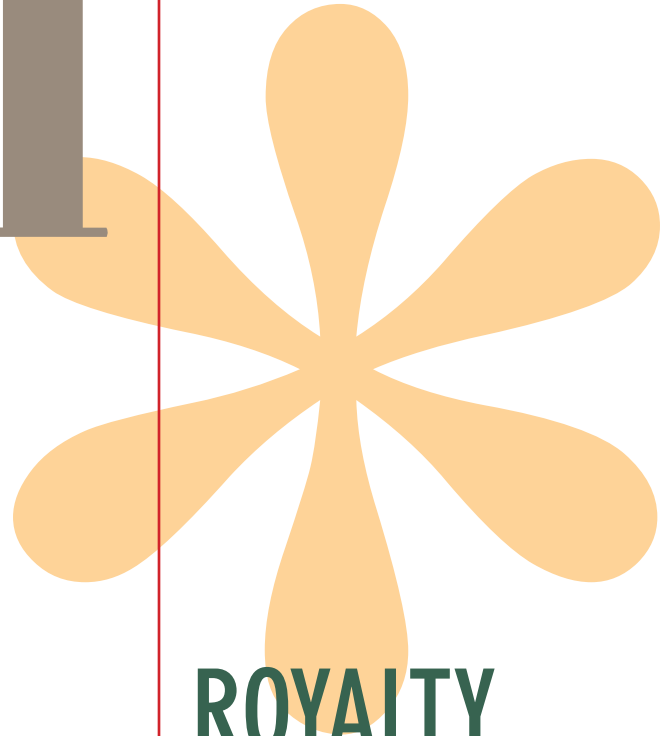


BMI[®]



ROYALTY INFORMATION

Important: The information in this brochure, current as of October 15, 2009, is revised and updated frequently. For the most up-to-date version, please consult the online edition available at bmi.com.

To BMI Songwriters, Composers, and Publishers:

This handbook has been designed to compile in a convenient, easy-to-read format most of the information you want to know about the method by which your BMI royalties are calculated and distributed. We also have included information regarding registering your works (“songs”) and services available to you. We trust that you will find it useful and informative. Should you at any time have any questions about the information contained in this handbook, or need clarification, do not hesitate to contact your local BMI Writer/Publisher Relations office for assistance.

ROYALTY DISTRIBUTION DATES

BMI makes royalty payments on a quarterly basis. Mailing dates for distributions through September 2010 are as follows (Dates subject to change):

MAILING DATE	PERIOD COVERED
1/19/2010	2nd Quarter 2009
3/22/2010	3rd Quarter 2009
6/21/2010	4th Quarter 2009
9/20/2010	1st Quarter 2010

Please note that songwriter/composer and publisher royalty statements are mailed simultaneously.

Table of Contents

GENERAL INFORMATION	2
U.S. RADIO ROYALTIES	6
U.S. TELEVISION ROYALTIES	8
FOREIGN ROYALTIES	13
COMPULSORY LICENSE FEES	13
PAY-PER-VIEW SERVICES	14
INTERNET MUSIC AND MOBILE ENTERTAINMENT	14
COMMERCIAL MUSIC SERVICES	14
LIVE CONCERT ROYALTIES	14
GENERAL LICENSING VENUES	15
MISCELLANEOUS ROYALTY RULES	15
AFFILIATE SERVICES	18
CONTACT INFORMATION	19

Registering Your Works

BMI enters work registrations into its databases from one of two sources, (1) a BMI song registration form (formerly known as a clearance form) provided either electronically or on paper, or (2) a cue sheet which details all music written specifically for a film or television show, or other audio-visual work, typically prepared by the production company.

All songs must be submitted to BMI via a BMI registration form in order to receive credit for certain types of performances (e.g., all radio, commercial music services, commercial jingles and promotional announcements, live pop and classical concerts and Internet). Separate registrations need not be supplied to BMI for individual music cues (dramatic underscore) used in audio-visual programs. These will be automatically registered when the cue sheet is received and processed by BMI. You agree to notify BMI promptly if there are any errors or omissions contained in the registration information for your works or if the information, as it is set forth on the bmi.com website, is in any way inaccurate.

A registration received from any songwriter, composer or publisher of a work will suffice to credit all participants. If the publisher submits a registration, the writer does not have to submit one as well, and vice-versa. However, we strongly encourage each co-publisher of a work to submit its own song registration form in order to assure that the work is entered into the publisher's correct BMI account. BMI will enter the work into its database for the shares and participants indicated on the first registration received. If a later registration is received for the same work which conflicts with the earlier registration, we will notify the party submitting the later registration and request documentation or written confirmation from all affected participants in conformity with BMI's conflicting registration rules before changing our records.

In order for BMI to make payment on time for the public performance of your music, it is imperative that all registrations (both songs and cue sheets) be received as close to the performance date as possible. It is essential that you register all of your works in order that BMI can provide information about your entire catalogue to foreign performing rights organizations, and so that BMI may quickly and easily identify foreign royalties received on your behalf. **Late registrations and cue sheets may cause royalties to be delayed and/or lost.** It is **your** ultimate responsibility to make sure that work registrations and cue sheets are delivered to BMI in a timely fashion, even though you may rely upon others to provide them to BMI in the normal course of business. Also, you must affiliate with BMI **prior** to the time of the performance of your music in order to receive royalties. Late affiliations will cause royalties not to be paid.

Samples, Medleys and Parodies

BMI accepts for registration works which "sample" other works, provided all parties have agreed to the share percentages on the new work. These shares cannot exceed 200%. (See **How Royalties are Divided.**) The percentages must be noted on the BMI registration form for the work and a copy of the sample license agreement must be provided to BMI upon request.

Standard rates for a popular song will be paid. The same rules apply when two or more works are utilized in a single recording as a medley.

A parody is a satirical imitation of a work. Permission from the owner of the copyright is generally required before commercial exploitation of a parody. BMI will credit the parody based upon the shares authorized by the publisher of the parodied work.

Assignment of Works

A BMI publisher may assign a work to another BMI publisher as of the calendar quarter in which BMI receives notice of the assignment. However, BMI will not accept such assignment until all outstanding financial obligations or liabilities to BMI of the assigning publisher are adjusted appropriately.

Notwithstanding the foregoing, an assignment or transfer of control of a catalogue of works from one BMI publisher to another in connection with a sale, merger or otherwise will be subject to all of the terms and conditions of the agreement between BMI and the publisher whose works are sought to be assigned or transferred. For example, BMI will not recognize an assignment of works from one BMI publisher to another if the remainder of the term of the agreement between BMI and the publisher to which the assignment was made is shorter than remainder of the term of the agreement between BMI and the publisher which assigned the works. In such a case, BMI will maintain the assigned works in a special account of and pay any royalty earnings to the publisher to which the works were assigned. At the end of the term of the agreement between BMI and the assigning publisher, BMI will transfer the works to the catalogue of the publisher to whom the assignment was made upon its written request to BMI to do so.

Spoken Word Material

Spoken word material with a musical background will be registered only if the music is original (not based on a Public Domain work) and if a substantial part of the recording contains background music. A recording must be submitted with the registration form.

Withdrawal of Works

A publisher who seeks to withdraw any of its works from its BMI catalogue other than on account of an assignment to another BMI publisher (see **Assignment of Works**) may do so only as of the end of the current term of its agreement with BMI, upon notice to BMI by registered or certified mail not more than six months or less than three months prior to the end of the current term. However, no such withdrawal will be accepted until all outstanding financial obligations or liabilities to BMI of the publisher are adjusted appropriately. In addition, the withdrawal of any such work by the publisher will not affect the right of BMI to continue to license the interest of any other participants in the work.

Instrumental and Lyric Versions of the Same Work

BMI cannot undertake to distinguish between lyric and instrumental performances of a work unless the two versions bear different titles. If the lyric and instrumental versions are known by different titles, performances of the instrumental version will be credited solely to the songwriter or composer and to the publisher of the instrumental version unless BMI is notified by all parties involved of an agreement between them that the lyricist and the publisher of the lyric version are entitled to share in performance royalties of the instrumental version. Where the lyric and instrumental versions are known by the same title, the lyricist and the publisher of the lyric version will each be credited respectively with 100% of the applicable writer and publisher shares for all performances, unless BMI is notified by all participants of an agreement between them that the lyricist and the publisher of the lyric version are to be credited for a stated percentage of all performances.

How Royalties are Divided

BMI considers payments to songwriters or composers and to publishers as a single unit equal to 200%. Where there is the usual division of performance royalties between songwriters or composers and publishers, the total writers' shares will be 100% (half of the available 200%), and the total publishers' shares will be the remaining 100%.

Please note the following rules with respect to the division of the 200% royalty:

- The total publishers' shares may not exceed 100%.
- If the agreement between the publishers and songwriters or composers provides for the songwriters or composers to receive more than 100%, the work should be registered with BMI indicating the percentages allocable to all songwriters or composers and all publishers so that the total is not more than 200%.
- Where no performing rights (or only partial performing rights) have been assigned to a publisher, the songwriters or composers will receive the entire 200% (or the balance of the entire 200%) in the same ratio as their respective writer shares. However, a songwriter or composer who has assigned to a publisher all or part of his or her proportionate rights in the publisher's share shall not be entitled to receive any portion of the remainder of the publisher's share allocable to his or her co-writer(s).

If BMI is notified subsequent to the initial registration that rights have been assigned to a publisher, BMI will credit the publisher with the appropriate share for performances beginning with the quarter in which such notice is received. **No Retroactive Adjustments Will Be Made.**

(Example: John and Mary wrote "Their Song" together. John signed a songwriter agreement with Music Publisher. Mary did not. When the work is registered with BMI, John will list his writer share as 50%, Mary will list her writer share as 100% (50% for her co-writer interest and 50% for her unassigned publisher interest) and Music Publisher will list its publisher share as 50% (for the publisher's interest it obtained from John). If Mary later assigns her publisher interest to the same Music Publisher, Mary will notify BMI, her writer share will be reduced to 50% and Music Publisher will be paid 100% effective in the quarter that BMI received Mary's notice.)

Wherever royalty rates are indicated in this booklet, the amount shown is the 200% royalty. In the typical case where all songwriters or composers have assigned their copyright in a work to publishers, half of the amount listed is paid to the songwriters or composers and half to the publishers. BMI operates on a non-profit basis. All available income is distributed, except for a modest reserve.

Arrangements of Public Domain Works

Copyrighted arrangements of works in the public domain (classical and popular) will be credited at **20%** of the otherwise applicable rate of payment for popular songs for all performances, with the exception of the Live Classical Concert distribution, where no payment is made for performances of arrangements of public domain works.

Payment for Uses in Unmonitored Areas

BMI collects license fees from thousands of music users in addition to those listed in this booklet. These “general licensing” music users include, but are not limited to, hotels, restaurants, nightclubs, sports arenas, theme parks, airlines, jukeboxes and retail stores. BMI may choose an appropriate surrogate, such as radio or television performances, for the distribution of the fees. In such a case, general licensing revenue serves to increase the rates payable for other performance types which we determine are representative of the universe of performances of music used in general licensing categories.

BMI also reserves the right to use surrogates when accurate distribution data is unavailable. However, we strive to distribute license fees derived from specific users of music to the songwriters, composers and publishers whose music is performed by those users. At any time, we may add a distribution source that was previously unmonitored, if accurate distribution data subsequently becomes practically available.

Non-Payment Sources

No payment is currently made for the following types of performances in electronic media:

- Cue, bridge or background music on radio
- Partial performances of popular songs on radio
- Station IDs or public service announcements in any medium
- Promotional announcements on radio or on local broadcast, cable or satellite TV, except as otherwise indicated.

However, BMI may voluntarily introduce payments for these categories at any time, at rates to be determined by BMI.

Frequency of Royalty Payments

BMI makes royalty distributions quarterly in January, March, June and September for all sources discussed in this booklet, with the exception of Live Concerts, for which royalties are distributed semi-annually in March and September for Pop concerts and annually in August for Classical concerts. Pay-Per-View performances are paid once a year. We also may from time to time make special distributions should circumstances warrant. The distribution schedule is subject to change at BMI’s discretion.

If the total amount of royalties earned from all sources in any quarterly distribution is less than \$250.00, BMI will hold the amount earned in the affiliate's account until subsequent quarterly earnings in that year bring the total to \$250.00 or more, when the accumulated money will be paid. However, in no event will BMI hold any such accumulated royalties beyond the final distribution of the calendar year in which they otherwise would have been paid, provided that the royalties that have accumulated equal at least \$25.00. Due to the cost of distributing negligible royalties, if the total amount of royalties earned from all sources in any calendar year is less than \$25.00, no payment will be made and no royalty statement will be rendered.

If an affiliate has enrolled for direct deposit or The Card, quarterly royalties of less than \$2.00 will be accumulated and transferred to the specified bank account once the total reaches \$2.00. No deposit will be made if the total amount of royalties earned from all sources in any calendar year is less than \$2.00.

U.S. Radio Feature Performances

BMI considers a radio feature performance of a popular song to be one that lasts 60 seconds or more and is the sole sound broadcast at the time of the performance.

BMI makes separate payment for four categories of radio feature performances, based upon a sampling of stations licensed by BMI.

- COMMERCIAL RADIO
- CLASSICAL RADIO
- COLLEGE RADIO
- NATIONAL PUBLIC RADIO

COMMERCIAL RADIO

BMI uses information provided by its commercial radio station licensees to determine performances. All licensed stations are requested to log performances for a three day period each year, with different stations logging each day of the year. This sample is then factored to create a statistically reliable projection of all feature performances on all commercial music format radio stations throughout the country. In addition to the sample, BMI includes data from Landmark Digital Services™, a wholly owned subsidiary whose BlueArrow™ technology uses pattern recognition to identify performances from any source containing audio, achieving extraordinary accuracy, even in high-noise environments, after detecting audio for as little as one to two seconds.

Royalties for performances of works in the BMI repertoire that occur on United States commercial radio stations will be paid according to the following rules:

Royalty payments will be based upon the license fees that BMI collected from each individual station that performed a work. As a result, royalty payment rates will vary from quarter to quarter depending upon the amount of the license fees collected from stations that aired each work during that quarter. In addition, the rates may fluctuate from quarter to quarter depending upon the total dollar amount available for each quarter's commercial radio distribution.

In furtherance of BMI's tradition of serving writers and publishers of all types of music, BMI's long-standing goal—to support all affiliates with distribution methodologies that fairly value their creative efforts—has not changed. Accordingly, supplemental criteria may be used to establish an increased valuation for certain works performed on U.S. commercial radio stations. A small additional allocation from the amount available for distribution each quarter, which will include funds received by BMI from General Licensing and other income sources, may be used for this purpose. Such allocations will appear in the Hit Song Bonus column of the BMI royalty statement.

Under the BMI radio payment system, each feature work, including those written for films and the theater, can become eligible for up to three distinct royalty payment components each quarter. They are called the CURRENT ACTIVITY PAYMENT, the HIT SONG BONUS and the STANDARDS BONUS.

The Current Activity Payment

All works in the BMI repertoire that are performed on radio will be eligible for a Current Activity Payment. BMI calculates a unique royalty rate for each work, which is based upon the license fees collected from stations that performed that work in combination with the number of times each work aired on those stations. For example, if one of your works was performed on 200 radio stations during a quarter, its unique rate is calculated based upon the license fees collected by BMI from those 200 stations. If another work in your catalogue was performed on 2,000 stations in the same quarter, that work's rate will be different because it will be based upon the license fees collected from those 2,000 stations. All works that were reported to BMI as having been performed on radio during a quarter, regardless of how many times each of the works was performed, are eligible for the Current Activity Payment. The substantial majority of the amount available for distribution each quarter will be used to make Current Activity Payments.

The Hit Song Bonus

Due to their overall current popularity, works that are classified as Hit Songs are eligible for additional royalties. Any work that is performed more than 95,000 times during a quarter is eligible for a Hit Song Bonus. BMI will allocate a portion of the amount available for distribution each quarter for commercial radio performances to the Hit Song Bonus, and each eligible work will receive a pro-rata portion of the Hit Song Bonus allocation according to the actual number of its current quarter's performances. As a result, works with higher current quarter performance counts earn larger Hit Song Bonus royalties than those works with lower current quarter performance counts.

The Standards Bonus

Due to their sustained long-term presence on radio station playlists throughout the country, works that have been performed on United States commercial radio stations at least 2.5 million times since being released and are performed at least 15,000 times in a quarter are classified as Standards and, as such, become eligible for the Standards Bonus. Works in this category share the Standards Bonus royalties in pro-rata fashion according to the actual number of cumulative historical commercial radio performances for each work in combination with its performances in the current quarter. Works with the higher combination of cumulative historical and current quarter commercial radio performance counts earn larger Standards Bonus royalties than those with the lower combinations of such performances.

CLASSICAL WORKS

There are special rules for classical works. A classical work is defined as a symphonic, chamber music, solo or other work originally written for classical concert or opera performance. If a local commercial radio feature performance is of a classical work, each performance will be paid at the **minimum** rate of 32 cents per minute total for all participants.

COLLEGE RADIO

Payment is made for feature performances of a song on radio stations which are affiliated with colleges and universities at a **minimum** rate of 6 cents total for all participants.

NATIONAL PUBLIC RADIO

The royalty rate paid for performances on National Public Radio (NPR) is based upon the amount of license fees received by BMI from the Corporation for Public Broadcasting (CPB), as compared to the total number of monitored performances of BMI works on NPR stations. As a result, the royalty rate changes each quarter, as a different number of performances is paid from the amount of fees received.

EXTENDED PLAY WORKS

A work (other than a classical work) which exceeds 6 minutes in length as commercially recorded will receive double credit for a full radio broadcast performance. The Work Registration Form submitted to BMI for such work should be accompanied by a letter requesting the higher rate of payment, note the length of the recording and include a copy of the label or companion booklet page documenting that length.

U.S. TELEVISION ROYALTIES

Types of Uses

BMI categorizes broadcast television and cable television performances as listed below and derives a census of program information from music cue sheets and performance information provided to BMI by BMI television licensees, the TV Data Corporation, and other qualified sources.

FEATURE PERFORMANCE

A performance of a work which is the focus of audience attention at the time of the broadcast. These works properly are noted on the music cue sheet with one of the following codes:

- **Visual Vocal (VV)** - to be used when the vocalist is on camera singing the song
- **Visual Instrumental (VI)** - to be used when the instrumentalist is on camera performing the song

BACKGROUND PERFORMANCE

A performance of a work (or works) used as dramatic underscore to a scene where the music is not the focus of audience attention yet nonetheless is used to set the mood of the scene. These usually are works commissioned especially for a TV program or motion picture, or are library works selected by a program producer in lieu of specially commissioned music. These works generally are of a background instrumental nature and properly are noted on cue sheets with a use code of "BI." A performance of a song where the lyrics are audible to the listening audience, even though there may be some dialogue in the foreground of the scene, is a background vocal performance and properly is noted on cue sheets as "BV".

THEME PERFORMANCE

A performance of a work which is regularly associated with a television program and identifies that program to the viewer when used as the opening and/or closing music. Theme credit is given only when a work is used in multiple episodes of a television program. Works, other than the theme as described above, used at the opening and/or closing of an individual episode of a series will be credited in accordance with their actual use (feature or background).

LOGO PERFORMANCE

A performance of music regularly accompanying the visual identification of a production company or program distributor.

PAID PROGRAMMING PERFORMANCE

Music performed in a long-form advertisement, the content of which often includes a product demonstration and invites direct consumer response.

The rates for feature, background, theme and logo performances on Local Television are indicated on the rate table below. Music performed within paid programming will be paid at one-third of the otherwise applicable rate listed.

PROMOTIONAL ANNOUNCEMENT AND COMMERCIAL JINGLE PERFORMANCE

A promotional announcement (promo) is an announcement that advertises an upcoming program. The programming being promoted must be aired on the same network or station as the promo itself.

BMI pays for music used in promotional announcements aired on television on ABC, CBS, Fox, The CW and NBC. Payments are calculated based upon the time of day of the performance, and the rate of payment varies from quarter to quarter depending upon the number of promotional announcements aired in a given quarter. At this time, no payment is made for promotional announcements on any other medium.

A commercial jingle is a work (either pre-existing or specifically written for an advertiser) used to advertise products and/or services for sale on television and radio.

Payment is made for feature performances of commercial jingles on broadcast and cable networks, local television and radio. Royalties are paid for background performances only on ABC, CBS, The CW, Fox and NBC. In both cases, rates vary from quarter to quarter depending on the number of commercials aired in a given quarter.

For more information about rates and the documentation required to become eligible for payment of Promo and Commercial Jingle royalties, please contact the BMI TV Operations Department at 10 Music Square East, Nashville, TN 37203, or by telephone at 615-401-5406 or 615-401-5527. The fax number is 615-401-5420. You may also send emails to promos@bmi.com for both commercial and promo questions.

NETWORK TELEVISION

BMI currently licenses the ABC, CBS, NBC and Univision television networks under agreements where the fee to cover music used in network originating programming is paid for by the network instead of by the local TV station carrying the programs. Performances of music on these networks are listed separately on your royalty statements.

Other television “networks,” such as Fox, The CW and Ion, are not currently licensed by BMI as networks. The license fees associated with performances of music in the programming carried by these networks are paid by the individual local stations broadcasting the programs and are subject to Local Television royalty payment rules.

For performances of music in the BMI repertoire that occur on the ABC, CBS, NBC and Univision television networks, royalties will be paid according to the following rules:

Network Television royalty payments are based upon the license fees that BMI collects from each individual network. Royalty payment rates will vary from quarter to quarter depending upon the amount of the license fees allocated to each quarter determined by using television audience measurement data provided by Nielsen Media Research. In addition, the rates may fluctuate from quarter to quarter depending upon the total performances of music in the BMI repertoire for each quarter’s TV Network distribution.

Under the BMI TV Network payment system, performances of music can become eligible for up to three distinct royalty payment components each quarter. They are called the CURRENT ACTIVITY PAYMENT, the SUPER USAGE PAYMENT and the THEME MUSIC BONUS.

THE CURRENT ACTIVITY PAYMENT

All music in the BMI repertoire that is performed on licensed networks is eligible for a Current Activity Payment. BMI calculates a unique royalty rate for each performance, which is based upon the license fees available for the quarter in combination with the duration of the performance, the weighted royalty value for each usage type and television audience measurement data provided by Nielsen Media Research for each program aired on that network. For example, if your music was performed during a network program on Monday, October 6, 2008 at 9:00 PM, its unique rate is calculated using the television audience measurement data for that unique network program. The royalty values for all types of performances (theme, feature, background, underscore and logo) that were reported to BMI on network television program cue sheets are weighted by BMI with each type having a unique valuation. The substantial majority of the amount available for distribution each quarter is used to make Current Activity Payments.

SUPER USAGE PAYMENT

Due to their extended continuous duration, certain types of performances may qualify for a Super Usage Payment. Performances of songs (Background Vocal, Visual Instrumental and Visual Vocal usages) with a continuous duration of one minute or greater are designated as Super Usages. The royalty rate for these performances is higher than those of a feature performance with duration of less than one minute.

THEME MUSIC BONUS PAYMENT

Due to the highly recognizable nature of network television theme music performances, certain theme music may qualify for a Theme Music Bonus Payment. Theme music with at least 2,000 quarterly network performances is eligible for the bonus payment. When a particular theme qualifies for the bonus payment, all other theme music associated with that program automatically qualifies for the bonus payment. BMI allocates a portion of the amount available for distribution each quarter for each licensed television network to the Theme Music Bonus, and each eligible performance receives a pro-rata portion of the Theme Music Bonus allocation according to the actual number of its quarterly performances. As a result, themes with higher current quarter performance counts earn larger Theme Music Bonus royalties than those themes with lower current quarter performance counts.

LOCAL TELEVISION

Currently BMI licenses over 1100 local television stations on a “blanket” or “per-program” basis. A blanket licensee pays a single fee that covers the performance of any BMI-licensed work in the licensee’s syndicated and locally-originated programs (including those carrying Fox, The CW and Ion programming). A per-program licensee pays a fee to BMI only when there is BMI music used in films or other audio-visual works or on a syndicated or locally originating program broadcast on the station, as well as for certain incidental and ambient uses of music.

For distribution purposes, BMI separates fees derived from blanket licensees and per-program licensees. Royalty rates for TV Performances occurring on stations choosing a blanket license are weighted in order to reflect the license fees paid by a station or group of stations. The Local Television Rates below reflect the initial starting point of the royalty calculation. These rates are NOT the maximum or minimum rates available which may be ultimately paid by BMI. TV Local blanket royalty rates are calculated based on license fee revenue received from the station(s) airing BMI music and by applying the relationships between the various use types, i.e. feature, theme, background, etc., as indicated below. Performances of music on stations opting for a per-program license are credited by calculating the fee associated with the individual program and applying the relationships between the various use types, i.e. feature, theme, background, etc. Fees collected from per-program stations are distributed only to those songwriters, composers and publishers whose music is used on the programs for which the fees are paid, less an administrative charge.

LOCAL TELEVISION RATES @ 200%

PERFORMANCE TYPE	DAYPART A (4:00 PM-10:59 PM)	DAYPART B (ALL OTHER TIMES)
FULL FEATURE (45 SECONDS OR MORE)*	\$5.00	\$1.50
THEME (PER SHOW)	\$2.00	\$1.00
BACKGROUND (PER MINUTE)	\$0.76	\$0.42
LOGO (PER SHOW)	\$0.18	\$0.16

* Performances of less than 45 seconds are paid on a prorata basis.

PUBLIC TELEVISION (PBS)

BMI receives compulsory license fees for performances of music on public broadcasting stations and distributes the fees derived from this source to those songwriters, composers and publishers whose music is broadcast on public TV stations. Rates vary from quarter to quarter depending on the amount of the license fee collected and the base value of BMI performances tabulated during a quarter. The value of a performance on a PBS station could be higher or lower than the Local Television Daypart A rates, depending on the factors noted above. The methodology and relative weightings of the Local Television rates are used to begin the calculation.

CABLE TELEVISION

BMI collects license fees from both pay cable networks (e.g., HBO, Cinemax, Showtime, etc.) and basic cable networks (e.g., MTV, USA Network, Lifetime, Discovery Network, VH-1, GSN, etc.). Because the list of cable licensees changes from quarter to quarter, they are not included in this booklet. Please contact your local Writer/Publisher Relations office if you have a question about the licensing status of a particular cable network.

A census of programming information for cable TV is provided to BMI by outside sources such as the TV Data Corporation, and cue sheets for the programs are collected from many sources, including, but not limited to, cable networks and program producers and distributors. Royalty rates are determined each quarter by applying the amount of license fees collected from each cable network (less an administrative fee) against the payable performances occurring on that network, using the methodology and relative weightings of the Local Television rates as a starting point. Some cable networks offer multiplexing, a suite of additional channels designed to provide viewers with a broad range of programming choices. BMI allocates royalties to multiplex channels based upon programming and viewership information when available or by using the best alternative to such information at the time.

FOREIGN ROYALTIES

BMI has reciprocal agreements with performing rights organizations (PROs) throughout the world, which allow those PROs to license your works and collect fees on your behalf when your music is performed outside of the United States. The foreign PROs calculate payments to BMI composers, songwriters and publishers in accordance with their own distribution rules and remit royalty payments to BMI for those songwriters, composers and publishers listed in an international index as being affiliated with BMI or whose works have been reported by BMI to these PROs. Foreign royalties are distributed quarterly by BMI after the deduction of an administrative handling fee, which, as of October 2007, is 3.6%, but which is subject to change at any time.

When a royalty payment from a foreign PRO is designated for a specific BMI songwriter, composer or publisher, BMI pays that affiliate directly if BMI's records confirm entitlement to that payment. There are, however, instances where, instead of an affiliate's name, only a song title, film title or TV show name is provided by the foreign PRO in conjunction with a lump sum royalty payment to BMI. In those instances, we must do more extensive research to determine the entitled parties and their percentage splits and make an allocation in accordance with the data contained in BMI's records. Sometimes, this causes a minor delay in distributing the royalties.

Although BMI has an extensive foreign royalty tracking system, we always welcome information from you regarding foreign translations of song titles, film and TV show titles, and details regarding foreign sub-publishing agreements. You should send this information to BMI International Administration in New York, and the information will be noted in our database for tracking purposes.

COMPULSORY LICENSE FEES

Approximately once a year, BMI receives royalties from the U.S. Copyright Office for BMI music performed on distant signal broadcast television stations carried by cable television systems (e.g., superstation WGN-Chicago) and for music performed in broadcast television signals retransmitted by satellite carriers. BMI distributes this money to those songwriters, composers and publishers whose music is contained in these broadcast signals.

BMI additionally receives a modest amount of royalties from the compulsory copyright royalty paid by manufacturers and distributors of audio home recording devices and media. BMI distributes these royalties using a combination of performance information and recorded music sales data.

For information on compulsory license fees received from **National Public Radio** and **Public Television**, please refer to those sections of this booklet.

PAY-PER-VIEW SERVICES

At any given time, BMI may have a license agreement with one or more pay-per-view services. When a license agreement is in effect and BMI receives payment from a pay-per-view licensee, royalty payments are distributed to those songwriters, composers and music publishers whose music is aired on any individual service, using a formula as described in the **Cable Television** section of this booklet.

INTERNET MUSIC AND MOBILE ENTERTAINMENT

BMI licenses certain Internet sites and is seeking to license many more. In addition, BMI has licenses with most major mobile entertainment (ringtone) providers. As these are very new mediums for licensing and distribution, policies still are being established as to how performances are to be tabulated and royalties are to be distributed. To the extent that music usage information has been submitted to us, we have distributed and will continue to distribute royalties for performances of your music over the Internet on sites licensed by BMI and for performances of your music made available by licensed mobile entertainment providers. However, due to the nature of these services and the systems that we or they may employ to track the use of your music, the number of performances listed on your royalty statement may not reflect the actual number of performances. For further developments in this area, please contact your local Writer/Publisher Relations office.

COMMERCIAL MUSIC SERVICES

For performances of your musical works beginning July 1, 2007, BMI implemented a ‘follow-the-dollar’ distribution methodology for commercial music services. Royalty rates for commercial music services such as DMX, Muzak, Music Choice and PlayNetwork are calculated using performance data provided to BMI by each music service in combination with the BMI license fees collected for each music service. License fees are generally not pooled across different services. License fees available for royalty distribution for each music service include license fees associated with the affiliates of each music service. When small independent music services fail to provide BMI with usable performance information, appropriate surrogate performance information is used to calculate your royalties.

LIVE CONCERT ROYALTIES

POP CONCERTS

BMI uses an independent source of pop concert information to create a database which is used to solicit concert set lists. We compile these responses and determine semi-annually which musical acts were among the 200 top-grossing tours. A royalty payment is calculated for each BMI-licensed work used in the opening and headliner’s acts in each of these top

musical tour set lists. Since the number of BMI-licensed works changes from one semi-annual period to the next, as do the license fees collected by BMI from concert promoters and venues, the royalty rate for your works performed in live pop concerts also changes each period. Each song used as part of a medley during a live pop concert will be assigned one-half of a full credit rate.

CLASSICAL CONCERTS

BMI pays royalties for original classical works performed at live classical concerts in the U.S. which are presented by entities licensed by BMI under classical and symphonic licenses. Payment is based upon a census of all eligible concert programs received from these licensees. The rates are determined annually based upon the fees received from classical licensing and the total number of BMI works performed.

GENERAL LICENSING VENUES

SPORTS LEAGUES

BMI distributes license fees collected from professional sports teams and leagues (e.g., NFL, NHL, MLB) for the public performance of your musical works in stadiums during live games. BMI uses performance information provided by the professional sports teams/leagues to create a database of BMI-licensed works that are eligible to receive a royalty payment. Since the number of BMI-licensed works and the amount of the license fees collected by BMI change from one year to another, the royalty rate for works performed during these games likewise varies with each distribution.

AIRCRAFT

BMI distributes license fees collected from aircraft or aircraft music services quarterly when your musical works are used during flight. BMI uses performance information provided to create a database of BMI-licensed works that are eligible to receive a royalty payment. Since the number of BMI-licensed works, as well as the amount of the license fees collected by BMI change from one quarter to another, the royalty rate for works performed during a given flight likewise varies with each quarterly distribution.

MISCELLANEOUS ROYALTY RULES

DIRECT LICENSING OF WORKS

If a songwriter, composer or publisher directly licenses to a user or source licenses to a production company the right to perform one or more works, BMI must be notified in writing **within ten days of the issuance of the license or within three months of the performance, whichever comes first.** In the event that such notice is not timely given to BMI, the direct license shall be deemed null and void.

A copy of the license should be attached to the notification (with the amount paid for the license deleted, if desired). As license fees for direct or source licensed performances cannot

be collected by BMI, no royalties will be paid by BMI for these performances. If the direct or source license includes performances for periods for which BMI has already paid royalties because we were unaware that such a license had been issued, a debit will be made to the songwriters' or composers' and the publishers' accounts with respect to such performances.

ROYALTY ADJUSTMENTS

All claims for adjustments to royalty distributions must be made in writing to your local Writer/Publisher Relations office within nine months of the date of the distribution seeking to be adjusted. Adjustments to royalties which were or should have been paid more than **nine months** before notice of the claim is received by BMI will not be considered.

BMI will prepare timely-requested adjustments to U.S. royalty distributions in those situations where royalties were paid incorrectly, as long as the total amount of the adjustment likely will exceed \$25. If no payment was made because of missing/late cue sheets or work registrations, royalties will be paid beginning with the first possible distribution after all documents are received and processed, provided that they are received within nine months after the distribution in which royalties otherwise would have been paid had the necessary documents been submitted to BMI in a timely fashion.

Because many foreign PROs have strict cutoff dates beyond which they will not consider adjustment requests, all claims for foreign adjustments should be submitted in writing within nine months of the date of the foreign distribution in which royalties were incorrectly paid or expected royalties were missing, along with detailed information about the incorrect or missing payments. BMI will research the matter and request an adjustment, where appropriate, from the foreign PRO, provided that the amount expected to be received from the foreign PRO will exceed \$25. Any additional royalties received from the foreign PRO as a result of BMI's adjustment request will be remitted to you as part of the next possible distribution following receipt of the royalties by BMI.

OVERPAYMENT OF ROYALTIES

In the event that royalties are paid in error to any writer or publisher, BMI will debit the mistakenly-paid affiliate's account in the amount of the overpayment. In addition, if based upon past BMI earnings history and projected future royalty earnings from BMI, there is no reasonable expectation that BMI will be able to fully recoup the overpaid amount within the four distribution quarters following the debit, the affiliate will be expected to repay on request the balance of the overpayment that remains unrecouped. In the event that BMI makes a royalty distribution based upon interim fees received from a licensee and the final fees subsequently determined to be payable by that licensee are less than the interim fees upon which the distribution was based, BMI reserves the right to debit all writers and publishers to whom such interim fees were distributed in an amount which appropriately reflects the difference between the interim and final license fees.

PAYMENT FROM ANOTHER ORGANIZATION

In the event that BMI has reason to believe that you will receive or are receiving payment from a performing rights organization other than BMI for or based upon United States performances of one or more works for a period when those works were licensed by BMI for you, BMI shall have the right to withhold payment from you for such performances

until BMI receives satisfactory evidence that you have not been paid or will not be paid by the other organization. In the event that you were or will be paid or do not supply such evidence within 12 months from the date of BMI's request, BMI shall be under no obligation to make any payment to you for performances of such works for that period.

ASSIGNMENTS OF ROYALTIES

BMI will recognize a temporary assignment of your royalties to a lending institution or other person or entity who makes a bona fide loan of a specific sum of money to you which is intended to be repaid, in whole or in part, from your BMI royalties. A special loan assignment form, executed by both you and the lender and acknowledged by BMI, must be completed and signed before BMI will pay your royalties to the lender. The form can be obtained from your local Writer/Publisher Relations office. There is no fee to update BMI's records to reflect temporary loan assignments.

BMI also will accept certain irrevocable permanent assignments of royalties to a third party who purchases your royalty income stream. In such cases, BMI requires a copy of the dated and signed assignment from you to the purchaser, the completion of and your signature before a Notary Public on the appropriate BMI Royalty Assignment Verification Form (RAVF) and an IRS Form W-9 for the purchaser. The current fee for handling these kinds of assignments is \$500 for each payee account that must be established to redirect your royalties and will be deducted from the first monies due the purchaser. The RAVF can be obtained from the Forms section on bmi.com. Please note that BMI's acceptance of permanent assignments is subject to specific limitations and conditions.

ROYALTIES WITHHELD DUE TO LITIGATION

If BMI is named as a party to a lawsuit, BMI may withhold royalties relating to that dispute. Further, BMI will withhold royalties earned by any works that are the subject of litigation, upon receipt of a copy of the complaint as filed with the court and a written directive to BMI from the court requiring such withholding.

In addition, upon the written request of any affiliate whose royalties are being withheld, when accumulated royalties exceed \$1,000, the royalties will be transferred to an interest-bearing bank account, at money-market rates. All such principal and interest is remitted to the writer(s) and/or publisher(s) who are determined by final, unappealable decision, or by settlement between the litigants, to be entitled to the funds, upon submission to BMI of a copy of the final court order or settlement documents.

In lieu of the withholding of royalties during litigation, BMI will accept a letter of direction, signed by all parties to the lawsuit, to pay the royalties to a third party escrow agent as they become payable. In such case, the royalties will not generate interest through BMI.

LEGAL PROCESS ADMINISTRATION CHARGES

Due to BMI's increased costs in handling legal process that is received against certain affiliates, it has become necessary to institute an administration fee for such matters. If BMI is served with a state or federal tax levy, restraining notice, order to withhold, judgment, child support order or the like against you which requires BMI to hold or pay your royalties to another party who has a legal entitlement to them, you will be assessed a handling fee of \$100

(or such lesser amount as may be required by the authority issuing the process). The \$100 fee will be deducted from the next royalty distribution of each affected account following adjustment of BMI's records to reflect the process. The handling fee will be assessed for each new process received, except that you will not be charged an additional fee if BMI receives updated process while previous process for the same obligation is still in force according to BMI's records.

If you are obtaining a divorce and you request BMI to separately account to you and your ex-spouse with respect to works for which royalties are divided between you (or if BMI is provided with a copy of your signed divorce decree that contemplates such separate accountings), a fee of \$250 will be charged to update your account if you have 500 or less registrations (feature works and cues) to be divided. If there are more than 500 registrations to be divided, the charge is \$250 for the first 500, then \$1 per registration thereafter.

STOP PAYMENTS AND RE-ISSUANCE OF ROYALTY CHECKS

An oral request to BMI to stop payment of and reissue a royalty check will be accepted, but the request must be confirmed in writing and received by BMI within two days of the oral request. An administrative charge of \$30 will be deducted from the amount of the reissued check. Stop payment orders cannot be accepted, however, for royalties which have been directly deposited into the payee's bank account.

AFFILIATE SERVICES

DIRECT DEPOSIT OF ROYALTIES

Your royalty payments can be deposited directly to your checking or savings account. Contact your local Writer/Publisher Relations office for the necessary authorization form, or download the form from BMI's web site, <http://bmi.com>.

ELECTRONIC TRANSFER OF INFORMATION

BMI encourages the use of electronic transfer of information related to work registrations, cue sheets, and affiliate receipt of royalty statements. The exchange of electronic information is based on established industry and specific BMI standards. Please contact your local Writer/Publisher Relations office for more information to participate in any of these services, or check bmi.com for future developments.

BMI.COM

BMI's website, bmi.com, contains many features that keep you posted on happenings in the music business, new BMI services, legislation that affects your royalties and copyrights, and other useful information. Songwriters, composers and sole-proprietorship publishers can access their song catalogues and royalty statements online. Visit the site and bookmark it for future use. You'll be glad you did!

CONTACT INFORMATION

If you have any questions about any of the information in this booklet, please contact the BMI office listed below which covers your state or location of residence or business. A Writer/Publisher Relations executive will be happy to assist you.

BMI ATLANTA

3340 Peachtree Rd. NE
Suite 570
Atlanta, GA 30326
404-261-5151
Fax: 404-816-5670
e-mail: atlanta@bmi.com

BMI LONDON

84 Harley House
Marylebone Rd.
London NW1 5HN England
44-207-486-2036
Fax: 44-207-224-1046
e-mail: london@bmi.com

BMI LOS ANGELES

8730 Sunset Blvd.
3rd Floor West
Los Angeles, CA 90069
310-659-9109
Fax: 310-657-6947
e-mail: losangeles@bmi.com

Arizona
California
Colorado
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

BMI MIAMI

1691 Michigan Ave.
Suite 350
Miami, FL 33139
305-673-5148
Fax: 305-673-8287
*BMI Miami will gladly assist our
Spanish-speaking affiliates, wherever
resident*
e-mail: miami@bmi.com

BMI NASHVILLE

10 Music Square E.
Nashville, TN 37203
615-401-2000
Fax: 615-401-2707
e-mail: nashville@bmi.com

Alabama
Arkansas
Florida
Georgia
Kentucky
Louisiana
Mississippi
Missouri
North Carolina
Oklahoma
South Carolina
Tennessee
Texas
Virginia
West Virginia

BMI NEW YORK

320 W. 57th Street
New York, NY 10019
212-586-2000
Fax: 212-245-8986
e-mail: newyork@bmi.com

Alaska
American Samoa
Connecticut
Delaware
District of Columbia
Guam
Hawaii
Illinois
Indiana
Iowa
Kansas
Maine
Maryland
Massachusetts
Michigan
Minnesota
Nebraska
New Hampshire
New Jersey
New York
North Dakota
Ohio
Pennsylvania
Puerto Rico
Rhode Island
South Dakota
Vermont
Virgin Islands
Wisconsin