



For Immediate Release
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SaveNetRadio Coalition Joins the Fight to Preserve the Future of Internet Radio

WASHINGTON D.C. – Today representatives of the growing SaveNetRadio coalition announced the launch of a national grassroots campaign to preserve the future of Internet radio. The coalition of Internet radio listeners, music labels, artists, and webcasters was formed in response to a March 2nd ruling by the Copyright Royalty Board that increases the fees webcasters pay to play music online by 300-1200 percent and threatens to bankrupt the vast majority of webcasters.

“The CRB’s ill informed decision to increase royalty fees to this unjustifiable level will quite simply bankrupt most webcasters and destroy Internet radio,” Jake Ward, a spokesperson for the SaveNetRadio campaign said. “Radio on the Internet is not a passing fad or for a niche audience. It is an enormously popular medium that offers unprecedented diversity for its more than 70 million listeners and for artists. Particularly for independent artists, Internet radio has the ability to reach millions of fans across the country who would otherwise never hear their music. Net radio has changed the way people listen to, buy, promote and market music and we cannot afford to let it die.”

Members of the coalition, including webcasters, artists, and labels from throughout the country met with the media this morning to voice their concerns about the Copyright Royalty Board’s decision and its impact on Net radio and pledge their support for the campaign. The coalition’s website – SaveNetRadio.org – was also launched today and will enable the more than 70 million net radio listeners and hundreds of thousands of artists nationwide who enjoy and depend on Internet radio, to learn more about what they can do to help preserve music diversity on the Internet and ensure the future of Net radio itself.

Coalition members meeting with the media today included: Kurt Hanson from AccuRadio; Johnie Floater from Live365; Joe Kennedy from Pandora; Courtney Delaney from webcaster and on-line retailer Outbound Music; Reno, Nevada based band Sol’ Jibe; New York City based band The Velocet; Rob Waller of Western Seeds Records; and, JT Coldfire of Roots Music Association. Comments and views of these coalition members are posted on the coalition website.

The increased royalty rate, scheduled to take effect May 15th, will become the single largest operating expense for webcasters according to a recent J.P. Morgan Securities, Inc. study, and the majority of webcasters will not be able to generate enough advertising revenue to avoid bankruptcy. Because the CRB rates are retroactive to January 1, 2006, even if effective for only a single day, past due royalties alone will be enough to bankrupt virtually all small and mid-sized webcasters, many of whom are the hallmarks of programming diversity. According to The American Association of Independent Music, Net radio plays nearly four times as much independent music as terrestrial FM radio.

For more information on the SaveNetRadio coalition visit www.savenetradio.org

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Biographies of Monday's coalition representatives:

Kurt Hanson, CEO AccuRadio and Publisher, RAIN Newsletter

Kurt Hanson is Publisher of the daily web-based newsletter called "RAIN: Radio And Internet Newsletter" (www.kurthanson.com) and is considered one of the world's leading experts in the field of new delivery mechanisms for radio (including Internet radio, satellite radio, HD radio, and podcasting).

Kurt is also CEO of AccuRadio (www accuradio.com), the world's leading independent, multichannel Internet radio property. AccuRadio reaches nearly a million unique listeners per month with its 300+ channels of rock, pop, jazz, classical, country, Broadway, Celtic, and more.

In addition to its vast breadth and depth of channels, AccuRadio is unique among major Internet radio properties in that it specifically targets the 25-to-54-year-old audience (primarily at work).

AccuRadio is one of only five webcasters in the world -- and the only commercial webcaster -- nominated for the 2006 Webby Awards ("the Oscars of the Internet") for Best Radio.

Earlier in his career, Hanson worked at various terrestrial radio stations, including WOKY/Milwaukee, WLS/Chicago, WDAI/Chicago, and WLUP/Chicago. He holds a B.A. and an M.B.A. from the University of Chicago.

Joe Kennedy Chief Executive Officer & President, Pandora

Joe Kennedy joined Pandora in 2004 following a five-year stint at E-LOAN, where he was President and Chief Operating Officer. From 1995 to 1999, he was the Vice President of Sales, Service and Marketing for Saturn Corporation, which he grew to over \$4 billion in revenue and established as the top brand for customer satisfaction in the auto industry. Joe joined the initial start-up team at Saturn, four months after its founding, as a marketing manager and held positions of increasing marketing responsibility over the course of his 11-year tenure there.

Joe holds an M.B.A. from Harvard Business School and a B.S. degree in Electrical Engineering and Computer Science from Princeton University, where he dabbled in music theory and learned to compose his own Gregorian chants. He is Pandora's resident pop music junkie. Current favorites include Counting Crows, G.B. Leighton, Sarah McLachlan, Juanes and Kelly Clarkson. Joe has also been playing the piano for more than 30 years, most of which has been spent attempting to master Gershwin's "Rhapsody in Blue."

Cody Remaklus – Sol’Jibe

Perhaps best described as Dave Matthews meets the Gipsy Kings, the world-beat quintet Sol’Jibe blends acoustic rock, flamenco, jazz, Latin music, and Afro-Cuban percussion into an intoxicating, effervescent cocktail. Based out of Reno, Nevada, Sol’Jibe stages upwards of 200 concerts and clinics annually throughout the western United States and was voted Reno’s best band in 2006 and 2005 by readers of the Reno Gazette-Journal daily newspaper. Sol’Jibe’s new EP, “New Day,” will be released nationwide this summer via Burnside Distribution Corp., one of the leading U.S. distributors of independent music. Check the band out online at www.soljibe.com or www.myspace.com/soljibe.

Aron Watman, The Velocet

The Velocet hails from New York City, where the nights are long and the streets are filthy. They play what some consider rock and others just call noise. In any case, it's loud - probably due to drummer Joe prop's (formerly of scarce and touring member of the silver apples, blur, will oldham) penchant for, well, hitting the drums really hard. Singer/guitarist Michael Davision, guitarist Kris Ricat, and bassist Aron Watman make up the rest of the ensemble. All are really good looking and willing to double as models, like the hot Spanish dude from Elefant. In fact, most members of The Velocet would probably work for much cheaper than him too. Watch for the news on the album "A Quick And Dirty Guide To War," produced/mixed by D. James Goodwin, mastered by Greg Calbi on [Astromagnetics and Eyeball Records](#).

Rob Waller, Western Seed Records

Rob Waller is a former writer and editor for *Wired.com*, a Professor of Writing at the University of Southern California, and lead singer of the country rock band I See Hawks in L.A.

The Hawks, named Best Country Artist twice by the *L.A. Weekly*, were formed in 1999 during a philosophical discussion and rock throwing session on an East Mojave desert trek. I See Hawks In L.A. wrote their first batch of songs and then sought advice from local country rock guru David Jackson, sideman with John Denver, Dillard and Clark, and Emmy Lou Harris. Jackson joined the band and began recording them at their first rehearsal. The Hawks released their third CD, "California Country," in June '06 to wide critical acclaim, featuring guest mandolinist Chris Hillman of the Byrds.

No Depression described their music this way: "Their songs are rife with mournful social commentary, environmental tragedy, wily humor, outsider guile, and political undercurrent. Seldom has there been an album with such joyous music-making, such corrosive, acid-etched lyrics."

The Hawks have toured extensively across the country and in Europe, connecting with

fans largely through online communities and benefiting from Internet radio.

Rob Waller co-founded Western Seeds Records in 2002 with band mate and songwriting partner Paul Lacques. Western Seeds has a loyal following in the U.S. and Europe and seeks to make it easier for artists to have their works produced and distributed while still providing a fair and equitable royalty rate to artists and labels.

JT Coldfire – Artist and Member of Roots Music Association

About 1995, at the age of 15, JT started "chasing that dream behind the neon sign," playing in blues and rock clubs to ecstatic audiences all over the South, and ultimately New York City a few years later. JT, however, was never satisfied with the lack of country influence in his sets. He decided to drop the formula that kept him on stage for a far more rewarding original Texas sound.

Drawing from influences that stretch from Tex-Mex, country, blues, funk, folk, and classic rock, he has developed a sound all his own. With a mixture of rocking Texas blues and roadhouse country, JT has created a "thang" that can only be described as Texas Music.

A renown performer, he's dubbed "Elvis meets Jimi Hendrix" while in the NYC clubs. His music though, is more of a hybrid of ZZ Top, Willie Nelson, SRV and Bocephus.

The lyrical content of his songwriting makes you realize the miles he carries with him even at such a young age. His words ring true for any listener at any age. Whether it's the irony of his saying "goodbye to innocence" and hello to life, the autobiographical feelings of an artist close to success on the road while worried subconsciously for his family at home, or quite simply a snapshot of life put into words, there is no mistaking the talent of this young man from South Texas.

"Blues was born in the country and the country was born in the blues. When they met in the Lone Star State, the flood began. That's my home."

Andrew Frances – President, iFanz

Andrew Frances is perhaps best known for his personal management consulting work with such disparate superstars as David Bowie, Garth Brooks and Andrew Lloyd Webber. Mr. Frances also held key executive positions with major labels like RCA and MCA, later founding and developing record labels for EMI (Chameleon); Atlantic (North/South) and Warner (Audiomatic).

Andrew Frances recently also founded iFanz.com, a musician friendly online toolkit featuring 21st century solutions by providing members access to digital distribution platforms like Apple's iTunes, Napster, Rhapsody, Yahoo Music, etc. iFanz is also a

leader in: interactive email blasts with rich media; viral marketing campaigns to develop and manage fan databases (ECRM): instant web merchandizing/manufacturing and fulfillment; portable Eplayers that do not capture musician's right; and overall digital strategic planning and consultation. With Mr. Frances' guidance iFanz has grown to involve over 3 million people worldwide.

Mr. Frances' writings on music can be seen in Us Magazine, Country Music Magazine, and others. He is a graduate of Northwestern University, where he holds an advanced degree from their Communications Department. He is single and lives in Southern California.

Courtney Delaney, Founder and CEO, Outbound Music

Courtney Delaney is the founder and President of OutboundMusic. Courtney has been in the music business most of her life; first as a performer and songwriter and later as a teacher and songwriting coach. She founded OutboundMusic as an example of a music company that could operate in a fair and equitable way. The company was created as a response to an industry noted for its corruption and unethical treatment of artists. OutboundMusic was incorporated in 2001 as an online retailer and promoter of quality Independent Music. Its website was launched in 2001 and its Internet Radio has been streaming 24/7 since 2002.

Johnie Floater GM, Media, Live 365

Johnie Floater serves as General Manager, Media for Live 365. His role leverages the significant assets of the business, technology, and content components of Live365. The 365 opportunity combines four of Johnie's personal passions and key business experience: radio, international, public service, and entrepreneurial.

His participation in radio has spanned from his first high school job at a commercial Top 40 station, WLAV AM&FM, to his being the first Business Manager at the respected KCRW, National Public Radio, Los Angeles, to his becoming the General Manager at Radio Express. There, he was responsible for international syndication of network programming from ABC Radio to music and production libraries from TM Century and FirstCom. With 10,000 current radio stations and a platform for ten times as many, Live365 is radio heaven for Johnie.

Floater received a BA with dual majors in Mathematics and Psychology from Aquinas College. He also holds an MBA from UCLA Anderson School of Management. He was Valedictorian for not only his undergraduate, but also his business school class.

Frequently Asked Questions

Q) What if the CRB does not rehear the case and May 15th comes without a change in the royalty rate?

A) Without a rehearing, an injunction, or a structural change by Congress, May 15th will be D-day for Internet radio. Thousands and thousands of small and mid-sized webcasters, including some of the most popular in the country will simply go out of business. Large webcasters will not be immune to an increase either – the number of stations they provide ensure that they will play more songs and be charged more fees, in some instances to the point that they abandon the business all together, or dramatically reduce the number of stations and the diversity of music they provide while playing more advertisements.

Regardless of the CRB's decision to hear or not to hear the appeal by May 15th, the SaveNetRadio coalition will not stop urging the 72 million listeners, artists, and webcasters, who enjoy and depend on Net radio to speak out in support of a sound, reasonable structural solution to the long-flawed royalty fee system.

Q: How is the SaveNetRadio coalition funded?

A) DiMA has generously provided seed money to launch this campaign. We expect future support from across the industry, including webcasters large and small, indie artists and labels, and listeners who enjoy the diversity of music they can only hear on Internet radio.

Q) Where is the National Public Radio on this issue?

A) NPR has spoken out against the CRB's decision to dramatically raise royalty rates for webcasters. The SaveNetRadio coalition is comprised of webcasters of all sizes, listeners of every music genre, and artists from throughout the country. Certainly as this campaign grows and gains momentum we expect more artists, listeners, labels and webcasters to join in support of a fair, logical royalty fee structure that will allow Net radio to thrive and National Public Radio supports that goal.

Q) Shouldn't artists and record labels be fairly compensated for the music they make?

A) Artists absolutely deserve to be fairly paid for their creativity, but that is not at odds with ensuring that one of the most successful outlets for that creativity – Internet radio – is not undermined. Internet radio has had, and will continue to have, a revolutionary impact on artists' ability to reach music fans nationwide and globally. The Copyright Royalty Board's (CRB) decision to nearly triple Internet radio royalty rates has jeopardized the future of Internet radio, and could extinguish one of the few opportunities for independent artists and labels to expand their reach, revenue and audiences.

The new royalty rates were requested by the major labels that control the RIAA, but their artists are promoted on broadcast radio while the vast majority of artists need Internet radio. These higher rates will force many small, non-profit and public service radio stations to stop broadcasting on the Internet, and will virtually eliminate all small and medium-sized webcasters.

Q) Will this increase really hurt Net radio?

A) The Copyright Royalty Board (CRB) decision to increase the royalties that Internet webcasters pay to play music by nearly 300% for large webcasters and up to 1200% for the smallest webcasters will quite simply bankrupt most Internet radio services. According to a recent J.P. Morgan Securities Inc, study, the new royalty rates will make these fees the single largest operating expense for webcasters. Most services will not be able to generate enough revenue to avoid bankruptcy. Because the CRB rates are retroactive to January 1, 2006, even if it is effective for only one day, past due royalties alone will be enough to bankrupt virtually all small and mid-sized webcasters, many of whom are the hallmarks of programming diversity.

Q) How many people really listen to Net radio anyway?

A) Net radio is enormous. According to the latest ratings, at some point every day more than 4.5 million Americans are listening to Internet radio, and between 50 and 70 million Americans listen to one of the thousands of Internet stations each month.

Q) If these webcasters are worried about paying royalties why don't they just play independent music?

A) The royalty rate that webcasters pay is for the use of all licensed music, not just music owned by major recording labels, so playing only the work of independent artists would not save webcasters any money. Furthermore, webcasters already play nearly 4 times as much independent music as terrestrial FM radio, which pays nothing in royalties to performing artists.

Q) Can't these stations just do more advertising to make pay for the added cost?

A) According to a recent J.P. Morgan Securities Inc, study, under the new royalty rate fees will be the single largest operating expense for webcasters, and the majority of webcasters will not be able to generate enough advertising revenue to avoid bankruptcy. Because the CRB rates are retroactive to January 1, 2006, even if it is effective for only one day, past due royalties alone will be enough to bankrupt virtually all small and mid-sized webcasters, many of whom are the hallmarks of programming diversity.

Q) 19/100 of a penny per song doesn't really seem like that much – what does that mean in real dollars?

A) Nearly tripling the per-song royalty rate is only one of several devastating blows.

- No revenue-based royalty option. Prior to this decision all small webcasters and some large webcasters could choose to pay royalties based on a percentage of their revenue that typically equaled 10-12%. But the CRB decision did not offer a revenue-based royalty option for any webcasters.
- Retroactive impact. The CRB decision is effective as of January 2006, so if it actually becomes effective for only one day its impact will be immediate, as the past due royalties alone will be enough to bankrupt virtually all small and mid-sized webcasters.

- Per station minimum. The CRB piled on even more, by imposing a \$500 per channel minimum royalty that for many services will far exceed the annual royalties that would otherwise be due even after the CRB decision. One advantage of Internet radio is that it is not limited by spectrum capacity or bandwidth capacity, which enables several services literally to offer 10,000 or 100,000 stations and more. By penalizing this innovation and creativity the CRB further ensures that Internet radio will become less creative, less dynamic, less of an opportunity for non-mainstream artists and genres, and will look more like broadcast radio in the future.

Q) How will it hurt music diversity if a couple of Net radio stations have to stop playing music?

A) The demise of Internet radio will be particularly harmful to independent artists and record labels whose music is rarely played on broadcast radio. The American Association of Independent Music reports that less than 10% of terrestrial radio performances are independent music but more than 37% of non-terrestrial radio is independent music. The only way to make a profitable, scalable business will be to attract the largest audience and advertisers while reducing overhead and innovation. The result will be “mass appeal” Internet radio programming that will look much more like today’s broadcast revenue, rather than the diverse programming that exemplifies today’s Internet radio.

INTERNET RADIO AT A GLANCE

What is Internet Radio?

Internet radio, or webcasting, is simply radio programming transmitted over the Internet instead of by traditional airwaves using broadcast towers.

How many people listen to Internet Radio?

The audience for Internet radio is growing so rapidly it is often difficult to capture audience numbers. *Arbitron and Edison Media Research estimate that 52 million people listened to Internet radio at least monthly in 2006.* Bridge Ratings and Research predicts that the Internet radio audience will double by 2010 and grow to nearly 200 million monthly listeners by 2020.

How many Internet Radio stations are there?

There are thousands and thousands of Internet radio stations offering every type of music imaginable and often featuring music that is never heard on terrestrial radio – jazz, blues, gospel, funk, bluegrass, Celtic, ska, etc.

- Live365, for example, aggregates 10,000 individual Webcasters on any given day.
- Pandora, Yahoo! and RealNetworks each offer more than 100,000 different stations 24/7.
- The most popular Internet-only radio is offered by AOL, Live365, MTV, Pandora, RealNetworks and Yahoo!
- Clear Channel is the largest broadcast radio service that offers its programming online, offering simulcasts of live radio as well as several Internet-only channels.

Why is Internet Radio so diverse?

Internet radio is not limited by spectrum capacity or “channels” on a radio dial, so literally millions of “stations” or “playlists” are simultaneously available from thousands of services. This ability to offer virtually unlimited programming options enables internet radio services to efficiently offer focused programming to small groups of like-minded music listeners, rather than catering only to the only to large masses of Top 40 pop music fans. The result: Terrestrial radio stations often have only 30-40 “popular” songs in heavy rotation in a given week, but corresponding Internet radio stations include more than 650 songs in the same period, including many more artists who record on independent labels.

- The Association of American Independent Music reports that independent label sound recordings comprise only 10 percent of terrestrial radio plays, but equal 37 percent on internet radio.
- One Internet radio service plays more than 30,000 artists weekly on its many channels, and 48 percent of those artists are recording on independent labels.
- On Internet radio, it is possible for every artist to have a channel and every listener to find music she enjoys somewhere “on the dial.”

Interesting Internet Radio Statistics:

- 4.5 million people listen to the top four Internet broadcasters everyday (Yahoo!, AOL, Clear Channel and Live365). (*Arbitron*)
- 41 percent of Internet radio listeners are ages 18 to 34. (*Arbitron*)
- Internet radio listeners are 20 percent more likely to have purchased downloadable music than the average American. (*Arbitron*)