



## Arbitrators Side With Radio and Reduce SESAC License Fees

*For Immediate Release*

**Nashville, TN, July 31, 2017.** Late last week, the Radio Music License Committee (RMLC) learned that the RMLC-Represented Stations were awarded a **more-than-60% discount** off of the SESAC radio station license rate card. The substantial fee reduction applies for the license period January 1, 2016 through December 31, 2018.

SESAC had offered stations that chose not to arbitrate only a 5% discount. In contrast, many of the RMLC-Represented Stations that chose to participate in the arbitration, and that overpaid SESAC on an interim basis since 2016, will now receive a combined credit worth tens of millions of dollars.

The arbitrators' decision is a significant favorable step in the right direction for the radio industry, bringing SESAC's license fees and rate structure more into line with the rate formulas used by ASCAP and BMI. The percentage-of-revenue license structure is an improvement over SESAC's long-criticized rate card. Highlights of the decision include:

- ***For the first time ever, the SESAC license agreement will transition to a percentage of revenue license structure.*** Rather than relying on SESAC's rate card, the arbitration panel determined that SESAC's blanket fee for the 2016-18 license period should be set at 0.2557% of the same net revenue reported to ASCAP and BMI.
- ***SESAC will continue to maintain its so-called All-Talk Amendment at an even greater discount of 77.5%.*** This will enable eligible non-music-format stations to receive an increased discount from the SESAC blanket license rate. And it remains the case that this license form does not require the radio operator to file any music usage reports.
- ***Unlike the ASCAP and BMI licenses, SESAC's license will not contain a minimum fee.***
- ***For the first time ever, the SESAC license structure will transition from 3 separate agreements to a unitary license that will include coverage for over-the-air, HD multicasting and streaming.*** This demonstrates yet another similarity with the ASCAP and BMI license forms.
- ***The arbitrators' decision is retroactive to January 1, 2016; RMLC-Represented Stations that have paid SESAC interim license fees at 2015 rates will receive a credit for payments exceeding the now-final rates.***

SESAC's claim that the arbitrators' decision represents a substantial premium over the rate that ASCAP is now offering stations as a result of the recent RMLC-ASCAP negotiations is highly misleading in light of SESAC's own arguments to the arbitrators during the hearing. The outcome is nowhere near the status quo result SESAC sought.

Asked for comment, the RMLC's Co-Chairmen, Ed Christian and John VerStandig, said in a joint statement: "binding rate arbitration for SESAC was a giant first step for the industry. The arbitration decision reported here constitutes a significant correction in the level of SESAC's fees and many RMLC-represented stations will now experience substantial financial relief in the form of fee credits dating back to the beginning of 2016 (totaling tens of millions of dollars across the industry by our estimates). The RMLC intends to continue to defend and protect the interests of its members at the next arbitration (for the 2019-22 period), which is right around the corner."

The arbitration was the result of longstanding antitrust litigation instigated by the RMLC against SESAC in 2012. The matter was settled in 2015 on the basis that SESAC would agree to have its license fees determined by binding rate adjudication for the next 20 years. The initial arbitration concluded in May of this year.

The RMLC was represented in the arbitration proceeding by lead counsel Kenneth Steinthal and his team at the firm of King & Spalding. This is the same legal team that, late last year, worked with the RMLC's Executive Committee to broker terms with ASCAP for a new 5-year license that is now available to the industry. The firm also represents the RMLC in ongoing negotiations with BMI.

*About the RMLC*

The RMLC is a non-profit corporation that represents the vast majority of commercial radio stations (some 10,000) with respect to music licensing matters involving performing right organizations such as ASCAP, BMI and SESAC. For additional information, visit <http://www.radiomlc.org>.

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