

## MERLIN & SNOCAP

As announced at MIDEM, a deal has been struck between Merlin and SNOCAP [www.snocap.com] to give Merlin's members access to the new SNOCAP MyStore product and the MySpace Music Service. This is the first collective deal done under Merlin, giving all labels and distributors, irrespective of size or location, the opportunity to create revenue from the world's most popular social networking site.

We are pleased to have concluded the process of discussing the best possible way to integrate and deliver the content of the world's independent sector into SNOCAP.

What this deal ultimately means is that you are now in a position to begin selling your content through the SNOCAP MyStore—on MySpace or anywhere else on the Internet where you can embed/edit html. You can do this directly through SNOCAP, or through your existing distributor.

***Please note: If you already have a distribution deal with an aggregator/distributor, please check in with them to make sure your content isn't already being delivered to SNOCAP.***

So how do you start?

- A. Please read the Deal Summary below so you understand the main deal points:

Service Description	<ul style="list-style-type: none"> <li>• Permanent MP3 downloads for sale via:</li> <li>• SNOCAP/ MyStore application, which can be incorporated into any html website chosen by label (e.g., MySpace)</li> <li>• White label service powering 3rd party retailers</li> </ul>
Territory	<ul style="list-style-type: none"> <li>• USA initially (later extended to world)</li> </ul>
Pricing/Usage Terms:	<ul style="list-style-type: none"> <li>• Label determines wholesale price and usage terms</li> </ul>
Transaction Fees	<ul style="list-style-type: none"> <li>• <u>SNOCAP / Mystore Sales</u>:</li> <li>• Singles: SNOCAP paid \$0.30 per track</li> <li>• Albums: SNOCAP paid greater of 30% retail with a minimum of \$0.30</li> <li>• <u>Retailer Sales</u>: SNOCAP paid 2.5% of label proceeds</li> </ul>
Term	<ul style="list-style-type: none"> <li>• 2 years</li> </ul>
Live	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Accounting	<ul style="list-style-type: none"> <li>• Monthly within 30 days (subject to \$20 minimum)</li> <li>• Annual audit rights</li> </ul>
Content & Metadata Delivery	<ul style="list-style-type: none"> <li>• Label shall deliver content via SNOCAP Label Interface</li> </ul>
Publishing	<ul style="list-style-type: none"> <li>• MySpace Sales: Label responsible for payment of mechanicals</li> <li>• Retailer Sales: SNOCAP will attempt to oblige retailers to be responsible for payment of publishing. Label responsible if retailer refuses</li> </ul>

- B. If you agree with the terms, please fill in your label details, sign the agreement and forward to Susan Swain at SNOCAP's legal department via email: [sno-legal@snocap.com](mailto:sno-legal@snocap.com) or fax: 415.520.9214.
- C. Once you have connected with SNOCAP and sent them the signed agreement, you will receive a Welcome Pack which will enable you to begin uploading content immediately onto the SNOCAP service through the dedicated label interface.
- D. If your label has more than 500 tracks to upload onto the service, you will need to contact the SNOCAP Content manager to assist you with uploading. Contact details are in the attached letter.

Attached are a couple of documents to further assist you with this process:

1. The first is a copy of the agreement that you need to sign and return to SNOCAP.
  - **Schedule A** is the actual agreement between you and SNOCAP, the terms of which are covered.
2. The third document is an outline from SNOCAP on how the system works, along with contact information for you to be able to communicate with the right people at SNOCAP.

The following areas are covered in this document:

- SNOCAP MyStore Overview
- Content Delivery/Uploading
- Getting your MyStores live
- SNOCAP tutorial
- SNOCAP contact details

This is the first offering of Merlin, and one which provides a real chance to compete in the open market. Good luck and best wishes in making this venture the major success it deserves to be.

Best Regards

Charles Caldas