

# BAKER CAPITAL

## Press Release

### Baker Capital Acquires MusicNet

Private Equity Firm Acquires the World's Leading Digital Music Service Provider;  
MusicNet Receives Growth Capital to Expand and Enhance Services

---

**NEW YORK, April 12, 2005** – Baker Capital, a private equity firm that invests in global digital communications businesses, today announced the acquisition of 100% of MusicNet, Inc. from its current shareholders, a consortium of music and digital technology companies. MusicNet is the leading provider of digital music subscriptions, portable subscriptions and downloads.

Founded in 1999, MusicNet provides content and services to distribution partners such as AOL (NYSE: TWX), Virgin Digital, HMV (LSE: HMV.L) and Trans World Entertainment (Nasdaq: TWMC) on a private label basis. Through these partners and others, MusicNet serves over 500,000 subscribers. The Company has the industry's largest catalog of licensed digital music content with 1.3 million music tracks available to the users of its services.

As part of the acquisition, the Company will be capitalized with the funds necessary to expand the scale of its operations, increase the breadth of its digital content offerings and launch its growing list of marquee global distribution partners. MusicNet will continue to operate as an independent company with headquarters in New York and additional offices in Seattle.

“This investment is at the core of our investment focus,” said Jonathan Grabel, Partner at Baker Capital. “In MusicNet we believe we have a winning hand - the most content, the broadest platform and the best distribution partners. These factors in the context of a wholesale model are the prerequisites to being the dominant player in the industry. We have been evaluating investment opportunities in the digital music space for several years and we believe MusicNet is best positioned to be the leader in a large and growing global market.”

“MusicNet has been at the forefront of the digital music industry since its inception,” said Joseph Saviano, Partner at Baker Capital. “MusicNet has the sophisticated infrastructure and the experienced management team and personnel necessary to launch solutions for global brands and to assist them to expand into new digital media markets. We capitalized the Company to facilitate the launch of these initiatives and in support of our marquee distribution partners.”

“In the early stages of building the business, we greatly benefited from our strategic alliances with key players in the music industry,” said Alan McGlade, CEO of MusicNet. “Today marks a new chapter in the history of MusicNet, as our agreement with Baker Capital greatly enhances our ability to grow, both domestically and internationally, and strengthens our digital music service offerings across a broad spectrum of partners that include online portals, traditional retailers, broadband providers and new areas of expansion such as mobile and international.”

# BAKER CAPITAL

## About MusicNet

MusicNet is the world's leading digital music service provider. Top U.S. and global consumer brands private label MusicNet's comprehensive suite of digital music services. MusicNet enables its partners to offer their customers a fully customized experience, including the ability to buy music downloads and subscriptions, choose from more than 1.3 million tracks (the industry's largest catalog of licensed music), explore engaging editorial programming and enjoy an easy-to-use interface. Headquartered in New York, MusicNet was founded in 1999 and was owned by a consortium of music and digital technology companies including Bertelsmann AG (BTGGg.F), EMI Music (LSE: EMI.L), RealNetworks (Nasdaq: RNWK), Sony Music Entertainment (NYSE: SNE) and Time Warner, Inc. (NYSE: TWX) prior to its acquisition by Baker Capital. For more information please refer to MusicNet's website [www.musicnet.com](http://www.musicnet.com).

## About Baker Capital

Baker Capital, founded in 1995, is New York based private equity firm with \$1.5 billion under management. Baker Capital makes investments in digital communications companies at all stages of development. The partners at Baker Capital have extensive private equity and operational experience allowing the firm to provide its portfolio companies with not only capital, but also global strategic thinking and relationships. For more information please refer to Baker Capital's website [www.bakercapital.com](http://www.bakercapital.com).

*For more information, please contact:*

Chris Tofalli  
Broadgate Consultants, LLC  
Tel: 212-232-2226  
[ctofalli@broadgate.com](mailto:ctofalli@broadgate.com)

Alan Lewis  
Director of Corporate Communications  
MusicNet, Inc.  
Tel: 212-704-2056  
[alewis@musicnet.com](mailto:alewis@musicnet.com)