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Contact: Jake Ward (SaveNetRadio)  
202 420 8056

**SaveNetRadio Responds to SoundExchange's Absurd Claims**  
*Increased Overhead and a Significant Competitive Disadvantage is Good For Business?*

**WASHINGTON D.C.** – The SaveNetRadio Campaign today responded to misleading statements made by a representative of the recording industry claiming that the Internet radio industry has “surged” since a March 2007 decision to raise webcasters royalties by nearly 300 percent. In a public statement released earlier today, SoundExchange – the organization responsible for collecting royalties from webcasters – continued to distort the facts and use “fuzzy math” to make the case that an unprecedented, unjustified 300% increase in royalties has somehow been good for the Internet radio business.

The increased royalty rate, set 14 months ago by the Copyright Royalty Board (CRB) at the request of SoundExchange, had an immediate and devastating effect on Internet radio services. Three of the most-listened-to services - AOL Radio, Yahoo! Radio and Pandora - have either departed the business, limited listener access to their services, or announced they are likely to shut down unless royalties are significantly reduced. A fourth, Live365, has lost fully 30% of its individual webcasters who fear that royalties will bankrupt them so it is better to simply go silent. Arbitron data demonstrates clearly that royalty-paying webcast listening has diminished substantially since the CRB decision.

“Just when we thought this debate couldn’t get any more absurd, SoundExchange has declared that increased overhead and a significant competitive disadvantage against broadcast and satellite radio is somehow good for the Internet radio business,” said Jake Ward, a spokesperson for the SaveNetRadio campaign. “Who are the hundreds of new Internet radio licensees flooding the market? Are they radio station simulcasters, independent webcasters without an audience or revenue or financial risk? Individual MySpace and Facebook subscribers?”

In today’s statement, SoundExchange executive director John Simson also reiterated claims that “music is fairly valued for webcasting,” even going so far as to say

that “Webcasters should not be drawn into that zero-value mindset that says music – and by extension, the people who create it – have no value, especially when the private sector is recognizing that value.”

“SaveNetRadio and its millions of supporters are completely committed to compensating artists for their work and stand ready to pay a fair price for music,” Ward continued. “What we are not willing to do is pay four and five times as much as our competition for the same music. When SoundExchange agrees that cable radio should pay only 15% of revenue for music, and cites favorably that European broadcasters pay royalties of about 5% of revenue, it calls into question its statements that Internet radio royalties equaling 50-300% of revenue are fair.”

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