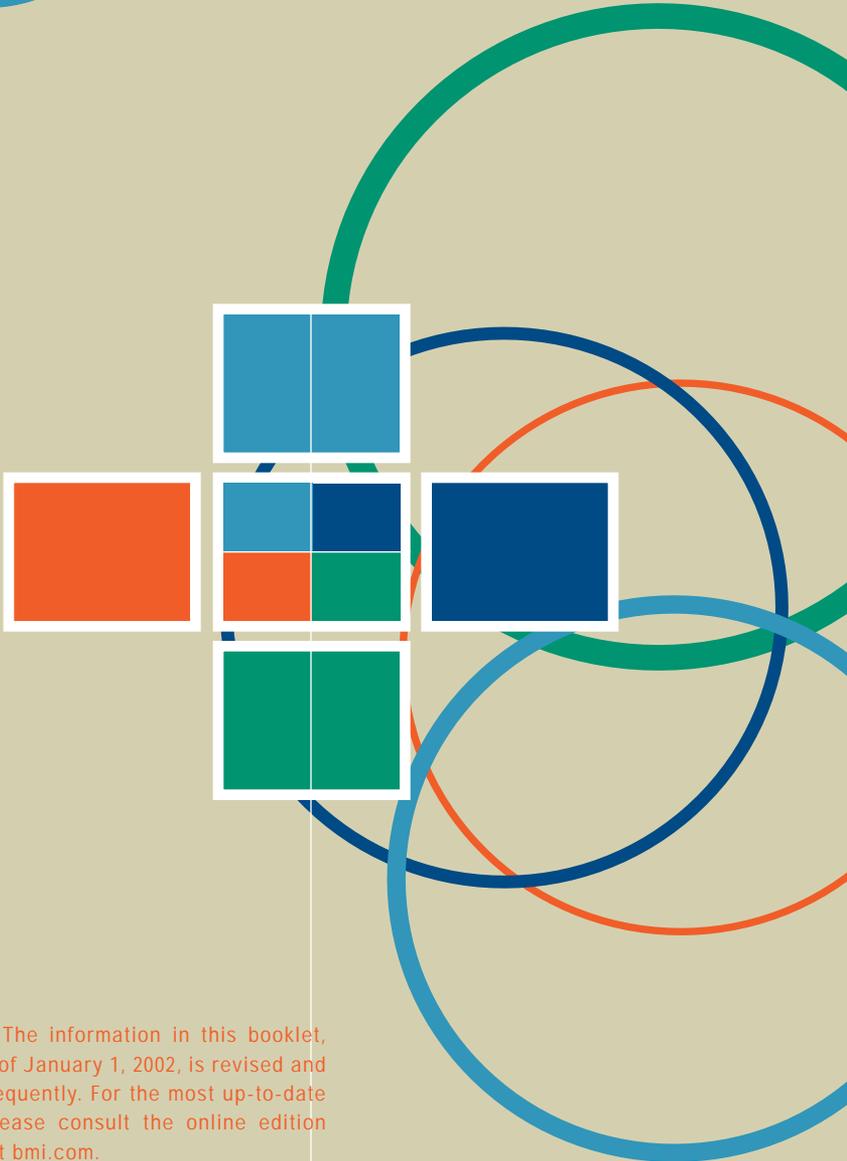


ROYALTY INFORMATION



Important: The information in this booklet, current as of January 1, 2002, 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 booklet, or need clarification, do not hesitate to contact your local BMI Writer/Publisher Relations office for assistance.



FRANCES W. PRESTON
President and Chief Executive Officer

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This booklet contains information regarding BMI royalty payments. The rates listed became effective beginning with BMI's royalty distribution for fourth quarter 1998 performances, which was mailed in July, 1999. The rates are subject to change at any time.

general INFORMATION



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.

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 before changing our records to reflect the different information indicated on the later registration.

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 AND MEDLEYS

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.

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 the assigning publisher 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.

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 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 in any medium
- Promotional announcements on radio or on local broadcast, cable or satellite TV

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, April, July and October for all sources discussed in this booklet, with the exception of Live Concerts, for which royalties are distributed semi-annually in April and October for Pop concerts and annually in July for Classical concerts. 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 \$25.00, BMI will hold the amount earned in the affiliate's account until subsequent quarterly earnings in that year bring the total to \$25.00 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 \$8.00. 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 \$8.00, no payment will be made and no royalty statement will be rendered.

No accumulation of royalties will occur if the affiliate has enrolled for Direct Deposit or The Card. In that case, quarterly royalties earned in any amount will be transferred to the specified bank account.

u.s. radio ROYALTIES



U.S. RADIO FEATURE PERFORMANCES

BMI considers a radio feature performance of a popular song to be one which lasts *90 seconds or more* and which is the *sole sound broadcast* at the time of the performance.

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

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

COMMERCIAL RADIO

Payment is made for a local commercial radio performance based upon the extent of the license fee paid to BMI by the station broadcasting the performance. If the station is among the top 25% of stations which paid the highest license fees to BMI in the previous year, each performance of a popular song on that station will be paid no less than **12 cents** total for all participants. *For example, if there are two songwriters or composers and one publisher, each songwriter or composer will be paid at least 3 cents per performance, and the publisher will be paid a minimum of 6 cents per performance.* Each performance of a popular song on any of the remaining stations licensed by BMI will be paid at the rate of at least **6 cents** total for all participants.

BMI uses information provided by its commercial radio station licensees to determine performances. All licensed stations are contractually required to log performances for a two- or three-day period each year, with different stations logging each day of the year. The 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, BMI may augment its radio distributions with information based on certain "charts."



EXTENDED WORKS

A work (other than a classical work) which exceeds 6 minutes as commercially recorded will receive double credit for a full radio broadcast performance. The registration form submitted to BMI for such work should be accompanied by a letter noting the length of the recording and requesting the higher rate of payment. A copy of the label or liner notes showing the duration of the work as recorded must be submitted with the letter and registration form.

CLASSICAL RADIO

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 on those stations among the top 25% of stations which paid the highest license fees to BMI in the previous year, and no less than **14 cents per minute** total for all participants on any of the remaining stations licensed by BMI. A classical work is defined as a symphonic, chamber music, solo or other work originally written for classical concert or opera performance.

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.

RADIO FEATURE PERFORMANCE BONUS PAYMENT RATES

A work which, as reflected by BMI's records, has had *more than 25,000* logged U.S. feature broadcast radio performances and U.S. feature television performances on broadcast and cable networks, PBS and certain distant-signal local television stations carried by cable systems (superstations) will be paid at the bonus payment rates described below for subsequent U.S. feature broadcast performances on radio, except college radio. These bonus payment rates are used *instead of* and not in addition to the minimum (base) payment rates previously indicated.

Bonus payment rates are available to each songwriter or composer and to each publisher whose interest in a work is licensed by BMI during the period for which the bonus rate is applicable.

A bonus payment rate for a work will be determined **each quarter** by analyzing both the historical cumulative feature performances of that work ("cumulative history") and the feature performances of all works which were performed in that quarter. All feature performances of a work monitored by BMI since January 1, 1960 are included in its cumulative history and include performances in the quarter for which the bonus payment rate is used.

There are four levels at which a work will be paid at bonus rates:

SUPER (S) BONUS PAYMENT RATE:

4 times the base rate

Those works with the highest cumulative history whose current quarter's performances together constitute approximately 10% of the current quarter's radio feature performances of all BMI works.

UPPER-LEVEL (U) BONUS PAYMENT RATE:

2-1/2 times the base rate

Those works with the next lower cumulative history whose current quarter's performances together constitute approximately 15% of the current quarter's radio feature performances of all BMI works.



MID-LEVEL (M) BONUS PAYMENT RATE :

2 times the base rate

Those works with the next lower cumulative history whose current quarter's performances together constitute approximately 25% of the current quarter's radio feature performances of all BMI works.

ENTRY-LEVEL (E) BONUS PAYMENT RATE :

1-1/2 times the base rate

All other works with a cumulative history of 25,000 or more performances.

ANY WORK, REGARDLESS OF ITS PRIOR CUMULATIVE HISTORY, WHICH HAS 100,000 OR MORE U.S. RADIO FEATURE PERFORMANCES IN ONE QUARTER WILL BE AWARDED, FOR ALL SUCH PERFORMANCES IN THAT QUARTER, THE NEXT HIGHER LEVEL BONUS PAYMENT RATE THAN IT WOULD OTHERWISE BE ENTITLED TO RECEIVE.

VOLUNTARY INCREASES

BMI voluntarily increases rates of payment in addition to the Entry-Level, Mid-Level, Upper-Level and Super bonus payment rates stated above. The resulting increased rates will vary for songs achieving the following levels of performances in a given quarter, irrespective of the bonus level attained by the work, and are dependent on the amount of radio income available in the quarter:

- Fewer than 100,000 performances
- 100,000 to 149,000 performances
- 150,000 or more performances (songs performed over 150,000 times in any given quarter will receive the highest rate payable for radio performances in the quarter).

SPECIAL BONUS PAYMENT RATE ELIGIBILITY OF FILM WORKS AND THEATER WORKS

A "**Film Work**," is defined as a work originally written for and performed in a full length feature motion picture, or in a made for television movie released in the U.S. after October 1, 1966. Such a work will be paid at no less than the **Upper-Level Bonus Payment Rate**, provided it is used as a featured work of not less than 45 consecutive seconds or as the "main title theme" or "closing credits work."

A "**Theater Work**" is a composition from an original score written for and performed during the entire run of a musical, revue or operetta in a U.S. Equity production. If the production is presented in a legitimate Broadway theater, the composition will automatically be entitled to a **Super Bonus Payment Rate**, regardless of whether a cast album is released. If the production is presented in other than a legitimate Broadway theater, the composition will only be eligible for a Super Bonus Payment Rate if the show opened after October 1, 1966 and an original cast album is released, or if it otherwise qualifies based upon its cumulative performance history.

U.S. RADIO THEME MUSIC

For performances of a work used as the **opening and closing** of a regularly scheduled program running not less than 25 minutes, *one-half of the royalty for a feature performance* will be paid. No payment is made if a work is used as only an opening or closing theme, but not both.



u.s. television ROYALTIES



TYPES OF PERFORMANCES

BMI categorizes broadcast television and cable television performances as listed below and derives the usage 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 Vocal (BV)** - when the song is audible to the listening audience, even though there may be some dialogue in the foreground of the scene

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."

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.

INFOMERCIAL PERFORMANCE

Music performed in a short-form or 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 are indicated on the Network Television and Local Television rate tables below. Music performed within infomercials will be paid at one-third of the otherwise applicable rate listed.

PROMOTIONAL ANNOUNCEMENT AND COMMERCIAL JINGLE PERFORMANCES

A promotional announcement (promo) is an announcement that advertises an upcoming program on television or radio. 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 the ABC, CBS, Fox and NBC television networks. 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 the ABC, CBS, Fox, and NBC television networks. 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 BMI's Commercial Jingle and Promo Department in New York by mail, or by telephone at 212-830-2551 (Promos) or 212-830-8387 (Jingles), or by facsimile to 212-830-3865.

NETWORK TELEVISION

BMI currently licenses the ABC, CBS, and NBC 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 program. Performances of music on these networks is listed separately on your royalty statements.

Other television "networks," such as Fox, United Paramount Network (UPN) and Warner Brothers (The WB), 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. For purposes of distinguishing these programs from other local and syndicated programs, BMI indicates the "network" origination on your royalty statements, but the rates paid are lower than the rates paid for ABC, CBS and NBC performances.

Below are the applicable rates for performances on licensed networks (ABC, CBS, and NBC) and on Fox, UPN and The WB. When BMI computes royalties earned by a single performance, we multiply the indicated rates by the number of local stations carrying the network broadcast.

ABC, CBS AND NBC NETWORK TELEVISION RATES

PERFORMANCE TYPE	PRIMETIME (6:00 PM-10:59 PM)	LATENIGHT (11:00 PM-1:59 AM)	OVERNIGHT (2:00 AM-5:59 AM)	MORNING/DAYTIME (6:00 AM-6:59 PM)
FULL FEATURE (45 SECONDS OR MORE)*	\$11.50	\$9.00	\$5.00	\$6.00
THEME (PER SHOW)	\$5.00	\$3.32	\$0.58	\$1.00
BACKGROUND (PER MINUTE)	\$1.10	\$0.72	\$0.52	\$0.60
LOGO (PER SHOW)	\$0.30	\$0.24	\$0.22	\$0.28

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

PAYMENTS FOR PERFORMANCES ON FOX, UPN AND THE WB ARE PAID AT 75% OF THE ABOVE APPLICABLE RATE.

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, UPN and The WB 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. Performances occurring on stations choosing a blanket license will be paid in accordance with the Local Television rate table below and/or voluntarily increased to the extent that license fee revenues permit. 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

PERFORMANCE TYPE	DAYPART A (4:00 PM-10:59 PM)	DAYPART B (ALL OTHER TIMES)
FULL FEATURE (45 SECONDS OR MORE)*	\$3.00	\$1.50
THEME (PER SHOW)	\$1.60	\$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, TNN, 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 Daypart A rates as a starting point.





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, 1998, 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



BMI licenses certain Internet sites and is seeking to license many more. As this is a very new medium 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. For further developments in this area, please contact your local Writer/Publisher Relations office.

commercial MUSIC SERVICES



BMI distributes license fees collected from digital/cable music suppliers and background music suppliers (e.g., AEI, Muzak) when your musical works are used by these services. BMI uses performance information provided by the audio services 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, changes from one distribution to another, the royalty rate for works performed on these services likewise varies with each distribution.

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.

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.

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 TO REPAY LOANS

BMI will recognize an 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. You must be affiliated with BMI at the time that the assignment is made. In addition, 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. Please contact your local Writer/Publisher Relations office for the loan assignment form.

ROYALTIES WITHHELD DUE TO LITIGATION

It is BMI's policy to withhold royalties earned by any works that are the subject of litigation. A written request to BMI to do so must be made by a party named in the lawsuit, and a copy of the complaint as filed with the court must be submitted. 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 CHARGE

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. Effective April 1, 2001, if BMI is served with a state or federal tax levy, restraining notice, order to withhold, judgment, child support order, divorce decree, subpoena, bankruptcy notice, litigation settlement or the like against you which requires BMI to hold or pay your royalties to another party who has a legal entitlement to them, or to provide information or documents regarding your account, you will be assessed a handling fee of \$60 (or such lesser amount as may be required by the authority issuing the process). The \$60 fee will be deducted from the next royalty distribution of each affected account following adjustment of BMI's records to reflect the process, or following the transmittal of the information or documents. 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.

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 that 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>.



THE CARD

"The Card" is an ATM card that allows songwriters and composers who travel frequently and need access to their money on the road, who don't like to carry a lot of cash or do not currently have a bank account to access their BMI royalties. For further information or to enroll, visit bmi.com.

BANK OF AMERICA/BMI LOAN PROGRAM

For many years, BMI has accepted loan assignments to the bank of your choice, so that you are able to borrow money against your future BMI royalties. We will continue to accept loan assignments to your chosen lender. (See **ASSIGNMENTS OF ROYALTIES TO REPAY LOANS.**) However, for those affiliates who do not have an established banking relationship that they wish to continue, BMI has arranged with Bank of America, one of the country's leading financial institutions, to make loans against their BMI royalties. All loans are made at a favorable rate of one percent above the prime rate, with only a \$100 application fee. Also, processing of these loans is given priority by both Bank of America and BMI.

In order for you to be able to participate in this program, you must be an affiliated songwriter or composer, or sole proprietorship or sole stockholder publisher. Also, your average annual BMI royalty earnings for the past three years must be more than \$1,800 and your current royalties must be clear of any liens. If you qualify, Bank of America will lend you up to 70% of the amount that BMI projects you will earn over the following two years, with a minimum loan amount of \$2,500. To find out if you qualify for this program, contact your local Writer/Publisher Relations office. For details about loan procedures and requirements or to obtain a loan application, contact Bank of America at 1-888-777-7354.

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. A BMI songwriter, composer, or individually owned publisher can register songs and view his or her BMI catalog and royalty statements online. These services, which will be expanded to other publishers in the near future, are part of the *e-net* area of the website. 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 LONDON

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BMI Miami will gladly
assist our Spanish-
speaking affiliates,
wherever resident

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Indiana
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Kansas
Maine
Maryland
Massachusetts
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Minnesota
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