Standalone Portable Subscriptions = Subscription services accessible through portable device such as mobile phones

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

   ![Diagram of the calculation process]

   - ALL-IN ROYALTY POOL = THE GREATER OF
     - A: 11.4% of the Music Service Revenue
     - B: 22% of the Total Cost of Content

2. **CALCULATE THE PAYABLE ROYALTY POOL**

   - ALL-IN ROYALTY POOL
     - MECHANICAL ROYALTIES
     - PERFORMANCE ROYALTIES
     - MECHANICAL ROYALTIES
     - THE GREATER OF
       - A: MECHANICAL ROYALTIES
       - B: PERFORMANCE ROYALTIES
     - PAYABLE ROYALTY POOL
     - 50¢ for each qualified subscriber per month

3. **ALLOCATE PAYABLE ROYALTY POOL**

   ![Diagram of the allocation process]

   - PAYABLE ROYALTY POOL = THE GREATER OF
     - A: MECHANICAL ROYALTIES
     - B: PERFORMANCE ROYALTIES
     - ROYALTY PER “PLAY”

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

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).

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