

Digital Music

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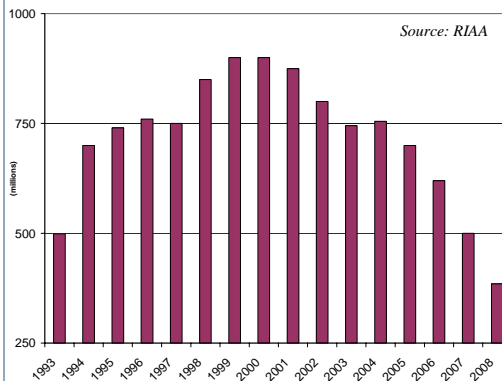
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INTRODUCTION *This report focuses on the fragmented and rapidly changing digital music space, and continues Redwood Capital's ongoing coverage of the digital media sector. This report covers many specific areas within the digital music distribution chain, including e-commerce, streaming, subscription services, mobile applications, Internet radio, search engines, social networking, gaming and artist direct distribution models. Various trends are reviewed from both an M&A and financing perspective.*

OVERVIEW

The music industry is in the midst of one of the most radical and tumultuous transformations of any industry in recent memory. The traditional decades-old CD distribution model is still reeling from what Napster and peer-to-peer file sharing unleashed over a decade ago, with an estimated 95% of all product effectively stolen via illegal file sharing and downloading (Source: IFPI). It is difficult to find another example of an industry that has faced a similar issue on such a massive scale. Sales of physical CDs, the bread and butter of the industry since the mid-1980s, continue to decline at a rapid pace, and will likely be eclipsed by digital downloads in the US by 2011 (Source: NPD).

US CD Sales (units in millions)



The transition to digital downloads and streaming has not been a smooth one, but when one cuts through the chaos, it is clear that interest in music has never been higher, and it has never been easier

nor more convenient to discover, purchase and listen to music. NPD reports that total consumption of music in any form has increased by one-third in the past five years. Consider how far consumers of music have come during that time, with the ability to carry a lifetime's accumulation of music in one's pocket or to listen to any song, anywhere, at any time, on demand with the click of a button (for a modest fee or in exchange for tolerating a few ads).

The opportunities to discover new music, tailored to one's personal tastes in an interactive medium are only just beginning, and the opportunity this presents for advertisers is enormous. With more than two-thirds of music consumers still only buying CDs and listening to traditional terrestrial radio, the digital music industry is poised for explosive growth as consumers migrate to digital media. The challenge remains whether consumers' growing appetite for digital music can be profitably monetized.

As new distribution models have emerged, including e-commerce downloads, subscription services, advertising-based streaming, social networking sites, direct artist-to-fan sites, bundling of music with mobile devices and cars, etc., the major music labels (Universal Music, Sony Music, Warner Music and EMI) have slowly shifted from a posture of litigation to one of select cooperation, alliances and direct investment in innovative new concepts. They are now beginning to engage and experiment with different models with new metrics and buzzwords, e.g. "push vs. pull", "rent vs. own", "music as a service vs. music as a product", "average revenue per unit vs. average revenue per user", etc. The net effect may be to lessen their dependence on Apple's iTunes, which currently has a 69% share of the download market (Source: NPD), and to allow new entrants into the market.

It remains unclear which model(s) will prevail, and which companies will ultimately win. The conventional wisdom has been that, since Napster, consumers have been trained to believe that music should always be free and that paying for music is optional. iTunes has proven that consumers are indeed willing to pay for music if it is presented in a consumer-friendly application, transactions are simple and convenient, and the value proposition is right. It's

difficult to envision anyone catching up with Apple's iTunes with a competing mass market e-commerce downloading model any time soon. However, we believe that new mobile apps will position the streaming subscription model for dramatic growth in the next few years, creating significant opportunities for investors. We view Apple's recent acquisition of Lala as evidence that the streaming model is gaining traction and that Apple has plans to enter the business. To date, the streaming subscription model has been primarily for desktop computer use, effectively chaining users to their desks, since the mobile apps have been constrained by two limitations: (1) wireless broadband is not yet seamless nor ubiquitous, resulting in dropouts and dead spots and therefore an often frustrating consumer mobile experience; and (2) the devices enabling mobile streaming have often not been compatible with each other. Regarding the former constraint, wireless access continues to improve with each new generation of technology and should make a significant leap forward as we move to 4G. Regarding the latter, Apple's recent willingness to allow competitors' apps on the iPhone, including the recent launch of Rhapsody's app and the approval of Spotify's app, eliminates one of the major barriers for subscription services. If these services and the mobile providers live up to the cloud's promise of offering any song, on demand, at any time, in any location, without repeated dropouts, we believe that consumers will be willing to pay for the convenience and joy of the experience. Consumers may finally loosen their requirement of physical ownership of their music collections if the advantages of owning are more than offset by the convenience of streaming on demand. This type of transformation in consumer behavior takes time, but we believe it is analogous to other changes in behavior that consumers initially resisted, such as acceptance of storing one's files on a remote server vs. on one's own computer, or using credit cards over the Internet. Importantly, while getting consumers to pay for Internet-based services has been extremely challenging, consumers are indeed willing to pay for content on their mobile devices.

The chaos and rapid changes have spurred a race to innovate and take risks, and despite the ever-shifting playing field, capital has continued to flow into the sector, with new concepts emerging on what seems to be a daily basis. Many of the new startups will fail, as it becomes evident that despite having innovative technologies and a growing and loyal user base, many do not have a sustainable business model that can generate

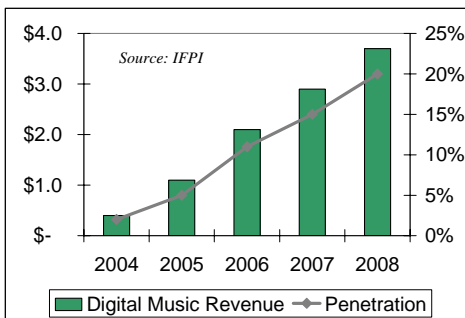
profits and positive cash flow. It is clear to us that as the various models shake out over the next few years, those willing to take risks, place bets and stomach the litigious environment will reap significant rewards. Consolidation is inevitable, as many businesses and technologies will be acquired by more viable business models, and we expect to see horizontal consolidation activity and transactions with numerous tangential sectors, including gaming, video, social networking, mobile broadband, automotive, etc. This consolidation is just beginning, as evidenced by MySpace's recent acquisitions of iLike and Imeem, and Apple's acquisition of Lala.

INDUSTRY DATA

The global music business is currently a \$19 billion market, down 50% from its peak of \$38 billion in 1998 (Source: *The New York Times*).

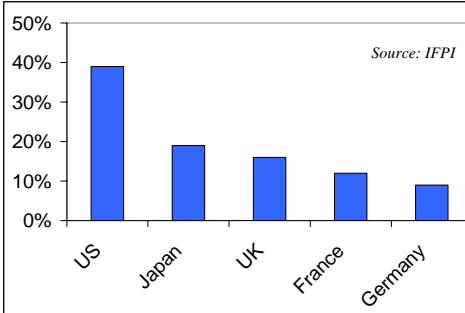
Digital music represents approximately 20% of recorded music sales, or \$3.7 billion, and is rapidly taking share with a 25% annual growth rate, but has not been growing fast enough to offset the decline in physical CDs.

Global Digital Music Sales and Penetration Rates (\$ in billions)



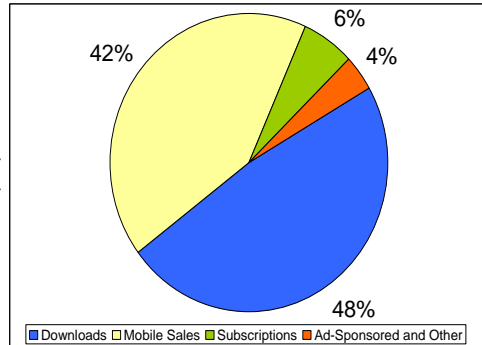
The US represents approximately half of the world market, and digital penetration in the US is currently 39%, which is significantly higher than in the rest of the world.

Digital Music Penetration Rates, January - June 2008



Digital revenue is currently dominated by downloads and mobile transactions, with the emerging models of subscriptions, ad-sponsored sites, social networking, etc. comprising approximately 10%.

2008 Digital Music Sales Breakdown



Source: IFPI and WSI

DISTRIBUTION MODELS

The lines between the new distribution models are beginning to blur, with major players offering consumers a menu of pricing plans, products and services available. The "freemium" model has emerged whereby certain base services are provided for free (often with ads) and a premium product with advanced features is offered for a fee. The following are the major categories of business models in existence today, recognizing that new models are being continually created.

Physical Retail (CDs) – Annual double digit declines in physical CD sales have dramatically changed the retail landscape, with virtually all of the specialty stores now gone (Sam Goody, Virgin Megastore, Tower Records, etc.) and other big box retailers with large exposure to music either bankrupt or in distress (Circuit City, Borders). In the first half of 2009, Wal-Mart led the market with a 20% share, followed by Best Buy (16%), Target (10%), and Amazon (10%) (Source: NPD). Despite the decline, these big box retailers still have tremendous clout and as such have been able to attract mega-artists into exclusive distribution arrangements (Wal-Mart: AC/DC, The Eagles, KISS; Target: Pearl Jam; Best Buy: Guns N'Roses).

E-commerce (Downloads) – Since its launch in 2003, Apple's iTunes has dominated the e-commerce download model, having sold over eight billion tracks to date. Apple's market

share is currently 69% with Amazon's recently launched site a distant second at 8% (Source: NPD). There are over 500 other legal download services worldwide. Competing against iTunes requires a unique niche or value proposition. For example:

- eMusic, one of the more established players with 400,000 subscribers, offers a subscription model whereby customers pay \$12 per month for 24 downloads, resulting in a much lower per track cost. Content is primarily from independent labels, and is personalized and tailored to its customers, who tend to be an older demographic.
- Retailer Hot Topic recently launched Shockhound, a download site focused on their core teen customers.
- Amie Street offers a model whereby tracks start free and escalate in price based on popularity, and has attracted an investment from Amazon and a licensing deal with Sony.
- 7digital recently launched a site offering 77-cent downloads.
- Other sites such as mTraks offer only independent music.
- HDTracks offers high fidelity "lossless" downloads targeted to the audiophile market.
- Kazaa, now owned by Atrinsic, has relaunched as a legal service, offering unlimited "downloads" for \$20 per month, however tracks are not playable on portable devices and are rendered inoperable upon termination of the subscription.
- Numerous new concepts have been attempted, the most amusing of which may be bopaboo, which tried to launch a site allowing customers to sell their "used" MP3s.

Recent data suggests that the growth of e-commerce downloads may be slowing, and we suspect that the emergence of other models may be the cause.

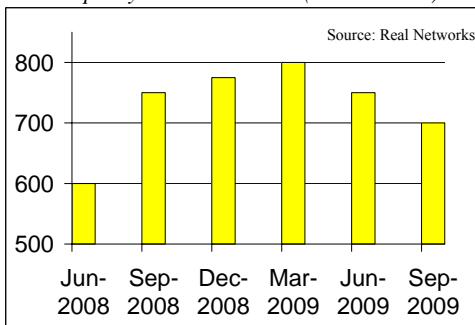
Streaming On Demand (Subscription Fees)

— Music streaming on demand is one of the most exciting categories in digital music, but

hasn't yet resonated with consumers on a large scale. Numerous new businesses are being launched utilizing this model and are backed by large companies such as Microsoft, Best Buy, Virgin, Real Networks and in several cases the major music labels themselves. In this model, customers pay a monthly fee for the ability to stream any music they desire on demand, either on their computers or on select mobile devices.

- Rhapsody (a joint venture between Real Networks and MTV) launched in 2001 as the first such service, and offers unlimited streaming on demand on one's computer for \$13 per month and adds mobile devices for an additional \$2 per month. Until September 2009, Rhapsody's 700,000 subscribers could only play the songs on specific mobile devices compatible with the product. The approval of its iPhone app in September was expected to give Rhapsody a huge boost, as it removed one of the major impediments to using its service. However, results thus far are disappointing, as Rhapsody's subscriber base continues to erode. We believe this is primarily a function of poor consumer awareness and competing free (and often illegal) alternatives.

Rhapsody Subscriber Base (in thousands)



- Best Buy's Napster (not to be confused with the original peer-to-peer service) offers a similar product, with unlimited streaming on demand on one's computer for \$5 per month (with five MP3 downloads), or \$15 per month for Napster To Go's mobile product, but Napster To Go is only compatible with select devices, not including the iPhone.

- Microsoft's Zune Pass offers unlimited streaming for \$15 per month, includes ten downloads per month, and is playable on

up to three computers or on a Zune mobile device.

- Virgin Media and Universal Music are launching an unlimited streaming and download service in the UK later this year.
- The original founders of Skype, Joost and Kazaa are launching a paid streaming site in the US called Rdio this year.
- The blogging network MOG launched its new \$5 service in December, which offers unlimited streaming on demand from all of the major labels and adds a recommendation engine (a la Pandora) to its service.
- Dada Entertainment is launching a service called Play.me, which offers unlimited streaming and 5 downloads for \$10 per month, with mobile apps for Android, iPhone, Blackberry, etc.
- Most notably, Sweden's Spotify is expected to launch its service in the US this year after achieving a sizable base of four million users in Europe. Each of the major labels is an investor in Spotify. Spotify offers consumers unlimited streaming on demand for free with ads after every five or six songs, or ad-free streaming on demand for £10 per month. Importantly, Spotify adds offline caching to its mobile service, which is not currently offered by Rhapsody, enabling users to listen to playlists even where no wifi is available. Spotify was approved for its iPhone app in August and the entire industry will be closely watching its US launch.

Streaming On Demand (Ad-Supported) – A variety of new sites are offering free streaming on demand, supported by ads, rather than customer fees. These sites are in various stages of legitimacy.

- As noted above, Spotify's basic offering in Europe is the most successful to date.
- Grooveshark combines free streaming on demand with a recommendation engine and a very simple interface, claims 600,000 users, and recently settled litigation with EMI.
- We7 claims 2 million users in the UK and offers unlimited streaming and download-

ing in exchange for grafting a five second advertisement at the beginning of every song.

- Qtrax is struggling to launch a free ad supported player, but has been sued by the labels even before its launch.
- Google’s YouTube offers free music and video streaming as well and as such is one of the most viewed sites for music.
- YouTube and Universal Music recently launched Vevo, effectively a premium version of YouTube focused entirely on streaming music videos.
- Finally, Google launched its own music service in October, in partnership with Lala, iLike and others, that allows users to search and stream songs on demand.

Placeshifting – Placeshifting is a concept whereby individuals can remotely access content stored on their personal computers via mobile devices.

- Lala, recently acquired by Apple, has perhaps the most unique, albeit complex, streaming model. Lala offers unlimited streaming of any song on the web for 10 cents, or the ability to download for 89 cents. Lala searches one’s personal music collection and allows those songs to be streamed for free, effectively fusing one’s personal collection with Lala’s licensed catalog. It is unclear whether Apple will continue with Lala’s strategy or use its technology as part of a new Apple streaming model.
- Didiom is a company that offers a technology that enables consumers to stream tracks from their PCs directly to mobile devices and currently has applications for Blackberry and Windows Mobile phones.

Internet, Satellite and HD Radio (No Customization) – These non-interactive offerings are effectively new technologies for delivering the same experience terrestrial radio has provided for decades, but with significantly more variety and in the case of HD radio, higher quality audio. There are tens of thousands of Internet radio stations, and 42 million people listen to Internet radio each week in the US (Source: Edison Research and Arbitron). The

dominant players are CBS Radio, Citadel, Clear Channel and Live365. Until March 2009, when the industry reached a settlement with SoundExchange on royalties, the very survival of the industry was in doubt.

- SiriusXM owns the satellite radio business. We believe that Internet radio ultimately poses a threat to SiriusXM as wireless broadband improves and the auto industry adds wireless capabilities to vehicles. SiriusXM’s competitive advantage remains its proprietary content.
- HD Radio is a product developed by iBiquity, offering digital transmission of radio signals which can be listened to on digital receivers that consumers can purchase. More than 1,900 stations covering approximately 84% of the United States are currently broadcasting with this technology (Source: iBiquity). The receivers have not yet caught on with consumers, however are being incorporated into home stereos, mobile devices, cars, etc. and could be poised for significant growth. iBiquity launched a \$79 HD Radio accessory for the iPhone in November.

Recommendation Engines (Customized Radio) — These sites enable the user to discover new music consistent with their preferences, but with a level of customization that greatly exceeds that offered by the terrestrial or Internet radio experience.

- Pandora is perhaps the best known of these sites, utilizing a unique recommendation technology entitled the “Music Genome Project”. Pandora claims 40 million registered users (3 million active per day) and expected \$40 million in revenue in 2009 (Source: *Wall Street Journal*). The company offers a free ad-based service, or a premium ad-free subscription at \$3 per

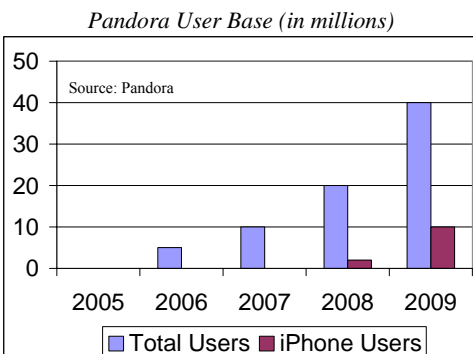
month. It currently has the # 1 free music application on the iPhone (Source: iTunes), and importantly, has 10 million mobile iPhone users. Pandora has raised \$64 million in venture capital to date.

- CBS’ Last.fm (30 million users) has a similar recommendation model, but adds social networking features and the ability to play certain songs on demand.
- Slacker (8 million users) has raised over \$70 million in venture funding to date, and adds a caching feature for Blackberry users.
- Jango (7 million users) adds social networking and a controversial feature that enables up-and-coming artists to pay for guaranteed airplay as recommended tracks on the service.
- Meemix enables even further customization, with the user able to vary other aspects of the experience, such as speed, mood, and variety.

These competitive offerings don’t appear to be particularly differentiated from each other at first; however there is a wide range in the quality and accuracy of their recommendations, i.e. how well the service matches its playlist to its customers’ tastes. With the issue of royalty rates resolved last year, several of these sites were able to raise additional capital to continue their growth plans.

Search Engines – These sites take a “Google-type” search approach to listening to music. Users enter the name of a song or an artist and the site searches the web for other sites hosting and streaming that music, but don’t host themselves. The legality of these models has been repeatedly challenged.

- Most notably, Project Playlist uses this model to allow users to create and share playlists via social networks. Playlist has deals in place with Sony and EMI, but remains in litigation with Warner Music and Universal Music, and as such was removed by Facebook and MySpaceMusic late in 2008. It has seen its user base drop from 10 million in November 2008 to 5 million in August 2009.



- Amie Street's Songza, Skreemr and Muziic each have similar offerings.

Social Networking – The social networking model effectively offers limited streaming on demand, MP3 downloads, artist exclusives, and the sharing, commentary and community typical of social networking, under one primarily ad-supported umbrella. This model has recently been embraced by the major labels, as well as artists looking for new ways to reach and build their fan base.

- The largest of these, MySpace Music, is a joint venture between News Corp's MySpace and each of the four major music labels and was launched to great fanfare in September 2008. The site offers authorized artist pages with free streaming on demand and paid downloads via Amazon, all within the MySpace environment. Despite doubling its traffic in less than a year, traffic has fallen approximately 25% in recent months to 7.5 million unique visitors (Source: Quantcast). The company redesigned its site in September 2009, and continues to struggle as parent MySpace loses share to Facebook. We suspect that Facebook will ultimately launch a competitive offering as well.
- Imeem had approximately 30 million unique monthly visitors to its site, yet came close to collapse last year until Warner Music forgave its debt and Warner Music and Universal Music relaxed the terms of their licensing deals. Imeem was acquired by MySpace in November 2009.

Mobile Bundling – Music is the most important entertainment content on mobile devices. The major mobile providers have recognized the power of offering music on mobile handsets, first with ringtones, and now have moved music to the forefront of their marketing plans. Importantly, the mobile providers recognize the impact their music offerings have on customer loyalty to their services.

- Nokia launched its Comes With Music service in the UK late last year, and has since rolled it out to nine other countries. Consumers purchase a phone which comes with the ability to download an unlimited number of songs from all the major labels at no extra charge for one year. However, songs are only playable on the Nokia de-

vice or on future upgrades. While Nokia doesn't break out usage numbers, it appears to be off to a slow start. The company reported only 107,000 users in nine countries as of July 2009. Comes With Music's US launch has been delayed.

- Other European providers such as Vodafone, Sony Ericsson, TDC, BSKyB, and Orange have similar offerings.

The labels seem optimistic that such offerings will help to reduce piracy in these markets.

Gaming – Video games have also become an important distribution channel for music. The gaming industry dwarfs the music industry, with \$48 billion in global revenue in 2008 (Source: PWC), and music games represent 15% of the total (Source: NPD). Titles such as Activision's Guitar Hero and Harmonix's Rock Band offer music downloads via the gaming console. Artists have recognized the power of the medium, as exemplified by The Beatles recently making their catalog available for digital download for the first time via Rock Band, even before making it available on iTunes or Amazon. Furthermore, these games now allow amateur artists to create and upload their songs via the game platform. Activision reports that 250,000 songs have been uploaded to Guitar Hero and downloaded 17 million times by other players (Source: GamesIndustry.biz). Last.fm reportedly gained 1 million new users as a result of its integration with Microsoft's Xbox.

Artist Direct Distribution – A decade ago, emerging artists' only viable path to reach fans and broadly distribute their music was to be signed by a label, record in a professional studio, and have their CDs distributed at retail. The combination of advances in home recording technology and the distribution capabilities offered by the Internet now allow unsigned artists a variety of ways to get their music heard.

- earBuzz and TuneCore each have a model whereby artists pay the company a fee in exchange for the company placing their songs on the leading digital e-commerce sites (including iTunes) for download. The artist keeps all revenue from sales and rights to their songs.
- SoundClick enables artists to create their own web pages and stream and sell their

songs directly from the SoundClick site. Artists pay a fee for premium pages, or can use the site for free with ads on their page.

- Music Intelligence Solutions' uPlaya has a proprietary technology that helps artists determine if their songs have "hit potential", which can then be used to help market themselves to the labels, or help determine which songs on an album should be released as a single.
- OurStage enables artists to upload their songs and have fans vote on their favorite songs and artists. The resulting charts create hype for unsigned artists.
- SoundCloud, Kompoz, and eJamming allow artists to collaborate over the web, sharing and mixing tracks, and in the case of eJamming, to play together in real time from remote locations.

KEY TRENDS AND CHALLENGES

1 Rampant Piracy Continues Despite a decade of aggressive attempts by the industry to reduce illegal downloads and peer-to-peer file sharing and preserve what remained of the old model, the biggest challenge facing the industry is still the fact that consumer attitudes towards paying for music have been forever changed, especially amongst the ever-important younger demographic. This places tremendous pressure on industry players to provide the consumer with an experience that exceeds that which can be achieved illegally and for free. The solution likely lies in packaging music with other products and services that consumers expect to pay for, such as mobile phone service, Internet connections, ringtones, concerts, merchandise, etc., and taking advantage of improvements in broadband speed and access to provide a service that can't be replicated for free.

2 Strategy of Major Labels Despite numerous attempts to cut out the labels as middlemen, and the potential damage they have done to their relationships with the public after years of suing their customers, the major labels still have tremendous clout in determining the fate of the various new distribution models and emerging companies. While backing by the major labels by no means guarantees

any degree of success, opposition from the labels is an obstacle that is extremely difficult to overcome. That being said, many of the larger players today began without the blessing of the labels, but once they became too big to ignore the labels were willing to make a deal.

3 Legal Complexity Many US copyright laws were written when the only form of music distribution was printed sheet music and as such, obtaining the proper licenses from all relevant content owners is extremely complex. Given the relative youth of the digital music industry, the law is being written and applied haphazardly and has been difficult to interpret. International differences make it difficult to offer consistent products on a global basis. For example, currently Pandora is legal in the US, but illegal in the U.K., and vice versa for Spotify. Developing a business plan in this environment is extraordinarily difficult.

4 The End of DRM The recent decisions by the labels to finally eliminate digital rights management for many applications should represent a landmark change for emerging growth companies in the music space. This greatly reduces a longstanding barrier by allowing compatibility of content and devices across platforms. By decoupling content and devices, consumers can now download a song from their choice of providers and listen to that song on their choice of devices.

5 Mobile Strategy is Critical Whereas it has been extremely challenging for content owners across all digital media sectors to monetize online content, consumers do not expect mobile content to be free to the same degree because they have been conditioned to pay for such services. Therefore, we believe that online models that don't have credible mobile strategies will continue to struggle, and killer mobile apps will prosper. We believe that one of the primary reasons for MySpace's acquisition of Imeem was Imeem's mobile capabilities.

6 Dominance and Importance of the iPhone With iTunes' almost 70% US share in digital downloads, and the iPhone quickly taking market share in the smartphone category, alliances with Apple and/or apps on the iPhone have become critical to success. Rhapsody, Spotify and Sirius have all launched iPhone apps in the past few months, and MOG's is expected shortly, and this should

give each an important boost in marketing their products. Without the iPhone app, customers would have had to spring for another device to use those services. With customers hesitant to even pay monthly service fees, adding a hardware requirement would have been an insurmountable obstacle in reaching a large customer base. We believe that Apple has been smart in its willingness to approve apps even from services that compete with iTunes.

7 Importance of Wireless Broadband The widespread availability of broadband in the home and the office in the past decade has enabled computer-based downloading and streaming to develop entirely new methods of discovering, purchasing and listening to music. Many of the previously mentioned business models revolve around this experience. However, the next frontier for the developing models is to take the experience mobile without frustrating consumers. Now that consumers have accepted that cell phones are also music players, the market for mobile music has dramatically expanded, given that 139 million smartphones were sold worldwide in 2008 (Source: Gartner). To date, while streaming services such as Rhapsody and Pandora are a great way to listen to music at one's desk, the experience on a mobile phone is mediocre at best, given dead spots and dropouts, and in the case of Rhapsody, low bitrate streaming. We suspect that many early adopters have tried these mobile services, only to get frustrated and go back to listening to MP3s on their iPods. Spotify's and Slacker's ability to cache playlists may prove to be a good workaround until wireless broadband availability and quality catches up.

8 Consumers Remain Willing to Pay for Exciting New Technologies and Products Consumers have proven that they are indeed willing to pay for new products and technologies that enhance the music experience or provide new uses for music. The tremendous initial growth of the ringtone market is one example. US ringtone sales grew from almost zero in 2002 to a peak of \$714 million in 2007, before dropping 24% in 2008 (Source: SNL Kagan) as consumers ultimately figured out how to create ringtones on their own for free. iTunes has created new value added products that sell at a premium, such as iTunes Pass, which automatically delivers all new product, including exclusive extras, from a specific band to its fans, and iTunes LP, which adds album art, videos, and other extras to an

album purchase. Shazam is another good example. Shazam is the second most popular music app on the iPhone and claims 50 million users. Shazam is a unique technology that enables users to use their mobile phone to identify and tag any song they hear in public or on the radio and immediately purchase the song. The app is so popular that Shazam is now charging customers \$5 for the premium app, and is limiting free users to five tags per month, and its usage is accelerating.

9 Convergence of Models Most streaming services also offer the ability to purchase tracks either with their own e-commerce model or with links to others, most often iTunes and Amazon. To date, most e-commerce models have not offered streaming services, likely out of fear of cannibalization as well as licensing requirements. We believe that as streaming catches on with a broader audience, the e-commerce players will have to offer both. Apple is now more likely to move in this direction with its purchase of Lala, and increases our level of confidence that the streaming model is the wave of the future.

MERGERS AND ACQUISITION ACTIVITY

To date, M&A activity in the digital music sector has been light, with the largest acquisitions primarily driven by the target company's user base and/or technology, not necessarily its business model, e.g. Apple's acquisition of Lala or MySpace's acquisitions of iLike and Imeem. Lala's business model was not yet proven, yet it gives Apple capabilities in streaming that Apple can utilize in the future to complement its e-commerce model. iLike was the leading music application embedded in Facebook, with over 31 million total Facebook installations, and Imeem had over 30 million users and a mobile platform, therefore both gave MySpace additional traction with which to compete with Facebook.

The digital music landscape remains highly fragmented, with an enormous number of independent players that could prove to be attractive acquisition candidates. Given the uncertainties surrounding consumer behavior and which business models will ultimately prevail, we expect to see ac-

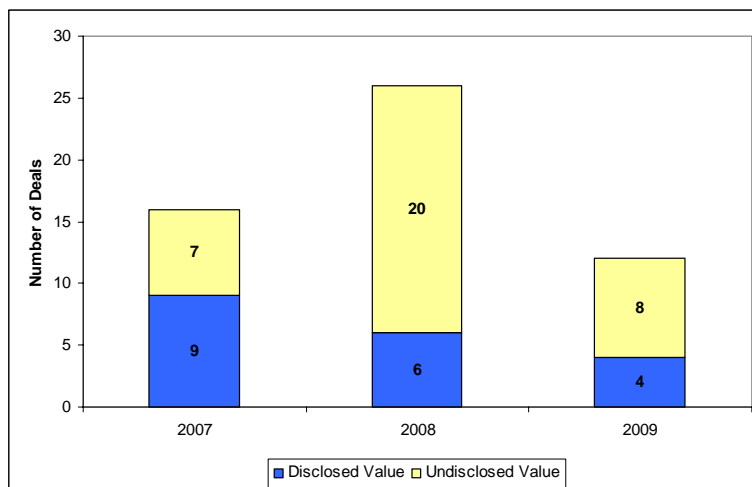
quirers hedging their bets by acquiring expertise in other distribution models.

Going forward, we would expect to see an increase in M&A in the sub \$30 million market as larger traditional media companies and social networks continue to build out their digital media presence by acquiring companies with a meaningful subscriber base. We also expect a large number of mergers between some of the smaller players, as they attempt to achieve scale by consolidating subscriber bases.

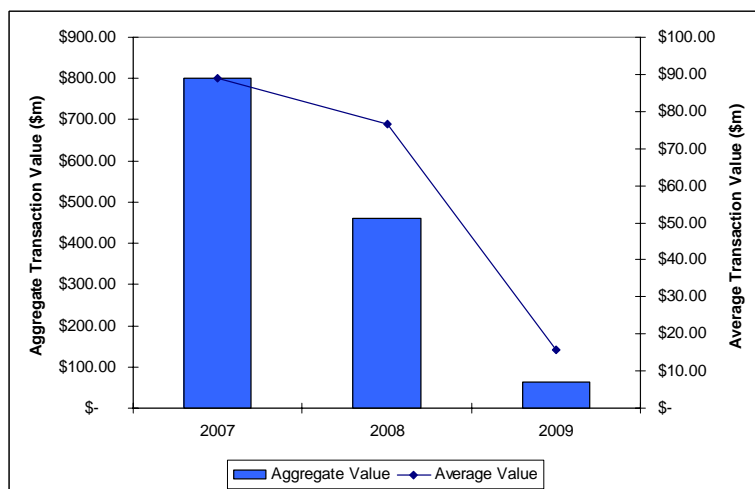
With the exception of acquisitions of the top players in the space, these transactions will likely be accomplished through stock swaps and earnouts given the relatively low cash flow of the current business models (The MySpace/Imeem transaction price is rumored to be \$8 million, with only \$1 million in cash).

Selected M&A—2007 -Present

Number of Deals Completed



Aggregate/Average Transaction Value (disclosed values only)



Sources: Capital IQ

Selected M&A—2007 - Present, continued

(\$ in millions)

Announced	Target	Transaction Value (\$m)	Acquiror	Business Description
12/04/2009	La La Media	-	Apple	Online streaming and downloading
11/18/2009	Imeem	-	MySpace	Online community to share content
10/15/2009	The Orchard Enterprises	13.8	Dimensional Associates	Digital music stores
09/03/2009	7Digital	12.6	HMV Group	Digital music stores
08/19/2009	iLike	19.5	MySpace	Social music discovery service
04/29/2009	Total Music	-	Project Playlist	Digital catalog management
04/15/2009	Muze	17.0	Rovi Corporation	Music information and discovery services
04/06/2009	Now Digital and 63% of Digital One	-	Arqiva	Digital radio stations and network
03/25/2009	24-7 Entertainment	-	Media-Saturn-Holding	Online and mobile distribution of digital media
03/12/2009	Sound Revolution	-	On4 Communications	Music marketing services
02/18/2009	Nokia Siemens Networks Oy, Music2You division	-	IMImobile	Music subscription services
01/13/2009	Mix2r	-	MixMatchMusic	Social networking and music sharing
12/16/2008	MediaNet Digital (several digital media stores)	-	Jriver	Digital media stores
10/23/2008	Songza	-	Amie Street	Media streaming service
10/02/2008	MTunes Digital Distribution	-	Believe	Digital music distribution
09/30/2008	Muze Europe	0.9	Muze	Music and video databases
09/17/2008	RadioSherpa	-	RadioTime	Electronic program guides for HD radio
09/14/2008	Napster	137.0	Best Buy	Digital music discovery and sharing
08/05/2008	Broad Street Digital	-	RoyaltyShare	License management
08/04/2008	CD Baby	-	Audio & Video Labs	Online music store
06/30/2008	Ringtone.com	7.0	Atrinsic	Subscription-based mobile entertainment
06/27/2008	flatster	-	Next Generation Entertainment	Online digital music platform
06/09/2008	Rev Media	-	Big Star Media Group	Online event streaming
06/04/2008	Rock Show	-	-	National digital radio station
06/02/2008	HeartFirst	-	Spinnaker Media	Christian music discovery service
05/16/2008	ArkivMusic	7.0	Steinway Musical Instruments	Classical music online retailer
05/05/2008	AbsolutePunk	-	Buzz Media	Online music website

Sources: Capital IQ, Venturewire, Issuer press releases

Selected M&A—2007 - Present, continued

(\$ in millions)

Announced	Target	Transaction Value (\$m)	Acquiror	Business Description
04/22/2008	Gracenote	260.0	Sony Corporation of America	Music recommendation service
04/14/2008	Gawker Media, Idolator	-	Buzz Media	Online music blog
03/30/2008	Tagshine	-	Buzz Media	Streaming on-demand music
03/16/2008	Groove Mobile	48.0	LiveWire Mobile	Mobile music services
03/11/2008	eStockMusic.com	-	WebMediaBrands	Royalty-free stock music
02/25/2008	My Bands Music	-	Missing Beat Music	Digital music download store
02/14/2008	Big Music Board	-	Audiotube	Online music community
02/13/2008	SNOCAP	-	Imeem	Digital licensing and content management
02/04/2008	FoxyTunes	-	Launch Media	Music portal and music management
01/28/2008	Anywhere.FM	-	Imeem	Music player and upload manager
01/06/2008	SoundBuzz	-	Motorola	Online and mobile music
12/07/2007	Stereogum	-	Buzz Media	Music download services
11/11/2007	Musiwave	51.9	Microsoft	Mobile music entertainment services
11/05/2007	Livacity.no	-	Edda Digital	Music community
11/05/2007	All Media Guide	82.6	Macrovision	Physical and digital content distribution
11/02/2007	Fabchannel	1.8	Foreman Capital	Online concert archives
09/13/2007	Musicphone	-	Gracenote	Interactive voice response technology
08/27/2007	iTraxx	-	Neo Advertising	Online radio
07/10/2007	Digital Music Group	-	The Orchard Enterprises	Digital music and video distribution
07/02/2007	Bugs Corp.	16.0	Gloworks	Online music provider
06/19/2007	Pump Audio	42.5	Getty Images	Music distribution for unsigned artists
05/30/2007	Last.fm	280.0	CBS	Online music services and music videos
05/22/2007	Independent Digital Entertainment & Arts	-	RoyaltyShare	Outsourced content management
05/15/2007	Sony NetServices	9.0	RealNetworks	Music personalization, streaming and download
03/14/2007	EZ-Tracks	4.0	Traffix	Music download services
02/05/2007	CJ Music Co.	314.3	M-net Media Coro	Music distribution and content planning
01/09/2007	TuneCore	-	Guitar Center	Digital media distribution services

Sources: Capital IQ, Venturewire, Issuer press releases

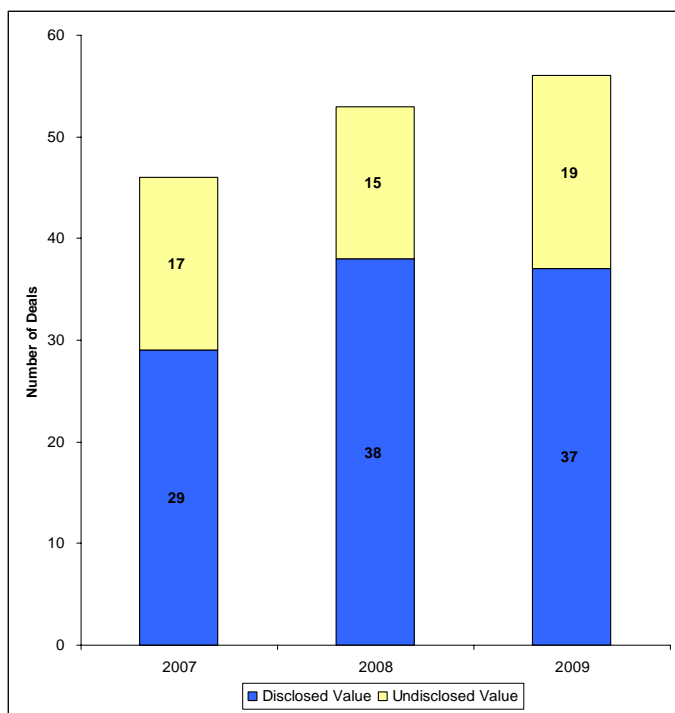
VENTURE FUNDING

Whereas venture funding has dropped off significantly over the past two years in nearly all sectors, investment activity in the digital music sector remains robust, with over \$200 million flowing into the sector during each of the past three years (note: includes deals with disclosed values only). There were 56 venture capital investments made in the space in 2009, up from 46 in 2007. The average transaction size is approximately \$7.5 million. As expected, the largest rounds have been raised by the companies with the most buzz, including Pandora, Spotify, Slacker and La La. Many rounds have had significant strategic participation from players including the major music labels and Amazon.

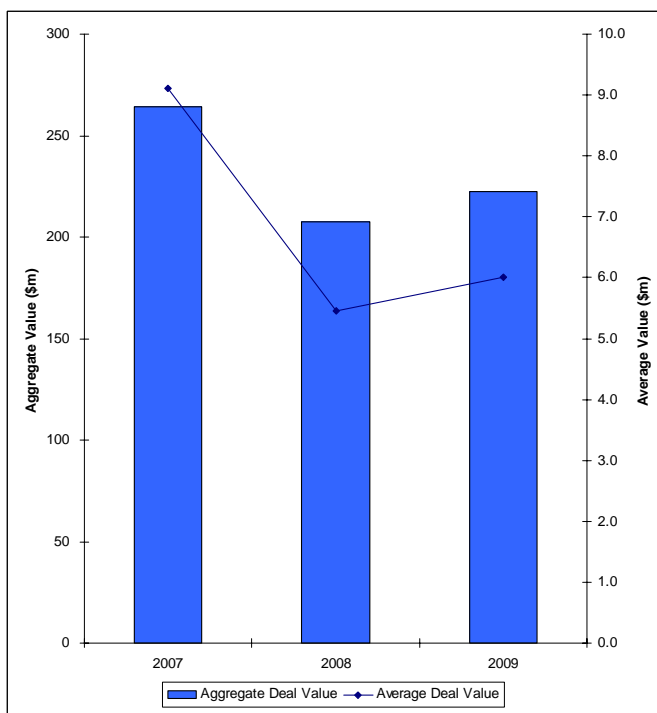
Going forward, we expect to see continued investment activity, with mobile applications generating the most interest. Investors are once again focused on the underlying economics of the various business models, rather than on usage statistics. Additionally, we expect to see continued strategic investments by major media companies to supplement their M&A activity and gain toehold positions in some of the newer models that have not yet been proven.

Selected Venture Investments—2007-Present

Number of Deals Completed



Aggregate/Average Transaction Size (disclosed values only)



Sources: Capital IQ

Selected Venture Investments—2007 - Present

(\$ in millions)

Announced	Target	Amount Invested (\$m)	Investors	Description
12/16/2009	SonicMule	8.0	Bessemer Venture Partners; Granite Ventures, LLC; Shasta Ventures	Mobile audio platform
11/11/2009	Fluid Music Canada	15.3	-	Private label music aggregation and distribution
10/19/2009	VEVO	-	Abu Dhabi Media Company	Music video web site
10/14/2009	Shazam Entertainment	-	Kleiner, Perkins, Caufield & Byers; DN Capital Limited; Acacia Capital Partners	Mobile music discovery services
09/30/2009	Ecast	17.0	CrossLink Capital, Inc.; Doll Capital Management; Escalate Capital Partners; Foundry Group; LG Electronics, Investment Arm	Broadband touch screen media network
09/30/2009	Amie Street	3.9	Deep Fork Capital	Web based social music store
09/30/2009	Free All Media	1.0	-	Free music download through its website FreeAllMusic.com
09/29/2009	MusicHype	-	WebFund	Online music platform
09/25/2009	simfy	-	Earlybird Venture Capital GmbH & Co. KG; DuMont Venture Holding GmbH & Co. KG; Music Networx AG	Online music platform
09/23/2009	Indie Music	-	Advanced Technology Development Center	Analytics for popularity and trends about musicians and bands
09/21/2009	Spotify Limited	-	Balderton Capital	Online digital music services
09/21/2009	The Next Big Sound	-	Foundry Group	PR analytics for bands and music
09/09/2009	Pioneers of the Inevitable	-	-	Songbird open source music player
09/01/2009	Conduit Labs	3.0	-	Offers LoudCrowd music community
08/26/2009	MOG	5.0	Menlo Ventures; Simon Equity Partners	Online music platform and community
08/11/2009	RightsFlow	1.5	Originate Ventures	Music licensing, royalty payment, and accounting services
08/05/2009	Bandsintown	-	LaunchBox Digital	Online community of music fans
08/04/2009	Melodis Corporation	4.0	WaldenVC	Mobile music discovery services
08/04/2009	SongAlive	0.0	-	Web application for music composition
07/31/2009	Deezer	9.3	AGF Private Equity, S.A.; CM-CIC Capital Privé; Dot Corp.	Free and legal music streaming website
07/29/2009	iBiquity	42.5	-	HD radio technology
07/24/2009	Audible Magic	1.3	-	Electronic media identification
07/22/2009	iLike	-	-	Social music discovery service
07/10/2009	Pandora Media	35.0	Greylock Partners	Music discover service
07/09/2009	Spotify Limited	9.1	Wellington Partners Venture Capital GmbH	Online digital music services
07/01/2009	Independent Online Distribution Alliance	-	Sony Music Entertainment, Inc.	Digital distribution solutions for the independent music and film industry
06/16/2009	Music Networx	4.6	DuMont Venture Holding GmbH & Co. KG; DuMont Venture Holding GmbH & Co. KG; Earlybird Venture Capital GmbH & Co. KG	Music marketing services
06/09/2009	OurStage	0.1	-	Music community for artist promotion
06/03/2009	MOG	0.5	-	Online music platform and community
05/22/2009	Music Intelligence Solutions	2.0	-	Music/media discovery and recommendation engines
05/22/2009	iMusti	0.0	-	Online music portal providing licensed music for sale
05/15/2009	RadioTime	0.9	ICCP Venture Partners, Inc.; Startup Capital Ventures	Radio tuner that powers Internet services and devices
05/15/2009	OOiZiT	-	Zooki Digital	Online music community
05/14/2009	Mxp4 Interactive	2.7	Sofinnova Partners; Ventech	Interactive music solutions

Sources: Capital IQ, Venturewire, Issuer press releases

Selected Venture Investments—2007 - Present, continued

(\$ in millions)

Announced	Target	Amount Invested (\$m)	Investors	Description
05/06/2009	Imeem	6.0	Morgenthaler; Warner Music Group Corp. (NYSE:WMG)	Online community and music platform
04/30/2009	Slacker	14.2	Austin Ventures; Centennial Ventures; Mission Ventures; Rho Capital Partners, Inc.; Sevin Rosen Funds	Internet radio platform and hardware
04/24/2009	The Next Big Sound	0.0	-	PR analytics for bands and music
04/20/2009	Batanga	-	Tudor Ventures; H.I.G. Ventures, LLC	Online music and media for Hispanic demographic
04/15/2009	SoundCloud	3.3	Doughty Hanson & Co. Technology Ventures	Online music distribution platform
04/14/2009	Music Nation	-	Greylock Partners; Point Judith Capital	Online video-based music competitions
04/14/2009	Goom Radio	16.0	Wellington Partners Venture Capital; Elaia Partners; Partech International	Ad-supported online radio
03/27/2009	Thumbplay	6.0	Bain Capital, LLC; MeriTech Capital Partners; New Enterprise Associates; i-Hatch Ventures LLC; SoftBank Capital	Promotes and delivers mobile entertainment content
03/20/2009	Radionomy	-	-	Internet radio stations
03/19/2009	Buzz Media	12.5	Anthem Venture Partners; Focus Ventures; New Enterprise Associates; Redpoint Ventures; Sutter Hill Ventures	Social networking website
03/12/2009	Sound Revolution	0.0	-	Music marketing services
03/06/2009	Nimbit	1.0	CommonAngels	Direct-to-fan marketing and commerce platform
02/26/2009	Beezik	3.5	Axcel France Loisirs	Online music download services
02/17/2009	FlyCast	1.9	-	Mobile Internet content delivery
02/17/2009	Slicethepie	1.4	-	Online financing services to musicians
02/17/2009	InRadio	0.3	-	Digital media distribution network
02/12/2009	SonicMule	3.9	Bessemer Venture Partners; Granite Ventures, LLC; Maples Investments	Mobile audio platform
02/09/2009	People's Music Store	-	-	Personalized digital music stores
01/20/2009	Aupeo	-	IBB Beteiligungsgesellschaft mbH; Ventegis Capital AG (DB:VEG1); J.C.M.B. Beteiligungs GmbH	Internet radio platform
01/19/2009	Youmix	-	IBB Beteiligungsgesellschaft mbH; Mountain Partners AG; J.C.M.B. Beteiligungs GmbH	Social networking website
01/07/2009	Music Networx	-	DuMont Venture Holding GmbH & Co. KG; DuMont Venture Holding GmbH & Co. KG	Music marketing services
01/06/2009	MyMajorCompany	4.0	Financière LOV, SA	Online platform for music creation and delivery
12/18/2008	Songkick.com	4.7	Index Ventures	Online community and music player plugin
12/03/2008	FlyCast	0.4	-	Mobile Internet content delivery
12/01/2008	We7	-	Eden Ventures (UK) Ltd.	Online streaming music service
12/01/2008	PassAlong Networks	30.0	-	Digital media distribution
11/26/2008	Indie Music	-	-	Music popularity and trends application
11/25/2008	Aristo Music	3.4	Limburgse Reconvertie Maatschappij; Baekeland Fonds NV; Gemma Frisius Fonds NV; KBC Private Equity NV	Digital music selection and distribution technology
11/25/2008	Resonant Vibes	0.4	The Innovation Group	Music blog
11/19/2008	DJTUNES.COM	-	bm-t beteiligungsmanagement thüringen gmbh	Digital dance music download portal
11/11/2008	Project Playlist	-	Pilot Group, LLC	Music search engine
11/07/2008	Rockola.fm	-	-	Web-based radio station
11/06/2008	GetBack Media	1.7	Beringea Private Equity	Online music community

Sources: Capital IQ, Venturewire, Issuer press releases

Selected Venture Investments—2007 - Present, continued

(\$ in millions)

Announced	Target	Amount Invested (\$m)	Investors	Description
10/30/2008	Awdio	1.9	Ventech	Online music platform for clubs
10/28/2008	Catalyst Mobile	0.4	Primeworks Corp. (TSE:3627)	Mobile music and entertainment
10/26/2008	TuneCore	7.0	Opus Capital	Media delivery and distribution services
10/22/2008	AudioMicro	-	DFJ Frontier	Online user-generated music platform
10/20/2008	Fuzz Artists	-	-	Digital music recording and marketing services
10/07/2008	eMinor	3.0	Novak Biddle Venture Partners; ETF Venture Funds; Southern Capitol Ventures	Online music community
10/06/2008	Melodis Corporation	7.0	Global Catalyst Partners, LP; JAIC America, Inc.; TransLink Capital	Mobile music discovery services
10/01/2008	Spotify	21.1	Northzone Ventures; Creandum AB	Online digital music services
09/30/2008	Believe	6.5	Ventech; Xange Private Equity, S.A.	Digital media distribution
09/08/2008	The Echo Nest Corporation	-	Commonwealth Capital Ventures	Music search, personalization and interactive applications
08/28/2008	New Deal	7.2	Genesis Dynamics	Digital music distribution
08/14/2008	Cloudspeakers	-	Veronica Holding B.V.	Online music aggregator
08/06/2008	YouLicense	1.0	Logia Group Ltd.; Ofer Media Ltd.	Online music licensing platform
07/24/2008	trueAnthem	2.0	-	Online music distribution
07/15/2008	Our Digital Universe	8.0	Enterprise Ireland, Investment Arm; Oyster Technology Investments	Web media channel
07/07/2008	Topspin Media	-	Foundry Group; Redpoint Ventures	Music marketing services
06/30/2008	Kerchoonz	0.5	Scottish Enterprise, Investment Arm; Discovery Investment Fund Limited	Social network for downloading and streaming music
06/26/2008	Instinctiv	0.8	Cayuga Venture Fund; RoseTech Ventures, LLC	Music recommendation app for iPhone
06/16/2008	PlayBOX	1.0	-	Online music hosting and downloading
06/04/2008	New Deal	1.3	-	Digital music distribution
06/02/2008	eJamming	0.2	-	Music collaboration software
05/26/2008	Ecast	12.3	Focus Ventures; El Dorado Ventures; CrossLink Capital, Inc.; Doll Capital Management; Mobius Venture Capital, Inc.	Broadband touch screen media network
05/01/2008	BitTorrent	7.0	Accel Partners; Doll Capital Management; DAG Ventures, LLC	P2P content distribution services
04/29/2008	MOG	2.8	The Angels' Forum LLC; Universal Music Group, Inc.; Sony Music Entertainment, Inc.	Online music platform and community
04/28/2008	mBeat Media	1.5	New Atlantic Ventures; Draper Fisher Jurvetson; The Grosvenor Funds	Online media distribution for independent artists
04/17/2008	Imeem	-	Sequoia Capital	Online community and music platform
04/16/2008	PluggedIn Media	-	Overbrook Entertainment Inc.	Online streaming and content management
04/08/2008	SellaBand	5.5	Prime Technology Ventures N.V.	Free online music distribution
04/07/2008	mTraks	0.6	-	Social music community and marketplace
03/31/2008	Razz	1.9	Cardinal Venture Capital; Garage Technology Ventures, LLC; Greenpark Capital Ltd.; Mayfield Fund	Mobile audio content distribution
03/31/2008	Isolation Network	-	Universal Music Group, Inc.	Digital media distribution
03/29/2008	Buzz Media	25.0	Interscope Records, Inc.	Social networking website
03/19/2008	Songkick.com	1.1	Betaworks	Online community and music player plugin

Sources: Capital IQ, Venturewire, Issuer press releases

Selected Venture Investments—2007 - Present, continued

(\$ in millions)

Announced	Target	Amount Invested (\$m)	Investors	Description
03/17/2008	Thumbplay	18.0	Brookside Capital Management, LLC; Cross Creek Capital	Promotes and delivers mobile entertainment content
03/09/2008	Slicethepie	2.0	-	Online financing services to musicians
02/19/2008	Gimado	0.3	-	Music search engine for MP3s
02/06/2008	Radionomy	-	evaluate AG; Peak Capital	Internet radio stations
02/01/2008	Deezer	8.3	Dot Corp.	Free and legal music streaming website
01/28/2008	7Digital	8.5	Balderton Capital	Digital media download portal
01/21/2008	We7	6.0	SPARK Ventures plc (AIM:SPK); Eden Ventures (UK) Ltd.	Online streaming music service
01/05/2008	DeepRockDrive	-	-	Social networking community
01/01/2008	Go On Media	4.6	Partech International; Wellington Partners Venture Capital GmbH	Digital radio stations
01/01/2008	Twones	-	-	Online/offline digital music aggregation
12/05/2007	Soribada	15.1	-	P2P music services
12/04/2007	Buzzwire	8.0	Matrix Partners; Sequel Venture Partners; Spark Capital	Web video and audio
12/04/2007	Music Intelligence Solutions	7.0	-	Music/media discovery and recommendation engines
11/15/2007	Control Room	-	InterMedia Advisors, LLP	Live music event broadcasting
11/01/2007	Tagshine	-	Revolution LLC	Online on-demand music service
10/18/2007	GetBack Media	-	Beringea Private Equity	Online community
10/18/2007	Melodeo	7.9	Ignition Partners; Voyager Capital	Mobile podcasting
10/15/2007	Youmix	-	IBB Beteiligungsgesellschaft mbH; Mountain Partners AG; Tiburon Unternehmensaufbau GmbH; Young Media Concepts GmbH	Social networking website
10/15/2007	Believe	2.8	Xange Private Equity, S.A.	Digital media distribution
10/09/2007	Catalyst Mobile	10.0	Doll Capital Management; Sofinnova Ventures, Inc.	Mobile music and entertainment
09/25/2007	Project Playlist	3.0	-	Music search engine
09/12/2007	Fluid Music Canada	10.0	-	Private label music aggregation and distribution
09/01/2007	Topspin Media	-	Redpoint Ventures	Music marketing services
08/22/2007	uPlayMe	-	Village Ventures; Warner Music Group Corp. (NYSE:WMG)	Social networking service/desktop application
08/21/2007	Conduit Labs	5.0	Charles River Ventures; Prism VentureWorks	Offers LoudCrowd music community
08/20/2007	The Filter	5.0	Peter Gabriel; Eden Ventures	Music recommendation service
08/13/2007	Batanga	30.0	Tri-State Investment Group; Tudor Ventures; H.I.G. Ventures, LLC	Online music and media for Hispanic demographic
08/13/2007	Sonicbids	4.5	Edison Venture Fund	Music marketing services
08/06/2007	Amie Street	-	Amazon.com Inc. (NasdaqGS:AMZN)	Web based social music store
07/09/2007	RockinCat	-	-	Music video web site
06/29/2007	Songbox	-	BUCHLA Gruppen AB	Music marketing services
06/05/2007	FameCast	4.5	Austin Ventures	Online talent competition
06/01/2007	MyMajorCompany	0.3	-	Online platform for music creation and delivery

Sources: Capital IQ, Venturewire, Issuer press releases

Selected Venture Investments—2007 - Present, continued

(\$ in millions)

Announced	Target	Amount Invested (\$m)	Investors	Description
06/01/2007	Jamendo	-	Mangrove Capital Partners	Online music portal for music distribution
05/24/2007	Buzz Media	6.0	Anthem Venture Partners; Redpoint Ventures	Social networking website
05/22/2007	DiscRevolt	1.5	-	Online music downloading technology
05/18/2007	Slacker	40.0	Austin Ventures; Centennial Ventures; Mission Ventures; Rho Capital Partners, Inc.; Sevin Rosen Funds	Internet radio platform and hardware
05/17/2007	Hingi	3.4	Opus Capital	Mobile content service
05/16/2007	mTraks	0.6	-	Social music community and marketplace
05/08/2007	Mxp4 Interactive	6.5	Sofinnova Partners; Ventech	Interactive music solutions
04/30/2007	RoyaltyShare	-	Trident Capital, Inc.; William Morris Agency, Inc.; Bertelsmann Digital Media Investments	Royalty processing and digital content management
04/30/2007	We7	-	-	Online streaming music service
04/23/2007	OurStage	-	-	Music community for artist promotion
04/19/2007	PassAlong Networks	10.0	-	Digital media distribution
04/01/2007	iJigg	-	Y Combinator	Music sharing site
03/14/2007	Slacker	13.5	Austin Ventures; Mission Ventures; Sevin Rosen Funds	Internet radio platform and hardware
03/02/2007	La La Media	5.7	Bain Capital, LLC; Ignition Partners	Online music streaming and download
03/01/2007	SpiralFrog	13.0	-	Free legal music streaming and download
01/15/2007	Music Nation	5.5	Greylock Partners; Point Judith Capital	Online video-based music competitions
01/01/2007	La La Media	20.0	Warner Music Group Corp. (NYSE:WMG)	Online music streaming and download
01/01/2007	Thumbplay	17.0	-	Promotes and delivers mobile entertainment content
01/01/2007	Songkick.com	-	Y Combinator	Online community and music player plugin
01/01/2007	SoundCloud	-	-	Online music distribution platform
01/01/2007	YouBloom	3.2	-	Social network
01/01/2007	We7	3.0	Quester Capital Management Ltd.; SPARK VCT 3 plc	Online streaming music service

Sources: Capital IQ, Venturewire, Issuer press releases

PRIVATE COMPANY LANDSCAPE

In the pages that follow, we have profiled some of the leading, private digital music players across a number of sub-sectors. Many companies are not necessarily easily categorized as they cut across multiple product segments. Only time will tell which business models, applications, and companies will become a success. Some will ultimately be regarded as features and/or technologies and not business models. In the meantime, we hope that the companies profiled below provide an interesting cross section of the many players in the evolving digital music landscape.

Sectors Covered:

- **E-commerce:** 7Digital, Amie Street, eMusic, FreeAllMedia, HDTracks, Kazaa, LimeWire, mTraks, PeoplesMusicStore, Shockhound, Tunechecker
- **Paid Streaming On Demand:** eCast, Lala, MOG, Napster, Rdio, Rhapsody, Spotify, TouchTunes
- **Free Streaming On Demand:** Grooveshark, Qtrax, Vevo, We7, Wolfgang's Vault
- **Internet and HD Radio:** iBiquity, Live365
- **Streaming with Recommendations:** Deezer, Jango, Meemix, Pandora, Slacker
- **Search Engines:** Muziic, Project Playlist, Skreemr, Songza
- **Mobile Applications:** Didiom, Melodeo, Melodis, Mobile Roadie, Myxer, Shazam
- **Artist Direct:** earBuzz, eJamming, Jamendo, Kompoz, Music Nation, Music Network, Ourstage, ReverbNation, Sellaband, Slicethepie, Soundclick, Soundcloud, Tunecore, uPlaya

Sources: Capital IQ and company websites

E-commerce



Ben Drury – Managing Director
www.7digital.com
Unit 1G Zetland House 5-25
Scrutton Street, London
EC2A 4HJ United Kingdom

Creates download stores, including audio and video download stores, branded content stores, international stores, vouchers, and indiestores. The company's services allow users to download music, video, audio books, games, documents, and streaming video on demand. It serves record, artists, film, and television companies, as well as digital media owners.

Operates as a subsidiary of HMV Group, plc (LSE: HMV.L)



Josh Boltuch – CEO
www.amiestreet.com
526 46th Avenue
Long Island City, NY 11363

AmieStreet.com is a place to discover, download and share music of every genre, from all over the world. It is the first store where the customers collectively determine the price of music. On AmieStreet.com, most songs start free and increase in price up to 98 cents, based on their popularity among members. Members are also rewarded with credit for more downloads when they recommend songs—the more a song increases in price after it's been recommended the more credit they receive.

Investors include Amazon.com, Inc. (NASDAQ: AMZN)



Daniel Stein – CEO
www.emusic.com
535 Fifth Avenue
New York, NY 10017

Offers music lovers and casual music fans a more immersive, authentic music experience and better prices than mass market digital music retailers. It combines award-winning editorial, a state-of-the-art recommendations system, and social media features to provide the most musical context for an enthusiastic community of music fans, record labels, and artists alike. Customers are encouraged to explore music with subscription pricing that rewards discovery at a better value than any legal competitor. eMusic also sells downloadable audio books from all major audio book publishers.

Operates as a subsidiary of Dimensional Associates



Richard Nailling – CEO
www.freeallmusic.com
888 3rd Street Suite A
Atlanta, GA 30318

Operates freeallmusic.com for users to download free music through an ad-supported model. Users select desired songs to download, then request a "sponsorship", for which they watch a pre-roll ad prior to downloading the song.

HDtracks

David Chesky – CEO
www.hdtracks.com

355 West 52nd Street
New York, NY 10019

High-quality, DRM-free music download service offering a diverse catalog of independent music from around the world. HDtracks offers select titles in ultra-high resolution 96khz/24bit files for true DVD-audio sound quality.



Jeffrey Schwartz – CEO
www.kazaa.com

469 Seventh Avenue
New York, NY 10018

Subscription-based service to market and sell digital media products to a worldwide audience of 70 million users. The Kazaa service provides unlimited access to hundreds of thousands of CD-quality tracks for a monthly fee.

Operates as a subsidiary of Atrinsic (NASDAQ: ATRN)



George Searle – CEO
www.limewire.com

377 Broadway 11th floor
New York, NY 10013

Develops peer-to-peer software and solutions for the file sharing industry. It offers LimeWire BASIC and LimeWire PRO, the peer-to-peer file sharing applications, which connects to the Gnutella network and enables users to search for and download files from other users; and LimeWire Store, a digital media store.

mTraks

Dey Martin – CEO
www.mtraks.com

6440 Lusk Blvd, Suite D210
San Diego, CA 92121

Social music community and digital music marketplace. It enables users to purchase and download MP3 files, as well as promotes the sale and distribution of music. The company has a catalog of independent songs from various record labels.

peoplesmusicstore.com

Ged Day – Founder
www.peoplesmusicstore.com

12 Goslett Yard 3rd Floor
London WC2H 0EQ
United Kingdom

Operates as an online music store offering music in various categories, such as electronic, dance, rock, pop, house, techno, alternative, electronica, jazz, punk, reggae, world, hip hop, and lounge. The site allows users to create personalized storefronts for themselves.



Betsy McLaughlin – CEO
www.shockhound.com

18305 East San Jose Avenue
City of Industry, CA 91748

One-stop, genre-spanning music site with millions of MP3s, artist merchandise, music videos, and editorial content. ShockHound promotes discovery of new music and emerging artists with a wide array of interviews, album reviews, original "webisode" videos, individual artist pages, and a strong community of music devotees.

Operates as a subsidiary of Hot Topic, Inc. (NASDAQ: HOTT)

TuneChecker.com

Martin Lewis – CEO
www.tunechecker.com

72 Cavendish Road
Salford M7 4WA
United Kingdom

Provides website that scans online music retailers for popular and obscure tracks to compare pricing. Includes nine of the major download retailers which cover over nine million tracks.

Paid Streaming on Demand



John Taylor – CEO

www.ecastnetwork.com

49 Geary Street Mezzanine
San Francisco, CA 94108

Operates a broadband touch screen media network, delivering digital music, games, entertainment, information, and advertising to bars and nightclubs. Its platform also delivers on-demand content, including videos and surveys; supports third-party applications; and allows integration of Web services, such as mobile, e-commerce, and social media, including photo sharing.



Billy Alvarado – Co-Founder

www.lala.com

209 Hamilton Avenue, Suite 200
Palo Alto, CA 94301

Offers consumers the easiest, most affordable way to buy music on the Web. Lala's catalog includes over 6 million songs which users can play once for free before buying. For as little as 10 cents, users can buy a web song, a new product that gives users the ability to play the song as often as they choose from their web collection. The web song fee can be applied towards the purchase of the DRM-free MP3 version of the same track.

Operates as a subsidiary of Apple Inc. (NASDAQ: AAPL)



David Hyman – CEO

www.mog.com

2607 7th Street Suite D
Berkeley, CA 94710

Offers MOG All Access, a digital music subscription service that combines millions of songs with an all-you-can-eat and on-demand model. Also operates a music blog network, with over 900 music blogs and 6,000 posts per day.



Christopher Allen—GM

www.napster.com

9044 Melrose Avenue
Los Angeles, CA 90069

Offers interactive digital music services to discover, share, acquire, and enjoy music. It provides Napster, a digital music package, which offers on-demand music streaming and downloadable MP3s for the collection playable on various MP3 compatible devices and MP3 music-enabled mobile phones.

Operates as a subsidiary of Best Buy Co., Inc. (NYSE: BBY)



Drew Lerner – CEO

www.rdio.com

Rdio is like carrying a giant MP3 player in your pocket – you have unlimited and unrestricted access to all the music, and you get to select exactly the song, album or artist you want to hear. And you can skip, pause fast forward as much as you want. Build your collection and compose your playlists on rdio.com and listen to them all on the go. Or search for just the right song when you're out and it will start playing instantly.



Rob Glaser – CEO

www.rhapsody.com

2601 Elliott Avenue Suite 1000
Seattle, WA 98121

Leading digital music subscription service, giving people unlimited access — over the Internet to computers, mobile phones, MP3 players, television set-top boxes, and other entertainment systems — to virtually every popular song ever recorded for one low monthly price.

Operates as a joint venture between RealNetworks, Inc. (NASDAQ:RNWK) and Viacom Inc's MTV (NYSE:VIA)



Daniel Ek – CEO
 www.spotify.com
 103 New Oxford Street
 London WC1A 1DD
 United Kingdom

Spotify is an innovative digital music service offering music fans instant access to a world of music. Spotify enables on-demand streaming of audio content and aims to be a better alternative to music piracy by offering a superior user experience, while monetising licensed content with both an ad-supported, free-to-the-user model and a premium, paid model.



William Meder – CEO
 www.touchtunes.com
 740 Broadway Suite 1102
 New York, NY 10003

Offers digital-downloading and pay-per-play commercial jukebox to bars, restaurants, retailers, and entertainment centers. The company also provides PlayPorTT, a portable game and music system that provides interactive game and music; and myTouchTunes that allows its members to create and share play lists, find TouchTunes locations, and interact with other TouchTunes users, as well as offers conversion kits, Connec-TT, and operator dashboards.

Free Streaming on Demand



Sam Tarantino – CEO
 www.grooveshark.com
 201 SE 2nd Ave., Ste 209
 Gainesville, FL 32601

Web-based music application to listen to music on-demand online at no charge, with a library of over seven million songs. Grooveshark also allows artists and record labels to promote themselves through the application with both advertisement and paying for listens from Grooveshark users.



Allan Klepfisz – CEO
 www.qtrax.com
 211 Madison Avenue Suite 28B
 New York, NY 10016

Free and legal P2P digital music site. Music lovers can discover new music and legally download full-length, high-quality versions of their favorite songs while compensating both the artists and the record labels through non-intrusive and relevant advertising. Qtrax is supported by the major record labels and all of their respective publishing divisions.

Operates as a subsidiary of Brilliant Technologies Corp. (OTC: BLLN)



Rio Caraeff – CEO
 www.vevo.com
 New York and Los Angeles

VEVO is the leading innovative online premium music and entertainment service for consumers, advertisers and content owners that blends the very best in musical content with cutting-edge video technology and a thriving user community powered by YouTube. The content is made available on YouTube through a VEVO-branded channel, on VEVO.com, the service's marquee destination site, and through a VEVO-branded embedded player. The service also serves as a syndication platform for additional Internet destination sites, expanding the reach of the VEVO brand across the worldwide Web.



Steve Purdham – CEO
 www.we7.com
 Manches Building 9400
 Garsington Road
 Oxford Business Park
 Oxford, Oxfordshire OX4 2HN
 United Kingdom

We7 is a free, legal ad-funded music service which represents the UK's first realistic legal alternative to music piracy. Users can stream unlimited full tracks and albums and create their own playlists by simply searching and clicking to play. The service works by grafting short, relevant ads which precede the free music tracks based upon information known about the user, such as location, age and gender. This advertising ensures that artists and labels receive royalties for making their songs available.



Bill Sagan – CEO

www.wolfgangsvault.com

149 Bluxome Street
San Francisco, CA 94107

Wolfgang's Vault is "where live music lives" and the world's largest online archive dedicated exclusively to live concert recordings and vintage music resources and memorabilia. What began in 2003 with the personal archives of famed promoter Bill Graham now includes 12 different collections, including the Bill Graham Archives, the King Biscuit Flower Hour, Ash Grove, Newport Jazz and more. Music fans enjoy free music streaming online, and via the free iPhone App called Concert Vault for iPhone. Of the thousands of concert recordings from the last 50 years that are streamed, many are now or soon to be downloadable.

Internet Radio



Robert Struble – CEO

www.ibiquity.com

6711 Columbia Gateway Drive
Suite 500
Columbia, MD 21046

Provides digital HD radio technology for AM and FM audio, and data broadcasting in the United States and internationally. Its HD radio technology allows digital radio signals to ride the same airwaves as analog AM and FM radio broadcasts. The company provides a Gigaware Navigation Control HD Radio Receiver accessory and a Gigaware HD Radio application for iPhone and iPod touch users to receive HD Radio FM broadcasts.



Mark Lam – CEO

www.live365.com

950 Tower Lane Suite 400
Foster City, CA 94404

The Live365 radio network reaches millions of listeners worldwide, offering greater breadth and depth of high-quality streaming music, talk, and audio than any other network. Featuring 260+ genres of music produced by 5,000+ broadcasters and music tastemakers from over 150 countries, the network boasts a roster of artists and radio producers ranging from the Atlanta Symphony, Pat Metheny, David Navarro, and Carlos Santana, to commercial and public radio stations, to individual DJs who program stations in every musical style.

Streaming with Recommendations



Jonathan Benassaya – CEO

www.deezer.com

21, Rue de Clery
Paris, Ile-de-France 75002
France

Europe's number one site for on-demand, legal, unlimited and free access to streamed music with a catalogue of 4.5 million tracks and access to dozens of web radio stations. Users can listen freely to all their favorite artists and compose their own playlists. The community network allows users to communicate and share their musical tastes and moods.



Dan Kaufman – CEO

www.jango.com

New York, NY

Operates a social music service Website that enables its users to create custom radio stations and share them with friends and others. It also allows its users to tune into other users' stations and meet the people with similar music tastes and favorites.



Gilad Schlang – CEO

www.meemix.com

Tel Aviv, Israel

Music service which allows users to create and share personalized Internet radio stations and video channels for free. Enhancing the user experience is a uniquely developed taste prediction technology, which combines users' favorite music with an added element of discovery.

PANDORA®

Joe Kennedy – CEO

www.pandora.com

2101 Webster Street
Oakland CA 94612

Personalized Internet radio and music discovery service available anytime and anywhere on the PC, in the home, and on mobile devices. Based on the Music Genome Project, each song in this massive collection is analyzed by one of more than 35 trained musicians, and assessed against up to nearly 400 distinct musical attributes such as melody, harmony, and rhythm to capture its unique musical identity. Using this information to build playlists based on musical similarity, listeners can simply enter a favorite song or artist, and instantly launch a personalized listening experience which includes discovery of new bands, artists and songs.



Dennis Mudd – CEO

www.slacker.com

16935 West Bernardo Drive
Suite 270
San Diego, CA 92127

Slacker is the world's first Personal Radio company offering "Your Radio Everywhere." Slacker allows music lovers to play highly personalized music online at the Slacker web site or on the go with Slacker Personal Radio players and mobile phones.

Search Engines



Mark Nelson – CEO

www.muziic.com

Bettendorf, IA

Allows users to stream virtually any song or music video on-demand, tune in to hundreds of internet radio stations, and play music and video files from the user's computer - 100% free and legally. Users can even build playlists combining YouTube videos, local media files, and content from other cloud-based services. Muziic makes extensive use of the YouTube API, forming the web's first ever "YouTube for Music".



John Sykes – CEO

www.projectplaylist.com

165 University Avenue
Palo Alto, CA 94301

Operates Projectplaylist.com, a music search engine, which is an information location tool for music. The company helps users to create playlists, share playlists with friends, and browse playlists of others, while sharing playlists on social networking sites.



James Gagan – CEO

www.skreemr.com

3245 Harriet Road
Victoria, BC, Canada V8Z3S3

Search engine for locating audio files on the web. No files are hosted, Skreemr indexes what exists on the publicly accessible reaches of the Internet, currently indexing over 12 million mp3 files from over 100,000 web sites.



Josh Boltuch – CEO

www.songza.fm

526 46th Avenue
Long Island City, NY 11363

Allows users to search, stream and share music for free. Songs can be added to a Songza playlist, which can be accessed from any computer.

Operates as a subsidiary of Amie Street

Mobile Applications



Ron Assaf – CEO

www.didiom.com

4966 Broadway Suite 31
New York, NY 10034

Founded in 2005, Didiom® is an award-winning mobile media service provider offering the world's first hybrid service to allow customers to stream music, podcasts, and audiobooks from their home computer to their phone, and also to bid on music downloads directly from their phone. With two million tracks from more than a quarter of a million artists, the Didiom MP3 Store is the first and only on-device music store to operate independently across multiple wireless networks and mobile devices. Didiom's innovative products and services, which are built upon the company's proprietary placeshifting and wireless content delivery platforms, have recently won a Gold Award of Excellence, and a Silver Award of Distinction at the 15th Annual Communicator Awards.

melodeo

James Billmaier – CEO

www.melodeo.com

701 Pike Street Suite 1100
Seattle, WA 98101

Leader in delivering music and other media to the Web and mobile devices. Through products such as nuTsie and Mobilcast, combines powerful content, a simple user interface and access from any device, making it easy to enjoy and share entertainment anytime and anyplace. Reaches more than 150 million wireless customers through distribution deals and customer relationships with Alltel, Apple, AT&T, Verizon, T-Mobile, O2, RIM, Starbucks, Handmark, Handango, Thumbplay, Danger, Motorola, Nokia, Rogers, 3, China Unicom, Sony BMG Music Entertainment & Warner Music Group in China, TDC in Denmark and Korean Telecom Freetel (KTF). Melodeo's mobile entertainment services are compatible with the majority of mobile handsets on the market.

MELODIS

Keyvan Mohajer – CEO

www.melodis.com

1731 Technology Drive
Suite 700
San Jose, CA 95110

Offers Sound2Sound Search Science, a methodology that searches sound against sound even when searching text databases. The company also provides Midomi.com, an online musical community; midomi mobile that allow users to find their favorite songs and artists by singing, humming, speaking, typing, or playing original music sources into their phones.

MOBILEROADIE

Michael Schneider – CEO

www.mobileroadie.com

Santa Monica, CA

Platform allowing users to build iPhone apps via a SaaS model, with applications for music & media, shows & tickets, and merchandise. For music and media, users can stream music, video and photos. Events or shows can be promoted with a link to buy tickets and product sales can be driven by links to e-commerce websites.

omyxer

Myk Willis – CEO

www.myxer.com

245 North Ocean Boulevard
Suite 306
Deerfield Beach, FL 33441

Myxer is the largest and fastest growing site for mobile entertainment and personalization— with nearly 30 million users, more than 70 million mobile downloads a month, and a catalog of over 2 million ringtones, wallpapers, videos, applications and games from content providers including EMI Music, Showtime, The Travel Channel and Ford Motor Company. At www.myxer.com there are no hidden costs, no subscription fees and no surprises. For content providers and consumers, Myxer's mobile platform enables radically simple and rapid delivery of content. And for advertisers, Myxer offers a variety of high-impact offerings across the web and mobile web, including the unique ability to target and deliver branded content.

shazam

Andrew Fisher – CEO

www.shazam.com

Charles House 4th Floor Block F
375 Kensington High Street
London, Greater London
W14 8QH United Kingdom

Core music recognition technology that enables anyone with a mobile phone to identify music that is playing - even under noisy conditions - wherever they are, simply by Shazaming it. This clip is run through our database of over 8 million tracks to find an exact fingerprint match. Shazam is now used in a variety of ways: callers can use it to discover new music and get information about something they haven't heard before, search for a specific interest, buy a range of music products or simply used as a way of remembering what's playing so that they can buy it later, or just to create a collection and even pass it on to friends and family. Supports most of today's platforms: Android, BlackBerry, BREW, iPhone, J2ME, Symbian and Windows Phone.

Artist Direct

earBuzz

Don Kimenker – CEO

www.earbuzz.com

Benicia, CA

Online platform for musicians to upload music and keep 100% of the purchase price. Members pay monthly subscription fees and processing fees to use the service. Additional capability to distribute music to iTunes, Amazon and other major online retailers.

eJAMMING®

Gail Kantor – CEO
 www.ejamming.com
 212 North Ocean Boulevard
 1403 West
 Boca Raton, FL 33431

Online music collaboration software technologies, offering eJAMMING AUDiiO, a software application for playing and recording online, which connects musicians and singers allowing them to create, play, and record music over the Internet. The company's virtual recording studio allows studio musicians to record within an add-a-track virtual recording session.

jamendo

open your ears

Laurent Kratz – CEO
 www.jamendo.com
 41, Avenue de la Gare
 Luxembourg 1611
 Luxembourg

Provides free and legal music downloads. Available in seven languages, it offers a catalog of music under Creative Commons licenses. Artists can publish, share and promote their music, and also make money through ad revenue sharing and commercial partnerships.

Kompoz

Raf Fiol – CEO
 www.kompoz.com
 13015 SW 89 Place #119
 Miami, FL 33176

Online platform for crowd-sourcing music creation, from song conception, to recording and mixing, and to publishing. Kompoz is an online social network designed for music lovers to create songs with others from around the world. Kompoz members span over 120 countries and all 24 time-zones. Kompoz is a music collaboration site with features that enable distributed music creation. Meaning this: songs are created in layers -- drums, bass, guitar, keyboards, vocals, etc. But very few people play all of these instruments, so it's hard to create a complete song unless you're part of a band. Kompoz provides the platform to create songs with a bass player in Sweden, a drummer in Ohio, and a guitar player in Kalamazoo. The world is your virtual on-demand recording studio.

MUSIC NATION

Daniel Klaus – CEO
 www.musicnation.com
 134 Fifth Avenue 3rd Floor
 Brooklyn, NY 11011

Artist development company which launches online video-based music competitions. It provides an online outlet to discover new and established musicians and promotes unsigned rock, pop, and urban artists. The company allows the visitors to view clips, track down artists in their local areas, join regional and artist-based groups, and add clips to the list of favorites.

music networkx

Gerrit Schumann – CEO
 www.musicnetworkx.net
 Vogelsanger Str. 187
 Cologne, North Rhine-
 Westphalia

Concert Online is the platform for live music on the Internet. Music lovers can visit concert-online.com to buy downloads of full-length concert films and audio recordings. The Concert Store program enables artists and licensors to increase their live recording revenue with digital sales to their target audience. Concert Online offers seamless service from planning and recording up to sales and promotion on-site and afterwards online. The Concert Stick allows fans to take their live experience home with them immediately after the show - as a perfect audio souvenir in MP3 format.

nimbit

the power of direct to fan™

Patrick Faucher – CEO
 www.nimbit.com
 47 Mellen Street
 Framingham, MA 01702

Direct-to-fan marketing and commerce platform for the music industry. It enables artists to market and sell their music and products, including digital music, e-tickets to shows, clothing and merchandise, and premium bundles, as well as physical products, such as CDs, DVDs, t-shirts, and vinyl albums directly to fans. The company also helps artists to sell their products through Web sites, Facebook, MySpace, blogs, and newsletters, as well as enables artists to know fans, create demand, and build brand name.



Ben Campbell – CEO
 www.ourstage.com
 321 Billerica Road
 Chelmsford, MA 01824

OurStage is a music discovery destination dedicated to new artist and new music discovery. On OurStage, artists, fans and industry professionals all come together - to discover, judge, & enjoy the best new music and the best new artists online - as ranked by the fans - using the company's proprietary, game-proof judging engine. Users are able to discover top-ranked, categorized music without having to search through thousands of songs. Top-ranked artists receive significant career-building promotion and support from famous artists, fans, industry professionals and a broad assortment of partners.



Mike Doernberg – CEO
 www.reverbnation.com
 15 E. 36th St., 2D
 New York, NY 10016

ReverbNation.com is the leading online music marketing platform used by over 500,000 artists, managers, record labels, and venues to grow their reach, influence, and business across the internet. ReverbNation.com provides free and affordable solutions to individual artists and the music industry professionals that support them in the areas of web promotion, fan-relationship management, digital distribution, social-media marketing, direct-to-fan e-commerce, fan-behavior measurement, sentiment tracking, web-site hosting, and concert booking and promotion.

Operates as a subsidiary of eMinor, Inc.

SELLABAND

Johan Vosmeijer – CEO
 www.sellaband.com
 Joan Muyskenweg 22
 Amsterdam, Noord-Holland
 1096 CJ, Netherlands

Operates an online platform for free legal distribution of new music by developing a direct relationship between music artists and fans. It enables music artists to upload music and profiles; and believers to buy shares in unsigned bands to fund the professional recording and distribution of albums.



David Cortier-Dutton – CEO
 www.slicethepie.com
 One London Wall
 London EC2Y 5EB
 United Kingdom

Slicethepie is an online artist financing engine where new, unsigned or established artists can raise finance directly from music fans and investors for the recording, production and marketing of their next music project. Slicethepie is not a record label, it does not acquire any copyright or publishing rights from the artist and does not market or promote the record once made. As a flexible financing engine, Slicethepie sits anywhere in the value chain helping both new and established artists, and even record labels, finance their next project, be it a single, an album or a tour.



Tanju Canli – CEO
 www.soundclick.com
 419 Lafayette Street
 New York, NY 10003

SoundClick, established in 1997, is an originator of the social media format. SoundClick continues to be the leading free music community featuring signed and unsigned bands plus state of the art social media tools. SoundClick offers free member profile pages, mp3 downloads, streaming audio and video, music charts, custom radio stations, a proprietary music store, message boards, lyrics and music e-cards. SoundClick also offers users the ability to promote their favorite music with viral widgets. With 3.4 million members and 70+ million monthly pageviews, SoundClick is the ideal destination for original music fans and marketers who want to engage them creatively.



Alexander Ljung – CEO
 www.soundcloud.com
 Auguststraße 5a
 Berlin 10117
 Germany

Allows users to move music fast and easily via the web. The platform removes the issues associated with receiving, sending and distributing music for artists, record labels and other music professionals by moving music via the Internet. SoundCloud is free to use and has no restrictions on file size but allows users to access additional, paid for features such as detailed usage statistics and customizable DropBoxes by upgrading to a Pro account.



Jeff Price – CEO
www.tunecore.com
45 Main Street Suite 301
Brooklyn, NY 11201

TuneCore.com, the industry leader in digital distribution, has changed the 100-year-old rules and model of the music and now the film businesses. It is a low, flat fee service that delivers anyone's music and videos to iTunes, eMusic, Amazonmp3 and many other major download sites while taking no rights and no revenue from the sale of the music. Artists are building careers, selling significant volumes of music and generating revenue while keeping their rights utilizing the new model created by TuneCore.

Investors include Guitar Center, Inc.



David Meredith – CEO
www.uplaya.com
575 Market Street Suite 2025
San Francisco, CA 94105

Uses patent-approved technology to transform the music artist experience globally so that no great song goes unheard again. uPlaya services such as *Hit Song Science*™ and *Music Universe*™ enable proprietary discovery, automated programming, commercial market prediction, and community networking capabilities. Music Intelligence Solutions offers artists, songwriters, fans, social networks, mobile subscribers, and leading media companies a powerful new way to create, experience, share, and discover music and visual media. Music Intelligence Solutions' "intelligent systems" are a natural evolution of over a decade of research and development experience.



Redwood Capital Group is an investment banking firm serving the technology, communications and media & business services industries. The firm focuses on mergers & acquisitions, debt and equity financings, and financial advisory services for its clients worldwide.

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