

MERLIN

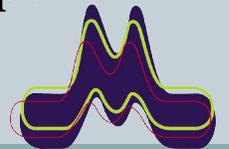
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EMPOWERING INDEPENDENT MUSIC LABELS IN THE DIGITAL SHIFT

What is Merlin?

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- Merlin is a licensing entity owned on a not-for-profit basis, which provides independent music companies, most of whom are highly innovative SMEs, with access to otherwise unavailable licensing arrangements, and with an advocacy voice to protect and exploit their copyrights in the online and new media environments, worldwide.
- Since its launch in April 2008, support from the global independent community means Merlin has quickly gathered a membership which now makes it effectively the virtual fifth major. The creation of Merlin now means that for the first time, a single entity represents what is the the largest and most commercially significant bundle of music rights outside the majors in terms of market share. (In terms of output we are the largest by far, accounting for 80% of all new releases in Europe today.)

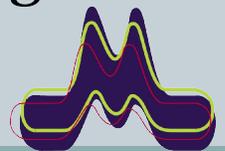


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Why Does Merlin Exist?

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- Merlin exists because the vast majority of independent music companies, who are extremely innovative companies, need shared facilities to deal with the digital shift. They lack structural capacity and do not have the resources to enforce their own copyrights, or to capture the attention of potential music users and gain access to licensing opportunities.
- Merlin is focused wholly on using the efficiency it has created to better represent independent music companies in global licensing agreements, and in stopping copyright infringement on their behalf.



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The “virtual” fifth music major

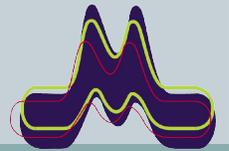
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- Merlin already represents the largest and most commercially significant bundle of music rights outside the majors in terms of market share. In terms of output we are the largest with 80% of all new releases in Europe today.
- In Continental Europe: The largest independents such as [PIAS] Group, Wagram, Ministry of Sound Germany, Edel/Kontor, Aggro Berlin, Naidoo Records, !K7, Blanco y Negro and Carosello.
- In France: market leaders such as Naïve, Wagram, Because, IDOL
- In the UK: market leading labels such as Beggars Group (the largest in the UK) Domino, Warp, Cooking Vinyl, Ministry of Sound, Demon and Dramatico.
- In the US: with more than 10% of the USA, labels include Koch (the largest in the US), Concord, Curb, Saddle Creek and Epitaph
- As well as leading independent labels from around the globe, the world’s most prominent aggregators and distributors, including European companies such as [PIAS] Digital, Finetunes, Kontor, Kudos and State 51 and leading US distributors such as Koch/E1 and Redeye were quick to sign up, recognising the value of a central, global entity in representing and protecting the rights of the independents.

What does Merlin Do?

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- Merlin provides blanket licences for independent content, focusing on instances where the efficiencies created by Merlin are rewarded and recognised by licensees, where individual licensing agreements have proven to be inherently impracticable, and where existing aggregators, distributors, and collecting societies are not able to provide equivalent services. Licences will be tailored to the needs of licensees, taking into consideration the intensity, means, and frequency of content use, while still protecting the interests of Merlin's members.
- To enable Merlin to do this, Members grant Merlin the right to license their digital and new media content. Members remain free to seek out competitive deals on their own, as Merlin's agreement is a non-exclusive one.

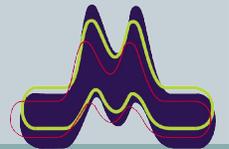


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What else does Merlin do?

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- Merlin also seeks to enforce and remedy copyright infringement on behalf of members, who on their own do not have the resources to do so effectively.
- Merlin's licences and copyright enforcement services offer tremendous opportunity and value because the market is such that, otherwise, those eligible for membership would not have access to licensing opportunities, or be able to protect their copyrights, because they do not have the resources.
- Merlin's operations are transparent, to the benefit of both licensees and Merlin's members.



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Who Controls Merlin?

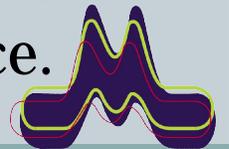
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- Merlin is owned and controlled by a not for profit foundation, supervised by an elected board representing the independent label community.
- There are five board members from each of the following three zones – North America – Europe – Rest of the World, plus the sitting WIN President. The full list of board members is on our website.
- Merlin is run on a day to day basis by its CEO, Charles Caldas and his staff.

What is Merlin doing already?

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- Merlin has already struck deals with a number of services, including Spotify, Muzu.TV and Catch Media, as well as achieved legal settlements on behalf of its members.
- We are in the process of launching a number of further legal actions to obtain settlements for past infringements of member's copyrights as well as negotiating sustainable commercial deals with a number of innovative music services, including the licensing of ISPs.
- We have concluded important revenue generating deals already, proving the model and the need for the service.

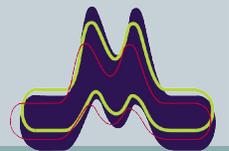


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Summary

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- Challenging times need ambitious solutions, and Merlin is certainly that. We have a remarkable group of people on the board and a wide range of members ranging from the world's largest independent labels and aggregators.
- The Merlin board members and the management team are dedicating their valuable time, resources and energy to ensuring that Merlin delivers the maximum possible benefit to the community.
- We are all confident that we are building a vehicle which will ensure that the independent music sector is in the best possible position to participate and compete on as level a playing field as possible, in the ever changing market.

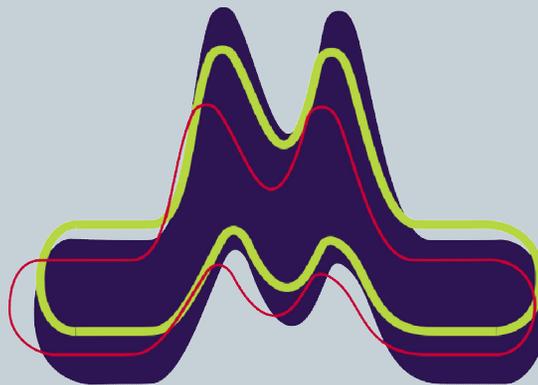


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Website

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www.merlinnetwork.org



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