A **11.35%** of the Music Service Revenue

B **21%** of service payment to Record Companies for Sound Recordings
(if licenses are not Pass-Through)

or

17.36% of service payment to Record Companies for Sound Recordings
(if licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL

MECHANICAL ROYALTIES

PERFORMANCE ROYALTIES

→ **MECHANICAL ROYALTIES** = **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = ¢ \text{ ROYALTY PER "PLAY"}$$

(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")
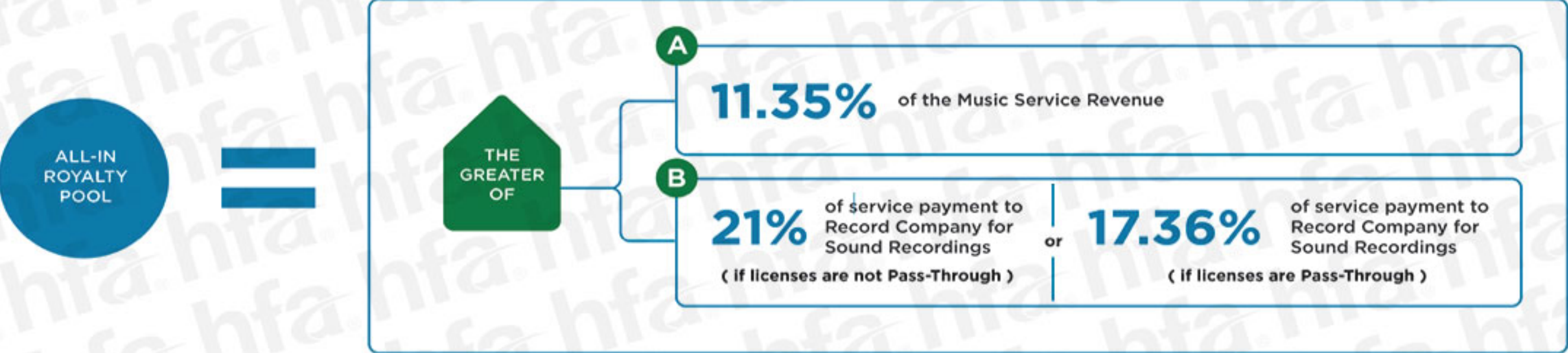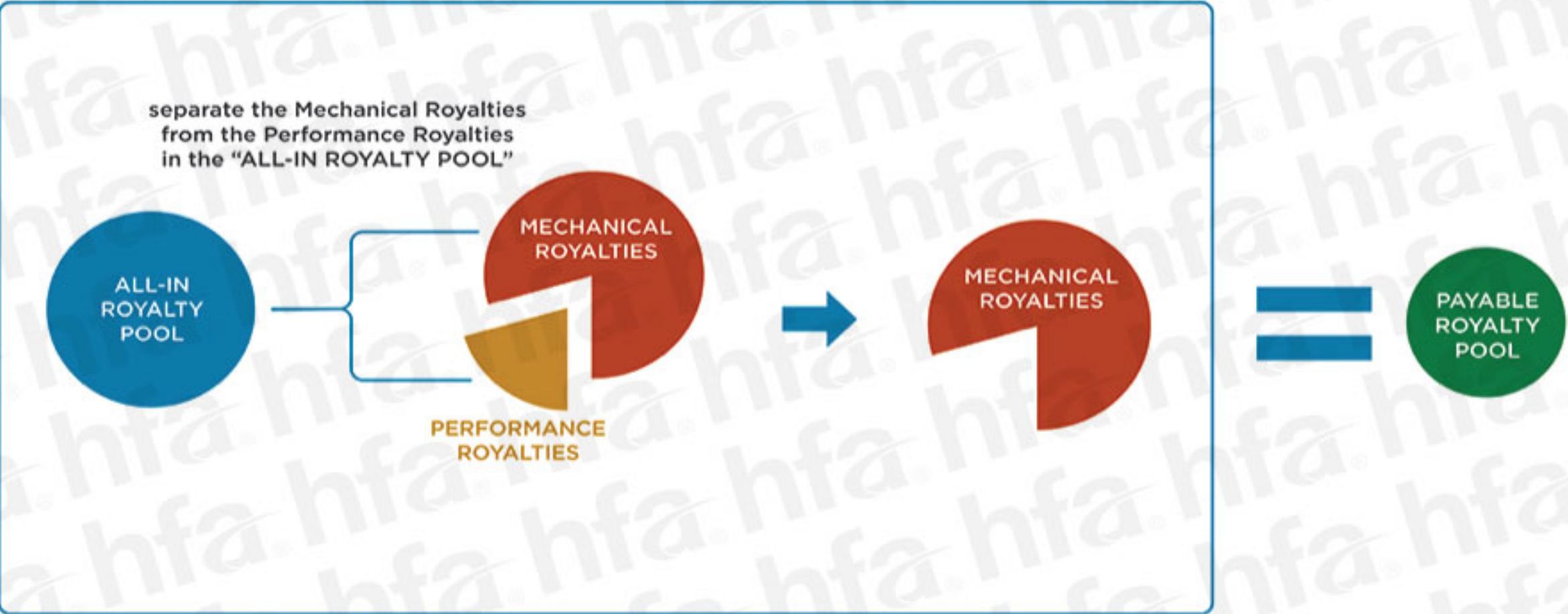
Music Bundles =

Sale of two or more of Physical Records (e.g. CDs, LPs), Permanent Digital Downloads or Ringtones for one price

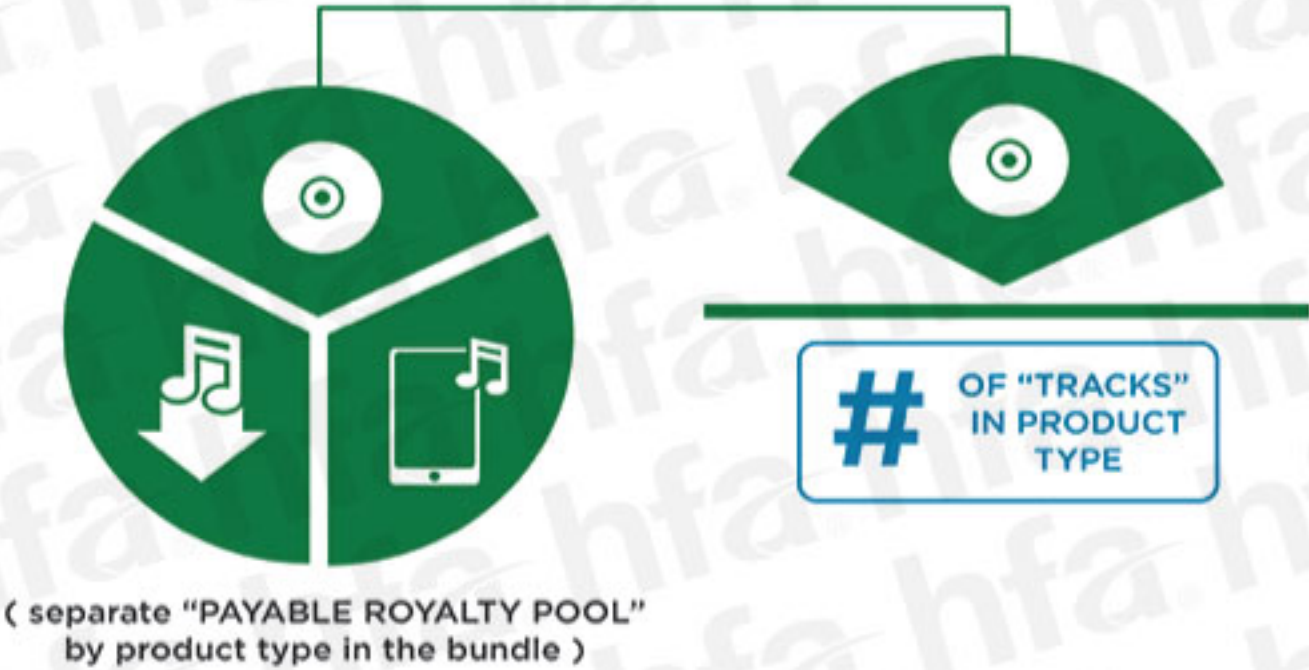### 1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = **THE GREATER OF**

A **11.35%** of the Music Service Revenue

B **21%** of service payment to Record Company for Sound Recordings (if licenses are not Pass-Through)

or

17.36% of service payment to Record Company for Sound Recordings (if licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL

MECHANICAL ROYALTIES

PERFORMANCE ROYALTIES

➜ **MECHANICAL ROYALTIES** = **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

OF "TRACKS" IN PRODUCT TYPE

(separate "PAYABLE ROYALTY POOL" by product type in the bundle)

(ALLOCATION IS BASED ON RATIO OF STANDALONE PRICES AND NUMBER OF TRACKS IN EACH CONFIGURATION)
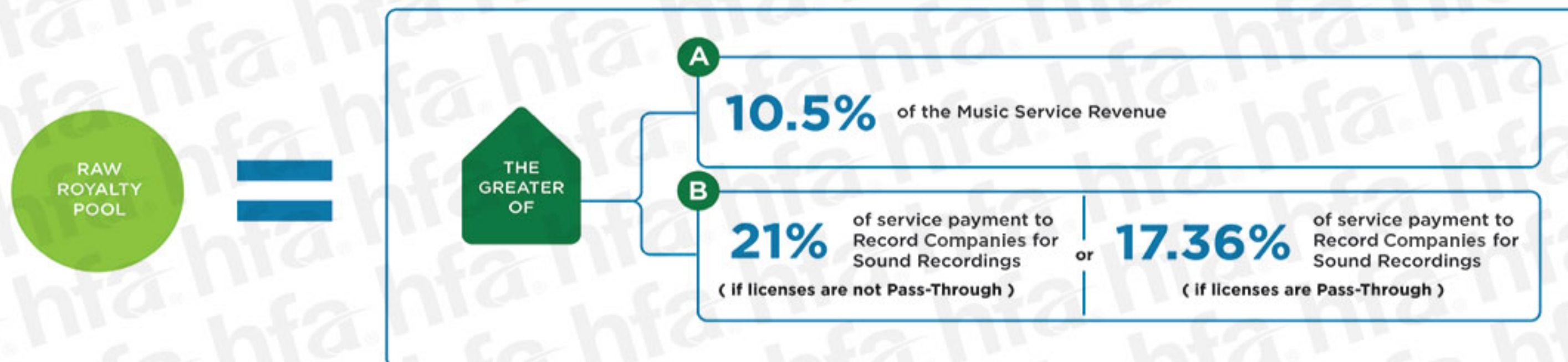
Limited Offering =

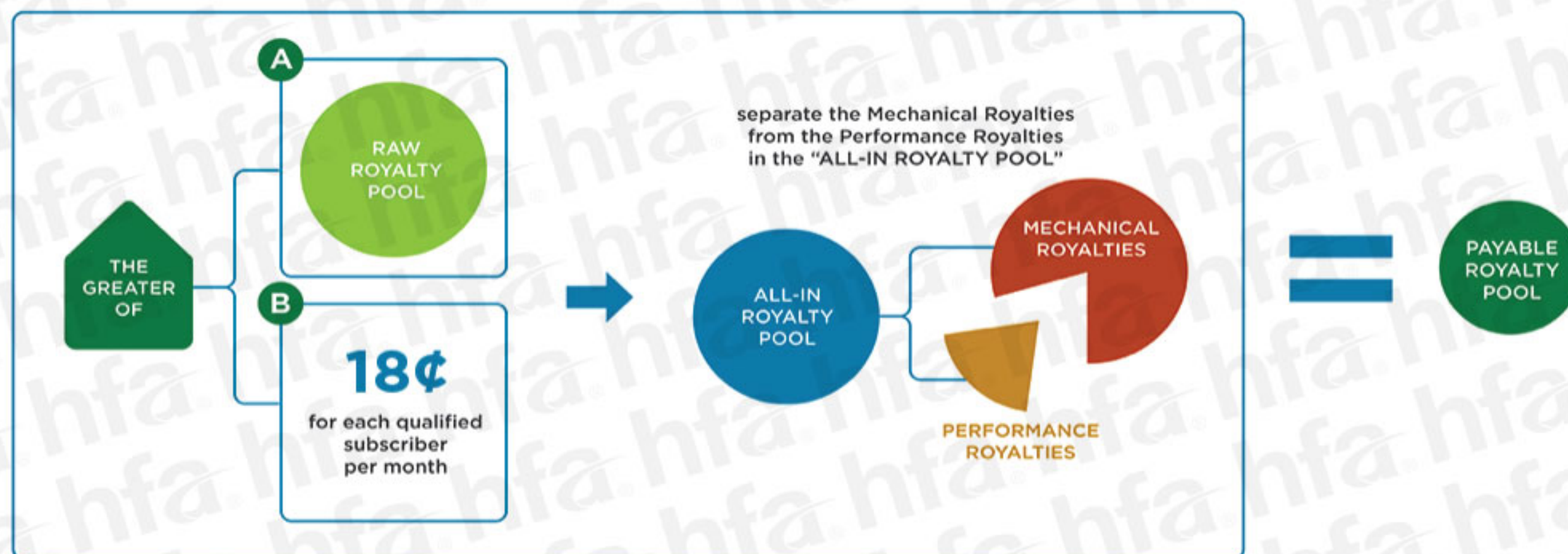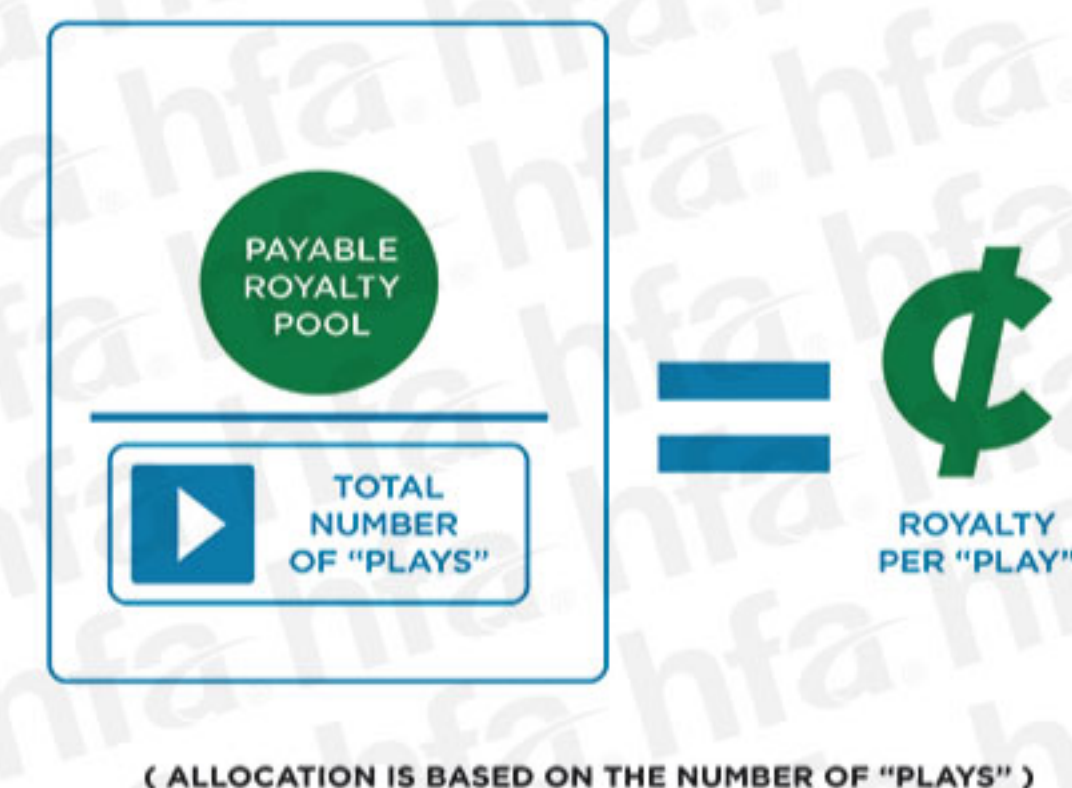Subscription services that offers a very limited catalog of music or services that stream preprogrammed playlists.

1 CALCULATE THE RAW ROYALTY POOL

RAW ROYALTY POOL = **THE GREATER OF**

A — **10.5%** of the Music Service Revenue

B — **21%** of service payment to Record Companies for Sound Recordings (if licenses are not Pass-Through)
or **17.36%** of service payment to Record Companies for Sound Recordings (if licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

THE GREATER OF

A — **RAW ROYALTY POOL**

B — **18¢** for each qualified subscriber per month

→ separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL → **MECHANICAL ROYALTIES** / **PERFORMANCE ROYALTIES**

= **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

PAYABLE ROYALTY POOL ÷ **TOTAL NUMBER OF "PLAYS"** = **¢ ROYALTY PER "PLAY"**

(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

Free Non-Subscription / Ad-Supported Services =

Services that offer streaming music to end users for free

FREE

1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = **THE GREATER OF**

A **10.5%** of the Music Service Revenue

B **22%** of service payment to Record Companies for Sound Recordings
(If licenses are not Pass-Through)

or

18% of service payment to Record Companies for Sound Recordings
(If licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL

MECHANICAL ROYALTIES

PERFORMANCE ROYALTIES

→ **MECHANICAL ROYALTIES** = **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = ¢ \text{ ROYALTY PER "PLAY"}$$

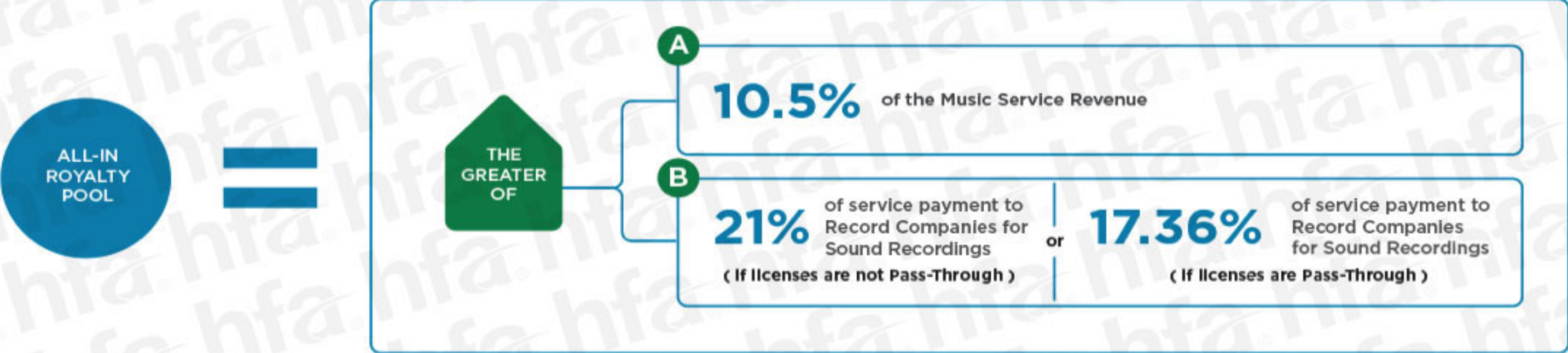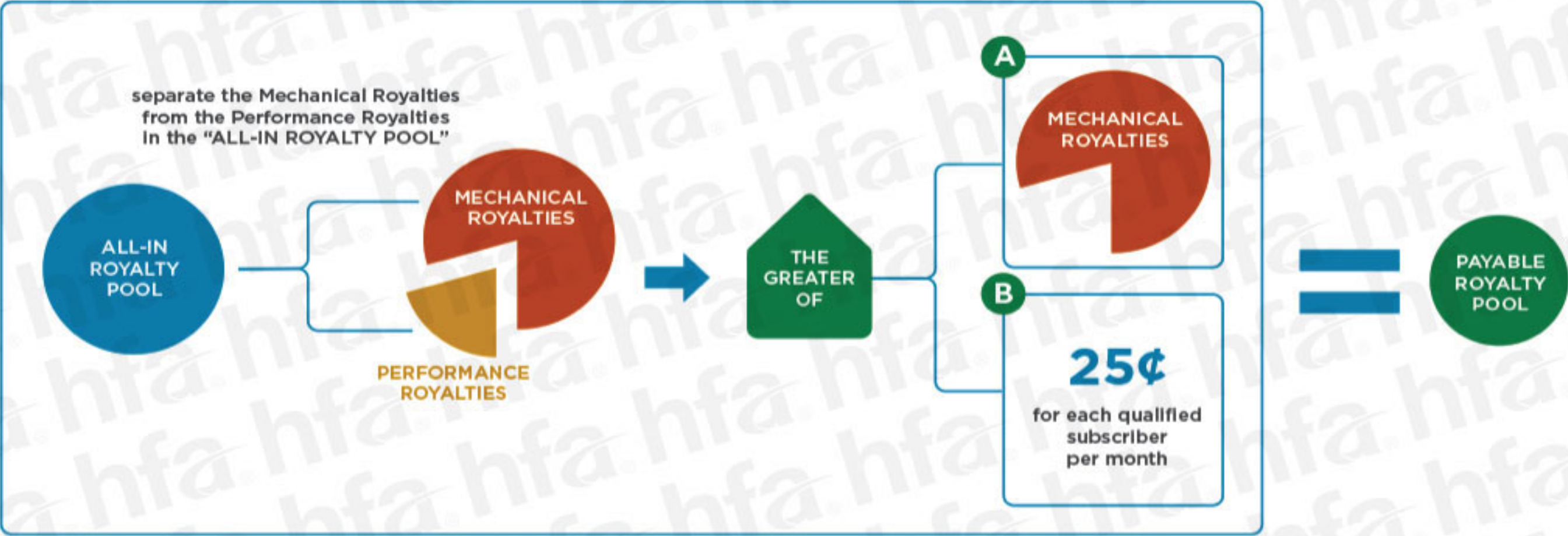(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")

Bundled Subscription Services =

Subscription services sold together with another product (such as a mobile phone)

1 CALCULATE THE ALL-IN ROYALTY POOL

ALL-IN ROYALTY POOL = **THE GREATER OF**

A **10.5%** of the Music Service Revenue

B **21%** of service payment to Record Companies for Sound Recordings (If licenses are not Pass-Through) **or** **17.36%** of service payment to Record Companies for Sound Recordings (If licenses are Pass-Through)

2 CALCULATE THE PAYABLE ROYALTY POOL

separate the Mechanical Royalties from the Performance Royalties in the "ALL-IN ROYALTY POOL"

ALL-IN ROYALTY POOL → MECHANICAL ROYALTIES / PERFORMANCE ROYALTIES → **THE GREATER OF**

A MECHANICAL ROYALTIES

B **25¢** for each qualified subscriber per month

= **PAYABLE ROYALTY POOL**

3 ALLOCATE PAYABLE ROYALTY POOL

$$\frac{\text{PAYABLE ROYALTY POOL}}{\text{TOTAL NUMBER OF "PLAYS"}} = \text{¢ ROYALTY PER "PLAY"}$$

(ALLOCATION IS BASED ON THE NUMBER OF "PLAYS")