



HFA and BMG Columbia House Reach Historic Licensing Arrangement

April 5, 2006 – The Harry Fox Agency, Inc. (HFA), the premier U.S. mechanical licensing organization, and BMG Columbia House, Inc., the largest direct-to-customer distributor of music and movies in the U.S., announced today that they have reached a historic licensing arrangement regarding mechanical rights for record clubs.

“We are very pleased to have reached this arrangement with BMG Columbia House which will ensure that compositions administered by the Harry Fox Agency will be formally licensed at an agreed-upon rate,” said Gary Churgin, President and CEO, HFA. “This arrangement upholds the rights of our music publishers, while acknowledging the economics of the record club model.”

“The Harry Fox Agency has always been a great ally and working partner. Our new agreement builds on that relationship. We appreciate the efforts of senior management at HFA to conclude this arrangement,” said Clif Knight, Executive VP, Business and Legal Affairs, BMG Columbia House.

HFA represents over 28,000 music publishers, and offers nearly 1.5 million songs for mechanical licensing in the U.S. Music publishers affiliated with HFA will have the option of making their catalogs available to BMG Columbia House for licensing at 75% of the statutory rate. This agreement will remain in effect for four years, with automatic annual extensions. BMG Columbia House will use HFA’s suite of online licensing tools for their licensing activity. The current statutory rate is 9.1¢ for compositions five minutes or less in duration, per copy and 1.75¢ per minute, rounded up, for compositions over five minutes; the 75% rate is 6.825¢ and 1.3125¢, respectively. As with HFA’s standard mechanical license terms, royalties will be reported to HFA 45 days after the close of a calendar quarter.

These license terms for HFA publishers will supersede any licensing terms to which the parties agree in the settlement of the class action suit known as the Ory case. The settlement has been approved preliminarily by the court. HFA is not a party in that suit, but had objected to the initial settlement terms. These issues have been addressed in the revised settlement agreement between the plaintiffs and BMG Columbia House.

About HFA

Established in 1927 by the National Music Publishers’ Association, HFA represents over 28,000 U.S. music publishers for their mechanical licensing needs, issuing licenses and collecting and distributing royalties. HFA also provides collection and monitoring services to its U.S. publisher clients for music distributed and sold in over 75 territories around the world. For more information about HFA, or to become an affiliate publisher or a licensee, see www.harryfox.com.

About BMG Columbia House, Inc.

BMG Columbia House, Inc. is the world’s largest direct-to-customer distributor of music and movies. BMG Music Service is the leading direct-to-customer distributor of CDs and offers over 14,000 titles provided by the four major music groups and over 100 independent record labels to members. Columbia House is the largest direct marketer of DVDs in the United States and Canada with over 9500 titles from which to choose provided by most of the major motion picture studios. BMG Columbia House reaches millions music and movie fans via club catalogues and websites (www.bmgmusic.com and www.columbiahouse.com).

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