

INFORMATION ABOUT RECENT DISTRIBUTION IN THE CATEGORIES U, M AND UD

For business year 2018

Notice: Explanations for the terminology can be found at point 4, glossary.

New distribution dates from business year 2018 on

We would like to inform you that from now on, the distributions for performing and mechanical rights will be distributed on June 1st instead of April 1st as it was previously the case. The following distribution categories are affected by the change: U, UD, M, E, ED, EM, BM, KI, DK and DK VR.

Information about distribution for business year 2018 on June 1st, 2019.

Performances in live categories can only be included in the distribution on June 1st if the following conditions are fulfilled:

1. The event in which the work usage took place must have been notified in due time to GEMA.
2. The event organizer must have paid the amount invoiced by GEMA in due time.
3. The event organizer must have submitted the setlist to GEMA in due time. Please use our online service:
www.gema.de/en/music-authors/online-services-for-gema-members/playlists-online/
4. The information of the setlist must be complete.
5. Your work must have been registered at GEMA in due time. Please use our online service:
www.gema.de/en/music-authors/online-services-for-gema-members/works-registration/

Complaints can be made within three months (categories U, UD, M) of the distribution date. The complaint form and further information can be found at www.gema.de/en/music-authors/royalties/pay-outsdistribution-of-domestic-income/.

If the complaint has been proven justified and all requirements are met, distribution is possible on one of the next scheduled distribution dates, if possible by no later than at the additional distribution date on November 1st, 2019.

1. DISTRIBUTION PROCEDURE INKA – SUMMARY

The procedure INKA denotes the **GEMA-encashment-related accounting** in the **categories U, UD and M**. However, the process incorporates the GEMA-revenues for each performance and breaks them down into 12 segments, which are graded to revenues per performance:

| Segment | Encashment |
|---------|---|
| 1 | Encashment from licence agreements where a correlation between encashment and performance cannot be conducted, e.g. in the category of standard rate U. |
| 2 | up to EUR 50,-- |
| 3 | EUR 50,01 to 100,-- |
| 4 | EUR 100,01 to 150,-- |
| 5 | EUR 150,01 to 200,-- |
| 6 | EUR 200,01 to 250,-- |
| 7 | EUR 250,01 to 350,-- |
| 8 | EUR 350,01 to 500,-- |
| 9 | EUR 500,01 to 1.000,-- |
| 10 | EUR 1.000,01 to 5.000,-- |
| 11 | EUR 5.000,01 to 10.000,-- |
| 12 | over EUR 10.000,-- |

In **category U** is applied an independent point value distribution for each segment up to and including segment 8. In segments 9 - 12 the collection of the event is allocated to the reported usages, based on the setlist. For performances with an opening and main program the segment is determined on the basis of the collection of the entire event. The proportions are as follows: 10 % of the encashment are dispensed to the opening program (support group's program), 90 % are disbursed to the main program, cf. § 87 GEMA distribution plan. GEMA-revenues received for performances for which no usage reports are attached will be distributed as follows: In the segment areas 1 - 8, the distribution is carried out by a **linear extrapolation** of the reported numbers of performances per work. From segment 9 on, a percentage **supplement** is paid in each segment in addition to the distribution sum calculated for each event. This supplement is calculated by dividing the collection amount per segment, for those events which are not evidenced by usage reports, by the total collection of the respective segment. Distribution in the category UD takes place for situations regulated in § 88 distribution plan, including the direct distribution for performances of the category U on request (major live concerts). The distribution in **category M** in the segment areas 1 - 8 is carried out by means of an **independent point value**, which is multiplied by the numbers of performances determined in category U. Defined caps prevent disproportional payouts. On the one hand, these caps are based on the number of radio broadcasts; on the other hand, the distribution in category M is limited to twice the distribution amount per work received in division U. For segments 9 -12 a supplement of 20 % will be added to the total amount distributed.

The regulations underlying the distribution of U-categories can be found in particular in §§ 82 et seq. and §§ 127 et seq. of the distribution plan.

2. STANDARD POINT- AND FACTOR-CHART FOR BUSINESS YEAR 2018

| | Point value in EUR (PW) | Program coverage in % (PA) | Addition for encash- ment without setlist in % (NPA) | Addition for unallo- cated royalties in % (AZ) | Total value of one performance per track, no quantifica- tion, BEW 001 (EUR) |
|------------|-----------------------------------|---|---|---|--|
| Segment 1 | 0,0680 | ---- | ---- | 2,14 | 0,82 |
| Segment 2 | 0,0617 | 48,33 | ---- | 4,65 | 1,53 |
| Segment 3 | 0,1309 | 48,30 | ---- | 4,13 | 3,25 |
| Segment 4 | 0,2045 | 54,62 | ---- | 4,08 | 4,49 |
| Segment 5 | 0,2502 | 50,78 | ---- | 4,18 | 5,91 |
| Segment 6 | 0,3158 | 53,83 | ---- | 3,33 | 7,04 |
| Segment 7 | 0,4027 | 56,79 | ---- | 3,30 | 8,51 |
| Segment 8 | 0,5062 | 61,55 | ---- | 3,18 | 9,87 |
| Segment 9 | ---- | 66,22 | 33,78 | 1,92 | ---- |
| Segment 10 | ---- | 71,20 | 28,80 | 1,82 | ---- |
| Segment 11 | ---- | 89,35 | 10,65 | 1,95 | ---- |
| Segment 12 | ---- | 95,78 | 4,22 | 2,15 | ---- |
| Sparte M | 0,0990 | ---- | ---- | 3,93 | ---- |

Further info about the distribution procedure can be found under www.gema.de.

In case of further questions please send them to as-service@gema.de.

3. EXAMPLE OF CALCULATION

Example A: Performance with 20 performed tracks and an encashment of 400 €. Performance is classified in segment 8:

| | Quantified per- formances (real performances, if applicable incl. quan- tification) | Program Coverage, PA (%) in segment 8 | Standard rating | Standard point value PW (EUR) in segment 8 - in category U (seg. 8) - in category M (seg. 1-8) | Result |
|--|---|--|--------------------|---|---------------------------------|
| Category U | 20 | 61,55 | 12 | 0,5062 | |
| Calculation | 20 x 100/61,55 x 12 Punkte x 0,5062 EUR = | | | | 197,38 EUR |
| Category M | 20 | 61,55 | 12 | 0,0990 | |
| Calculation | 20 x 100/61,55 x 12 Punkte x 0,0990 EUR = | | | | 38,60 EUR |
| Total amount payable in category U, segment 6 and category M: | | | | | 197,38 EUR + 38,60 EUR = |
| | | | | | 235,98 EUR |

Example B: Performance with an encashment of 2.500 €. The performance will be allocated in segment 10:

| | Encashment (EUR) | Cost rate (%) | Deduction for social and cultural purposes (%) | Addition for encashment without programs, NPA (%) in segment 10 | Program Coverage, PA (%) in segment 10 | Result per performance |
|---|--|---------------|--|---|--|------------------------|
| Category U | 2.500,00 | 21,3513 | 10 | 28,80 | 71,20 | |
| Net encashment | 2.500,00 EUR – 21,3513 % = 1.966,22 EUR – 10 % = | | | | | 1.769,60 EUR |
| Addition | 1.769,60 EUR x 28,80 / 71,20 = | | | | | 715,79 EUR |
| Amount payable in the category U, segment 10 | | | | 1.769,60 EUR + 715,79 EUR = | | 2.485,39 EUR |
| | Amount payable in category U | | Addition (%) | | Result per performance | |
| Category M | 2.485,39 EUR | | 20 | | | |
| Calculation | 2.485,39 EUR x 20% = | | | | 497,08 EUR | |
| Total amount payable in category U, segment 10 and category M | | | | 2.485,39 EUR + 497,08 EUR = | | 2.982,47 EUR |

4. GLOSSARY FOR THE ITEMIZED STATEMENT (EINZELAUFSTELLUNG)

ANTEIL (share)

This column shows the share of the work to which the beneficiary of the itemized statement has to be participated in the calculated royalties (in each case “share of 12”).

AZ (addition for unallocated royalties)

According to § 28 para. 3 distribution plan, only extraordinary and affiliated members shall receive an outage addition. This is a percentage addition to the accounting which assembles from the sum of all shares which cannot be distributed because they are free or not represented.

BEW (valuation key)

This is the so-called valuation key which is used for a work or a work amendment according to § 64 distribution plan. The key reflects the so-called point values resulting from the distribution plan regulations such as the higher valuation for works for a large orchestra according to § 64 para. 4 distribution plan. The rightholder must apply to GEMA for corresponding higher valuations. Please refer to the list in the GEMA Jahrbuch (annual book) 2018/2019, p. 435 ff, for the number of points corresponding to the respective valuation key.

A “F” after the indication BEW means that the work has been distributed as a so-called work fragment with one third of the reported numbers of performances in the programs. You will find the regulation on this in § 85 para. 4 distribution plan.

GEW. AUFF. (weighted performances)

The distribution plan provides various tariff-, performance- or work-related factors. Multiplication by these factors leads to so-called “weighted performances”. Possible weighting factors are:

- § 88 (g) distribution plan
- § 85 para. 2 distribution plan
- § 85 para. 4 distribution plan.

HOCHGER. AUFF. (extrapolated performances)

On the base of the declarations on how high the proportion for performances is for which the GEMA has granted a licence but has not received a program, a linear extrapolation of the reported number of performances and, if indicated, already weighted performances, takes place in segment 2 – 8 for each segment. For segment 1, due to the flat-rate licenses it is not possible to determine a program coverage per performance.

KAPP-SATZ (cutoff rate)

In category M, a cutoff rate occurs if more than 100 real performances of a work are due for distribution but at least two weighted minutes have not been distributed in the current or previous business year in category R or FS in accordance with the provisions of chapter 3 of the special section of the distribution plan. For this purpose, a cutoff rate is determined which indicates how high the percentage share of real performances from segment 1 – 8 is that have been capped.

NPA (addition for encashment without programs)

In segments 9 - 12, a surcharge is distributed in addition to the direct distribution sum. For this purpose, the share of the encashment is determined for a business year for which no programs were submitted to GEMA for distribution. The percentage share is distributed as an addition to the direct distribution result. The distribution amount in category U already contains this addition, see the amount (EUR) on the itemized statement.

PA (program coverage)

In the segments 2 - 8, the proportion of licensed performances for which GEMA received programs for distribution in the current business year is determined. In segment 1, no program coverage rate can be calculated, since accumulative licenses for any number of singular performances are distributed here. In these cases, it is impossible to fix the proportion of those performances for which actual programs were submitted for distribution.

PW (point values)

For each segments 1 - 8 in category U and for the entire segments area 1 - 8 in category M a so-called point value is determined. This results from the fact that the total distribution sum per segment (in each case the segments 1 - 8 in category U) or for the entire segments area 1 - 8 (in the category M) is divided by the total number of points per segment or in category M. The number of points per segment or the entire segment area (in the category M) is calculated by multiplying the extrapolated performances by the factor of the valuation key of the respective work version according to § 64 valuation key II of the distribution plan. If you multiply the total of points of each work with the point value, you get the total distribution sum of a work per segment in category U or for the entire segments area 1 - 8 in category M.

REALE AUFF (real performances)

For the distribution purposes, the real performances submitted by programs/setlists are recorded as work uses. These are shown by segment for category U. For category M, the usages are cumulated in segments 1 - 8 and in segments 9 – 12 by segment. Where uses in the UD division have been taken into account, these are also reported cumulatively.

SUMME PRO SEGMENT (total per segment)

At the end of the statement, the total amounts per segment are shown under the heading in category U as well as the total for entire segment area 1 - 8 in category M and in segment 9 - 12 by segment (as 20% addition). The sum of the outage addition is also shown separately here.

Z (20% addition)

The distribution in category M for the segments area 9 - 12 is effected by a 20% addition on this sum to the distribution result in category U (direct distribution including addition for not program-covered encashment revenues). Revenue distributed in category UD (direct distribution) partially receives a 20% addition in category M, § 129 para. 1 distribution plan. This addition is indicated in the itemized statement by a "Z" at the beginning of a line.

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