

While revenue from recorded music is on the decline, our business model allows the industry to capitalize on the one area that is growing: consumption.

Consumer Music Company (CMC) is the industry-standard intermediary and recording agency that connects consumers (through retailers) and artists (through record labels) by tracking the consumption of music and distributing payment to artists in accordance with the amount of their music that was consumed.

Rather than a one-time transaction involving a physical product, a continuous stream of income will reflect the continual use and value of the product.

Consumers pay monthly consumption fees through several channels, including subscription services sold through retailers, taxes levied on ISPs at the consumer level, and from open-licensing revenue from various online and off-line businesses based on the consumption of music for their revenues.

CMC will create the industry standard for how music is tracked and hold intellectual-property rights for the business model and the technology we use to track the consumption of music, to include: metadata tracking, fingerprinting, analog and digital signature.

Measurement occurs at the point of playback through the digital media player itself. Each playback application will be registered to a user, who pays a retailer a monthly subscription fee for their CMC account.

Media assets received from anywhere, including file-sharing networks, all will be accounted for in their consumption. For example, at 10 percent penetration of the 344 Million people in North America, a \$10-per-month subscription will yield \$344 million per month, or \$4.1 billion per year.

Consumers who decline to pay for access must purchase tracks in the traditional distribution manners, either by purchasing digital downloads or physical media. Those consumers will pay a per-month music tax, to be collected by companies providing Internet access, including mobile data carriers and ISPs. With an average of just 50 cents per month per Internet subscriber (approximately 266 million in North America), the tax will generate about \$133 million per month, \$1.6 billion per year for the record industry.

One of our first tasks is to create contracts with artists, either independently or through their label. We will promote the concept of the consumption model and convince them this is the best way to get the payments they deserve. Their cooperation is virtually guaranteed, as they will see the value of being a part of our network: They stand only to gain income and have nothing to lose by simply agreeing to receive payment through our service.

All artists will have a CMC account through which CMC will collect interest until they enter into a contract agreeing to receive payment.

We will work hand in hand with the record industry toward the goal of restoring the industry to its peak value of \$38.6 billion in North America in 1999, prior to its post-millennium fall to just \$27 billion in 2008. For our transaction services, CMC will collect a 1 to 3 percent fee of the gross proceeds, generating \$57 million to \$1.2 billion per year.