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ONE YEAR ANNIVERSARY OF CRB'S FOLLY MARKED BY SAVENETRADIO

*Copyright Royalty Board's Decision to Dramatically Increase Net Radio Royalties a
Year Older and Even Less Wise*

WASHINGTON D.C. – Today, the SaveNetRadio coalition marked the year and a day anniversary of a Copyright Royalty Board decision that dramatically raised royalty rates for webcasters and placed the future of Net radio in jeopardy. The coalition of Internet radio listeners, music labels, artists, and webcasters was launched April 16th of last year in response to the March 3rd CRB ruling that increases the fees webcasters pay to play music online by 300-1200 percent.

“A year ago, the CRB’s tragically misguided decision to increase royalty fees to cost prohibitive levels left the Internet radio industry reeling but hopeful there was time to correct the mistake,” said Jake Ward, a spokesperson for the SaveNetRadio campaign. “A year later that hope remains, but time is running out and the undeniable reality is that Internet radio cannot compete with any of its competitors – cable, satellite and terrestrial radio – while paying disproportionate and unwarranted royalty fees. The inconsistency of royalty rate fees within the radio industry leaves Internet radio no chance of success and little chance of survival.”

“A lot has happened in the past year, not all of it positive,” Ward continued. “More than 2 million phone calls were made to Congress in support of Internet radio, more than 100 meetings were held with Members of Congress and their staffs, and 150 Members of Congress agreed to cosponsor the Internet Radio Equality Act. However, despite this public outcry and the growing congressional support for Internet radio, in the last 12 months deals have actually been struck between SoundExchange and Internet radio’s closest competitors – satellite and cable radio – that sets their royalty rates at less than half of Internet radio’s. It is disappointing and, quite frankly, absurd that while Net radio is fighting for its survival, steps have actually been taken to put the industry at an even greater disadvantage.”

In November of last year, SoundExchange formally proposed that cable radio services pay royalties between 7.25% and 7.5% of their revenue to sound recording copyright owners and recording artists. The following month, the Copyright Royalty

Board, citing market constraints and a desire not to disrupt the industry, further reduced the royalty rate for satellite radio to 6% of broadcaster revenue –increased incrementally to 8% over the next five years. Cable and Satellite radio generated \$2 billion in 2006 while Internet radio produced less than \$150 million. Under the current Copyright Royalty Board ruling webcasters would pay an average 30% of revenue in royalty fees – and as much as 150% in some cases.

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

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