

MUSIC CHOICE FOR BUSINESS

Welcome to Music Choice. We are happy to have you as a subscriber and know that the MUSIC CHOICE[®] service will provide you and your customers many wonderful hours of listening pleasure.

Many businesses that play music are required to pay licensing fees to the music industry performance societies – ASCAP, BMI, and SESAC. If these fees are not paid, the performance societies can levy significant fines on business operators. By subscribing to the MUSIC CHOICE Service, businesses receive continuous music, pay one monthly investment for music and never have to worry about paying royalties, except under the limited circumstances described below.

The purpose of this letter is to provide you with guidelines regarding performance rights related to the use of the MUSIC CHOICE service. The following should answer many of your questions.

1. If you are currently paying performing rights to ASCAP, BMI, and SESAC for music use and you will be **completely replacing** the former music service(s) (*i.e.*, jukebox, CD players, tape machines, etc.) with the MUSIC CHOICE service, you must notify ASCAP, BMI, and SESAC that you are discontinuing use of these former sources of music and subscribing to MUSIC CHOICE. Music Choice will be paying the performing rights.
2. Please understand that Music Choice pays the performing rights for the MUSIC CHOICE Service **only**. The payment of performing rights for all other music sources that you use in your place of business, such as jukeboxes, music through your TV and all others, is still your responsibility.
3. Music Choice's agreement with the rights societies covers the use of the MUSIC CHOICE Service within your premise as **"background/mood" music only**, not to complete a service offering. Music that is used to complete a service offering is described as music that is used as the primary source of entertainment, such as for dancing. If MUSIC CHOICE is used to complete a service offering, you will have to pay ASCAP, BMI, and SESAC for that usage. **As a result, Music Choice does not cover royalties for use of the MUSIC CHOICE Service in any ballroom, discotheque, dance/aerobic studio, instructed health club classes, bowling alley, or skating rink.** Examples of the types of commercial establishments which are currently covered under Music Choice's commercial agreement with the rights societies include, but are not limited to, (i) common areas of hotels/motels (e.g., lobby/bar/restaurant), (ii) night clubs/bars/taverns/cocktail lounges (**provided that no admission fee is charged**), (iii) restaurants/grills, (iv) retail stores/shops/supermarkets/gas stations, (v) professional offices/factories/plants, and (vi) libraries/schools.
4. Music Choice's agreement with the rights societies **does not cover** music licensing fees for any premise to which **admission is charged (e.g., theme park, nightclubs with admission/cover charge)**.
5. Use of the MUSIC CHOICE Service for **"MUSIC CHOICE On Hold" is covered** under our agreement with the rights societies.

We hope that this clarifies what is and is not covered under Music Choice's agreement with the rights societies