



FOR IMMEDIATE RELEASE
September 23, 2008

MAJOR MUSIC INDUSTRY GROUPS ANNOUNCE BREAKTHROUGH AGREEMENT

WASHINGTON -- In a breakthrough that will facilitate new ways to offer music to consumers online, the Digital Media Association (DiMA), the National Music Publishers' Association (NMPA) and the Recording Industry Association of America (RIAA), together with the Nashville Songwriters Association International (NSAI) and the Songwriters Guild of America (SGA), today announced an agreement on how music creators will be compensated for music distributed through certain online models.

The agreement, in the form of draft regulations submitted to the Copyright Royalty Judges, proposes for the first time mechanical royalty rates for interactive streaming and limited downloads, including for subscription and ad-supported services. The agreement proposes a flexible percentage of revenue rate structure, with minimum payments in certain circumstances.

Limited download and interactive streaming services will generally pay a mechanical royalty of 10.5 percent of revenue, less any amounts owed for performance royalties. In certain instances, royalty-free promotional streaming is allowed. Outside the scope of the draft regulations, the parties confirmed that non-interactive, audio-only streaming services do not require reproduction or distribution licenses from copyright owners.

The agreement does not address royalty rates for physical product or permanent music downloads. The Copyright Royalty Judges are expected to issue a ruling on those rates on or before October 2.

"This historic agreement is the foundation for a new generation of music distribution," said David Israelite, NMPA President and CEO. "This agreement will ensure that songwriters and music publishers continue to thrive in the digital age. I am grateful for the good faith efforts of everyone involved in the discussions leading to this important announcement."

"This agreement provides a flexible structure to support innovative business models in the digital music marketplace that will benefit music fans, creators and online

services," said Mitch Bainwol, Chairman and CEO, RIAA. "The agreement demonstrates that our industries can work collaboratively to solve complex issues."

"Innovative music services will enjoy a more stable business environment because of this agreement and that will benefit music fans and music creators alike," stated Jonathan Potter, Executive Director of DiMA. "DiMA is particularly pleased with the agreement to end litigation and threats of litigation involving several of our member companies, so that they can focus on building innovative businesses that can effectively fight piracy, the music industry's greatest threat."

Roger Faxon, Chairman and CEO of EMI Music Publishing, who was independently represented in the CRB, also lauded the agreement. "We're very pleased that these matters have finally been agreed, and that we have reached an agreement that is good for the songwriters we represent, and good for music consumers. This is a first step to establishing fair rates that properly compensate writers for their creative efforts, and we'll continue to work hard to establish a framework that properly reflects the value of songs in all their digital forms."

"NSAI, the Nashville Songwriters Association, is proud to be part of this historic agreement which assures that America's music creators are compensated, music consumers benefit from the many new choices provided by digital technology, and those who invest in America's intellectual property are rewarded," said Steve Bogard, President, Board of Directors, NSAI.

"Digital music has become the ubiquitous soundtrack of American life," said Rick Carnes, President of SGA. "The digital age has helped American songwriters create more value for both the economy and the culture than ever before. With this deal, the Songwriters Guild of America, the music publishers, the record labels, and the digital music services have come together in an historic agreement that creates a workable payment structure and a fair rate for songwriters in the digital music distribution models of today and tomorrow."

Agreement Facts:

- The agreement proposes mechanical royalty rates that cover both limited downloads and interactive streaming, including when offered by subscription and ad-supported services.
- The percentage rate structure in the agreement provides much-needed flexibility for new business models.
- The agreement permits the use without payment of certain kinds of promotional streams, in the interest of encouraging paid uses of musical compositions.
- The agreement confirms that the mechanical licenses issued under its provisions will include all reproduction and distribution rights necessary to provide the licensed limited downloads or interactive streams.
- Outside the scope of the draft regulations, the parties confirmed that non-interactive, audio-only streaming services do not require reproduction or distribution licenses from copyright owners.

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DiMA is the only trade organization devoted exclusively to meeting the needs of digital media artists, consumers and producers. DiMA represents companies that develop and utilize digital technologies that enable and provide music and video content online. DiMA always supports fair payment to artists and creators.

The National Music Publishers' Association is a trade association representing more than 800 American music publishers. The NMPA's mandate is to protect and advance the interests of music publishers and their songwriter partners in matters relating to the domestic and global protection of music copyrights.

The Recording Industry Association of America is the trade group that represents the U.S. recording industry. Its mission is to foster a business and legal climate that supports and promotes our members' creative and financial vitality. Its members are the record companies that comprise the most vibrant national music industry in the world. RIAA® members create, manufacture and/or distribute approximately 90% of all legitimate sound recordings produced and sold in the United States. In support of this mission, the RIAA works to protect intellectual property rights worldwide and the First Amendment rights of artists; conducts consumer, industry and technical research; and monitors and reviews state and federal laws, regulations and policies. The RIAA® also certifies Gold®, Platinum®, Multi-Platinum™, and Diamond sales awards, as well as Los Premios De Oro y Platino™, an award celebrating Latin music sales.