



July 16, 2007

Jon Potter
Executive Director
Digital Media Association
1029 Vermont Ave, NW
Suite 850
Washington, DC 20005

Dear Jon:

Thank you for your letter late Friday night. Unfortunately, your characterization of our offer was inaccurate. Instead, we offered a minimum fee of \$500 per channel with a cap of \$50,000 for all webcasters ineligible for SWSA, provided that webcasters:

1. immediately comply with their reporting obligations and move to complete census reports of use within 90 days. We will work with services to ensure that reports are done in compliance with CRB rules and regulations; and
2. webcasters agree to implement technology to prevent streamripping, (the practice of copying the sound recordings in webcasts), provided such technology is feasible and is available on reasonable terms.

We look forward to receiving a positive response to this offer. We suggest that we schedule meetings on each of the items above in the next week. Also, we would be pleased to meet with your member companies to discuss other related issues.

Best regards,

John L. Simson
Executive Director

cc: Michael J. Huppe
Steve Marks