

**Before the  
UNITED STATES COPYRIGHT ROYALTY JUDGES  
Washington, D.C.**

**In the Matter of**

**DETERMINATION OF RATES AND TERMS  
FOR DIGITAL PERFORMANCE IN SOUND  
RECORDINGS AND EPHEMERAL  
RECORDINGS**

**Docket No. 14-CRB-0001-WR**

**MOTION FOR LEAVE TO SUBMIT THE AMENDED DECLARATION OF  
TODD LARSON IN SUPPORT OF PANDORA MEDIA INC.'S  
MOTION FOR ISSUANCE OF SUBPOENAS**

On March 10, 2014, Pandora Media, Inc. ("Pandora") filed with the Copyright Royalty Board its Motion for Issuance of Subpoenas ("Subpoena Motion") together with accompanying exhibits and Declarations of R. Bruce Rich, Christopher Harrison and Todd Larson. Pandora herein respectfully moves for leave to submit an amended Declaration of Todd Larson ("Larson Declaration") for the purpose of supplementing the Subpoena Motion with one additional proposed subpoena directed to Clear Channel Communications, Inc. ("Clear Channel"). We have provided a copy of the Amended Larson Declaration and the proposed subpoena to Clear Channel (identified as Exhibit J)<sup>1</sup> with this Motion.

The Amended Larson Declaration sets forth the reasons that Pandora requests issuance of a subpoena to Clear Channel in addition to the subpoena recipients identified in the original Motion. Pandora did not include Clear Channel in that Motion, and is amending its request now, solely because of a potential conflict that Pandora's counsel has been able to resolve only since filing the original Motion.

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<sup>1</sup> Pandora's Subpoena Motion annexed nine proposed subpoenas, which were attached to the Motion as Exhibits A through I. The additional proposed Clear Channel subpoena accordingly has been labeled "Exhibit J."

The addition of Clear Channel as a potential subpoena recipient will not affect any other portion of Pandora's March 10, 2014 filing. Rather, the Amended Larson Declaration attached hereto incorporates only modest amendments in paragraph 5 (along with supporting exhibits) describing Clear Channel and the relevance of the material targeted by the subpoena to this proceeding. As there is currently no schedule set for the submission of responses by the other participants to this proceeding or the proposed subpoena recipients, Pandora's request to file the attached Amended Larson Declaration will cause no apparent prejudice to any participant or non-participant.

### CONCLUSION

For the foregoing reasons, Pandora respectfully requests that the Judges grant its Motion For Leave To Submit The Amended Declaration Of Todd Larson In Support Of Pandora Media Inc.'s Motion For Issuance Of Subpoenas.

Dated: March 13, 2014

Respectfully submitted,

By: Todd D. Larson *19mH*

R. Bruce Rich (NY Bar No. 1304534)  
Todd D. Larson (NY Bar No. 4358438)  
Sabrina A. Perelman (NY Bar No. 4481529)  
WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
Tel.: (212) 310-8170  
Fax: (212) 310-8007  
r.bruce.rich@weil.com  
todd.larson@weil.com  
sabrina.perelman@weil.com

*Attorneys for Pandora Media, Inc.*

Before the  
UNITED STATES COPYRIGHT ROYALTY JUDGES  
Washington, D.C.

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In the Matter of

)  
) Docket No. 14-CRB-0001-WR  
)

DETERMINATION OF RATES AND TERMS  
FOR DIGITAL PERFORMANCE IN SOUND  
RECORDINGS AND EPHEMERAL  
RECORDINGS (WEB IV)

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**AMENDED DECLARATION OF TODD LARSON IN SUPPORT OF  
PANDORA'S MOTION FOR ISSUANCE OF SUBPOENAS**

I, Todd Larson, under penalty of perjury, declare as follows:

1. I am a member of the law firm Weil, Gotshal & Manges LLP, counsel for Pandora Media, Inc. ("Pandora"), which has filed a Petition to Participate in the above-captioned proceeding (herein "*Web IV*"). I submit this declaration in support of Pandora's Motion for Issuance of Subpoenas.

2. The purpose of this declaration is to provide the Judges with relevant background information relating to the digital music services named in the requested subpoenas. As described below, the entities on which Pandora proposes to serve subpoenas fall into three basic service categories, each of which has been offered as a benchmark and/or the subject of extensive testimony in prior proceedings: interactive/on-demand digital music services, interactive video services, and non-interactive digital music services.<sup>1</sup> We note that a supporting

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<sup>1</sup> See, e.g., Digital Performance Right in Sound Recordings and Ephemeral Recordings, 72 Fed. Reg. 24084, 24092-93 (May 1, 2007) ("*Web II*") (discussing interactive service benchmark); Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio Radio Services, 73 Fed. Reg. 4080, 4092-93 (Jan. 24, 2008) ("*Satellite I*") (same); Digital Performance Right in Sound Recordings and Ephemeral Recordings, 76 Fed. Reg. 13026, 13031-32 (Mar. 9, 2011) ("*Web III*") (same); Determination of Rates and Terms for Preexisting Subscription Services and Satellite Digital Audio

submission to be made by Petitioner National Association of Broadcasters will propose issuance of certain additional subpoenas, including to Apple Inc., as to which counsel for Pandora is not in a position to act potentially adversely.

### **Interactive/On-Demand Digital Music Services**

3. Interactive services, also referred to as “on-demand” services, allow their users to select and listen to specific songs and/or albums on demand (as distinguished from non-interactive services that select the particular song for the user). Pandora seeks to subpoena license agreements and related royalty information from the following leading interactive services:

a. **Spotify**: Spotify is the most popular interactive service, with a reported 24 million users worldwide and six million paying subscribers. Spotify expanded to the U.S. in 2011, and offers a free, advertising-supported service tier in addition to a paid premium subscription tier.<sup>2</sup> SoundExchange’s expert relied in part on major-label agreements with Spotify in formulating his benchmark in *Satellite II*.<sup>3</sup>

b. **Google Play Music/All Access**: Launched in 2013 by one of the country’s most prominent Internet services, Google Music Play All Access is among the most recent

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Radio Services, 78 Fed. Reg. 23054, 23062 (Apr. 17, 2013) (“*Satellite II*”) (discussing interactive and non-interactive service benchmarks).

<sup>2</sup> See Mangalindan, JP, *Why Spotify deserves the hype*, FORTUNE (July 14, 2011), <http://tech.fortune.cnn.com/2011/07/14/spotify-whats-the-big-deal/>; Bertoni, Steven, *Is Spotify Shaking Its Entire Business Model?*, FORBES (Dec. 6, 2013), <http://www.forbes.com/sites/stevenbertoni/2013/12/06/is-spotify-shaking-up-its-entire-business-model/>. True and correct copies of these articles are attached as Exhibit A hereto.

<sup>3</sup> See *Written Direct Statement of SoundExchange*, Testimony of Janusz Ordovery, Docket No. 2011-1 CRB PSS/ *Satellite II*, at 19-20 (Nov. 29, 2011) (hereinafter “*Ordovery Satellite II* Testimony”), available at [http://www.loc.gov/crb/proceedings/2011-1/pss/sx\\_vol\\_2.pdf](http://www.loc.gov/crb/proceedings/2011-1/pss/sx_vol_2.pdf).

interactive services to launch –and therefore, it appears, one of the most recent to negotiate license terms with various record companies.<sup>4</sup>

c. **Beats Music**: Beats Music is an interactive service co-founded by Jimmy Iovine, the chairman of Interscope Geffen A&M at Universal Music Group. As recently reported in *The New York Times*, Beats will launch in early 2014, and has teamed with AT&T to distribute the service packaged with AT&T mobile subscriptions.<sup>5</sup> Beats is a successor to MOG, whose label agreements were among those SoundExchange offered as benchmarks in *Satellite II*.<sup>6</sup>

d. **Rhapsody**: Rhapsody is one of the longest running interactive music services in the industry. Started in 2001, the company has more than one million subscribers and allows its users to access music online via monthly subscriptions.<sup>7</sup> Sound Exchange has offered agreements with Rhapsody as benchmarks in the *Web II*, *Satellite I*, *Web III*, and *Satellite II* proceedings.<sup>8</sup>

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<sup>4</sup> Barker, Andrew, *Google Launches Music Streaming Service*, VARIETY (May 15, 2013), <http://variety.com/2013/music/news/google-launches-music-streaming-service-1200481556/>; Sydel, Laura, *Google Launches A Streaming Music Service*, NATIONAL PUBLIC RADIO (May 15, 2013), <http://www.npr.org/blogs/therecord/2013/05/15/184249904/google-launches-a-streaming-music-service>. True and correct copies of these articles are attached as Exhibit B hereto.

<sup>5</sup> Pham, Alex, *Beats Music Streaming Service Launching January 21*, BILLBOARD (Jan. 11, 2014), <http://www.billboard.com/articles/news/5869549/beats-music-streaming-service-launching-january-21>; Sisario, Ben, *Algorithm for Your Personal Rhythm*, NEW YORK TIMES (Jan. 11, 2014), [http://www.nytimes.com/2014/01/12/arts/music/beats-music-enters-online-streaming-market.html?\\_r=1](http://www.nytimes.com/2014/01/12/arts/music/beats-music-enters-online-streaming-market.html?_r=1). True and correct copies of these articles are attached as Exhibit C hereto.

<sup>6</sup> *Written Direct Statement of SoundExchange*, Testimony of Stephen Bryan, Docket No. 2011-1 CRB PSS/ *Satellite II*, at 9 (Nov. 29, 2011) (hereinafter “Bryan *Satellite II* Testimony”) available at [http://www.loc.gov/crb/proceedings/2011-1/pss/sx\\_vol\\_2.pdf](http://www.loc.gov/crb/proceedings/2011-1/pss/sx_vol_2.pdf).

<sup>7</sup> Moscaritolo, Angela, *Rhapsody Launches Ad-Free Radio for Subscribers*, PC MAGAZINE (Nov. 1, 2013), <http://www.pcmag.com/article2/0,2817,2426686,00.asp>; Sisario, Ben, *Rhapsody in Deal to Expand in Latin America*, NEW YORK TIMES (Oct. 16, 2013), <http://www.nytimes.com/2013/10/17/business/media/rhapsody-in-deal-to-expand-in-latin-america.html>. True and correct copies of these articles are attached as Exhibit D hereto.

<sup>8</sup> See n.1, *supra*; see also Ordover *Satellite II* Testimony at 19-20 (Nov. 29, 2011).

e. **Muve Music**: Offered by Cricket Wireless, Muve Music is a mobile interactive service bundled with mobile phone service that offers users unlimited on-demand music and phone service for a single monthly fee. With over two million subscribers, it is one of the most popular on-demand music subscription services.<sup>9</sup> Cricket Wireless and Muve Music were the subject of in-depth testimony by one of SoundExchange's record-company witnesses in *Satellite II*.<sup>10</sup>

f. **Rdio** is an interactive service created by the founders of Skype. Originally a subscription-only service, Rdio now offers a free version for non-subscribers.<sup>11</sup> Rdio's agreement was used by SoundExchange as a benchmark in *Satellite II*.<sup>12</sup>

#### **Interactive Video Services**

4. The category of interactive digital music services now includes on-demand video services in addition to audio-only services like those identified above. SoundExchange presented testimony about such services in the *Satellite II* proceedings.<sup>13</sup> Pandora moves the Judges to issue subpoenas to each of the following video services:

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<sup>9</sup> Dolcourt, Jessica, *Muve Music's 2M subscribers: Music to Cricket's ears*, CNET (Oct. 3, 2013), [http://reviews.cnet.com/8301-6452\\_7-57605866/muve-musics-2m-subscribers-music-to-cricket-ears/](http://reviews.cnet.com/8301-6452_7-57605866/muve-musics-2m-subscribers-music-to-cricket-ears/); Sisaro, Ben, *A Digital Music Option Thrives, Though Quietly*, NEW YORK TIMES (Aug. 29, 2012), <http://www.nytimes.com/2012/08/29/business/media/muve-music-for-mobile-users-thrives-in-shadow-of-competitors.html>. True and correct copies of these articles are attached as Exhibit E hereto.

<sup>10</sup> See *Written Rebuttal Statement of SoundExchange*, Testimony of Aaron Harrison, Docket No. 2011-1 CRB PSS/ *Satellite II*, at 5-8 (July 2, 2011), available at [http://www.loc.gov/crb/proceedings/2011-1/rps/sx\\_vol\\_2.pdf](http://www.loc.gov/crb/proceedings/2011-1/rps/sx_vol_2.pdf); *Written Rebuttal Statement of Sirius XM*, Testimony of Roger G. Noll, Docket No. 2011-1 CRB PSS/ *Satellite II*, at 7, 14-15 (July 2, 2011), available at [http://www.loc.gov/crb/proceedings/2011-1/rps/sxm\\_vol\\_3.pdf](http://www.loc.gov/crb/proceedings/2011-1/rps/sxm_vol_3.pdf).

<sup>11</sup> Mitchell, Dan, *Rdio partners with Cumulus -- but will it be enough?*, FORTUNE (Sept. 17, 2013), <http://tech.fortune.cnn.com/2013/09/17/cumulus-rdio/>; Sisaro, Ben, *For Many Digital Music Services, Free Is Not a Choice*, NEW YORK TIMES (Jan. 28, 2013), <http://mediadecoder.blogs.nytimes.com/2013/01/28/for-many-digital-music-services-free-is-not-a-choice/>. True and correct copies of these articles are attached as Exhibit F hereto.

<sup>12</sup> See *Ordovery Satellite II* Testimony at 19-20 (Nov. 29, 2011).

<sup>13</sup> See *Bryan Satellite II* Testimony at 13 (describing Warner's license agreements with YouTube and Vevo and identifying them as the two services that "dominate" the market).

a. **YouTube (Google):** YouTube, the best-known video service, was reported recently to be the largest single source of music listening for teens, and claims to have paid over \$1 billion in royalties to the recording industry.<sup>14</sup> In addition to its longstanding free video service, which mixes user-generated-content with videos provided directly by record labels and recording artists, YouTube has announced plans to offer a more comprehensive on-demand music streaming service offering record label-provided content to both free users and paid subscribers. This new service reportedly will be tailored to mobile devices, and has reportedly already entered into licensing deals for the new service (above and beyond agreements covering the existing YouTube video service) with a variety of record companies, including Sony, Universal, and Warner.<sup>15</sup>

b. **Vevo:** Vevo is an interactive music video service partially owned by Universal Music Group and Sony Music Entertainment, two of the major record companies. The service reportedly streams about three billion views a month via its 15,000 YouTube channels, and is also accessible through other platforms, including its own website and mobile application; recording artists' Facebook pages; websites such as AOL, Disney Interactive, Univision, Viacom, and Yahoo Music; and integrations with various internet-

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<sup>14</sup> See, e.g., *Music Discovery Still Dominated by Radio, Says Nielsen Music 360 Report*, NIELSEN.COM (Aug. 14, 2012), available at <http://www.nielsen.com/us/en/press-room/2012/music-discovery-still-dominated-by-radio--says-nielsen-music-360.html>; Pham, Alex, *YouTube Has Paid Out \$1 Billion to Music Industry In Last Few Years*, BILLBOARD (Feb. 3, 2014), <http://www.billboard.com/biz/articles/news/digital-and-mobile/5893900/youtube-has-paid-out-1-billion-to-music-industry-in>. True and correct copies of these articles are attached as Exhibit G hereto.

<sup>15</sup> Pham, Alex, *Youtube Close to Launching Subscription Music Service*, BILLBOARD (Oct. 23, 2013), <http://www.billboard.com/biz/articles/news/digital-and-mobile/5763268/youtube-close-to-launching-subscription-music-service>; Sisaro, Ben, *YouTube Said to Introduce Paid Service for Music*, NEW YORK TIMES (Oct. 24, 2013), <http://www.nytimes.com/2013/10/25/business/media/youtube-said-to-introduce-paid-music-service.html>; Stedman, Alex, *Spotify, Rdio face a new competitor planning both free and premium tiers*, VARIETY (Oct. 23, 2013), <http://variety.com/2013/digital/news/youtube-to-release-music-subscription-service-1200756553/>. True and correct copies of these articles are attached as Exhibit H hereto.

connected televisions. Vevo reportedly has licensing agreements with record labels including UMG, Sony Music Entertainment, EMI Music, CBS Interactive Music Group, Hollywood Records, and Walt Disney Records.<sup>16</sup> As noted above, Mr. Bryan testified about Warner's agreement with Vevo in the *Satellite II* proceeding.

### **Non-Interactive Digital Music Services**

5. Testimony from prior CRB proceedings and recent public news reports suggest that certain non-interactive webcasters (*i.e.*, those who determine the playlists offered to users rather than allowing users to select songs on-demand) have entered into voluntary agreements with record labels rather than relying on the statutory license. Pandora moves the Judges to issue a subpoena to two such services, **Slacker Radio** and **Clear Channel's iHeartRadio**.

a. Founded in 2006, Slacker is a popular online streaming service which recently reported gaining an additional six million users after a mid-2013 redesign and the launch of an on-demand service tier in addition to its traditional non-interactive radio product (which was offered in both free and paid subscription versions).<sup>17</sup> Slacker Radio's licensing

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<sup>16</sup> Sisaro, Ben, *Vevo, a Music Video Web Site, Wants to Get Into Television*, NEW YORK TIMES (Dec. 20, 2011), <http://mediadecoder.blogs.nytimes.com/2011/12/20/vevo-a-music-video-web-site-wants-to-get-into-television/>; Spangler, Todd, *Vevo Will Block YouTube's Offline-Video Viewing Feature*, VARIETY (Sept. 20, 2013), <http://variety.com/2013/digital/news/vevo-will-block-youtubes-offline-video-viewing-feature-1200654278/>. True and correct copies of these articles are attached as Exhibit I hereto.

<sup>17</sup> Barker, Andrew, *Slacker Radio adds competitive features*, VARIETY (May 17, 2011), <http://variety.com/2011/music/news/slacker-radio-adds-competitive-features-1118037226/>; Sisaro, Ben, *A Smaller Rival Takes Aim at Pandora*, NEW YORK TIMES (Feb. 12, 2013), <http://www.nytimes.com/2013/02/13/business/media/small-rival-music-service-takes-aim-at-pandora.html>; Milot, Stephanie, *Slacker Radio Pulls in 6M New Users After Redesign*, PC MAG (May 9, 2013), <http://www.pcmag.com/article2/0,2817,2418739,00.asp>. True and correct copies of these articles are attached as Exhibit J hereto.



agreements were relied upon by both SoundExchange and Sirius XM in the recent *Satellite II* proceeding.<sup>18</sup>

b. iHeartRadio, owned by Clear Channel Communications, is an internet radio platform that offers both simulcasts of Clear Channel's terrestrial radio station broadcasts, as well as a custom radio service. iHeartRadio's listenership is the second-highest in the internet radio industry, behind only Pandora. iHeartRadio is particularly notable because Clear Channel has been widely reported to have entered into direct licensing deals with both major and independent record labels, including Warner Music Group, Big Machine Label Group, Glassnote Entertainment Group, Fearless Records, and Dualtone Music Group.<sup>19</sup>

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<sup>18</sup> See Ordoover *Satellite II* Testimony at 17-20; *Written Direct Statement of Sirius XM Radio Inc.*, Revised Amended Testimony of Roger G. Noll, Docket No. 2011-1 CRB PSS/ *Satellite II*, at 69-79, Appendices I-L & Table 2 (May 17, 2012).

<sup>19</sup> Elmer-DeWitt, Philip, *iTunes Radio overtakes Spotify, gaining on iHeartRadio in U.S.*, CNN Money (March 11, 2014), <http://tech.fortune.cnn.com/2014/03/11/apple-itunes-radio-pandora-spotify/>; Press Release, *Warner Music Group and Clear Channel Announce Landmark Music Partnership* (Sept. 12, 2013), <http://www.clearchannel.com/Pages/Warner-Music-Group-and-Clear-Channel-Announce-Landmark-Music-Partnership.aspx>; Press Release, *Big Machine Label Group and Clear Channel Announce Groundbreaking Agreement to Enable Record Company and Its Artists to Participate in All Radio Revenue Streams and Accelerate Growth of Digital Radio*, <http://www.clearchannel.com/Pages/Big-Machine-Label-Group-and-Clear-Channel-Announce-Groundbreaking-Agreement-to-Enable-Record-Company-and-Its-Artists-to-Par.aspx>; Rys, Dan, *Clear Channel Inks Second Radio Royalties Label Deal, This Time With Glassnote*, BILLBOARD (Sept. 27, 2012), <http://www.billboard.com/biz/articles/news/radio/1083625/clear-channel-inks-second-radio-royalties-label-deal-this-time-with>; Christman, Ed, *Clear Channel and Fearless Records Strike Broadcast and Digital Performance Royalty Deal*, BILLBOARD (June 3, 2013), <http://www.billboard.com/biz/articles/news/digital-and-mobile/1565599/clear-channel-and-fearless-records-strike-broadcast-and>; Gore, Sydney, *Clear Channel, Dualtone Strike Revenue Agreement*, BILLBOARD (June 6, 2013), <http://www.billboard.com/biz/articles/news/digital-and-mobile/1566119/clear-channel-dualtone-strike-revenue-agreement>. True and correct copies of these articles are attached as Exhibit K hereto.

I declare under penalty of perjury that the foregoing facts are true and correct. This declaration was executed on the 12th day of March, 2014 in New York, New York.

Todd Larson /sr  
Todd Larson

## **Exhibit A**

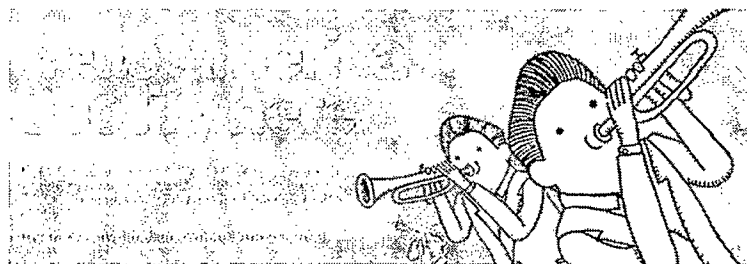
## Why Spotify deserves the hype

By JP Mangalindan, Writer July 14, 2011: 11:49 AM ET

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One of the most innovative online music services to come along in years has finally hit the States. Here's why you should be excited. (Hint: no monthly listening cap for free U.S. users.)



FORTUNE -- Yes, America, Spotify is finally here.

After nearly two-and-a-half years of promises and speculation, the music streaming service opened up shop in the U.S. earlier this morning and already promises to potentially transform the way U.S. listeners consume music.

Currently, the service will be invite-only, but as **CNN reports**, will open itself up to all users in the coming weeks. The select number of lucky users, many of whom pre-registered prior to the launch and can log in now, will find many of the same features some 10 million European users have been enjoying since co-founder and CEO Daniel Ek launched the service back in October 2008.

The simple, legal "all-you-can-eat" music service has made waves in parts of Europe with an innovative freemium model that lets users listen to over 15 million tracks for free -- a stark contrast to competitors like Rhapsody that require upfront monthly paid subscriptions. Spotify in the U.S. will offer three distinct tiers: a free ad-supported service, which unlike the current European version will *not* enforce a monthly listening cap for now, a \$4.99 ad-free version, and a \$9.99 "Premium" plan that also lets users stream and store songs to mobile devices.

"The essential feeling we wanted to create was to have all of the world's music available at your fingertips," Ek **told Fortune** recently.

To that end, Spotify is wicked fast, and snappier than Apple's (**AAPL**) iTunes which asks users pay upfront and wait to download tracks before they can listen to them in their entirety. Spotify users, whether they're paying \$0 or \$10, don't have to wait: click on the song or album, and it streams instantly from "the cloud."

Also important to Ek was that free, ad-supported tier. In opening up the company's entire music catalog to users without them having to pay a cent, he believes they'll listen to and discover more songs, albums, and artists and eventually get so hooked they'll want to go "Premium." That seems to be the case so far. To date, Spotify reaches more than 10 million users -- 750,000 of which are paying customers -- and many of them remain fiercely loyal advocates of the service.

I've used Spotify's Premium service for two weeks now, and it's not hard to see why. The interface is clean and easy-to-pick up -- even for an easily-confused tech guy like myself -- and Ek's promise of a snappy user experience is accurate. Songs stream instantly whether over WiFi or 3G. If you create a music playlist on the desktop app, it's automatically added to your mobile device (and vice versa), and stays synchronized when you add or drop songs. And the ability to make songs available for listening offline (read: store them on your mobile device) without having to purchase each and every track individually is great for someone like me who relies a lot on public transportation or just runs into crappy AT&T reception all the time. The "People" sidebar, populated by my Facebook friends, has actually proven handy, letting me listen to entire playlists of theirs, find new tracks I



Spotify CEO and co-founder Daniel Ek. Photo: Robert Marquardt/Getty Images

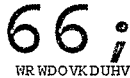
like, and share them with other users. And with no listening cap currently for U.S. users of the free tier, I imagine that many others will find lots to like, too. (According to Kenneth Parks, Spotify's Chief Content Officer & Managing Director for North America, the company didn't want a listening cap to limit user engagement and may wait six months to decide about when and whether to enforce such a cap.)

Spotify's European popularity, along with a recently-announced partnership with Facebook, could also explain why it's so optimistic about its U.S. operations: the company **reportedly expects to reach** 50 million American users in its first year here.

With a number of similar services like Rhapsody and startup Rdio already entrenched in the U.S., the big question moving forward will be whether Spotify gains significant traction domestically and if that extremely ambitious userbase goal is realistic.

But it's worth noting that just because a service is first (or even second) to the race doesn't necessarily mean there isn't room for healthy competition from a late entrant. In the social space, Facebook remains far and away the social networking champ with some 750 million active users, but Google +s (GOOG) rapidly growing userbase -- an estimated 10 million and counting by **one third-party estimate** -- since last month's launch proves people, at least when it comes to tech, will be open to and interested in features from services like Spotify done right.

To learn more about Spotify's future plans, register to watch next week's **Fortune Brainstorm Tech conference** in Aspen, CO, where Ek will join Fortune Managing Editor Andy Serwer for a discussion on July 21.



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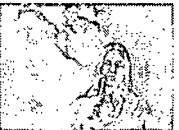

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# Forbes



**Steven Bertoni**, Forbes Staff  
I cover technology, entrepreneurs and billionaires.

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## Is Spotify Shaking Up Its Entire Business Model?

Spotify might be making a major change to how it makes money. Until now the music platform has relied on an ad-based freemium model to deliver the best features of Pandora and Apple's iTunes—customized radio music channels and on-demand songs.



Spotify's Daniel Ek: Harry Benson for Forbes

Under the current model, Spotify—thanks to advertisements—gives users full access to its music

platform for free on desktop computers. The idea is that as users got hooked on the service, they would want to take it with them everywhere via iPhones or tablets. That's when Spotify has you trapped—you have to pay for portability. For \$10 a month, you get unlimited songs on any device you wish—and access to your playlist even if you're offline. Subscribers don't get tortured with ads either. Currently Spotify has 24 million users, including 6-million who pay the \$10 subscription fee.

But it looks as if this whole model is about to change. Today, the Wall Street Journal reported that Spotify is about to lower the gate, allowing users to stream on-demand songs on mobile devices for free. The change would boost user numbers but, at the same time, remove the major selling point of its subscription service. I contacted Spotify about the story—its spokeswoman declined to comment.

Why would Spotify remove the major perk from its subscription service?

There are a few possibilities. For one, ad revenue might be humming along and be proving to be a bigger cash-cow than the steady, yet slower growing, subscription model. Another possibility is that the company thinks user growth is more vital than revenue growth at the moment. After all, Twitter has a \$24 billion market cap without a clear revenue strategy—and last year Instagram sold to Facebook for about \$1 billion without even having a revenue model. And then there's Snapchat, which (with zero sales) just rejected a \$3 billion offer from Facebook.

Platforms like Spotify derive their value and power from the size of their network. Since Spotify acts as the middleman between record labels and artists, it must continue to grow its base and influence to ensure it's a gig that neither side can pass up.

Spotify mobile basically puts 20 million songs on your iPhone—giving that kind of content away for free will likely attract millions of new users. We'll have to wait and see about streaming restrictions, and how many on-demand songs users will be limited to. If Spotify can get the numbers right and offer free users an appealing appetizer to for the service, the company could add new users—and more paying customers. Then again, this could all be a rumor. Stay tuned.

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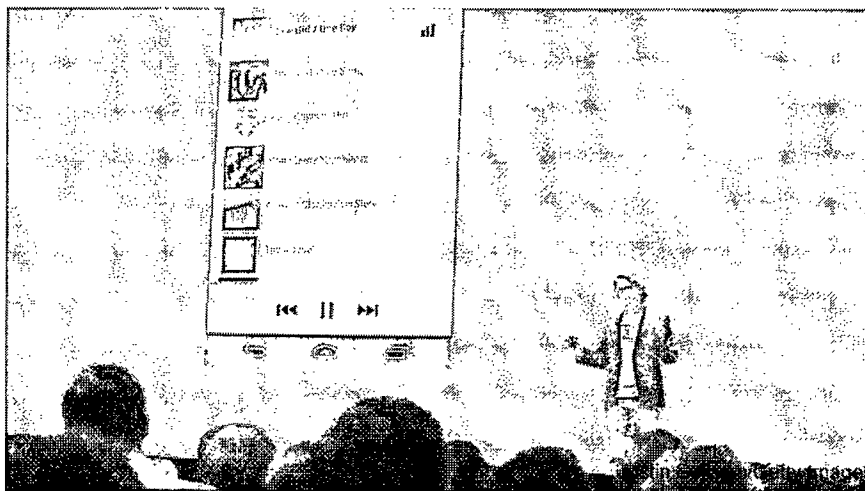
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## **Exhibit B**



## Google Launches Music Streaming Service



MAY  
15,  
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12:03PM  
PT

*All  
Access  
platform  
to  
compete  
With  
Spotify*

*Andrew Barker (<http://variety.com/author/andrew-barker/>)*

Senior Features Writer

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At its sixth annual Google I/O conference on Wednesday, the search giant launched its own subscription streaming (<http://variety.com/t/streaming/>) music service, dubbed Google Music (<http://variety.com/t/google-music/>) Play All Access (<http://variety.com/t/all-access/>).

Tipped by a plethora of rumors beforehand, the move officially enters Google into competition with the likes of Spotify (<http://variety.com/t/spotify/>), Rhapsody and Pandora, and positions it ahead of Apple, which has been rumored to be planning a streaming service for months. Yet plenty of big questions remain.

Priced at \$9.99 per month, the service allows users a rather huge degree of control over radio functions. Combining Google's own catalog of "millions" of songs with a user's own music library, Google Play All Access allows users to peruse genres and albums, create playlists and launch "lean-back" radio from seed songs or artists. Unlike competitors in the space, Google's platform will allow listeners to browse through automated playlists and alter them on the fly, skipping songs or rearranging the sequencing.

The service will be available in the U.S. immediately, with an international rollout to come. The platform works on phones, tablets and Web browsers (<http://variety.com/t/browsers/>). Google will offer a one-month free trial, and users who start that free trial before the end of June get a \$2 discount on the subscription price.

The first big hurdle the service faces is its price. While the \$10 monthly fee is in line with Rdio (<http://variety.com/t/rdio/>) or Spotify's premium tiers, the lack of a free or more moderately priced option could be a sticking point. A central tenet of Spotify's strategy, for example, involves attracting an audience through its ad-supported free tier, then enticing them to become paying subscribers to access the service ad-free and on mobile devices – so far, Spotify has managed to attract 6 million paying subscribers out of an active user base of 24 million.

Another issue concerns the lack of YouTube integration. Technically, the Google-owned YouTube is already the largest music streaming site in the world, yet the company has never really comprehensively connected the site with its Google Play music platforms, and it went unmentioned during the announcement.

Yet Google's sheer size always makes it a competitor, and its Android devices have been increasingly dominating the smartphone market. Earlier in the conference, Google's VP of Android product management Hugo Barra announced that Android activations had passed the 900 million mark, with Google Play racking up 48 billion app installations.

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The Industry

## Google Launches A Streaming Music Service

by LANCE SVETKEY

May 16, 2012 4:00 PM



Listen Now

### Correction

May 16, 2012

The ending of the story, as did a previous Web version, incorrectly characterized the people who use Pandora and Spotify. Pandora has 200 million free, not subscribers. Spotify has 6 million paying subscribers and about 24 million users, not 25 million subscribers.



The competition for your ears — and dollars — just got a little tougher. On Wednesday, Google launched a paid music subscription service that will put it in direct competition with other streaming services like Spotify and Pandora. The announcement may just be the beginning for Google.

As it gets easier to access the Internet, more fans are streaming their music — not downloading it. A recent survey by the NPD Group found that for users between the ages of 13 and 35 streaming music services are more popular than FM radio. Google wants to make sure it rides that wave.

At its developers conference on Wednesday in San Francisco, the company's Chris Yerga introduced what it's calling All Access. While listening to !!!'s "One Girl One Boy" via the service, Yerga showed how it was possible to create a station curated by Google's algorithms but controllable by the user.

"So if there's something there we don't want to hear," he says, "Swipe it away! Swipe it away!"

All Access users can listen to millions of songs and albums as part of the streaming radio service, or they can listen to a song or album on demand, as many times as they like.

Google, the biggest company to enter the streaming music market, has reached licensing agreements with the three major labels. Pandora, the Internet radio service, has 200 million users. Spotify, which also lets users pick exactly what they want to hear, has 6 million paying subscribers and about 24 million users. But Paul Sloan, the executive editor of CNET, who follows the industry, isn't sure how well Google will compete.

"It might just sort of be one of those services that never gets traction," Sloan says. "Right now Google's various music services and other various things they've done like this have not worked well." Sloan points to Google's Play store, where

fans can download books, films and music. He says it doesn't come close to Amazon or iTunes.

But Google-owned YouTube is another matter. It's by far the most popular way for young people to listen to music. Sloan says Google is working on another streaming service that will be part of YouTube.

"The industry is hoping for YouTube because that has the brand recognition," he says. "That has the brand recognition, and people already use it as their digital jukebox in the sky."

The service Google launched today will cost \$10 a month. That's the same price as Spotify. But both Spotify and Pandora have free versions of their services. To get Google's All Access you have to pay up.

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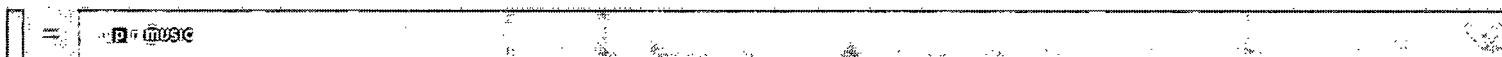
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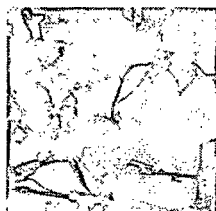
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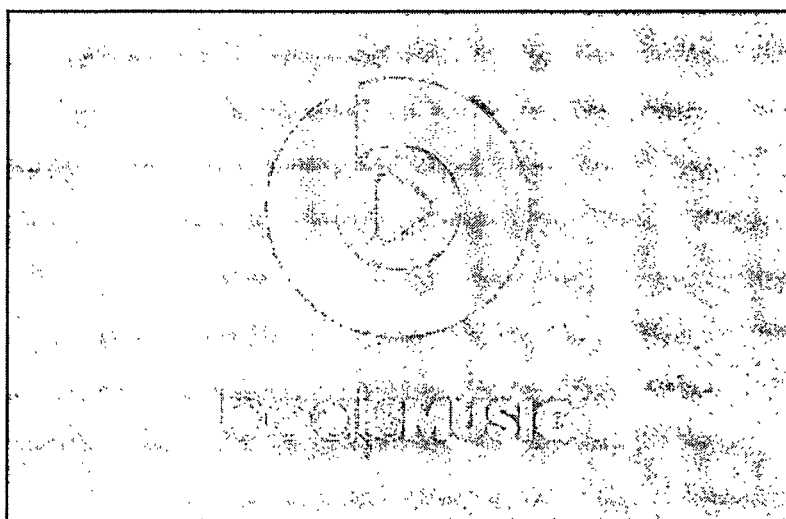
## **Exhibit C**

## ARTICLES/NEWS

## Beats Music Streaming Service Launching January 21

By Alex Papp

January 11, 2014 3:56 PM EST



154



87

7



Beats Music, the premium streaming service developed by Trent Reznor, Ian Rogers and the creators of Beats By Dre headphones, is launching on Jan. 21, with AT&T as the exclusive carrier partner, the company said.

Santa Monica-based Beats will join a parade of competitors, including Rhapsody, Slacker, Xbox Music, Rdio and Sony Music Unlimited — all vying to become the dominant subscription service in the U.S., the world's largest market for music. The stakes are even higher as the market for digital downloads showed signs of waning, declining in 2013 for the first time, according to Nielsen SoundScan. The field is likely to become even more crowded this year, with Google Inc.'s YouTube and France's Deezer expected to launch their U.S. services in the next several months.

## User's Guide: How Beats Music Works

Beats Music, which was built partly from technology acquired in 2012 from the former Mog music service, aims to set itself apart with stylish design and human curation. The company a year ago hired Reznor, of Nine Inch Nails, as its chief creative officer to design the service's look and feel of the service, with the goal of making it easy and fun to use. It also recruited Rogers, former Chief Executive of Topspin Media who also once ran Yahoo's music service, as CEO of Beats Music. And last summer, Beats tapped Julie Pilat, former Clear Channel veteran, to head up Beats' efforts to distinguish itself from the pack with a heavy emphasis on curation via radio-style programming.

Many other companies have tried similar approaches with much success, most notably Sirius XM and Slacker. Sirius, for example, has cultivated dozens of radio personalities with ardent fan followings, the best example of which is Howard Stern. Its curated approach is partly what makes Sirius XM the country's biggest paid music service, with more than 26 million

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subscribers. Slacker years ago pioneered the practice of having DJ's program its many genre stations.

"Our curated stations perform incredibly well, even when listeners have the ability to choose on-demand music," said Slacker's CEO Jim Cady. "Our premium subscribers spend more than 80% of their time listening to our curated stations, rather than creating their own playlists or listening to tracks on demand. We've also seen that heavily-curated experiences, like deejay hosted countdown stations, keep people listening up to three times longer than genre stations. Even the simple act of adding a deejay to a station can increase average listening time by nearly 20%."

With all eyes on streaming music services as a source of future growth for the industry, Beats has ambitious plans to pour on the glamour, as it did with great success for the premium headphones market more than six years ago, leveraging deep relationships cultivated over the years by Beats' co-founder, Jimmy Iovine, the chairman of Interscope Geffen A&M at Universal Music Group. In 2008, Iovine and Dr. Dre launched Beats Electronics. Its instantly recognizable headphones were soon spotted on dozens of celebrities and rap artists, who extolled the headsets' ability to reproduce the heavy bass sound prevalent in hip hop music. "We built something that works for us, for me, our friends, Dr. Dre," Iovine said in an interview with Billboard. "We enjoy using it. It's what we would like to have, and we built it to where we felt it could help others."

While Iovine and his executives work to add star power to Beats Music, AT&T Corp. will provide the corporate marketing and distribution muscle. The carrier has agreed to distribute Beats Music, offering AT&T customers a 7-day free trial of the service. Afterwards, the service would cost \$9.99 a month. For customers who opt to sign up for AT&T's family bundle, the service would come with a 90-day free trial. Once the trial period runs out, Beats would charge \$14.99 a month, but allow up to 5 people and 10 devices full, on-demand access to the service.

Beats would not disclose the terms of its arrangement with AT&T, including how the cost of licensing music during the free trials would be subsidized.

For music services, carrier partnerships can be vital. Telecommunications companies such as AT&T have direct billing relationships with millions of subscribers and can tack on the cost of a music service directly on to their customers' cell phone bills. They also have extensive marketing resources that they can use to help push ancillary services, such as music. For AT&T, the benefit is in offering a product that would draw in users who will pay extra for a data plan to accommodate streaming music.

In addition, Beats has partnered with Target Stores for a promotion that would give away 30-day free trials to customer who buys anything from the store's electronics department. The company has also started tucking vouchers for free trials into Beats Electronics' packaged audio gear.

What Beats will not be doing anytime soon, however, is offer a free, slimmed-down version of its service — something that Spotify, Rdio and services have started to do in order to get listeners to try their products in the hopes that they will convert into paying customers. So-called access models, where listeners pay to access large catalogs of music rather than purchase copies of music, is still a small, but growing portion of the industry's revenue. In 2012, it represented 15% of the revenue for music in the U.S., up from 9% in 2011, according to the Recording Industry Association of America, which is set to update this figure in the coming weeks.

While streaming music is expanding, digital downloads declined on an annual basis for the first time in 2013. Sales of digital tracks fell 7% from 1.34 billion units to 1.26 billion units, while digital album sales fell 0.1% to 117.6 million units from 117.7 million a year earlier, according to Nielsen SoundScan.

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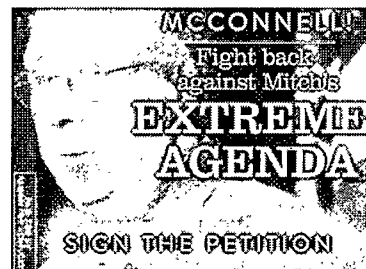
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MUSIC

## Algorithm for Your Personal Rhythm

### Beats Music Enters Online Streaming Market

By BEN SISARIO JAN. 11, 2014

SANTA MONICA, Calif. — Jimmy Iovine, whose career as a recording engineer, producer and music executive stretches from John Lennon to Lady Gaga, was proudly showing off some of his hits one afternoon last month at a boutique recording studio here.

He passed through rooms where Eminem and Gwen Stefani made records and pointed to the console on which Dr. Dre recorded his landmark 1992 album, “The Chronic.” The studio walls were crammed with pictures of Steve Jobs, Bono and other celebrities sampling the bass-heavy Beats by Dr. Dre headphones, which — at up to \$450 apiece — have become a billion-dollar success story.

Yet he was most excited to talk about his next project, Beats Music, a subscription streaming service he founded with Dr. Dre that will challenge Spotify, Pandora and Apple’s new iTunes Radio in the battle over how people consume music online. With Trent Reznor of Nine Inch Nails as the service’s chief creative officer, Mr. Iovine — whose skill as an impresario and all-around salesman has few equals in the industry — is betting that Beats Music can solve a problem that most music fans may not realize they have: deciding what to listen to.

“What song comes next,” he said, “is as important as what song is playing now.”

Beats Music, which will arrive in the United States on Jan. 21, is also making the latest salvation pitch for the struggling music industry. With download sales tapering off after a decade of growth, streaming has taken

center stage as the most promising new source of revenue. Yet while consumers have flocked to free outlets like YouTube and Pandora, the more lucrative paid services have been slow to catch on, and the low royalty rates paid by these services have stirred resentment among musicians.

Winning this battle won't be easy. The digital music world is in the midst of a confusing convergence of formats, with downloads, radio and streaming being juggled and combined into whatever hybrid will stick. Beats is joining a market already crowded with competitors, including Google, Sony and Microsoft, with more to come.

"If they are coming at this from a new angle, not just that we want to be the Beats version of Spotify, it's a great idea," said Ben Arnold, an analyst at the NPD Group, a consumer research firm. "If not, then you've got to rely on your brand. There's something for them there, but it's tougher."

As he did with headphones, Mr. Iovine, who is also the chairman of the Universal label group Interscope Geffen A&M, said he believes he can create a huge mainstream business where only a niche one exists today. The strategy for Beats Music is twofold: Be a smooth, entertaining and convincingly human guide to the cluttered universe of digital music, and exploit the power of its headphone brand through aggressive marketing.

That marketing campaign will include a major integration deal with AT&T, regular plugs on "The Ellen DeGeneres Show" and even a Super Bowl ad — a blitz not seen in digital music since the days of Apple's dancing-silhouette iTunes commercials.

On its surface, Beats Music — which has \$60 million in investment behind it and is an affiliate of Beats Electronics, the headphone company — is not radically different from Spotify, Rhapsody or any of the dozens of other music apps already out there. For \$10 a month, it offers access to practically all the recorded music under the sun, with playlists galore to keep its customers tuned in. Since it has licensing deals with the same record labels as its competitors, it essentially has the same music, too.

Instead of being a mere utility for music, though, Beats comes across as more a digital playground, or maybe a nightclub. Its interface, built primarily for mobile use, is full of sleek graphics over a jet-black background, and it is organized in four swipe-able panes that each deliver a constant feed of fresh songs in different ways, tailored to each user.

The idea is that bold visual appeal and the expertise of its programmers (or “curators,” in its preferred buzzspeak), in serving up just the right song or playlist, will create excitement among the millions of listeners who have been unseduced — or just confused — by streaming music.

“There’s so much music to hear online, people have become a bit deaf to the choices,” Bono of U2 wrote in an email. “Jimmy believes that Beats-style curation will become the discovery model that the music business is waiting for. I would never bet against him.”

To hear Mr. Iovine and his colleagues tell it, the world of online music is a letdown, full of bland websites, robotic recommendation programs and not enough soul in the machine. Pandora, for example, uses automated musicological analysis to decide what songs to play, and Spotify and others recommend music to users by parsing huge pools of data.

Ian Rogers, the chief executive of Beats Music, argued that these systems inevitably fail because they rely too heavily on computer algorithms and because the people behind them just misunderstand music. He cited one typical, so-obvious-it’s-wrong recommendation as proof of the problem: Paul Simon fan? Check out Art Garfunkel!

“No human being would ever say that,” Mr. Rogers said.

But Beats uses algorithms, too, as part of how it customizes the songs it sends users based on their profiles and listening habits. The difference, Beats executives say, is that their service makes greater use of its editors and guest programmers like Rolling Stone, Rap Radar and Pitchfork, and only recommends the good stuff.

Perhaps its most intriguing feature, Right Now, is a kind of automated listening game devised by Mr. Reznor, who was already on board with the project in 2012, when Beats Electronics paid a reported \$14 million for Mog, a struggling subscription service.

He is the service’s main visionary, and his involvement lends credibility to a business that has become plagued by complaints from artists about economic fairness. Unlike Spotify and some other services, Beats will have no free tier; it is available only through paid subscription, which generally means higher royalty rates. (The company declined to specify its rates, but said that it pays all labels equally.)

Seated beside Mr. Iovine in a black hoodie, black T-shirt, shiny black

sneakers and jeans, Mr. Reznor described his involvement with the service as the culmination of years of experimentation in his own career in response to the music industry's tumult.

"What is the next business model?" he asked. "Somebody's got to crack it. Why not me?"

Using his music as something of a Petri dish for new ways to distribute music, Mr. Reznor tried the mystery-marketing model, the free model and the multiple-price-points model, but came to see them as stunts. Subscription, he decided, was the only plan that made sense in the long run, so Mr. Reznor and his collaborator Rob Sheridan sketched out plans for a new service based around the mobility and intelligence of smartphones.

"My phone knows where I'm at, what I'm up to, what temperature it is," Mr. Reznor said. "It might even start to recognize locations I visit, patterns of motion. What if music could be collected in little parcels and served up to me effortlessly?"

A byproduct of that concept is Right Now, which in prototype was tantalizingly called "the sentence." In it, a user generates an ad hoc playlist by completing a musical status update with four variables: a place, an activity, a person and a genre of music. "I'm at the beach & feel like pre-partying with my friends to dance-pop," for example, yields the Chemical Brothers, Lady Gaga and Janet Jackson. Not bad.

Tested by a reporter at a New Year's Eve gathering, Beats playlists like "Best of Bossa Nova" and "Downtempo Dinner Party" set the mood well, and Right Now proved an ideal party game. Yet the playlists seemed no better or worse than the well-chosen and witty playlists on the free site Songza, a Pandora competitor that has thousands of playlists but, because of licensing rules, restricts users' ability to choose specific songs.

Still, the quality or originality of the service may matter less than its promotion, and in that Beats Music has a clear advantage.

AT&T will offer Beats Music subscriptions with monthly smartphone service and promote the bundle heavily. In addition to the \$10 individual plan, AT&T will sell a family plan for \$15, giving separate Beats accounts to up to five users — a deal that puts Beats far ahead of its competitors, which have never landed such a far-reaching integration with a major American phone carrier.

“Our angle on it was families,” said David Christopher, the chief marketing officer of AT&T Mobility. “We think there’s a big opportunity here to change the way people think about music.”

Target will also promote the service in its stores, and Ms. DeGeneres will feature it on her daytime talk show. These deals point to Beats’ ambition to pursue a broad mainstream audience, including demographics like adult women who historically have not been priority targets for digital music marketers.

“We’re going to show people in the marketing how to use this service, how to be entertained by it and how to be fulfilled by it,” Mr. Iovine said.

In the converging world of digital music apps, everybody competes against everybody, and Beats Music’s success depends as much on luring customers away from competitors as it does on the abundance of free music on the Internet.

So far Beats Music is available only in the United States. But Beats’ major target is Spotify, which was founded in Sweden in 2008 and is now in 55 markets around the world. Spotify has not announced user numbers in almost a year, but a top executive recently told a private music industry gathering in Los Angeles that it has nine million paying subscribers, including two million in the United States, according to a person who attended. Spotify declined to comment for this article.

Yet Beats believes the potential market for on-demand streaming music is much greater. Mr. Rogers puts it at 50 million in the United States — perhaps 10 times its current size. By comparison, Netflix, with 31 million subscribers, and Sirius XM Radio, with more than 25 million, have found large-scale, profitable businesses by charging for access, ease of use and expertly programmed content.

Some of these features are standard in any digital service. Spotify, for example, which is available in both paid and ad-supported free versions, has plenty of ready-made playlists and recently introduced the ability to follow artists.

Beats Music claims that its versions of these features are better thanks to its team of experts, who program the music and tend to its algorithms to weed out those inhuman howlers. Among its 147 employees are genuine music authorities like Scott Plagenhoef, the former editor of Pitchfork.

In marketing, Mr. Iovine has an enviable track record with Beats by Dr. Dre headphones. As Mr. Iovine describes it, he was infuriated to see a generation of listeners finding music through the cheap ear buds that Apple gave away with iPods, so in 2008 he and Dr. Dre began selling headphones that had power and a hefty price tag.

Through placements in music videos, endorsements from sports stars and exposure whenever Mr. Iovine appeared as a mentor on “American Idol,” Beats headphones quickly became a must-have fashion accessory. The company’s annual sales revenue has also been estimated at \$1.5 billion.

When asked about the challenges facing Beats Music, Mr. Iovine said that he has heard doubts like this before.

“When I met Eminem and played him for Dre, everyone said Dre can’t sign a white rapper,” he said. “And some of the smartest people I know told me that no one is going to pay for audio, because they get it for free every time they buy a phone or an MP3 player.”

“But, of course, they will,” he continued. “Who won’t pay for emotion?”

A version of this article appears in print on January 12, 2014, on page AR1 of the New York edition with the headline: Algorithm for Your Personal Rhythm.

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## **Exhibit D**

October 16, 2013

## Rhapsody in Deal to Expand in Latin America

By BEN SISARIO

Rhapsody, the subscription music service, is expanding to Latin America through a bundling deal with Telefónica, one of the world's largest telecom providers.

The deal will bring Napster — Rhapsody's brand outside the United States, which it bought from Best Buy two years ago — to Brazil, Argentina, Mexico, Colombia, Chile and Peru, and give it several hundred thousand customers to start. Subscribers to Sonora, a digital music service offered through a Telefónica subsidiary, will be transferred to Napster, according to an announcement from the two companies.

Telefónica, which has 200 million customers throughout Latin America, will also gain an undisclosed equity stake in Rhapsody as a result of the deal. Brazil will be the first country in the deal, migrating its Sonora customers to Napster on Nov. 1.

Rhapsody was a pioneer in the subscription streaming business, opening in 2001, but it has struggled to remain competitive. Last month the company announced that it had laid off its president, Jon Irwin, as a new investor, Columbus Nova Technology Partners, arrived.

Expanding around the world has become a priority for digital music services, which need to amass large numbers of subscribers to build revenue and pay for music licensing costs. Services like Rhapsody, Spotify and Rdio, which act like huge online jukeboxes, giving users access to millions of songs for a monthly fee, have been particularly aggressive in moving overseas. Spotify is available in 28 markets around the world, and Rdio in 31.

Rhapsody, which is also available in Europe as Napster, says it has more than one million subscribers, but it has not announced specific numbers in two years. Paul Springer, the company's senior vice president and global head of product, said that absorbing Sonora in Latin America would bring "a few hundred thousand" new customers.





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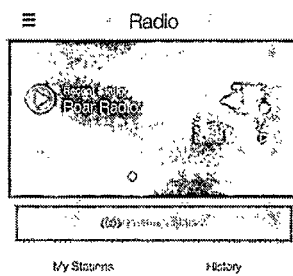
Internet / Rhapsody Launches Ad-Free Radio for Subscribers

## Rhapsody Launches Ad-Free Radio for Subscribers

BY ANGELA MOCANTOLO NOVEMBER 1, 2013 04:27PM EST 0 COMMENTS

Rhapsody on Friday launched new ad-free internet radio service for subscribers, which lets you skip as many songs as you want.

5 SHARES



Rhapsody on Friday launched a new ad-free Internet radio service for subscribers, which lets you skip as many songs as you want.

The new radio feature offers "a completely redesigned experience that goes beyond the basic features that you can get from other Internet radio services and gives Rhapsody members a premium experience that offers as much or little control on the stations as they'd like," the company said. Every station lets you see upcoming tracks, jump to them, or remove them from the playlist. If you like a song,

you can rewind and listen to it over again.

Like other Internet radio services, Rhapsody Radio has thumbs up and thumbs down buttons, letting you customize your playlist. You can, for instance, press the thumbs up button if you like a song, and Rhapsody will play related jams, or thumbs down if you don't dig it. When you hear a song you like, you can add it to your favorites to quickly access it again and again.

Rhapsody redesigned the Radio feature in partnership with music intelligence firm The Echo Nest. Subscribers can pick from genre and mood-based stations curated by the Rhapsody team, or create and save your own personalized stations.

"Rhapsody believes there's much more potential for radio than simple customization of an artist radio station," the company said. "Today's announcement is the first step in that vision."

The new radio feature is available as an update to the Rhapsody iOS and Android apps, as well as the company's Web player. There is no free or freemium version, so you'll need a Rhapsody subscription to listen to the new radio stations.

Plans start at \$9.99 per month for unlimited online listening via Rhapsody.com and through the mobile app on one device, or \$14.99 for mobile access on up to three devices. Those who want to test out the service before taking the plunge can get a 14-day free trial via Rhapsody's website.

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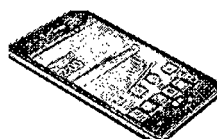
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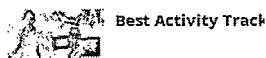
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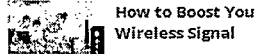


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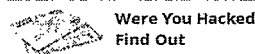
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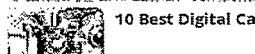
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 REPORTER

Angela has been a PCMag reporter since January 2012. Prior to joining the team, she worked as a reporter for SC Magazine, covering everything related to hackers and computer security. Angela has also written for The Northern Valley Suburbanite in New Jersey, The Dominion Post in West Virginia, and the Uniontown-Herald Standard in Pennsylvania. She is a graduate of West Virginia University's Percy Isaac Reed School of Journalism. [MORE »](#)

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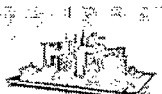
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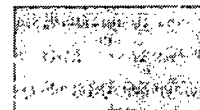


Connected Cars Shift Into High Gear...

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## **Exhibit E**



August 29, 2012

# A Digital Music Option Thrives, Though Quietly

By BEN SISARIO

The digital music company Spotify, which uses free song streams to lure people to paid subscriptions, has earned the music industry's approval by making money from listeners who might otherwise use their computers to download songs illegally.

In its shadow, another service, Muve Music, has quietly built one of the largest subscriber bases in the business by going after a part of the market that most digital companies have largely ignored: people who may not have computers at all.

Muve, a phone-based music plan sold through Cricket Wireless, offers unlimited song downloads for \$10 a month, tucked inconspicuously into a customer's monthly cellphone bill, which ranges from \$55 to \$65. In many ways its users defy the conventional profile of a digital music consumer. They are young and urban, yes, but instead of a laptop or a tablet, they use a phone for everything. Most earn less than \$35,000 a year and lack credit cards, so they prefer Cricket's month-to-month cash plan.

Since its introduction in January 2011, Muve has signed up 600,000 users, putting it in the league of Rhapsody, which has about one million subscribers, and Spotify. (Spotify has four million paying users in 15 countries, but has not said how many of those are in the United States.) And Muve is poised for another growth spurt with a new line of phones that the company believes could bring in millions of new users.

"Cricket's customer is young, is ethnic, and tends to be middle and lower income," said Jeff Toig, the senior vice president of Muve Music. "This is not a segment of the market that the major technology companies innovate for."

Cricket, which has six million subscribers and is a subsidiary of Leap Wireless, will announce on Wednesday the introduction of a line of Android phones for \$50 to \$70 a month. These plans automatically include Muve, and are in addition to the Samsung, Huawei, HTC and other models on which Muve is an option. (In June, Cricket also began selling iPhones, but those do not include Muve.)

The major companies see Muve as a way to develop loyal customers in an area that had been an industry blind spot. Each month, Cricket says, Muve users download more than 70 million songs and spend more than 30 hours listening. By comparison, Pandora users listen for an average of about 20 hours each month.

“It’s a case study for how you execute a bundled music service,” said Stephen Bryan, executive vice president for digital strategy and business development at the Warner Music Group.

Among Muve’s advantages are that its primary customers — young, urban minorities — are some of the heaviest users of the Internet on cellphones. According to a study in June by the Pew Internet and American Life Project, blacks and Hispanics are more likely than whites to consider the phone their primary means of going online.

As part of Muve’s music licensing deal, a portion of the \$10 monthly fee is earmarked for royalties, and divided among record companies according to each label’s share of downloads. Neither Cricket nor the labels would say exactly how much of that \$10 goes to royalties, but it has been estimated by analysts and others to be \$3 to \$5.

For labels eager to license their music every way possible, that amounts to a steady income stream, if a small one compared with the hundreds of millions of dollars labels receive each year from retail giants like iTunes.

“Exploring these new opportunities and new methods of consumption is the one thing that’s enabling the music industry to weather the storm of piracy,” said Rob Wells, president for global digital business at the Universal Music Group.

But some analysts doubt Muve’s long-term potential. The service signed up 500,000 users in its first year, but halfway into its second it has gained only an additional 100,000. Cricket itself — a tiny competitor to giants like Verizon and AT&T, which each have around 100 million

customers — lost 289,000 subscribers in its second quarter, the company reported recently. The company is hoping Muve and its new Android plans will help turn that around.

Walter Piecyk, an analyst with BTIG Research, said that Muve would have difficulty holding onto customers as Cricket moves its customers from the more basic feature phones into Android and other kinds of smartphones.

“They’re trying to increase the monthly bills of customers by selling them smartphones,” Mr. Piecyk said. “The challenge with that is that with smartphones you’ve got more choices for musical services. So they’re going to face increased competition with more mainstream music alternatives as they push their customers into smartphones.”

While bundling digital music services with phone or Internet plans has become common throughout the world, it is still relatively rare in the United States. Rhapsody, for example, is available as a \$10 surcharge from MetroPCS, another small carrier that offers month-to-month plans with no long-term contracts. For Cricket, the Muve service, promoted heavily in its marketing and at its stores, has become an important way to distinguish itself from its competitors.

“This is providing an experience and more value to customers,” S. Douglas Hutcheson, the chief executive of Leap, said in an interview. “As we look at how to get sustained growth in the business, I think we’ve come up with an innovative, desirable way to do that, that’s something beyond just dropping to ever-lower prices.”





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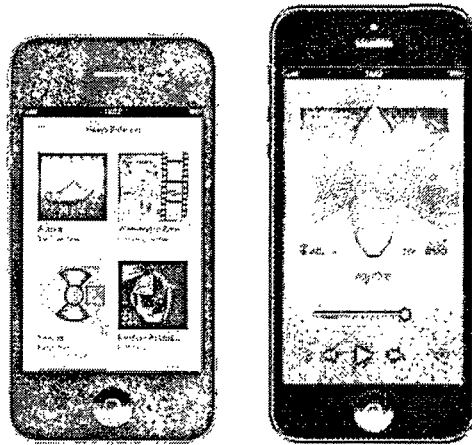


## Rdio partners with Cumulus -- but will it be enough?

By Dan Mitchell, contributor September 17, 2013; 9:19 AM ET

Recommend { 2 }

Partnering with a big radio company will give Rdio a big leg-up to take on Spotify, but that might not mean much in the tough market for recorded music.



**FORTUNE** -- By most accounts, no music-streaming service is making money, and with huge players piling into the business -- including Apple (AAPL), Google (GOOG), and Microsoft (MSFT)-- things will only get tougher for services such as Spotify, Pandora (P), Rhapsody and Rdio.

The problem is that the real, retail-market price of music is still headed downward, while the music labels are still demanding huge (perhaps unreasonable) royalties from the streamers. Selling ads against streaming services hasn't worked so far, and neither has charging users fees for ad-free listening. The larger players consider streaming to be a loss-leader: For example, Apple hopes to get people to pay for downloads of music they'll hear on iTunes Radio and, more importantly, get them to buy iPods and iPhones. It doesn't expect to make money from iTunes Radio itself.

Given all this, it's hard to know what to make of the news, reported by *The New York Times*, that Cumulus (CMLS), a big corporate radio-station owner, is **partnering with Rdio** and taking a "significant" equity stake in Rdio's parent, Pulser Media. The service will allow Rdio to offer a free service, financed by advertising. Until now, it's been exclusively a paid service, at \$10 a month for mobile listening.

### **MORE: Remembrance of Twitter past**

A major benefit to Rdio will be Cumulus's army of 1,500 ad sales people who will sell space for the service, on top of the ads they sell for the company's 525 stations. Rdio will also get access to Cumulus's programming, and promotion from its stations. No cash is changing hands in the deal. "Further terms were not disclosed, but the value of Cumulus's content and services is estimated at more than \$100 million," the *Times* reported. The companies will share ad revenue.

At this point, Rdio (which doesn't disclose subscriber numbers or finances) is thought to be well behind the leading music-subscription service, Spotify, which claims 24 million users -- nearly 7 million of whom pay a monthly fee. But Rdio is ahead of other subscription-based services (as opposed to Internet radio services like Pandora), such as Rhapsody and Mog. Offering a free, ad-supported service will likely boost Rdio's subscriber base and help it compete more directly with Spotify and others, but it might not help improve margins.

Rhapsody, which is the oldest paid subscription service still operating, is **undergoing a management shakeup** and is looking to replace its president, John Irwin, *The Verge* reported last week. Turntable.fm, meanwhile, seems to be tottering on the brink and has **shut down the ability for its users to upload music**. Turntable.fm is a rather gimmicky service that

allows user to upload and share music among themselves. But it faces the same challenges as the others in paying royalties.

Once iTunes Radio is up and running (the launch is expected to happen this week), it might just be a matter of time before a major shakeout in the music-streaming business. It's hard to compete against giant, cash-rich companies that don't care whether they make a profit.

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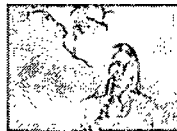
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## The New York Times

Media Decoder

Behind the Scenes, Between the Lines

Music January 28, 2013, 7:31 pm

# For Many Digital Music Services, Free Is Not a Choice

By BEN SISARIO

The competition among streaming music services is going global. It is also increasingly going free.

### Digital Notes

Daily updates on the business of digital music.

As CD and download sales cool, the music industry is looking to subscription services like Spotify, Rhapsody and Deezer to provide an attractive alternative to pirated content. But the growth of these companies has been relatively slow, and to compete against one another, more of them are opening free tiers — a move that gets attention, but has always caused worries that it could undermine the value of music.

Rdio, a subscription service created by the founders of Skype, is the latest to offer music gratis. On Monday, the service, whose regular prices are \$5 and \$10 a month, said that it would offer a free level in most of the countries in which it operates, after doing so in the United States in late 2011. The plan includes a limited amount of free music for six months — the company is secretive about exactly how much free music you get — and, unlike most other services that have a free tier, it has no advertising.

“I don’t want to devalue the content,” said Drew Lerner, the chief executive of Rdio. “But we certainly have come around to the fact that in order to get the largest amount of people into the top of the funnel, the state of play is now that a free offering is critical.”

For almost every service, the goal of free is to get listeners hooked so that they will eventually pay for access. Pandora is one notable exception: although it has a premium plan, the company’s effort to compete with radio has made free access — and ads — a central part of its plan.

Mr. Lerner said that in the United States, the introduction of new music over a year ago, and a multimillion-dollar advertising campaign — with radio spots and banners in Times Square — had helped raise Rdio’s profile and draw new users, although he declined to offer specific numbers. Rdio has never disclosed its user numbers, but they are believed to be far lower than those of Spotify, with five million paying users around the world, or Rhapsody, with one million.

Rdio is available in 17 countries, including Britain, Australia and France. The free version will be available in all countries except Germany and Brazil, because of licensing issues in those countries, Mr. Lerner said. For Rdio, the decision not to include advertising means not only that it will forgo ads a source of revenue, but also that the company will be paying royalties for the free music out of its own pocket.

The move to free has largely been sparked by Spotify, but it has proved hard for others to resist. Shortly before Rdio added its free tier in the United States, Mog, another small competitor, came up with its own version. (It was no coincidence that Facebook was introducing its social graph around that time, which integrated entertainment apps.)

Deezer, a French service that has announced plans to open in more than 100 countries, recently announced that it was adding an ad-

supported free tier. Rhapsody, online since 2011, has no free level.

Mog, which was bought last year by Beats Electronics, the headphone company, and is expected to return later this year in revamped form under the name Daisy, has not announced its future pricing plans.

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*Ben Sisario writes about the music industry. Follow @sisario on Twitter.*

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## **Exhibit G**



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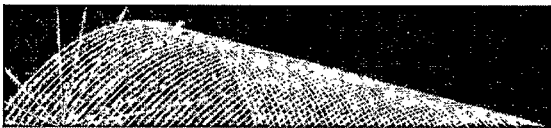
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## MUSIC DISCOVERY STILL DOMINATED BY RADIO, SAYS NIELSEN MUSIC 360 REPORT

08.14.2012

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MORE TEENS LISTEN TO MUSIC THROUGH YOUTUBE THAN ANY OTHER SOURCE

NIELSEN'S "MUSIC 360" REPORT OFFERS COMPREHENSIVE INSIGHTS ON ALL ASPECTS OF MUSIC INTERACTION

**NEW YORK—August 14, 2012—**Radio is still the dominant way people discover music (48%) – followed by tips from friends/relatives (10%), and YouTube (7%), but more teens listen to music



through YouTube than through any other source (64%) -- followed by radio (56%) and iTunes (53% ) and CDs (50%) - according to results from a comprehensive, in-depth Nielsen study of consumer interaction with music in the United States, the Music 360. The new Nielsen report offers insights on all aspects of music consumption including listening and purchasing behaviors; music discovery; live events; the use of social networking and mobile music apps; as well as how the economy is affecting music sales.

"The accessibility of music has seen tremendous expansion and diversification," said David Bakula, SVP Client Development, Nielsen. "While younger listeners opt for technologically advanced methods , traditional methods of discovery like radio and word-of-mouth continue to be strong drivers. With so many ways to purchase, consume and discover great new music, it's no wonder that the consumer continues to access and enjoy music in greater numbers."

The following is a small sampling of insights included in the Music 360 report:

**Radio is still the dominant way people discover music**

- 48% discover music most often through the radio
- 10% discover music most often through friends/relatives
- 7% discover music most often through YouTube

**More teens listen to music through YouTube than through any other source**

- 64% of teens listen to music through YouTube
- 56% of teens listen to music on the radio
- 53% of teens listen to music through iTunes
- 50% of teens listen to music on CD

**Positive recommendations from a friend are most likely to influence purchase decisions**

- 54% are more likely to make a purchase based off a positive recommendation from a friend
- 25% are more likely to make a purchase based off a music blog/chat rooms
- 12% are more likely to make a purchase based off an endorsement from a brand
- 8% of all respondents share music on social networking sites, while 6% upload music.

**Music player apps are most prevalent, followed by radio and music store apps**

- 54% have music player apps on their smartphones
- 47% have radio apps on their smartphones
- 26% have music store apps on their smartphones

**Males purchase rock music most often, while females prefer top 40**

- 38% of males purchase rock most often
- 15% of females (compared to 9% of males) purchase top 40 most often

**Digital music is seen as a slightly better value than a physical CD**

- 63% of purchasers identified digital albums as a very or fairly good value
- 61% identified digital tracks as a very or fairly good value
- 55% identified physical CDs as a very or fairly good value

**Younger consumers who do buy digital tracks, are more likely to purchase new music immediately after its release**

- 33% of teens purchased a digital track within one week of release
- 21% of persons 18+ purchased a digital track within one week of release

**36% of teens have bought a CD in the last year; 51% of teens have purchased some kind of music download**

**18-24 year olds are most likely to attend a music event (among those who attend any type of live event)**

- 7% attending once a week or more
- 30% attending once a month

**Although 18-24 year olds attend more live events, teens are more likely to purchase T-shirts and posters while there.**

- 54% (compared to 46% of 18-24 year olds) of teen attendees purchase concert tees
- 14% (compared to 7% of 18-24 year olds) of teen attendees purchase concert posters

**Listeners enjoy hearing movie soundtracks over music related TV shows or video games**

- 42% enjoy hearing music via music related TV show
- 59% enjoy hearing music via movie soundtracks
- 28% enjoy hearing music via music related video games

#### **Older consumers have decreased their spending the most during the current economy**

- 41% of respondents 55+ reduced their spending to a large degree
- 39% of respondents 45-54 reduced their spending to a large degree
- Only 28% of respondents age 25-34 reduced their spending to a large degree

Data for Music 360 were collected via 3,000 online consumer surveys using Nielsen's proprietary, high-quality ePanel in the United States. Topics addressed in this study include: where/when music is consumed, through which device(s), apps and services; digital vs. physical purchases; the process of discovery, and how/when discovery converts to purchase; insights around spending, share of wallet, and retailer preferences; live events; and much more.

Nielsen is releasing a complimentary, high-level overview report to labels, distributors, retailers, advertisers, and agencies to stimulate discussion. For custom requests for further information from the underlying data in the report, call 646-654-5606 or send an email to [know@nielsen.com](mailto:know@nielsen.com).

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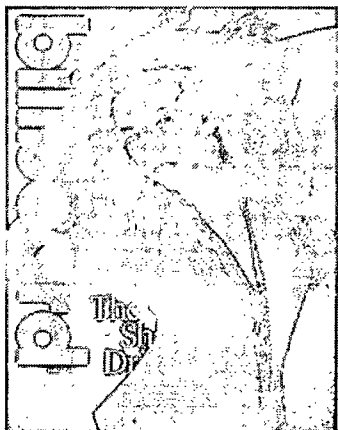
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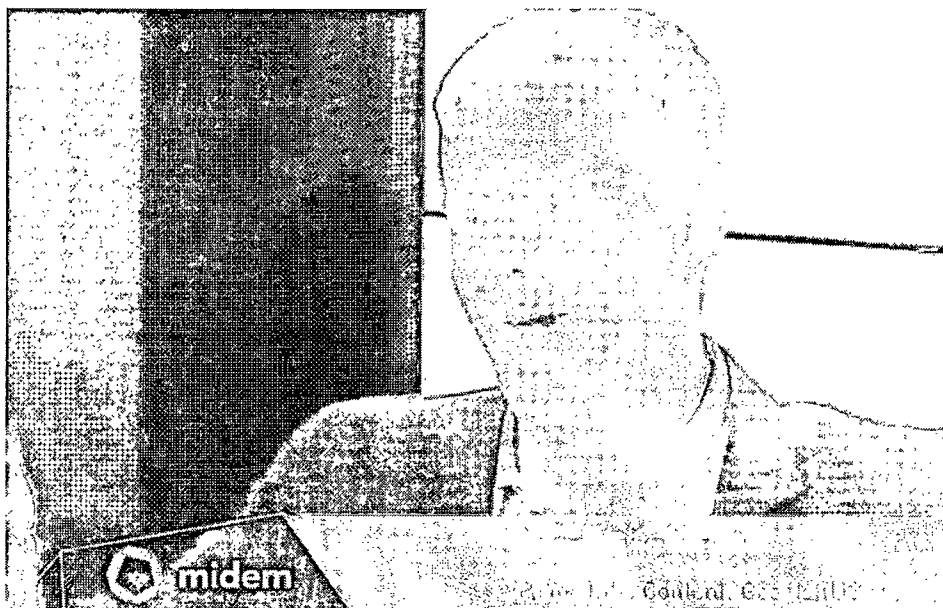
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# YouTube Has Paid Out \$1 Billion to Music Industry In Last Few Years

By Alex Pham, Los Angeles | February 03, 2014 7:20 PM EST



Google Inc. disclosed on Sunday that its YouTube video platform has paid out more than \$1 billion to music rights holders "over the last several years," putting the California technology company among the top sources of digital revenue for the embattled music industry outside of download sales.

The statement, made by YouTube VP of content Tom Pickett, came in answer to a question during a panel discussion at Midem in Cannes, France, about how much value Google as a technology platform places on music and whether artists are making meaningful money by being on the platform. YouTube had earlier stated that it has paid "hundreds of millions of dollars" to the music industry.

"We are very much into music," Pickett said, adding later that, "If you think about it, we've paid out to the music industry over the last several years over \$1 billion. So there is money being generated in this ad-supported model. It is going to artists."

Pickett pointed out that the money YouTube pays out goes to "thousands and thousands" of musicians and rights holders, addressing the complaint that some individual artists may not see large checks because the per-view payment is relatively small.

Jordan Berliant, a panel member and head of music management at The Collective Music Group which represents Linkin Park, Stone Temple Pilots and Staind, added that YouTube "can be a place to make money," but that, "It's not a place to make money right now." Berliant added that he doesn't blame YouTube, whose business model relies largely on advertising, which in turn relies on having a massive audience.

The session got testy when panelist Geoff Taylor, the chief executive of BPI and the BRIT Awards, referred the revenue his artists receive from YouTube and other ad-supported music streaming services as "pennies and pence," when compared to paid streaming services such as Spotify's premium tier and Deezer. Taylor said he hoped YouTube will develop a "mixed model" that also includes a paid subscription service.

YouTube already has the necessary music licenses to launch a paid subscription music streaming product and is expected to launch its service sometime this year.

Taylor took another shot at Google towards the end of the session, accusing the search giant of doing little to remove links to illegal sites that distribute pirated music or sell software that can be used to record music

videos on YouTube, Vevo and elsewhere.

"When you know that stuff is illegal, you surely have got the responsibility to take that knowledge into account and do something with your search rankings, which gives the legal sites a chance to put themselves in front of consumers rather than the pirate sites," Taylor said. "To have a really productive partnership, Google and YouTube need to do more on that."

Pickett was not given a chance to respond during the panel, which can be viewed in its entirety on YouTube.

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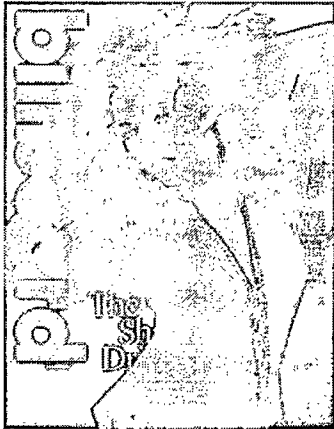


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## . Katy Perry Sets Record on Pop Songs Chart

## **Exhibit H**



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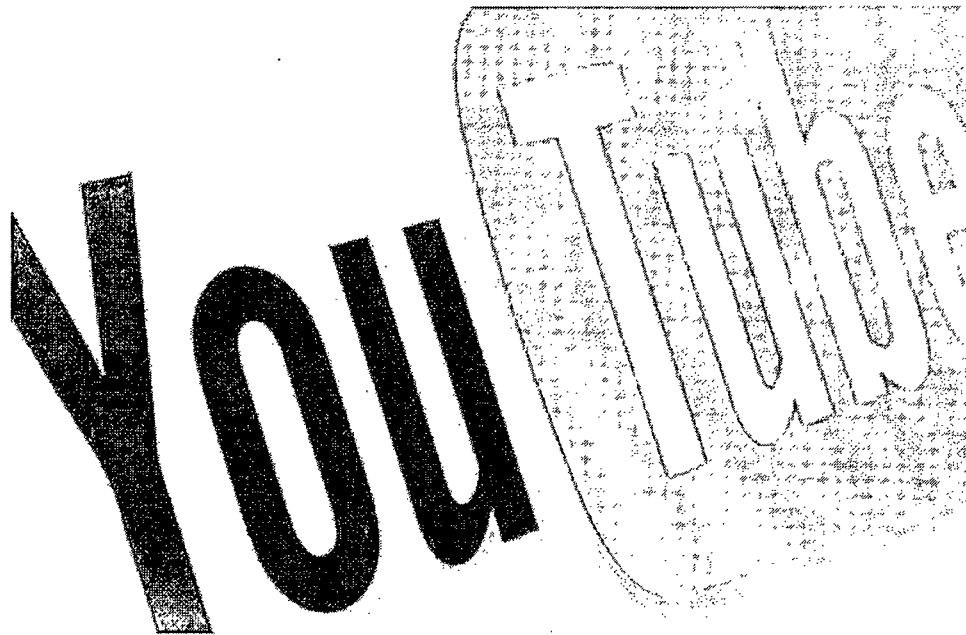
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## YouTube Close to Launching Subscription Music Service (Breaking)

*By Alex Pham, Los Angeles* | October 23, 2013 6:51 PM EDT





YouTube is preparing a premium on-demand music service -- akin to a Spotify, but with video -- to launch later this year, according to several sources familiar with the plans.

The service, designed with mobile listening in mind, will have a free component and a premium tier that offers unlimited access to a full catalog of tracks similar to what's already available via YouTube's parent company, Google Inc., via its All Access subscription music service. Premium features would include the ability to cache music for offline listening and removing ads.

The free tier is likely to be unlimited, on-demand access to full tracks on all platforms, including mobile, said several people who have been briefed on the proposed service. In that sense, the paid tier is more of a "soft sell" as YouTube's primary goal is to continue to amass ears and eyes to its mobile platform to sell ads.

#### **Five Ways to Make Money From YouTube (From the Magazine)**

But having a paid tier, with all the required licenses for a premium on-demand product, gives YouTube more flexibility in packaging and selling music with fewer restrictions on what it can do with the music, multiple sources pointed out. In addition, there are strategic reasons for developing a premium music video service that could be paired up with other Google products in the future, including Google Glass.

YouTube declined to comment on its plans.

"We're always working on new and better ways for people to enjoy YouTube content across all screens, and on giving partners more opportunities to reach their fans," YouTube said in a statement. "However, we have nothing to announce at this time."

#### **Google Play Music All Access Dials Up Verizon for Mobile Music to Rival AT&T's Push for Two-Tier Plan**

While the timing of the service's launch has not been determined, YouTube has said it is hoping to release a product this year. If it succeeds, YouTube could come out ahead of Beats Music, which is supposed to launch later this year, but could be delayed until early next year, according to several people knowledgeable with Beats.

YouTube, through its parent company Google, already secured most of the licenses it needs to launch a music service earlier this year, beginning with Warner Music Group in March, followed by Sony Music Entertainment and Universal Music Group. The licenses obtained were for both Google's All Access service, which launched in May, and for a YouTube music service.

Many younger listeners already use YouTube as a free, on-demand jukebox -- searching for, and finding, official music videos of major releases. The challenge for YouTube has been to create a service that would be better than what it currently offers its audience in order to justify a monthly fee of around \$10.

#### **Warner Music Inks Deal With Google for Music Subscription Services**

One big added feature could be the ability to stream full albums. Currently, not all songs in an album are available on YouTube because artists generally select one or two tracks from any single album to feature in a music video. A second potential premium feature would be offline cacheing of songs and videos so users can listen on their mobile devices even when they're not connected or when they're trying to save on bandwidth costs or battery consumption. Finally, the removal of ads would almost certainly be a feature in the premium offering, sources said.

The introduction of a premium music tier is likely to coincide with a larger redesign of the YouTube mobile app that would give users a simple, clean interface in which to listen to music, create custom playlists and watch videos at the same time.



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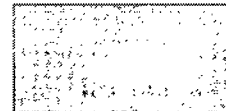
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## **. Lady Gaga Playing Stubbs at SXSW For Doritos, Must Do 'Bold Mission' To Get In**



October 24, 2013

# YouTube Said to Introduce Paid Service for Music

By BEN SISARIO

The competitive world of digital music is about to become even more crowded with the arrival of one of the most formidable forces on the Internet: YouTube.

By the end of the year, YouTube, a division of Google, will unveil a paid subscription music service to compete with Spotify and other streaming outlets, according to people briefed on the company's plans.

Subscriptions to YouTube's program, at about \$10 a month, would be tailored to mobile devices, and let its customers watch videos — or just listen to the music on them — without interruptions from advertising, according to these people, who were not authorized to discuss the service publicly.

The deal would also allow record companies, which have long complained about low per-stream payouts, to reap bigger royalties on YouTube, which has become the dominant listening platform for young people all over the world.

YouTube declined to comment directly on its plans, but said in a statement: "We're always working on new and better ways for people to enjoy YouTube content across all screens, and on giving partners more opportunities to reach their fans. However, we have nothing to announce at this time."

The news of the imminent arrival of the service, which has been rumored in the music industry for months, was first reported by Billboard.

The service would solve problems for both YouTube and the music industry.

Mobile access to the site has skyrocketed — Google recently announced that 40 percent of YouTube's traffic is mobile, compared with 6 percent just two years ago — but lower advertising rates on tablets and smartphones have caused some music labels to block their content from those devices.

Through the deal, YouTube would gain the licenses it needs, covering artists' official videos as well as user-generated content like wedding videos with a popular song in the background.

In addition to higher payouts, the service could also help music companies tame somewhat the chaos of content on YouTube by organizing music in full albums and playlists.

YouTube has struck licensing deals for the service with Sony, Universal and Warner, the three major record label groups, as well as some independent labels, according to people involved with the talks.

YouTube is only the latest arrival in a crowded market. In addition to Rdio, Rhapsody and Spotify, similar subscription streaming services are offered by Sony and even Google itself — its Google Play Music All Access, developed and operated separately from YouTube, was introduced in May, also for \$10 a month.

The music industry is also eagerly awaiting Beats Music, a subscription service expected soon from the makers of Beats by Dr. Dre headphones. Music executives are hoping that the company's success in marketing \$300 headphones can translate into music subscriptions, which have been slow to take hold, partly because of all the free music easily available on YouTube and elsewhere.

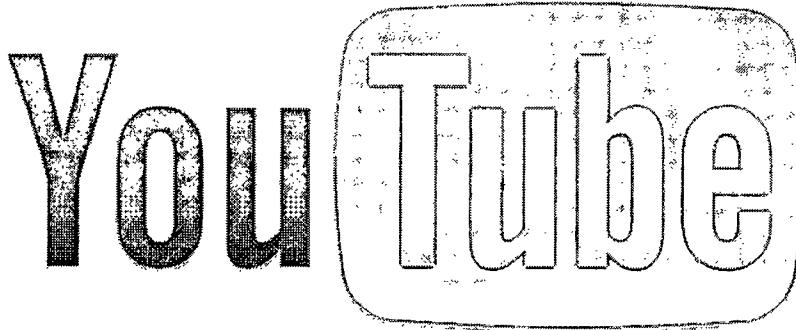
Some analysts said YouTube's success with a paid product may depend on its ability to compete with services like Spotify while still attracting users with free videos.

"YouTube is the world's largest music search and discovery engine," said Richard Greenfield, a media analyst at BTIG Research. "Clearly there are people who would pay above and beyond using YouTube for free. It's just about making a great consumer experience."

# VARIETY

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## *YouTube to Release Music Subscription Service*



OCTOBER  
23,  
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*Spotify,  
Rdio  
face  
a  
new  
competitor  
planning  
both  
free  
and  
premium  
tiers*

*Alex Stedman*

*(<http://variety.com/author/alexstedman2013/>)*

Already a prominent digital music option for the younger generation, YouTube (<http://variety.com/t/youtube/>) is reportedly looking to expand its reach with a music subscription service to launch as soon as December, according to published reports.

The service would release in competition with offerings such as [Spotify \(http://variety.com/t/spotify/\)](http://variety.com/t/spotify/) and Rdio, though having video to amp up to the deal. YouTube will reportedly offer both free and premium tiers, the premium featuring incentives such as commercial-free listening — also an option offered by Spotify and Pandora — and offline listening, integrating both computer browsers and mobile.

YouTube, however, has made no official announcements.

"We're always working on new and better ways for people to enjoy YouTube content across all screens, and on giving partners more opportunities to reach their fans," said a spokesman. "However, we have nothing to announce at this time."

The free service will likely offer unlimited, on-demand tracks. YouTube has already found a way to monetize off music through ads, as some of the most-viewed videos and most-subscribed channels on the Internet giant are music-related, and a partnership with Vevo has only boosted the thriving music repertoire.

According to sources close to the matter, it would also integrate a service offered by YouTube's parent company, Google, Inc.: Google Play Music All Access. The service provides users with an expansive library of music, the ability to listen to personalized radio stations and suggestions based on their preferences.

YouTube is also expanding its music category with the much-publicized YouTube Music Awards, to be held Nov. 3. High-profile performances slated to be included in the awards show include Eminem, Lady Gaga and M.I.A.

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## **Exhibit I**

Media Decoder

Behind the Scenes, Between the Lines

December 20, 2011, 3:31 pm

## **Vevo, a Music Video Web Site, Wants to Get Into Television**

By BEN SISARIO

In yet another example of the muddying of media categories, Vevo, the music video Web site set up by the two largest record companies is in talks with cable carriers to become a TV channel.

The company, which operates independently but is owned by the Universal Music Group, Sony Music Entertainment and the Abu Dhabi Media Company, has grown quickly since it was introduced two years ago as the music industry's version of Hulu: a source of high-quality online content that could draw premium advertising.

As of October, Vevo had 57 million users in the United States and streamed 827 million videos a month, a 400 percent increase since the Web site began in December 2009, according to a report the company issued on Tuesday.

To develop the service, Vevo wants to become something akin to what MTV was in its earlier days: a channel that will show music videos as well as other kinds of pop-culture entertainment.

It could create a cable channel of its own, or make deals with existing content companies, according to two people with knowledge of the company's negotiations, who spoke on condition of anonymity because the talks are said to be in the early stages.

The talks were first reported by The Financial Times. A Vevo



spokeswoman declined to comment on its plans.

Vevo's videos are streamed through YouTube, which provides the bulk of Vevo's traffic. But the company has been eager to establish Vevo as a recognizable consumer brand since it earns more advertising revenue when users go directly to its site, instead of through YouTube or other platforms.

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## *Vevo Will Block YouTube's Offline-Video Viewing Feature*



SEPTEMBER  
20,  
2013  
10:43AM  
PT

*Todd Spangler* (<http://variety.com/author/todd-spangler/>)

NY Digital Editor

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Music video (<http://variety.com/t/music-video/>) service Vevo (<http://variety.com/t/vevo/>), which is one of YouTube (<http://variety.com/t/youtube/>)'s top content suppliers, will not be allowing users to watch its videos through YouTube's mobile apps if they're not connected to the Internet.

A new feature for YouTube mobile apps, slated to go live in November, will let users download videos and then play them back offline for up to 48 hours (<http://variety.com/t/48-hours/>).

But Vevo, for one, is not going to participate. "We're not going to allow viewing of our music videos or other programming in offline mode," a Vevo rep told *Variety*. She declined to elaborate on the decision.

Vevo generates more than 3 billion views monthly via its 15,000 YouTube channels, with music videos for popular artists including Miley Cyrus, Lil Wayne (<http://variety.com/t/lil-wayne/>), One Direction, Drake and Rihanna.

**SEE ALSO: [Why YouTube Offline Videos Won't Be a Game-Changer \(http://variety.com/2013/digital/news/why-youtube-offline-videos-wont-be-a-game-changer-1200616831/\)](http://variety.com/2013/digital/news/why-youtube-offline-videos-wont-be-a-game-changer-1200616831/)**

YouTube did not respond to a request for comment. Reps previously declined to comment on the offline-viewing project beyond what the [blog post \(http://youtubecreator.blogspot.com/2013/09/heads-up-about-upcoming-youtube-mobile.html\)](http://youtubecreator.blogspot.com/2013/09/heads-up-about-upcoming-youtube-mobile.html) announcing it.

According to sources familiar with the initiative, the [Google \(http://variety.com/t/google/\)](http://variety.com/t/google/)-owned site has notified a large group of partners to give them an opportunity to opt out (as Vevo is doing).

The terms of Vevo's licensing deals with music labels may prevent it from offering downloadable versions of the videos, even for a short period of time.

Vevo also is interested in driving usage of its own mobile streaming apps: To date, users have [downloaded \(http://variety.com/t/downloaded/\)](http://variety.com/t/downloaded/) more than 28 million of the music service's apps; as of June 2013, approximately 50% of its U.S. views were delivered to smartphones, tablets or connected TVs. (Currently, Vevo videos may be streamed through YouTube's mobile apps.)

Earlier this year, Google took a 7% stake in Vevo  
(<http://variety.com/2013/digital/news/youtube-confirms-stake-in-vevo-music-video-venture-1200504729/>), with an investment of \$40 million to \$50 million, according to a Billboard. New York-based Vevo is majority owned by Sony Music Entertainment and Universal Music Group, with a minority stake held by Abu Dhabi Media.

Vevo has licensing deals with labels including UMG, Sony Music Entertainment, EMI Music, CBS Interactive Music Group, Hollywood Records and Walt Disney Records, among others. Vevo does not have a deal with Warner Music Group.

Vevo also powers music videos on artist pages across Facebook and syndicates to dozens of online sites, including AOL, BET, CBS Interactive Music Group, Disney Interactive, Fuse.tv, Univision, Viacom Media Networks, Wenner Media and Yahoo Music.

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## **Exhibit J**



# *Slacker Radio adds competitive features*

MAY 17, 2011 | 03:37PM PT

*Users can access specific songs or whole albums from library*

*Andrew Barker (<http://variety.com/author/andrew-barker/>)*

Senior Features Writer

*[@barkerrant \(<http://twitter.com/@barkerrant>\)](http://twitter.com/@barkerrant)*

Internet music service Slacker Radio has launched an on-demand feature, dubbed Slacker Premium Radio.

The No. 2 Web radio service in the country (behind Pandora), Slacker's Premium service — available for \$9.99 per month — allows for immediate listening to specific songs or whole albums from its library, as well as the ability to create artist-specific playlists. Previously, Slacker's music was only available through curated playlists.

Feature adds a third pricing tier to the site's subscriptions; prior versions of the service offered one free plan, supported by advertising, and one ad-free premium tier.

The move can be seen both as an attempt to one-up Pandora, which offers no such service, and preemptive strike against such on-demand providers as Rdio and Europe's Spotify, which, though they

are not like-for-like competitors, have long been seen as potential threats to Internet radio. Due to licensing issues, Slacker's entire 8 million-song library will not be available for on-demand listening, but company reps assure the majority will be.

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February 12, 2013

## A Smaller Rival Takes Aim at Pandora

By BEN SISARIO

ONE of advertising's great (or at least most amusing) traditions is the challenger attack ad, in which a field's No. 2 (or No. 3) player tries to distinguish itself by taking aim at the leader. When artfully done it can have a great effect, as in Avis's long-running "We try harder" campaign against Hertz, or Samsung's recent ads mocking the obedience of iPhone fans.

The latest example is in digital music services, with Pandora as the Goliath and its much smaller competitor Slacker in the role of David with the 30-second sling.

In an online-only spot that will start running Wednesday, a young woman at a coffee shop vexes everyone in earshot when she opens a blue "Pandora's box" — labeled "P," like Pandora's app icon — and unleashes a singularly annoying song.

"It plays that over and over again," the woman complains to a friend, who blames Pandora's "small music library" for the repetition. With Slacker helpfully loaded on her phone, the friend points out that Slacker has 10 times as many songs, and other features, too.

Like Pandora, Slacker offers free, ad-supported Internet radio and has two tiers of premium service. Listeners can eliminate ads for a \$4 monthly subscription, and \$10 a month also adds features that — like Spotify and other "on-demand" services — let users play any song they choose.

Since its founding in 2006, however, Slacker has struggled to stand out. With four million monthly users, 560,000 of them paying, its audience is a fraction of Pandora's, which is more than 65 million a month; Clear Channel Communications has nearly 50 million online listeners through its station sites and iHeartRadio app.

To promote itself among such formidable competition — and to introduce a revamped version of its site — Slacker wants to show that it tries harder.



"We had to be very honest with where we were in the marketplace," said Craig Rechenmacher, Slacker's chief marketing officer. "We had to be disruptive in the marketplace, and we needed something that targets our competitors and the holes in their service."

Slacker will spend \$5.5 million on media placements this year, Mr. Rechenmacher said. In addition to the video spot, by Liquid Advertising, the campaign will include display ads by the agency Questus, and they will run on music and pop-culture sites like YouTube, Vevo, Brooklyn Vegan and College Humor.

The ads show off what Slacker says is its human touch, with playlists created by music experts and stations featuring D.J.'s and commentators. Pandora caters to listeners' tastes through a secret algorithm that analyzes each song's musical "genome." (Others, like Songza, have grown quickly through expert programming, but Pandora is the field's leader by far.)

"When we did research on our core users, what they love the most, what came back was the idea that it felt like somebody was home," said Jack Isquith, Slacker's senior vice president of strategic development. "There was someone who loves music at the controls."

The campaign is also evidence of a slow change in the marketing of digital music services, many of which have avoided advertising in favor of online word-of-mouth (and, of course, lots of free music). Pandora, for example, is often featured in commercials by its partners, like car companies, but has made none of its own.

"It costs a lot of money to build a brand if you didn't hit it luckily through viral channels, like Pandora did," said David Hyman, the former chief executive of the music service Mog, which was sold last year to Beats Electronics.

The biggest force in promoting digital music over the years, music executives say, was Apple's iTunes and iPod commercials. Rhapsody, too, has run dozens of television ads, including a memorable one with Jay-Z in 2009.

For the most part the recent wave of streaming services has not been heavily advertised, but that is changing as the field grows more competitive. Last year, Rdio, a subscription service, did a multimillion-dollar campaign that included billboards in Times Square. Spotify, which has grown quickly but has not fully penetrated the mainstream market, recently hired its first

agency of record, Droga5 — the former agency of Rhapsody.

For its campaign, Slacker wanted to focus on how digital services serve consumers. In the coffee shop video, the patrons align with the demographics of the service — 18 to 44 years old, and slightly more females than males, said Will Akerlof, the chief executive of Liquid Advertising — and visibly express their reactions to the music playing.

To find a sufficiently irritating soundtrack, the agency looked at a 2007 Rolling Stone magazine feature, “The 20 Most Annoying Songs,” Mr. Akerlof said, and recorded a techno-pop version of the folk song “Cotton-Eyed Joe,” in the style of Rednex’s version from the mid-1990s (No. 13 on the list).

That lighthearted approach, with a focus on the consumer, has been missing from many digital-music ads, Mr. Isquith said.

“The approaches of many of the people in the space has been, ‘Hey, we’re standing next to big stars,’ or, ‘Hey, we’ve got the slickest, most cutting-edge tech product,’ but that’s not why people use it,” he said.

“Our ads,” Mr. Isquith added, “are meant to say that this is a great listener experience that will delight you.”



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## Slacker Radio Pulls in 6M New Users After Redesign

By STEPHAN LEE MAY 9, 2013 10:54AM EST 0 COMMENTS

Since launching its completely redesigned digital music service on Feb. 13, Slacker picked up more than six million new listeners.

25 SHARES



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interface and large icons.

"We're thrilled with the results of our relaunch," CEO Jim Cady said in a statement. "Since mid-February millions of new people are tuning into Slacker, they're spending more time listening, and our paid subscriber base is growing fast."



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The result, Slacker said, is "the most complete music service on Earth," with streaming radio and on-demand access to more than 13 million songs (and growing), plus news, sports, and talk radio from ABC and ESPN.

Music fans can tap into Slacker Radio from the Web, every major smartphone platform, in cars, and via smart TVs and gaming consoles — most recently the Xbox 360. U.S. and Canadian Xbox Live subscribers can now rock out to their favorite tunes through the Xbox Live Marketplace. Those with the Kinect sensor can also use voice controls.

Users can create their own stations or explore the hundreds already available. The service comes in three flavors: free streaming; commercial-free access with unlimited song skips for \$3.99 per month; and the addition of offline listening and on-demand access for \$9.99 per month.

Slacker is available for free in the Apple iTunes Store, Google Play, Windows Phone marketplace, and BlackBerry World.

For more, see PCMag's review of Slacker Radio (slideshow above), as well as Slacker for Android and Slacker for iPad. Also check out Spotify, Slacker, or Pandora: Which Streaming Music Service is Right for You?

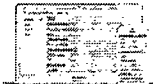
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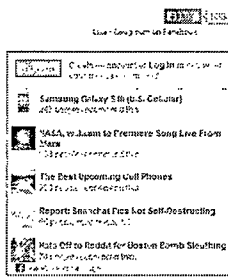
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BY STEPHANIE MLOT

Stephanie Mlot is a PCMag reporter in May 2012. She moved to New York City from Frederick, Md., where she worked for four years as a multimedia reporter at the second-largest daily newspaper in Maryland. She interned at Baltimore magazine and graduated from Indiana University of Pennsylvania (in the town of Indiana, in the state of Pennsylvania) with a degree in journalism and mass communications. MORE »

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## **Exhibit K**



## iTunes Radio overtakes Spotify, gaining on iHeartRadio in U.S.

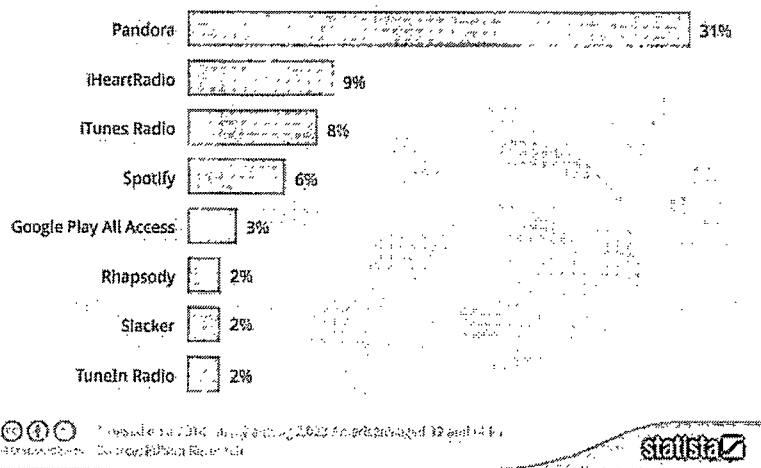
By Philip Elmer-DeWitt March 11, 2014: 6:05 AM ET

Reprinted from Statista

But Pandora, with a 31% market share, still dominates Internet music streaming.

### Pandora Maintains Lead In Crowded Audio Streaming Space

% of Americans aged 12+ who listened to the following services in the past month



FORTUNE -- Less than six months after Apple (AAPL) launched its music streaming and recommendation service, iTunes Radio has taken the No. 3 spot in the crowded U.S. market, according to Edison's **monthly radio report**.

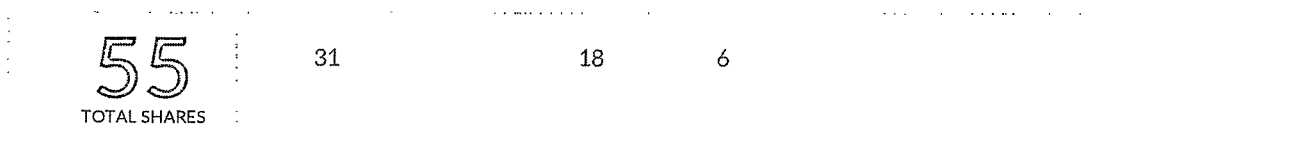
Pandora (P), with 80 million U.S. users and a 31% share, still dominates the field, and iHeart Radio, with a 9% share, is No. 2. But Apple's entry, with more than 20 million users, is growing fast, according to a report Monday in **Electronista** that predicts iTunes Radio will overtake iHeart before the end of the year.

"This spells trouble for Spotify," Electronista suggests. Spotify is bigger than iTunes in Europe but has had trouble gaining traction in the U.S.

"People want to own their music," Steve Jobs **famously declared** in 2007, explaining why Apple was willing to sell iTunes songs through its archrival Microsoft (MSFT) but had no interest in getting into the subscription-based music streaming business. "Never say never," he added, "but customers don't seem to be interested in it. The subscription model has failed so far."

The next year, Pandora and Spotify both set out to prove him wrong.

LINK: Statista: iTunes Radio already 3rd most popular music streamer



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Clear Channel and Dualtone Music Group Announce Agreement to Share Digital and Broadcast Radio Revenue with Artists

Clear Channel and Fleetwood Mac Sign Landmark Revenue-Sharing Agreement

Record Label Innovative Leisure to Partner with Clear Channel on Digital and Broadcast Revenue-Sharing

Clear Channel and Suburban Noise Records to Partner on Digital and Broadcast Revenue-Sharing

Clear Channel and Black River Entertainment Sign Digital and Broadcast Revenue-Sharing Agreement

## Warner Music Group and Clear Channel Announce Landmark Music Partnership

*Unprecedented Strategic Alliance to Help Break New Music and Enhance Artist Careers*

*WMG to Share In Revenue From All Platforms*

**New York, N.Y. – September 12, 2013** – Clear Channel Media and Entertainment and Warner Music Group Corp. (WMG) today announced a landmark partnership aligning the two companies' interests in driving digital growth, increasing radio listenership, breaking new music and creating new marketing opportunities for established artists. The agreement is the first wide-ranging strategic alliance between a major music company and Clear Channel.

Through this transformative alliance, WMG will share in revenue from all platforms and gain unprecedented opportunities to promote the music of its emerging and established artists across all of Clear Channel's unmatched multi-platform assets, including:

- Clear Channel's 850 radio stations nationwide; 243 million monthly broadcast radio users; more than 20,000 nationwide events; 60 million monthly uniques across its digital properties; its iHeartRadio theaters; and the 143 million person monthly reach of its outdoor assets;
- Programs to dedicate commercial time specifically to launch new music by providing new song exposure through both an enhanced and a first-ever guaranteed and prioritized version of Clear Channel's Artist Integration Program (AIP), which will deliver carefully timed and continuing promotion;
- Major nationally televised events, including the Jingle Ball annual holiday concerts, the iHeartRadio Music Festival, iHeartRadio Ultimate Pool Party events, iHeartRadio Album Release Parties, and more;
- Special programs using Clear Channel's digital footprint, including its digital simulcast, digital-only stations and custom stations, as well as special audio and video content, programming and promotions; and
- New targeted user interfaces in digital that make it easier for consumers to buy music when they hear it – building on radio's role as the #1 way people discover music, and driving the conversion of interest in new music directly to sales.

"The reach of radio, its power to promote, coupled with a recognition of the value of music makes this a great opportunity for artists and a promise to all people that finding their favorite music is fun and fundamental," said CeeLo Green.

"WMG is showing the way for what a true 21st century music company can be – a music company built for the digital age. They're now poised to use this unique relationship to benefit both their new and legendary artists," said Bob Pittman, Chairman and CEO of Clear Channel. "We couldn't be more thrilled to be their partner in building these exciting new markets and promoting their artists in



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## Warner Music Group and Clear Channel Announce Landmark Music Partnership

innovative new ways. This is a win for all parties – for artists, who will enjoy heightened and guaranteed exposure; for their fans, who will find them in more places than ever before; for consumers, who will have the enhanced ability to find and listen to music wherever and whenever they want; and for WMG, Clear Channel and all of us participating in the new digital marketplace.”

Pittman continued, “The team at WMG understands that old formulas don’t work as well as they must in the digital age, and that we have to think differently to build a robust future for the music industry. Today, music companies and media and entertainment companies need to be more supportive of each other’s needs. This agreement begins that new era, and will help both companies thrive in the digital world.”

“We are delighted with this multi-faceted alliance, which we are confident will generate greater overall revenue for our artists and labels, while providing a host of powerful new promotional opportunities to reach a wider audience” said Steve Cooper, CEO, WMG. “This deal is further evidence of our efforts to be nimble in artist development, our determination to create profitable new methods of breaking original music and our commitment to sustainable digital innovation. This agreement underscores that WMG is a music company in a class of its own.”

“From high visibility live and televised events to unique digital services, the breadth and strength of Clear Channel’s platforms will enable us to propel our artists’ careers in an extremely competitive marketplace” said Rob Wiesenthal, COO/Corporate, WMG.

### About Warner Music Group

With its broad roster of new stars and legendary artists, Warner Music Group is home to a collection of the best-known record labels in the music industry including Asylum, Atlantic, Big Beat, East West, Elektra, Fueled by Ramen, Nonesuch, Parlophone, Reprise, Rhino, Roadrunner, Rykodisc, Sire, Warner Bros., Warner Classics, Warner Music Nashville and Word, as well as Warner/Chappell Music, one of the world’s leading music publishers, with a catalog of more than one million copyrights worldwide.

### About Clear Channel Media and Entertainment

With 245 million monthly listeners in the U.S., Clear Channel Media and Entertainment has the largest reach of any radio or television outlet in America. Clear Channel Media and Entertainment serves 150 markets through 840 owned radio stations, and the company’s radio stations and content can be heard on AM/FM, HD digital radio, satellite radio, on the Internet at [iHeartRadio.com](http://iHeartRadio.com) and on the company’s radio station websites, on the iHeartRadio mobile app, in enhanced auto dashes, on iPads and smartphones, and used via navigation systems. iHeartRadio, Clear Channel’s digital radio platform, is the No. 1 all-in-one digital audio service with over 300 million downloads; it reached its first 20 million registered users faster than any digital service in Internet history.

The company’s operations include radio broadcasting, online and mobile services and products, live concerts and events, syndication, music research services and independent media representation. Clear Channel Media & Entertainment is a division of CC Media Holdings, Inc. (OTCBB: CCMO), a leading global media and entertainment company.

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### Big Machine Label Group and Clear Channel Announce Groundbreaking Agreement to Enable Record Company and Its Artists to Participate in All Radio Revenue Streams and Accelerate Growth of Digital Radio

*Big Machine Becomes First Record Company to Share in Clear Channel's Terrestrial Broadcast Revenues*



*Companies Reach Agreement on Innovative Model for Future Growth of Digital Radio*

#### Related Articles

Clear Channel And Entertainment One (EOne) Announce Agreement To Share Digital And Broadcast Radio Revenue With Artists

Z104 World Wide Artists to Receive Broadcast and Digital Radio Revenue Through Clear Channel Partnership

Clear Channel to Share Broadcast and Digital Radio Revenue with Artists on Feather Records Label

Clear Channel and Dustone Music Group Announce Agreement to Share Digital and Broadcast Radio Revenue with Artists

Clear Channel and Flextone Mac Sign Landmark Revenue-Sharing Agreement

Record Label Innovative Leisure Co. Partner with Clear Channel on Digital and Broadcast Revenue-Sharing

Clear Channel and Sound Ban Noise Records to Partner on Digital and Broadcast Revenue-Sharing

Warner Music Group and Clear Channel Announce Landmark Music Partnership

Clear Channel and Black River Entertainment Sign Digital and Broadcast Revenue-Sharing Agreement

**NASHVILLE, Tenn.** - Big Machine Label Group and Clear Channel Media and Entertainment today announced a groundbreaking agreement to align their business interests and accelerate growth and innovation in digital radio to the benefit of music fans and radio listeners everywhere.

Artists with Big Machine's wholly owned labels who will benefit from this agreement include Big Machine Records artists Taylor Swift, Tim McGraw, Rascal Flatts, Edens Edge and Ella Mae Bowen and Valory Music Co. artists Reba McEntire, Justin Moore, Brantley Gilbert, The Mavericks and Thomas Rhett.

"For years, record companies and media companies have looked for a new way to do business together that would bring our interests into line," said Scott Borchetta, President and Chief Executive Officer of Big Machine Label Group. "In Clear Channel, I found partners who shared my big-picture view of how we could structure an agreement to benefit all involved. Not only does this partnership enable Big Machine to participate in terrestrial broadcast revenues, but we are also helping to grow digital radio - a great opportunity for all of us and a breakthrough opportunity for Big Machine artists."

"Scott Borchetta has reinvented the music business in many important ways over the years, from distribution and artist development to promotion and advertising," said Bob Pittman, Chief Executive Officer of Clear Channel. "Focusing that same creativity on how best to grow the music business, Scott has developed this new model with us to let his labels and artists participate in the revenue of broadcast radio immediately and in digital radio as it builds. This is a big step, but we think this investment is an opportunity worth taking to align our interests in all of our revenue streams and grow digital listening to its full potential with record labels and their artists as our partners. This landmark agreement creates a structure that makes sense for both our companies - but most of all for music fans."

"Today, 98 percent of our listening is terrestrial broadcast and 2 percent digital - with record labels and artists only paid for the 2 percent," said John Hogan, Chairman and Chief Executive Officer of Clear Channel Media and Entertainment. "This new agreement expands label and artist participation from just digital to terrestrial broadcast radio revenues in one comprehensive framework that will give all of us a great incentive to drive the growth of the digital radio industry and allow everyone to participate financially in its growth. This market-based solution helps bring the best in music to radio listeners wherever they want to hear it."

#### About Big Machine Label Group

At the helm of the independent Big Machine Label Group is industry veteran Scott Borchetta, who serves as President and CEO. The conglomerate encompasses Big Machine Records (founded in 2005), The Valory Music Co. (founded in 2007) and Republic Nashville (a partnership with Universal Republic founded in 2009 with Jimmy Harnen serving as President). The Big Machine Label Group's current artist roster includes Multi-Platinum superstars Taylor Swift, Tim McGraw, Rascal Flatts, Reba and Martina McBride; Platinum sensations The Band Perry; legendary group The Mavericks; established acts Eli

3/11/2014 Big Machine Label Group and Clear Channel Announce Groundbreaking Agreement to Enable Record Company and Its Artists to Participate in All Radio ...

Young Band, Justin Moore as well as hot newcomers Brantley Gilbert, Sunny Sweeney, Edens Edge, Thomas Rhett, Ella Mae Bowen and Greg Bates. BMLG artists have received multiple GRAMMY, CMA, ACM, American Music Awards, CMT Music Awards, Teen Choice Awards, MTV Video Music Award and People's Choice Award accolades as well as Brit Award and JUNO Award nominations. For more information, visit us at [www.BigMachineMusic.com](http://www.BigMachineMusic.com)

Like Big Machine Label Group on Facebook by clicking [here](#).

#### About Clear Channel Media and Entertainment

With 245 million monthly listeners in the U.S., Clear Channel Media and Entertainment has the largest reach of any radio or television outlet in America. Clear Channel Media and Entertainment serves 150 markets through 840 owned radio stations, and the company's radio stations and content can be heard on AM/FM, HD digital radio, satellite radio, on the Internet at [iHeartRadio.com](http://iHeartRadio.com) and on the company's radio station websites, on the iHeartRadio mobile app, in enhanced auto dashes, on iPads and smartphones, and used via navigation systems. iHeartRadio, Clear Channel's digital radio platform, is the No. 1 all-in-one digital audio service with over 300 million downloads; it reached its first 20 million registered users faster than any digital service in Internet history.

The company's operations include radio broadcasting, online and mobile services and products, live concerts and events, syndication, music research services and independent media representation. Clear Channel Media & Entertainment is a division of CC Media Holdings, Inc. (OTCBB: CCMO), a leading global media and entertainment company.

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By Dan Rys | September 27, 2012 1:41 PM EDT

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Clear Channel has signed its second deal with an independent record label, teaming up with Glassnote Entertainment Group to pay out digital and terrestrial revenues to the label and its artists.

The partnership comes on the heels of the radio giant's agreement with the Big Machine Label Group back in June, which paid Big Machine sound recording performance royalties, as well as a percentage of both digital and terrestrial advertising revenue, which had previously only existed digitally. Clear Channel confirmed to Billboard.biz that the deal with Glassnote followed along those same lines.

**Exclusive: Clear Channel, Big Machine Strike Deal to Pay Sound-Recording Performance Royalties To Label, Artists**

Glassnote's artists include Mumford & Sons, Phoenix, GIVERS, Childish Gambino, and Two Door Cinema Club, among others.

"We built Glassnote to be a next-generation music company that embraces change, including evolving technologies," said Glassnote founder/CEO Daniel Glass in a statement. "One of our passions is aggressively finding new and innovative ways to make our artists' music and information more available than ever to their fans. It is no secret of our respect and love for radio. This partnership aligns our business interests more closely with Clear Channel, and we're excited about being part of the drive to grow digital radio faster and bring all of its benefits to music fans."

3/11/2014

Clear Channel Inks Second Radio Royalties Label Deal, This Time With Glassnote | Billboard

## Clear Channel's John Hogan Discusses Big Machine Royalty Deal at Billboard Country Summit

The digital-only legislatively-mandated sound recording royalty currently paid to artists and labels is set at \$0.002 per play for 2012. The deals with both Big Machine and Glassnote set a specific, albeit undisclosed, percentage based on advertising revenue that is to be paid to the label, rather than on a per-play basis. Terrestrial radio still accounts for 98% of U.S. radio's music advertising revenue.

"Not only will this agreement expand [Glass'] label and artists' participation in all of Clear Channel's radio revenues; it also creates a vibrant new digital radio business model that we believe will provide more money for the artists and the labels and more digital choices for the consumer," said Clear Channel CEO Bob Pittman in the press release.

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## billboardbiz

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By Ed Christman, New York | June 03, 2013 9:00 AM EDT

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With a pact now with Fearless Records, Clear Channel Media and Entertainment continues its slow but steady signing of independent label deals in which the broadcaster agrees to pay artist performance royalties from terrestrial radio in exchange for predictable royalties rates for webcasting.

Fearless music's roster includes Plain White T's, At the Drive-In and The Aquabats!, Breathe Carolina, Mayday Parade, Eve 6, Piece The Veil, and The Summer Set who will now receive performance royalties when their songs are played on any of Clear Channel's 850 radio stations.

### Could The Big Machine, Glassnote Deals With Clear Channel Set Market Rate For Radio Royalties?

Since last June, when it cut its first deal with Big Machine, Clear Channel has signed similar deals with Glassnote Entertainment Group, DashGo, rpm Entertainment, E1 Entertainment, Robbins Entertainment, Naxos and Wind-up Records.

The deals benefit labels and artist by paying performance royalties from a pool of 1% of the stations advertising from terrestrial broadcasts, something the music industry has long sought but up until the Big Machine deal, has never been able to obtain. In return, Clear Channel, sources say, gets a predictable model that pays performance royalties from 2% of advertising revenues from webcasting, instead of the per-play, per listener rates that are set by the CRB board, which makes it difficult for the company to predict costs.

"These market-based partnerships with record labels are part of Clear Channel's efforts to help build a sustainable business model for Internet radio," Clear Channel CEO Bob Pittman said in a statement. "We want to make sure that our fans can listen to the music they want whenever and wherever they want it. Fearless has helped launch the careers of a number of successful artists and we are excited to partner with them to continue to help listeners discover new music through the power of radio, whether on-air or online."

While Fearless has helped numerous artist build careers, without radio "none of it

3/11/2014

Clear Channel and Fearless Records Strike Broadcast and Digital Performance Royalty Deal | Billboard

would have been possible," Fearless Records president Bob Becker said in a statement. "Radio is where we introduced these successful artists to their fans and where fans go to discover new music from the bands they love, and we look forward to breaking more rock artists with the help of Clear Channel, on both broadcast radio and digitally, in the future."

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## billboardbiz

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By Sydney Gore, New York | June 06, 2013 10:52 AM EDT

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Clear Channel Media has announced its latest direct licensing deal, this time with Dualtone Music Group, an independent rock label based in Nashville, Tenn. The agreement allows Dualtone artists to share revenue from Clear Channel's broadcast and digital radio.

Dualtone specializes in roots and indie rock and includes such artist as the Grammy-nominated Lumineers, Guy Clark, Shovels & Rope, Ivan & Alysoha, and Little Comets. Additionally, the label's catalog includes titles by Brett Dennen, Mark Olson, Daniel Johnston, Townes Van Zandt and June Carter Cash.

### **Exclusive: Clear Channel, Big Machine Strike Deal to Pay Sound-Recording Performance Royalties To Label, Artists**

"Dualtone is dedicated to the long-term career development of each artist on our roster, and radio plays an essential role in their success," said Scott Robinson, CEO of Dualtone in a statement. "We will do whatever we can to help ensure a vibrant future for Internet radio as well as recognizing the continuing importance of broadcast radio. This is how our artists can reach as many of their fans as possible - wherever they are, on whatever device they're using - and is an invaluable factor in their success."

Over the course of the last year, Clear Channel has systemically signed similar deals with several independent record labels, including Big Machine Records, Fearless Records, Glass Note Entertainment Group, DashGo, rpm Entertainment, Robbins Entertainment, Naxos, eOne and Wind-up.

According to Clear Channel Media and Entertainment, they currently serve 150 cities through 850 owned radio stations in the U.S. with an average of 243 million monthly listeners.

"Dualtone has achieved enormous success over the past few years, in large part due to their nurturing approach to emerging artists," said Bob Pittman, CEO of Clear Channel, in a statement. "Their business philosophy is similarly focused on the long term, so they understand that Clear Channel is trying to move the digital radio industry towards a more sustainable model for the future and ensure fans get the music they want when and where they want it. We're excited to partner with Dualtone."



3/11/2014

Clear Channel, Dualtone Strike Revenue Agreement | Billboard

Surely, this deal will not be the last between Clear Channel and independent record labels.

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**Exhibit J to Pandora's Motion for Issuance of Subpoenas**

Before the  
UNITED STATES COPYRIGHT ROYALTY JUDGES  
Washington, D.C.

In the Matter of	)	
	)	
	)	
DETERMINATION OF RATES AND TERMS	)	Docket No. 14-CRB-0001-WR
FOR DIGITAL PERFORMANCE IN SOUND	)	CRB Web IV
RECORDINGS AND EPHEMERAL	)	
RECORDINGS (WEB IV)	)	
	)	

**SUBPOENA DUCES TECUM  
TO PRODUCE DOCUMENTS, INFORMATION, OR OBJECTS**

<b>THE COPYRIGHT ROYALTY BOARD TO:</b>	<i>(name and address of person being subpoenaed)</i> Clear Channel Communications, Inc. 75 Rockefeller Plaza, 23rd Floor New York, NY 10018
1. At the Request of: <i>(party name)</i>  <b>Pandora Media, Inc.</b>	<i>(name, address, and telephone of contact person)</i> R. Bruce Rich Weil, Gotshal, and Manges LLP 767 Fifth Avenue New York, NY 10153 (212) 310-8170

**YOU ARE COMMANDED** to produce at the time, date, and place set forth below the following documents, electronically stored information, or objects, and to permit inspection or copying of the material requested in the attached **Schedule A**.

Place: Weil, Gotshal, and Manges LLP 767 Fifth Avenue New York, NY 10153	Date and Time: April [15], 2014 at 9:00am (EST)
---	--

Issuing Officer Signature and Title:	Date:
Issuing Officer's Name, Address, and Telephone Number:	

PROOF OF SERVICE			
SERVED	Date	Place	
	Served on (Print Name)		Manager or Service
	Served by (Print Name)		Title
DECLARATION OF SERVER			
<p>I declare under penalty of perjury under the laws of the United States of America that the foregoing information contained in the Proof of Service is true and correct.</p> <p>Executed on this ____ day of ____, 20 ____</p> <p style="text-align: right;">_____ Signature of Server</p> <p style="text-align: right;">_____ Address of Server</p>			

## **SCHEDULE A**

### **DEFINITIONS**

1. "Record Company" means any entity that owns sound recording copyrights, including any and all subsidiary or affiliate recording companies and labels.
2. "Clear Channel," "you" and "your" shall mean Clear Channel Communications, Inc. and its directors, officers, board members, employees, subsidiaries, parent corporations, divisions, affiliated companies, agents, representatives, and anyone else acting on its behalf.
3. iHeartRadio means the music streaming service offered by Clear Channel.
4. Unless otherwise specified, the Documents requested are those referring to, or created during, the period from January 1, 2010 to the present (the "Period").

### **INSTRUCTIONS**

1. These requests are continuing in nature, and in the event Clear Channel becomes aware of additional responsive information or Documents at any time through the conclusion of this proceeding, Clear Channel is requested promptly to provide such additional information or Documents.
2. These requests seek information related only to your activities (or the activities of your users) in the United States. To the extent responsive documents encompass activities both within and outside the U.S., they should be produced in full.
3. If, for any reason other than a claim of privilege, you refuse to respond to any request herein, state the grounds upon which such refusal is based with sufficient particularity to permit a determination of the propriety of such refusal.
4. If, in answering these requests, you claim that any request, or a definition or instruction applicable thereto, is ambiguous, do not use such claim as a basis for refusing to

respond, but rather set forth as a part of the response the language you claim is ambiguous and the interpretation you have used to respond to the individual request.

5. These requests are intended to include all requested Documents in your possession, custody, control, or otherwise known or available to you, including Documents in the possession, custody, or control of your attorneys, agents, employees, accountants, consultants, representatives, or any other person acting or purporting to act on your behalf.

6. If there are no Documents responsive to any particular request, Clear Channel shall so state in writing.

### **REQUESTS FOR DOCUMENTS**

1. All license agreements in effect during the Period between Clear Channel and (a) a Record Company; (b) a distributor affiliated with and/or owned by Record Companies (*e.g.*, ADA, Red Associated Labels, Caroline); and/or (c) entities such as BMG, Orchard, Merlin, and IODA, that represent and/or enter into licensing agreements on behalf of independent Record Companies and/or artists.

2. For each agreement referred to in Request No. 1, all royalty statements and/or statements of account delivered from Clear Channel to the Record Company or other licensor for each quarterly reporting period (or other regular reporting period specified by the agreement) since January 1, 2011.

3. To the extent not included in the royalty statements/statements of account produced in response to Request No. 2, documents sufficient to show, on a monthly basis (or quarterly basis if that is the shortest basis on which Clear Channel reports to its licensors): (1) the number of iHeartRadio users at each tier of service (*e.g.*, users of simulcast streams, users of non-simulcast webcast streams, users of custom radio streams); (2) the number of streams/performances made

by iHeartRadio in each tier of service, including the number of streams to mobile devices versus desktop/laptop computers; (3) advertising and other ancillary revenue for each tier of service; (4) any other Clear Channel revenue streams for activities referenced in any of the agreements referred to in Request No. 1 (including traditional "terrestrial" radio broadcasts to the extent covered by the agreements) and (5) total payments paid by Clear Channel to each Record Company or other licensor referred to in Request No. 1 (including payments for internet streaming and/or terrestrial radio broadcasts) and how those payments were calculated.

4. For each agreement between Clear Channel and a Record Company or other licensor referred to in Request No. 1, Documents sufficient to show any advances and/or equity grants paid and/or provided by Clear Channel to the Record Company.

### CERTIFICATE OF SERVICE

I hereby certify that on **March 13, 2014**, I caused a copy of the Motion for Leave to Submit the Amended Declaration of Todd Larson in Support of Pandora Media Inc.'s Motion for Issuance of Subpoenas, the accompanying Amended Declaration of Todd Larson and exhibits to be served by overnight mail and email to the participants and by overnight mail to the proposed targets of the subpoenas listed below:

Cynthia Greer Sirius XM Radio, Inc. 1500 Eckington Place, NE Washington, DC 20002 cynthia.greer@siriusxm.com P: 202-380-1476 F: 202-380-4592 <i>Sirius XM Radio Inc.</i>	Patrick Donnelly Sirius XM Radio, Inc. 1221 Avenue of the Americas 36th Floor New York, NY 10020 patrick.donnelly@siriusxm.com P: 212-584-5100 F: 212-584-5200 <i>Sirius XM Radio Inc.</i>
Glen Pomerantz Kelly Klaus Anjan Choudhury Munger, Tolles & Olson LLP 355 S. Grand Avenue, 35th Floor Los Angeles, CA 90071-1560 Glenn.Pomerantz@mto.com Kelly.Klaus@mto.com Anjan.Choudhury@mto.com P: 213-683-9100 F: 213-687-3702 <i>Counsel for SoundExchange</i>	C. Colin Rushing Bradley Prendergast SoundExchange, Inc. 733 10th Street, NW, 10th Floor Washington, DC 20001 P: 202-640-5858 F: 202-640-5883 crushing@soundexchange.com bprendergast@soundexchange.com <i>SoundExchange</i>
David Golden Constantine Cannon LLP 1301 K Street, NW, Suite 1050 East Washington, DC 20005 dgolden@constantinecannon.com P: 202-204-3500 F: 202-204-3501 <i>Counsel for College Broadcasters Inc.</i>	Catherine Gellis P.O. Box 2477 Sausalito, CA 94966 cathy@cgounsel.com P: 202-642-2849 <i>Counsel for College Broadcasters Inc.</i>



<p>Janet Malloy Link  Clear Channel Communications, Inc.  75 Rockefeller Plaza, 23rd Floor  New York, NY 10018  JanetLink@clearchannel.com  P: 210-832-3318  F: 210-832-3122  <i>Clear Channel Communications, Inc.</i></p>	<p>Mark Hansen  John Thorne  Kellogg, Huber, Hansen, Todd, Evans  &amp; Figel, P.L.L.C.  1615 M Street, NW, Suite 400  Washington, DC 20036  Mhansen@khhte.com  P: 202-326-7900  F: 202-326-7999  <i>Counsel for Clear Channel Communications, Inc.</i></p>
<p>Kenneth Steinthal  Joseph Wetzel  King &amp; Spaulding LLP  101 Second Street, Suite 2300  San Francisco, CA 94105  ksteinthal@kslaw.com  jwetzel@kslaw.com  P: 415-318-1200  F: 415-318-1300  <i>Counsel for Beats Music, LLC, Amazon.com, Inc., and Rhapsody International, Inc.</i></p>	<p>James Duffett-Smith  Jared Grusd  Spotify USA Inc.  45 W. 18th Street, 7th Floor  New York, NY 10011  james@spotify.com  jared@spotify.com  P: 917-565-3894  F: 917-207-3543  <i>Spotify USA Inc.</i></p>
<p>Lee Knife  Digital Media Association (DiMA)  1050 16th Street, NW  Washington, DC 20036  lkknife@digmedia.org  P: 202-639-9509  F: 202-639-9504  <i>Digital Media Association</i></p>	<p>Lisa Widup  Apple Inc.  1 Infinite Loop  Cupertino, CA 95014  lwidup@apple.com  P: 408-974-4954  F: 408-974-9105  <i>Apple Inc.</i></p>
<p>Denise Leary  National Public Radio, Inc. (NPR)  1111 North Capital Street, NE  Washington, DC 20002  dleary@npr.org  P: 202-513-3021  <i>National Public Radio, Inc.</i></p>	<p>David Rahn  Custom Channels.net, LLC  2569 Park Lane, Suite 104  Lafayette, CO 80026  dave@customchannels.net  P: 303-588-2824  <i>Custom Channels.net, LLC</i></p>

Rusty Hodge SomaFM.com LLC 2180 Bryant Street, Suite 208 San Francisco, CA 94110 rusty@somafm.com P: 415-552-7662 <i>SomaFM.com LLC</i>	Thomas Cheney idobi Network LLC 1941 Vermont Avenue, NW Washington, DC 20001 tom@idobi.com P: 202-297-6977 <i>idobi Network LLC</i>
Kevin Blair Brian Gantman Educational Media Foundation 5700 West Oaks Boulevard Rocklin, CA 95765 kblair@kloveair1.com bgantman@kloveair1.com P: 916-251-1600 F: 916-251-1731 <i>Educational Media Foundation</i>	David Oxenford Wilkinson Barker Knauer, LLP 2300 N Street, NW, Suite 700 Washington, DC 20037 doxenford@wbklaw.com P: 202-383-3337 F: 202-783-5851 <i>Counsel for Digitally Imported Inc.,  AccuRadio, LLC, and Educational Media  Foundation</i>
Bruce G. Joseph, Karyn K. Ablin Michael L. Sturm, Jennifer Elgin Wiley Rein LLP 1776 K Street, NW Washington, DC 20006 kablin@wileyrein.com bjoseph@wileyrein.com msturm@wileyrein.com jelgin@wileyrein.com Phone: 202-719-7000 Facsimile: 202-719-7049 <i>Counsel for the National Association of  Broadcasters and/or National Religious  Broadcasters NonCommercial Music License  Committee</i>	Ari Shohat Digitally Imported Inc. 3457 Ringsby Court, Suite 212 Denver, CO 80216 ari@di.fm P: 303-997-2202 F: 303-997-1058 <i>Digitally Imported Inc.</i>
Jeff Yasuda Feed Media, Inc. 3979 Freedom Circle, Suite 610 Santa Clara, CA 95054 jeff@feed.fm P: 650-479-4881 F: 415-449-6947 <i>Feed Media, Inc.</i>	Gary Greenstein Wilson Sonsini Goodrich & Rosati 1700 K Street, NW, 5th Floor Washington, DC 20006 ggreenstein@wsgr.com P: 202-973-8849 F: 202-973-8899 <i>Counsel for CMN, Inc., 8tracks, Inc., and Feed  Media, Inc.</i>

<p>David Porter, Chief Executive Officer 8tracks, Inc. 51 Sharon Street San Francisco, CA 94114 dp@8tracks.com P: 415-948-4216 <i>8tracks, Inc.</i></p>	<p>Nick Krawczyk Chief Executive &amp; Creative Officer CMN, Inc. 7201 Wisconsin Avenue, Suite 780 Bethesda, MD 20814 nick@crystalmedianetworks.com P: 240-223-0846 <i>CMN, Inc.</i></p>
<p>Jane Mago 1771 N Street, NW Washington, D.C. 20036 jmago@nab.org Phone: 202-429-5459 Fax: 202-775-3526 <i>National Association of Broadcasters (NAB)</i></p>	<p>George Johnson GEO Music Group 23 Music Square East, Suite 204 Nashville, TN 37203 george@georgejohnson.com P: 615-242-9999 <i>GEO Music Group</i></p>
<p>David Israelite Danielle Aguirre National Music Publishers Association (NMPA) 975 F Street, NW, Suite 375 Washington, DC 20004 disraelite@nmpa.org daguirre@nmpa.org P: 202-393-6672 F: 202-393-6673 <i>National Music Publishers Association</i></p>	<p>Russ Hauth Harv Hendrickson 3003 Snelling Drive, North Saint Paul, MN 55113 rush@saalem.com hphendrickson@unwsp.edu Phone: 651-631-5000 Fax: 651-631-5086 <i>National Religious Broadcasters NonCommercial Music License Committee</i></p>
<p>William Colitre Music Reports, Inc. 21122 Erwin Street Woodland Hills, CA 91367 bcolitre@musicreports.com P: 818-558-1400 F: 818-558-3484 <i>Music Reports, Inc.</i></p>	<p>William Malone 9117 Vendome Drive West Bethesda, MD 20817 Malone@ieee.org P: 301-365-1175 <i>Counsel for Intercollegiate Broadcasting System, Inc. and Harvard Radio Broadcasting Co., Inc.</i></p>
<p>Brendan Collins Triton Digital, Inc. 15303 Ventura Boulevard, Suite 1500 Los Angeles, CA 91403 Brendan.collins@tritondigital.com P: 818-528-8867 <i>Triton Digital, Inc.</i></p>	<p>Slacker, Inc. c/o Jack Isquith 16935 W. Bernardo Drive, Suite 270 San Diego, CA 92127 jisquith@slacker.com <i>Slacker, Inc.</i></p>

<p>Google Inc.  c/o Corporation Service Company which will  do Business in California as CSC – Lawyers  Incorporating Service  2710 Gateway Oaks Drive, Suite 150N  Sacramento, CA 95833  <i>Google Play All Access</i></p>	<p>Google Inc.  c/o Corporation Service Company which will  do Business in California as CSC – Lawyers  Incorporating Service  2710 Gateway Oaks Drive, Suite 150N  Sacramento, CA 95833  <i>YouTube</i></p>
<p>Beats Music, LLC  c/o Luke Wood  1601 Cloverfield Boulevard, Suite 5000N  Santa Monica, CA 90404  <i>Beats Music, LLC</i></p>	<p>Rhapsody International, Inc.  c/o David Rosenberg  1420 Fifth Avenue, Suite 1500  Seattle, WA 98101  <i>Rhapsody International, Inc.</i></p>
<p>VEVO, LLC  c/o CT Corporation System  111 Eighth Avenue  New York, NY 10011  <i>VEVO, LLC</i></p>	<p>Rdio, Inc.  c/o New Season Corporate Services  4600 Larson Way  Sacramento, CA 95822  <i>Rdio, Inc.</i></p>
<p>Cricket Communications, Inc.  c/o Corporation Service Company which will  do Business in California as CSC – Lawyers  Incorporating Service  2710 Gateway Oaks Drive, Suite 150N  Sacramento, CA 95833  <i>Cricket Communications, Inc.</i></p>	

Sabrina A. Perelman <sup>1984</sup>  
Sabrina A. Perelman

# Weil, Gotshal & Manges LLP

767 Fifth Avenue  
New York, NY 10153-0119  
+1 212 310 8000 tel  
+1 212 310 8007 fax

Todd D. Larson  
+1 212 310 8238  
todd.larson@weil.com

March 13, 2014

United States Copyright Royalty Judges  
Library of Congress  
James Madison Memorial Building  
101 Independence Ave., S.E.  
Washington, D.C. 20559-6000

Received  
MAR 13 2014  
Copyright Royalty Board

Re: In the Matter of Determination Of Rates And Terms For Digital Performance In Sound Recordings And Ephemeral Recordings, Docket No. 14-CRB-0001-WR ("Web IV")

To the Copyright Royalty Judges:

We represent Pandora Media, Inc. ("Pandora") in the above-referenced proceeding. Enclosed please find Pandora's Motion for Leave to Submit the Amended Declaration of Todd Larson in Support of Pandora Media Inc.'s Motion for Issuance of Subpoenas.

Should you have any questions or concerns, please do not hesitate to contact me.

Respectfully submitted,

*Todd D. Larson* <sup>TDL</sup>

Todd D. Larson

Encl.

cc: All participants

# ATTACHED NOTES

Original

