

NCB's June 2006 Distribution

Dear Rights Owner

Below you will find some clarifying comments on NCB's June 2006 Distribution.

NCB's commission rates

The only commission rate that has been adjusted since last distribution is the rate on ordinary payments from sister societies (excluding Central Licensing Agreements). This rate is now 7%.

On NCB's website - www.ncb.dk/english - under the menu item of **[Do you write music?]/[NCB's commission rates]** - you will find a complete list of all NCB's commission rates.

Royalty statements only available in electronic form

As we informed you earlier we have done away with printed royalty statements, account statements and other distribution information as from this distribution.

In future this information will be available to you on the Internet only - unless other arrangements have been made. The information can be accessed from NCB's website where you will have your own folder with your NCB statement files 5 years back in time - see instructions below.

Access to your statements on NCB's website

Visit the English version of NCB's website - www.ncb.dk/english - to see your distribution statements 5 years back in time.

When you register as a new user you will have to supply the following information:

- your "NCB Payment Receiver number"
- your e-mail address

NCB will then send you your User ID and Password by e-mail. You will now have access to all your statements 5 years back.

Online music - ringtones and music downloads

For several years now NCB's distributions have included royalties for music used as ringtones in mobile phones as well as music downloads.



Frederiksgade 17
PO box 9066
DK-1022 Copenhagen K
Denmark

tel. +45 33 36 87 00
fax. +45 33 36 46 90
ncb@ncb.dk
www.ncb.dk

NCB endeavours to provide swift and accurate distribution of royalties - irrespective of the volume of data that music supplied over the Internet involves. We are currently improving our routines and systems to this situation as we are negotiating international agreement that favour our members.

Adjustments of DVD sales under Central Licensing Agreements

A certain part of DVD sales made in NCB's territory of control is not collected by NCB, but centrally by one of NCB's "sister" societies under a so-called "Central Licensing Agreement" to which the other party is a multinational record company.

NCB received documentation for these sales, and on this basis we distributed royalties with our "December 2005 Distribution", however, based on an incorrect royalty rate of 9.009% in stead of 6.5%.

With reference to the general DVD situation NCB has no choice but to make adjustments for the discrepancy of 2.509% with this distribution. Any subsequent adjustments depend on the outcome of international and national negotiations in this field.

If you are one of our members affected by any of these adjustments, you will find debit entries at the end of your statement covering the amounts distributed to you in December 2005. In the main section of your statement you will find the correct credit entries corresponding to a royalty rate of 6.5%.

Music videos on DVD's

At present NCB and IFPI (the association of the recording industry) disagree on the royalty rate that NCB charges for music videos on DVD's in the Baltic/Nordic area. Nor has any international agreement been reached on the royalty rate on music videos on DVD's.

As is the case with e.g. CD's, NCB claims a royalty rate of 9.009% on dealer price, however, several record companies are unwilling to accept this rate until an international agreement has been reached.

NCB insists, however, on the 9.009% rate but has decided to distribute to our members a royalty of 6.5% that will be included in this distribution. Any adjustments can then be made at a later time when we know the outcome of international and national negotiations.

Music in Danish TV2 and DR programmes

Due to a disagreement between NCB and the Danish TV broadcasters TV2 and DR concerning royalty payment on subcontracted TV productions (made by independent production companies), NCB cannot distribute royalties on the programmes concerned until the disagreement has been settled.

→→→

National taxes on NCB royalties

Please note that royalties collected by NCB in the Baltic countries and paid to rights owners in non-Baltic countries are subject to a tax on 'export of funds'. The rates are as follows: Estonia 15%, Latvia 10%, Lithuania 10%.

Norway: All royalties collected by NCB in Norway are subject to a 2% tax to 'Det Norske Komponistfond' (Norwegian Composers' Foundation) according to Norwegian legislation.

Please check your royalty statement


We suggest that you check your royalty statement immediately when you have been notified that it is available on the Internet.

Please contact NCB's Member Services - preferably in writing to our e-mail: **medlem@ncb.dk** - at your earliest convenience if you find any irregularities.

All the best wishes for a pleasant summer!



Lars Hey
Deputy MD



Birte Carlsen
Distribution Co-ordinator

Copenhagen, June 2006