

ARTICLE VII

DUES AND ASSESSMENTS

7.1 DUES; DOMESTIC MEMBERS.

(a) Association Budget. The total dues to be collected by the Association each fiscal year from Domestic Members shall equal the total expense budget for such year as approved by the Board of Directors, less revenue budgeted from sources other than Domestic Member dues. The budget shall be divided into two categories, known as: a) General Magazine Publisher of America (MPA) Activities; and b) Magazine Advertising Marketing Administration and Promotion Programs.

(b) Domestic Member Dues Formula. The dues of each Domestic Member shall be computed by the Association as follows:

(1) Each Domestic Member shall pay that percentage of the amount budgeted for General MPA Activities that equals the amount that its Combined Revenue, as herein defined, represents as a percentage of the Combined Revenue of all Domestic Members. Combined Revenue for the purpose of this section shall mean the combination of Gross Revenue Derived from Circulation and Gross Revenue Derived from Advertising, as defined in subsection 7.1(e), for the second calendar year preceding the fiscal year for which the dues are assessed.

(2) Each Domestic Member shall pay that percentage of the amount budgeted for Magazine Advertising Marketing Administration and Promotion Programs that equals the amount that its Gross Revenue Derived from Advertising, as defined in subsection 7.1(e)(2), for the second calendar year preceding the beginning of the fiscal year of the Association, with respect to which the dues are assessed, represents as a percentage of the Gross Revenue Derived from Advertising of all Domestic Members for the same year.

(3) A fixed dollar dues figure to be determined by the Board shall be assessed annually to each Domestic Member for each Annual published by the Domestic Member, or for such

maximum number of Annuals as the Board may set. For the purpose of calculating the number of Annuals to be included in any Domestic Member's annual dues, the Association shall use the actual number of Annuals published during the second calendar year preceding the fiscal year with respect to which the dues are assessed. The revenue derived from dues assessments on Annuals, as provided in this subsection, shall be applied to the Association's budget for General MPA Activities and/or Magazine Advertising Marketing Administration and Promotion Programs as the Board shall determine, before calculating Domestic Member dues as provided in subsections 7.1(b)(1) and (2).

(4) For purposes of subsections 7.1(b)(1) and (2), "U.S. Magazines" shall exclude Annuals, but shall include Consumer and Non-Consumer Magazines to the extent set forth in subsection 7.1(d).

(c) Domestic Member Dues Limitation: In no event shall the annual dues of any Domestic Member in any fiscal year be less than a minimum set by the Board or exceed twenty percent (20%) of the total dues of all classes of membership of the Association for the applicable fiscal year. If any Domestic Member that does or would have its dues limited by the twenty percent (20%) dues limitation set forth in this subsection, acquires the stock or assets of another Domestic Member, or acquires such number of U.S. Magazines of another Domestic Member, that for the applicable fiscal year has been assessed dues by the Association, or the U.S. Magazines being transferred have resulted in dues being Assessed by the Association, equal to or exceeding one percent (1%) of the total dues of all classes of membership, the dues limitation of the acquiring Domestic Member shall increase by a percentage figure equal to the dues percentage of the acquired Domestic Member or the dues percentage attributable to the acquired U.S. Magazines. The dues of any Domestic Member, notwithstanding the acquisition of the stock or assets of one or more other Domestic Members, shall not exceed twenty-five percent (25%) of the total dues of all classes of membership. The dues limitation percentage of any Domestic Member provided for in this subsection shall be reduced upon said member's sale of some but less than all of its U.S. Magazines to another publisher that is a Domestic

Member at the time of the sale, provided that for the applicable fiscal year the U.S. Magazines being sold have resulted in dues being assessed by the Association equal to or exceeding one percent (1%) of the total dues of all classes of membership (without regard to this dues limitation). In such event, the dues limitation provided for in this subsection shall be reduced by the percentage of the dues represented by the U.S. Magazines being sold, but in no event shall the limitation be reduced below twenty percent (20%). In the event the total dues assessable against one or more Domestic Members shall exceed the dues limitation set forth in this subsection, the excess shall be prorated and assessed against the remaining Domestic Members on the basis of their dues as computed pursuant to subsection 7.1(b). The dues limitation percentage of any Domestic Member provided for in this subsection shall not apply to Council Assessments provided for in subsection 7.2(c), but shall apply as a separate percentage limitation on Assessments provided for in section 7.4.

(d) Consumer and Non-Consumer Magazines. For the purpose of determining Domestic Member dues pursuant to this Section 7.1: 1) as to each Domestic Member that publishes one or more Consumer Magazines and one or more Non-Consumer Magazines, the dues formula set forth in subsection 7.1(b) shall be applied to: i) the combined gross revenue derived from circulation and advertising of all of its Consumer Magazines, plus a fixed dollar figure to be determined by the Board for each of the Domestic Member's Non-Consumer Magazines, or such maximum number of Non-Consumer Magazines as the Board may set; provided that ii) if the combined gross revenue derived from circulation and advertising of (or in) the Domestic Member's largest Non-Consumer Magazine exceeds the revenue from all of its Consumer Magazines then the dues formula set forth in subsection 7.1(b) shall be applied to the combined circulation and advertising revenue of (or in) the Domestic Member's largest Non-Consumer Magazine plus the Member's Consumer Magazines, plus the fixed dollar assessment on the Member's other Non-Consumer titles, as set forth in subpart i) of this subsection 7.1(d)(1); and 2) as to each Domestic Member that publishes one or more Non-Consumer Magazines and no Consumer Magazines, the dues formula set forth in subsection 7.1(b) shall be applied to the combined gross revenue derived from circulation and advertising of (or in) its largest single revenue producing

Non-Consumer Magazine, plus the fixed dollar assessment on the Member’s other Non-Consumer titles, as set forth in subpart i) of subsection 7.1(d)(1).

(e) Terms Used in This Section. For the purpose of this section, the following terms are defined as follows:

(1) “Gross Revenue Derived from Circulation” shall mean the figure determined by multiplying the average subscription circulation of each U.S. Magazine (excluding Annuals) by the basic one-year subscription price published by the Domestic Member on its postal permit application, and the total yearly newsstand sales of each U.S. Magazine by the single copy cover price. The Association may obtain circulation information from the publisher or from a circulation auditing bureau that the Association deems reliable.

(2) “Gross Revenue Derived from Advertising” shall mean the gross annual sales revenue from advertising space of each U.S. Magazine (excluding Annuals) at published one-time page rates without deductions. The Association may obtain advertising information from the Domestic Member or from an advertising space measurement firm that the Association deems reliable.

7.2 DUES - OTHER MEMBERS

(a) International Members. International members will pay dues in an amount set by the Board of Directors. To the extent that a foreign based Business Entity qualifies for Domestic Membership as provided in section 2.3, its dues will be assessed pursuant to the revenue formula set forth in section 7.1(b), provided that the dues formula shall be applied only on the revenue attributable to its U.S. Magazines and U.S. Editions of Foreign Magazines. If a foreign based Business Entity elects to join as an International Member as well as a Domestic Member, as provided in section 2.3, its dues as an International Member shall be based on its Foreign Magazines and shall exclude its U.S. Magazines that qualify it for Domestic Membership.

(b) Associate Members: Associate Members will pay dues at an annual rate to be determined by the Board. The Board may set different dues rates for different classes of Associate Member at its discretion. The Board may also set different dues rates within classes of Associate Member based on the financial size or the magazine industry revenue of the Associate Member. The Board shall establish a dues rate for Associate Members for PIB Services and Associate Members for MCA Services as long as those classes of Associate Membership exist. The Board, at its discretion, may set a supplemental dues rate for Domestic Members that receive PIB Services and/or MCA Services. The Board shall set or approve a dues rate for Associate Members – ASME as long as that class of Associate Membership exists.

(c) Council Assessments: The Board shall be empowered to assess supplemental dues for any member that participates on a committee or council of the Association, provided that the revenue generated from the supplemental dues shall be used only to support the work and projects of that committee or council.

7.3 CHANGE OF STATUS OF MEMBERS. In the event that: (i) any Domestic Member shall acquire, directly or indirectly, a U.S. Magazine, through the acquisition of more than 50% of the voting stock of another Domestic Member or of a Business Entity that is not a member; or (ii) any Domestic Member shall launch a new U.S. Magazine or acquire in any other manner ownership or control of a U.S. Magazine; or (iii) control of any Domestic Member, or any U.S. Magazine of a Domestic Member shall be transferred to another Business Entity, whether or not a Domestic Member, the Domestic Member or members affected shall immediately notify the Association in writing of such change of status and the dues payable by the affected Domestic Member or members shall be adjusted as follows:

- a. When a Domestic Member acquires ownership or control of a U.S. Magazine of another Domestic Member, including by license agreement, the acquiring Domestic Member shall, in addition to its existing dues, be responsible for all past dues and assessments, if any, attributable to the acquired U.S.

- Magazine, and beginning with the next quarterly dues payment following such acquisition shall include, in computing its dues, the gross revenue derived from circulation and advertising of the acquired U.S. Magazine.
- b. When a Domestic Member shall acquire ownership or control of a U.S. Magazine of a non-member, including by license agreement, the acquiring Domestic Member, in addition to its existing dues, beginning with the next quarterly dues payment following such acquisition, shall include in computing its dues the gross revenue derived from circulation and advertising of the acquired U.S. Magazine.
 - c. When ownership or control of a Domestic Member, or all of a Domestic Member's U.S. Magazines, are acquired by a non-member Business Entity that publishes Magazines, including by license agreement, the membership of the Domestic Member may continue upon application of the acquiring Business Entity and approval by the Board, provided, however, that the Unitary Rule set forth in section 2.11 shall apply. If the acquiring Business Entity does not apply for membership, or if membership is not approved by the Board, the membership of the acquired Domestic Member shall cease at the end of the quarter in which the acquisition took place, and such Domestic Member shall pay all past dues and assessments, if any, and two ensuing quarters' dues.
 - d. When ownership or control of a Domestic Member, or all of a Domestic Member's U.S. Magazines, are acquired by a non-member Business Entity that does not publish Magazines, including by license agreement, the membership of such Domestic Member may, upon written request, be

continued indefinitely upon its compliance with the obligations of membership and upon approval by the Board of Directors.

- e. When a Domestic Member shall discontinue publication of one or more of its U.S. Magazines, it shall continue payment of its dues for the calendar quarters in which the Magazine closes without deduction for the Magazines discontinued and thereafter its dues shall be computed without consideration of the revenue derived from the Magazines discontinued. This subsection 7.3(e) shall not apply to Annuals.

7.4 ASSESSMENTS. Assessments for special purposes may be recommended by resolution of the Board of Directors and approved by a majority vote of the Domestic Members present in person or by proxy at any meeting of the Domestic Members or by action of the Domestic Members without a meeting as provided in these By-laws. Assessments for special purposes may also be approved by resolution of the Board of Directors provided that it is supported by the affirmative vote of two-thirds (2/3) of all directors. Assessments shall be apportioned among the classes of members, and within each class of member other than Domestic Members, as the Board shall determine. Assessments within the class of Domestic Members shall be apportioned in a manner that reflects the then existing dues allocation within the class. Such assessments shall be payable at such time or times as may be fixed by the Board.

7.5 MISCELLANEOUS.

(a) Submission of Revenue Data: Each Domestic Member shall furnish to the Association, upon request, all such information and data as may be necessary to enable dues to be computed, and in the event of failure to so furnish the same, dues of such Domestic Member shall be computed on the basis of an estimate by the Association of the Domestic Member's revenue used for dues calculation purposes.

(b) Payment of Dues: All dues shall be payable quarterly or at such intervals and times as may be determined by the Board of Directors.