Standalone Non-portable Subscriptions, Streaming Only = Subscription services accessible on desktop computers that only play music when a live internet connection exists

1. **CALCULATE THE ALL-IN ROYALTY POOL**

   \[ \text{ALL-IN ROYALTY POOL} = \text{THE GREATER OF} \]

   \[ \text{A: 11.4\% of the Music Service Revenue} \]
   \[ \text{B: 22\% of the Total Cost of Content} \]

2. **CALCULATE THE PAYABLE ROYALTY POOL**

   Separate the Mechanical Royalties from the Performance Royalties in the “ALL-IN ROYALTY POOL”

   \[ \text{ALL-IN ROYALTY POOL} \rightarrow \text{MECHANICAL ROYALTIES} \rightarrow \text{PERFORMANCE ROYALTIES} \]

   \[ \text{THE GREATER OF} \]
   \[ \text{A: MECHANICAL ROYALTIES} \]
   \[ \text{B: 15\% for each qualified subscriber per month} \]

   \[ \text{PAYABLE ROYALTY POOL} \]

3. **ALLOCATE PAYABLE ROYALTY POOL**

   (Allocation is based on the number of “plays”)

   \[ \text{TOTAL NUMBER OF “PLAYS”} \]

   \[ \text{ROYALTY PER “PLAY”} \]

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<table>
<thead>
<tr>
<th>Royalty Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Revenue</td>
<td>11.4%</td>
<td>12.3%</td>
<td>13.3%</td>
<td>14.2%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Percent of TCC</td>
<td>22.0%</td>
<td>23.1%</td>
<td>24.1%</td>
<td>25.2%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

Determining subscriber-based royalty floor: Family Plans = 1.5 subscribers/month; Student Plans = 0.5 subscribers/month.

Determining number of plays: If sound recording play time is over 5 minutes, adjust the number of plays by adding 0.2 plays for each additional minute or fraction thereof (i.e., 5:01 – 6 mins = 1.2 plays).