Before the
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Washington, D.C.

In the Matter of Mechanical and Digital Phonorecord Delivery Rate Adjustment Proceeding	Docket No. 2006-3 CRB DPRA

THE WRITTEN DIRECT STATEMENT, WITNESS STATEMENTS & EXHIBITS OF NATIONAL MUSIC PUBLISHERS' ASSOCIATION, INC., THE SONGWRITERS GUILD OF AMERICA, AND THE NASHVILLE SONGWRITERS ASSOCIATION INTERNATIONAL

VOLUME VIII

EXHIBIT CO 0901

EXHIBIT 1: CURRICULUM VITAE FOR HELEN MURPHY

GENERAL INFORMATION:

Name	**Helen Murphy**
Address	**7 Roland Road**
	Irvington, NY 10533
Telephone	**(917) 757-1499**
	Email: menechetti@yahoo.com

Education	**1987**	**Chartered Financial Analyst**
	1984	**University of Western Ontario, Ontario, Canada, Masters in Business Administration**
	1982	**University of Guelph, Ontario, Canada, Honors B.A., Economics**

SUMMARY OF BUSINESS EXPERIENCE:

2004- Present	**President**
	International Media Services, Inc.
2001 - 2004	**Executive Vice President & Chief Financial Officer**
	Warner Music Group
1999 - 2001	**Executive Vice President & Chief Financial Officer**
	Martha Stewart Living Omnimedia, Inc.
1999	**Chief Financial & Administrative Officer** Westvaco Corporation
1990 – 1999	**Senior Vice President & Chief Financial Officer**
	PolyGram Holding
1997 - 1999	**Chief Financial Officer**
1995 – 1997	**Worldwide Senior Vice President, Investor Relations, U.S. Senior Vice President Mergers & Acquisitions**
1992 – 1995	**Senior Vice President Corporate Finance & Treasurer**
1990 – 1992	**Vice President of Investor Relations & Treasurer**
1989 – 1990	**Vice President – Research** Richardson Greenshields of Canada Limited
1986 – 1989	**Senior Analyst – Merchandising & Entertainment** Prudential-Bache Securities
1982-1990	**Lecturer** University of Guelph
1984-1986	**Assistant Manager – Securities Research** Confederation Life Insurance Company

CAREER DETAILS:

2004-Present
International Media Services, Inc.

President

International Media Services is a strategic advisory and financial services firm specializing in media and entertainment, and the arts. Clients include global media firms as well as established entrepreneurs and celebrities with global market potential. Advisory work has included the development of business models, assistance with public and private financing, valuation analysis, and investor and public relations.

2001 – 2004
Warner Music Group
Revenues: $ 4.0 billion

Executive Vice President & Chief Financial Officer

Responsible for the finance, human resources, business development, information technology, shared services and real estate functions for the company's vast network of global music assets.

- Instrumental role in the implementation of a $1.2 billion company-wide restructuring in 2001. Reduced global headcount by 30 percent, reduced artist roster by 20%, closed and sold non-strategic joint ventures and minority investments.

- Designed and implemented total compensation program for worldwide executives and employees.

- Successfully orchestrated WMG's exit from global recorded music and DVD manufacturing and distribution. Sold the company's DVD/CD manufacturing and physical distribution businesses for $1.05 billion and negotiated long term supply agreements with a value of $550 million for Time Warner.

- Played a pivotal role in the sale of WMG recorded music and music publishing business segments to an investor group for approximately $2.6 billion. Successfully completed a $1.2 billion bond offering.

- Improved company revenue and profitability from 2001-2004 through a combination of internal growth and acquisitions despite a significant decline in industry value.

1999 – 2001
Martha Stewart Living Omnimedia, Inc.
Revenues: $ 275 million reported ($1.5 billion gross revenues)

Chief Financial & Administrative Officer

Responsible for the finance, human resources, information technology, corporate administration and investor relations functions.

- Led the company's highly successful initial public offering.
- Developed internal infrastructure for public company reporting.
- Established investor relations, tax and treasury functions as well as developing strategy and business development functions within each business segment.
- Negotiated television, merchandising, publishing and Internet deals supporting double-digit growth of the company's top and bottom line.

1999
Westvaco Corporation
Revenues: $ 3.5 billion

Senior Vice President & Chief Financial Officer

- Initiated and completed a $650 million acquisition.
- Reduced the company's capital spending
- Developed the strategic planning function

1990-1999
PolyGram Holding
Revenues: Parent $ 5.0 billion, U.S. CO. $ 1.5 billion

1997 – 1999
Chief Financial Officer

- Played a key role in the $10.4 billion transaction for the Seagram Company to acquire PolyGram in 1998.
- Completed turnaround of the company's U.S. operations from a loss of $50 million to a profit of $150 million.

1995 – 1997
Worldwide Senior Vice President, Investor Relations
U.S. Senior Vice President, Mergers & Acquisitions

1992 – 1995
Senior Vice President, Corporate Finance & Treasurer

1990 – 1992
Vice President of Investor Relations & Treasurer

1989 – 1990
Richardson Greenshields of Canada Limited

Vice President – Research

- Responsible for researching and marketing North American merchandising and entertainment companies with good investment potential for institutional and retail investors.

- Responsible for the generation of corporate finance deals in the merchandising and entertainment sectors of the market

1986-1989
Prudential-Bache Securities

Senior Analyst – Merchandising & Entertainment

- Provided research coverage of the merchandising and entertainment sectors on the Toronto Stock Exchange to institutional and retail equity investors.

- Extensively involved in domestic and international corporate finance activities. Played a key role in securing a mandate for a $300 million equity offering which in turn led to the development of significant merger and acquisition business for the company.

1982 – 1990
University of Guelph

Lecturer

- Prepared and taught the Theory of Corporate Finance, Financial Management and Intermediate Macro-Economics to senior economics and business students.

- Taught senior case study courses in Financial Management.

1984 – 1986
Confederation Life Insurance Company

Assistant Manager – Securities Research

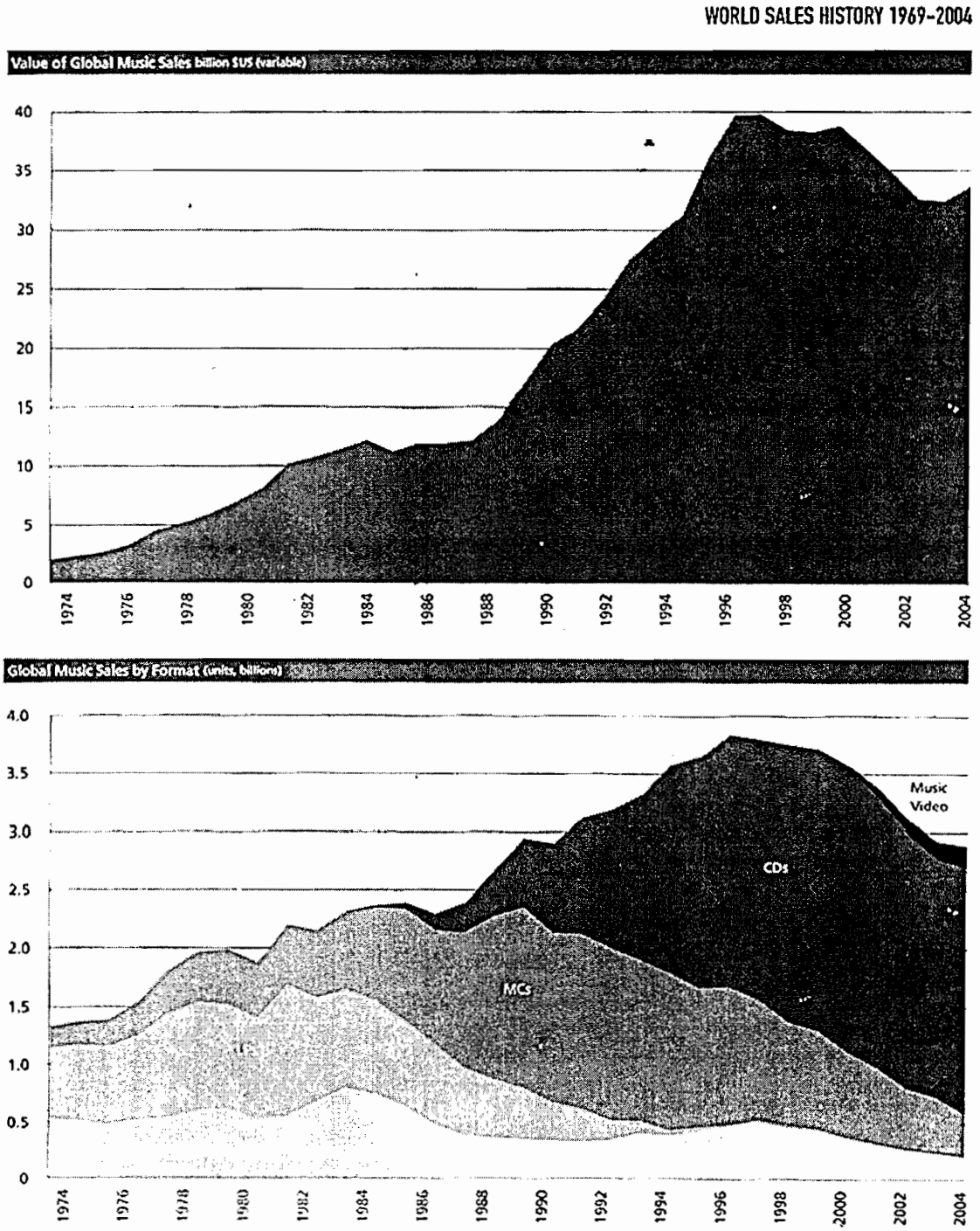
- Responsible for all administrative aspects of operating a large in-house research department including: pension marketing, prioritizing and directing research activities, recruitment and training of eight new analysts and monitoring and evaluating the work of senior analysts.

- Provided analytical research coverage of U.S. merchandising and consumer products companies.

EXHIBIT CO 0902

EXHIBIT 3:

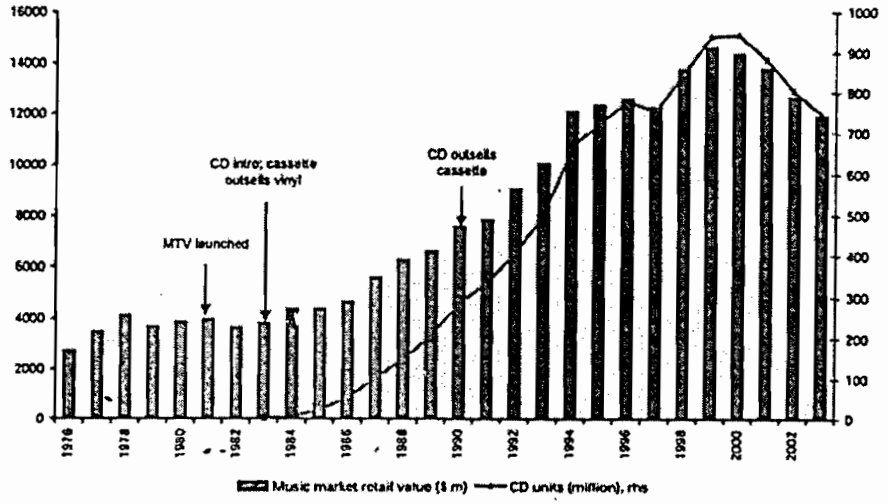
VALUE OF GLOBAL MUSIC SALES & GLOBAL MUSIC SALES BY FORMAT UNITS, BILLIONS



Source: IFPI 2005 Global Recording Industry in Numbers, page 161.

EXHIBIT CO 0903

EXHIBIT 4: U.S. RECORDED MUSIC MARKET 1976-2003



Source: Deutche Bank, EMI, April 4, 2005, page 29.

EXHIBIT CO 0904

EXHIBIT 5:

RESTRUCTURING / WRITE-OFFS-COST REDUCTIONS OF THE MAJORS 2001-2005

	Total Restructuring and Write-Offs	Restructuring
SONY/BMG	$2,279m	$300m
EMI	$ 756m	$270m
UNIVERSAL MUSIC	$1,550m	$468m
WARNER MUSIC	$2,769m	$250m
TOTAL	$7,354m	$1,288m

Sources:

Credit Suisse Research Report, June 19, 2006, page 29.

Sony/BMG:

Sony Consolidated Financial Statements 2006, page f-64, page 2 note 1. BMG 2005 Annual Report, page 90 (50% of total cost shown on BMG's financial statements).

BMG 2002 Annual Report, page 102; 2003 Annual Report, page 58; 2004 Annual Report, page 12.

EMI:

2003 Annual report page 90; 2006 annual report page 99.

UMG:

Universal Music Group, Press Release, March 17, 2004, page 3.

WMG:

Warner Music Group, 10K filed December 1, 2005, page 28; President's letter WMG annual report January 2006, page 4.

EXHIBIT CO 0905

EXHIBIT 6: REPORTED REVENUE AND OPERATING PROFIT OF MAJOR RECORDED MUSIC COMPANIES 2003-2005

US$ in millions, unless otherwise stated

	YE	2003	2004	2005
Revenue (US$M)				
Bertelsmann	Dec	3,067	3,166	NA
Sony	Mar	3,826	3,897	2,317
Sony BMG	Mar	NA	NA	3,258
EMI	Mar	3,361	3,581	3,693
Universal Music	Dec	5,625	6,201	6,080
Warner Music	Nov/Sept	3,376	3,437	3,502
Group Total		19,255	20,283	18,850
Revenue Growth				
Bertelsmann		19.8%	3.2%	NA
Sony		-25.6%	1.9%	NA
Sony BMG		NA	NA	NA
EMI		-4.1%	6.6%	3.1%
Universal Music		-5.0%	10.2%	-2.0%
Warner Music		2.6%	1.8%	1.9%
Group Total		-5.7%	5.3%	-7.1%
EBITDA (US$M)				
Bertelsmann		295	288	NA
Sony		-68	90	170
Sony BMG		NA	NA	384
EMI		459	480	459
Universal Music		495	950	944
Warner Music		236	373	466
Group Total		1,418	2,181	2,424
EBITDA Growth				
Sony BMG		NA	NA	NA
EMI		32.3%	4.6%	-4.3%
Universal Music		-45.3%	91.7%	-0.6%
Warner Music		16.8%	58.1%	24.9%
Group Total		-29.6%	53.8%	11.1%
EBITDA Margin				
Bertelsmann		9.6%	9.1%	NA
Sony		-1.8%	2.3%	7.3%
Sony BMG		NA	NA	11.8%
EMI		13.7%	13.4%	12.4%
Universal Music		8.8%	15.3%	15.5%
Warner Music		7.0%	10.9%	13.3%
Group Total		7.4%	10.8%	12.9%

Source: Company data, Credit Suisse estimates. EBITDA is before restructuring charges. Sony BMG in March 2005 is for seven months only.

Source: Credit Suisse Research Report, June 19, 2006, page 30.

EXHIBIT CO 0906

EXHIBIT 7: REPORTED DIGITAL MUSIC SALES HISTORY OF THE MAJORS (% of total revenues)

	2004	2005	2006YTD
EMI	**2.6%**	**5.4%**	**8.5%**
WARNER	**1.0%**	**4.5%**	**9.4%**
SONY/BMG	**NA**	**7.0%**	**13.0%**
UNIVERSAL	**2.0%**	**5.3%**	**10.5%**

Sources:

EMI:
2006 YTD- Press Release, EMI Group Plc Results for the Six Months Ended September 30, 2006, November 15, 2006, page 1.
2005- Press Release EMI Group Plc Results for the Six Months Ended September 30, 2006, November 15, 2006, page 1.
2004- 2005 EMI Annual Report, page 10.

WMG:
2006 YTD- Press Release Q3 August 3, 2006, page 1. Q2 Press Release May 5, 2006, page 1. Q1 Press Release February 14, 2006.
2005-WMG Press Release December 1, 2005, page 1.
2004- WMG 10K dated December 1, 2005, page 41.

SONY/BMG:
2006 YTD- BMG Interim Report 2006, page 7.
2005- BMG Annual Report 2005, page 62
2004- NA

UMG:
2006 YTD- Vivendi Press release Q3 results, November 7, 2006.
2005- Universal Music Group, The Industry Leader, Merrill Lynch, September 2006, page 10.
2004- Universal Music Group, The Industry Leader, Merrill Lynch, September 2006, page 10.

EXHIBIT CO 0907

EXHIBIT 8: MARGIN ON WHOLESALE

	Physical	Digital
Wholesale revenue	100%	100%
Royalties/Publishing	-30%	-38%
Manufacturing	-20%	0%
Marketing/A&R	-25%	-25%
Fixed costs	-13%	-13%
Margin	**12%**	**24%**

Source: Company data, Credit Suisse estimates.

Source: Credit Suisse, Global Music Industry, June 19, 2006, page 19.

EXHIBIT CO 0908

EXHIBIT 9: RECORD COMPANY COST STRUCTURE AND PROFITABILITY

Percentage of Divisional Recorded Music Sales

	EMI 10/1/04-9/30/05	UMG 7/1/04-6/30/05	WMG 10/1/04-9/30/05	Average
Net revenue	100%	100%	100%	100%
A&R and Royalties	31.5	40.3	29.3	33.7
Administration Costs	26.2	13.6	23.7	21.2
Marketing & Promotion	16.5	17.6	14.0	16.0
Manufacture, Distribution & Associated Costs	16.2	14.2	21.4	17.3
Total Costs	90.4	85.7	88.4	88.2
EBITDA Margin	9.5%	14.4%	11.6%	11.7%

Source: IMS estimates and Morgan Stanley Research Report, January 27, 2006, Exhibit 18, page 25 and 26.

EXHIBIT CO 0909

Recorded Music Worldwide Market Share

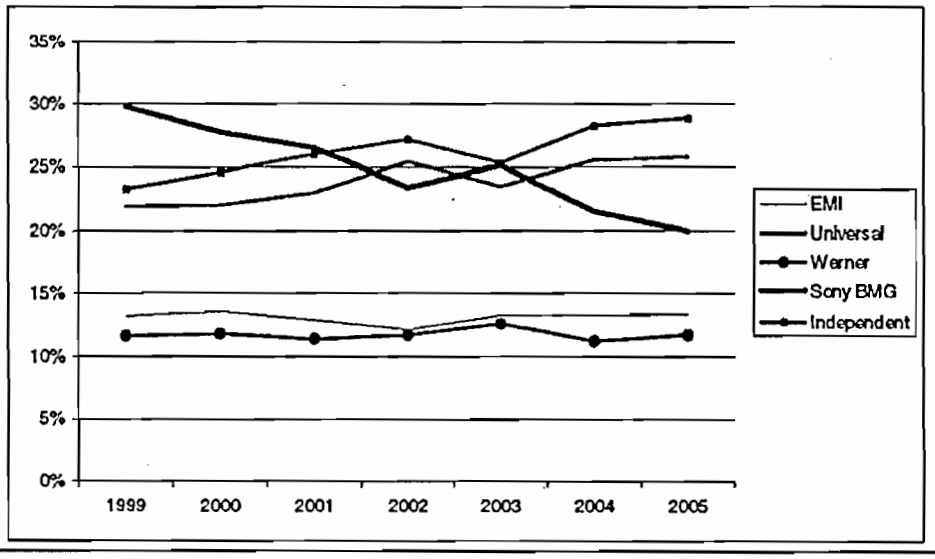


EXHIBIT CO 0910

2006 RIAA Mid-year Statistics

Phone: 202/775-0101

MANUFACTURERS' UNIT SHIPMENTS AND DOLLAR VALUE

(In millions at suggested retail list price, net after returns)

	Six Months Ended June 30											
	2006				2005				Percent Change			
Physical	Units to Retail	Dollars to Retail	Total Units*	Total Dollars	Units to Retail	Dollars to Retail	Total Units	Total Dollars	Retail Units	Retail Dollars	Total Units	Total Dollars
CD[1]	220.9	$3,559.2	264.8	$3,859.8	257.9	$4,189.3	307.7	$4,488.3	-14.3%	-15.0%	-13.9%	-14.0%
Vinyl Single	0.9	$5.1	0.9	$5.1	1.4	$7.7	1.4	$7.7	-36.2%	-33.7%	-36.2%	-33.7%
Music Video	0.3	$4.9	0.6	$6.1	4.3	$48.8	4.7	$50.0	-92.6%	-89.5%	-88.2%	-87.8%
SACD	0.1	$3.1	0.1	$3.1	0.3	$5.6	0.3	$5.6	-44.6%	-44.3%	-44.6%	-44.3%
DVD Video	9.2	$178.1	9.2	$178.1	11.6	$213.9	11.6	$213.9	-20.7%	-16.7%	-20.7%	-16.7%
DVD Audio	0.1	$1.4	0.1	$1.4	0.1	$1.7	0.1	$1.7	-35.1%	-17.0%	-35.1%	-17.0%
Other[2]	1.8	$11.6	2.0	$12.4	3.1	$19.2	3.7	$21.0	-42.4%	-39.6%	-47.2%	-41.0%
Total Albums[3]	231.2	$3,753.5	275.5	$4,056.1	275.3	$4,469.1	326.1	$4,771.1	-16.0%	-16.0%	-15.5%	-15.0%
Total Singles[4]	2.0	$9.9	2.0	$9.9	3.3	$15.1	3.3	$15.1	-38.4%	-34.5%	-38.4%	-34.5%
Total Physical	233.2	$3,763.4	277.5	$4,066.0	278.6	$4,484.2	329.4	$4,786.2	-16.3%	-16.1%	-15.7%	-15.0%
Digital												
Digital Single[5]	286.3	$283.4	286.3	$283.4	167.1	$165.4	167.1	$165.4	71.3%	71.3%	71.3%	71.3%
Digital Album	12.3	$122.7	12.3	$122.7	5.8	$57.9	5.8	$57.9	112.0%	112.0%	112.0%	112.0%
Kiosk	0.6	$0.8	0.6	$0.8	0.2	$0.3	0.2	$0.3	148.4%	155.2%	148.4%	155.2%
Digital Music Video	5.2	$10.3	5.2	$10.3	—	—	—	—	—	—	—	—
Total Digital	304.3	$417.2	304.3	$417.2	173.1	$223.6	173.1	$223.6	75.8%	86.6%	75.8%	86.6%
Mobile[6]	144.3	$356.4	144.3	$356.4	73.1	$181.1	73.1	$181.1	97.5%	96.8%	97.5%	96.8%
Subscription[7]	1.9	$96.1	1.9	$96.1	1.3	$64.8	1.3	$64.8	45.1%	48.3%	45.1%	48.3%
Total Digital & Physical[8]	681.9	$4,633.1	726.2	$4,935.7	524.8	$4,953.7	575.6	$5,255.7	29.9%	-6.5%	26.2%	-6.1%

** Total units includes shipments to retail, direct, and special markets*

[1] Includes DualDisc

[2] Includes Cassette, Vinyl LP/EP, and CD Single

[3] Includes CD, Cassette, Vinyl LP/EP, Music Video, SACD, DVD Video, and DVD Audio

[4] Includes CD Single and Vinyl Single

[5] Digital Sales Based On Estimated Current Retail Prices of $0.99 per Single And $9.99 per Album

[6] Includes Master Ringtones, Ringbacks, Music Videos, Full Length Downloads and Other Mobile

[7] Subscription units indicates average number of subscribers

[8] Units do not include subscriptions. Note 2005 figures updated for inclusion of new formats

EXHIBIT CO 0911

2005 Year-End Statistics

1330 Connecticut Avenue, NW, Suite 300, Washington, D.C. 20036
202-775-0101

Manufacturers' Unit Shipments and Retail Dollar Value
(In Millions, net after returns)

Physical

	1995	1996	1997	1998	1999	2000	2001	% CHANGE 2000-2001	2002	% CHANGE 2001-2002	2003	% CHANGE 2002-2003	2004	% CHANGE 2003-2004	2005	% CHANGE 2004-2005
(Units Shipped) CD[1]	722.9	778.9	753.1	847.0	938.9	942.5	881.8	-6.4%	803.3	-8.9%	746.0	-7.1%	767.0	2.8%	705.4	-8.0%
(Dollar Value) CD[1]	9,377.4	9,934.7	9,915.1	11,418.0	12,816.3	13,214.5	12,909.4	-2.3%	12,044.1	-6.7%	11,232.9	-6.7%	11446.5	1.9%	10,520.2	-8.1%
CD Single	21.5	43.2	66.7	56.0	55.9	34.2	17.3	-49.4%	4.5	-74.1%	8.3	84.5%	3.1	-62.2%	2.8	-12.1%
	110.9	184.1	272.7	213.2	222.4	142.7	79.4	-44.4%	19.6	-75.4%	36.0	83.6%	14.982	-58.4%	10.9	-27.0%
Cassette	272.6	225.3	172.6	158.5	123.6	76.0	45.0	-40.8%	31.1	-30.9%	17.2	-44.7%	5.2	-69.5%	2.5	-52.6%
	2,303.6	1,905.3	1,522.7	1,419.9	1,061.8	626.0	363.4	-41.9%	209.8	-42.3%	108.1	-48.5%	23.7	-78.1%	13.1	-44.9%
Cassette Single[2]	70.7	59.9	42.2	26.4	14.2	1.3	-1.5	-215.4%	-0.5	-68.0%	N/A	N/A	N/A	N/A	N/A	N/A
	236.3	189.3	133.5	94.4	46.0	4.6	-5.3	-215.2%	-1.6	-70.3%	N/A	N/A	N/A	N/A	N/A	N/A
LP/EP	2.2	2.9	2.7	3.4	2.9	2.2	2.3	4.5%	1.7	-23.7%	1.5	-11.5%	1.36	-11.9%	1.02	-25.0%
	25.1	36.8	33.3	34.0	31.8	27.7	27.4	-1.1%	20.5	-25.2%	21.7	6.0%	19.286	-11.3%	14.2	-26.2%
Vinyl Single	10.2	10.1	7.5	5.4	5.3	4.8	5.5	14.6%	4.4	-20.8%	3.8	-14.0%	3.5	-7.3%	2.3	-35.4%
	46.7	47.5	35.8	25.7	27.9	26.3	31.4	19.4%	24.8	-20.6%	21.5	-13.8%	19.9	-7.3%	13.2	-33.4%
Music Video	12.6	16.9	18.8	27.2	19.8	18.2	17.7	-2.7%	14.7	-17.2%	19.9	35.2%	32.8	65.0%	33.8	3.2%
	220.3	236.1	323.9	508.0	376.7	281.9	329.2	16.8%	288.4	-12.4%	399.9	38.7%	607.2	51.8%	602.2	-0.8%
DVD Audio	-	-	-	-	-	-	0.3	N/A	0.4	63.8%	0.4	1.2%	0.3	-20.5%	0.5	31.6%
	-	-	-	-	-	-	6.0	N/A	8.5	41.3%	8.0	-5.5%	6.5	-19.2%	11.2	72.2%
SACD	-	-	-	-	-	-	-	-	-	-	1.3	N/A	0.8	-39.7%	0.5	-40.5%
	-	-	-	-	-	-	-	-	-	-	26.3	N/A	16.6	-36.9%	10.0	-39.9%
DVD Video[3]	-	-	-	0.5	2.5	3.3	7.9	139.4%	10.7	34.8%	17.5	63.3%	29.0	66.0%	27.8	-4.1%
	-	-	-	12.2	68.3	80.3	190.7	137.5%	236.3	23.9%	369.6	56.4%	561.0	51.8%	539.8	-3.8%
Total Units	1112.7	1137.2	1063.4	1123.9	1160.6	1079.2	968.8	-10.3%	859.7	-11.2%	798.4	-7.1%	814.1	2.0%	746.7	-8.0%
Total Value	12320.3	12533.8	12236.8	13791.2	14584.7	14323.7	13740.9	-4.1%	12614.2	-8.2%	11854.4	-6.0%	12154.7	2.5%	11195.0	-7.9%
Total Retail Units			817.3	850.0	869.7	788.6	733.1	-7.0%	679.7	-7.3%	658.2	-2.6%	687.0	4.4%	634.8	-7.6%
Total Retail Value			10,785.6	12,165.4	13,048.0	12,705.0	12,388.8	-2.5%	11,549.0	-6.8%	11,053.4	-4.3%	11,423.0	3.3%	10,477.5	-8.3%

Digital

Download Single	-	-	-	-	-	-	-	-	-	-	-	-	139.4	N/A	366.9	163.3%
	-	-	-	-	-	-	-	-	-	-	-	-	138.0	N/A	363.3	163.3%
Download Album	-	-	-	-	-	-	-	-	-	-	-	-	4.6	N/A	13.6	198.5%
	-	-	-	-	-	-	-	-	-	-	-	-	45.5	N/A	135.7	198.5%
Kiosk[4]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.7	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0	N/A
Music Video	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.9	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.7	N/A
Total Units	-	-	-	-	-	-	-	-	-	-	-		143.9	N/A	383.1	166.2%
Total Value	-	-	-	-	-	-	-	-	-	-	-		183.4	N/A	503.6	174.5%
Mobile[5]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	170.0	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	421.6	N/A
Subscription[6]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3	N/A
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149.2	N/A

Total Digital & Physical

Total Units[7]	1,112.7	1,137.2	1,063.4	1,123.9	1,160.6	1,079.2	968.8	-10.3%	859.7	-11.2%	798.4	-7.1%	958.0	20.0%	1,301.8	35.9%
Total Value	12,320.3	12,533.8	12,236.8	13,791.2	14,584.7	14,323.7	13,740.9	-4.1%	12,614.2	-8.2%	11,854.4	-6.0%	12,338.1	4.1%	12,269.5	-0.6%

Retail value is value of shipments at recommended or estimated list price

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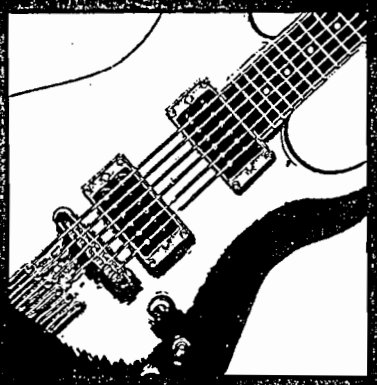
[1] Includes DualDisc
[2] RIAA's reports will no longer reflect shipments of cassette singles
[3] While broken out for this chart, DVD Video Product is included in the Music Video totals
[4] Includes Singles and Albums
[5] Includes Master Ringtones, Ringbacks, Music Videos, Full Length Downloads, and Other Mobile
[6] Weighted Annual Average
[7] Units does not include subscriptions

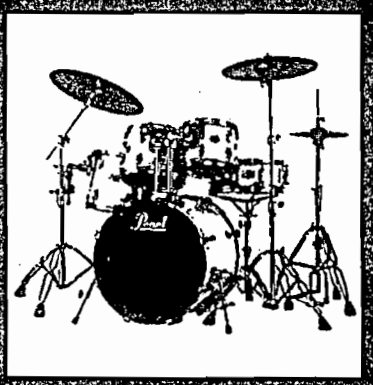
EXHIBIT CO 0912

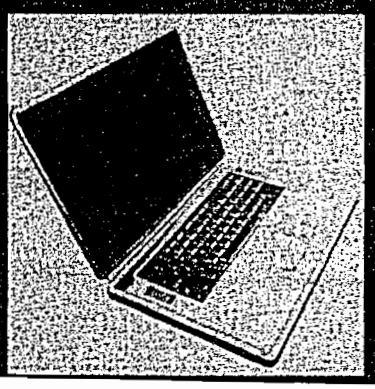
ifpi

2006 GLOBAL RECORDING INDUSTRY IN NUMBERS

THE DEFINITIVE SOURCE OF GLOBAL MUSIC MARKET INFORMATION







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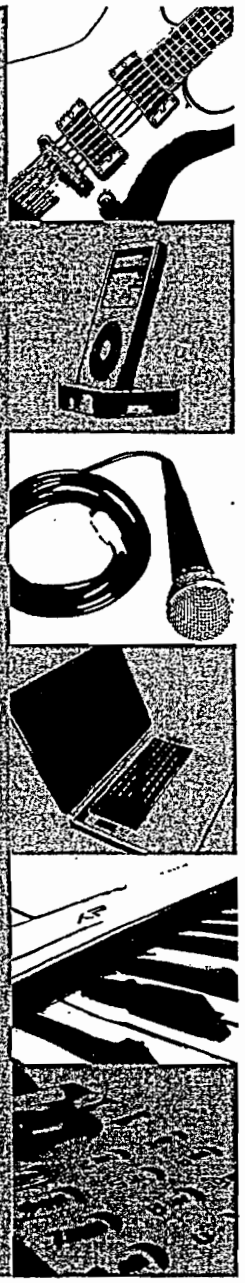
SOURCES

- Music industry sales and piracy levels: IFPI national groups/local industry associations/major record companies
- Populations: World Factbook (www.cia.gov)
- GDP and exchange rates: IMF (www.imf.org)
- Broadband: Internet Point Topic, Q1 2006 (www.point-topic.com)
- Internet users: Internet World Stats, March 2006 (www.internetworldstats.com)
- Mobile subscriptions: Mobile operators and IFPI national groups

NOTES

- Retail value: estimate of the final value paid by the consumer for the purchase of a music product, inclusive of relevant sales taxes
- Trade value: sales analysis and digital indicators on country pages are based on trade values
- $US (fixed): historical local currency values re-stated at the 2005 exchange rate
- $US (variable): historical local currency values stated at the exchange rate of each year
- Repertoire origin: proportion of the total market trade value accounted for by each repertoire type. Classification is based on artist country of signing, unless otherwise stated
- Multi-artist sales (compilations) excluded from repertoire origin splits
- Jazz music generally not included in classical
- Piracy level: measured as a percentage of total (legitimate and pirate) unit sales
- Inclusion of music video sales in 2001: music video products (VHS, DVD and Video CDs) are included in the music market totals (units and value) from 2001 onwards. This results in an artificial growth being reported for 2001
- Inclusion of digital sales in 2004: digital sales are available for the top 20 markets from 2004 onwards. It includes online, mobile and subscription revenues



IFPI is the organisation representing the recording industry worldwide. Its membership comprises some 1,400 major and independent companies in more than 70 countries. It also has affiliated industry national groups in 48 countries.

IFPI's mission is to promote and protect the interests of the recording industry worldwide, through two key objectives:

- To increase the rights value of music recordings by promoting good modern copyright laws and their effective enforcement; by promoting the value of music and copyright, economically and culturally; by securing and strengthening recording industry rights for online transmission, public performance and broadcasting; and by encouraging industry consensus in advancing the interests of the music sector with governments.
- To enlarge and enable the global marketplace for music recordings by reducing music piracy; by encouraging conditions for investment and commercial expansion in developing markets; and by helping to create a successful commercial environment for digital music.

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INTRODUCTION

The recording industry has seized new opportunities and faced great challenges over the past five years. Both have arisen largely as a result of new technology as the industry addresses the fight against digital and physical piracy, content protection and DRM, as well as support for new physical formats, and how best to work with hundreds of new partners in the emerging legal digital music market.

Consumer trends will create even greater opportunities and challenges over the next few years. Almost every market indicator suggests that there will be an increase in overall music consumption. In the US researchers NPD put this increase at 12% in 2005. Meanwhile there are growing revenues across the broader music industry, with many music sectors showing healthy growth.

One big challenge for all commercial music providers today is monetising this demand for music. With new digital channels having well and truly arrived in 2005 this now looks entirely possible. It is easy to see why most entertainment industry analysts are forecasting a return to growth for recorded music from 2007 onwards. At the same time consumer trends could lead to increasing competition for consumers' time and income from new forms of entertainment.

Music consumers are clearly responding differently to physical formats and digital music. The CD – still accounting for 82% of global music revenues in 2005 – offers tactile qualities highly valued by users who appreciate their collectability and cover art as well as audio quality. These are very distinct from the attributes of music downloads, which are searchability, variety of choice and immediacy. As record companies and music retailers work in partnership to market these different attributes, the industry can drive both CDs and digital downloads towards their naturally-emerging consumer segments.

The durable impact of digital technology on music is unlikely to be clear for a few more years yet. Apple's iTunes may dominate the market for à-la-carte downloads for the time being, but new online models are emerging. Many successful online music services in 2006 are designed to serve niche markets often with specialist repertoire. For example, eMusic sells MP3 downloads specialising in independent repertoire. In April 2006 Warner became the first major record label to launch a classical online music store, Warnerclassics.com. Meanwhile, services based on the core attributes of search, music sharing and discovery - like Last FM, Pandora and Musicstrands – look set to shape new music markets.

Mobile music also looks to have a positive future, with some operators announcing impressive sales figures for master ringtones, downloads and music videos. Mobile music has a number of attractive key drivers, but also some barriers to overcome (see page 11). The next year or two are likely to continue to be experimental, with growth coming from 2008 onwards when compelling music applications for mobile phones are more widely available and when 3G use is more widespread.

The key driver of digital channels – both online and mobile – is portability. More music is listened to on the move than ever before. The penetration of portable music players has reached 20% of all consumers in the USA and Europe. Both digital sales revenues and consumer research confirm that portable player owners are now taking digital downloading seriously as an alternative way to buy music. Subscription is an important model too, though so far music subscription services have been held back by the lack of a truly compelling alternative player to the iPod.

The Recording Industry in Numbers – now in its 13th edition - contains digital sales for the recording industry for the first time. This edition gives a broader strategic analysis of music industry trends than previous publications, highlighting all the key numbers and using the best market indicators available. The RIN continues to be the best single source of global music market information.

Keith Jopling
Director, Strategic Research & Analysis

WORLD RANKING

Recorded Music Sales			
	Country	Trade Value $US (m)	% Total Sales
1	USA	7,011.9	34%
2	Japan	3,718.4	18%
3	UK	2,162.2	10%
4	Germany	1,457.5	7%
5	France	1,248.3	6%
6	Canada	544.3	3%
7	Australia	440.0	2%
8	Italy	428.5	2%
9	Spain	368.9	2%
10	Brazil	265.4	1%
11	Mexico	262.7	1%
12	Netherlands	246.3	1%
13	Switzerland	205.9	1%
14	Russia	193.7	1%
15	Belgium	161.8	1%
16	South Africa	158.8	<1%
17	Sweden	148.2	1%
18	Austria	138.7	1%
19	Norway	133.1	1%
20	Denmark	113.1	1%
21	India	111.6	<1%
22	Turkey	105.3	<1%
23	Taiwan	99.7	<1%
24	Ireland	91.2	<1%
25	Finland	81.2	<1%
26	Portugal	81.1	<1%
27	China	79.8	<1%
28	New Zealand	77.5	<1%
29	South Korea	77.4	<1%
30	Thailand	77.2	<1%
31	Hong Kong	66.2	<1%
32	Greece	65.1	<1%
33	Poland	63.9	<1%
34	Argentina	51.4	<1%
35	Indonesia	50.2	<1%
36	Hungary	33.4	<1%
37	Singapore	33.1	<1%
38	Colombia	27.0	<1%
39	Czech Republic	24.8	<1%
40	Chile	24.1	<1%
41	Malaysia	23.1	<1%
42	Philippines	19.1	<1%

Note: Figures include digital sales for the top 20 markets

Digital Music Sales			
	Country	Trade Value $US (m)	% Total Digital Sales
1	USA	636.0	56%
2	Japan	277.5	24%
3	UK	69.2	6%
4	Germany	39.1	3%
5	France	28.1	2%
6	Italy	15.7	1%
7	Canada	14.7	1%
8	South Korea	11.8	1%
9	Australia	7.5	1%
10	Netherlands	4.9	<1%

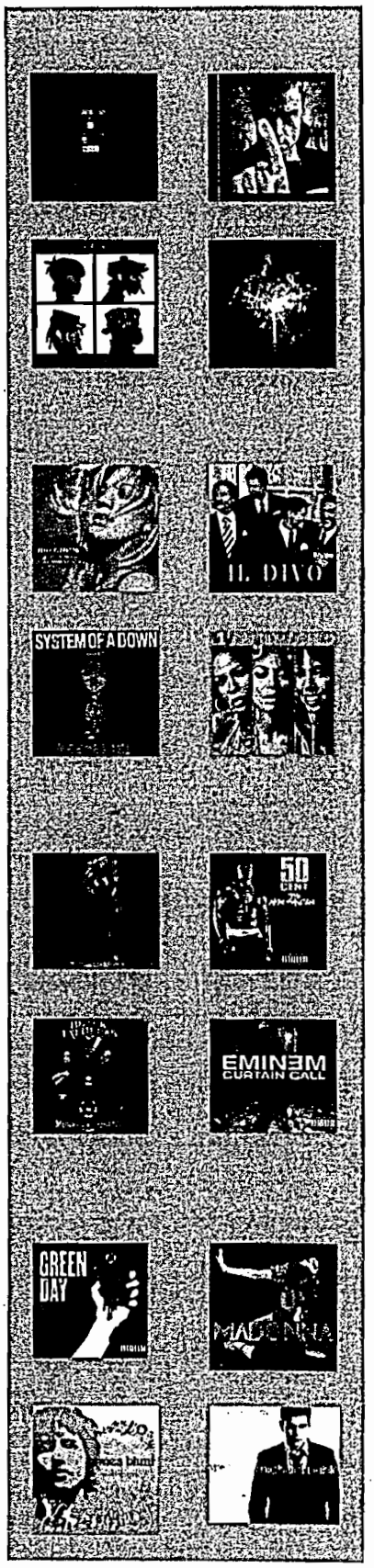
DVD Music Video Sales			
	Country	Trade Value $US (m)	% Total Music Video Sales
1	Japan	404.9	26%
2	USA	273.7	18%
3	France	136.4	9%
4	Germany	132.0	9%
5	UK	115.0	7%
6	Brazil	66.5	4%
7	Canada	55.2	4%
8	Netherlands	45.4	3%
9	Australia	44.5	3%
10	Spain	32.4	2%

Single Sales			
	Country	Units (m)	% Total Single Sales
1	USA	371.9	59%
2	Japan	75.7	12%
3	UK	53.1	8%
4	France	33.9	5%
5	Germany	32.7	5%
6	South Korea	12.3	2%
7	Canada	10.7	2%
8	Australia	9.9	2%
9	Italy	4.1	1%
10	Belgium	4.0	1%

Note: Figures include digital sales

TOP SELLING ALBUMS IN 2005

EMI	
Artist	Title
Coldplay	X&Y
Robbie Williams	Intensive Care
Gorillaz	Demon Days
The Rolling Stones	A Bigger Bang
Various Artists	Now That's What I Call Music! 19
Keith Urban	Be Here
Various Artists	Now That's What I Call Music! 62
KT Tunstall	Eye To The Telescope
Koth	See You On The Other Side
RBD	Rebelde
Sony BMG	
Artist	Title
Kelly Clarkson	Breakaway
Il Divo	Il Divo
System Of A Down	Mezmerize
Destiny's Child	#1's
Il Divo	Ancora
Kenny Chesney	The Road And The Radio
Foo Fighters	In Your Honor
The Backstreet Boys	Never Gone
Shakira	Fijación Oral Volumen 1
Carrie Underwood	Some Hearts
Universal	
Artist	Title
Mariah Carey	The Emancipation Of Mimi
50 Cent	The Massacre
The Black Eyed Peas	Monkey Business
Eminem	Curtain Call - The Hits
Gwen Stefani	Love Angel Music Baby
Kanye West	Late Registration
Jack Johnson	In Between Dreams
The Game	The Documentary
Nickelback	All The Right Reasons
Various Artists	Now That's What I Call Music! 20
Warner	
Artist	Title
Green Day	American Idiot
Madonna	Confessions On A Dancefloor
James Blunt	Back To Bedlam
Michael Buble	It's Time
Enya	Amarantine
Faith Hill	Fireflies
Green Day	Bullet In A Bible
Rob Thomas	Something To Be
Sean Paul	The Trinity
Mike Jones	Who Is Mike Jones?



Source: Majors

Top 50 Albums of 2005

	Artist	Title	Company
1	Coldplay	X&Y	EMI
2	Mariah Carey	The Emancipation Of Mimi	Universal
3	50 Cent	The Massacre	Universal
4	The Black Eyed Peas	Monkey Business	Universal
5	Green Day	American Idiot	Warner
6	Madonna	Confessions On A Dancefloor	Warner
7	Kelly Clarkson	Breakaway	Sony BMG
8	Eminem	Curtain Call - The Hits	Universal
9	James Blunt	Back To Bedlam	Warner
10	Robbie Williams	Intensive Care	EMI
11	Gorillaz	Demon Days	EMI
12	Gwen Stefani	Love Angel Music Baby	Universal
13	Michael Bublé	It's Time	Warner
14	Kanye West	Late Registration	Universal
15	Enya	Amarantine	Warner
16	Il Divo	Il Divo	Sony BMG
17	Jack Johnson	In Between Dreams	Universal
18	The Game	The Documentary	Universal
19	System Of A Down	Mezmerize	Sony BMG
20	Destiny's Child	#1's	Sony BMG
21	Il Divo	Ancora	Sony BMG
22	Kenny Chesney	The Road And The Radio	Sony BMG
23	Foo Fighters	In Your Honor	Sony BMG
24	Nickelback	All The Right Reasons	Universal
25	The Backstreet Boys	Never Gone	Sony BMG
26	Various Artists	Now That's What I Call Music! 20	Universal
27	Shakira	Fijación Oral Volumen 1	Sony BMG
28	The Killers	Hot Fuss	Universal
29	Rascal Flatts	Feels Like Today	Lyric Street Records
30	Bon Jovi	Have A Nice Day	Universal
31	Various Artists	'Get Rich Or Die Tryin' - The Original Motion Picture Soundtrack	Universal
32	The Rolling Stones	A Bigger Bang	EMI
33	Various Artists	Now That's What I Call Music! 19	EMI
34	The Pussycat Dolls	PCD	Universal
35	Ken Hirai	Ken Hirai 10th Anniversary Complete Single Collection 95-05 "Utabaka"	DefSTAR Records
36	Faith Hill	Fireflies	Warner
37	Carrie Underwood	Some Hearts	Sony BMG
38	Rod Stewart	Thanks For The Memory - The Great American Songbook Vol. IV	Sony BMG
39	Ketsumeishi	Ketsuniopolis 4	Toy's Factory
40	Jennifer Lopez	Rebirth	Sony BMG
41	Maroon 5	Songs About Jane	Sony BMG
42	System Of A Down	Hypnotize	Sony BMG
43	Fallout Boy	From Under The Cork Tree	Universal
44	Akon	Trouble	Universal
45	Oasis	Don't Believe The Truth	Sony BMG
46	Green Day	Bullet In A Bible	Warner
47	Rob Thomas	Something To Be	Warner
48	John Legend	Get Lifted	Sony BMG
49	Santana	All That I Am	Sony BMG
50	Hilary Duff	Most Wanted	Hollywood Records

KEY INDUSTRY TRENDS

MUSIC SALES IN 2005

Digital formats drive growth

Digital sales reached $US 1.1 billion (record company trade revenues) in 2005, with digital accounting for 5.5% of total music sales. The CD album accounted for 82% of total music sales in 2005, down from 84% in 2004. Worldwide CD album volume fell by 3% and DVD music video volume remained flat.

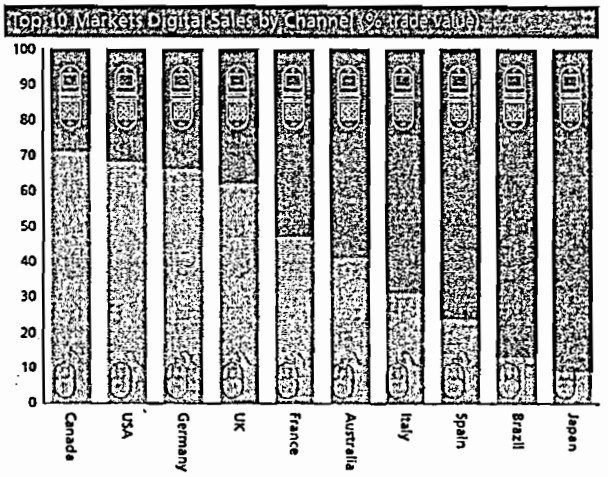
Sales by Format ($US millions)

	Trade Value			% Sales	
	2004	2005	Growth	2004	2005
CD	18,109	17,019	-6%	84.4%	81.8%
DVD	1,610	1,540	-4%	7.5%	7.4%
Digital sales	397	1,143	188%	1.8%	5.5%
Physical singles	821	721	-12%	3.8%	3.5%
Other physical*	531	372	-30%	2.5%	1.8%
Total Market	21,469	20,795	-3%	100%	100%

Source: IFPI
*Includes cassettes, LPs, VHS and other

Online and mobile sales split 50:50 globally but varied widely by market

In 2005 most digital markets were dominated by either mobile or online – an indication that both digital channels are still at very early stages. Those markets with significant business in both channels saw the fastest digital growth in the first half of 2006.



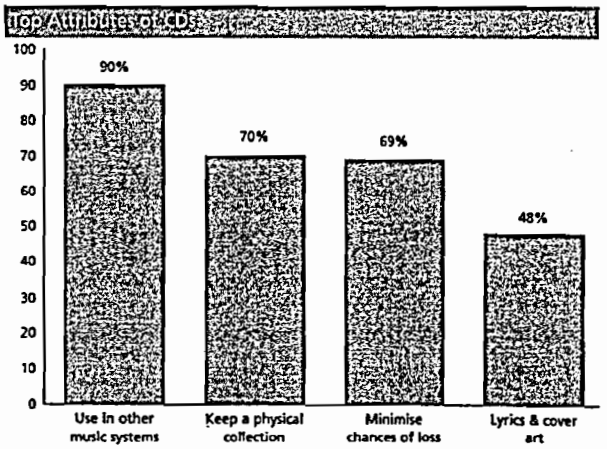
Source: IFPI

Long-term transition from CD to digital

Both sales figures and consumer research now indicate the CD has a longer lifespan than was widely predicted in recent years. In a survey by Nielsen/NetRatings* of internet users in the UK in March 2006 some 75% stated their preferred music format as the CD. Even among the 16-24 age group, 58% still preferred music on CD. IFPI's survey of European internet users in November 2005** revealed that one third of both file sharers (34%) and online music buyers (37%) still value CDs more than digital music.

Consumers see the attributes of physical formats as distinctly different from those of digital music. Nielsen/NetRatings UK survey of internet music users revealed that consumers rate the best attributes of digital music as being able to "find the music wanted" and "variety of choice" – way above other attributes.

This attachment to the CD is changing gradually as the benefits of digital consumption unfold. Adoption of digital music will take time, but consumers under 24 have already begun a more radical shift from disc to digital. In terms of mass market digital development, demographic trends would suggest that digital music will make up around a quarter of music sales by 2010.



Source: Nielsen/NetRatings Music 2006: Online vs Offline Consumption. % of respondents stating attribute as important

Sample: UK internet users

*Nielsen NetRatings Music 2006: Online vs. Offline UK Consumption
** IFPI/Jupiter survey of internet users in the UK, France, Germany, Spain and Sweden

Digital increases choice and drives long-tail

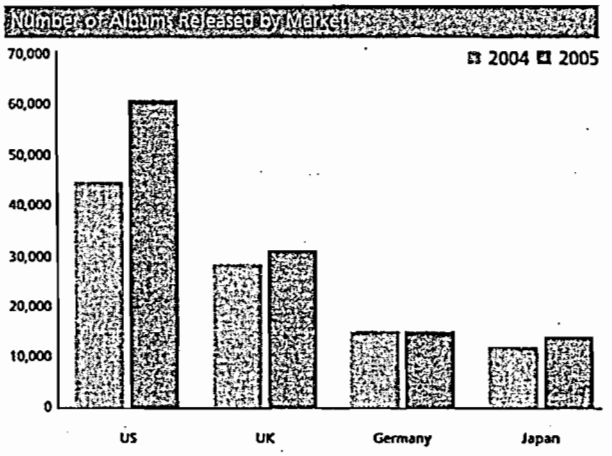
The record industry released over 120,000 albums in 2005 – including new titles, re-issues and digital only recordings. The number of albums released is actually increasing in major markets despite industry contraction – the UK industry released or re-released 31,290 album titles in 2005, a 10% increase on the previous year. The UK Chart Company data indicates that around 5,000 of these releases were purely through digital channels, suggesting digital is driving even greater availability and choice of repertoire.

In the US the increase in album releases was even higher – a 36% increase to over 60,000 albums. Again, digital drove this increase, making up just over one quarter of the albums released in the US in 2005 according to Nielsen SoundScan.

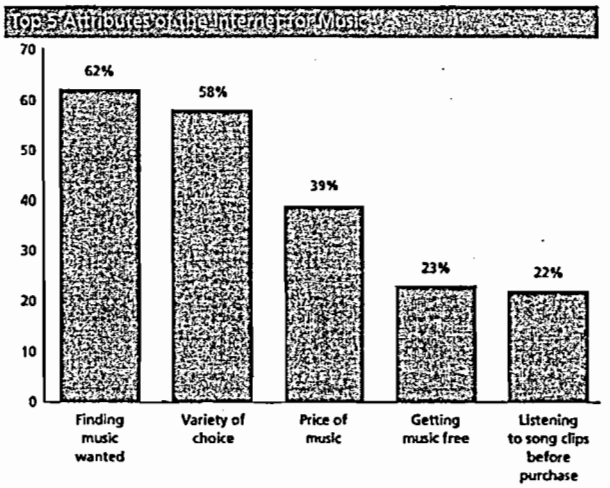
Japan released 14,140 album titles – an increase of 18% and the highest level since 1998. Album releases in Germany were 15,148 – just under the number in 2004.

Record companies are releasing large amounts of their catalogue into digital channels with online music stores offering up to three million tracks. In addition to all new releases, record companies have begun to re-issue deleted catalogue online. This has led to the so called 'long tail' in digital sales.

Universal Music announced in January 2006 the first step in its plan to make 10,000 deleted European album titles available for download, releasing the first 3,000 titles. Other record companies are expected to substantially increase digital releases. This activity will drive further increases in digital catalogues over the next few years – very significant to the long-term success of digital music services.



Source: Nielsen SoundScan, UK OCC, Music Control, RIAJ



Source: Nielsen/NetRatings Music 2006: Online vs Offline Consumption.
% of respondents stating attribute as important

Sample: UK internet users

Top selling titles fall in 2005

In recent years a trend has developed of gradually falling sales for top-selling album titles, compensated for by growth in sales of emerging digital formats. The top 50 selling album titles account for one-tenth of global album sales. The top 50 titles combined sold 7% less units in 2005 than in 2004. The best-selling titles of 2005 are listed on page 5.

The top 10 selling titles sold 8% less than in 2004, even though all ten titles sold over the five million mark compared with eight in 2004. Despite the overall trend, the UK saw the highest top 10 sales since 2000 at 13.5 million album units – up 6% on 2004. The strength of UK-signed acts was one of the main reasons behind this volume growth, combined with falling retail prices.

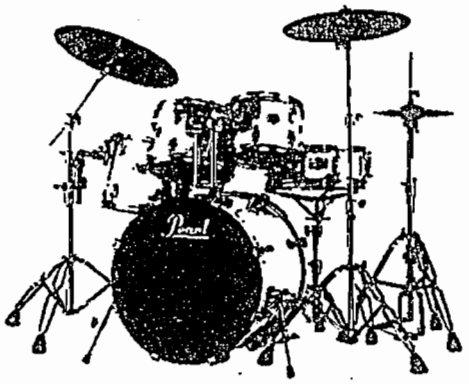
The early years of digital have seen greater demand for catalogue than for new releases. Currently in the US, the share of paid downloads is split between 36% new releases and 64% catalogue (NPD, Dec 2005). This contrasts with the physical market where 58% of total album sales are new releases and 42% catalogue (Nielsen SoundScan). However music sales have always been driven by global superstars with blockbuster hits and this will continue as music is sold in an increasing variety of formats and channels.

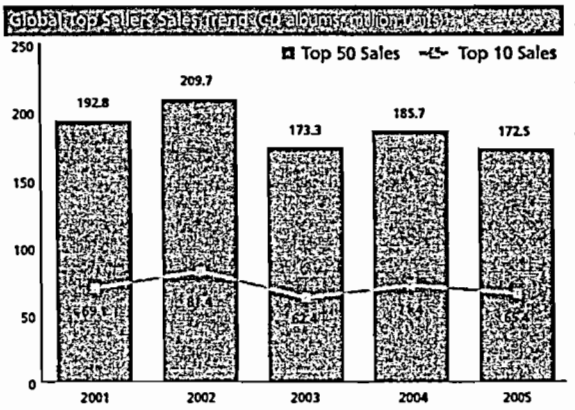
Changing CD retail

Increasing competition from internet retailers and supermarkets has seen the share of specialist retailers fall in recent years.

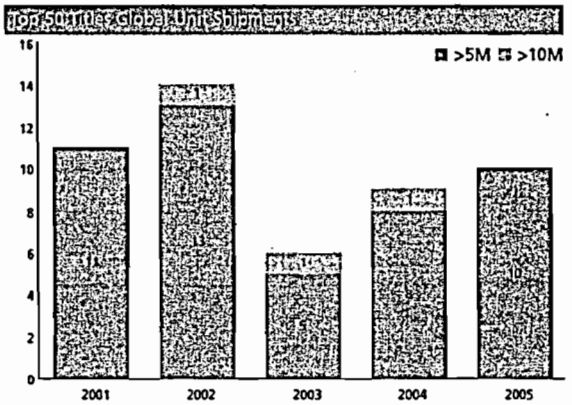
Internet retail is the fastest growing delivery channel for CD sales. CD sales via the internet reached 17% in Germany, 11% in the UK and 8% in the US.

For full trend analysis by retail channel see page 100.

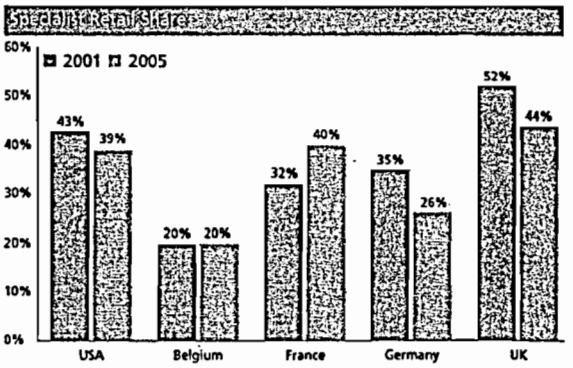




Source: IFPI



Source: IFPI



CD Sales via Internet

	2001	2002	2003	2004	2005
UK	4.5%	6.3%	7.5%	8.9%	11.0%
Germany	6.4%	8.9%	12.1%	14.7%	17.1%
USA	2.9%	4.4%	5.0%	5.9%	8.2%

Source: BPI, IFPI Germany and RIAA. UK and Germany based on value. US based on units

MUSIC PIRACY

Commercial piracy

Commercial physical piracy remains a very serious problem for the recording industry. The value of the pirate market remained virtually unchanged in the past three years at $US 4.5 billion, but the make-up of piracy has changed and diversified. Although industrial scale pirate CD manufacturing plants still operate in many countries, fake cassettes and pressed discs have given way to CD-Rs copied on highly efficient burner machines in small commercial labs. DVD music video piracy is also hurting legal sales of the format in a number of markets.

The key figures 2005:

- IFPI estimates the value of the pirate CD market at $US 4.5 billion at pirate prices
- An estimated 1.2 billion pirate CDs were purchased
- 37% of all CD purchases are pirate copies
- Pirate CD sales outnumbered legitimate sales in 30 markets
- 20 billion songs illegally downloaded worldwide

Legitimising internet music distribution

Many markets have been hurt by increasing internet piracy in recent years, leading to stepped up action by the recording industry against operators, uploaders and internet service providers (ISPs). Globally, IFPI estimates that nearly 20 billion songs were illegally downloaded in 2005 (based on consumer research in 10 markets and third party studies). While this is an extremely high piracy level, it also illustrates the potential market for legal downloads.

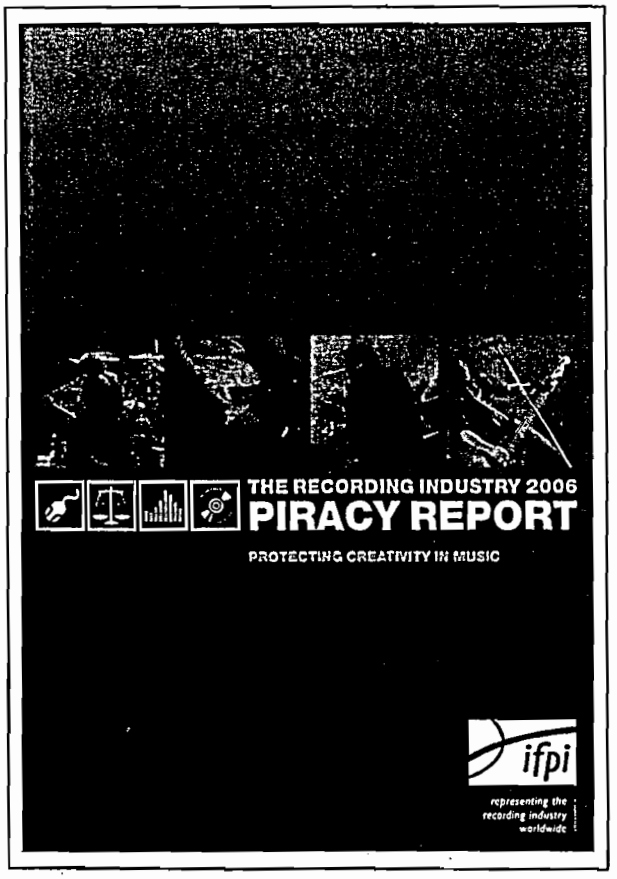
Research by NPD in the US suggests that there has been a recent stabilisation in the number of P2P users, but that the number of files illegally traded has grown. NPD reports that the number of households actively downloading music from P2P networks (on a monthly basis) has grown 15% over the past two years - from six million households in April 2004 to 6.9 million in April 2006. However, growth has slowed significantly – active P2P households represent 10.2% of the US internet population – only a small increase from 9.4% in 2004.

Recent research in Europe also shows that the industry is successfully attracting new users to legal services, but that migrating consumers from unauthorised to legal services remains a challenge.

For more information on music piracy see the IFPI Piracy Report – Protecting Creativity In Music – at www.ifpi.org.

Latest research by NPD in the US concluded:

- Music consumption in the US grew in 2005 driven by all forms of shared/free content
- The greatest cutback in CD spending came from P2P users
- 26% of the decline in CD units was replaced by P2P file sharing



KEY INDUSTRY TRENDS

DIGITAL MUSIC

Portable players - a major driver

Since its launch in 2001, Apple has sold over 58 million iPods, shipping 16.6 million in the first half of 2006 alone. The iPod has encouraged a whole raft of new listening habits, with shuffle play and playlisting driving music discovery and encouraging greater listening.

In the US, 22 million MP3 players were sold in 2005 and another 27 million are expected to sell in 2006. Some 15% of digital media players shipped in the US in 2005 were video-capable and this figure is expected to double in 2006 (CEA).

However, the growth of portable player purchases is not wholly reflected in online music sales. Less than half of US online portable media device owners currently source music for their players from online stores (CEA research). Research from IPSOS Insight in the US finds that existing CD collections are the primary source of music stored on portable players. While 44% of songs on digital players are ripped from their own CDs and a further 6% ripped from borrowed CDs, purchased downloads make up a very significant 25% (IPSOS TEMPO, June 2006).

Global portable digital player sales are expected to reach $US 10.2 billion in 2006, up 11% on 2005 (IDC).

In the meantime 3G music phones offer an alternative platform for digital music. As at the end of June 2006, IFPI estimates that there are around 110 million global 3G mobile users, or 5% of global wireless subscribers.

Downloads see steady growth but market needs competition

In the US, NPD data in April 2006 shows that some 5% of internet households downloaded music on a monthly basis from legal online sources. In Europe, Jupiter Research (November 2005) also shows the percentage of internet users downloading music legally (individuals rather than households) to be 5%.

This is a significant level of uptake, although legal downloading is still far from being a mass market activity. The market will grow more quickly as new services arrive to compete with Apple's iTunes, which currently has a market share in the US and Europe of around 70% of à-la-carte downloads.

US Factory Sales of Electronic Goods ($US billion)

	2005	2006	Growth
Digital TV	17.0	23.0	35%
Wireless handset	13.5	16.0	19%
Gaming consoles	12.0	14.0	17%
MP3 players	3.5	4.5	50%

Source: Consumer Electronics Association. 2006 forecast

European MP3 Player Market Value 2005 ($US billion)

UK	1.0
Germany	0.6
France	0.5
Spain	0.3
Italy	0.3
Other	0.5
Total	3.2

Source: European IT Observatory

Top 10 Mobile Markets

Country	Subscribers (million)
China	416.6
USA	207.9
Russia	123.6
India	100.0
Japan	93.9
Brazil	85.2
Germany	79.2
Italy	70.6
UK	67.9
France	45.1

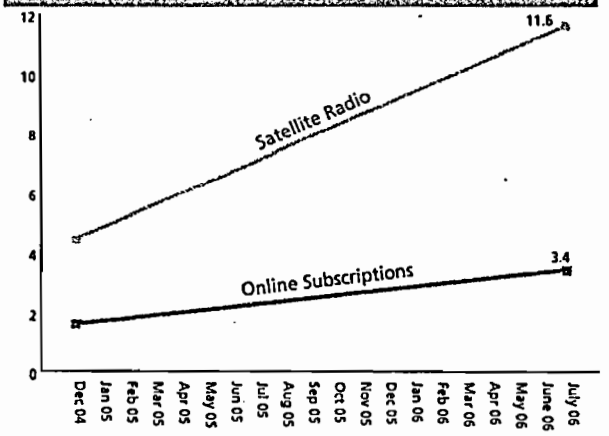
Source: Mobile operators

Subscription services

Music subscription services are an important delivery channel, accounting for 7% of digital revenues in 2005 – an estimated $US 113 million on a retail basis. Music subscription services such as Rhapsody and Napster now reach a maximum of 3.4 million consumers worldwide, with the majority of subscribers located in the US.

Satellite radio is also an exciting new revenue stream. Revenues from satellite radio subscriptions in the US were estimated at $US 760 million (consumer prices) in 2005 according to Citygroup analysts. Satellite radio is one of the fastest growth sectors in music (growing 144% in 2005), second only to digital sales of recordings. Two major providers, XM and Sirius, are providing advertising-free services to over 11 million subscribers (July 2006).

Radio and Online Subscriptions (millions)



Source: Companies' public announcements. Figures include promotional subscriptions and discounted deals

Mobile injects pace into digital consumption

The mobile music market has great growth potential. It is driven by several factors – the massive installed base of mobile phones; increasing and improving music functionality; relatively easy and flexible payment options; a more limited piracy threat than online; and big marketing budgets.

Most mobile handsets released today have some music capability, with higher-end models rivalling the capabilities of portable digital devices like the iPod. Nokia estimates it will sell 80 million music phones in 2006, double the number in 2005.

The next year or two in the mobile music sector are likely to be experimental, with true growth coming from 2008 onwards when compelling music applications for mobile phones will be more widely available, and 3G adoption reaches critical mass.

Music Habits Among 3G Users

	USA	UK	Germany	France
Purchased a ringtone	21%	12%	15%	11%
Watched a mobile video	9%	16%	12%	16%
Listened to music	13%	22%	17%	13%
Side-loaded music to mobile	1%	7%	7%	6%
Mobile subscribers on 3G	4%	10%	5%	6%

Source: M:Metrics, 3 month average ending May 2006, n = 33,952 mobile phone users

During the next year or two the mobile music sector needs to overcome a number of barriers including:

- User interface and functionality – current music applications on mobile still fall some way short of those on dedicated music players, such as the iPod
- 3G adoption rate – 3G is to mobile music what broadband is to online music. 3G adoption is steady rather than spectacular, and network prices still need to become more attractive to consumers. Recent data (June 2006) from M:Metrics has UK 3G penetration at 10% of mobile users and Germany at just 5%
- Consumer adoption – M:Metrics data suggests that around one in five 3G users currently use their phones for music, so consumer adoption is still at the very early stages
- Mobile DRM is more fragmented than in the online sector, with even more compatibility issues. The Open Mobile Alliance has developed two DRM standards, Microsoft and Apple both have DRMs for mobile and there are several other competing mobile DRM solutions. None of these are interoperable with each other at present

KEY INDUSTRY TRENDS

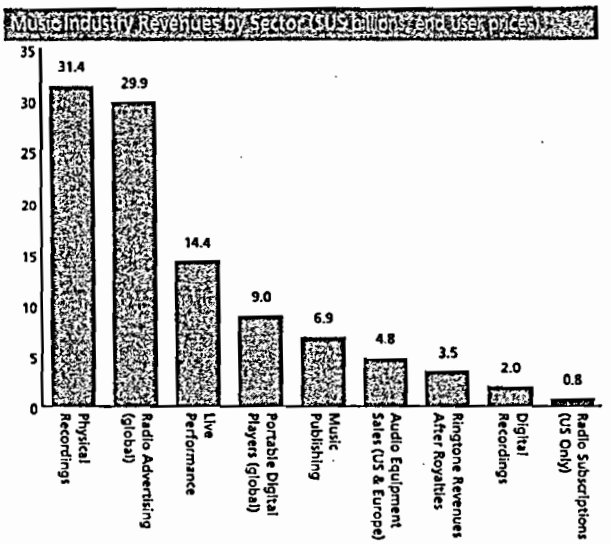
THE BROADER MUSIC SECTOR

The recorded music industry is the engine helping to drive a much broader music industry, worth more than $US 100 billion globally. This is over three times the value of the recorded music market, and shows that music has an economic importance that extends far beyond the scope of record sales.

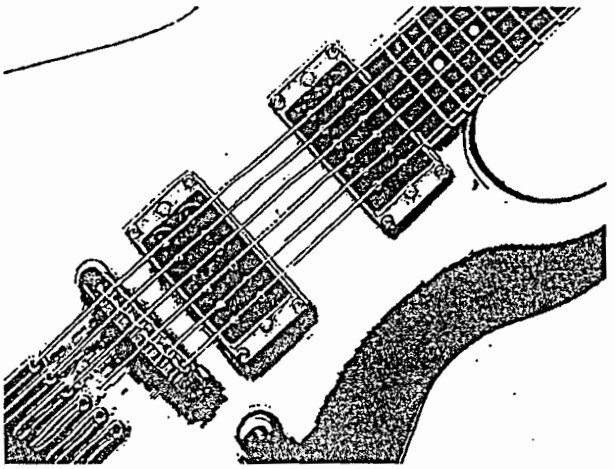
The largest sector underpinned by recorded music sales is the global commercial radio advertising market, which is worth $US 30 billion a year, according to PWC. Record companies provide the radio stations with the content they need to attract the audience that advertisers want to reach. However with around 5% of advertising revenues flowing back to record companies, radio networks currently squeeze incredible value from recorded music.

Live performance is also a fast-growing area, worth $US 14 billion in 2005, driven by large arena shows and the boom in music festivals in the US, UK and other parts of Europe.

Nothing illustrates the importance of recorded music to other sectors more than the phenomenal growth in portable digital music players. IFPI estimates the value of this sector to be $US 9 billion globally in 2005 – over four times larger than the market for digital downloads. In addition, the market for peripheral equipment such as speaker systems and docking stations is estimated to be worth $US 1 billion by industry analysts. With digital player penetration at 15% of online users in Europe and 20% in the US, along with a high replacement rate, this market has major growth potential.



Sources: IFPI, PWC Global Media & Entertainment Outlook, Pollstar/Music & Copyright, IFPI (from IDC & Apple announcements), Music & Copyright, CEA (USA) EITO (Europe), Informa Media, IFPI, Citigroup (from Sirius & XM announcements)



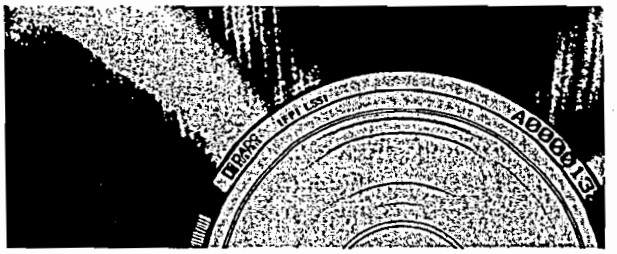
ENTERTAINMENT INDUSTRY OUTLOOK

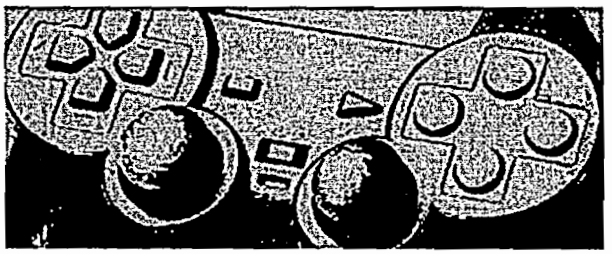
Over the past five years a significant factor in declining CD sales has been the competition for consumer spending from other entertainment sectors – chiefly DVD, games, mobile and online spending – all of which have seen rapid growth while music sales declined.

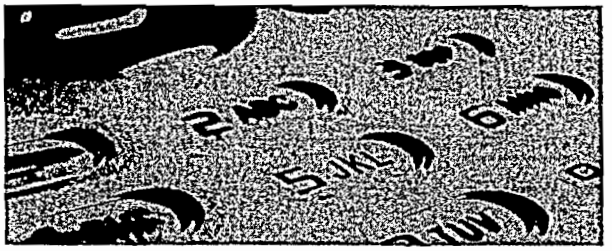
In its recently published Global Entertainment and Media Outlook 2006-2010, PWC predicts further growth for entertainment sectors, driven by:

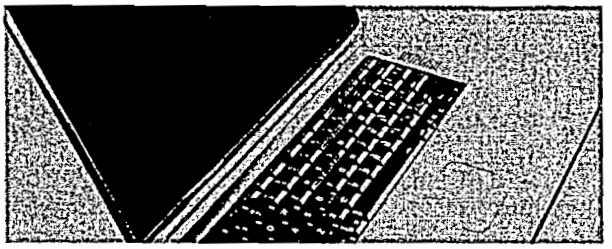
- Economic growth – GDP growth is expected over the next three years
- Digital distribution – increases in broadband and wireless subscriptions
- Changing demographics – growth in the number of people in the prime earning years (ages 40-65), coupled with growth in the number of young people in Asia Pacific and Latin America
- Reduced impact of piracy – more aggressive enforcement of existing laws, effective actions by industry associations and promotion of legal alternatives

These drivers apply well to recorded music in both physical and digital forms. Furthermore, music should benefit as a key component of other entertainment activities – something music companies have been successfully exploiting in terms of strategic licensing.



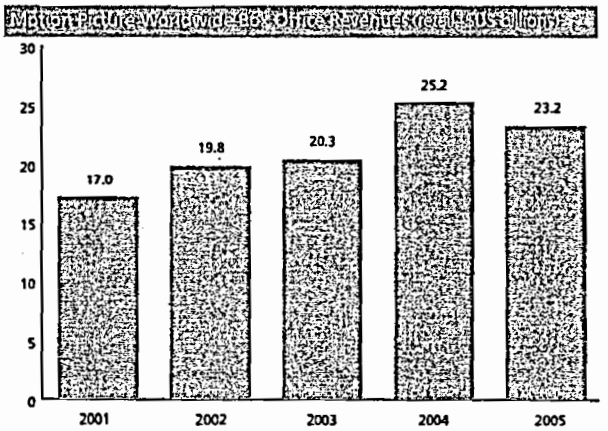






Film & DVD

Film box office sales fell by 8% in 2005, with worldwide retail revenues of $US 23 billion (down from $US 25 billion in 2004). The dip in 2005 sales is largely attributed to a less impressive slate of film releases than in 2004 – a record year in terms of box office revenues. With movie content beginning to rival music's popularity on peer-to-peer file-sharing networks, 2006 will indicate whether 2005 was merely a blip due to film releases, or whether this reflects the first major visible commercial impact of digital piracy on filmed entertainment.

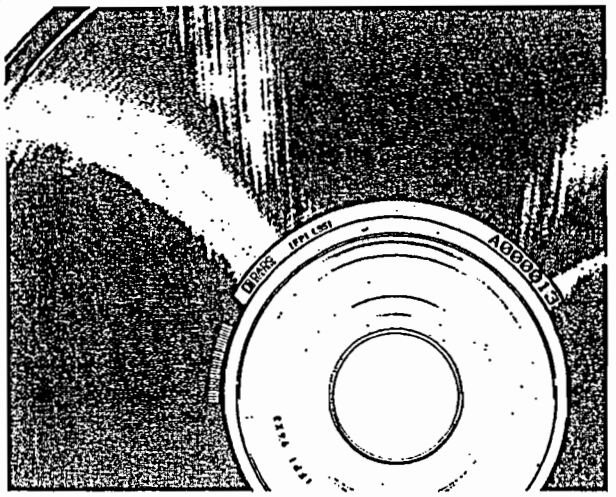


Source: MPA

Film & DVD (continued)

Screen Digest data on total DVD sales (film, television, music and other) shows a considerable slowdown in the growth of DVD in 2005. This marks the beginning of a decline in the product lifecycle for DVD video – which has been unprecedented in its rapid rise to mass market status.

The decline in the growth rate of DVD is attributable to several factors: the installed base of DVD players peaking (and therefore reduced DVD collection building); a slowdown in the rate of new releases; and continued price discounting.



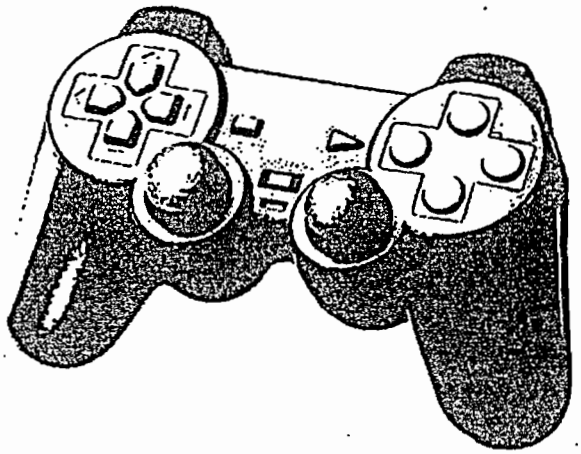
DVD Video Worldwide Sales					
	2001	2002	2003	2004	2005
DVD consumer sales (units, billions)	0.5	1.0	1.5	2.2	2.4
Growth	107%	78%	62%	41%	12%
DVD retail spending ($US, billions)	11.1	17.8	27.0	35.5	36.7
Growth	73%	60%	51%	32%	3%

Source: Screen Digest Video Intelligence, June 2006

Video games

The video games industry is another sector offering great opportunities for strategic licensing of music, but it saw a slower year in 2005. Globally, the sector was worth $US 27 billion in 2005, up 3.3% from 2004 (PWC Global Media and Entertainment Outlook). The industry had a transition year, faced with the challenges of commercialising new platforms on the internet and mobile phones while awaiting the introduction of the next generation of gaming consoles.

The release of the Xbox 360 in late 2005, and anticipated releases of the Sony PlayStation 3 and the Nintendo Wii during 2006, is expected to bring the video games sector back into double-digit growth in 2006 and 2007. With increasingly focused efforts to promote synergy between games and the music soundtracks for them, more and more opportunities are emerging from the sector for the promotion and marketing of music and artists.



CLASSICAL MUSIC SALES

Classical music is seeing renewed consumer interest and new market development opportunities on the back of digital delivery and the recent success of 'crossover artists'. This promises some revival of the genre after a difficult last five years, during which the physical market for classical recordings fell by 30% in trade value to an estimated $US 705 million in 2005, or 4% of overall music sales.

Classical sales trends

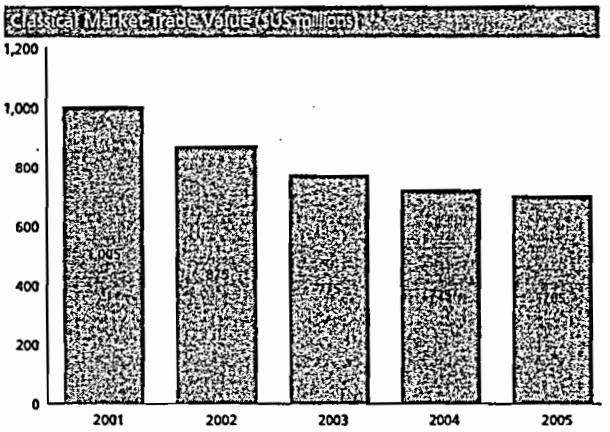
Over the past five years the value of the physical market for classical recordings has fallen by 30% – a steeper decline than in the overall market, which fell by 20% during that period.

Classical sales are somewhat concentrated on the top five markets of USA, Japan, Germany, UK and France, which combined account for 70% of global sales. Other territories such as Austria, Bulgaria, Hungary, Poland, Switzerland, Hong Kong and Korea also have a strong classical niche (see page 106 for a breakdown by market).

This is a far cry from the mid-fifties when classical music accounted for a quarter of total music sales. Growth during this period came mainly from the introduction of the long-play vinyl (LP). By the eighties the music industry became largely pop and rock driven and the classical share dropped to 5%.

The introduction of the CD in the mid-eighties saw an upturn in classical sales as consumers replaced their LP collections. By 1990 the classical share rose to 8% of the recorded music market.

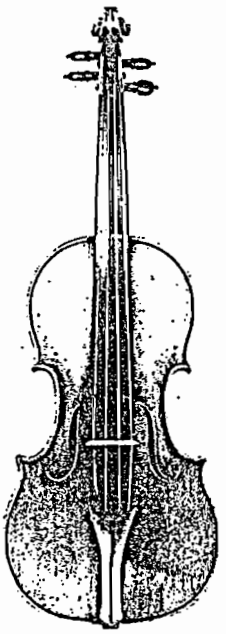
In the 90s the classical market grew beyond 'core classical' acts towards a broader market and 'crossover' acts. At that point major changes occurred in the way traditional classical labels operated, moving towards a more commercial culture. This included the introduction of budget price lines, pioneered by independent label Naxos.



Source: IFPI and national groups. Physical sales only, no digital sales. See notes below

Top 5 Classical Markets in 2005	Trade Value $US (m)	% Sales
Japan	140	4.0%
USA	110	1.7%
Germany	90	6.2%
UK	85	4.6%
France	60	5.5%

Source: IFPI, physical sales only. Rounded figures. See notes below

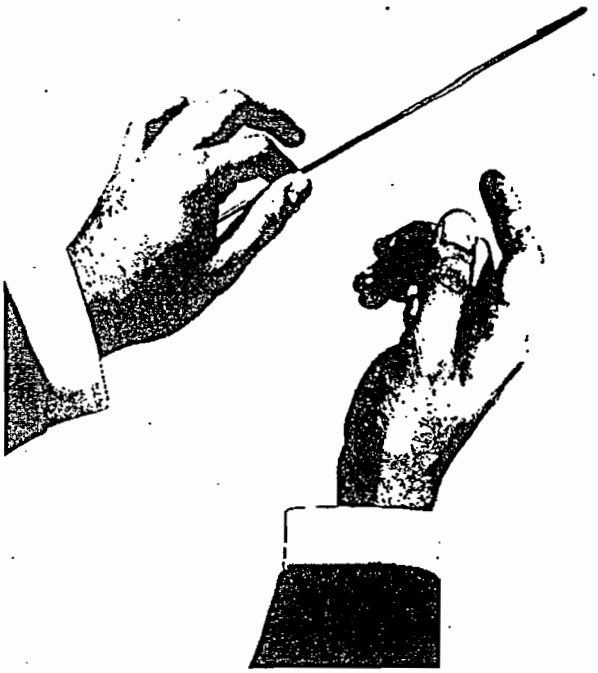


Notes: IFPI classical data is collected from record companies as a percentage of overall music sales. There is no standard definition of a classical recording, and companies apply their own classifications

CLASSICAL MUSIC SALES

Digital channels breathe new life into classical genre

The success of classical in the digital music space has taken many in the industry by surprise.



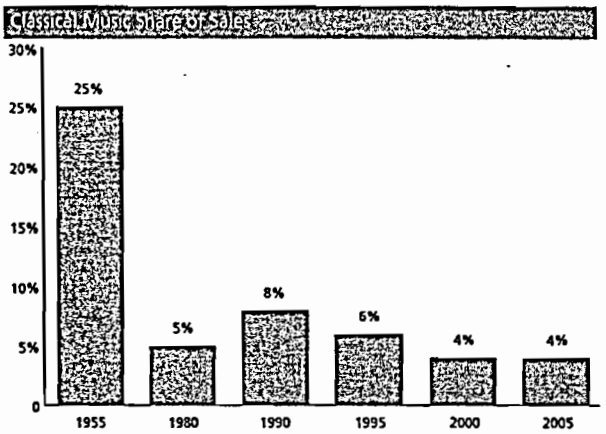
In summer 2004 in the UK the BBC offered all nine Beethoven symphonies for download – one each day. Over the nine-day period there were 1.4 million downloads. Although these were available for free, this still indicates the huge potential for classical music in the digital world.

Since then there have been still more encouraging indicators. In 2005 classical labels and divisions reported between 7% and 12% of sales through digital channels – greater than the industry average of 5%.

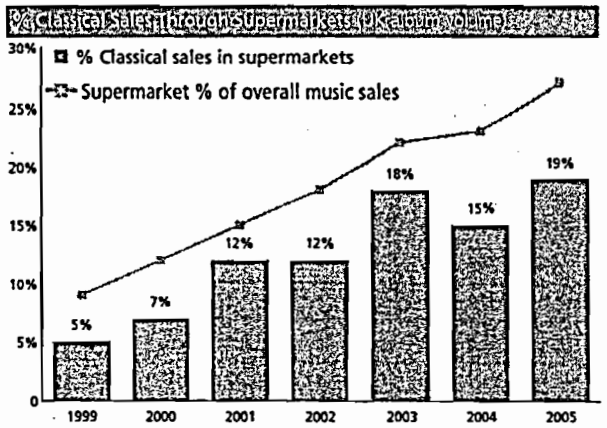
Some particular titles have seen exceptionally strong digital sales. Universal Classics artist, violinist Janine Jansen's recording of Vivaldi's 4 Seasons received 75% of its sales through downloads. A downloadable album of the New York Philharmonic Orchestra's performance of an all Mozart concert secured a top 40 spot on iTunes in the UK and reached number 35 on the US iTunes chart.

Alongside these changes in the delivery channels, the supply-side of classical music is transforming. In April 2006 Warner became the first major record label to launch a classical online music store (Warnerclassics.com), beginning with an initial 300 albums but with Warner intending to make its entire classical catalogue of 25,000 titles available on the service. The store joins established online stores Classical.com (50,000 tracks) and Chandos.net (1,200 albums). Independent label Naxos also digitised its entire catalogue, now offering an online subscription radio service with over 60 channels of streamed classical content.

Other changes are taking place in the supply-side in attempts to manage production costs of classical recordings. Independent label LSO Live delivers in-concert recordings, reducing studio costs. Rather than upfront fees, orchestra members receive a slice of the profits generated from the sales of the recording, effectively owning part of the label.



Source: IFPI/PolyGram. PolyGram Classics, Harvard Business School, November 1997

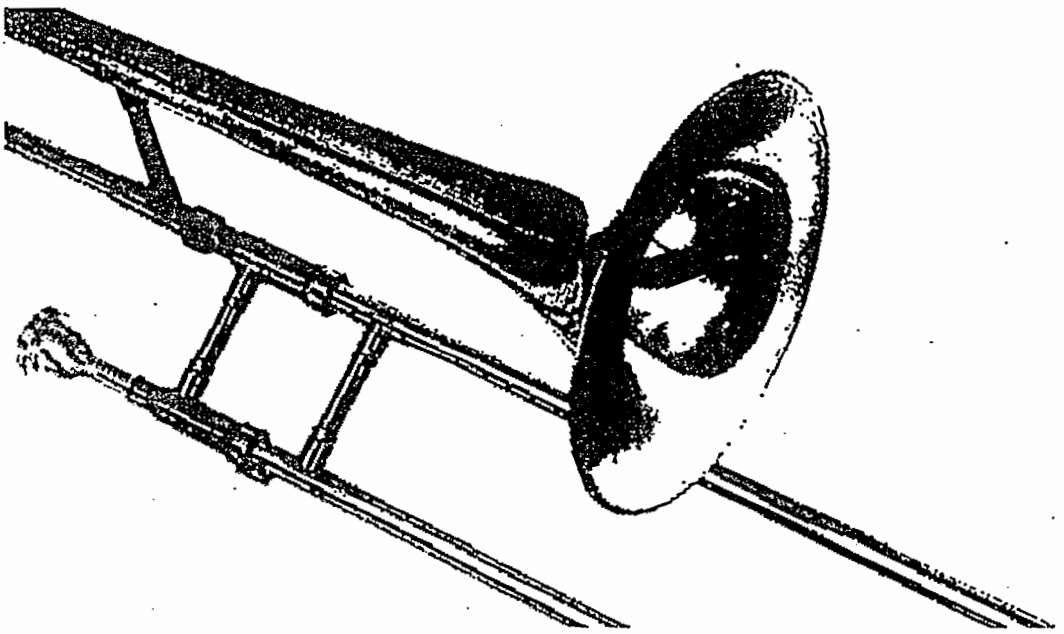


Source: BPI

With the profile of classical consumers typically aged over 40, piracy has affected classical less than other genres. This may explain the strong legal digital sales of classical music. In addition, demographic changes now favour classical, with the over 40s age group growing in both number and wealth in almost every music market over the next five years.

Although the industry's marketing of new disc formats in recent years has been based heavily on classical music, these new formats – SACD, DVD Audio and DualDisc – have not broken through beyond a small audiophile niche. Perhaps surprisingly, it is digital channels that look to hold the most potential for classical sales.

As music fans try digital services they are finding that online search capabilities, title variety and price (classical pieces tend to run longer than pop tracks while priced similarly online) make classical music buying a positive experience. As the older demographic migrates to online buying the future looks brighter for the classical genre.



IMPACT OF DIGITAL ON THE SINGLES MARKET

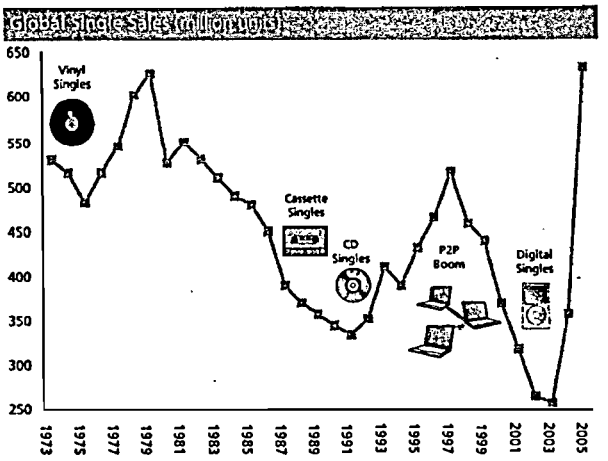
Digital drives growth in the singles market

Global unit sales of singles reached a new high in 2005 driven by the rapid increase in digital single sales. Digital singles accounted for three quarters (74%) of the 631 million global single sales in 2005. Total single sales beat the previous peak of 624 million units sold in 1979. Single sales grew by an unprecedented 76% in unit terms in 2005, making the digital single the fastest growing singles format in history.

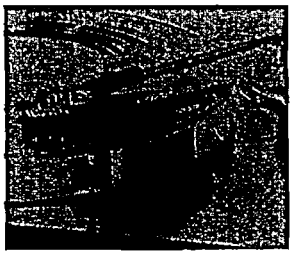
Single sales first boomed in the second half of the 70s, but in the beginning of the 80s sales began to fall as the proliferation of radio stations and heavy rotation of hit tracks dented the market. The launch of MTV in 1981 and the spread of blank cassettes also contributed to the saturation of the singles market during that period.

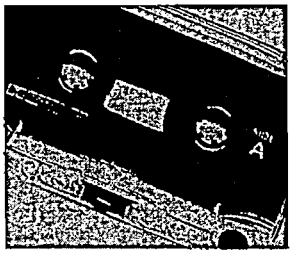
In the early 90s CD singles revived the market and sales reached a high point in 1997, totalling 516 million units. Despite the increase the market was still 17% down compared to 1979.

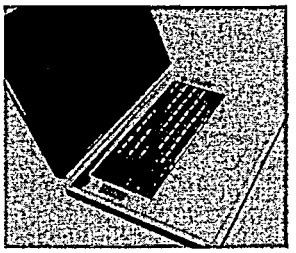
Single sales were hard hit by internet piracy from the late 1990s and with the launch of Napster in 2000. Single sales only bounced back in 2004, driven by digital sales growth in the US. By 2005 a new historic sales high was achieved.

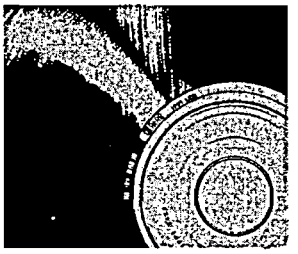


Source: IFPI





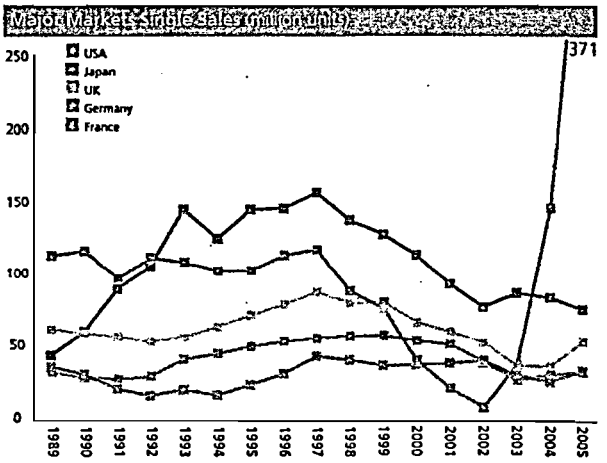




The impact of CD singles

The introduction of the CD single in the late 80s had mixed results. There was phenomenal success in many markets, but not in the US. Single sales in the US only grew by 4% in the period of 1989-1997 - the boom year of CD singles globally. This compares to 255% growth in Japan during the same period, 71% in Germany, 42% in the UK and 20% in France. Moreover, Germany and France continued to see the positive impact of CD singles until 2000.

The most pronounced drop in single sales in the late 90s took place in the US, UK and Japan. In all major markets apart from Japan (where mobile sales dominate) digital single sales have had a positive impact, driving growth.



Source: IFPI

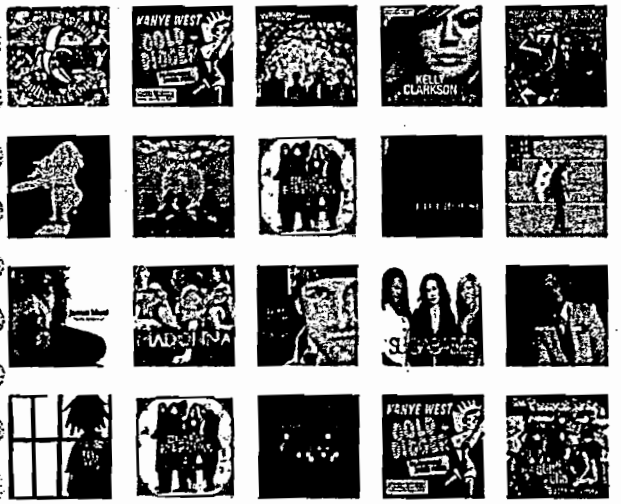
IMPACT OF DIGITAL ON THE SINGLES MARKET

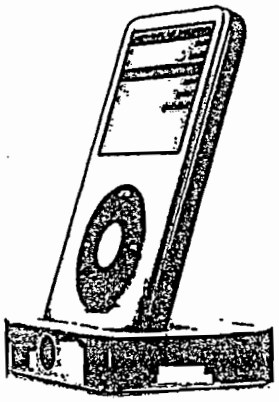
Digital singles becoming the dominant single format

The introduction of digital singles in 2003 had the most pronounced impact on the singles market, above all in the US. Today 99% of the US singles market is digital. In a number of other markets digital singles have grown to outpace physical single sales.

The surge of digital single sales has affected volume rather than value. In 2005 the singles market was worth just over $US 1 billion, down 25% compared to five years ago.

One of the key factors driving the singles format is portability and the popularity of MP3 players such as the iPod. There is however a great deal of room for further growth in legitimate sales of digital singles.





Single Sales by Market 2005 (million units)

	Total Single Units	% Digital Sales
USA	372	99%
Japan	76	16%
UK	53	49%
France	34	25%
Germany	33	46%
South Korea	12	99%
Canada	11	97%
Australia	10	21%
Italy	4	76%
Belgium	4	32%
Global Total	631	74%

Source: IFPI

USA Top 10 Digital Singles in 2005

Artist	Title	Label/Company
Gwen Stefani	Hollaback Girl	Universal
Kanye West	Gold Digger	Universal
Weezer	Beverly Hills	Universal
Kelly Clarkson	Since U Been Gone	Sony BMG
The Black Eyed Peas	My Humps	Universal
The Killers	Mr. Brightside	Universal
Fall Out Boy	Sugar, We're Goin' Down	Universal
The Black Eyed Peas	Don't Phunk With My Heart	Universal
Lifehouse	You And Me	Universal
Green Day	Boulevard Of Broken Dreams	Warner

Europe Top 10 Digital Songs in 2005

Artist	Title	Label/Company
James Blunt	You're Beautiful	Warner
Madonna	Hung Up	Warner
Daniel Powter	Bad Day	Warner
The Sugababes	Push The Button	Universal
Robbie Williams	Tripping	EMI
Gorillaz	Feel Good Inc	EMI
The Black Eyed Peas	Don't Phunk With My Heart	Universal
Coldplay	Speed Of Sound	EMI
Kanye West	Gold Digger	Universal
The Pussycat Dolls	Don't Cha	Universal

Source: Nielsen SoundScan International
Period: May-December 2005

GLOBAL PERFORMANCE RIGHTS COLLECTIONS IN 2005

An increasing revenue stream for record companies

Global performance rights have become an increasingly important revenue stream for record companies. Last year the industry made $US 675 million from licensing music for use in broadcasting, nightclubs, bars, shops, restaurants and hotels, as well as certain internet users.

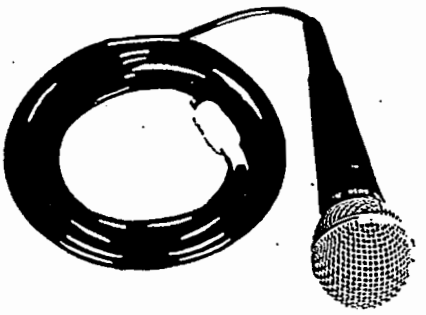
Traditional broadcasting and public performance continue to generate the most performance rights revenue for record companies, but growth in internet streaming services – notably simulcasting (simultaneous transmission of broadcast programmes on the internet) and webcasting (streaming of programmes on the internet) – have also helped boost revenues.

IFPI reports collections from the use of sound recordings and music videos (unless otherwise stated). Excluded is the performing artists' share, which if collected jointly with the companies is in most cases paid directly to the artists and performers by the collecting societies.

Collections continue to grow in 2005

Performance rights (PR) collections totalled $US 675 million in 2005, up 11% on 2004. Sound recording collections represented 86% of total income, while music video income totalled 14% of collections. Growth in public performance was 15%, while broadcasting grew at a more modest 6%.

PR collections have risen consistently in the past five years and there are no signs of slowdown. This sector now accounts for 3% of record company trade revenues from sales of music products.



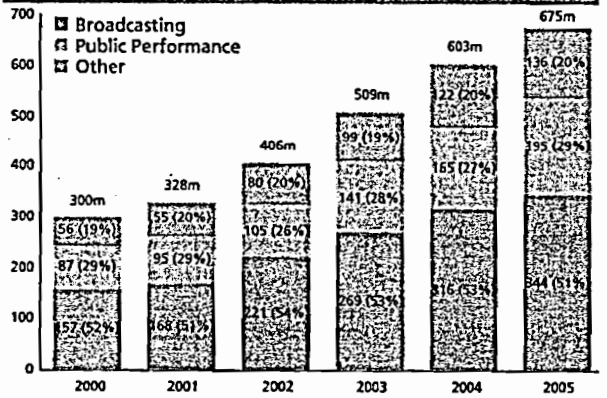
In smaller markets such as Slovakia, Malaysia, and Uruguay, PR collections already account for more than a fifth of record company trade revenues from music sales. Collections are also sizeable in some larger European markets, ranging from 10-15% of audio sales in Austria, Denmark and Netherlands.

Growth in PR collections continues to be driven by the establishment of new societies, rapidly increasing income in Latin American countries and Eastern Europe, and the improved efficiency of collections in the more established territories.

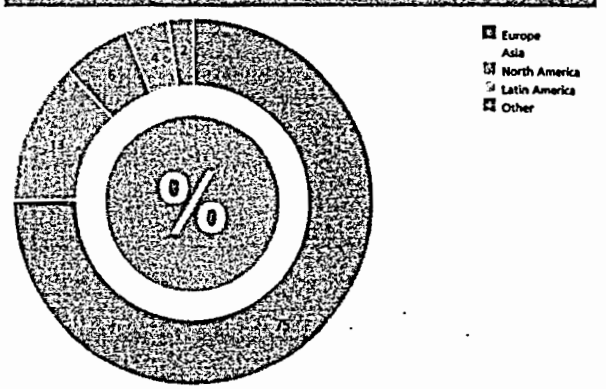
PR collections in six markets more than doubled in 2005. Most of these were in developing markets in Europe, but the US also saw steep growth. It is notable however that in the US PR income is collected from a very limited base, due to the lack of legal rights with respect to traditional broadcasting and public performance.

Acquiring such legal rights to public performance revenues in the US is one of IFPI's key priorities.

Performance Rights Collections Trend ($US millions)



2005 Revenues by Region



GLOBAL PERFORMANCE RIGHTS COLLECTIONS IN 2005

Top 10 Markets for Performance Rights Collections		
Country	Revenue (US$ m)	% of total
UK	131.4	20%
France	92.3	14%
Germany	80.4	12%
Japan*	69.9	11%
Netherlands	32.8	5%
Spain	25.9	4%
Italy	23.7	4%
USA*	23.4	4%
Belgium	16.1	2%
Denmark*	12.9	2%

* Sound recording collections only

Internet licensing was the fastest-growing category in 2005, up 31% on 2004. However, in value terms internet revenues still represent a small share of overall collections.

Potential for further growth

Historically, growth in PR collections has been strong and by addressing three key areas the industry should be able to sustain this strong growth for some time to come. These areas are:

- Inappropriate tariffs
  In many territories record companies are still not compensated fairly for the use of their sound recordings in broadcasting or public performance. In extreme cases (for instance in Australia, Canada and Italy) companies', and in most cases artists', ability to obtain fair market-based fees is limited by statutory provisions that amount to price regulation (such as statutory 'royalty caps').

  In other countries the industry has so far failed to obtain equitable fees. In order to obtain fair remuneration, either through negotiations or legal actions, record companies and performing artists should insist that the fees reflect at all times the fair value of the rights in the commercial context.

  Obtaining fair commercial fees worldwide for the use of sound recordings in broadcasting and other public communication should significantly increase the industry's PR income.

- Collecting societies' efficiency
  Producers' collecting societies are constantly developing their operations and increasing the efficiency of their collections. It is estimated that even in the most developed markets the societies can still increase their market penetration, in particular in the traditional public performance markets.

- Developing adequate legal frameworks
  In some countries record companies and performing artists are still discriminated against, compared to other music right holders in respect of the legal rights and protections they enjoy.

  For instance, the recent growth in PR income has taken place without adequate legal rights in the two biggest music markets, Japan and the US. In Japan record companies and performing artists enjoy rights only with respect to broadcasting but not with respect to 'public performance' of sound recordings. In the US companies and performers have rights with respect to certain digital transmissions, but not to free-to-air broadcasting or public performance of their sound recordings.

  Establishing a non-discriminatory legal framework that ensures a level playing field for all will further increase the industry's PR income. Such a framework includes securing adequate rights in all current and future key markets – in particular in Japan, US and China - and removing any statutory provisions that keep the industry from receiving fair royalties.

Methodology

The IFPI Collecting Societies' Income Survey covers responses from 55 collecting societies. Collections are based on locally set tariffs and include costs incurred by collecting societies. Collections of non-recurring amounts (retroactive payments, dispute settlements) are not included. Video collections were added to the survey in 2002. All figures refer to collecting societies' domestic activities – to avoid double counting foreign income. Distributions to other societies are not included. All figures exclude tax.

GLOBAL PERFORMANCE RIGHTS COLLECTIONS IN 2005

Revenues From Performance Rights Collections (Millions)				
	$US		Local Currency	
[illegible]				
Austria (LSG)	13.5	EUR	10.4	
Belgium (SIMIM)	16.1	EUR	12.9	
Bulgaria (PROPHON)	0.6	BGL	1.0	
Croatia (ZAPRAF)	1.8	HRK	10.9	
Czech Republic (INTERGRAM)	4.0	CSK	86.6	
Denmark (GRAMEX)	12.9	DKK	77.3	
Finland (GRAMEXAFP (Finland))	11.6	EUR	9.3	
France (SCPP)	92.1	EUR	73.9	
Germany (GVU)	80.4	EUR	64.5	
Greece (GRAMMO)	2.8	EUR	2.2	
Hungary (MAHASZ)	5.0	HUF	994.5	
Italy (SCF)	23.7	EUR	19.0	
Latvia (LAIPA)	0.3	LVL	0.2	
Lithuania (AGATA)	0.4	LTL	1.2	
Netherlands (NVPI/SENA)	32.8	EUR	26.2	
Norway (GRAMO)	8.2	NOK	53.1	
Poland (ZPAV)	3.6	PZL	11.8	
Portugal (Audiogest/AFP)	2.1	EUR	1.7	
Romania (UPFR)	1.8	ROL	4.7	
Russia (RPA)	0.6	RUB	17.0	
Serbia & Montenegro (OFPYU)	0.1	CSD	9.2	
Slovak Republic (SLOVGRAM)	1.8	SKK	54.7	
Spain (PROMUSICAE)	25.9	EUR	20.7	
Sweden (IFPI Sweden)	13.7	SEK	98.7	
Switzerland (SwissPerform)	5.9	CHF	7.4	
Turkey (MU-YAP)	3.8	YTRL	5.1	
UK (PPL)	131.4	GBP	72.1	
Ukraine (UMRL/UMA)	0.1	UAH	0.7	
[illegible]				
Japan (RIAJ)	69.9	JPY	7,700.0	
Malaysia (PPM)	5.0	MYR	19.3	
Singapore (RIPS)	2.1	SGD	3.5	
Taiwan (ARCO/AMCO)	1.0	TWD	33.0	
Thailand (Phonorights)	0.5	THB	19.5	

Revenues From Performance Rights Collections (Millions)				
	$US		Local Currency	
[illegible]				
Australia (PPCA)	13.1	AUD	17.2	
New Zealand (RIANZ)	2.2	NZD	3.1	
[illegible]				
Argentina (CAPIF)	6.2	ARP	17.9	
Brazil (ABRAMUS)	11.1	BRL	26.9	
Chile (IFPI Chile)	1.5	CLP	858.7	
Colombia (ACINPRO)	2.4	COP	5,491.4	
Costa Rica (CAPROFONO)	0.1	CRC	3.2	
Ecuador (SOPROFON)	0.01	USD	0.01	
Mexico (SOMEXFON)	13	MXP	14.0	
Paraguay (GEP)	0.1	PTG	502.1	
Peru (UNIMPRO)	0.5	PEN	1.6	
Uruguay (GUD)	0.5	UYP	11.8	
Venezuela (AVINPRO)	0.8	BOL	1,661.0	
[illegible]				
Barbados (COSCAP)	0.1	BBD	0.1	
Dominican Republic (SODINPRO)	0.04	DOP	1.2	
USA (SoundExchange)	23.4	USD	23.4	
[illegible]				
South Africa (RISA)	1.6	ZAR	10.2	

Note: Some countries' collections not shown separately, but included in regional and global totals

North America

Canada

USA

Europe

Austria

Belgium

Czech Republic

Denmark

Finland

France

Germany

Greece

Hungary

Ireland

Italy

Netherlands

Norway

Poland

Portugal

Russia

Spain

Sweden

Switzerland

Turkey

United Kingdom

Asia

China

Hong Kong

India

Indonesia

Japan

Malaysia

Philippines

Singapore

South Korea

Taiwan

Thailand

Australasia

Australia

New Zealand

Latin America

Argentina

Brazil

Chile

Colombia

Mexico

Venezuela

South Africa

NORTH AMERICA
CANADA

Canadian Recording Industry Association (CRIA)
85 Mowat Avenue
Toronto, Ontario M6K 3E3
T: +1 (416) 967 7272 F: +1 (416) 967 9415
E: info@cria.ca www.cria.ca

Country Data

General Information	
Population (millions)	32.8
Per capita GDP ($US)	34,450
Currency	Canadian Dollar (CAD)
Language	English/French
Music Industry	
World ranking (value)	6th
% global value	3%
Physical piracy level	<10%
Sales Chart Compiler	
Nielsen SoundScan	
www.cria.ca	
www.soundscan.com	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	544.3	658.6	2.6%	[illegible]	[illegible]
2004	599.0	676.4	6.6%	[illegible]	[illegible]
2003	562.3	680.4	6.7%	[illegible]	[illegible]
2002	602.4	728.9	4.7%	[illegible]	[illegible]
2001	632.1	764.9	5.9%	879.7	1064.1

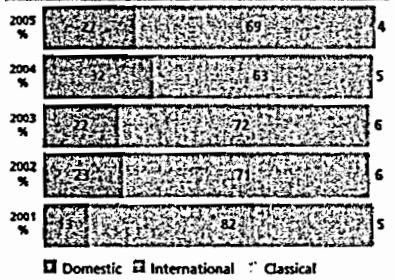
Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	52.5	4.2	0.1	56.8	5.4%
2004	54.8	4.8	0.4	60.0	7.9%
2003	53.1	4.0	1.2	58.3	4.3%
2002	57.0	1.6	2.1	60.9	5.6%
2001	60.7	0.9	2.9	64.5	6.3%

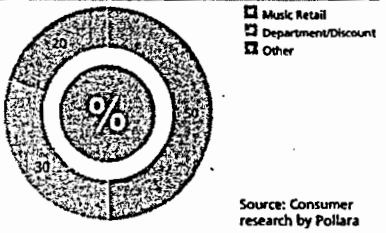
Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Note: Based on artist nationality, top 100 Nielsen SoundScan year-end chart

Retail Channels



Source: Consumer research by Pollara

Value Split (trade)

Format	
CD album	87%
DVD	10%
Digital (online, mobile)	3%
Other (physical singles, LP, MC, VHS)	<1%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.3	10.4	97%
2004	0.5	2.0	80%

Top Sellers (albums)

	Million Units	% Changed	% of Total Albums
Top 10	3.7	6%	7%
Top 50	9.2	1%	16%
Top 100	12.8	1%	23%
Top 200	17.1	1%	30%

NORTH AMERICA
CANADA

Top 10

Top 10 Digital Singles

Artist	Title	Label/Company
The Black Eyed Peas	Don't Phunk With My Heart	A&M
Gwen Stefani	Hollaback Girl	INT
Kanye West	Gold Digger	DEF
Weezer	Beverly Hills	UNIV
The Killers	Mr. Brightside	ISL
Green Day	Boulevard Of Broken Dreams	WAR
Kelly Clarkson	Since U Been Gone	RCA
The Black Eyed Peas	My Humps	A&M
James Blunt	You're Beautiful	WMG
Will Smith	Switch	INT

Top 10 Albums

Artist	Title	Label/Company
Green Day	American Idiot	WBR
The Black Eyed Peas	Monkey Business	A&M
Michael Bublé	It's Time	WBR
Coldplay	X&Y	EMI
50 Cent	Massacre	INT
Il Divo	Il Divo	BMGA
Kelly Clarkson	Breakaway	RCA
Gwen Stefani	Love.Angel.Music.Baby	INT
Jack Johnson	In Between Dreams	UNI
Madonna	Confessions On A Dancefloor	WBR

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	50,000	145	147
Platinum	100,000	73	79
Multi-platinum		65	71
Diamond	1,000,000	0	10
Double Diamond	2,000,000	0	1

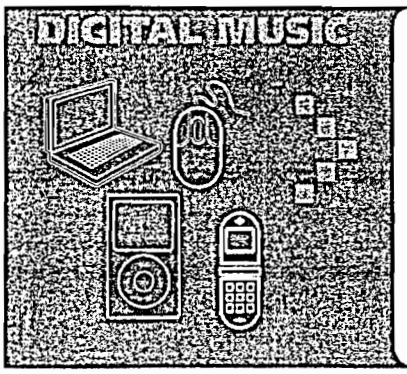
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	5,000	12	7
Platinum	10,000	2	6
Multi-platinum		1	8

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	5,000	46	44
Platinum	10,000	23	27
Multi-platinum		36	55
Diamond	100,000	3	3
Double Diamond	200,000	0	3

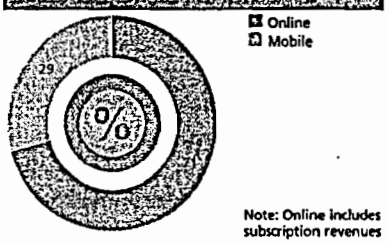
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	21.9
Broadband Lines (m)	7.1
Mobile Subscriptions (m)	16.1
Digital Sales (trade, $US m)	14.7

Digital Sales by Channel (value)



Note: Online includes subscription revenues

NORTH AMERICA
USA

RIAA – Recording Industry Association of America Inc.
1330 Connecticut Avenue N.W.
Suite 300, Washington, D.C. 20036
T: +1 (202) 775 0101 F: +1 (202) 775 7253
www.riaa.com

Country Data

General Information	
Population (millions)	295.7
Per capita GDP ($US)	42,220
Currency	Dollar (USD)
Language	English
Music Industry	
World ranking (value)	1st
% global value	34%
Physical piracy level	<10%
Sales Chart Compiler	
Nielsen SoundScan	
www.billboard.com	
www.soundscan.com	
Top Independent Labels (alphabetical order)	
American Gramophone	
Equity Music Group	
Koch Records	
Red Ink	
TVT Records	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	7,011.9	7,011.9	2.8%	[illegible]	[illegible]
2004	7,214.2	7,214.2	4.7%	[illegible]	[illegible]
2003	6,892.8	6,892.8	-6.2%	[illegible]	[illegible]
2002	7,347.8	7,347.8	-9.4%	[illegible]	[illegible]
2001	8,108.6	8,108.6	-2.6%	13,239.0	13,799.0

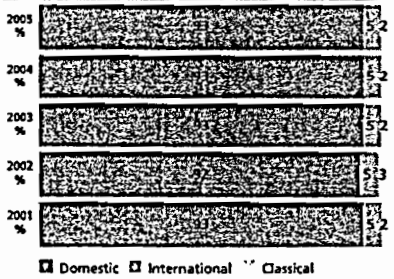
Note: Digital sales included from 2004 onwards. Retail revenues at suggested list price

Physical Units (full length formats - millions)

	CD	DVD	Other	Total	% Change
2005	705.4	27.8	10.5	743.7	-7.9%
2004	767.0	29.0	11.5	807.5	-2.8%
2003	746.0	17.5	22.0	785.5	-7.8%
2002	803.3	10.7	38.0	852.0	-10.0%
2001	881.9	7.9	57.2	947.0	-7.2%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Note: 5% International repertoire assumption

Sales by Genre

Rock	32%
Rap/Hip Hop	13%
Country	13%
R&B/Urban	10%
Pop	8%
Religious	5%
Classical	3%
Children's	2%
Jazz	2%
Oldies	1%
Soundtracks	1%
New Age	1%
Other	9%

Source: Taylor Research

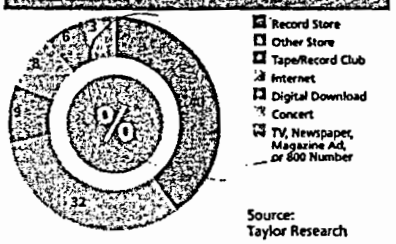
Singles Units (millions)

	Physical	Digital	% Digital
2005	5.0	366.9	99%
2004	6.6	139.1	95%

Top Sellers (album)

	Million Units	% Change	% of Total Albums
Top 10	32.0	7.7%	4%
Top 50	87.4	17.7%	12%
Top 100	128.1	16.4%	17%
Top 200	179.4	14.0%	24%

Retail Channels



Source: Taylor Research

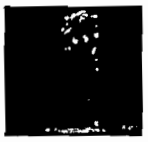
Value Split (trade)

Format	
CD album	86%
DVD	4%
Digital (online, mobile)	9%
Other (physical singles, LP, MC, VHS)	1%

Sales by Age

10-14	6%
15-19	12%
20-24	13%
25-29	12%
30-34	11%
35-39	9%
40-44	9%
45+	26%

Source: Taylor Research



NORTH AMERICA
USA

Top 10s

Top 10 Digital Singles

Artist	Title	Label/Company
Gwen Stefani	Hollaback Girl	Universal
Kanye West	Gold Digger	Universal
Weezer	Beverly Hills	Universal
Kelly Clarkson	Since U Been Gone	Sony BMG
The Black Eyed Peas	My Humps	Universal
The Killers	Mr. Brightside	Universal
Fall Out Boy	Sugar, We're Goin' Down	Universal
The Black Eyed Peas	Don't Phunk With My Heart	Universal
Lifehouse	You And Me	Universal
Green Day	Boulevard Of Broken Dreams	Warner

Top 10 Albums

Artist	Title	Label/Company
Mariah Carey	Emancipation of Mimi	Island
50 Cent	Massacre	Interscope
Kelly Clarkson	Breakaway	RCA
Green Day	American Idiot	Warner Bros
The Black Eyed Peas	Monkey Business	A&M
Coldplay	X&Y	Capitol
Rascal Flatts	Feels Like Today	Lyric Street Records
Gwen Stefani	Love.Angel.Music.Baby	Interscope
Kanye West	Late Registration	Def Jam
The Game	Documentary	Interscope

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	500,000	244	261
Platinum	1,000,000	140	124
Multi-platinum	[illegible]	195	127
Diamond	10,000,000	6	2

Note: Digital sales included from October 2004

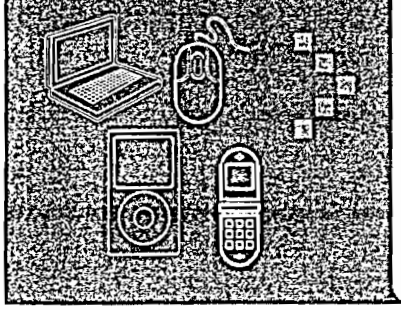
Certification Awards (Digital Downloads)

	Sales Level	2005	2004
Gold	100,000	244	50
Platinum	200,000	113	11
Multi-platinum	[illegible]	44	1

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	50,000	103	[illegible]
Platinum	100,000	65	[illegible]
Multi-platinum	[illegible]	45	[illegible]

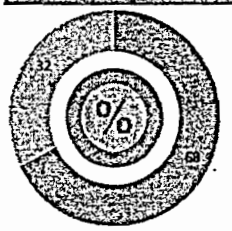
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	205.3
Broadband Lines (m)	48.3
Mobile Subscriptions (m)	207.9
Digital Sales (trade, $US m)	636.0

Digital Sales by Channel (value)



Note: Online includes subscription revenues

EUROPE
AUSTRIA

IFPI Austria
Schreyvogelgasse 2/5
1010 Vienna
T: +43 (1) 535 6035
E: ifpi@ifpi.at
F: +43 (1) 535 5191
www.ifpi.at
www.pro-music.at

Country Data

General Information	
Population (millions)	8.2
Per capita GDP ($US)	37,509
Currency	Euro (EUR)
Language	German.
Music Industry	
World ranking (value)	18th
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
Media Control Austria	
www.austriatop40.at	
Top Independent Labels (alphabetical order)	
Echo-Zyx Music	
Edel Musica	
Hoanzl	
Lotus Records	
Soul Seduction	

Repertoire Origin (value)

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	138.7	111.0	-4.5%	264.9	227.9
2004	145.3	116.2	-6.8%	295.3	236.3
2003	155.9	124.7	-3.7%	311.9	251.1
2002	161.9	129.5	-9.2%	333.7	267.0
2001	178.3	142.6	-14.8%	359.3	287.4

Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	10.5	0.6	0.1	11.2	6.7%
2004	9.7	0.6	0.2	10.5	-7.9%
2003	10.8	0.4	0.2	11.4	-0.9%
2002	11.1	0.2	0.2	11.5	-5.0%
2001	11.7	0.1	0.3	12.1	-19.9%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Sales by Genre

Pop	54%
Classical	11%
Rock	10%
Country/Traditional	8%
Children's	3%
Jazz/Blues	2%
Dance	2%
Soundtracks	2%
Other	8%

Sales by Age

0-19	14%
20-29	15%
30-39	24%
40-49	23%
50+	24%

Source: GfK Research

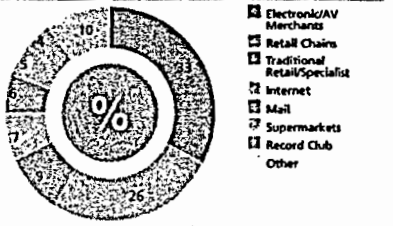
Singles Units (millions)

	Physical	Digital	% Digital
2005	1.2	0.8	40%
2004	1.6	0.1	6%

Value Split (trade)

Format	
CD album	86%
DVD	6%
Digital (online, mobile)	3%
Other (physical singles, LP, MC, VHS)	5%

Retail Channels



EUROPE
AUSTRIA

Top 10

Top 10 Digital Singles

Artist	Title	Label/Company
Schnappi, Das Kleine Krokodil	Schnappi	Universal
Tokio Hotel	Durch Den Monsun	Universal
Akon	Lonely	Universal
Chipz	Chipz In Black	Universal
Madonna	Hung Up	Warner
The Sugababes	Push The Button	Warner
Melanie C	First Day Of My Life	Warner
Fettes Brot	Emanuela	Hoanzl
Die Firma	Die Eine 2005	Sony BMG
The Pussycat Dolls	Don't Cha	Universal

Top 10 Albums

Artist	Title	Label/Company
Kiddy Contest Kids	Kiddy Contest Vol. 11	Sony BMG
Robbie Williams	Intensive Care	EMI
Green Day	American Idiot	Warner
Madonna	Confessions On A Dancefloor	Warner
Xavier Naidoo	Telegramm Fuer X	SPV
Tokio Hotel	Schrei	Universal
Wir Sind Helden	Von Hier An Blind	Capitol
Coldplay	X&Y	Capitol
Soehne Mannheims	Noiz	Universal
Nena	Willst Du Mit Mir Gehn	Warner

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	15,000	56	46
Platinum	30,000	35	16

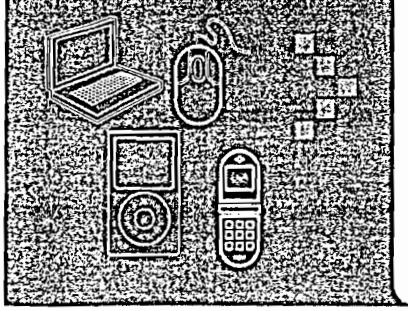
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	15,000	12	11
Platinum	30,000	4	3

Certification Awards (DVD Music Videos)

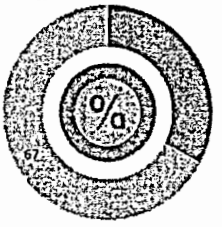
	Sales Level	2005	2004
Gold	5,000	8	9
Platinum	10,000	7	1

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	4.7
Broadband Lines (m)	1.3
Mobile Subscriptions (m)	8.4
Digital Sales (trade, $US m)	4.3

Digital Sales by Channel (Value)



Note: Online includes subscription revenues

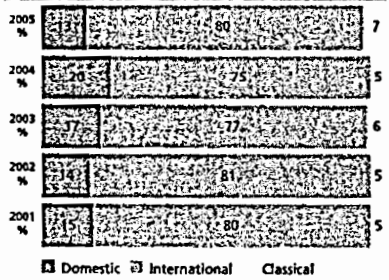
EUROPE
BELGIUM

IFPI Belgium
3 Place de l'Alma Bte 5
Almaplein, Brussels 1200
T: +32 (2) 779 4174 F: +32 (2) 779 1669
E: ifpi@bvf-ifpi.be www.ifpi.be

Country Data

General Information	
Population (millions)	10.7
Per capita GDP ($US)	35,900
Currency	Euro (EUR)
Language	Dutch/French
Music Industry	
World ranking (value)	15th
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
Ultratop/AC Nielsen	
www.ultratop.be	
Top Independent Labels (alphabetical order)	
AR5	
CNR	
NEWS	
PIAS	
V2	

Repertoire Origin (value)



Basis: Artist nationality

Recorded Music Sales (millions)

	Trade Revenue			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	161.8	129.4	7.2%	329.4	263.5
2004	174.3	139.4	1.9%	336.3	269.1
2003	177.7	142.2	10.2%	327.7	262.2
2002	197.9	158.3	8.7%	367.1	293.7
2001	216.7	173.4	7.4%	396.7	317.3

Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	13.9	1.0	0.1	15.0	-13.3%
2004	15.6	1.6	0.1	17.3	23.6%
2003	13.0	0.8	0.2	14.0	-6.0%
2002	14.5	0.3	0.1	14.9	-11.3%
2001	16.4	0.2	0.2	16.8	-6.7%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2004 volume growth due to sizeable premiums market (22% total volume). 2001 volume reported on a diffferent basis to previous years - actual growth indicated

Sales by Genre

Pop/MOR	40%
Rock/Metal/Alternative	32%
R&B/Soul	7%
Dance	6%
Rap/Hip Hop	4%
Classical	4%
Children's	2%
Jazz	2%
New Age	2%
Other	1%

Source: IFPI Belgium

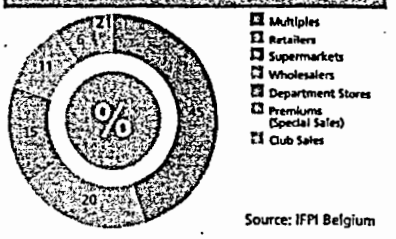
Singles Units (millions)

	Physical	Digital	% Digital
2005	2.7	1.3	33%
2004	3.5	0.2	5%

Value Split (trade) %

Format	
CD album	84%
DVD	8%
Digital (online, mobile)	2%
Other (physical singles, LP, MC, VHS)	6%

Retail Channels



Source: IFPI Belgium

Top 10 Albums

Artist	Title	
Coldplay	X&Y	EMI
Madonna	Confessions On A Dancefloor	Warner
Laura Lynn	Dromen	ARS/Universal
Robbie Williams	Intensive Care	EMI
Anouk	Hotel New York	EMI
Moby	Hotel	EMI
Enya	Amarantine	Warner
Crazy Frog	Crazy Hits	ARS/Universal
Raphael	Caravane	EMI
U2	How To Dismantle An Atomic Bomb	Universal

		2005	2004
Multi-platinum		14	5

Certification Awards (International Albums)

	Sales Level	2005	2004
Gold	25,000	44	38
Platinum	50,000	9	11
Multi-platinum		0	4

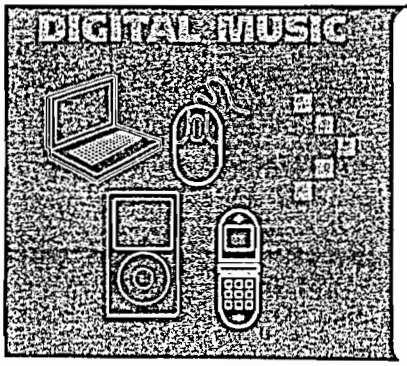
Certification Awards (Domestic Singles)

	Sales Level	2005	2004
Gold	15,000	4	7
Platinum	30,000	1	0
Multi-platinum		2	0

Certification Awards (International Singles)

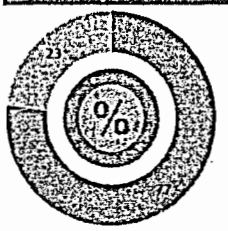
	Sales Level	2005	2004
Gold	15,000	11	23
Platinum	30,000	2	8
Multi-platinum		1	1

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	51
Broadband Lines (m)	21
Mobile Subscriptions (m)	9.0
Digital Sales (trade, $US m)	3.0

Digital Sales by Channel (value)



Online
Mobile

Note: Online includes subscription revenues

EUROPE
CZECH REPUBLIC

IFPI Czech Republic
Na Kozacce 7
CZ-120 00, Prague 2
T: +420 (2) 2150 7624 F: +420 (2) 2150 7673
E: ifpicr@ifpicr.cz www.ifpicr.cz

Country Data	
General Information	
Population (millions)	10.2
Per capita GDP ($US)	12,070
Currency	Koruna (CSK)
Language	Czech
Music Industry	
World ranking (value)	39th
% global value	<1%
Physical piracy level	25-50%
Sales Chart Compiler	
IFPI Czech Republic	
www.ifpicr.cz	
Top Independent Labels (alphabetical order)	
6P	
Areca Multimedia	
DK World Plus	
Frantisek Rychtarik	
Indies Records	

Recorded Music Sales (millions)

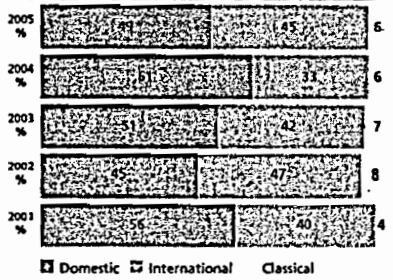
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	24.8	593.7	21.9%	42.0	1,006.4
2004	31.7	760.6	1.4%	47.2	1,131.7
2003	31.3	750.4	2.5%	47.8	1,145.3
2002	32.1	769.5	19.8%	49.0	1,173.3
2001	40.0	958.9	7.9%	61.0	1,462.3

Physical Units (full length formats millions)

	CD	DVD	Other	Total	Change
2005	3.2	0.2	0.2	3.6	18.2%
2004	3.7	0.2	0.5	4.4	4.8%
2003	3.4	0.1	0.7	4.2	-7.7%
2002	3.3	0.1	1.2	4.6	-32.1%
2001	4.7	7	1.9	6.7	0.0%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (Value)



Sales by Genre

Pop	82%
Classical	6%
Dance	5%
Other	7%

Top Sellers (albums)

	Million Units	Change	% of Top Albums
Top 10	0.3	30%	11%
Top 50	0.7	-26%	26%
Top 100	1.0	-24%	38%

Value Split (Trade) %

Format	
CD album	89%
DVD	9%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	2%

EUROPE
CZECH REPUBLIC

Top 10

Top 10 Albums

Artist	Title	Label/Company
Chinaski	Music Bar	Universal Music
Langerova Aneta	Spousta Andelu	Sony BMG
Kolar Petr	Album	Universal Music
Cechomor	Co Sa Stalo Nové	Sony BMG
Crazy Frog	Crazy Hits	Warner Music
Divokej Bill	Lucerna Live	EMI
Langerova Aneta	Spousta Andelu Koncert	Sony BMG
Muller Richard	44	Sony BMG
Horvath Vlastimil	Misto Zazraku	Sony BMG
Damichi	Nejvetsi Italske Hity 3	Sony BMG

Certification Awards (Domestic Albums)

	Sales Level	2005	2004
Gold	10,000	32	26
Platinum	20,000	20	21

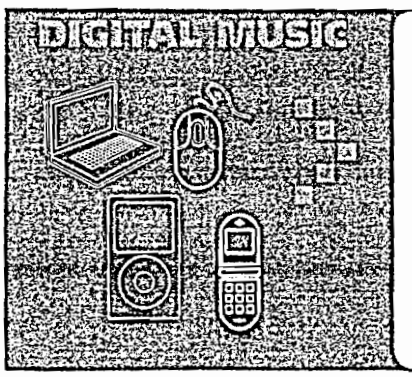
Certification Awards (International Albums)

	Sales Level	2005	2004
Gold	5,000	21	12
Platinum	10,000	17	9

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	1,500	6	4
Platinum	3,000	6	1

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	5.1
Broadband Lines (m)	0.8
Mobile Subscriptions (m)	11.5
Digital Sales (trade, $US m)	

EUROPE
DENMARK

IFPI Denmark
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DK-1200 København K
T: +45 3271 2080 F: +45 3271 2100
E: ifpi@ifpi.dk www.ifpi.dk

Country Data

General Information	
Population (millions)	5.4
Per capita GDP ($US)	47,810
Currency	Danish Krone (DKK)
Language	Danish
Music Industry	
World ranking (value)	20th
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
Nielsen Music Control	
www.hitlisten.nu	

Repertoire Origin (Value)

	Domestic	International	Classical
2005 %	46	51	3
2004 %	41	55	4
2003 %	42	55	3
2002 %	34	62	4
2001 %	32	63	5

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	113.1	678.6	1.7%	180.1	1,080.4
2004	115.1	690.9	3.8%	184.[illegible]	1,122.5
2003	119.6	717.5	12.5%	194.[illegible]	1,165.8
2002	136.7	819.9	15.3%	222.[illegible]	1,332.4
2001	161.3	967.8	16.6%	262.[illegible]	1,572.6

Note: Digital sales included from 2004 onwards

Physical Units (full length formats millions)

	CD	DVD	Other	Total	% Change
2005	9.6	0.3		9.9	2.0%
2004	9.7	0.4		10.1	1.0%
2003	9.8	0.2	0.2	10.2	13.6%
2002	11.8	[illegible]		11.8	17.5%
2001	14.2		0.1	14.3	24.3%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Value Split (Code)

Format	
CD album	92%
DVD	4%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	3%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.2	0.8	80%
2004	0.2	[illegible]	0%

EUROPE
DENMARK

Top Sellers

Top Selling Albums

Artist	Title	Label/Company
TV2	De Første Kærester På Månen	EMI Danmark
Robbie Williams	Intensive Care	EMI Danmark
Simone	Vindens Farver	CMC/MBO
Diverse	M:G:P 2005	Universal
Katie Melua	Call Off The Search	Bonnier Music A/S
Katie Melua	Piece By Piece	Bonnier Music A/S
Bamse	Be My Guest	CMC/MBO
James Blunt	Back To Bedlam	Warner

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	20,000	75	72
Platinum	40,000	48	47

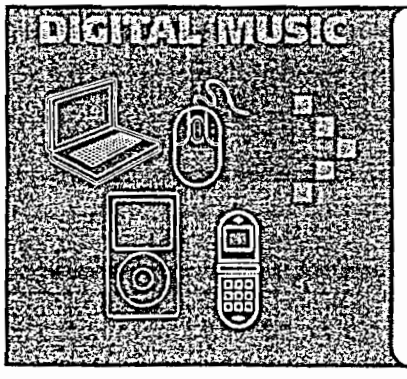
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	4,000	4	6
Platinum	8,000	3	8

Certification Awards (DVD Music Video)

	Sales Level	2005	2004
Gold	4,000	3	7
Platinum	8,000	4	4

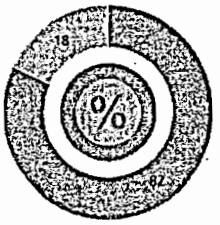
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	3.8
Broadband Lines (m)	1.4
Mobile Subscriptions (m)	5.2
Digital Sales (trade, $US m)	1.6

Digital Sales by Channel (Value)



Online
Mobile

Note: Online includes subscription revenues

EUROPE
FINLAND

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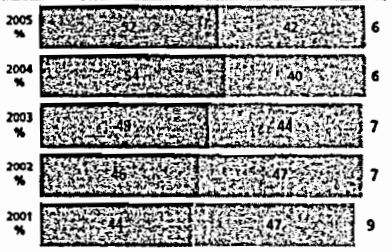
E: ifpi@ifpi.fi www.ifpi.fi
www.fimic.fi

Country Data

General Information	
Population (millions)	5.2
Per capita GDP ($US)	37,045
Currency	Euro (EUR)
Language	Finnish/Swedish
Music Industry	
World ranking (value)	25th
% global value	<1%
Physical piracy level	10-24%
Sales Chart Compiler	
Finnish National Broadcasting Company	
www.yle.fi/top40	
Top Independent Labels (alphabetical order)	
Bonnier Amigo Music Finland	
Edel Records Finland	
Johanna Kustannus Oy	
Ondine Oy	
Oy FG-Naxos Ab	

Repertoire Origin (value)



Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	82.2	65.8	-2.3%	[illegible]	105.9
2004	84.1	67.3	-13.5%	[illegible]	108.7
2003	97.2	77.8	2.8%	[illegible]	[illegible]
2002	94.5	75.6	-6.4%	[illegible]	[illegible]
2001	101.0	80.8	3.5%	162.6	130.1

Digital sales included in 2005

Physical Units (all leading formats) (millions)

	CD	DVD	Other	Total	Change
2005	7.4	0.4		7.8	0.0%
2004	7.4	0.3	0.1	7.8	12.9%
2003	10.4	0.3	0.1	10.8	8.0%
2002	9.8	0.1	0.2	10.0	9.4%
2001	10.7		0.4	11.1	-0.9%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2004 figures reported on a different basis to previous years - actual growth indicated

Value split (trade)

Format	
CD album	90%
DVD	7%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	2%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.3	0.6	65%
2004	0.4	[illegible]	0%

Note: 2004 digital figures not available

EUROPE
FINLAND

Top 10

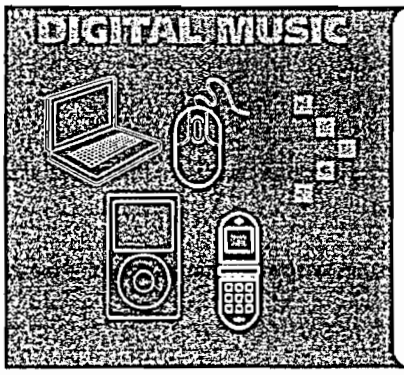
Top 10 Albums

Artist	Title	Label/Company
Nightwish	Highest Hopes	Spinefarm/Universal
Robbie Williams	Intensive Care	EMI
Yö	Kuolematon	Poko/EMI
Il Divo	Il Divo	Sony BMG
Il Divo	Ancora	Sony BMG
Maija Vilkkumaa	Se Ei Olekaan Niin	Warner
PMMP	Kovemmat Kädet	Sony BMG
Eri Esittäjiä	Tilkkutäkki	Warner
Crazy Frog	Crazy Hits	BonnierAmigo
Ella Ja Aleksi	Lenni Lokinpoikanen	Warner

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	15,000	63	77
Platinum	30,000	25	26
Multi-platinum	[illegible]	6	5

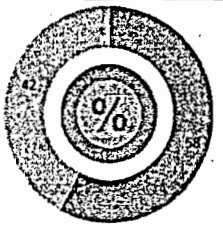
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	1.8
Broadband Lines (m)	1.3
Mobile Subscriptions (m)	5.4
Digital Sales (trade $US m)	0.0

Digital Sales by Channel (value)



Note: Online includes subscription revenues

EUROPE
FRANCE

SNEP (Syndicat National de l'Edition Phonographique)
27 rue du Dr. Lancereaux
75008 Paris
T: +33 (1) 4413 6666 F: +33 (1) 5376 0733
www.disqueenfrance.com
www.promusicfrance.com

Country Data

General Information	
Population (millions)	60.7
Per capita GDP ($US)	34,720
Currency	Euro (EUR)
Language	French
Music Industry	
World ranking (value)	5th
% global value	6%
Physical piracy level	<10%
Sales Chart Compiler	
IFOP/TITE LIVE	
www.disqueenfrance.com	
Top Independent Labels (alphabetical order)	
Harmonia Mundi	
Naïve	
Pschent	
V2	
Wagram	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	1,248.3	998.6	-17%	[illegible]	[illegible]
2004	1,269.3	1,015.5	-13.6%	[illegible]	[illegible]
2003	1,469.5	1,175.6	-14.4%	[illegible]	[illegible]
2002	1,716.5	1,373.2	-4.1%	[illegible]	[illegible]
2001	1,648.3	1,318.7	-14.1%	[illegible]	[illegible]

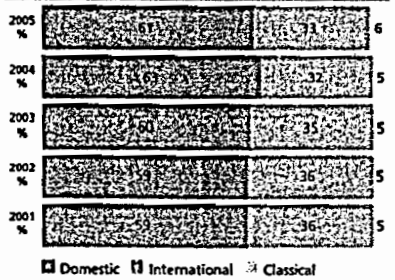
Note: Digital sales included from 2004 onwards

Physical Units (millions of units)

	CD	DVD	Other	Total	% Change
2005	96.2	14.7	11.3	112.2	-5.2%
2004	106.4	9.0	3.0	118.4	-7.9%
2003	117.9	6.9	3.8	128.6	-8.0%
2002	130.4	3.1	5.3	138.8	-3.1%
2001	125.2	2.2	8.2	135.6	-11.4%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Basis: Language

Sales by Genre

French songs	33%
International songs	26%
Compilations	22%
Classical	5%
Jazz	3%
World	3%
Soundtracks	2%
Other	6%

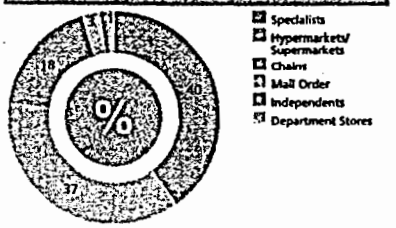
Singles Units (millions)

	Physical	Digital	% Digital
2005	25.4	18.5	25%
2004	24.3	2.1	8%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	45.5	-21%	19%
Top 20	74.1	-16%	31%
Top 200	237	-16%	50%

Retail Channels



Value Split (trade)

Format	
CD album	80%
DVD	11%
Digital (online, mobile)	2%
Other (physical singles, LP, MC, VHS)	7%

EUROPE
FRANCE

Top 10

Top 10 Digital Singles

Artist	Title	Label/Company
Madonna	Hung Up	Warner Bros/Maverick
James Blunt	Goodbye My Lover	Atlantic
Juanes	La Camisa Negra	AZ
Robbie Williams	Tripping	Chrysalis UK
Nolwenn Leroy	Nolwenn Ohwo	Mercury
Marc Lavoine	Toi Mon Amour	Mercury
Raphael	Caravane	EMI France
James Blunt	You're Beautiful	Atlantic
Green Day	Wake Me Up When September Ends	Warner Bros
Shakira	La Tortura	Jive/Epic

Top 10 Albums

Artist	Title	Label/Company
Raphael	Caravane	Capitol
Johnny Hallyday	Ma Vérité	Mercury
Les Enfoires	Le Train Des Enfoires	Resto Du Coeur
Madonna	Confessions On A Dancefloor	WEA
Multi-Interprètes	Le Roi Soleil	Warner
Chimene Badi	Dis-Moi Que Tu M'aimes	AZ
Calogero	3	Rapas/Mercury
Mylene Farmer	Avant Que L'ombre	Polydor
Alain Souchon	La Vie Theodore	Virgin
James Blunt	Back To Bedlam	WEA

Certification Awards (Albums)

	Sales Level	2005	2004
Silver	50,000	10	9
Gold	100,000	82	82
Platinum	300,000	27	15
Double Platinum	600,000	8	9
Triple Platinum	900,000	0	1
Diamond	1,000,000	4	6

Note: Sales levels reduced in July 2006 to 35,000, 75,000, 200,000 and 750,000

Certification Awards (Physical Singles)

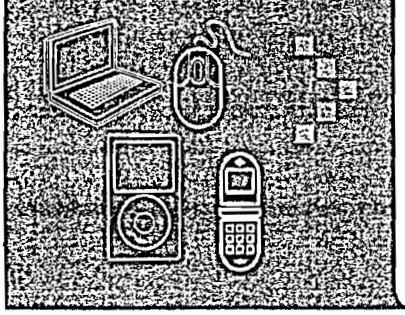
	Sales Level	2005	2004
Silver	100,000	31	24
Gold	200,000	10	14
Platinum	300,000	4	1
Diamond	500,000	8	1

Note: Sales levels reduced in 2005 from 125,000, 250,000, 500,000 and 1,000,000

Certification Awards (DVD Music Videos)

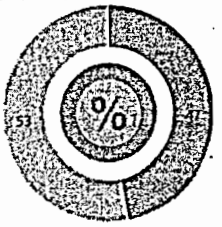
	Sales Level	2005	2004
Gold	10,000	11	20
Platinum	20,000	14	23
Double Platinum	40,000	5	11
Triple Platinum	60,000	1	10
Diamond	100,000	4	6

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	26.2
Broadband Lines (m)	10.8
Mobile Subscriptions (m)	45.1
Digital Sales (trade, $US m)	28.1

Digital Sales by Channel (%)



Note: Online includes subscription revenues

EUROPE
GERMANY

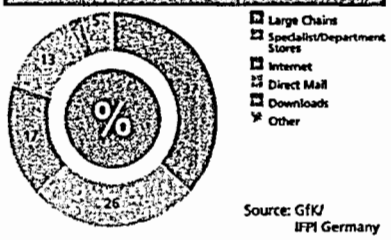
IFPI Germany
Oranienburger Strasse 67/68
D-10117 Berlin
T: +49 (30) 590 0380 F: +49 (30) 590 03838
E: verbaende@phono.de www.ifpi.de
www.pro-musicorg.de

Country Data

General Information	
Population (millions)	82.4
Per capita GDP ($US)	33,935
Currency	Euro (EUR)
Language	German
Music Industry	
World ranking (value)	4th
% global value	7%
Physical piracy level	<10%
Sales Chart Compiler	
Media Control	
www.musicline.de	
Top Independent Labels (alphabetical order)	
Delta Music	
Deutsche Austrophon	
Edel Music	
SPV	
ZYX Music	

Repertoire Origin (value)

Retail Channels



Source: GfK/ IFPI Germany

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	1,457.5	1,166.0	0.4%	[illegible]	[illegible]
2004	1,451.6	1,161.3	3.3%	[illegible]	1,760.8
2003	1,500.6	1,200.5	17.8%	[illegible]	1,816.0
2002	1,825.8	1,460.7	7.0%	[illegible]	[illegible]
2001	1,963.8	1,571.0	9.6%	3,001.9	2,401.5

Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	114.7	9.6	9.4	133.7	-3.6%
2004	116.1	8.3	14.3	138.7	-1.4%
2003	146.8	9.0	19.1	174.9	-13.5%
2002	179.4	3.8	18.9	202.1	-3.1%
2001	182.9	1.5	24.2	208.6	-7.9%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2004 figures reported on a different basis to previous years - actual growth indicated

Sales by Genre

Pop	37%
Rock	19%
Classical	8%
Schlager	7%
Children's	6%
Dance	5%
Volksmusic	2%
Jazz	2%
Soundtracks	2%
Country	2%
Instrumental	1%
Other	9%

Source: GfK

Sales by Age

10-19	12%
20-29	20%
30-39	25%
40-49	21%
50+	22%

Source: Media Control GfK International GmbH

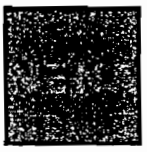
Singles Units (millions)

	Physical	Digital	% Digital
2005	17.8	14.9	46%
2004	23.4	7.0	23%

Value Split (trade)

Format	
CD album	80%
DVD	9%
Digital (online, mobile)	3%
Other (physical singles, LP, MC, VHS)	8%

EUROPE
GERMANY



Top 10s

Top 10 Digital Singles

Artist	Title	Label/Company
Schnappi, Das Kleine Krokodil	Schnappi	UDD
Melanie C	First Day Of My Life	WMG
Madonna	Hung Up	WMG
Robbie Williams	Tripping	CAP
Fettes Brot	Emanuela	ZEB
Juanes	La Camisa Negra	UID
Soehne Mannheims	Und Wenn Ein Lied	ZEB
James Blunt	You're Beautiful	WMG
The Sugababes	Push The Button	UID
The Pussycat Dolls	Don't Cha	UID

Source: Media Control GfK International GmbH

Top 10 Albums

Artist	Title	Label/Company
Söhne Mannheims	Noiz	Söhne Mannheims
Wir Sind Helden	Von Hier An Blind	EMI
Green Day	American Idiot	Warner
Juli	Es Ist Juli	Island/Universal
Robbie Williams	Greatest Hits	EMI
Coldplay	X&Y	EMI
Robbie Williams	Intensive Care	EMI
50 Cent	The Massacre	Universal
Nena	Willst Du Mit Mir Gehn	WSM/Warner
Peter Maffay	Laut & Leise	Ariola/Sony BMG

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	100,000	214	155
Platinum	200,000	90	83
Multi-platinum		16	0

Note: Digital sales included in 2005

Certification Awards (Singles)

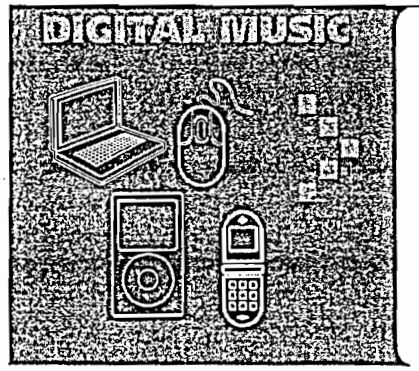
	Sales Level	2005	2004
Gold	150,000	28	24
Platinum	300,000	4	6
Multi-platinum		2	0

Note: Digital sales included in 2005

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	25,000	30	41
Platinum	50,000	41	18
Multi-platinum		3	15

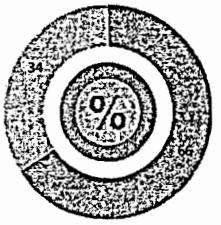
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	48.7
Broadband Lines (m)	11.5
Mobile Subscriptions (m)	79.2
Digital Sales (trade, $US m)	39.1

Digital Sales by Channel (%)



Note: Online includes subscription revenues

EUROPE
GREECE

Association of Greek Producers of Phonograms
65 Aristotelous Street
Halandri 15232
T: +30 (2) 10 685 1739 F: +30 (2) 10 680 1660
E: info@ifpi.gr www.ifpi.gr

Country Data

General Information	
Population (millions)	10.7
Per capita GDP ($US)	20,895
Currency	Euro (EUR)
Language	Greek
Music Industry	
World ranking (value)	32nd
% global value	<1%
Physical piracy level	25-50%
Sales Chart Compiler	
IFPI Greece/Deloitte	
www.ifpi.gr	
Top Independent Labels (alphabetical order)	
Alpha Records	
Heaven Music	
Legend	
Lyra	
MBI	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	65.1	52.1	-6.4%	83.0	67.3
2004	69.6	55.7	-5.7%	147.5	118.0
2003	73.8	59.0	-10.0%	95.4	76.7
2002	82.0	65.6	-10.4%	106.6	85.8
2001	74.3	59.4	-9.4%	100.3	80.3

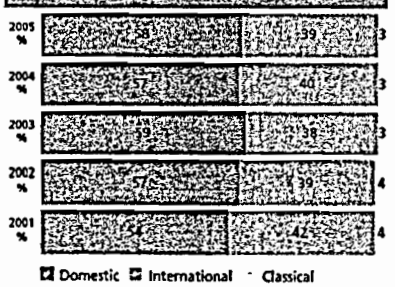
Note: 2004 and 2005 retail values are reported on a different basis to previous years

Physical Units (full length/music videos, millions)

	CD	DVD	Other	Total	Change
2005	7.0	0.3	0.1	7.4	1.4%
2004	6.9	0.3	0.1	7.3	4.3%
2003	6.5	0.2	0.3	7.0	-2.8%
2002	7.0		0.2	7.2	4.3%
2001	6.5		0.4	6.9	-12.7%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Value Split (trade)

Format	
CD album	94%
DVD	4%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	2%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.3		
2004	0.6		

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.4	15%	12%
Top 50	1.0	10%	31%
Top 100	1.4	-9%	42%

EUROPE
GREECE

Top 10

Top 10 Albums

Artist	Title	Label/Company
Giannis Ploutarhos	Ola Se Sena Ta Vrika	Minos-EMI
Helena Paparizou	Protereotita Euro Edition + Mambo!	Sony BMG
Alkistis Protopsalti	Na Se Vlepo Na Gelas	Heaven
Anna Vissi	Nylon Euro Edition	Sony BMG
Notis Sfakianakis	Anagennisis	Universal
Sakis Rouvas	S'ekho Erotefthi	Minos-EMI
Antonis Remos	San Anemos	Sony BMG
Giannis Parios	De Girizo Piso	Minos-EMI
Thanos Petrelis	Thimizis Kati Apo Ellada	Heaven
Madonna	Confessions On A Dancefloor	Warner

Certification Awards (Domestic Albums)

	Sales Level	2005	2004
Gold	20,000	21	23
Platinum	40,000	12	17
Multi-platinum		4	5

Certification Awards (International Albums)

	Sales Level	2005	2004
Gold	10,000	22	20
Platinum	20,000	6	3
Multi-platinum		0	1

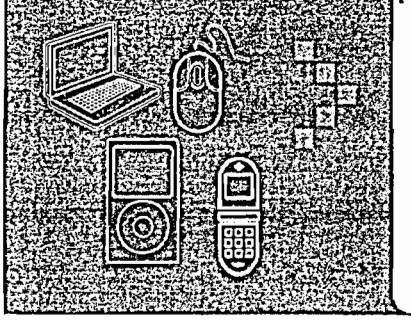
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	10,000	2	10
Platinum	20,000	1	5
Multi-platinum		0	1

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	5,000	2	1
Platinum	10,000	0	0

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	3.8
Broadband Lines (m)	0.2
Mobile Subscriptions (m)	12.5
Digital Sales (trade, $US m)	

EUROPE
HUNGARY

MAHASZ - Magyar Hanglemezkiadók Szövetsége
Harcos tér 5
Budapest 1113
T: +36 (1) 391 4200 F: +36 (1) 200 2679
E: info@mahasz.hu www.mahasz.hu

Country Data

General Information	
Population (millions)	10.0
Per capita GDP ($US)	10,945
Currency	Forint (HUF)
Language	Hungarian
Music Industry	
World ranking (value)	36th
% global value	<1%
Physical piracy level	25-50%
Sales Chart Compiler	
MAHASZ/Ipsos-Zonda	
www.mahasz.hu	

Top Independent Labels (alphabetical order)

- CLS
- Fekete Szemek
- Hungaroton
- Private Moon
- Record Express

Recorded Music Sales (millions)

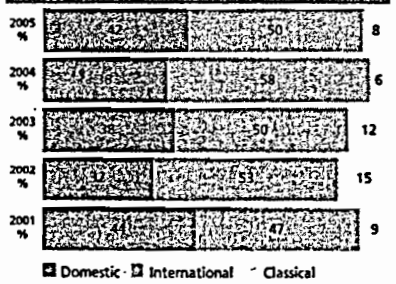
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	33.4	6,666.0	15.1%	[illegible]	[illegible]
2004	39.4	7,855.6	4.1%	[illegible]	[illegible]
2003	41.2	8,216.7	6.0%	[illegible]	[illegible]
2002	38.8	7,748.5	15.1%	[illegible]	[illegible]
2001	45.7	9,128.1	8.1%	[illegible]	[illegible]

Physical Units (01 Length formats, millions)

	CD	DVD	Other	Total	Change
2005	4.2	0.2	0.9	5.3	30.5%
2004	5.4	0.2	0.2	7.6	52.0%
2003	3.8	0.1	1.6	5.0	5.3%
2002	2.9	0.1	1.8	4.8	22.1%
2001	3.3		2.7	6.1	18.7%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2004 volume growth due to inclusion of record club sales and premiums. These sales account for an estimated 15% of the value of the market and was only included in 2004

Repertoire Origin (value)



Basis: Artist nationality

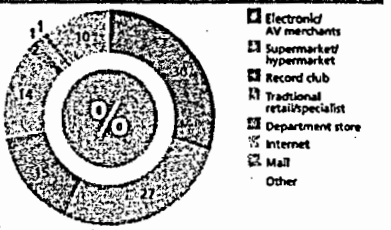
Sales by Genre

Pop/MOR	37%
Rock/Metal/Alternative	14%
Jazz/Blues	5%
Dance	4%
Classical	4%
Children's	4%
World	3%
Rap/Hip Hop	2%
Soundtracks	2%
R&B/Urban	1%
Other	24%

Value Split (trade) %

Format	
CD album	79%
DVD	7%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	14%

Retail Channels



EUROPE
HUNGARY

Top 10s

Top 10 Albums

Artist	Title	Label/Company
Nox	Ragyogás	Universal
Caramel	Nyugalomterápia	Tom-Tom Records
Caramel	Dalok	Universal
Megasztár	Megasztár 2005	Universal
Various Artists	Dancissimo 2005	Sony BMG
Oláh Ibolyà	Édes Méreg	Sony BMG
Various Artists	Nagy Mulatós Lemez	Sony BMG
Zsédenyi Adrienn	Zséda-Vue	Magneoton
Halász Judit	Hívd A Nagymamát	EMI
Various Artists	Nagy Hazai Házibuli Lemez	Sony BMG

Certification Awards (Domestic Albums)

	Sales Level	2005	2004
Gold	10,000	47	27
Platinum	20,000	20	8

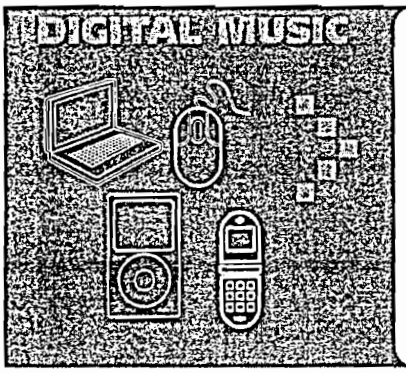
Note: Sales levels changed in 2005 from 15,000 (Gold) and 30,000 (Platinum)

Certification Awards (International Albums)

	Sales Level	2005	2004
Gold	5,000	116	14
Platinum	10,000	5	2

Note: Sales levels changed in 2005 from 10,000 (Gold) and 20,000 (Platinum)

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	3.1
Broadband Lines (m)	
Mobile Subscriptions (m)	9.1
Digital Sales (trade, $US m)	

EUROPE
IRELAND

IRMA (Irish Recorded Music Association)
1 Corrig Avenue
Dun Laoghaire, Co. Dublin
T: +353 (1) 280 5977 F: +353 (1) 280 6579
E: info@irma.ie www.irma.ie

Country Data	
General Information	
Population (millions)	4.0
Per capita GDP ($US)	49,730
Currency	Euro (EUR)
Language	English
Music Industry	
World ranking (value)	24th
% global value	<1%
Physical piracy level	<10%
Sales Chart Compiler	
IRMA/Chart Track	
www.irma.ie	
Top Independent Labels (alphabetical order)	
Beggars Banquet	
Celtic Collections	
Dolphin	
Domino	
Drm	
Dynamic Entertainment	
Naxos	
Plateau	
Prism Leisure	
Rmg Chart Entertainment	
Rubyworks	
Sanctuary Group	
V2	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	91.2	73.0	0.9%	149.0	119.2
2004	90.3	72.3	2.7%	147.6	118.1
2003	88.0	70.4	15.4%	143.7	115.0
2002	104.0	83.2	-7.5%	169.9	135.9
2001	112.4	89.9	-11.8%	182.1	145.7

Note: Digital sales not available

Physical Units (all formats) (millions)

	CD	DVD	Other	Total	Change
2005	7.7	0.6		8.3	0.0%
2004	7.8	0.5		8.3	9.2%
2003	7.2	0.1	0.3	7.6	-10.6%
2002	8.0		0.5	8.5	-5.6%
2001	8.4		0.6	9.0	-2.3%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)

	Domestic	International
2005 %	22	78
2004 %	25	75
2003 %	19	81
2002 %	19	81
2001 %	22	78

Singles Units (millions)

	Physical	Digital	% Digital
2005	12		
2004	0.8		

Note: Digital sales not available

Value Split (trade) %

Format	
CD album	88%
DVD	8%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	4%

Note: Digital sales not available

Sales by genre

Pop/MOR	35%
Rock/Metal	31%
Country/Traditional	12%
Rap/Hip Hop	10%
Dance	7%
Soundtracks	1%
Classical	1%
Other	3%

EUROPE
IRELAND

Top 10s

Top 10 Albums

Artist	Title	Label/Company
James Blunt	Back To Bedlam	Atlantic
Mario Rosenstock	Gift Grub 6 The Special One	EMI
Westlife	Face To Face	RCA
Coldplay	X&Y	Parlophone
Kelly Clarkson	Breakaway	RCA
Eminem	Curtain Call -The Hits	Interscope
The Killers	Hot Fuss	Lizard King
Green Day	American Idiot	Reprise
Il Divo	Ancora	RCA
Robbie Williams	Intensive Care	Chrysalis

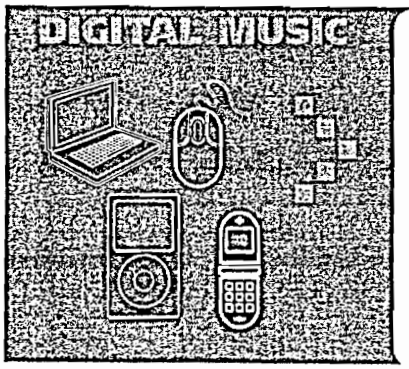
Certification Awards (Albums)

	Sales Level	2005	2004
Gold	7,500	56	
Platinum	15,000	61	
Multi-platinum		0	

Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	7,500	41	
Platinum	15,000	15	
Multi-platinum		6	

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	2.1
Broadband Lines (m)	
Mobile Subscriptions (m)	4.1
Digital Sales (trade, $US m)	

EUROPE
ITALY

FIMI - Federazione Industria Musicale Italiana
Galleria del Corso 4
20122 Milano
T: +390 (2) 795 879 F: +390 (2) 799 673
E: info@fimi.it www.fimi.it
www.pro-music.it

Country Data

General Information	
Population (millions)	58.4
Per capita GDP ($US)	30,400
Currency	Euro (EUR)
Language	Italian
Music Industry	
World ranking (value)	8th
% global value	2%
Physical piracy level	25-50%
Sales Chart Compiler	
FIMI/AC Nielsen	
www.fimi.it	
www.nielsenmusiccontrol.com	
www.ACNielsen.com	
Top Independent Labels (alphabetical order)	
Edel	
Sugar	
Time	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	428.5	342.8	0.3%	669.3	535.4
2004	429.8	343.9	-7.1%	668.6	535.0
2003	462.7	370.1	-4.4%	717.1	573.7
2002	484.1	387.3	-1.1%	750.3	600.1
2001	478.8	383.0	-7.5%	742.1	593.7

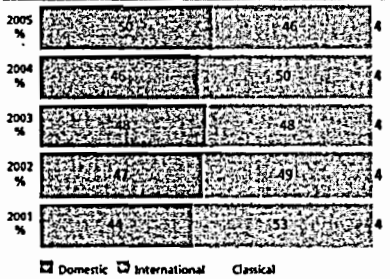
Note: Digital sales included from 2004 onwards

Physical Units (all length formats, millions)

	CD	DVD	Other	Total	% Change
2005	31.6	1.8		33.4	-4.8%
2004	33.1	2.0		35.1	-9.8%
2003	36.2	1.3	1.4	38.9	-4.7%
2002	36.8	0.4	3.6	40.8	-9.3%
2001	38.0		6.4	44.4	-9.4%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2002 figures reported on a different basis to previous years - actual growth indicated

Repertoire Origin (value)



Note: Jazz included in classical

Sales by Genre (2004)

Italian Pop	55%
International Pop	43%
Rock	21%
Classical	11%
Alternative	10%
Jazz/Blues	9%

Note: Multi answer question.
Source: CRA Nielsen Research May 04

Singles Units (millions)

	Physical	Digital	% Digital
2005	1.0	3.1	76%
2004	1.4	0.5	26%

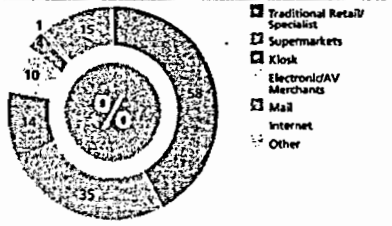
Value Split (trade) %

Format	
CD album	87%
DVD	7%
Digital (online, mobile)	4%
Other (physical singles, LP, MC, VHS)	2%

Sales by Age (2004)

0-17	9%
18-24	17%
25-34	30%
35-44	20%
45-54	10%
55+	14%

Retail Channel (2004)



Note: Multi answer question
Source: CRA Nielsen Research May 04

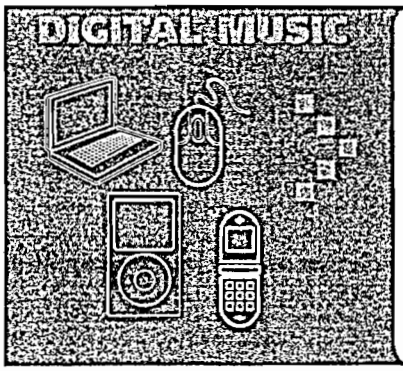
EUROPE
ITALY

Top 10

Top 10 Albums

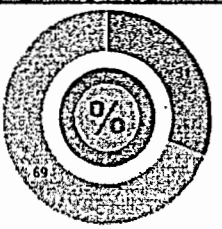
Artist	Title	Label/Company
Biagio Antonacci	Convivendo - Parte 2	Iris (Mercury) - Universal
Michael Bublé	It's Time	Warner Bros - WMI
Eros Ramazzotti	Calma Apparente	Ariola - Sony BMG
Renato Zero	Il Dono	Tattica -Sony BMG
Ligabue	Nome E Cognome	Warner Bros - WMI
Robbie Williams	Intensive Care	Capitol - EMI
Fabrizio De Andrè	In Direzione Ostinata E Contraria	Ricordi - Sony BMG
Claudio Baglioni	Tutti Qui	Columbia - Sony BMG
Max Pezzali	Tutto Max	Atlantic - WMI
Madonna	Confessions On A Dancefloor	Warner Bros - WMI

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	28.9
Broadband Lines (m)	7.4
Mobile Subscriptions (m)	70.6
Digital Sales (trade, $US m)	15.7

Digital Sales by Channel (value)



Online
Mobile

Note: Online includes subscription revenues

EUROPE
NETHERLANDS

NVPI
Albertus Perkstraat 36
1217 NT Hilversum
T: +31 (35) 625 4411 F: +31 (35) 625 4410
E: info@nvpi.nl www.nvpi.nl

Country Data	
General Information	
Population (millions)	16.4
Per capita GDP ($US)	38,110
Currency	Euro (EUR)
Language	Dutch
Music Industry	
World ranking (value)	12th
% global value	1%
Physical piracy level	10-24%
Sales Chart Compiler	
GfK Megacharts BV	
www.megacharts.nl	
Top Independent Labels (alphabetical order)	
Challenge Record Services	
CNR Records	
Disky	
Play It Again Sam	
V2 Music	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	246.3	197.0	-14.3%	430.8	344.5
2004	287.4	229.9	-9.3%	516.1	412.9
2003	316.8	253.5	-4.8%	555.0	444.0
2002	332.8	266.3	-7.0%	584.8	467.8
2001	358.0	286.4	-1.6%	623.2	498.6

Note: Digital sales included from 2004 onwards

Physical Units (all formats) (millions)

	CD	DVD	Other	Total	% Change
2005	20.4	4.6	0.2	25.2	-13.1%
2004	23.2	5.3	0.5	29.0	-4.0%
2003	24.6	4.8	0.8	30.2	-0.7%
2002	27.9	2.0	0.5	30.4	-6.2%
2001	31.5	0.5	0.4	32.4	-6.1%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (Value)

Sales by Genre

Pop/MOR	50%
Rock/Metal	18%
Dance	7%
R&B/Urban	7%
Classical	5%
Jazz/Blues	5%
Country/Traditional	3%
New Age	1%
Soundtracks	1%
Other	3%

Source: GfK

Singles Units (millions)

	Physical	Digital	% Digital
2005	2.0	1.7	46%
2004	2.7	0.7	21%

Value Split (Trade)

Format	
CD album	76%
DVD	18%
Digital (online, mobile)	2%
Other (physical singles, LP, MC, VHS)	4%

Sales by Age

12-19	10%
20-29	27%
30-39	26%
40-49	18%
50-59	10%
60+	9%

Source: GfK consumer panel

EUROPE
NETHERLANDS

Top 10s

Top 10 Albums

Artist	Title	Label/Company
Katie Melua	Piece By Piece	Dramatico
Anouk	Hotel New York	EMI
Robbie Williams	Intensive Care	EMI
Il Divo	Il Divo	Sony BMG
Coldplay	X&Y	EMI
Jan Smit	Jansmit.com	Artist & Company
Guus Meeuwis	Levensecht	EMI
Robbie Williams	Greatest Hits	EMI
Madonna	Confessions On A Dancefloor	Warner
Il Divo	Ancora	Sony BMG

Source: GfK Megacharts

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	40,000	59	47
Platinum	80,000	17	10
Multi-platinum		6	2

Note: Sales levels reduced in January 2006 to 35,000 (Gold) and 70,000 (Platinum)

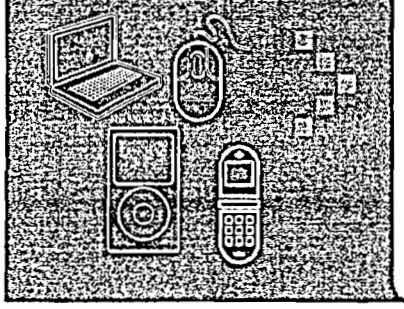
Certification Awards (Physical Single)

	Sales Level	2005	2004
Gold	40,000	0	5
Platinum	60,000	3	6
Multi-platinum		0	0

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	40,000	9	6
Platinum	80,000	1	1
Multi-platinum		0	1

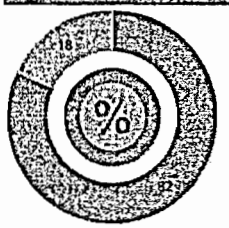
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	10.8
Broadband Lines (m)	4.3
Mobile Subscriptions (m)	16.7
Digital Sales (trade, $US m)	4.9

Digital Sales by Channel (Value)



Note: Online includes subscription revenues

EUROPE
NORWAY

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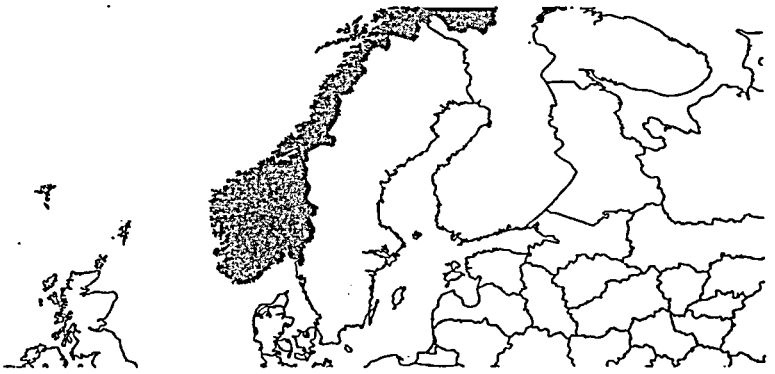
E: ifpi.sekretariat@ifpi.no www.ifpi.no



Country Data

General Information	
Population (millions)	4.6
Per capita GDP ($US)	64,445
Currency	Norwegian Krone (NOK)
Language	Norwegian
Music Industry	
World ranking (value)	19th
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
VS Newspaper/IFPI Norway	
www.ifpi.no	
Top Independent Labels (alphabetical order)	
BonnierAmigo Music Norway	
Playground Music	
Tuba Records	
Tylden (Bare Bra Musikk)	
Voices Music & Entertainment	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	133.1	857.5	-11.7%	252.5	1,626.6
2004	150.8	971.2	-1.9%	286.5	1,845.2
2003	148.0	952.9	-9.7%	281.1	1,810.5
2002	163.9	1,055.3	-2.2%	311.3	2,005.1
2001	160.4	1,032.7	-4.0%	304.7	1,962.3

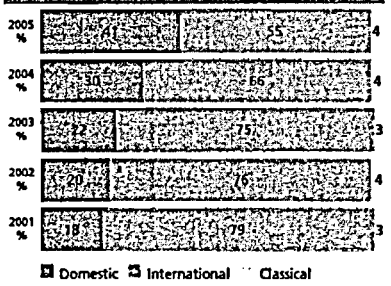
Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	Change
2005	11.0	0.3	0.1	11.4	-10.6%
2004	12.4	0.3	0.1	12.8	-6.7%
2003	11.6	0.3	0.1	12.0	-11.2%
2002	13.2	0.2	0.1	13.5	-10.3%
2001	12.1	0.1	0.1	12.2	-10.3%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Value Split by Format %

Format	
CD album	93%
DVD	3%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	2%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.5	0.6	55%
2004	0.9	[illegible]	[illegible]

EUROPE
NORWAY

Top 10s

Top 10 Albums

Artist	Title	Label/Company
Katie Melua	Piece By Piece	Bonnier Amigo
Madrugada	The Deep End	EMI
Coldplay	X&Y	EMI
Madonna	Confessions On A Dancefloor	Warner
Ravi & Dj Løv	Den Nye Arbeidsdagen	Sony BMG
James Blunt	Back To Bedlam	Warner
Madrugada	Live At Tralfamadore	EMI
Vamp	Siste Atikk	Majorstudio
Robbie Williams	Intensive Care	EMI
A-Ha	Analogue	Universal

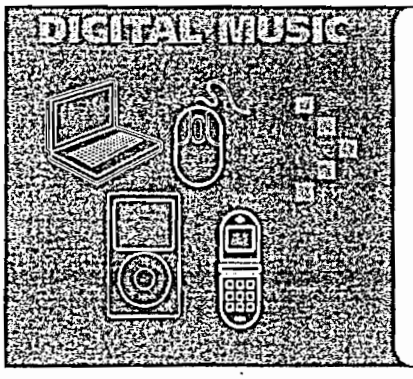
Certification Awards (Albums)

	Sales Level	2005	2004
Gold	20,000	10	47
Platinum	40,000	4	19
Multi-platinum	[illegible]	09	7

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	5,000	1	2
Platinum	10,000	0	1
Multi-platinum	[illegible]	0	0

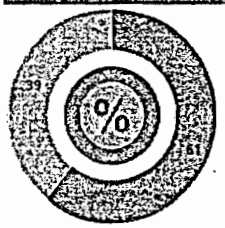
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	3.1
Broadband Lines (m)	1.0
Mobile Subscriptions (m)	4.8
Digital Sales (trade, $US m)	1.8

Digital Sales by Channel (value)



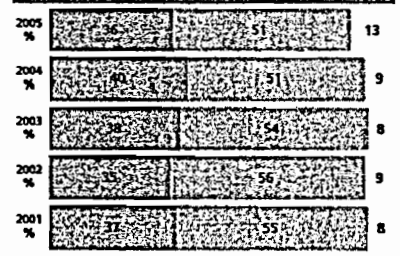
Note: Online includes subscription revenues

EUROPE
POLAND

Zwiazek Producentow Audio-Video (ZPAV)
12/2 Kruczkowskiego Street
00-380 Warsaw
T: +48 (22) 625 69 66 F: +48 (22) 625 16 61
E: biuro@zpav.pl www.zpav.pl

Country Data	
General Information	
Population (millions)	38.6
Per capita GDP ($US)	7,790
Currency	Zloty (PLZ)
Language	Polish
Music Industry	
World ranking (value)	33rd
% global value	<1%
Physical piracy level	25-50%
Sales Chart Compiler	
ZPAV/Pentor Research Institute	
www.zpav.pl	
www.olis.onyx.pl	
Top Independent Labels (alphabetical order)	
Dux	
GM Music	
Metal Mind Production	
Reader's Digest	
Sonic	

Repertoire Origin (value)



Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	63.9	207.0	7.5%		
2004	69.1	223.9	4.8%		
2003	72.6	235.2	1.5%		
2002	73.7	238.7	26.6%		
2001	100.4	325.5	13.5%		

Physical Units (all media formats, millions)

	CD	DVD	Other	Total	% Change
2005	9.0	0.4	0.4	9.8	20.8%
2004	10.5	0.6	1.2	12.3	-0.8%
2003	10.1	0.1	2.0	12.4	10.8%
2002	9.5	0.2	4.2	13.9	7.4%
2001	14.4	0.1	10.5	25.0	17.5%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Sales by Genre

Dance	22%
Pop/MOR	12%
Jazz/Blues	11%
Classical	10%
Rap/Hip Hop	10%
Rock/Metal	9%
Soundtrack	4%
R&B/Urban	3%
Oldies	3%
Children's	3%
World	2%
Religious	2%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	1.0	0%	1.9%
Top 50	2.0	2.3%	2.2%
Top 100	3.0	0%	3.3%

Value Split (trade, %)

Format	
CD album	89%
DVD	7%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	4%

EUROPE
POLAND

Top 10

Top 10 Albums

Artist	Title	Label/Company
Various Artists	The Best Smooth Jazz...Ever! Vol.2	EMI
Various Artists	The Best Smooth Jazz...Ever!	EMI
Various Artists	Bravo Hits Zima 2006	Magic Records
Various Artists	Radio Zet - Tylko Wielkie Przeboje Na Lato	Magic Records
Kombi	C.D.	Izabelin
Various Artists	Rap Eskadra 3	UMC Records
Various Artists	Bravo Lato 2005	Magic Records
Krzysztof Kiljanski	In The Room	Kayax
Various Artists	Radio Zet - Przeboje 2005/2006	Magic Records
Crazy Frog	Platinum Collection	Magic Records

Certification Awards (Domestic Albums)

	Sales Level	2005	2004
Gold	35,000	22	17
Platinum	70,000	9	10
Multi-platinum	-	0	0
Diamond	350,000	0	0

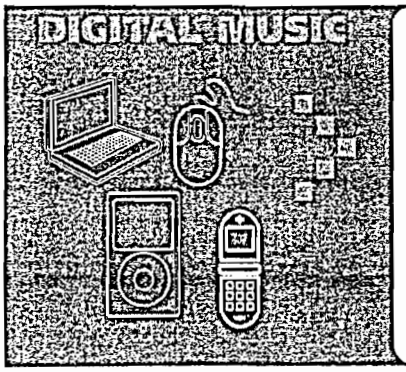
Certification Awards (International Albums)

	Sales Level	2005	2004
Gold	20,000	18	12
Platinum	40,000	5	13
Multi-platinum	-	2	0
Diamond	200,000	0	0

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	5,000	5	9
Platinum	10,000	2	0

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	10.6
Broadband Lines (m)	1.9
Mobile Subscriptions (m)	31.0
Digital Sales (trade, $US m)	

EUROPE
PORTUGAL

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1050-028 Lisbon
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E: afpgeral@mail.telepac.pt

Country Data

General Information	
Population (millions)	10.6
Per capita GDP ($US)	17,360
Currency	Euro (EUR)
Language	Portuguese
Music Industry	
World ranking (value)	26th
% global value	<1%
Physical piracy level	10-24%
Sales Chart Compiler	
AC Nielsen	

Top Independent Labels (alphabetical order)

- Espacial
- Farol
- MVM
- Vidisco
- Zona Musica

Recorded Music Sales (millions)

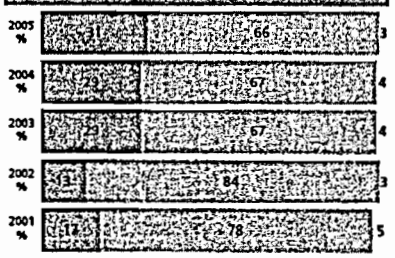
	Trade Revenue			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	81.1	64.9	8.9%	113.9	[illegible]
2004	89.0	71.2	25.6%	123.4	98.9
2003	119.6	95.7	16.6%	[illegible]	[illegible]
2002	143.4	114.7	8.5%	195.5	156.7
2001	136.0	108.8	5.5%	181.6	145.5

Physical Units (all length formats, millions)

	CD	DVD	Other	Total	% Change
2005	7.0	0.8	0.5	8.3	25.2%
2004	9.1	0.8	1.2	11.1	20.1%
2003	11.0	0.8	2.1	13.9	7.9%
2002	12.5	0.4	2.2	15.1	0.0%
2001	11.6	0.1	3.4	15.1	5.6%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Value Split (trade) %

Format	
CD album	87%
DVD	12%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	2%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.2		
2004	1.7		

EUROPE
PORTUGAL

Top 10

Top 10 Albums

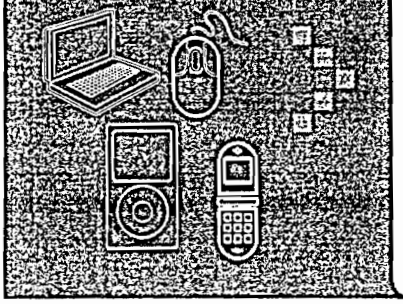
Artist	Title	Label/Company
D'zrt	D'zrt	Farol Musica
Banda Sonora Original	Morangos Com Açucar 2	Farol Musica
Humanos	Humanos	EMI Music
Escolinha De Musica	Escolinha De Musica	Farol Musica
Varios Artistas	Morangice	Farol Musica
Adriana Calcanhotto	Adriana Partimpim	Sony BMG
Keane	Hopes And Fears	Universal
Coldplay	X&Y	EMI Music
Banda Sonora Original	Morangos De Verão Serie 2	Farol Musica
Il Divo	Il Divo	Sony BMG

Certification/Awards - Albums

	Sales Level	2005	2004
Gold	10,000	101	67
Platinum	20,000	51	25
Multi-platinum	[illegible]	32	22

Note: Sales levels changed in 2005 from 20,000 (Gold) and 40,000 (Platinum)

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	6.1
Broadband Lines (m)	1.3
Mobile Subscriptions (m)	11.6
Digital Sales (trade, $US m)	[illegible]

EUROPE
RUSSIA

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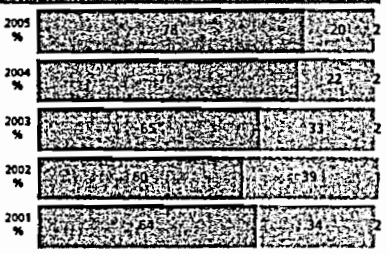
23, 1st Tverskaya-Yamskaya Str.
125047 Moscow
T: +7 (503) 725 6573
F: +7 (503) 956 2609
E: moscow@ifpi.ru

Country Data

General Information	
Population (millions)	143.4
Per capita GDP ($US)	5,340
Currency	Rouble (RUB)
Language	Russian/Local languages
Music Industry	
World ranking (value)	14th
% global value	1%
Physical piracy level	>50%

Repertoire Origin (Units)



Recorded Music Sales (millions)

	Trade Revenue			Retail Revenues	
	US$ Fixed	Local Currency	Change	US$ Fixed	Local Currency
2005	193.7	5,477.4	37.5%	387.6	10,960.1
2004	309.9	8,762.8	44.3%	500.0	14,134.2
2003	214.7	6,070.6	21.1%	354.0	10,010.0
2002	177.3	5,012.8	14.2%	286.1	8,090.1
2001	155.2	4,388.8	17.6%	230.8	6,522.5

Note: Digital sales included from 2004 onwards. Figures are estimates based on holograms

Physical Units (all length formats) (millions)

	CD	DVD	Other	Total	% Change
2005	68.5	0.3	27.7	96.5	18.8%
2004	58.0	0.2	60.7	118.9	3.0%
2003	30.3	0.1	85.1	115.5	17%
2002	18.2		95.2	113.5	1.5%
2001	11.4		100.4	111.8	1.5%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Sales by Genre

Pop	40%
Russian Chanson	15%
Dance	13%
Rock	10%
Rap	8%
Children's	6%
Authors Songs	4%
Classical	2%
Jazz	2%
Other	4%

Sales by Age

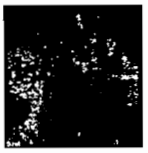
10-14	5%
15-19	23%
20-24	22%
25-29	20%
30-39	15%
40-49	10%
50-59	3%
60+	2%

Top Sellers Albums

	Units	Change	% Domestic Albums
Top 10	>500,000		
Top 50	>300,000		
Top 100	>100,000		
Top 200	>50,000		

Value Split (Trade)

Format	
CD album	88%
DVD	1%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	12%



Top 5

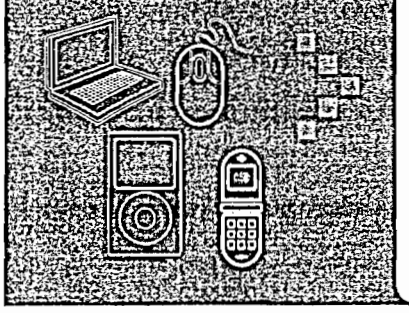
Top 5 Albums Local Repertoire

Artist	Title	Label/Company
Zemphira	Vendetta	Real Records
Uma2rmah	Maybe It's A Dream?	Velvet Music
Factor-2	In Our Style	Studio Monolit
Factor-2	We Are False MC	Studio Monolit
Katya Chehova	I Am The Robot	Uplifto

Top 5 Albums International Repertoire

Artist	Title	Label/Company
Crazy Frog	Crazy Hits	Megaliner
Benassi Bros.	Phobia	RMG Records
The Black Eyed Peas	Monkey Business	Universal Music
Depeche Mode	Playing The Angel	S.B.A./GALA Records/EMI
Arash	Arash	Dancing Paradize

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	23.7
Broadband Lines (m)	2.0
Mobile Subscriptions (m)	123.6
Digital Sales (trade, $US m)	

EUROPE
SPAIN

PROMUSICAE - Productores de Musica de España
Edificio Iberia Mart II
Calle Orense, 34-8a, 28020 Madrid
T: +34 (91) 417 0470 F: +34 (91) 556 9272
E: promusicae@promusicae.es www.promusicae.es

Country Data

General Information	
Population (millions)	40.4
Per capita GDP ($US)	27,865
Currency	Euro (EUR)
Language	Spanish
Music Industry	
World ranking (value)	9th
% global value	2%
Physical piracy level	10-24%
Sales Chart Compiler	
PROMUSICAE/Media Control	
www.promusicae.es	
Top Independent Labels (alphabetical order)	
Blanco Y Negro Music	
Discmedi	
Divucsa Music	
Gran Via Musical de Ediciones	
Vale Music Spain	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	368.9	295.17	-5.1%	[illegible]	[illegible]
2004	388.6	310.9	-12.1%	584.[illegible]	467.8
2003	441.9	353.5	-10.0%	662.[illegible]	530.[illegible]
2002	491.0	392.8	-15.3%	731.8	585.4
2001	579.7	463.8	-2.5%	866.6	693.5

Note: Digital sales included from 2004 onwards

Physical Units (all formats) (millions)

	CD	DVD	Other	Total	% Change
2005	31.1	3.2	0.3	34.6	-8.7%
2004	34.0	3.5	0.4	37.9	-15.6%
2003	42.4	1.5	1.0	44.9	-11.4%
2002	61.7	0.5	2.4	64.6	-17.8%
2001	71.1	0.4	7.1	78.6	-1.9%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2003 volumes were reported on a different basis to previous years. Growth indicated is actual % change

Value Split (Trade)

Format	
CD album	88%
DVD	9%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	2%

Singles Units (millions)

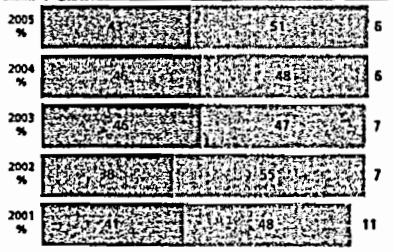
	Physical	Digital	% Digital
2005	1.7	0.5	23%
2004	1.3	0.1	4%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	2.3	[illegible]	7%
Top 50	5.0	[illegible]	15%
Top 100	6.6	[illegible]	20%

Source: Media Control

Repertoire Origin (value)



EUROPE
SPAIN

Top 10s

Top 10 Albums

Artist	Title	Label/Company
Amaral	Pajaros En La Cabeza	Virgin
El Canto Del Loco	Zapatillas	Sony BMG
Il Divo	Il Divo	Sony BMG
Shakira	Fijación Oral Volumen 1	Sony BMG
Estopa	Voces De Ultrarumba	Sony BMG
Juanes	Mi Sangre	Universal
Batuka	Batuka Latin	Vale Music
Joaquin Sabina	Alivio De Luto	Sony BMG
Melendi	Que El Cielo Espere Sentao	Carlito Records-El Diablo
Il Divo	Ancora	Sony BMG

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	40,000	135	81
Platinum	80,000	91	81

Note: Album sales levels changed in November 2005 from 50,000 (Gold) and 100,000 (Platinum)

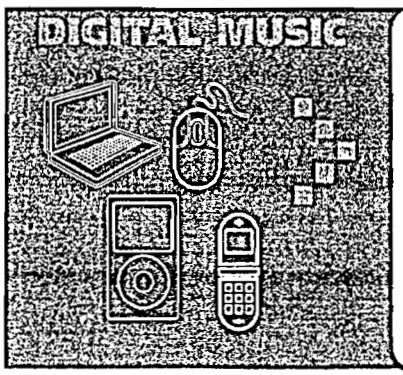
Certification Awards (Physical Single(s))

	Sales Level	2005	2004
Gold	10,000	0	1
Platinum	20,000	0	1

Note: Single sales levels changed in November 2005 from 25,000 (Gold) and 50,000 (Platinum)

Certification Awards (DVD Music Videos)

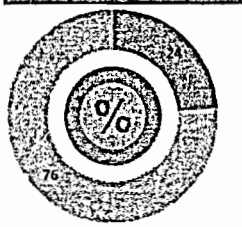
	Sales Level	2005	2004
Gold	10,000	18	32
Platinum	25,000	21	1



Digital Indicators

Internet Users (m)	17.1
Broadband Lines (m)	5.3
Mobile Subscriptions (m)	43.1
Digital Sales (trade, $US m)	4.1

Digital Sales by Channel (value)



Note: Online includes subscription revenues

EUROPE
SWEDEN

IFPI Svenska Gruppen
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111 84 Stockholm
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E: info@ifpi.se www.ifpi.se

Country Data	
General Information	
Population (millions)	9.0
Per capita GDP ($US)	39,860
Currency	Swedish Krona (SEK)
Language	Swedish
Music Industry	
World ranking (value)	17*
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
GLF/IFPI Sweden	
www.hitlistan.se	
Top Independent Labels (alphabetical order)	
Bonnier Amigo Music Group	
Diesel Music AB	
Mariann Grammofon Skara	
NEG Network Ent. Group AB	
Playground Music Scandinavia AB	

Recorded Music Sales (millions)	Trade Revenue			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	148.2	1,106.9	-9.0%	240.4	1,791.5
2004	162.9	1,216.9	17.4%	264.0	1,972.4
2003	197.2	1,473.4	14.7%	319.6	2,385.4
2002	231.2	1,726.7	5.7%	374.5	2,797.1
2001	245.2	1,831.7	0.1%	397.2	2,967.5

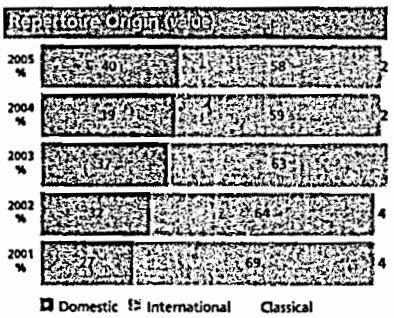
Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)	CD	DVD	Other	Total	Change
2005	15.4	0.6	0.1	16.1	-8.5%
2004	16.6	0.8	0.2	17.6	-13.3%
2003	19.1	0.9	0.3	20.3	-11.7%
2002	22.4	0.2	0.4	23.0	-0.8%
2001	22.8	0.1	0.3	23.2	-3.4%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Value Split (Trade) %	
Format	
CD album	91%
DVD	4%
Digital (online, mobile)	2%
Other (physical singles, LP, MC, VHS)	3%

Single Units (millions)	Physical	Digital	% Digital
2005	1.3	0.5	28%
2004	1.4	0.1	7%



EUROPE
SWEDEN

Top 10

Top 10 Albums

Artist	Title	Label/Company
Kent	Du & Jag Döden	RCA
Various	Melodifestivalen 2005	M&L Records
Madonna	Confessions On A Dancefloor	Warner Bros
Son Of A Plumber	Son Of A Plumber	Capitol
James Blunt	Back To Bedlam	Atlantic
Il Divo	Il Divo	RCA
Laleh	Laleh	Warner Sweden
Bodies Without Organs	Prototype	Capitol
Green Day	American Idiot	Warner Bros
Amy Diamond	This Is Me Now	Bonnier Music

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	30,000	99	101
Platinum	60,000	27	26
Multi-platinum		9	10

Certification Awards (Singles)

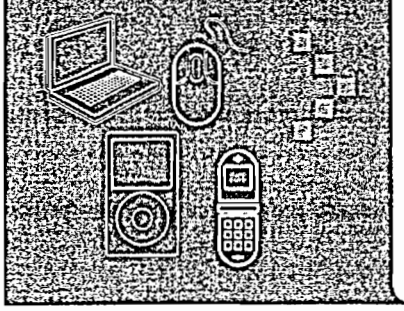
	Sales Level	2005	2004
Silver	10,000	26	35
Gold	20,000	9	8
Platinum		1	0

Note: Digital sales included in 2005

Certification Awards (DVD/Music Videos)

	Sales Level	2005	2004
Gold	10,000	3	10
Platinum	20,000	2	2
Multi-platinum		0	1

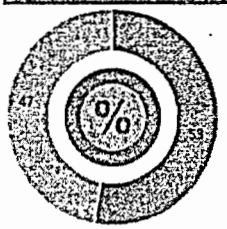
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	6.8
Broadband Lines (m)	2.2
Mobile Subscriptions (m)	10.0
Digital Sales (trade, $US m)	3.1

Digital Sales by Channel (Value)



Note: Online includes subscription revenues

EUROPE
SWITZERLAND

IFPI Schweiz (Schweizer Landesgruppe der IFPI)
Toblerstrasse 76A
CH 8044 Zurich
T: +41 (44) 252 5866 F: +41 (44) 252 6167
E: info@ifpi.ch www.ifpi.ch

Country Data

General Information	
Population (millions)	7.5
Per capita GDP ($US)	49,070
Currency	Swiss Franc (CHF)
Language	German/Italian/French/Romansch
Music Industry	
World ranking (value)	13th
% global value	1%
Physical piracy level	<10%
Sales Chart Compiler	
Media Control	
www.hitparade.ch	
Top Independent Labels (alphabetical order)	
K-Tel International AG	
Musikvertrieb AG	
Phonag Records AG	
TBA AG	
Tudor Recording AG	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	205.9	257.4	-3.5%	267.3	334.1
2004	213.4	266.7	-7.2%	256.7	320.9
2003	229.9	287.4	-12.5%	276.8	346.0
2002	262.6	328.2	-2.5%	315.7	394.8
2001	269.4	336.7	-2.4%	323.5	404.9

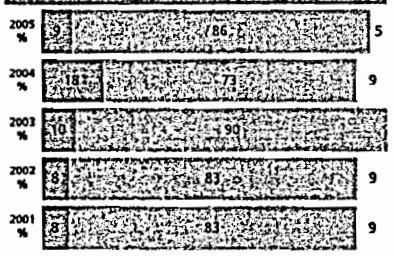
Note: Digital sales included from 2004 onwards

Physical Units (units shipped, millions)

	CD	DVD	Other	Total	% Digital
2005	15.1	0.4	0.9	16.4	16.8%
2004	18.2	0.7	0.8	19.7	0.5%
2003	18.6	0.5	0.7	19.8	11.6%
2002	21.3		1.1	22.4	2.3%
2001	21.2		0.7	21.9	3.1%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Basis: Artist nationality

Value Split (trade)

Format	
CD album	91%
DVD	3%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	5%

Singles Units (millions)

	Physical	Digital	% Digital
2005	1.4	1.3	49%
2004	1.8		

EUROPE
SWITZERLAND

Top 10

Top 10 Albums

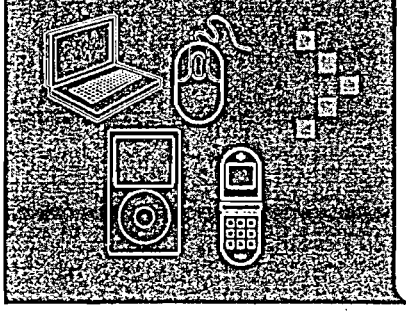
Artist	Title	Label/Company
Robbie Williams	Escapology	EMI
Robbie Williams	Greatest Hits	EMI
Avril Lavigne	Let Go	Sony BMG
Coldplay	X&Y	EMI
Eros Ramazzotti	Calma Apparente	Sony BMG
Green Day	American Idiot	Warner
Laura Pausini	Resta In Ascolto	Warner
Madonna	Confessions On A Dancefloor	Warner
Metallica	Metallica	Universal
50 Cent	The Massacre	Universal

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	20,000	85	75
Platinum	40,000	55	30
Multi-platinum		11	14

Note: Sales levels reduced in July 2006 to 15,000 (Gold) and 30,000 (Platinum)

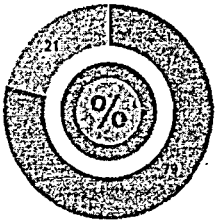
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	4.9
Broadband Lines (m)	1.8
Mobile Subscriptions (m)	6.7
Digital Sales (trade, $US m)	3.0

Digital Sales by Channel Value



Note: Online includes subscription revenues

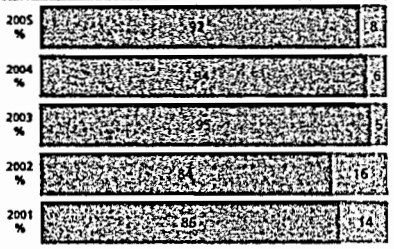
EUROPE
TURKEY

Mü-YAP (IFPI Türkiye Milli Grubu)
Turnasibasi Sokak, Kuloglu Mah
No. 16 - 80070
Beyoglu, Istanbul
T: +90 (212) 292 46 13 F: +90 (212) 292 46 17
E: disiliskiler@mu-yap.org www.mu-yap.org

Country Data

General Information	
Population (millions)	71.0
Per capita GDP ($US)	5,205
Currency	New Turkish Lira (YTRL)
Language	Turkish
Music Industry	
World ranking (value)	22nd
% global value	<1%
Physical piracy level	>50%

Repertoire Origin (value)



Value Split (trade) %

Format	
CD album	59%
DVD	-
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	41%

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	105.3	141.1	7.6%	147.7	197.6
2004	113.9	152.6	17.8%	179.7	240.7
2003	96.7	129.6	17.8%	162.6	[illegible]
2002	82.1	110.0	17.8%	136.3	182.7
2001	69.7	93.3	Not comparable	126.2	169.1

Note: Figures are estimates based on banderols

Physical Units (full length formats) (millions)

	CD	DVD	Other	Total	% Change
2005	12.5		14.7	27.2	37.5%
2004	14.6		28.9	43.5	21.8%
2003	10.6		25.1	35.7	28.0%
2002	4.5		23.4	27.9	7.3%
2001	3.9		26.2	30.1	22.2%

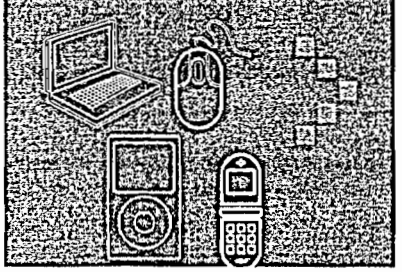
Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Top 10

Top 10 Albums

Artist	Title	Label/Company
Serdar Ortac	Cakra	Emre Grafson
Yildiz Tilbe	Yildizdan Turkuler	Avrupa Muzik
Mahsun Kirmizigul	Sari Sari Basroldeyim	A1 Muzik Yapim
Ismail Yurtseven	Sapir Supur	Avrupa Muzik
Gulben Ergen	Ucacaksin	Seyhan Muzik
Mustafa Sandal	Iste	Komedi Ses
Rafet El Roman	Surgun	Emre Grafson
Kirac	Kayip Sehir	Tmc Film Muzik
Huseyin Yalin	Huseyin Yalin	Universal
Ibrahim Tatlises	Aramam	Komedi Ses

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	10.2
Broadband Lines (m)	1.9
Mobile Subscriptions (m)	42.7
Digital Sales (trade, $US m)	[illegible]

EUROPE
UNITED KINGDOM

BPI - The British Phonographic Industry
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T: +44 (0) 20 7803 1300 F: +44 (0) 20 7803 1310
E: general@bpi.co.uk www.bpi.co.uk
www.brits.co.uk

Country Data

General Information	
Population (millions)	60.4
Per capita GDP ($US)	36,425
Currency	Pound (GBP)
Language	English
Music Industry	
World ranking (value)	3rd
% global value	10%
Physical piracy level	<10%
Sales Chart Compiler	
OCC/Millward Brown	
www.theofficialchart.com	

Top Independent Labels (alphabetical order)

- Beggars Group
- Demon
- Dramatico
- Ministry of Sound
- Sanctuary
- V2

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	US$ Fixed	Local Currency	% Change	US$ Fixed	Local Currency
2005	2,162.2	1,189.2	2.9%	3,446.0	1,895.1
2004	2,226.1	1,224.4	0.4%	3,540.1	1,947.1
2003	2,235.5	1,229.6	0.8%	3,566.6	1,961.6
2002	2,217.5	1,219.6	3.4%	3,561.1	1,959.0
2001	2,295.5	1,262.5	7.9%	3,641.8	2,003.0

Note: Digital sales included from 2004 onwards

Physical Units (Multi-format millions)

	CD	DVD	Other	Total	Change
2005	172.6	8.3	1.1	182.0	0.8%
2004	174.6	7.7	1.2	183.5	4.0%
2003	167.2	6.4	2.8	176.4	2.6%
2002	164.3	3.6	4.1	172.0	2.0%
2001	166.0	1.8	7.7	175.5	5.6%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Sales by Genre

Rock	36%
Pop	26%
MOR	9%
Dance	8%
R&B	8%
Hip.Hop/Rap	6%
Classical	3%
Country	1%
Jazz	1%
Other	2%

Note: Based on Top 10,000 albums (OCC/BPI)

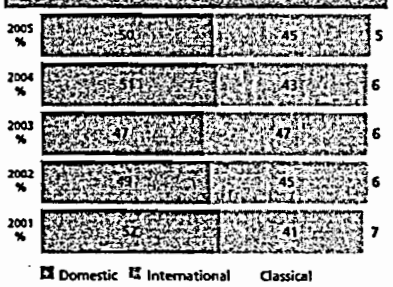
Singles Units (millions)

	Physical	Digital	Digital
2005	26.8	26.3	49%
2004	31.4	5.8	16%

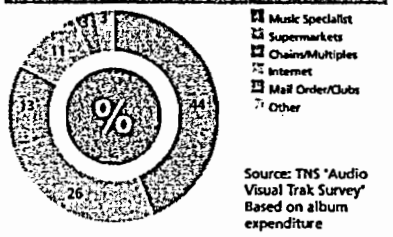
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	13.5	6.3%	8.5
Top 50	37.8	1.9%	23.8
Top 100	52.5	-2.3%	33.0
Top 200	68.1	1.3%	42.8

Repertoire Origin (Value)



Retail Channels



Source: TNS 'Audio Visual Trak Survey' Based on album expenditure

Sales by Age

12-19	14%
20-29	17%
30-39	23%
40-49	20%
50-59	15%
60+	11%

Source: TNS 'Audio Visual Trak Survey' Based on album expenditure

Value Split (retail)

Format	
CD album	87%
DVD	5%
Digital (online, mobile)	3%
Other (physical singles, LP, MC, VHS)	5%

EUROPE
UNITED KINGDOM

Top 10

Top 10 Digital Singles

Artist	Title	Label/Company
James Blunt	You're Beautiful	Atlantic
Madonna	Hung Up	Warner Bros
Daniel Powter	Bad Day	Warner Bros
The Sugababes	Push The Button	Universal Island
The Pussycat Dolls	Don't Cha	Polydor
Gorillaz	Feel Good Inc	Parlophone
Shayne Ward	That's My Goal	Sony BMG
Kayne West	Gold Digger	Mercury
Bodyrockers	I Like The Way	Mercury
Coldplay	Speed of Sound	Parlophone

Top 10 Albums

Artist	Title	Label/Company
James Blunt	Back To Bedlam	Atlantic
Coldplay	X&Y	Parlophone
Robbie Williams	Intensive Care	Chrysalis
Kaiser Chiefs	Employment	B Unique/Polydor
Gorillaz	Demon Days	Parlophone
Westlife	Face To Face	S
KT Tunstall	Eye To The Telescope	Relentless
Various	Now That's What I Call Music! 62	EMI Virgin/UMTV
Kelly Clarkson	Breakaway	RCA
Eminem	Curtain Call - The Hits	Interscope

Certification Awards (Albums)

	Sales Level	2005	2004
Silver	60,000	258	286
Gold	100,000	193	208
Platinum	300,000	72	82
Multi-platinum		92	99

Note: Digital sales included in 2005

Certification Awards (Singles)

	Sales Level	2005	2004
Silver	200,000	6	14
Gold	400,000	2	5
Platinum	600,000	1	2
Multi-platinum		0	1

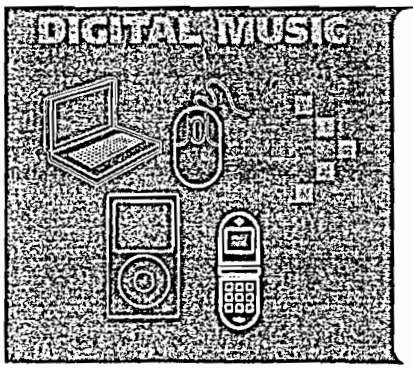
Note: Digital sales included in 2005

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	25,000	32	
Platinum	50,000	18	
Multi-platinum		21	

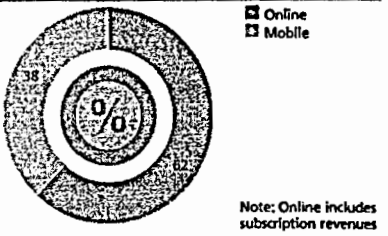
Note: DVD music videos certifications in operation from 2005

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	37.8
Broadband Lines (m)	11.1
Mobile Subscriptions (m)	67.9
Digital Sales (trade, $US m)	69.2

Digital Sales by Channel (Value)



Note: Online includes subscription revenues

ASIA
CHINA

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Wanchai, Hong Kong
T: +852 2861 4367 F: +852 2865 6326
E: hongkong@ifpi.org

Country Data

General Information	
Population (millions)	1,306.3
Per capita GDP ($US)	1,705
Currency	Yuan (CNY)
Language	Chinese (Mandarin)
Music Industry	
World ranking (value)	27*
% global value	<1%
Physical piracy level	>50%

Top Independent Labels (alphabetical order)

- China International Corp.
- China Record Corp. (CRC)
- China Record Shanghai Corp. (CRSC)
- Shanghai Audio & Video Company
- Pacific Audio & Video Co.

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	79.8	653.7	10.9%		
2004	89.0	729.1	Not comparable		
2003	148.7	1,218.1	16.2%		
2002	128.0	1,048.2	12.1%		
2001	114.2	934.9	Not comparable		

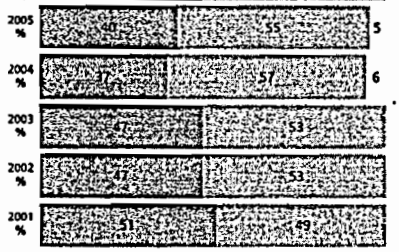
Note: Figures are estimates. 2004 figures are reported on a different basis to previous years. Drop in the market reflects a re-alignment of the Chinese market statistics

Physical Units (all length formats, millions)

	CD	DVD	Other	Total	% Change
2005	34.1	111.3	12.5	157.9	72.4%
2004	33.1	10.3	19.0	62.4	Not comparable
2003	34.3	39.5	41.9	115.7	36.3%
2002	22.7	30.4	31.8	84.9	25.3%
2001	11.8	21.2	34.5	67.5	Not comparable

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD. Figures are estimates. 2004 figures are reported on a different basis to previous years. Drop in the market reflects a re-alignment of the Chinese market statistics

Repertoire Origin (value)

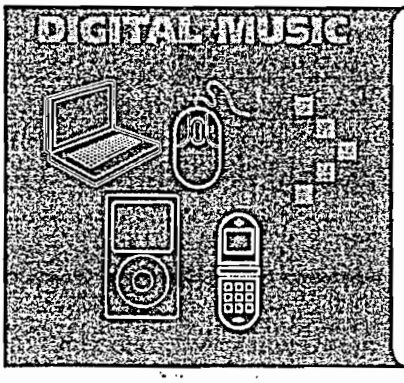


Note: International repertoire accounts for 10% of sales

Value Split (trade)

Format	
CD album	68%
DVD	15%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	17%

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	111.0
Broadband Lines (m)	74.2
Mobile Subscriptions (m)	416.6
Digital sales (trade, $US m)	

ASIA
HONG KONG

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Country Data	
General Information	
Population (millions)	6.9
Per capita GDP ($US)	25,760
Currency	Hong Kong Dollar (HKD)
Language	Chinese (Cantonese)/English
Music Industry	
World ranking (value)	31*
% global value	<1%
Physical piracy level	10-24%

Recorded Music Sales (millions)

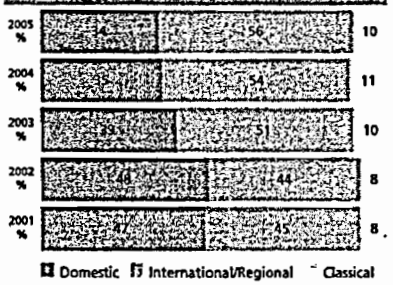
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	66.2	514.8	1.5%	79.4	617.2
2004	67.2	522.7	12.6%	81.2	631.6
2003	76.8	597.8	6.6%	92.8	721.7
2002	82.3	640.2	9.2%	99.5	773.8
2001	90.6	705.0	0.8%	109.2	849.5

Physical Units (all length formats) (millions)

	CD	DVD	Other	Total	% Change
2005	5.8	0.9	0.1	6.8	1.5%
2004	6.1	0.6		6.7	-16.1%
2003	7.2	0.7	0.1	8.0	-7.0%
2002	7.7	0.8	0.1	8.6	-8.5%
2001	8.1	1.2	0.1	9.4	-4.4%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD (20%)

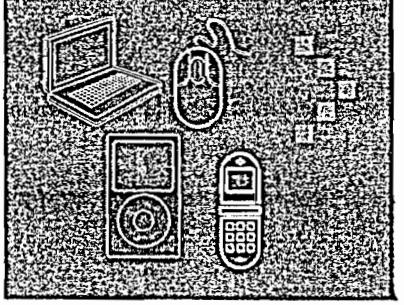
Repertoire Origin (Value)



Value Split (Value)

Format	
CD album	85%
DVD	14%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	1%

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	4.9
Broadband Lines (m)	1.7
Mobile Subscriptions (m)	8.4
Digital Sales (trade, $US m)	

ASIA
INDIA

IMI - The Indian Music Industry
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Country Data	
General Information	
Population (millions)	1,080.3
Per capita GDP ($US)	720
Currency	Indian Rupee (INR)
Language	Hindi
Music Industry	
World ranking (value)	21*
% global value	<1%
Physical piracy level	>50%
Top Independent Labels (alphabetical order)	
Aditya Music (India)	
Saregame India	
Super Cassettes Industries	
Tips Industries Ltd.	
Venus Records & Tapes Ltd.	

Recorded Music Sales (millions)

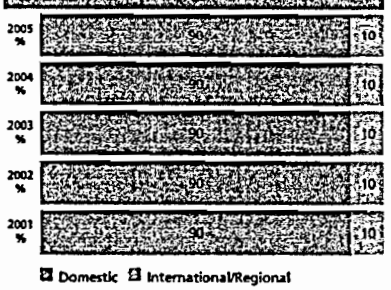
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	111.6	4,921.0	-0.3%	[illegible]	[illegible]
2004	112.0	4,938.0	-2.7%	[illegible]	[illegible]
2003	109.0	4,806.1	-19.7%	[illegible]	[illegible]
2002	135.6	5,982.0	-22.6%	[illegible]	[illegible]
2001	175.2	7,727.0	-15.0%	245.3	[illegible]

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	36.3		67.3	103.6	20.4%
2004	26.2		104.0	130.2	14.9%
2003	15.3		137.7	153.0	10.6%
2002	8.6		162.5	171.1	14.5%
2001	10.0		190.0	200.0	16.6%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

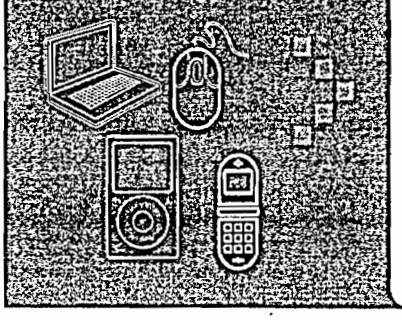
Repertoire Origin (value)



Value Split (trade) %

Format	
CD album	66%
DVD	-
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	34%

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	50.6
Broadband Lines (m)	1.3
Mobile Subscriptions (m)	100.0
Digital Sales (trade, $US m)	

ASIA
INDONESIA

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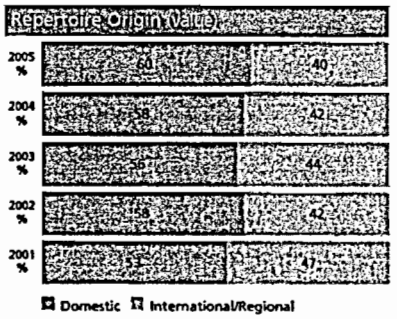
Country Data	
General Information	
Population (millions)	242.0
Per capita GDP ($US)	1,140
Currency	Rupiah (IDR)
Language	Bahasa Indonesia
Music Industry	
World ranking (value)	35*
% global value	<1%
Physical piracy level	>50%
Top Independent Labels (alphabetical order)	
Aquarius Musikindo	
Arga Swara	
Indosemar Sakti	
Musica Studios	
Virgo Ramayana	

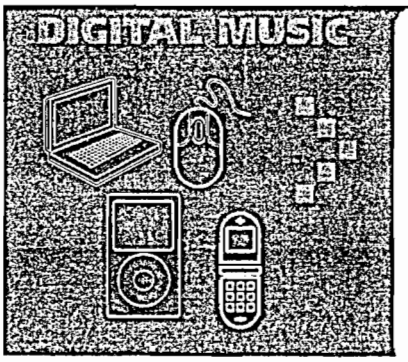
Recorded Music Sales (millions)	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	50.2	486,851.5	15.2%	[illegible]	[illegible]
2004	59.7	574,164.7	14.8%	[illegible]	[illegible]
2003	51.6	500,317.9	7.9%	[illegible]	[illegible]
2002	47.8	463,678.4	18.8%	[illegible]	[illegible]
2001	58.8	570,854.9	47%	[illegible]	761,140.0

Physical Units (all formats - millions)	CD	VCD	Other	Total	% Change
2005	4.4	0.7	25.0	30.1	24.4%
2004	4.6	1.2	34.0	39.8	6.7%
2003	2.6	1.1	33.6	37.3	8.2%
2002	1.8	0.5	32.0	34.3	52.7%
2001	2.0	0.2	48.3	51.0	6.9%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS



Value Split (trade)	
Format	
CD album	34%
VCD	2%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	64%



Digital Indicators	
Internet Users (m)	18.0
Broadband Lines (m)	
Mobile Subscriptions (m)	30.0
Digital Sales (trade, $US m)	

ASIA
JAPAN

Recording Industry Association of Japan (RIAJ)
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Minato-ku, Tokyo 107-0061
T: +81 (3) 6406 0510 F: +81(3) 6406 0520
E: info@riaj.or.jp www.riaj.or.jp

Country Data

General Information	
Population (millions)	127.4
Per capita GDP ($US)	35,880
Currency	Yen (JPY)
Language	Japanese
Music Industry	
World ranking (value)	2nd
% global value	18%
Physical piracy level	<10%
Sales Chart Compiler	
RIAJ	
www.riaj.or.jp	

Top Independent Labels (alphabetical order)

- Avex Marketing Communications Inc.
- Columbia Music Entertainment Inc.
- Geneon Entertainment Inc.
- King Record Co. Ltd.
- Nippon Crown Co. Ltd.
- Pony Canyon Inc.
- Pryaid Records Inc.
- Sony Music Entertainment (Japan) Inc.
- Teichiku Entertainment Inc.
- Tokuma Japan Communications Co. Ltd.
- Vap Inc.
- Victor Entertainment Inc.

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	3,718.4	409,845.9	0.6%		
2004	3,697.2	407,502.9	1.5%		
2003	3,642.7	401,494.5	7.5%		
2002	3,938.5	434,101.0	9.3%		
2001	4,341.4	478,504.5	0.2%		

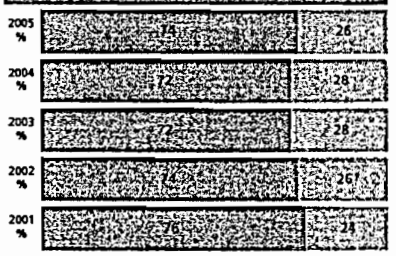
Note: Digital sales included from 2004 onwards

Physical Units (full-length formats, millions)

	CD	DVD	Other	Total	% Change
2005	211.8	20.1	3.6	235.5	3.0%
2004	201.3	20.3	7.0	228.6	11.7%
2003	205.8	18.2	7.2	231.2	7.4%
2002	228.9	11.0	8.9	248.8	9.1%
2001	250.0	8.6	15.0	273.6	5.7%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Note: Classical included in domestic/international - split on page 106

Sales by Age

Students	16%
20-29	23%
30-39	22%
40-49	20%
50-59	12%
60-69	7%

Note: Student category also includes students over 20 years old

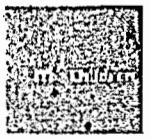
Singles Units (millions)

	Physical	Digital	% Digital
2005	63.3	12.1	16%
2004	81.3	2.4	3%

Value Split (trade)

Format	
CD album	70%
DVD	11%
Digital (online, mobile)	7%
Other (physical singles, LP, MC, VHS)	12%

ASIA
JAPAN



Top 10

Top 10 Albums

Artist	Title	Label/Company
Ken Hirai	Ken Hirai 10th Anniversary Complete Single Collection '95-'05	DefSTAR Records
Ketsumeishi	Ketsunopolis 4	Toy's Factory
Exile	Perfect Best	Avex Entertainment
BoA	Best Of Soul	Avex Entertainment
Mr. Children	Four Dimensions	Toy's Factory
Mr. Children	I Love U	Toy's Factory
Kumi Koda	Best First Things	Avex Entertainment
Southern All Stars	Killer Street	Victor Entertainment
Orange Range	Natural	Sony Music
B'z	B'z The Best "Pleasure II"	Vermillion Records
Mika Nakashima	Best	Sony Music Associated Records

Note: Based on Platinum certifications

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	100,000	95	114
Platinum	250,000	35	40
Multi-platinum		30	26

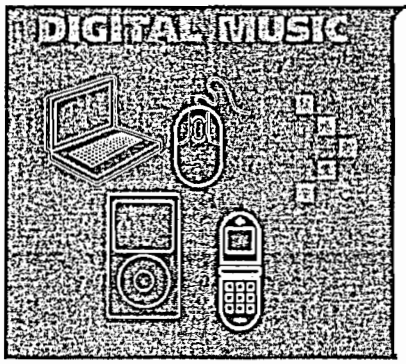
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	100,000	89	92
Platinum	250,000	37	32
Multi-platinum		11	8

Certification Awards (DVD Music Video)

	Sales Level	2005	2004
Gold	100,000	11	11
Platinum	250,000	2	1

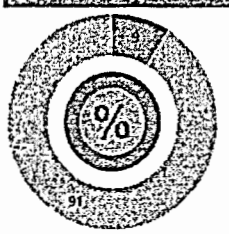
DIGITAL MUSIC



Digital Indicators

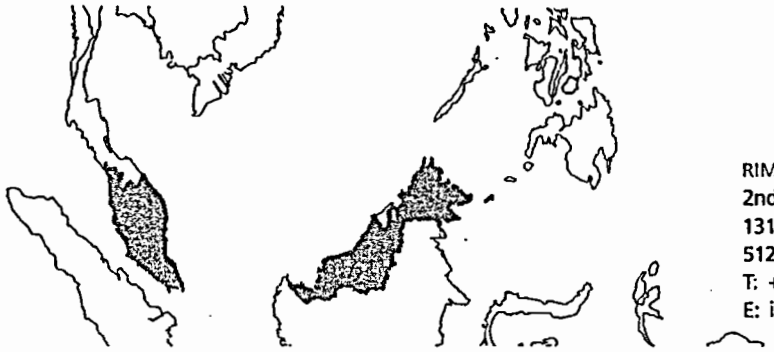
Internet Users (m)	186.1
Broadband Lines (m)	23.5
Mobile Subscriptions (m)	93.9
Digital Sales (trade, $US m)	277.5

Digital Sales by Channel (value)



Online
Mobile

Note: Online includes subscription revenues



ASIA
MALAYSIA

RIM - Recording Industry Association of Malaysia
2nd Floor, Wisma Hiap Lee
131-2 & 133-2, Jalan Segambut
51200 Kuala Lumpur
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E: info@rim.org.my www.rim.org.my

Country Data

General Information	
Population (millions)	24.0
Per capita GDP ($US)	5,460
Currency	Ringgit (MYR)
Language	Bahasa Melayu
Music Industry	
World ranking (value)	41*
% global value	<1%
Physical piracy level	25-50%
Top Independent Labels (alphabetical order)	
Hup Hup Sdn. Bhd.	
Interglobal Music (Malaysia) Sdn. Bhd.	
New Southern Records Sdn. Bhd.	
Rock Rocords (M) Sdn. Bhd.	
Suwah Enterprise (M) Sdn. Bhd.	

Recorded Music Sales (millions)

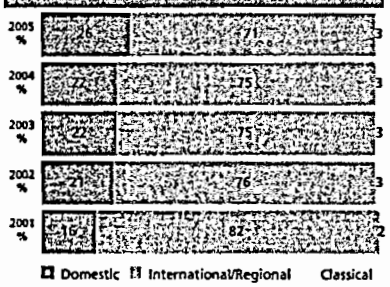
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	23.1	87.4	9.9%	[illegible]	107.8
2004	25.6	97.0	0.8%	[illegible]	122.6
2003	25.4	96.2	4.9%	[illegible]	123.9
2002	24.2	91.7	Not comparable	[illegible]	114.7
2001	34.5	130.9	18.1%	43.2	163.6

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	Change
2005	2.2	0.7	1.4	4.3	-17.3%
2004	2.3	0.7	2.2	5.2	3.7%
2003	2.2	0.4	2.8	5.4	1.9%
2002	1.9	0.3	3.1	5.3	Not comparable
2001	2.8	0.3	4.8	7.9	16.8%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD. 2002 figures not comparable to previous year. 2004 figures are reported on a different basis to previous years

Repertoire Origin (value)



Basis: Artist nationality

Sales by Genre

Pop/MOR	50%
Rock/Metal	23%
R&B/Urban	10%
Classical	5%
Rap/Hip Hop	5%
Jazz/Blues	2%
World	1%
Oldies	1%
Soundtracks	1%
Country/Traditional	1%
Religious	1%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.7	15%	19%
Top 50	1.5	20%	42%

Value Split (trade %)

Format	
CD album	71%
DVD	11%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	18%

Note: DVD includes VCD (98%)

Sales by Age

0-9	1%
10-14	8%
15-19	28%
20-24	20%
25-29	22%
30-39	16%
40-49	4%
50-59	1%

Source: RIM

ASIA
MALAYSIA

Top 10s

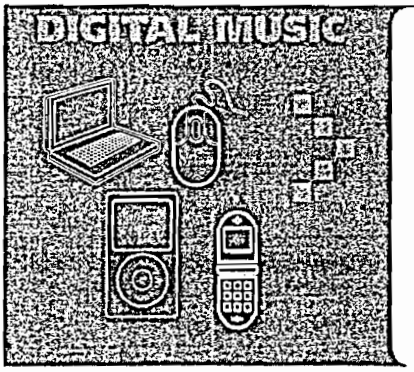
Top 10 Albums

Artist	Title	Label/Company
Coldplay	X&Y	EMI
Destiny's Child	#1's	Sony Urban
Jamal Abdillah	Aku Penghibur	Warner Music Malaysia
Various	Rock Dulu-Dulu	Sony BMG Music
Various	The Greatest Love Of All	Warner Strategic
Crazy Frog	Crazy Hits	Warner Music Int'l
The Offspring	Greatest Hits	Columbia
Robbie Williams	Intensive Care	EMI
Various	The Original Crazy Frog Dance Hits	Warner Strategic
Spider	Nazraku	Luncal Emas

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	15,000	1	4
Platinum	25,000	23	5
Multi-platinum		2	2

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	10.0
Broadband Lines (m)	
Mobile Subscriptions (m)	17.6
Digital Sales (trade $US m)	

ASIA
PHILIPPINES

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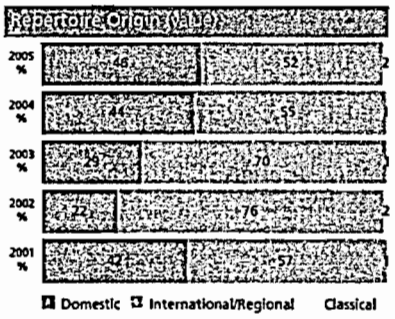
Country Data	
General Information	
Population (millions)	87.9
Per capita GDP ($US)	1,110
Currency	Philippine Peso (PHP)
Language	Filipino/English
Music Industry	
World ranking (value)	42nd
% global value	<1%
Physical piracy level	25-50%
Top Independent Labels (alphabetical order)	
Alpha Music Corporation	
Star Recording Inc.	
Universal Records	
Victor Music Corporation	
Viva Records	

Recorded Music Sales (millions)	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Chng	$US Fixed	Local Currency
2005	19.1	1,050.9	3.2%	24.8	1,368.0
2004	18.5	1,018.0	1.13%	24.0	1,320.0
2003	20.8	1,147.5	10.7%	27	1,519
2002	18.8	1,036.4	15.0%	26	1,463.4
2001	22.1	1,219.0	Not comparable	30.9	1,702.0

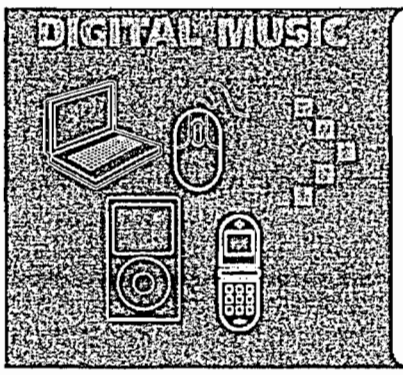
Physical Units (full length formats, millions)	CD	DVD/VCD	Other	Total	% Change
2005	3.6	0.6	0.5	4.7	20.3%
2004	3.7	0.7	1.5	5.9	14.5%
2003	3.2	1.3	2.4	6.9	21.1%
2002	2.8	0.1	2.8	5.7	24.6%
2001	1.8	0.1	5.7	7.6	Not comparable

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2005 figures are reported on a different basis compared to previous years



Value Split (trade) %	
Format	
CD album	82%
DVD/VCD	8%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	10%

Certification Awards (Albums)	Sales Level	2005	2004
Gold	15,000	43	31
Platinum	30,000	30	28



Digital Indicators	
Internet Users (m)	7.8
Broadband Lines (m)	
Mobile Subscriptions (m)	34.8
Digital Sales (trade, $US m)	

ASIA
SINGAPORE

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E: info@rias.org.sg www.rias.org.sg

Country Data

General Information	
Population (millions)	4.4
Per capita GDP ($US)	26,640
Currency	Singapore Dollar (SGD)
Language	English/Chinese/Malay/Tamil
Music Industry	
World ranking (value)	37th
% global value	<1%
Physical piracy level	<10%
Top Independent Labels (alphabetical order)	
EQ Music Pte. Ltd.	
HIM International Music Pte Ltd.	
Life Records Industries Pte. Ltd.	
Ocean Butterfly	
Rock Records (S) Ltd.	

Recorded Music Sales (millions)

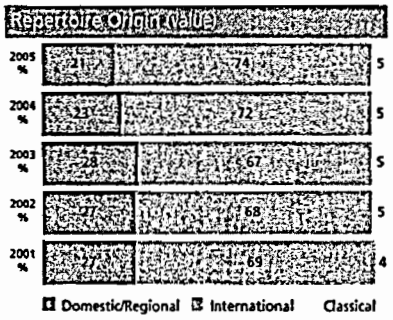
	Trade Revenues			Retail Revenues	
	$US fixed	Local Currency	% Change	$US fixed	Local Currency
2005	33.1	54.9	-13.5%	38.5	61.6
2004	38.2	63.4	-8.9%	46.4	77.4
2003	42.0	69.7	-3.8%	51.4	85.3
2002	43.6	72.4	-2.9%	53.3	88.5
2001	42.4	70.3	-5.9%	51.6	86.7

Physical Units (all recorded formats, millions)

	CD	DVD	Other	Total	% Change
2005	4.6	0.2		4.8	-14.3%
2004	4.0	0.2		4.2	-8.7%
2003	4.4	0.2		4.6	-8.0%
2002	4.8	0.2		5.0	-8.7%
2001	4.3	0.3		4.6	-4.5%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD (30%)

Repertoire Origin (value)



Value Split (trade)

Format	
CD album	92%
DVD	7%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	1%

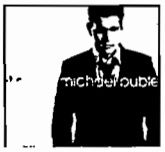
Note: DVD includes VCD

Top Sellers (international albums)

	Million Units	% Change	% of Total Album
Top 10	0.3	-15%	6%
Top 50	0.6	-25%	14%

Top Sellers (regional albums)

	Million Units	% Change	% of Total Album
Top 10	0.2	-27%	4%
Top 50	0.5	-27%	10%



Top 10

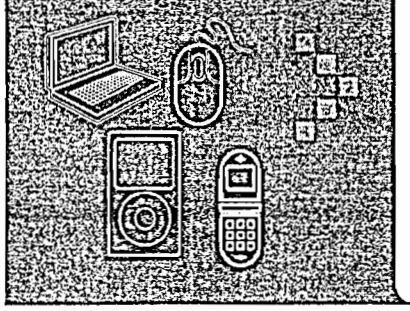
Top 10 International Albums

Artist	Title	Label/Company
Coldplay	X&Y	EMI
Gorillaz	Demon Days	EMI
Michael Bublé	It's Time	Warner
Robbie Williams	Intensive Care	EMI
Taufik	Blessings	Sony BMG
Various Artists	Greatest Love Of All	Warner
James Blunt	Back To Bedlam	Warner
Madonna	Confessions On A Dancefloor	Warner
Il Divo	Ancora	Sony BMG
Jennifer Lopez	Rebirth	Sony BMG

Top 10 Regional Albums

Artist	Title	Label/Company
Jay Chou	November's Chopin	Sony BMG
Jay Chou	Incomparable Live 2004	Warner
Various Artists	K Ge Shu Bu Qing	Music Street
Ocean	Zai Jian Liu Se Cai Hong	Music Street
David Tao	The Great Leap 2005	EMI
Jolin Tsai	J-Game	Sony BMG
Sylvester Sim	Take Flight	Sony BMG
Joi Cai Chun Jia	You Yi Tian Wo Hui	Music Street
Various Artists	City Harvest's Cross	Universal
Various Artists	Super 2004-2005	Rock

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	2.4
Broadband Lines (m)	
Mobile Subscriptions (m)	4.3
Digital Sales (trade, $US m)	

ASIA
SOUTH KOREA

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Country Data

General Information	
Population (millions)	48.4
Per capita GDP ($US)	16,380
Currency	South Korean Won (KRW)
Language	Korean
Music Industry	
World ranking (value)	29th
% global value	<1%
Physical piracy level	10-24%
Sales Chart Compiler	
RIAK	
Top Independent Labels (alphabetical order)	
Doremi Media	
SM Entertainment	
YBM Seoul Records	
Yedang Entertainment	
YeJeon Entertainment	

Recorded Music Sales (millions)

	Trade Revenue			Retail Revenues	
	US Fixed	Local Currency	Change	US Fixed	Local Currency
2005	89.2	91,314.6	7.4%	132.4	135,593.5
2004	96.9	98,585.4	22.0%	139.6	142,448.8
2003	123.4	126,338.5	33.9%	178.9	183,190.9
2002	186.7	191,209.6	19.2%	270.7	277,254.0
2001	231.1	236,635.6	1.2%	335.0	343,121.6

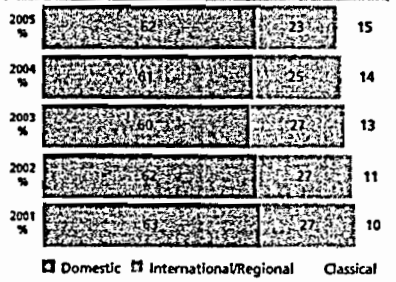
Note: Digital sales included in 2005

Physical Units (of length format) (millions)

	CD	DVD	Other	Total	% Change
2005	9.4	0.2	1.0	10.6	-20.3%
2004	10.9	0.1	2.5	13.3	-29.3%
2003	14.9	0.2	3.7	18.8	-34.9%
2002	21.4	0.4	7.1	28.9	-30.4%
2001	25.4		16.1	41.5	-7.6%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Basis: Artist nationality

Sales by Genre

Pop/MOR	28%
R&B/Urban	15%
Classical	10%
Soundtracks	10%
New Age	7%
Oldies	7%
Jazz/Blues	5%
Dance	4%
Rock/Metal	4%
Rap/Hip Hop	4%
Country/Traditional	2%
Religious	2%
Children's	1%
World	1%

Singles Units (millions)

	Physical	Digital	% Digital
2005	0.1	12.2	99%
2004	0.1		

Note: Digital sales included in 2005

Sales by Age

10-14	10%
15-19	14%
20-24	10%
25-29	23%
30-39	25%
40-49	10%
50-59	5%
60+	3%

Source: IFPI Asia Regional Office

Value Split (trade)

Format	
CD album	79%
DVD	2%
Digital (online, mobile)	13%
Other (physical singles, LP, MC, VHS)	5%

ASIA
SOUTH KOREA

Top 10

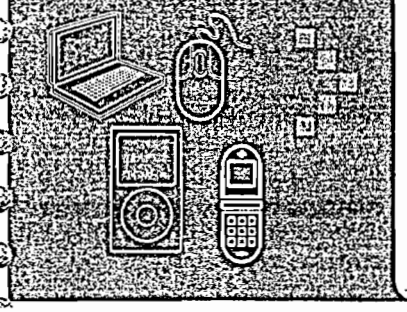
Top 10 International Albums

Artist	Title	Label/Company
Lim Hyung-Ju	The Lotus	Synnara Music
Sweetbox	Best Of 1995 - 2005	Sony BMG
The Phantom of the Opera	The Phantom Of The Opera	Sony BMG
Britney Spears	My Prerogative: The Greatest Hits	Sony BMG
BoA	Best Of Soul	SM Entertainment
Lim Hyung-Ju	Misty Moon	Sony BMG
Kenny G	At Last...The Duets Album	Sony BMG
TVXQI	Stay With Me Tonight	SM Entertainment
Abba	The Best Of Abba	Universal
TVXQI	Somebody To Love	SM Entertainment

Top 10 Regional Albums

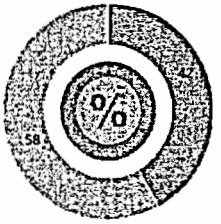
Artist	Title	Label/Company
SG Wannabe	Crime And Punishment	Doremi Media
Kim Jong-Kook	Marking Time	EMI
Buzz	Coward	YeJeon Media
TVXQI	Rising Sun	SM Entertainment
Shin Hye-Sung	Don't Go Away	EMI
Big Mama	Woman	EMI
Jo Sung-Mo	Tears	T Entertainment
Wheesung	Good-Bye Luv...	Yedang Entertainment
SG Wannabe	Jewel Box In My Heart	Doremi Media
Yoon Do-Hyun	It Must Have Been Love	YBM Seoul Records

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	33.9
Broadband Lines (m)	12.5
Mobile Subscriptions (m)	38.2
Digital Sales (trade $US m)	11.8

Digital Sales by Channel (value)



Online
Mobile

Note: Online includes subscription revenues

ASIA
TAIWAN

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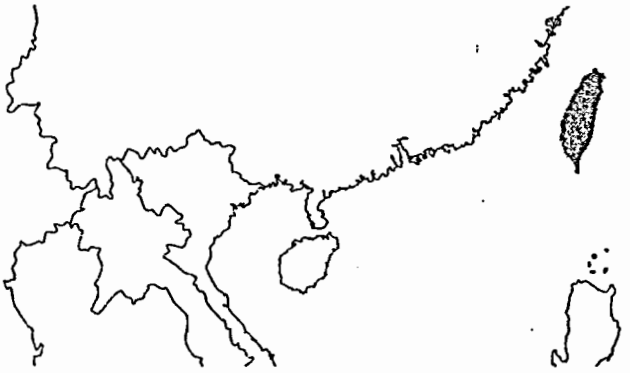


Country Data	
General Information	
Population (millions)	22.9
Per capita GDP ($US)	15,120
Currency	New Taiwan Dollar (TWD)
Language	Chinese (Mandarin)
Music Industry	
World ranking (value)	23rd
% global value	<1%
Physical piracy level	25-50%

Recorded Music Sales (million)

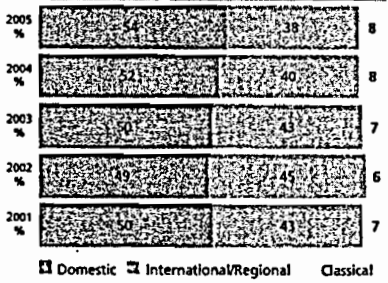
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	99.7	3,210.5	25.9%	190.1	5,[illegible]
2004	134.6	4,334.6	11%	148.1	4,768.1
2003	136.11	4,382.7	13.8%	149.7	4,821.1
2002	157.9	5,083.1	9.7%	173.6	5,591.4
2001	174.9	5,630.8	17.3%	192.4	6,193.9

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	Change
2005	9.4	0.5	0.1	10.0	Not comparable
2004	14.9	0.7	0.1	15.7	1.9%
2003	15.1	0.7	0.2	16.0	16.2%
2002	16.6	1.3	1.2	19.1	-6.1%
2001	17.5		0.5	18.0	-32.1%

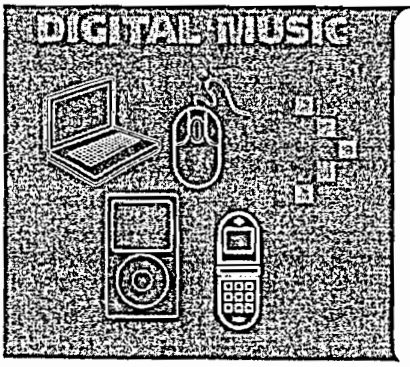
Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD (32%). 2005 volume figures not comparable to previous year due to a change in reporting basis

Repertoire Origin (value)



Value Split (trade)

Format	
CD album	90%
DVD	7%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	3%



Digital Indicators	
Internet Users (m)	13.8
Broadband Lines (m)	4.4
Mobile Subscriptions (m)	21.8
Digital Sales (trade $US m)	-

ASIA
THAILAND

Thai Entertainment Content Trade Association (TECA)
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Bangkok 10320
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E: ifpithai@truemail.co.th

Country Data

General Information	
Population (millions)	65.4
Per capita GDP ($US)	2,580
Currency	Baht (THB)
Language	Thai
Music Industry	
World ranking (value)	30th
% global value	<1%
Physical piracy level	25-50%
Top Independent Labels (alphabetical order)	
GMM Grammy Public Co. Ltd	
Mangpong Public Co. Ltd.	
RS. Promotion Public Co. Ltd.	
Submarine Record Co. Ltd.	
Sureaudio Co. Ltd.	

Recorded Music Sales (millions)

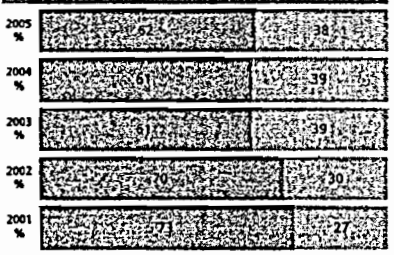
	Trade Revenue			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	77.2	3,103.1	19.7%	106.3	4,275.9
2004	96.1	3,865.9	0.0%	131.7	5,697.4
2003	96.1	3,867.2	-2.0%	134.2	5,397.1
2002	98.1	3,947.0	18.5%	139.0	5,592.0
2001	82.8	3,330.5	Not comparable	123.3	4,958.2

Physical Units (all formats) (millions)

	CD	DVD	Other	Total	% Change
2005	11.8	10.9	5.3	28.0	20.5%
2004	11.8	15.6	7.8	35.2	9.3%
2003	9.1	15.6	14.1	38.8	12.2%
2002	9.7	15.2	19.3	44.2	10.2%
2001	7.7	4.4	28.0	40.1	3.8%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. DVD includes VCD

Repertoire Origin (value)



Value Split (trade)

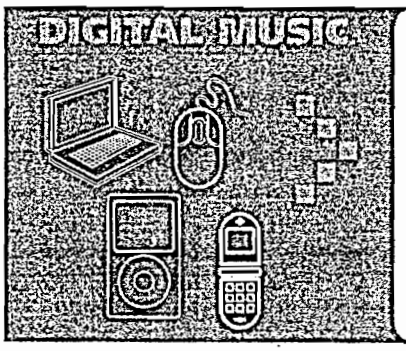
Format	
CD album	48%
DVD	41%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	11%

Top 10

Top 10 Albums

Artist	Title	Label/Company
Madonna	Confessions On A Dancefloor	Warner
Eminem	Curtain Call - The Hits	UMG
The Black Eyed Peas	Monkey Business	UMG
Jennifer Lopez	Rebirth	Sony BMG
Tata Young	I Believe/Thank You Edition	Sony BMG
The Backstreet Boys	Never Gone	Sony BMG
CCR	Best Of CCR	EMI
Keith Urban	Days Go By	EMI
Robbie Williams	Intensive Care	EMI
Coldplay	X&Y	EMI

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	8.4
Broadband Lines (m)	
Mobile Subscriptions (m)	32.4
Digital Sales (trade, $US m)	

AUSTRALASIA
AUSTRALIA

Australian Recording Industry Association (ARIA)
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E: aria.mail@aria.com.au www.aria.com.au

Country Data

General Information	
Population (millions)	20.1
Per capita GDP ($US)	35,240
Currency	Australian Dollar (AUD)
Language	English
Music Industry	
World ranking (value)	7th
% global value	2%
Physical piracy level	<10%
Sales Chart Compiler	
ARIA	
www.aria.com.au	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	444.0	576.4	9.9%	[illegible]	[illegible]
2004	488.1	639.5	5.9%	[illegible]	[illegible]
2003	518.5	679.2	5.9%	[illegible]	[illegible]
2002	489.4	641.1	5.9%	[illegible]	[illegible]
2001	520.0	681.3	11.1%	794.5	1,040.8

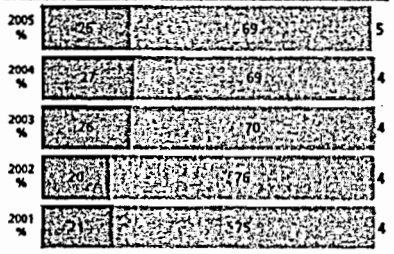
Note: Digital sales included from 2004 onwards

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	37.8	3.8	0.2	41.8	5.9%
2004	39.5	4.5	0.4	44.4	6.1%
2003	41.6	5.1	0.6	47.3	11.8%
2002	39.0	2.4	0.9	42.3	2.1%
2001	41.4	0.8	1.0	43.2	12.5%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)



Sales by Genre

Pop/Rock	82%
Classical	5%
Dance	4%
Country/Folk	3%
Easy Listening/Nostalgic	3%
Jazz/Big Band/Swing	1%
Soul/R&B	1%
Other	1%

Singles Units (millions)

	Physical	Digital	% Digital
2005	7.8	2.1	21%
2004	9.6	0.5	5%

Top Sellers (albums)

	Million Units	% Change	% of Total Album
Top 10	2.6	9%	6%
Top 50	7.0	7%	16%
Top 100	9.3	6%	21%
Top 200	11.2	[illegible]	25%

Value Split (trade)

Format	
CD album	83%
DVD	10%
Digital (online, mobile)	2%
Other (physical singles, LP, MC, VHS)	5%

AUSTRALASIA
AUSTRALIA

Top 10

Top 10 Albums

Artist	Title	Label/Company
Missy Higgins	The Sound Of White	ELEV/EMI
Kelly Clarkson	Breakaway	SBMG
Michael Bublé	It's Time	Warner
Gwen Stefani	Love.Angel.Music.Baby	INR/UMA
The Black Eyed Peas	Monkey Business	UMA
Green Day	American Idiot	Warner
Jack Johnson	In Between Dreams	UMA
Coldplay	X&Y	CAP/EMI
James Blunt	Back To Bedlam	EW/WAR
Foo Fighters	In Your Honor	SBMG

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	35,000	97	98
Platinum	70,000	52	66
Multi-platinum	[illegible]	60	58

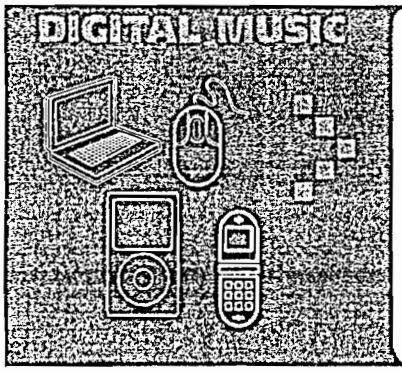
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	35,000	43	55
Platinum	70,000	34	43
Multi-platinum		5	17

Certification Awards (DVD Music Video)

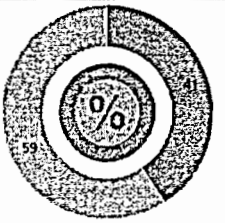
	Sales Level	2005	2004
Gold	7,500	43	49
Platinum	15,000	25	50
Multi-platinum		31	44

DIGITAL MUSIC



Digital Indicator	
Internet Users (m)	14.2
Broadband Lines (m)	3.1
Mobile Subscriptions (m)	18.1
Digital Sales (trade, $US m)	7.5

Digital Sales by Channel (value)



Note: Online includes subscription revenues

AUSTRALASIA
NEW ZEALAND

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T: +64 (9) 360 5085 F: +64 (9) 360 5086
E: music@rianz.org.nz www.rianz.org.nz
www.nzmusic.org.nz

Country Data

General Information	
Population (millions)	4.0
Per capita GDP ($US)	26,890
Currency	New Zealand Dollar (NZD)
Language	English
Music Industry	
World ranking (value)	28th
% global value	<1%
Physical piracy level	<10%
Sales Chart Compiler	
Media Sauce/RIANZ	
www.rianz.org.nz	
www.nztop40.com	

Top Independent Labels (alphabetical order)

- Border Music Ltd
- Dawn Raid Entertainment
- Dirty Records
- Global Routes 2000 Ltd
- King Music
- Loop Recordings
- Mai Music Ltd
- Rhythmethod Ltd
- Shock Records
- Siren records

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	77.5	111.0	1.7%	[illegible]	[illegible]
2004	78.8	111.9	7.4%	[illegible]	[illegible]
2003	85.1	120.8	3.6%	[illegible]	[illegible]
2002	88.2	125.5	2.6%	[illegible]	[illegible]
2001	90.1	128.0	4.9%	[illegible]	[illegible]

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	6.7	0.5	[illegible]	7.2	1.4%
2004	6.7	0.5	0.1	7.3	1.3%
2003	6.9	0.6	0.1	7.6	5.0%
2002	7.6	0.2	0.2	8.0	1.2%
2001	7.6	0.1	0.4	8.1	2.5%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Repertoire Origin (value)

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.6	[illegible]	9%
Top 50	1.6	[illegible]	24%
Top 100	2.1	[illegible]	31%

Value Split (trade)

Format	
CD album	90%
DVD	9%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	1%

AUSTRALASIA
NEW ZEALAND

Top 10

Top 10 Albums

Artist	Title	Label/Company
James Blunt	Back To Bedlam	Warner
Fat Freddy's Drop	Based On A True Story	Thedrop/Rhythmethod
Coldplay	X&Y	Capitol/EMI
Jack Johnson	In Between Dreams	Universal
The Black Eyed Peas	Monkey Business	Universal
Foo Fighters	In Your Honor	Sony BMG
Eminem	Curtain Call - The Hits	Universal
Hayley Westenra	Odyssey	Universal
Kelly Clarkson	Breakaway	Sony BMG
Crazy Frog	Crazy Hits	Warner

Certification Awards (Albums)

	Sales Level	2005	2004
Gold	7,500	100	105
Platinum	15,000	205	137

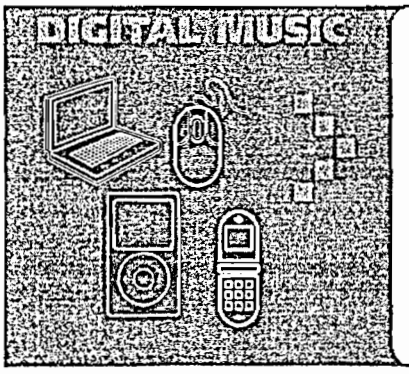
Certification Awards (Physical Singles)

	Sales Level	2005	2004
Gold	5,000	35	33
Platinum	10,000	10	18

Certification Awards (DVD Music Video)

	Sales Level	2005	2004
Gold	7,500	22	25
Platinum	15,000	31	31

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	3.7
Broadband Lines (m)	
Mobile Subscriptions (m)	3.4
Digital Sales (trade $US m)	

LATIN AMERICA
ARGENTINA

CAPIF - Cámara Argentina de Productores de Fonogramas y Videogramas
Lavalle 534, Piso 4
C1047AAL Capital Federal
T: +54 (11) 4326 6464 F: +54 (11) 4326 7830
E: capif@capif.org.ar www.capif.org.ar

Country Data	
General Information	
Population (millions)	39.5
Per capita GDP ($US)	4,595
Currency	Peso (ARP)
Language	Spanish
Music Industry	
World ranking (value)	34*
% global value	<1%
Physical piracy level	>50%
Top Independent Labels (alphabetical order)	
EPSA Music	
Distribuidora Belgrano Norte	
Leader Music	
Music Brokers	
Pelo Music	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	51.4	149.1	28.2%	108.2	313.9
2004	40.1	116.3	24.3%	84.4	244.9
2003	32.3	93.6	77.7%	69.3	200.9
2002	18.2	52.7	21.6%	45.5	131.7
2001	23.2	67.2	36.4%	45.4	131.7

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	Change
2005	13.8	0.6	0.5	14.9	21.1%
2004	11.4	0.3	0.6	12.3	18.8%
2003	10.4	0.1	0.8	11.3	83.4%
2002	5.5	0.1	0.6	6.2	-44.5%
2001	9.4		1.7	11.1	30.6%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. Volume figures are reported on a different basis from 2004 onwards

Repertoire Origin (Value)

Top Sellers (Albums)

	Million Units	% Change	% of Total Albums
Top 10	0.8	20%	5%
Top 50	2.2	5%	15%
Top 100	3.0	3%	20%

Value Split (trade)

Format	
CD album	90%
DVD	9%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	1%

LATIN AMERICA ARGENTINA

Top 10s

Top 10 Albums

Artist	Title	Label/Company
Floricienta Y Su Banda	Floricienta	EMI
Shakira	Fijación Oral Volumen 1	Sony BMG
Ricardo Arjona	Adentro	Sony BMG
Coldplay	X&Y	EMI
Joaquin Sabina	Alivio De Luto	Sony BMG
Il Divo	Il Divo	Sony BMG
Bersuit Vergarabat	Testosterona	Universal
Green Day	American Idiot	Warner
Jorge Rojas	La Vida	EMI
Floricienta Y Su Banda	Floricienta Y Su Banda	Sony BMG - Cris Morena Group

Certification Awards (Albums)

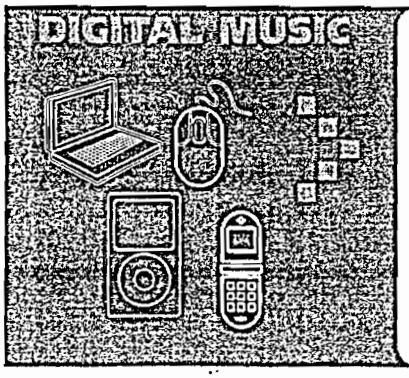
	Sales Level	2005	2004
Gold	20,000	45	30
Platinum	40,000	25	2
Multi-platinum		22	17

Note: Album sales levels changed in 2005 from 30,000 (Gold) and 60,000 (Platinum)

Certification Awards (DVD Music Videos)

	Sales Level	2005	2004
Gold	2,000	4	7
Platinum	4,000	1	1
Multi-platinum		2	2

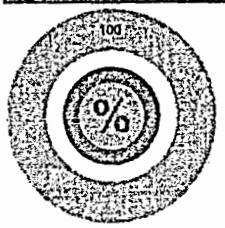
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	10.0
Broadband Lines (m)	0.9
Mobile Subscriptions (m)	20.4
Digital Sales (trade, $US m)	0.2

Digital Sales by Channel (value)



LATIN AMERICA
BRAZIL

ABPD - Associacao Brasileira dos Produtores de Discos
Rua Marquês de São Vicente, 99 - 1 andar
Gávea - Rio de Janeiro
RJ CEP 22451-041
T: +55 (21) 2512 9908 F: +55 (21) 2259 4145
E: abpd@abpd.org.br www.abpd.org.br

Country Data	
General Information	
Population (millions)	186.1
Per capita GDP ($US)	4,260
Currency	Real (BRL)
Language	Portuguese
Music Industry	
World ranking (value)	10th
% global value	1%
Physical piracy level	25-50%
Sales Chart Compiler	
ABPD	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	265.4	645.0	12.3%	394.2	9.7
2004	302.8	735.7	17.5%	451.2	1,096.3
2003	257.6	626.0	17.4%	386.4	939.0
2002	311.7	757.4	7.4%	467.2	1,136.1
2001	290.2	705.1	20.2%	435.2	1,057.6

Note: Digital sales included from 2004 onwards

Physical Units (full length formats millions)

	CD	DVD	Other	Total	% Change
2005	42.3	6.5	4.5	53.3	-19.2%
2004	51.5	7.6	6.9	66.0	18.3%
2003	54.2	3.3	0.1	55.8	-25.0%
2002	79.5	2.8	0.4	82.7	3.4%
2001	78.2	1.7	0.1	80.0	-23.2%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2003 volume figures are reported on a different basis to previous years. Actual growth indicated

Sales by Genre

Pop/Rock	34%
Country	13%
Gospel	13%
Pagode/Samba	11%
Regional Music/Forro	10%
MPB (Brazilian Popular Music)	8%
Axé Music	4%
Children's	2%
Classical	2%
Other	3%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	5.2	58%	10%

Value Split (trade) %

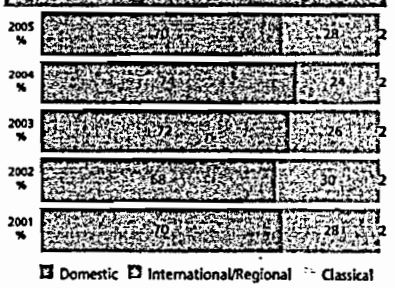
Format	
CD album	73%
DVD	25%
Digital (online, mobile)	1%
Other (physical singles, LP, MC, VHS)	1%

Sales by Age

12-17	10%
18-25	22%
26-35	31%
36-45	17%
46-55	10%
56+	10%

Source: ABPD

Repertoire Origin (value)



LATIN AMERICA
BRAZIL

Top 10

Top 10 Albums

Artist	Title	Label/Company
Ana Carolina	Perfil - Ana Carolina	Sony BMG/Globo
Ivete Sangalo	As Super Novas	Universal Music
Bruno e Marrone	Meu Presente É Você	Sony BMG
Zezé Di Camargo & Luciano	Zezé Di Camargo & Luciano 2005	Sony BMG
Maria Rita	Segundo	Warner Music
Vários	América	SomLivre
Xuxa	Xuxa Festa	SomLivre
Roberto Carlos	Roberto Carlos 2005	Sony BMG
Vários	Summer Eletrohits	SomLivre
Leonardo	Leonardo Canta Grandes Sucessos	Sony BMG

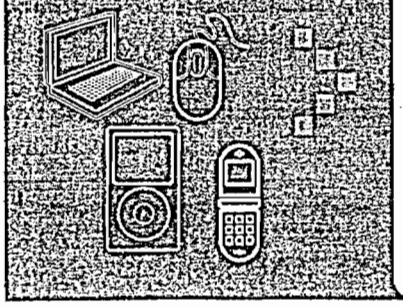
Certification Awards (Albums)

	Sales Level	2005	2004
Gold	50,000	86	107
Platinum	125,000	31	27
Multi-platinum		10	98
Diamond	500,000	5	4

Certification Awards (DVD Music Video)

	Sales Level	2005	2004
Gold	25,000	48	62
Platinum	50,000	24	27
Diamond	100,000	8	10

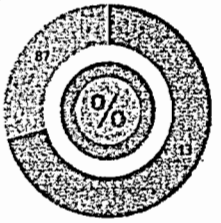
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	25.9
Broadband Lines (m)	3.5
Mobile Subscriptions (m)	85.2
Digital Sales (trade, $US m)	1.7

Digital Sales by Channel (%)



Note: Online includes subscription revenues

LATIN AMERICA
CHILE

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Av Antonio Varas No. 2043
Providencia, Santiago
T: +56 (2) 379 3890 F: +56 (2) 434 0015
E: fonograficos@ifpichile.cl www.ifpichile.cl

Country Data

General Information	
Population (millions)	16.0
Per capita GDP ($US)	7,135
Currency	Chilean Peso (CLP)
Language	Spanish
Music Industry	
World ranking (value)	40th
% global value	<1%
Physical piracy level	>50%
Top Independent Labels (alphabetical order)	
Alrece	
ChileFilms	
Mazapan	
Producciones Star Sound	
Sur Multimedia	

Repertoire Origin (value)

Basis: Artist nationality

Value Split (trade)

Format	
CD album	73%
DVD	25%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	2%

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	24.1	13,514.0	-4.5%	38.8	21,710.5
2004	25.3	14,153.5	16.9%	40.6	23,797.7
2003	30.4	17,027.0	12.0%	44.9	25,131.9
2002	34.6	19,357.2	14.0%	55.1	30,836.0
2001	30.3	16,974.2	-23.3%	48.3	27,039.8

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	4.1	0.9	0.4	5.4	-12.5%
2004	4.0	0.5	0.3	4.8	-15.8%
2003	4.7	0.4	0.6	5.7	-20.8%
2002	5.9	0.2	1.1	7.2	-26.3%
2001	4.0		1.7	5.7	-18.6%

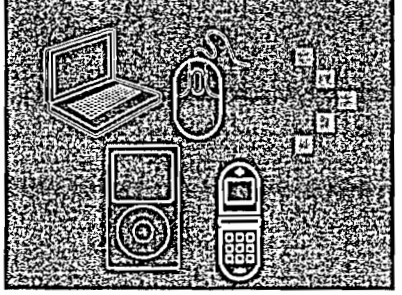
Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Top 10

Top 10 Albums

Artist	Title	Label/Company
Marco Antonio Solis	La Historia Continúa	Universal Music
Kudai	Vuelo	EMI Music
Reggeton Boys	Nos Fuimos A Fuegote, Perreando Y Sandungueando	Warner
Oreja de van Gohg	Lo Que Te Conté Mientras Dormías	Sony BMG
Mario Guerrero	Mario Guerrero	Warner
Juanes	Mi Sangre	Universal Music
Shakira	Fijación Oral Volumen 1	Sony BMG
Mazapán	Mundo Mazapán	EMI Music
Montserrat	La Chica De Rojo	Warner
Daniela Castillo	Daniela Castillo	Warner

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	5.6
Broadband Lines (m)	
Mobile Subscriptions (m)	10.9
Digital Sales (trade, $US m)	

LATIN AMERICA
COLOMBIA

ANDI/APDIF
Calle 73 No. 8-13, Piso 7
Bogota, D.C.

Country Data	
General Information	
Population (millions)	43.0
Per capita GDP ($US)	2,845
Currency	Colombian Peso (COP)
Language	Spanish
Music Industry	
World ranking (value)	38th
% global value	<1%
Physical piracy level	>50%

Recorded Music Sales (millions)

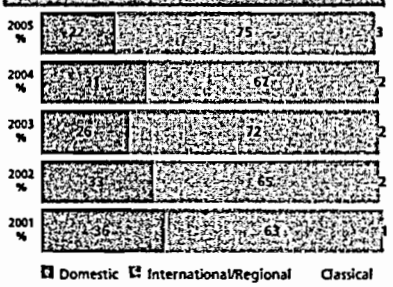
	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	Change	$US Fixed	Local Currency
2005	27.0	62,636.3	5.7%	58.0	134,664.6
2004	25.5	59,284.9	-7.6%	54.9	127,459.2
2003	27.6	64,142.0	-17.3%	59.4	137,901.8
2002	33.4	77,589.9	-27.1%	71.9	166,814.0
2001	45.9	106,489.8	Not comparable	98.7	228,953.2

Physical Units (full length formats, millions)

	CD	DVD	Other	Total	% Change
2005	6.7	0.3	0.2	7.2	22.0%
2004	5.6	0.3		5.9	-15.6%
2003	6.7	0.1	0.2	7.0	9.2%
2002	6.2		0.2	6.4	-38.8%
2001	10.1		0.4	10.5	24.5%

Notes: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS. 2002 volume figures reported on a different basis to previous years. Actual % change indicated

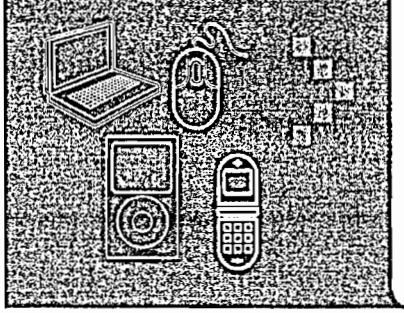
Repertoire Origin (value)



Value Split (trade)

Format	
CD album	87%
DVD	10%
Digital (online, mobile)	-
Other (physical singles, LP, MC, VHS)	3%

DIGITAL MUSIC



Digital Indicators	
Internet Users (m)	3.6
Broadband Lines (m)	
Mobile Subscriptions (m)	25.0
Digital Sales (trade, $US m)	

LATIN AMERICA
MEXICO

AMPROFON - Asociacion Mexicana de Productores de Fonogramas A.C.
Tennyson No. 96
Colonia Chapultepec Polanco
11560 Mexico D.F.
T: +52 (5) 55281 6035 F: +52 (5) 55280 9079
E: servicios@amprofon.com.mx www.amprofon.com.mx

Country Data	
General Information	
Population (millions)	106.2
Per capita GDP ($US)	7,235
Currency	Mexican Peso (MXP)
Language	Spanish
Music Industry	
World ranking (value)	11th
% global value	1%
Physical piracy level	>50%
Sales Chart Compiler	
IPSOS/BIMSA	

Recorded Music Sales (millions)

	Trade Revenues			Retail Revenues	
	$US Fixed	Local Currency	% Change	$US Fixed	Local Currency
2005	262.7	2,863.0	10.2%	541.0	5,486.7
2004	238.4	2,598.8	9.4%	477.8	4,063.7
2003	218.0	2,376.5	16.2%	341.0	3,738.9
2002	260.2	2,836.3	16.4%	409.4	4,462.1
2001	311.3	3,393.0	15.2%	489.7	5,337.6

Note: Digital sales included from 2004 onwards

Physical Units (All Sight formats, millions)

	CD	DVD	Other	Total	% Change
2005	64.8	1.8	0.8	67.4	19.9%
2004	53.2	1.6	1.4	56.2	-0.9%
2003	53.5		3.2	56.7	-3.3%
2002	51.1		3.8	54.9	-3.3%
2001	50.0		6.8	56.8	-15.2%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

Sales by Age

12-17	16%
18-25	34%
26-35	24%
36-45	14%
46-55	9%
56+	3%

Source: IPSOS/BIMSA

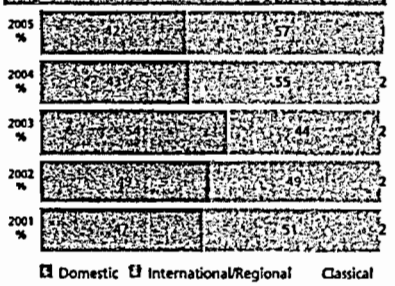
Singles Units (millions)

	Physical	Digital	% Digital
2005	0.1	0.1	35%
2004	0.3	0.04	11%

Top Sellers (album)

	Million Units	% Change	% of Total Album
Top 10	3.0	-36%	4%
Top 50	6.5	8%	10%

Repertoire Origin (value)



Value Split (trade)

Format	
CD album	93%
DVD	6%
Digital (online, mobile)	<1%
Other (physical singles, LP, MC, VHS)	<1%

LATIN AMERICA
MEXICO

Top 10

Top 10 Albums

Artist	Title	Label/Company
Yuridia	La Voz De Un Angel	Sony BMG
Rbd	Rebelde	EMI
Luis Miguel	Grandes Exitos	Warner
Shakira	Fijación Oral Volumen 1	Sony BMG
Alejandro Fernandez	Mexico Madrid En Directo Y Sin Escalas	Sony BMG
Rbd	Nuestro Amor	EMI
Intocable	X	EMI
Yahir	No Te Apartes De Mi	Warner
Luis Miguel	Mexico En La Piel	Warner
A.B. Quintanilla Iii Y Los Kumbia Kings	Fuego	EMI

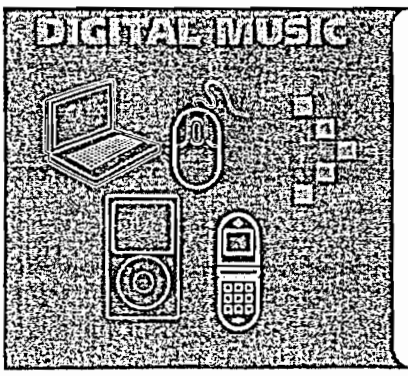
Certification Awards (Albums)

	Sales Level	2005	2004
Gold	50,000	87	54
Platinum	100,000	69	40
Diamond	500,000	2	2

Certification Awards (DVD/Music Videos)

	Sales Level	2005	2004
Gold	10,000	31	28
Platinum	20,000	13	6

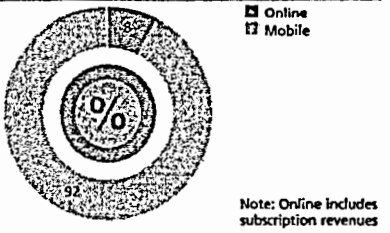
DIGITAL MUSIC



Digital Indicators

Internet Users (m)	17.0
Broadband Lines (m)	2.6
Mobile Subscriptions (m)	43.1
Digital Sales (trade, $US m)	0.6

Digital Sales by Channel (value)



Note: Online includes subscription revenues

AFRICA
SOUTH AFRICA

Recording Industry of South Africa (RISA)
PO Box 367
Randburg 2194
T: +27 (11) 886 1342 F: +27 (11) 886 4169
www.risa.org.za

Country Data	
General Information	
Population (millions)	44.3
Per capita GDP ($US)	5,390
Currency	Rand (ZAR)
Language	English & other indigenous languages
Music Industry	
World ranking (value)	16th
% global value	1%
Physical piracy level	25-50%
Top Independent Labels (alphabetical order)	
Bula Music	
Gallo Record Company	
Sarepta Music	
Select Music	
Sheer Sound/Music/Iris	

Recorded Music Sales (millions)

	Trade Revenue			Retail Revenues	
	$US Fixed	Local Currency	% Chng	$US Fixed	Local Currency
2005	158.8	1,010.2	10.3%	254.1	1,618.2
2004	144.0	915.5	20.8%	230.5	1,454.7
2003	119.2	758.1	0.1%	190.7	1,219.9
2002	119.1	757.3	13.7%	190.5	1,217.7
2001	104.8	666.3	2.2%	167.6	1,066.1

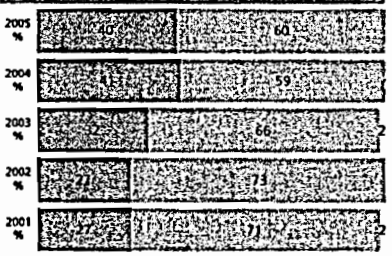
Note: Digital sales included from 2004 onwards

Physical Units (full length format, millions)

	CD	LP	Other	Total	% Change
2005	17.6	1.6	4.0	23.2	9.4%
2004	14.8	0.8	5.6	21.2	17.1%
2003	11.5	0.4	6.2	18.1	1.7%
2002	11.6	0.3	5.9	17.8	5.3%
2001	10.7	0.1	6.1	16.9	4.5%

Note: Other includes LP, Cassette, Minidisc, SACD, DVD-A and VHS

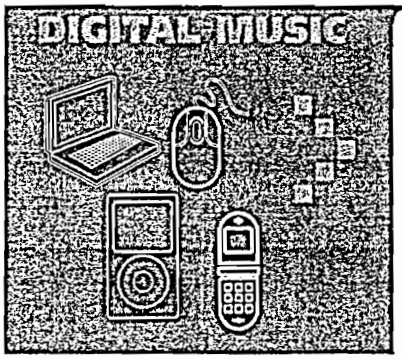
Repertoire Origin (value)



Value Split (trade, %)

Format	
CD album	80%
DVD	13%
Digital (online, mobile)	<1%
Other (physical singles, LP, MC, VHS)	7%

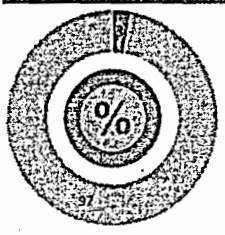
DIGITAL MUSIC



Digital Indicator

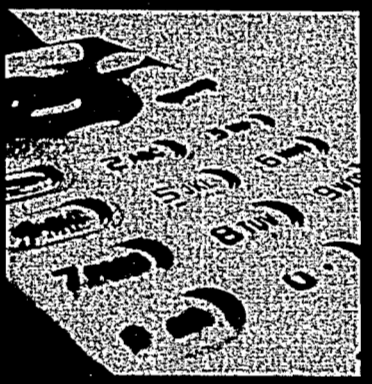
Internet Users (m)	3.6
Broadband Lines (m)	
Mobile Subscriptions (m)	27.4
Digital Sales (trade, $US m)	0.6

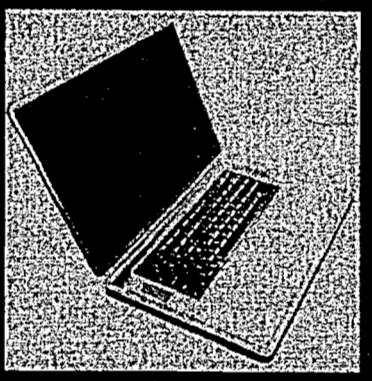
Digital Sales by Channel (value)



Note: Online includes subscription revenues

APPENDIX





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SALES BY AGE TRENDS

USA	2001	2002	2003	2004	2005
10-14	9%	9%	9%	9%	9%
15-19	13%	13%	11%	12%	12%
20-24	12%	12%	10%	9%	13%
25-29	11%	9%	11%	10%	12%
30-34	10%	11%	10%	10%	11%
35-39	10%	10%	11%	11%	9%
40-44	10%	10%	10%	11%	9%
45+	24%	26%	27%	26%	26%

Source: RIAA/Hart Research/Taylor

Austria	2001	2002	2003	2004	2005
0-19	17%	15%	14%	13%	14%
20-29	19%	18%	16%	16%	15%
30-39	27%	26%	25%	24%	24%
40-49	19%	19%	21%	22%	23%
50+	19%	22%	24%	25%	24%

Source: GfK

Germany	2001	2002	2003	2004	2005
0-15	7%	6%	5%	6%	12%
16-19	7%	6%	7%	6%	
20-29	24%	22%	22%	19%	20%
30-39	29%	28%	27%	26%	25%
40-49	17%	20%	21%	22%	21%
50+	16%	18%	19%	21%	22%

Source: GfK

Netherlands	2001	2002	2003	2004	2005
12-19	9%	11%	10%	9%	10%
20-29	27%	26%	28%	18%	27%
30-39	28%	27%	24%	27%	26%
40-49	18%	20%	21%	22%	18%
50-59	11%	10%	11%	15%	10%
60+	7%	6%	7%	9%	9%

Source: GfK

UK (album expenditure)	2001	2002	2003	2004	2005
12-19	22%	16%	15%	16%	14%
20-29	19%	20%	19%	18%	17%
30-39	22%	21%	23%	22%	23%
40-49	18%	19%	19%	20%	20%
50-59	12%	14%	14%	14%	15%
60+	7%	9%	10%	10%	11%

Source: TNS 'Audio Visual Trak Survey'

Japan	2001	2002	2003	2004	2005
<30	63%	58%	54%	43%	39%
>30	22%	26%	29%	31%	61%

Source: RIAJ

Malaysia	2003	2004	2005
0-14	11%	10%	9%
15-19	25%	25%	28%
20-24	25%	25%	20%
25-29	20%	21%	22%
30-39	12%	15%	16%
40-49	3%	2%	4%
50-59	2%	1%	1%
60+	2%	1%	0%

Source: RIM

South Korea	2001	2002	2003	2004	2005
10-14	5%	5%	5%	7%	10%
15-19	15%	15%	13%	13%	14%
20-24	19%	19%	19%	14%	10%
25-29	19%	23%	25%	24%	23%
30-39	25%	21%	21%	25%	25%
40-49	11%	11%	11%	11%	10%
50-59	5%	5%	5%	5%	5%
60+	1%	1%	1%	1%	3%

Source: IFPI Asia Regional Office

Brazil	2001	2002	2003	2004	2005
12-17	12%	12%	13%	11%	10%
18-25	23%	23%	25%	26%	27%
26-35	25%	25%	27%	26%	31%
36-45	18%	18%	19%	19%	17%
46-55	13%	18%	10%	10%	10%
56+	9%	9%	6%	8%	10%

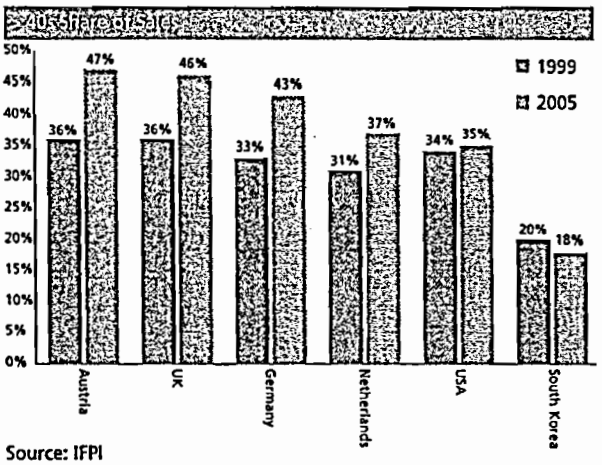
Source: ABPD

Mexico	2001	2002	2003	2004	2005
12-17	16%	23%	19%	23%	16%
18-25	40%	21%	23%	26%	34%
26-35	26%	28%	25%	25%	24%
36-45	13%	17%	18%	16%	14%
46-55	5%	11%	15%	10%	9%
56+					3%

Source: AMPROFON until 2004, 2005 figures from IPSOS/Bimsa

Note: Figures are subject to rounding

SALES BY AGE TRENDS



Source: IFPI

>30s Sales	2001	2002	2003	2004	2005
Austria	64%	67%	70%	71%	71%
UK	59%	63%	66%	66%	69%
Germany	62%	66%	67%	69%	68%
Netherlands	64%	63%	62%	73%	63%
Japan	22%	26%	29%	31%	61%
USA	55%	56%	58%	58%	55%
South Korea	42%	38%	38%	42%	43%

>40s Sales	2001	2002	2003	2004	2005
Austria	38%	41%	45%	47%	47%
UK	37%	42%	43%	44%	46%
Germany	33%	38%	40%	43%	43%
Netherlands	36%	37%	39%	46%	37%
USA	34%	35%	37%	37%	35%
South Korea	17%	17%	17%	17%	18%

Note: Figures are subject to rounding

RETAIL TRENDS

USA	2001	2002	2003	2004	2005
Record Store	43%	37%	33%	32%	39%
Other Store	46%	54%	56%	54%	32%
Tape/Record Club	6%	4%	4%	4%	9%
Internet	3%	3%	5%	6%	8%
TV, Newspaper, Magazine, 800 number	3%	2%	2%	2%	2%
Concerts				2%	3%

Source: Peter Hart Research and Taylor Research. 2005 data based on purchases made, 2004 and earlier data based on only the first purchase made each month. Internet does not include record club purchases over the internet. Other stores include department stores, bookstores, AV stores

Austria	2004	2005
Electronic/AV Merchants	34%	33%
Retail Chains	26%	26%
Traditional Retail/Specialist	10%	9%
Internet	6%	7%
Mail	6%	6%
Supermarkets	5%	5%
Record Club	5%	4%
Others	8%	10%

Source: GfK Market Research

Belgium (% total market value)	2001	2002	2003	2004	2005
Multiples	24%	44%	45%	45%	45%
Retailers	20%	18%	17%	18%	20%
Supermarkets	30%	15%	16%	14%	15%
Wholesale/Independents	16%	15%	15%	13%	11%
Department Stores	7%	6%	6%	7%	6%
Others	2%	2%	2%	3%	3%

Source: IFPI Belgium

France (% units sold)	2001	2002	2003	2004	2005
Specialists	32%	36%	38%	39%	40%
Hypermarkets/Supermarkets	42%	38%	39%	37%	37%
Chains	16%	18%	17%	17%	18%
Mail Order/Internet	5%	4%	3%	4%	4%
Independents	3%	2%	2%	2%	1%
Department Stores	1%	1%	1%	1%	1%

Source: SNEP

Germany (% total market value)	2001	2002	2003	2004	2005
Large Chains	40%	39%	37%	39%	37%
Specialist/Department Stores	35%	33%	32%	28%	26%
Internet	6%	9%	12%	15%	17%
Direct Mail	14%	14%	14%	14%	13%
Others	5%	5%	5%	4%	7%

Source: GfK/IFPI Germany

Hungary	2004	2005
Electronic/AV Merchants	30%	30%
Supermarkets/Hypermarkets	35%	27%
Record Club	10%	15%
Traditional Retail/Specialist	15%	14%
Department Stores	2%	2%
Internet	1%	1%
Mail	1%	1%
Others	6%	10%

UK (% value)	2001	2002	2003	2004	2005
Music Specialist	52%	49%	47%	45%	44%
Supermarkets	15%	18%	22%	23%	26%
Chains/Multiples	19%	18%	16%	17%	13%
Internet	5%	6%	8%	9%	11%
Mail Order/Clubs	6%	6%	4%	3%	3%
Others	3%	3%	4%	3%	3%

Source: TNS 'Audio Visual Trak Survey', based on album expenditure

SALES BY GENRE IN 2005

Sales by Genre	Europe										
	Austria	Belgium	Czech R	France	Germany	Hungary	Ireland	Italy	Netherlands	Poland	UK
Pop/MOR	54%	40%	82%		37%	37%	35%	66%	50%	22%	35%
Rock/Metal/Alternative	10%	32%			19%	14%	31%	21%	18%	9%	36%
Country/Traditional	8%				4%		12%		1%		1%
R&B/Urban		7%				1%			7%	3%	8%
Rap/Hip Hop		4%				2%	10%			10%	6%
Soundtracks	2%			2%	2%	2%	1%		1%	4%	
Dance	2%	6%	5%		5%	4%	7%		7%	22%	8%
Children's	3%	2%			6%	4%				2%	
Religious										2%	
Jazz/Blues	2%	2%		3%	2%	5%		6%	5%	11%	1%
Classical	11%	4%	6%	5%	8%	4%	1%	7%	5%	10%	3%
Oldies										3%	
New Age		2%							1%		
World				3%		3%				2%	
Other	8%	1%	7%	87%	17%	24%	3%		3%		2%

Notes: Figures subject to rounding. Genre definitions vary across territories and are decided by the record companies. Italy - 2004 figures, based on multi-answer question. Source: CRA Nielsen Research (May 2004). France - Other includes French songs (33%), International songs (26%), Compilations (22%) and Other (6%). UK - based on top 10,000 albums, OCC/BPI

Sales by Genre	North America	Asia		Latin America	Australasia
	USA	Malaysia	South Korea	Brazil	Australia
Pop/MOR	8%	50%	28%		
Rock/Metal/Alternative	32%	23%	4%	42%	85%
Country/Traditional	13%	1%	2%	38%	3%
R&B/Urban	10%	10%	15%		1%
Rap/Hip Hop	13%	5%	4%		
Soundtracks	1%	1%	10%		
Dance			4%		4%
Children's	2%		11%	2%	
Religious	5%	1%	2%	13%	
Jazz/Blues	2%	2%	5%		1%
Classical	3%	5%	10%	2%	5%
Oldies	1%	1%	7%		
New Age	1%		7%		
World		1%	1%		
Other	9%			3%	1%

Notes: Figures subject to rounding. Genre definitions vary across territories and are decided by the record companies. In Brazil Pop/Rock includes MPB (8%) and Country/Traditional includes Pagode/Samba (11%), Regional/Forró (10%), Axé (4%)

SALES BY GENRE TRENDS

USA	2001	2002	2003	2004	2005
Rock	24%	25%	25%	24%	32%
Country	11%	11%	10%	13%	13%
Rap/Hip-Hop	11%	14%	13%	12%	13%
R&B/Urban	11%	11%	11%	11%	10%
Pop	12%	9%	9%	10%	8%
Religious	7%	7%	6%	6%	5%
Classical	3%	3%	3%	2%	3%
Jazz	3%	3%	3%	3%	2%
Children's	1%		1%	3%	2%
Soundtracks	1%	1%	1%	1%	1%
Oldies	1%	1%	1%	1%	1%
New Age	1%	1%	1%	1%	1%
Other	8%	8%	8%	9%	9%

Source: Hart Research/Taylor Research

Australia	2001	2002	2003	2004	2005
Rock/Pop	81%	76%	76%	80%	82%
Classical	4%	4%	3%	4%	5%
Dance	4%	6%	4%	3%	4%
Easy Listening/Nostalgic		3%	4%	4%	3%
Country/Traditional/Folk	3%	5%	4%	3%	3%
Jazz/Big Band/Swing	2%	2%	3%	2%	1%
Soul/R&B	3%	2%	2%	1%	1%
World	1%	1%	3%	1%	
Other	3%	1%	1%	2%	1%

Source: ARIA

Brazil	2001	2002	2003	2004	2005
Pop/Rock	55%	55%	40%	29%	34%
Pagode/Samba/Axé/Forró	15%	15%	24%	22%	25%
MPB				9%	8%
Religious	1%	1%	12%	20%	13%
Country	21%	21%	18%	11%	13%
Children's	6%	6%	2%	3%	2%
Classical			2%	2%	2%
Jazz/Blues	1%	1%	2%		
Other	1%	1%		4%	3%

Source: ABPD

Czech Republic	2004	2005
Pop	77%	82%
Classical	6%	6%
Dance	9%	5%
Other	8%	7%

Austria	2004	2005
Pop	50%	54%
Classical	12%	11%
Rock	11%	10%
Country/Traditional	9%	8%
Children's	3%	3%
Jazz/Blues	3%	2%
Soundtracks	2%	2%
Dance	2%	2%
Other	8%	8%

Belgium	2001	2002	2003	2004	2005
Pop/MOR	43%	54%	46%	45%	40%
Rock/Metal/Alternative	22%	26%	29%	28%	32%
R&B/Urban/Soul	9%	6%	4%	9%	7%
Dance	13%	3%	4%	3%	6%
Rap/Hip Hop		5%	4%	3%	4%
Classical	3%	2%	5%	1%	4%
Children's	2%	1%	2%	3%	2%
Other	8%	3%	6%	8%	5%

Source: IFPI Belgium

France	2001	2002	2003	2004	2005
French songs	30%	34%	38%	35%	33%
International songs	18%	22%	26%	25%	26%
Compilations	22%	26%	19%	18%	22%
Classical	4%	4%	4%	5%	5%
Jazz	3%	3%	3%	4%	3%
World/Reggae	3%	2%	3%	3%	3%
Soundtracks	2%	2%	2%	3%	2%
Other	18%	7%	5%	7%	6%

Source: SNEP

Hungary	2003	2004	2005
Pop	35%	35%	37%
Rock	14%	15%	14%
Jazz/Blues	2%	2%	5%
Dance	6%	6%	4%
Children's	4%	3%	4%
Classical	4%	4%	4%
World	1%	2%	3%
Rap/Hip Hop	3%	3%	2%
Soundtracks	3%	3%	2%
Other	28%	27%	25%

SALES BY GENRE TRENDS

Germany	2001	2002	2003	2004	2005
Pop	43%	44%	40%	38%	37%
Rock	16%	16%	15%	19%	19%
Classical	8%	7%	7%	8%	8%
Schlager	7%	7%	9%	8%	7%
Children's	6%	6%	7%	6%	6%
Dance	8%	6%	7%	6%	5%
Soundtracks	2%	3%	2%	2%	2%
Jazz	1%	2%	2%	2%	2%
Volksmusik	3%	2%	2%	2%	2%
Country	1%	1%	2%	1%	2%
Instrumental	1%	1%	1%	1%	1%
Other	4%	5%	6%	7%	9%

Source: GfK

Netherlands	2001	2002	2003	2004	2005
Pop/MOR	54%	55%	54%	49%	50%
Rock/Metal	11%	14%	16%	16%	18%
R&B/Urban	2%	3%	4%	4%	7%
Dance	3%	1%	5%	3%	7%
Classical	13%	9%	8%	6%	5%
Jazz/Blues	2%	1%	1%	5%	5%
Country/Traditional	1%	1%	4%	1%	3%
Soundtracks	3%	4%	2%	3%	1%
New Age	2%	2%	1%		1%
Rap/Hip Hop	2%	4%		3%	
World		1%	2%	1%	
Other	7%	6%	3%	9%	3%

Source: GfK

Poland	2003	2004	2005
Pop/MOR	28%	25%	22%
Dance	5%	8%	22%
Jazz/Blues	6%	8%	11%
Classical	9%	9%	10%
Rap/Hip Hop	20%	17%	10%
Rock/Metal	15%	15%	9%
Soundtracks	5%		4%
R&B/Urban	5%	5%	3%
Children's	2%	1%	2%
World		2%	2%
Religious	1%	1%	2%
Other	5%	9%	3%

Source: IFPI Poland

UK	2001	2002	2003	2004	2005
Rock	28%	31%	29%	30%	36%
Pop	32%	30%	31%	30%	26%
MOR	6%	6%	6%	8%	9%
R&B	9%	7%	8%	9%	8%
Dance	11%	10%	7%	7%	8%
Rap/Hip Hop	4%	5%	6%	7%	6%
Classical	4%	4%	4%	3%	3%
Jazz	1%	2%	3%	3%	1%
Country	2%	2%	2%	2%	1%
Other	4%	4%	4%	1%	2%

Source: The Official Chart Company

South Korea	2001	2002	2003	2004	2005
Pop/MOR	30%	30%	30%	30%	28%
R&B/Urban	5%	5%	8%	12%	15%
Classical	10%	9%	10%	10%	10%
Soundtracks	4%	4%	4%	7%	10%
Oldies	3%	4%	4%	7%	7%
New Age	1%	1%	1%		7%
Jazz/Blues	9%	8%	8%	8%	5%
Rock	19%	20%	18%	9%	4%
Rap/Hip Hop	5%	6%	6%	6%	4%
Dance	5%	5%	4%	4%	4%
Country/Traditional	2%	2%	2%	2%	2%
Religious	2%	2%	2%	2%	2%
Children's	1%	1%	1%	1%	1%
World	4%	3%	2%	2%	1%

Source: IFPI Asia Regional Office

Malaysia	2003	2004	2005
Pop/MOR	30%	30%	50%
Rock	15%	20%	23%
R&B/Urban	15%	12%	10%
Classical	8%	5%	5%
Rap/Hip Hop	12%	15%	5%
Jazz/Blues	5%	5%	2%
Soundtracks	2%	2%	1%
Country/Traditional	1%	2%	1%
Religious	5%	5%	1%
World	1%	1%	1%
Dance	1%	1%	
Other	5%	2%	1%

Source: IFPI Asia Regional Office

DOMESTIC REPERTOIRE TRENDS

Domestic Repertoire Trends 2001-2005 (value)	2001	2002	2003	2004	2005
North America					
Canada	18%	23%	22%	32%	27%
USA	93%	92%	93%	93%	93%
Europe					
Austria	14%	9%	13%	7%	15%
Belgium	15%	14%	17%	20%	18%
Czech Republic	56%	45%	51%	61%	49%
Denmark	32%	34%	42%	41%	46%
Finland	44%	46%	49%	54%	52%
France	59%	59%	60%	63%	61%
Germany	40%	45%	48%	49%	46%
Greece	54%	57%	59%	57%	58%
Hungary	44%	32%	38%	36%	42%
Ireland	22%	19%	19%	25%	22%
Italy	44%	47%	48%	46%	50%
Netherlands	18%	17%	19%	21%	16%
Norway	18%	20%	22%	30%	41%
Poland	37%	35%	38%	40%	36%
Portugal	17%	13%	29%	29%	31%
Russia	64%	60%	65%	76%	78%
Spain	41%	38%	46%	46%	43%
Sweden	27%	32%	37%	39%	40%
Switzerland	8%	8%	10%	18%	9%
Turkey	86%	84%	95%	94%	92%
UK	52%	49%	47%	51%	50%

Notes: Canada - basis: artist nationality, top 100 Nielsen SoundScan year-end chart. Belgium, Switzerland - basis: artist nationality. France - basis: language

Domestic Repertoire Trends 2001-2005 (value)	2001	2002	2003	2004	2005
Asia					
China	51%	47%	47%	37%	40%
Hong Kong	47%	48%	39%	35%	34%
India	90%	90%	90%	90%	90%
Indonesia	53%	58%	56%	58%	60%
Japan	76%	74%	72%	72%	74%
Malaysia	16%	21%	22%	22%	26%
Philippines	42%	22%	29%	44%	46%
Singapore	27%	27%	28%	23%	21%
South Korea	63%	62%	60%	61%	62%
Taiwan	50%	49%	50%	52%	54%
Thailand	73%	70%	61%	61%	62%
Australasia					
Australia	21%	20%	26%	27%	26%
New Zealand	7%	11%	11%	13%	11%
Latin America					
Argentina	46%	47%	40%	40%	37%
Brazil	70%	68%	72%	74%	70%
Chile	19%	19%	22%	25%	23%
Colombia	36%	33%	26%	31%	22%
Mexico	47%	49%	54%	43%	42%
Africa					
South Africa	27%	27%	32%	41%	40%

Notes: Chile - basis: artist nationality. Singapore – domestic includes regional

Countries with notable domestic repertoire growth as a % of sales:

- Canada
- Denmark
- Finland
- Germany
- Italy
- Norway
- Portugal
- Russia
- Sweden
- Turkey
- UK
- Indonesia
- Malaysia
- Australia
- South Africa

Countries with a notable drop in domestic repertoire as a % of sales:

- Czech Republic
- China
- Hong Kong
- Singapore
- Thailand
- Argentina
- Colombia
- Mexico

INTERNATIONAL REPERTOIRE TRENDS

International Repertoire Trends 2001-2005 (value)					
	2001	2002	2003	2004	2005
North America					
Canada	82%	71%	72%	63%	69%
USA	5%	5%	5%	5%	5%
Europe					
Austria	77%	80%	75%	82%	74%
Belgium	80%	81%	77%	75%	80%
Czech Republic	40%	47%	42%	33%	45%
Denmark	63%	62%	55%	55%	51%
Finland	47%	47%	44%	40%	42%
France	36%	36%	35%	32%	33%
Germany	53%	49%	46%	45%	48%
Greece	42%	39%	38%	40%	39%
Hungary	47%	53%	50%	58%	50%
Ireland	78%	81%	81%	75%	78%
Italy	53%	49%	48%	50%	46%
Netherlands	76%	77%	76%	75%	78%
Norway	79%	76%	75%	66%	55%
Poland	55%	56%	54%	51%	51%
Portugal	78%	84%	67%	67%	66%
Russia	34%	39%	33%	22%	20%
Spain	48%	55%	47%	48%	51%
Sweden	69%	64%	63%	59%	58%
Switzerland	83%	83%	90%	73%	86%
Turkey	14%	16%	5%	6%	8%
UK	41%	45%	47%	43%	45%

Notes: Canada - basis: artist nationality, top 100 Nielsen SoundScan year-end chart. USA - 5% international repertoire assumption. Belgium, Switzerland - basis: artist nationality. France - basis: language

International Repertoire Trends 2001-2005 (value)					
	2001	2002	2003	2004	2005
Asia					
China	49%	53%	53%	57%	55%
Hong Kong	45%	44%	51%	53%	56%
India	10%	10%	10%	10%	10%
Indonesia	47%	42%	44%	42%	40%
Japan	24%	26%	28%	28%	26%
Malaysia	82%	76%	75%	75%	71%
Philippines	57%	76%	70%	55%	52%
Singapore	69%	68%	67%	72%	74%
South Korea	27%	27%	27%	25%	23%
Taiwan	43%	45%	43%	40%	38%
Thailand	27%	30%	39%	39%	38%
Australasia					
Australia	75%	76%	70%	69%	69%
New Zealand	89%	85%	83%	83%	87%
Latin America					
Argentina	51%	50%	57%	56%	60%
Brazil	28%	30%	26%	24%	28%
Chile	78%	77%	73%	70%	73%
Colombia	63%	65%	72%	67%	75%
Mexico	51%	49%	44%	55%	57%
Africa					
South Africa	71%	73%	66%	59%	60%

Notes: Chile - basis: artist nationality. China – international includes regional; international repertoire accounts for 10% of sales

CLASSICAL REPERTOIRE TRENDS

Classical Repertoire Trends 2001-2005 (Value)					
	2001	2002	2003	2004	2005
North America					
Canada	5%	6%	6%	5%	4%
USA	2%	2%	2%	2%	2%
Europe					
Austria	9%	11%	12%	11%	11%
Belgium	5%	5%	6%	5%	7%
Czech Republic	4%	8%	7%	6%	6%
Denmark	5%	4%	3%	4%	3%
Finland	9%	7%	7%	6%	6%
France	4%	4%	4%	5%	5%
Germany	7%	6%	6%	6%	6%
Greece	4%	4%	3%	3%	3%
Hungary	9%	15%	12%	6%	8%
Italy	4%	4%	4%	4%	4%
Netherlands	6%	6%	5%	4%	6%
Norway	3%	4%	3%	4%	4%
Poland	8%	9%	8%	9%	13%
Portugal	5%	3%	4%	4%	3%
Russia	2%	1%	2%	2%	2%
Spain	11%	7%	7%	6%	6%
Sweden	4%	4%		2%	2%
Switzerland	9%	9%		9%	5%
Turkey	14%	16%	5%	6%	8%
UK	7%	6%	6%	6%	5%

Notes: Canada top 100 Nielsen SoundScan year-end chart.
Italy - jazz included in classical

Classical Repertoire Trends 2001-2005 (Value)					
	2001	2002	2003	2004	2005
Asia					
China				6%	5%
Hong Kong	18%	8%	10%	11%	10%
Japan	3%	4%	4%	3%	4%
Malaysia	2%	3%	3%	3%	3%
Philippines	1%	2%	1%	1%	2%
Singapore	4%	5%	5%	5%	5%
South Korea	10%	11%	13%	14%	15%
Taiwan	7%	6%	7%	8%	8%
Australasia					
Australia	4%	4%	4%	4%	5%
New Zealand	4%	4%	6%	4%	2%
Latin America					
Argentina	3%	3%	3%	4%	3%
Brazil	2%	2%	2%	2%	2%
Chile	3%	4%	5%	5%	4%
Colombia	1%	2%	2%	2%	3%
Mexico	2%	2%	2%	2%	1%
Africa					
South Africa	2%		2%		

COMPILATIONS MARKET TRENDS

Compilations as % of Album Sales						
	2003		2004		2005	
	Units	Value	Units	Value	Units	Value
North America						
Canada	12%		11%		8%	
Europe						
Austria	25%	26%	21%	27%	18%	25%
Belgium	13%	19%	35%	16%	21%	16%
Czech Republic	9%	7%			7%	6%
Denmark	6%	7%	7%	9%	5%	7%
Finland	14%	14%	16%	16%	16%	15%
France		19%		18%		22%
Germany	9%	11%	9%	11%	6%	11%
Hungary	9%	5%				
Italy	10%	14%	7%	8%	6%	7%
Netherlands	16%	16%	13%	15%	13%	14%
Norway	13%	14%	10%	13%	12%	15%
Poland	26%	19%	33%	25%	30%	30%
Portugal	29%	28%	29%	30%	35%	28%
Spain	26%	24%	11%	22%	12%	19%
Sweden	22%	19%	17%	16%	19%	16%
Turkey			5%	5%		
UK	24%		24%		21%	
Asia						
Hong Kong	22%	22%	11%	10%	13%	11%
Malaysia	29%	23%	28%	22%	24%	19%
Philippines	34%	30%	29%	27%	36%	33%
Singapore	27%	20%	23%	16%	12%	13%
South Korea	5%	5%	5%	5%	6%	5%
Taiwan	6%	4%	6%	4%	11%	8%
Latin America						
Argentina	7%	3%	1%	0%	1%	0%
Chile	4%	2%	0%	0%	0%	3%
Colombia	9%	7%	9%	8%	5%	6%
Mexico	12%	13%	14%	14%	11%	11%
Australasia						
Australia	16%	19%	14%	17%	15%	17%
New Zealand	11%	14%	10%	13%	13%	16%

Notes: Canada - based on SoundScan top 200 chart, units only. France - % of total market. Germany - % of TV compilations only

CERTIFICATION AWARD LEVELS

Album Units required	Domestic Repertoire				International Repertoire			
	Silver	Gold	Platinum	Diamond	Silver	Gold	Platinum	Diamond
North America								
Canada		50,000	100,000	1,000,000		s	s	s
USA		500,000	1,000,000	10,000,000		s	s	s
Europe								
Austria		15,000	30,000			s	s	
Belgium		15,000	30,000			25,000	50,000	
Czech Republic		10,000	20,000			5,000	10,000	
Denmark		20,000	40,000			s	s	
Finland		15,000	30,000			s	s	
France	35,000	75,000	200,000	750,000	s	s	s	s
Germany		100,000	200,000			s	s	
Greece		20,000	40,000			10,000	20,000	
Hungary		10,000	20,000			5,000	10,000	
Ireland		7,500	15,000			s	s	
Italy	20,000	40,000	80,000	400,000	s	s	s	s
Netherlands		35,000	70,000			s	s	
Norway		20,000	40,000			s	s	
Poland		35,000	70,000	350,000		20,000	40,000	200,000
Portugal		10,000	20,000			s	s	
Russia		100,000	300,000			25,000	75,000	
Spain		40,000	80,000			s	s	
Sweden		30,000	60,000			s	s	
Switzerland		15,000	30,000			s	s	
UK	60,000	100,000	300,000		s	s	s	
Asia								
Hong Kong		20,000	40,000			10,000	20,000	
India		100,000	200,000			10,000	20,000	
Indonesia		75,000	150,000			25,000	50,000	
Japan		100,000	250,000			s	s	
Malaysia		15,000	25,000			s	s	
Philippines		15,000	30,000			s	s	
Singapore		7,500	15,000			s	s	
South Korea		15,000	30,000			s	s	
Taiwan		35,000	70,000			10,000	20,000	
Thailand		50,000	100,000			20,000	40,000	
Australasia								
Australia		35,000	70,000			s	s	
New Zealand		7,500	15,000			s	s	
Latin America								
Argentina		20,000	40,000			s	s	
Brazil		50,000	125,000	500,000		50,000	125,000	500,000
Chile		10,000	20,000			s	s	s
Colombia		25,000	50,000			s	s	
Mexico		50,000	100,000	500,000		s	s	s
Africa								
South Africa		25,000	50,000			s	s	

Notes: 's' indicates same levels for both domestic and international repertoire. France - levels reduced in July 2006 from 50,000, 100,000, 300,000 & 1,000,000. Switzerland - levels reduced in July 2006 from 20,000 & 40,000. Netherlands - levels reduced in January 2006 from 40,000 & 80,000

CERTIFICATION AWARD LEVELS

Physical Singles (unit sales required)	Silver	Gold	Platinum	Diamond
North America				
Canada		5,000	10,000	100,000
USA		500,000	1,000,000	
Europe				
Austria		15,000	30,000	
Belgium		15,000	30,000	
Czech Republic		1,000	2,000	
Denmark		4,000	8,000	
Finland		5,000	10,000	
France	100,000	200,000	300,000	500,000
Germany		150,000	300,000	
Greece		10,000	20,000	
Hungary		2,500	5,000	
Ireland		7,500	15,000	
Italy		10,000	20,000	
Netherlands		40,000	60,000	
Norway		5,000	10,000	
Portugal	10,000	20,000	40,000	
Spain		10,000	20,000	
Sweden		10,000	20,000	
Switzerland		15,000	30,000	
UK	200,000	400,000	600,000	
Asia				
Japan		100,000	250,000	
Singapore		5,000	10,000	
Taiwan		10,000	20,000	
Thailand		50,000	100,000	
Australasia				
Australia		35,000	70,000	
New Zealand		5,000	10,000	
Africa				
South Africa		10,000	25,000	

Note: Thailand - figures in table indicate domestic repertoire singles. Levels for international repertoire are Gold 20,000 and Platinum 40,000. Switzerland - certification levels reduced in July 2006 from 20,000 and 40,000

Music Videos (unit sales required)	Gold	Platinum	Diamond
North America			
Canada	5,000	10,000	100,000
USA	50,000	100,000	
Europe			
Austria	5,000	10,000	
Belgium	25,000	50,000	
Czech Republic	1,500	3,000	
Denmark	4,000	8,000	
Finland	5,000	10,000	
France	10,000	20,000	100,000
Germany	25,000	50,000	
Greece	5,000	10,000	
Hungary	3,000	6,000	
Ireland	2,000	4,000	
Italy	15,000	30,000	
Netherlands	40,000	80,000	
Norway	5,000	10,000	
Poland	5,000	10,000	
Portugal	4,000	8,000	
Spain	10,000	25,000	
Sweden	10,000	20,000	
UK	25,000	50,000	
Asia			
Japan	100,000	250,000	
Australasia			
Australia	7,500	15,000	
New Zealand	2,500	5,000	
Latin America			
Argentina	2,000	4,000	
Brazil	25,000	50,000	100,000
Mexico	10,000	20,000	

Digital Downloads Singles (unit sales required)	Gold	Platinum	Diamond
Canada	10,000	20,000	200,000
USA	100,000	200,000	
Sweden	10,000	20,000	

Note: Canada - awards launched in March 2006

Digital Downloads Albums (unit sales required)	Gold	Platinum
Sweden	30,000	60,000

Master Ringtones (unit sales required)	Gold	Platinum
USA	500,000	1,000,000

Note: Awards launched in June 2006

IFPI PLATINUM EUROPE AWARDS

IFPI Platinum Europe Awards honour the elite community of artists who have achieved album sales of one million and subsequent levels of a million in Europe. The Awards were launched in 1996 and they are now recognised as the established hallmark of success for artists in Europe.

2005 Platinum Europe Awards			
Artist	Title	Company	Award Level
A/B/C			
50 Cent	The Massacre	Universal Music	1
The Black Eyed Peas	Elephunk	Universal Music	3
The Black Eyed Peas	Monkey Business	Universal Music	1
Calogero	3	Universal Music	1
Coldplay	A Rush Of Blood To The Head	EMI Music	4
Coldplay	X&Y	EMI Music	3
D/E/F			
Damien Rice	O	Warner Music	1
Depeche Mode	Playing The Angel	EMI Music	1
Dr. Dre	2001	Universal Music	2
Eminem	Curtain Call - The Hits	Universal Music	2
Enya	Amarantine	Warner Music	1
Eros Ramazzotti	Calma Apparente	Sony BMG	1
Franz Ferdinand	Franz Ferdinand	Domino Recording Co	1
G/H/I			
Gabrielle	Dreams Can Come True - Greatest Hits Vol. 1	Universal Music	2
George Michael	Older	EMI Music	5
Gorillaz	Demon Days	EMI Music	1
Gorillaz	Gorillaz	EMI Music	2
Green Day	American Idiot	Warner Music	3
Guns N' Roses	Greatest Hits	Universal Music	2
Gwen Stefani	Love Angel Music Baby	Universal Music	1
Il Divo	Ancora	Sony BMG	2
Il Divo	Il Divo	Sony BMG	2
J/K/L			
James Blunt	Back To Bedlam	Warner Music	4
Johnny Hallyday	Sang Pour Sang	Universal Music	2
Kaiser Chiefs	Employment	Universal Music	1
Katie Melua	Call Off The Search	Dramatico Entertainment	2
Katie Melua	Piece By Piece	Dramatico Entertainment	1
Keane	Hopes And Fears	Universal Music	3
Kelly Clarkson	Breakaway	Sony BMG	1
KT Tunstall	Eye To The Telescope	EMI Music	1
Lenny Kravitz	5	EMI Music	2
Lorie	Tendrement	Sony BMG	1
M/N/O			
Madonna	Confessions On A Dancefloor	Warner Music	3
Mariah Carey	The Emancipation Of Mimi	Universal Music	1
Michael Bublé	It's Time	Warner Music	1
Michel Sardou	Du Plaisir	Universal Music	1
Muse	Absolution	Taste Media Ltd	1
Natasha Bedingfield	Unwritten	Sony BMG	1

IFPI PLATINUM EUROPE AWARDS

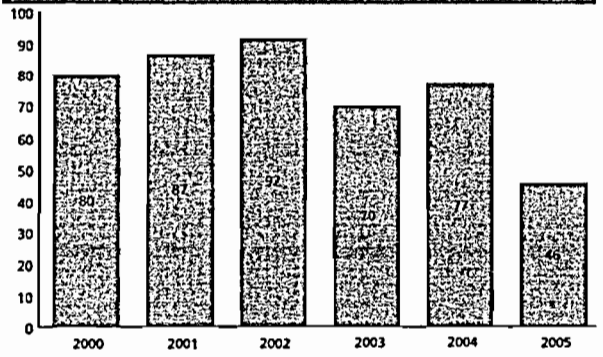
2005 Platinum Europe Awards			
Artist	Title	Company	Award Level
P/Q/R			
Queen	The Platinum Collection	EMI Music	3
Rammstein	Herzeleid	Universal Music	1
Rammstein	Reise, Reise	Universal Music	1
Robbie Williams	Intensive Care	EMI Music	4
S/T/U/V/W			
Seal	Best 1991 - 2004	Warner Music	1
Texas	The Greatest Hits	Universal Music	4
Usher	Confessions	Sony BMG	2
Westlife	Face To Face	Sony BMG	1

IFPI Platinum Europe Awards Summary 2000 - 2005						
Year	Total Albums Receiving Awards	New Release Receiving Awards	Awards To European Acts	Non-English Language Awards	No. Artists Receiving Awards	No. Countries Receiving Awards
2005	46	16	30	9	40	8
2004	77	25	34	13	63	18
2003	70	21	33	14	57	11
2002	92	32	57	19	77	18
2001	87	30	52	16	69	14
2000	80	35	53	15	73	15

Number of Platinum Awards by Level 2000 - 2005						
Award Level	2000	2001	2002	2003	2004	2005
1	49	45	54	41	46	24
2	17	19	17	13	14	11
3	9	11	10	8	9	6
4	1	5	6	4	2	4
5	2	1	2	2	2	1
6	1	4	0	0	3	0
7	1	2	2	0	1	0
8**	0	0	1	1	0	0
9***	0	0	0	1	0	0
Total	80	87	92	70	77	46

Notes: * U2 "The Best Of 1980-1990" (2004), Alanis Morissette "Jagged Little Pill" (2002), Madonna "Ray Of Light" (2002), Bon Jovi "Crossroad" (2001), Shania Twain "Come On Over" (2001), The Beatles "1" (2000)
** Celine Dion "D'eux" (2003), The Beatles "1" (2002)
*** Celine Dion "Falling Into You" (2003)

Total Number of Albums Receiving Awards



RECORDED MUSIC SALES HISTORY

Recorded Music Sales 1973-2005 (figures in millions)						
Full Length Physical Format Units						
	LPs	MCs	CDs	Music Video	Other	Total Units
2005	3	176	1,954	150	9	2,293
2004	7	295	2,020	150	12	2,485
2003	6	406	2,012	153	5	2,583
2002	7	465	2,164	110	1	2,747
2001	10	590	2,283	78	1	2,962
2000	12	648	2,427		1	3,088
1999	14	754	2,385		1	3,154
1998	22	820	2,348			3,190
1997	17	943	2,208			3,168
1996	21	1,188	2,162			3,372
1995	33	1,200	1,983			3,216
1994	49	1,354	1,784			3,188
1993	109	1,382	1,419			2,909
1992	175	1,476	1,185			2,836
1991	292	1,493	998			2,782
1990	339	1,447	777			2,564
1989	450	1,540	600			2,590
1988	510	1,390	400			2,300
1987	590	1,150	260			2,000
1986	690	970	140			1,800
1985	730	950	61			1,741
1984	800	800	20			1,620
1983	850	660	6			1,516
1982	900	570				1,470
1981	1,140	510				1,650
1980	878	474				1,352
1979	896	470				1,365
1978	942	428				1,370
1977	898	374				1,272
1976	743	289				1,032
1975	674	236				910
1974	655	209				864
1973	617	185				802

Note: Other includes Minidisc, SACD and DVD-A. Music video includes DVD, VHS and VCD

RECORDED MUSIC SALES HISTORY

Single Units (figures in millions)	
	Singles
2005	631
2004	357
2003	233
2002	265
2001	318
2000	370
1999	440
1998	459
1997	516
1996	466
1995	432
1994	390
1993	410
1992	352
1991	334
1990	344
1989	357
1988	370
1987	390
1986	490
1985	650
1984	750
1983	800
1982	680
1981	550
1980	526
1979	624
1978	600
1977	545
1976	516
1975	483
1974	515
1973	530

Note: Digital singles included from 2004

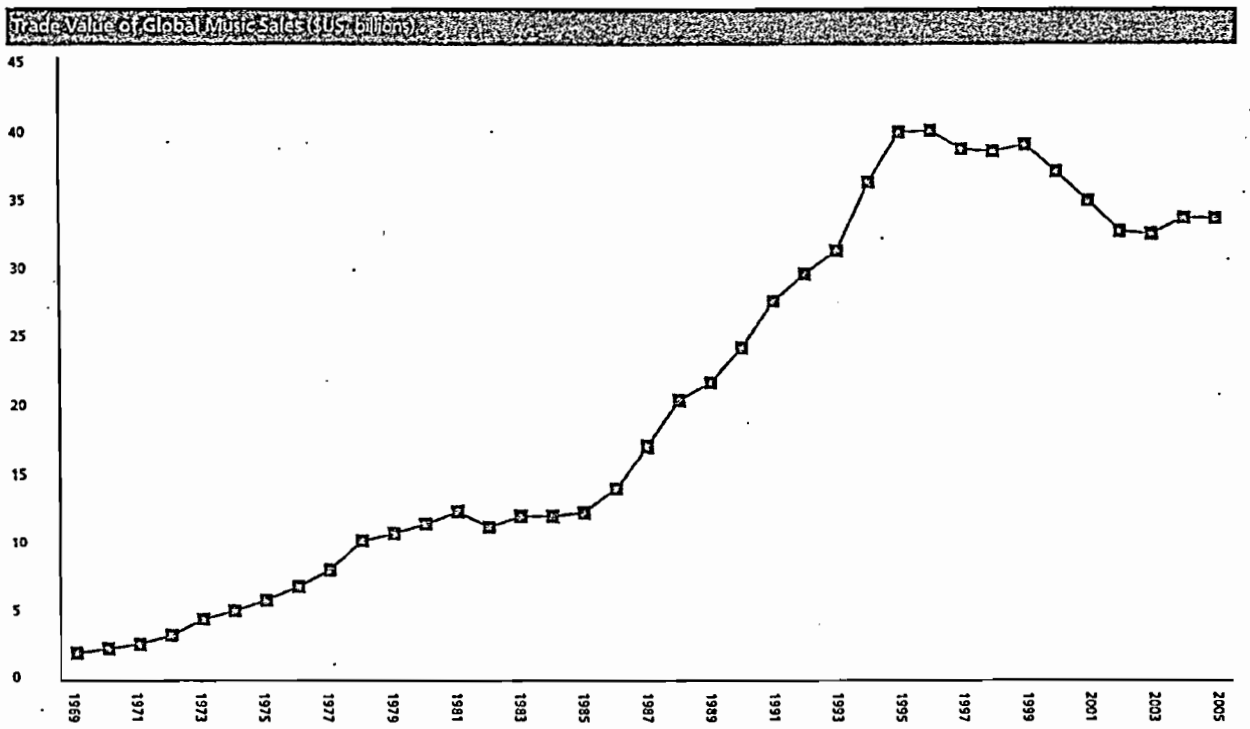
	Trade Value (figures in millions)		Retail Value (figures in millions)
	$US (fixed)	% Change	$US (fixed)
2005	20,795	-3%	37,456
2004	21,469	-1%	34,286
2003	21,700	-7%	34,786
2002	23,415	-7%	37,017
2001	25,151	-1%	39,575
2000	25,457	-1%	39,973
1999	25,822	-1%	40,607
1998	25,637	-5%	39,349
1997	24,389		38,525

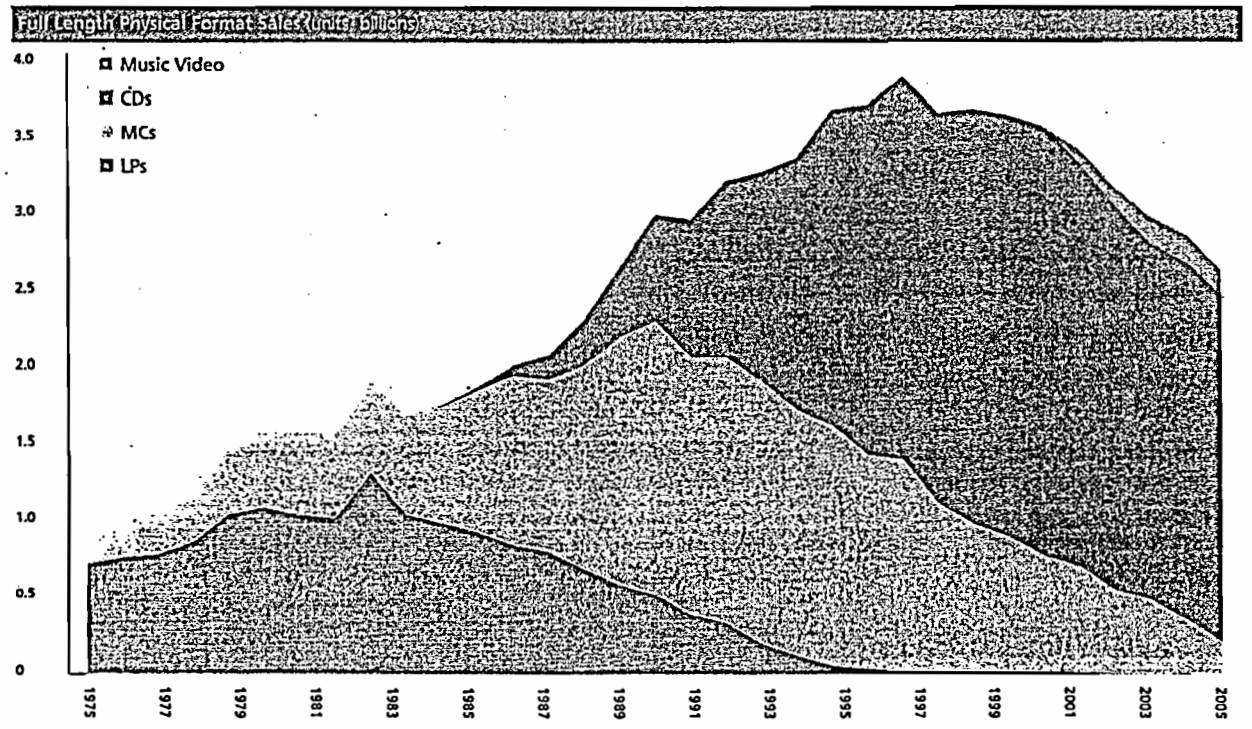
Note: Digital singles included from 2004

Retail Value (figures in millions)	
	$US (variable)
2005	33,456
2004	33,507
2003	32,340
2002	32,538
2001	34,787
2000	36,858
1999	38,802
1998	38,298
1997	38,473
1996	39,812
1995	39,717
1994	36,124
1993	31,158
1992	29,464
1991	27,476
1990	24,104
1989	21,600
1988	20,300
1987	17,000
1986	14,000
1985	12,250
1984	12,000
1983	12,000
1982	11,200
1981	12,300
1980	11,433
1979	10,748
1978	10,192
1977	8,083
1976	6,882
1975	5,891
1974	5,142
1973	4,521
1972	3,315
1971	2,670
1970	2,328
1969	2,016

Note: Digital singles included from 2004

RECORDED MUSIC SALES HISTORY





TAXES ON SOUND RECORDINGS

Sound Recordings Taxes		
Country	Sales Tax	Import Tax
North America		
Canada	7%	Up to 12%
Jamaica	15%	45%
USA	2% - 9%	
Europe		
Austria	20%	20%
Belgium	21%	
Bulgaria	20%	15%
Croatia	22%	
Cyprus	8%	
Czech Republic	22%	
Denmark	25%	
Estonia	18%	3.5%
Finland	22%	22%
France	19.6%	
Germany	16%	
Greece	18%	
Hungary	25%	25%
Iceland	24.5%	10%
Ireland	21%	
Italy	20%	20%
Latvia	18%	
Lithuania	18%	
Netherlands	19%	
Norway	25%	
Poland	22%	22%
Portugal	21%	
Romania	9%	9%
Russia	18%	5%
Slovakia	20%	
Slovenia	8%	2%
Spain	16%	16%
Sweden	25%	4%
Switzerland	7.6%	27%
Turkey	18%	
UK	17.5%	
Ukraine	20%	Variable

Notes: Canada - 7% federal tax, provincial tax varies
USA - sales tax varies by state
Austria, Finland, Ireland, Italy, Slovenia, Spain and Switzerland - import tax for non-EU territories
Slovakia - sales tax reduced from 23%

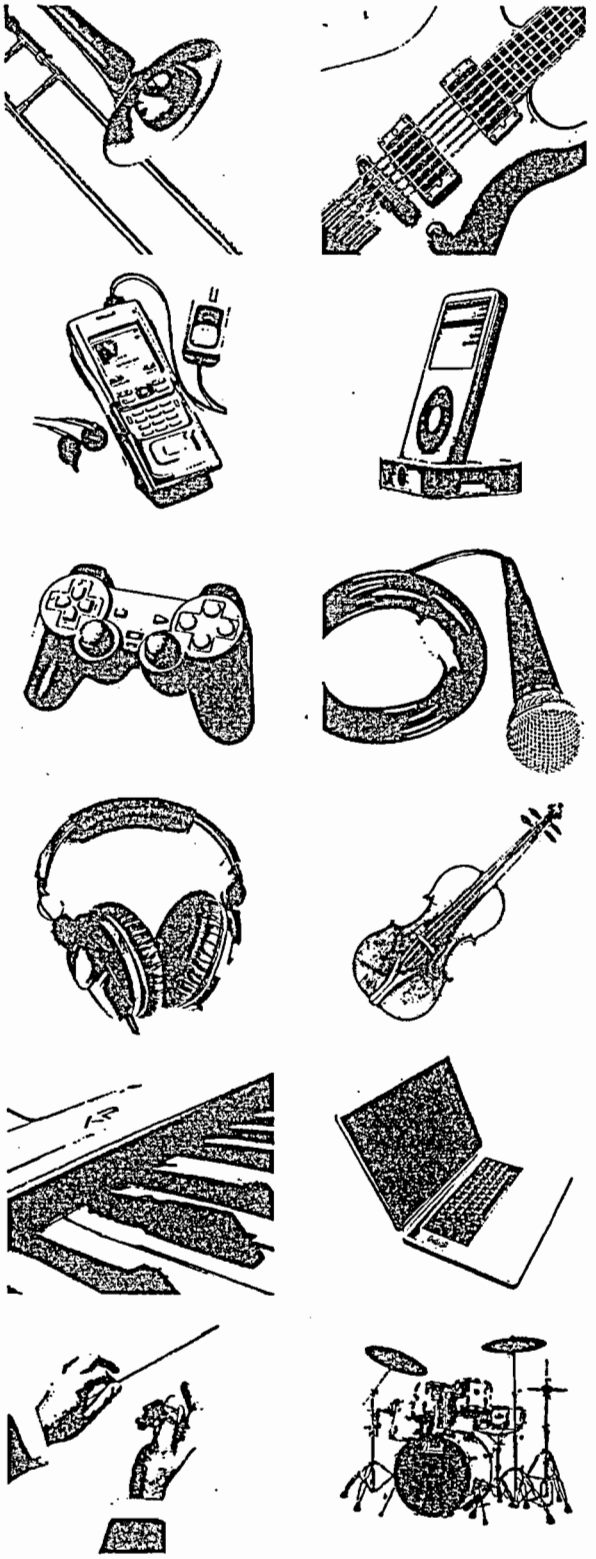
Sound Recordings Taxes		
Country	Sales Tax	Import Tax
Asia		
China	17%	17%
Hong Kong		
India	4% - 13.8%	20%
Indonesia	10%	20%
Japan	5%	
Malaysia	10%	30%
Pakistan	16%	
Philippines	10%	10%
Singapore	5%	
South Korea	10%	8%
Taiwan	5%	
Thailand	7%	30%
Latin America		
Argentina	21%	28.5%
Brazil	15% - 18%	16%
Chile	18%	10%
Colombia	16%	15%
Ecuador	10%	15.6%
Mexico	15%	
Paraguay	10%	9%
Peru	18%	12%
Uruguay	23%	15%
Venezuela	14.5%	
Australasia		
Australia	10%	
New Zealand	12.5%	
Middle East		
Bahrain		10%
Egypt	10%	70%
Israel	17%	2.5% - 5%
Kuwait		4%
Lebanon	10%	5%
Qatar		4%
Saudi Arabia		5%
UAE		4%
Africa		
South Africa	14%	
Zimbabwe	15%	

Notes: India - import tax for CDs
Chile - import tax not applicable to Mexico, 5% to Mercosur
Uruguay - import tax applicable to non-Mercosur territories
Egypt - 55% customs duty not included in import tax
Israel - 2.5% for MCs and 5% for CDs applicable to non-EU territories and US
Lebanon - no import tax on CDs and DVDs

EXCHANGE RATES

2005 $US Exchange Rates	
Country	2005 Exchange Rates
Argentina	2.90
Australia	1.31
Austria	0.80
Belgium	0.80
Brazil	2.43
Canada	1.21
Chile	560.09
China	8.19
Colombia	2,320.75
Czech Republic	23.96
Denmark	6.00
Finland	0.80
France	0.80
Germany	0.80
Greece	0.80
Hong Kong	7.78
Hungary	199.58
India	44.10
Indonesia	9,704.74
Ireland	0.80
Italy	0.80
Japan	110.22
Malaysia	3.79
Mexico	10.90
Netherlands	0.80
New Zealand	1.42
Norway	6.44
Philippines	55.09
Poland	3.24
Portugal	0.80
Russia	28.28
Singapore	1.66
South Africa	6.36
South Korea	1,024.12
Spain	0.80
Sweden	7.47
Switzerland	1.25
Taiwan	32.20
Thailand	40.22
Turkey	1.34
United Kingdom	0.55
United States	1.00

Source: IMF



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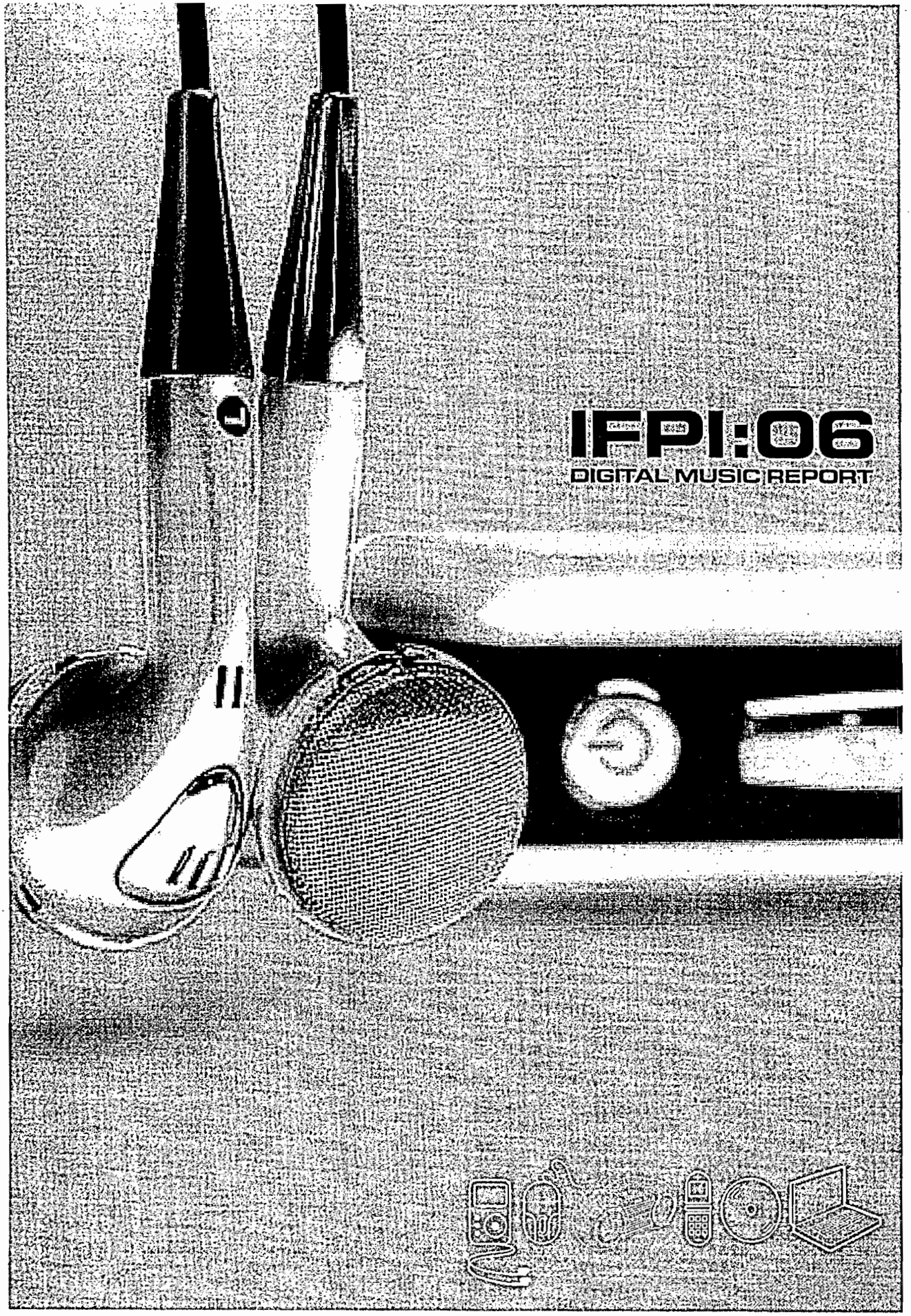
DIGITAL MUSIC REPORT



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MUSIC – A KEY DRIVER OF THE DIGITAL ECONOMY

A new wave of digital commerce, from mobile to broadband, is rolling out worldwide – and music is driving it.

John Kennedy, Chairman & CEO, IFPI

Two years ago, few could have predicted the extraordinary growth we have seen in the digital music business. Some 420 million single tracks were downloaded in 2005, up more than twenty times on two years ago. And that excludes the entire business of music on mobile phones, a market which is not far behind music downloads in value. Together in 2005, these two new distribution channels took record company revenues from digital sales to an estimated $US 1.1 billion globally, tripling in value compared to 2004. And there will be further significant growth in 2006.

But, impressive as they are, these statistics only hint at the real underlying value of the digital music revolution. Music is today making an enormous contribution to the development of the world's digital economy. For example, in 2005 consumers bought over 60 million portable digital music players (worth an estimated $US 9 billion), paid over $US 75 billion in broadband subscriptions and purchased $US 50 billion worth of mobile data services. Nokia, the world's largest mobile handset manufacturer, sold over 40 million music-capable phones alone.

The message is clear: a new wave of digital commerce, from mobile to broadband, is rolling out across the world. It is generating billions of dollars in revenues and creating millions of jobs. And it is being driven, to a large extent, by music – by the people who create music, who produce it and who invest in it.

The music industry is delivering on its pledge to license music ubiquitously: as much music, in as many ways, to as many consumers via as many formats and distribution channels as possible – as long as it is licensed and paid for.

At the same time the industry is helping transform the experience of the music fan. In 2005 the number of legitimate music download sites reached 335, up from 50 two years ago. In just two years the volume of music made available online by record companies has increased more than six-fold to over two million songs. Digital music, no longer the preserve of a small core of large markets, is spreading internationally. And it is a reflection of the potential growth in consumer demand that even today, less than 5% of European internet users regularly buy music online.

This is a success story, but one that cannot be taken for granted. Key challenges confront the digital music industry at the start of 2006 and even threaten to hold back its growth. We are meeting these challenges.

Above all, we must protect our product. In an industry dependent on intellectual property, licensing your product is worthless if you cannot also protect it. The music industry has now taken some 20,000 legal actions against illegal file-sharers in 17 countries, and these actions will be stepped up in the next year. The strategy will not eradicate the problem, but it is containing it. Consumer research in this report shows that every second person who cut back on illegally file-sharing has done so out of concern for the legal consequences.

The same research raises other important questions. No one underestimates the challenge of persuading a young generation of music fans to pay for music that they have become used to acquiring for free.

The legitimate digital music business has for years cried out for clearer legal ground rules. On this front, 2005 saw a big leap forward. Four courts in three continents, from the US to Australia, delivered judgements against unauthorised P2P services that will help transform the landscape in which the nascent digital business is growing.

Hearts and minds are critical in this process, too. In 2005 the music industry launched four separate global education campaigns, often sponsored by national governments. They are aimed at specific audiences that shape attitudes to music on the internet – parents, business leaders, legitimate computer users and, last but not least, copyright offenders themselves.

"Music is not only the most popular consumer product in the industrialised world. It is a key driver of the digital economy."

Digital Rights Management (DRM) is a fundamental, yet sometimes misunderstood element of the digital music business. DRM is an essential tool for all industries trading in intellectual property in the digital era – from music to movies, games and TV. It helps get music to consumers in new and flexible ways and to recompense the many different rights owners involved. Technology companies need to support DRM, making their devices interoperable. Governments also have a key role to play by supporting DRM in managing the delivery and protecting the value of digital music.

We need cooperation from our partners too. Internet Service Providers are becoming the new retailers and distributors of the digital market. They are making revenues from digital music, but not taking enough responsibility for protecting our copyrights. This must change. They must take their share of responsibility in stopping infringements of the copyrighted content. In the physical world, no respectable music store or distributor would stock pirated product on its shelves or allow piracy to take place in a corner of its shop or warehouse.

The digital music business is at a pivotal moment at the start of 2006. Consumers are increasingly turning to legitimate ways of downloading music, the legal environment for our business is improving and record companies are licensing music prolifically and diversely.

The challenges ahead are clear, though. We need greater support in the fight against digital piracy; more recognition of the role of DRM; more cooperation from ISPs; and more respect for the intellectual property on which we and many other industries depend. The record industry now looks squarely at our partners in the marketplace, as well as to governments, to help achieve these aims.

THE DIGITAL MARKET TAKES SHAPE IN 2005

The legitimate digital music business has caught the imagination of consumers, sales have increased steadily and new service launches have accelerated.

2005 was a landmark year for digital music, when online and mobile music distribution emerged as the industry's fastest growing delivery channels. Digital sales in 2005 accounted for approximately 6% of global music sales based on the first six months of the year.

2005 witnessed key milestones in the development of the market:

Digital is the fastest-growing delivery channel for music. Record company revenues reached an estimated $US 1.1 billion in 2005, three times the value in 2004 ($US 380 million), with the split roughly 60:40 between online and mobile music. Digital sales have gone from practically zero to 6% of the recording industry's global worldwide revenues within the last two years.

Single track downloads in 2005 more than doubled to 420 million, proving to be the most popular online music product. Subscription service users are also growing, up from 1.5 million to 2.8 million in the last year.

Online song catalogues doubled: there are now at least two million tracks and 165,000 albums available on the major services.

Digital music expanded rapidly across the world. Globally there are now over 335 legal online music services, up from 50 two years ago. The number of services operating in more than three countries doubled to 20 in the last year.

Apple iTunes extended its service to 21 countries worldwide, launching in Scandinavia, Japan and Australia. Globally, iTunes reached sales of 850 million tracks since launch in 2003 (Apple counts album tracks in that figure).

Portable video was launched, marking the arrival of the new portable video entertainment market – one million video iPods were sold in the first three weeks since launch.

The mobile phone became a portable music device. Specially designed music phones were released by the major handset makers as dozens of 3G music services were launched, making mobile downloads widely available outside Asia.

The world's first publicly available legal peer-to-peer (P2P) service iMesh launched in beta phase, with a full launch expected early in 2006. Many other P2P providers are now looking to go legitimate following legal decisions against Grokster in the US and Kazaa in Australia. Meanwhile, the legal environment for digital music improved very significantly in 2005, with decisions against file-sharing services Grokster (US) and Kazaa (Australia), as well as similar judgements over Kuro (Taiwan) and Soribada (Korea).

James Blunt topped Europe's first digital songs download chart in 2005.

1. James Blunt/You're Beautiful
2. Madonna/Hung Up
3. Daniel Powter/Bad Day
4. Sugababes/Push the Button
5. Robbie Williams/Tripping
6. Gorillaz/Feel Good Inc.
7. Black Eyed Peas/Don't Phunk with my Heart
8. Coldplay/Speed of Sound
9. Kanye West/Gold Digger
10. Pussy Cat Dolls/Don't Cha

Source: Nielsen SoundScan International
Period: May-December 2005

The advance of the global digital music market

	2004	2005	Change
Broadband lines (M)	151	190	26%
Single tracks downloaded (M)	156	419	169%
Online music services	230	335	46%
Song catalogue (M)	1	2	100%
Subscription service users (M)	1.5	2.8	87%
Mobile phone subscriptions (M)	1350	1520	13%

Sources: PointTopic-IFPI, Nielsen SoundScan, OCC, IFPI Germany, SNEP, RIAJ, IFPI, subscription service providers, PWC

DIGITAL MUSIC EXPANDS WORLDWIDE

The digital music business spread internationally in 2005 led by the US, with Europe and Asia showing strong growth.

Single track downloads in the **US** more than doubled in 2005 to 353 million (Nielsen SoundScan), with a weekly sales average of 7 million tracks. Digital album downloads grew to 16 million, or 2.6% of the album market, up from 1% in 2004.

Another important development in the US was the launch of portable subscription services such as Napster To Go, Rhapsody To Go and Yahoo Music Unlimited. These allow customers to listen to entire music service libraries directly on their portable player. More recent service launches in the US include Virgin's Red Pass subscription service and music retailer Musicland's online store grazemusic.com. Retail brands Target and Best Buy also plan to launch digital services in 2006. A new MTV/ Microsoft service 'Urge' will launch in 2006.

"The expansion in digital music is providing us with more and more new ways to add value for consumers, artists and an ever-growing circle of business partners and brands. Now we – the music industry, retailers and technology companies – must work together to maximise this unique opportunity."
Alain Levy, chairman & CEO, EMI Music

The American mobile music market is also taking off. Master ringtones are now outselling ringtones, marking the shift by mobile users towards real music products, and the first 3G full track download service was launched.

In **Europe** the digital market has begun to take shape, with the UK, Germany and France leading the way. In the UK and Germany online downloads are predominant, whereas in France and Italy mobile music has developed more quickly than online. In France mobile accounts for over half of digital sales and in Italy the share is much higher at over 80% (both based on first half of 2005).

The UK is the fastest-growing online music market in Europe. Major retail stores Virgin and HMV launched online, and existing services like Napster and iTunes are marketing their brand heavily. The UK saw sales of 26 million single track downloads during the year – a four-fold increase on 2004. Downloads have been successfully merged into the singles charts, giving digital sales greater media and public exposure.

Germany is Europe's second largest digital market, with sales in 2005 more than tripling in one year to 21 million downloads. In France, sales of 8 million downloads compared to just 1.5 million in 2004. In both markets, local services have focused on local repertoire and more varied pricing options than in the UK. In Germany, for example, Musicload is the market leader, followed by iTunes and AOL. In France, the major players are VirginMega and Fnacmusic, followed by E-Compil and iTunes. Overall in Europe, MSN is the number three retailer after iTunes and Musicload.

In **Eastern Europe** online music is yet to take off, but the mobile music market is developing quickly, with penetration rates reaching 100%

in Czech Republic and Romania. But there have been some advances in the online sector too, with the launch of Onetplejer in Poland offering catalogue from all four majors and independent labels.

There are now nearly 200 music services in total in Europe, with launches in 2005 including iTunes in Scandinavia and Ireland, Virgin in Greece and MyCokeMusic in Italy – which is now available in five markets in Europe. Napster is the first subscription service to launch in Germany, while introducing Napster To Go to offer portable subscriptions in both the UK and Germany. Meanwhile 3G mobile services have steadily expanded.

Mobile music continues to drive the digital business in **Asia**, with mobile sales in Japan accounting, for example, for 96% of Japan's total digital sales of $US 221 million in the first nine months of 2005.

Internet piracy remains a serious barrier to the development of the online market in Asia. But there are signs of potential. iTunes launched in Japan in August 2005, contributing to strong growth in downloads. Napster also plans to launch a subscription service in Japan in 2006, which should further expand the online market. In addition, Soundbuzz continues to expand and is now Asia's largest digital music company operating in 13 markets throughout the region. At least 10 new online music services launched in Asia in 2005, and portable player ownership increased. One in three people in Hong Kong now own a portable MP3 player, with ownership already at 28% in China and Korea (Synovate).

In **Australia**, digital sales have arrived with the launch of iTunes in October. It joins existing players Bigpond, NineMSN, HMV and Soundbuzz. With only one third of Australia's six million internet users on broadband, however, the overall market is still relatively small.

Latin America's digital music market continued to develop in 2005 following the launch of iMusica in Brazil in 2000. In Mexico, Tarabu launched in November with a catalogue of 300,000 songs available from all major labels and independents. Argentina also saw the launch of 10musica and Zapmusic in late 2005. Mobile music is also emerging: Brazil is among the top five biggest mobile subscription markets worldwide. However, the low penetration of music-capable phones in the region is restricting the growth of mobile music.

"It has been a tremendous year for Apple and music with the iTunes music store now available in 21 countries. The iTunes music store is the most popular way for Mac and PC users worldwide to legally discover, purchase and download music online, offering users a selection of over 3,000 music videos, Pixar short films, and more than two million songs from the major music companies and independent record labels."
Eddie Cue, Vice President of iTunes, Apple

US digital music market – the key figures

	2004	2005	Change
Broadband lines (M)	34	43	26%
Single tracks downloaded (M)	143	353	147%
Album downloads (M)	6	16	193%
Mobile subscriptions (M)	163	174	7%

Sources: PointTopic-IFPI, Nielsen SoundScan, PWC

European digital market – the key figures

	2004	2005	Change
Broadband lines (M)	43	63	46%
Single tracks downloaded (M)	14	62	355%
Online music services	150	200	33%
3G mobile phone subscriptions (M)	5	18	255%

Sources: PointTopic-IFPI, OCC, IFPI Germany, SNEP, IFPI, Jupiter

ONLINE MUSIC SERVICES EXPAND INTERNATIONALLY **

Argentina
10musica*
Zapmusic*

Australia
BigPondMusic
ChaosMusic
HMV
iTunes*
JB Hi-Fi
NineMSN
Sanity.com
Soundbuzz

Austria
AonMusicDownload
Chello Music Zone
Connect
iTunes
MyCokeMusic
MSN Music

Belgium
Belgacom
Connect
Free Record Shop
iTunes
MSN Music
Tiscali

Brazil
Americanas.com
iMusica
MSN Music
Yahoo! Music

Bulgaria
M.Dir
Music.gbg

Canada
Archambault
iTunes
Napster
Puretracks

China
9sky*
AlgoMusic*
QQ*

Denmark
Bika
Box*
CDON
Fona*
iTunes*
Jubil
MSN Music
MTV*
Payload
TDC Online

Finland
Bisl
IltaSanomat Musiikki
iTunes
Laturi
MaxMusic
MSN Music
Musiikkilataamo
NetAntilla

France
Connect
E-Compil
Fnacmusic
iTunes
Magasin U*
MSN Music
MTV
Tiscali
Virgin Mega
Wanadoo

Germany
AOL Music
Connect
iTunes
mp3
MSN Music
Musicload
Napster
Vitaminic

Greece
iTunes
mpGreek*
Virgin*

Hong Kong
Eolasia*
NWTmusic
Soundbuzz*

Iceland
TonList

India
CrimsonBay*
India Times
Soundbuzz

Ireland
Connect*
Eircom
iTunes*
MyCokeMusic
Vitaminic
Wippit

Italy
iTunes
Libero IMusic*
Messaggerie Digitali
MSN Music
MTV IT
MyCokeMusic*
Net Music MediaWorld*
RossoAlice
Tiscali
Buongiorno Vitaminic
Yahoo! Italia

Japan
Excite
iTunes*
Kandora
Listen Music Store
Love Music Store
Mora
MSN Music
Music.jp*
Naxos*
OCN Music Store
Ongen
Oricon Style
Reco-chocku
Yahoo! Music*

Korea
Bugs
Dosirak*
Funcake
Jukeon
Maxmp3
Melon
Mukebox
Musicon
Muz
Myfisten
Oimusic
Tubemusic
Wavaa

Luxembourg
Connect
Free Record Shop
iTunes

Malaysia
Soundbuzz

Mexico
Tarabu*

Netherlands
Chello Music Zone
Connect
Download.nl
Free Record Shop
iTunes
MSN Music
MTV Downloads
Planet Internet Music Stream*
Tiscali
Vitaminic
Wanadoo

New Zealand
Amplifier
CokeTunes*
Digirama

Norway
CDON
iTunes*
MSN Music
MusicOnline

Poland
iPlay
Melo
Onetplejer*

Philippines
Soundbuzz

Portugal
iTunes
SAPO

Singapore
Soundbuzz
Starhub

Slovenia
Zabavaj

South Africa
MSN Music
Musica
Samp3

Spain
Carrefour
iTunes
Los40
MSN Music
MTV Downloads
MusicaPremium
Tiscali
Vitaminic
Wanadoo

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Bengans
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Gunvor
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MSN Music
Musicbrigade
Poplife
Skivhugget

Switzerland
Connect
Ex Libris*
Independentdance
I-m Music Download*
iTunes*
MSN Music
MyCokeMusic

Taiwan
KKBox*
HiMusic
Qband

Thailand
Soundbuzz

UK
Connect
HMV Digital*
iTunes
Karmadownload
Loot Tunes
Ministry of Sound
MSN Music
MTV Downloads
MyCokeMusic
Napster
Tesco
Tiscali
Virgin Digital*
Vitaminic
Wanadoo
Wippit

USA
BuyMusic
Cdigix
Connect
Ctrax2Go*
eMusic
FYE Download
Grazemusic*
iTunes
MSN Music
MusicMatch
Napster
Puretracks
Rhapsody
Streamwaves
Virgin Digital
Vitaminic
Wal-Mart
Yahoo! Music*

***2005 launches**

**This listing is not exhaustive and is for illustrative purposes only. See www.pro-music.org.

"In Asia, we have witnessed the creation of a singles market over the internet. Additionally, people have been using music to express themselves through their mobiles via applications like ringtones, master ringtones, ringback tones and blog 'soundtracks'. Both these megatrends are likely to define the future evolution of music into its next form, or 'avatar'... this is just the beginning."
Sudhanshu Sarronwala, CEO Soundbuzz Pte Ltd

GETTING MUSIC TO CONSUMERS IN MORE WAYS

There are now dozens of ways in which consumers can sample and buy music legally.

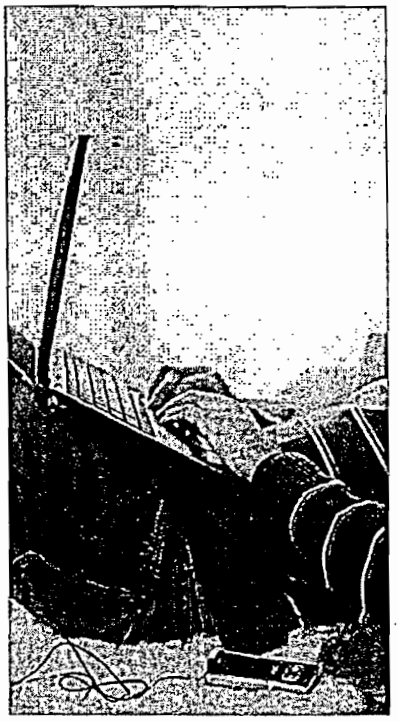
DISTRIBUTION CHANNELS DIVERSIFY

The digital music market is still in an early phase, with several different business models being tried and tested. Digital channels range from master ringtones to satellite radio and vary markedly in popularity from country to country. The most popular online purchasing method for the time being is a-la-carte download – with iTunes claiming as much as 70% market share of single track downloads in the US.

Subscription services are gaining popularity. Worldwide there are 2.8 million subscription service users, nearly double the 1.5 million in 2004. The vast majority of these are in the US. Music brands like Napster, Virgin and HMV have only recently begun offering subscriptions in Europe.

Mobile operators have diversified into online music. Germany's T-Mobile partnered with its sister online music company, current market leader Musicload, to offer dual downloads – that is, songs downloaded to mobile which can also be accessed online at no extra cost. This adds to consumer flexibility and has been adopted by other mobile operators – Sprint and Verizon (US), Orange (Europe) and '3' (Europe).

Conversely, the major online music brands are also branching out to mobile channels. South Korea's mobile operator SK Telcom has launched one of the first subscription services to mobile – Melon. More recently in the US, Rhapsody and Sprint have partnered to offer Rhapsody's subscription service to Sprint's



mobile subscribers. These deals could lead to mobile handset users having full access to subscription services, using mobile handsets exactly like portable digital music players.

A key development for digital music will be to improve the flexibility to play downloads on the range of devices owned by consumers – at home or on the go. Consumers want to access and play music easily through any one of the devices which they own – be that a mobile phone, PC or a 'home entertainment system' like an internet-enabled Hi-Fi system or TV, or a games platform such as PlayStation 2 or XBox.

Loudeye already launched a retail platform at the end of 2005 using Intel technology Viiv that enables consumers to buy tracks from a digital music store using a single account and download them directly to any one of these devices.

VIDEO BOOSTS DIGITAL MUSIC

Music video is now a key element in the product mix of almost all existing online and mobile services – a very strong pull from the consumers' perspective. Services like Yahoo and AOL in the US have put video at the centre of their service offerings, and some mobile operators, such as '3', have done the same.

In October 2005, Apple launched the video iPod which can hold 150 hours of video, played back through a 2.5 inch screen. Creative followed with its Zen Vision:M portable video device in December. The introduction of these portable devices highlights the potential for music videos and other music-related visual content.

Many more 'bundles' – multi-media packages with a combination of audio tracks, related sleeve art and lyrics, videos and artist interview clips – are expected to be sold in the coming months. In November 2005 Warner Japan and mobile operator KDDI partnered to launch the first 'mobile music bundle', comprising audio, video, graphic and text elements in a single, downloadable product.

"2005 has taught entertainment retailers about diversification. The sale of traditional music formats alone can no longer be relied upon to maintain entertainment retail as a viable business model. The sale of traditional product coupled with the sale of digital product and music-related goods will be the model moving forward. While online music sales are doing well, we certainly need a combination of all three sales channels to continue to grow as a sector."
Simon Wright, President, GERA; CEO Virgin Entertainment Group International

THE RECORD COMPANY INVESTMENT

The music industry invests in recording, digitising and marketing some 100,000 albums a year. While record companies continue to focus on this core business – discovering, recording, marketing and licensing music – they are rapidly adapting the ways in which they deliver it in the digital environment.

In the physical world, the release of recordings follows a structured cycle with the CD single leading to the CD album and then a DVD video. With new digital channels, however, comes far greater variety and frequency in getting new music to consumers. Many new recordings now have multiple-planned release 'windows', often starting with a ringtone or exclusive digital track several weeks before the CD single is commercially released. By the time the album is released, its individual songs are available in a multitude of ways.

A typical major record company today has between 300 and 400 separate business partners across online and mobile channels. This has been a highly complex undertaking, with the required digital business infrastructure costing many millions of dollars in investment in new technology and music digitisation. The following steps are essential in getting music out to consumers:

Three steps to digital music

Digitising content: each digital recording and original artwork needs a unique I.D. or digital fingerprint, in order to identify recordings for royalty payments.

Rights-clearance and re-negotiations: often digital licensing can mean a review of the contract between the artist and record company. Almost every song is licensed individually.

Consumer-friendly DRM and 'usage rules': the industry needs technologies to help to increase consumer choice while protecting the works of music creators from unauthorised distribution and unfair use.

WHAT'S YOUR LISTENING STYLE?

Cherry pick favourite songs with a-la-carte downloads: digital music gives consumers the option to buy only their favourite tracks from an album if they wish to do so. Some tracks are digital-only releases while others may have an exclusive period as a digital track before being released on disc.

'Try before you buy' and 'all you can eat' with subscription services: music fans have access to a catalogue of two million songs and latest releases for a monthly fee. Sampling is unrestricted, allowing consumers to preview entire tracks before buying.

'Playlist' and compile: digital services allow endless opportunities to enjoy making and recommending playlists to friends or putting together compilations.

Create the ultimate personalised radio on demand with shuffle play: many online music services allow consumers both to choose from a wide range of radio channels and to design their own personalised radio. Portable devices now let users play their entire record collections on shuffle play – the ultimate personalised listening experience.

Discover new releases with ringtones and master ringtones: these are premier releases for many artists' new material, generating demand by word of mouth. Madonna's single 'Hung Up' was available as a 30-second master ringtone four weeks ahead of its global radio and download release date.

Download music videos first: as premiers or exclusives, these are being channelled first via mobile and online services, often before the actual song release. James Blunt's music video for his single 'Goodbye My Lover' received its global premiere on mobile network '3'.

Get everything about a favourite artist with digital 'bundle' releases: tracks bundled together with videos, artwork and artist interviews are ideal for 3G mobile and online customers.

Enjoy music 'on the go' through streaming or download: to a portable music player from an online subscription or to a mobile phone from an operator.

Own the physical copy: on CD single, album, DVD video or DualDisc.

Listen to music on a broadcast: on radio or TV, through analog, digital or satellite.

"Over the past year, two of the biggest developments across the web have been the proliferation of online communities and the creation of new services that let people incorporate digital content into their sites and communities. At Real, we're now laying the foundation to weave music into the fabric of the internet, creating ways to let people legally incorporate digital music into their sites in ways never before possible."
Rob Glaser, Chairman & CEO, RealNetworks

THE MARKETING OPPORTUNITY

Online and mobile channels have shaken up traditional music marketing. Today record companies rely on digital channels to promote new and existing artists to their various audiences. There have been many innovations in promoting and selling music. For example:

Concert downloads:
During the White Stripes' recent UK tour, concert goers were given a free blank CD-R with exclusive artwork specific to a show. Fans could burn a download of the performance of the song 'Denial Twist' on it and get an unprecedented momento of the gig.

The Stereophonics invited the audience at recent shows to text a number using their mobiles to receive that concert's version of the single 'Dakota'.

Pre-order exclusives:
Fans who pre-ordered Jamie Cullum's recent 'Catching Tales' album from iTunes also received exclusive audio and video from the artist's recent gigs at the world-renowned Ronnie Scott's Jazz Club.

Meanwhile exclusive download pre-order package for the new Robbie Williams album 'Intensive Care' included the video for the single 'Tripping', an exclusive interview video and related album artwork. In another example, exclusive bonus tracks were offered to fans pre-ordering Eminem's album 'Curtain Call' on iTunes.

Artist websites:
Fans of Gorillaz can navigate the virtual backdrop of Hong Studios, sample the band's music via an online jukebox and buy downloads, wallpapers, master ringtones and exclusive live tracks.

www.gorillaz.com

www.thedarknessrock.com

On the Darkness website, album and single downloads and master ringtones are offered to fans who can stream music clips and videos and listen to exclusive new material.

DIGITAL-ONLY LABELS EMERGE

Major labels and independents have set up digital-only record labels to promote and develop new acts. Universal launched UMe Digital in November 2004 to sign and market new artists and handle digital distribution deals for independent labels. More recently, in November 2005, Warner Music launched its own e-label, Cordless Recordings. Music from the label's first few signed bands is being sold only online, in three-song "clusters" instead of full albums. Instead of big tours, bands will be promoted on blogs and sites like MySpace.com. MySpace is attracting a lot of attention. Launched in 1999 this social networking and music-focused website has exploded in popularity, and was acquired by News Corp. in mid-2005. MySpace has 22 million member users and is attracting up to 2 million new users per month. TV shows and new music are often debuted on the site, and several US bands have gained large fan bases and record sales almost entirely by word of mouth. Interscope Records signed a deal with the site late in 2005 to create MySpace Records which released its first compilation of previously unsigned bands, known through the site, in November.

THE NEW DIGITAL INTERMEDIARIES

Many companies and services do not have resources to sign and obtain licences from thousands of independent labels. Aggregators and distributors are helping to expand the digital market by making it viable for services to extend their music catalogues with independent label content.

While aggregators collect rights and supply them to digital music stores, other specialised digital ventures have emerged to retail and market music via online and mobile channels. The Orchard is the biggest digital distributor for independent record labels, representing thousands of labels and artists in 73 countries. Vital PIAS Digital (VPD) distributes digitally for 90 independents, helping with production, sales and marketing, and digital accounting.

'White label' services that power a number of stores include US-based Loudeye, which acquired digital music pioneers OD2 in June 2004. Loudeye services digital music stores (including MyCokeMusic, MTV and MSN) in over 20 countries with around 1.3 million tracks and a range of online and mobile related services. Another major business-to-business player is 24-7 Musicshop, which operates some 20 download stores for retailers in Europe and North America, including Tesco Downloads.

Similar specialists have emerged for mobile, such as Groove Mobile, MusiWave and Melodeo.

"The biggest development of the year was that given a choice between CD, vinyl or digital, more than 25% (and growing) of consumers chose to buy digital singles in the UK. This creates a huge opportunity for indies that find it difficult to compete for shelf space at physical retail, have limited budgets and have trouble marketing and promoting releases in the traditional music industry."
Scott Cohen, Founder & President, The Orchard

MOBILE MUSIC SHOWS ITS POTENTIAL

Mobile music is a fast-growing revenue stream for record companies, accounting for almost half of the $US 1.1 billion revenues made from digital music in 2005.

Mobile handsets have evolved from a basic voice-based device to whole entertainment hubs, creating an exciting new channel for music distribution.

The consumer appeal of mobiles for music is generating much commercial activity. One in five of all mobile phone users listen to music on their phones, according to a recent report by TNS[1]. This compares with 10% who use a portable music player. Additionally, more than a third of mobile users globally choose mobile music as one of five applications they would like to start using, or use more of in the future.

In some European countries and in Asia, mobile music is developing faster than online music services, boosted by higher penetration of phones compared to portable players or broadband, and by ease of payment.

[1]TNS, sample 6,800 adults aged 16–49 in 15 countries across all regions.

Mobile music: focus on Korea

Mobile music has become a major revenue stream for music companies in South Korea, running far ahead of online revenues. While CD sales have fallen dramatically, the mobile music market is thriving.

South Korea has 40 million mobile subscribers in a country of 48 million people and the highest adoption of 3G in the world – nearly 10 million users.

The biggest development in mobile music in Korea has been the spread of music-capable phones. Today almost all newly released phones have a digital music function.

The mobile music sector is fiercely competitive, with operators and handset makers both moving actively into the market. In May 2005 SK Telecom, Korea's largest operator, bought one of Korea's leading independent labels YBM Seoul Records. In November 2004 SK Telecom launched the music subscription service Melon, which now has half a million active users and two million subscribers, a catalogue of 800,000 songs and is the number one music site in Korea.

MOBILE MUSIC SPREADS GLOBALLY

The sheer size of the mobile market presents the music industry with enormous opportunities, particularly as handsets develop to fully incorporate music. Today there are over 1.5 billion mobile phone subscribers worldwide – a 50% increase since 2002.

Asia leads the way, accounting for half of all mobile subscriptions in 2005. Penetration of music-capable phones is the highest in the world, given consumers' willingness to pay more for their phones in Asia. In Japan, for example, mobile music revenues totalled $US 211 million (96% of digital music revenues) in the first nine months of the year (RIAJ). By September 2005 over 70% of handset sales in Japan were 3G phones.

The European mobile music market has great potential, with many countries at 100% mobile penetration.

Mobile music in the US is also growing in popularity. While 2005 was marked by the rapid development of a master ringtone market, 2006 will see wider implementation of 3G and the roll-out of full track downloads to mobile.

GLOSSARY

3G: the term used for third generation of mobile communication systems. 3G allows for high-speed data transmission, greater voice capacity, access to multimedia features (audio and video) and internet access.

Dual download: or dual delivery download. Introduced in 2005, it allows consumers downloading full tracks to mobile to access them over the internet and transfer them to portable players or burn them on to a CD.

Full track download to mobile: an audio track downloaded via music capable phones (mainly via 3G networks).

Greetings & Dedications: messages recorded by artists for use on mobiles.

Master ringtones: are also known as master recording ringtones, true tones, master tones or real tones. These are excerpts from the original sound recording (6,18 or 30 seconds) played when the phone rings.

Monophonic ringtones: single note sounds played when the phone rings – not sourced from the master recording.

Music-capable phones: mobile phones with integrated MP3 function and music management software.

Polyphonic ringtones: were introduced in 2001 and became mass market by 2003. A combination of notes recreating a musical composition that is played when the phone rings – not sourced from the master recording.

Ringback tones: launched in 2002, they replace the 'ring-ring' sound a waiting caller hears with a song. This is to date mainly an Asian phenomenon – 45% of subscribers to South Korea's largest mobile operator use ringback tones.

Wallpaper: images or logos that can be downloaded and used as a background image on a mobile screen.

FROM RINGTONES TO 'REAL MUSIC'

The development of mobile handsets and the transition of networks from analogue to digital have been key to the early mobile music market. Master ringtones, the first 'real music' product and natural successor to ringtones, have rapidly become the largest mobile music segment by value, and will overtake polyphonic ringtones, in volume terms, by the end of 2006. This is a key development for record companies and artists, since master ringtones are sourced from master recordings, meaning record companies and artists receive a slice of revenue from every master ringtone sold.

In Europe and Japan, master ringtones already account for half the ringtone market. In the US master ringtones represent 60% of total ringtone revenues.

MUSIC DRIVES 3G

Mobile music is rapidly moving beyond just ringtones and master ringtones. With the advent of 3G mobile, download speeds have increased tremendously, allowing a wide range of new music products to be offered such as full track downloads, video streaming, and premium music content.

Introduced only three years ago in Korea, 3G has grown quickly in Asia and Europe. Globally, there were over 70 million 3G subscriptions in 2005. Vodafone, the largest European operator, launched its 3G service in November 2004 and reached 5 million customers by the end of 2005. 3G is expected to grow fast in the next two years. Jupiter estimates that by 2010 3G penetration will reach 60% in Europe. 3G has already reached 30% penetration in Japan and is expected to roll out in China in 2006.

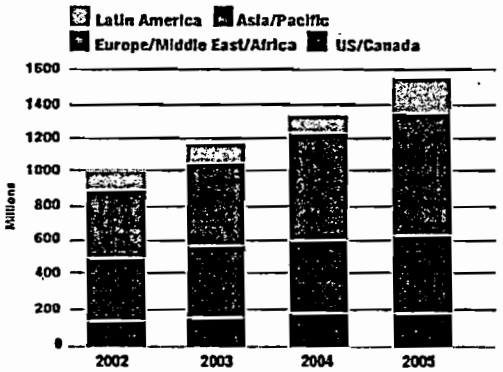
For mobile operators, the shift from voice calls to data network usage and entertainment via 3G dramatically increased customer revenues. Music, with universal appeal and relatively small network download speeds, has been a key driver of 3G adoption by consumers. Consumer research by mobile operators confirms that music is the top entertainment product, attracting the 18–35 age group in particular.

Record companies have moved quickly into this new market, making hundreds of business deals with operators, aggregators and handset makers. Examples of key mobile music initiatives in 2005 include:

- In Europe, **T-Mobile** partnered with EMI for the release of Robbie Williams' new album offering T-Mobile customers exclusive content such as concert live-streaming, full-track downloads, VIP tickets and hospitality, backstage tours and after show party tickets.
- **French operator SFR** expanded its mobile music catalogue to over 400,000 tracks and joined with Universal to launch 'Label Studio TV' – the first interactive mobile TV in Europe. Label Studio TV provides users with full programming control of nine channels featuring video clips, backstage interviews, documentary footage, interactive games and video-blogging.
- **Vodafone** included Universal's catalogue into its library of full track downloads raising it to 600,000 tracks available in 21 territories. In the US **Sprint** launched the first full track dual download service, offering a catalogue of 250,000 songs. The service is based on Groove Mobile's music delivery technology and will rely on Sprint's newly introduced high speed network.
- **Japanese operator KDDI** launched its full track download service in 2004 and crossed the 30 million sales mark in December 2005. Over 110,000 songs are available.
- SonyBMG joined with MTV for the launch of **MTV 5 Star** featuring Shakira. The initiative included exclusive 30 minute shows, full track streams prior to release and a series of Shakira "mobisodes". 5 Star utilises MTV's television, internet and mobile platforms across Asia-Pacific, Europe, Latin America and Russia to promote new releases and offer fans exclusive content.

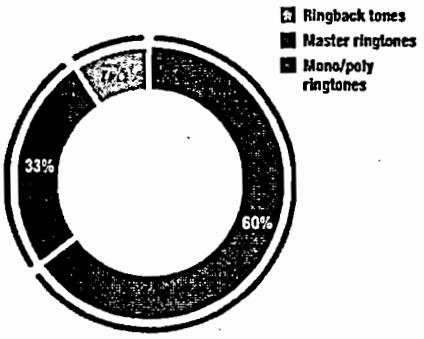
"The proliferation of digital music platforms means that consumers can now, more than ever, enjoy music virtually anytime, anywhere. The digital music revolution is also contributing to the transformation of Warner Music Group from a traditional record and songs-based company into a diverse, music-based content company capable of delivering not only songs and records, but ringtones, master ringtones, music video downloads, album art, lyrics and other content across an ever increasing array of distribution channels, digital devices and music services. Warner Music Group will continue to make digital music and new media a core part of the company's global mission."
Alex Zubillaga, Executive Vice President, Digital Strategy and Business Development, Warner Music Group

GROWTH IN MOBILE SUBSCRIBERS



Source: PWC, Global Entertainment and Media Outlook

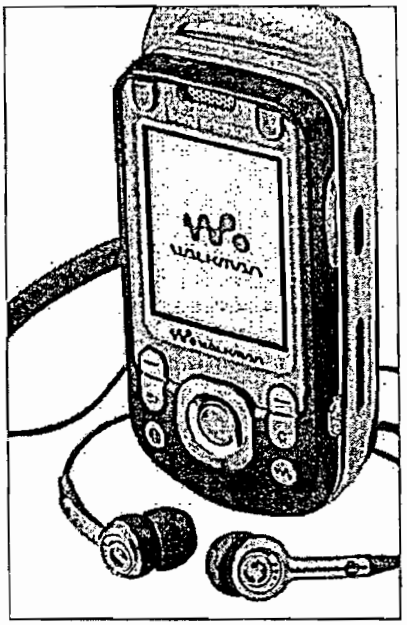
US RINGTONE MARKET REVENUES



Source: Telephia, Mobile Audio Report, July 2005

- **France Telecom** partnered with Warner Music to offer consumers in 10 European territories the ability to download ringtones, full tracks and music videos to their mobile or online.

- During 2005 **mobile operator '3'** ran multiple music campaigns, including a TV, press, outdoor, radio and online campaign with the message 'We like music'. Following the launch of 3's Video Jukebox service in August 2004, more than 15 million music videos have been watched by 3's 3G customers. In Italy, more than 30,000 single track downloads to mobile of Eros Ramazzotti's 'La Nostra Vita' were sold in the first week of release.



THE HANDSET MARKET

Music-capable phones are fast growing in popularity. Nokia sold 10 million music capable phones in 2004 (5% of their total handsets sales) and is expected to reach sales of 40 million worldwide in 2005, making it the largest manufacturer of music enabled phones in the world.

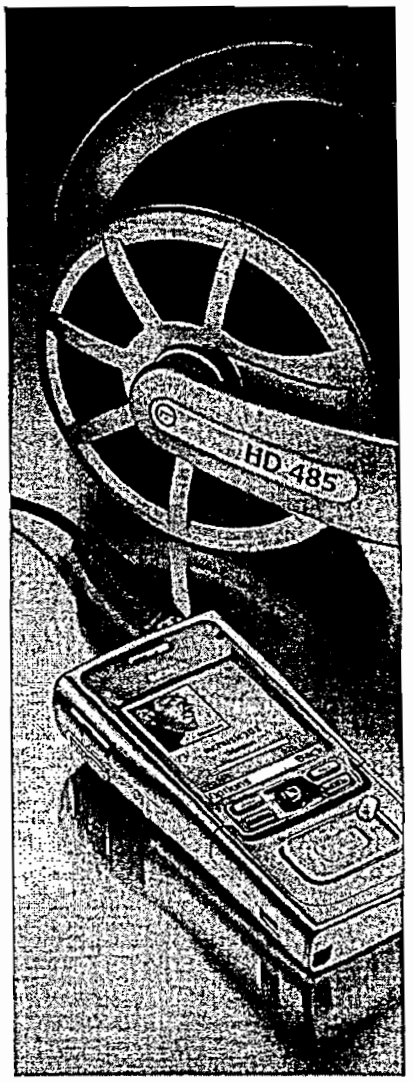
Although there has been discussion about the mobile phone as the 'iPod killer', it is likely that the market for both dedicated portable music players and music-playing mobile phones will grow substantially. While portable music players have more music features (song storage, playback quality, battery life) in the medium term, for millions of consumers the mobile phone will become the preferred portable music device.

Mobile technology is advancing fast, and 2005 saw the launch of new phones with storage capacity comparable to small flash memory portable music players.

THE FUTURE OF MOBILE MUSIC

To become the mass market phenomenon it promises to be, mobile music must continue to develop beyond master ringtones to full track downloads and premium content.

New opportunities lie in the exploitation of live content via handsets, song recognition services, digital audio broadcasting (DAB), visual radio and mobile TV. Ultimately the mobile music market will allow artists both to reach a wider audience and to win back the younger audience by reaching them in a new way.



"There are certain artists whose music appeals very strongly to the mobile customer base but not necessarily to the 30-something male with a broadband connection downloading from iTunes. There are gaps in the market that are not filled by record shops or online services that can be filled by mobile. There are a number of different access points for music and over-the-air is the most convenient for impulse purchasing when you are on the move."
Ed Kershaw, Head of Music, Vodafone

KEY MUSIC MOBILES

PHONE	LAUNCH	STORAGE CAPACITY	BATTERY LIFE	MUSIC CAPABILITIES	ADDED FEATURES
MOTOROLA ROKR	September 2005	100 songs + removable memory card	15 hours of music using wired headset and 6 hours using surround sound speakers	Apple iTunes music management software ■ Transfer songs via USB or wireless from PC or Mac ■ Surround sound speakers ■ Album art display ■ Random play ■ 3G	Camera ■ Video capture and playback ■ Games ■ Full screen view for photos and video clips
NOKIA N91	Early 2006	3000 songs	10 hours of music	Windows Media Player music management software ■ Transfer songs via USB or wireless ■ Create playlists ■ Integrated FM radio with Visual Radio support ■ Connect with home stereo ■ Headset with remote control ■ Music function keys (play, forward, rewind, etc) ■ 3G	Camera ■ Video capture and playback ■ E-mail ■ High resolution screen
ORANGE SPV C550	August 2005, Europe	500 songs + removable memory card	8 hours of music	Orange Music Player & Windows Media Player music management software ■ Transfer songs via USB or wireless ■ Connect with home stereo system ■ FM radio ■ Create own ringtones ■ Music function keys (play, forward, rewind, etc)	Camera ■ Bluetooth ■ E-mail ■ High resolution screen ■ Games
SAMSUNG SGH-i300	December 2005	1000 songs	5–9 hours of music	Windows Media Player music management software ■ Transfer songs via USB ■ Dual stereo speakers ■ Scroll wheel navigation	Camera ■ Video capture and playback ■ Bluetooth ■ E-mail ■ High resolution screen
SONY ERICSSON W800 WALKMAN	July 2005	150 songs + removable memory card	30 hours of music	Sony music management software ■ Transfer songs via USB or wireless ■ Create playlists ■ Create own polyphonic ringtones ■ FM radio ■ Sound recorder ■ Mega Bass ■ 3G	Camera ■ Video capture and playback ■ Bluetooth ■ E-mail ■ Picture editor ■ Video DJ ■ Games
TOSHIBA 803	October 2005, Europe (exclusive to Vodafone customers)	175 songs	6 hours of music	Transfer songs via USB ■ Stereo twin speakers ■ Stereo handsfree headset with remote control ■ Listen to music and surf the net at same time ■ Create and search playlists ■ 3G	Camera ■ Video capture and playback ■ Bluetooth ■ High resolution screen ■ Games

"The walkman changed the way people used to listen to music, turning it into a mobile experience. Now we have iPods, portable PCs and millions of mobile phones; all are becoming mobile music players. I love it. My job is about developing artists and making sure they are paid for their music. Mobile music is fantastic as far as exposure is concerned, but I have now to worry about bringing the revenue back home."
Michel Lambot, Chairman of IMPALA (Independent Music Companies Association)

IN THE PIPELINE: LEGITIMATE P2P, DIGITAL RADIO & PODCASTING

2005 has seen three significant developments with future market potential: legitimate P2P, digital radio and podcasting.

LEGITIMATE P2P

Peer-to-Peer (P2P) distribution until now has largely been associated with music and film piracy. However the music industry wants to see P2P technology commercialised for the legal distribution of music. There have been numerous agreements put in place in 2005 to achieve this goal.

Snocap is one of the technology companies currently helping to develop legal P2P. Its technology, which combines audio fingerprinting filtering with a registry for licensed content, allows P2P services to present to users options to purchase a song. Record companies partnering with Snocap can set conditions for song use and can work together with their artists to license previously unreleased tracks such as live recordings.

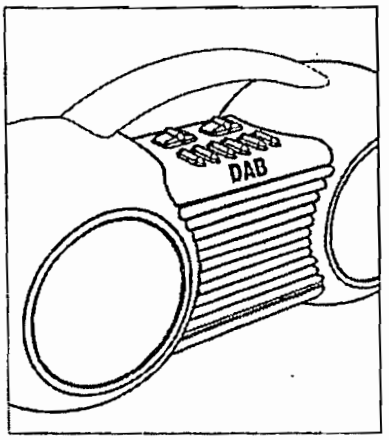
All the major music companies and many more independents have signed deals with Snocap. New P2P service Mashboxx is being developed for launch using Snocap technology.

iMesh is the first legal P2P service to have launched commercially in a beta phase. Launched in October 2005, the iMesh network uses Audible Magic – also an audio fingerprinting technology similar to Snocap's – to identify songs traded on its network.

There are still technological and commercial questions to be resolved for legal P2P. Current models rely on the maintenance of instantly accessible, large databases which hold relevant licenses for each version of a song. This is a complex system which needs to be continuously kept up to date. Pricing structures and business economics are also untested.

DIGITAL RADIO

Digital Audio Broadcasting (DAB) presents an exciting opportunity but is also one of the greatest challenges confronting the music industry. DAB offers many consumer benefits such as a high quality sound, more stations, additional data services and interference-free reception.



DAB services are growing worldwide. Over 475 million people around the world now receive over 800 different DAB services. Likewise, the market for digital receivers is taking off – in the UK, digital receiver sales now exceed analogue.

Satellite radio is also developing fast, particularly in the US. The two companies first operating satellite broadcasting services in the US, XM Satellite Radio and Sirius Satellite Radio, now have 9 million paying subscribers between them – three times as many as online music subscription services in the US. However, digital broadcasters and the recording industry need to work together to ensure that these services do not become an unlicensed source for free downloads.

PODCASTING

Podcasts are programmes recorded in the form of digital audio files, which are downloadable and transferable to portable digital devices like digital audio players such as iPods and MP3 players. Popular content includes radio programmes that in podcast form can be 'played back anytime, anywhere'.

While early signs indicate that podcasting is rapidly spreading – a month following its introduction on iTunes, Apple reported five million podcast subscriptions from a directory of more than 15,000 programmes – its mass market potential is not yet clear.

Podcasts are a potentially interesting commercial opportunity for record companies. Many different models for licensing music in podcasts have been suggested, from a-la-carte charges per podcast, or a subscription charge covering access to a range of podcast shows. There are a number of issues that need to be resolved before podcasts can become a commercially viable delivery model, however. Notably, podcasters need to obtain the proper license agreements from copyright owners. The file format used should offer a framework of content protection based on Digital Rights Management (DRM) to ensure that podcasts are used as they were intended, rather than separated into component songs, creating a digital library.

"We are proud to be the pioneers of a network that will let people explore millions of songs and build a great music community instantaneously, without ripping off the artists. Not only are the songs 100% legal, but our service is adware and spyware free. Building a budding P2P business that is legit is hard work, but ultimately I foresee a bright and busy future for P2Ps like us."
Robert Summer, Executive Chairman, iMesh

MUSIC CONSUMPTION IS CHANGING

IFPI research finds legal downloading on a par with illegal file-sharing in some key markets, but attracting file-sharers to legal sites is a long-term challenge.

NEW IFPI RESEARCH SPOTLIGHTS THE CONSUMER

A new consumer survey by IFPI[1] shows that for the large majority of people in Europe, digital music – be it legitimate or illegal – is a new concept. Only 11% of European internet users swap files on P2P networks. Fewer, around 6%, regularly (i.e. on a monthly basis) download from P2P networks.

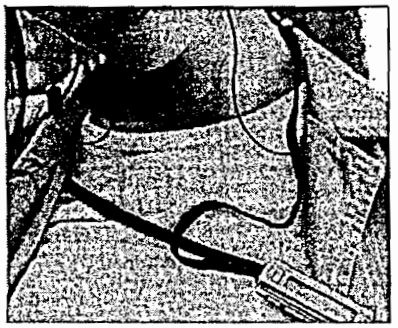
Legal downloading is clearly at an early stage in Europe. Only 6% of internet users have bought from a digital music store, while 4% – less than one in twenty – does so regularly.

Highlights of the findings are:

① **Legal online buying is catching up with illegal file-sharing.** Legal buying is now as popular as P2P use in the two major European digital markets, the UK and Germany. Here the number of regular legal buyers exceeds regular illegal file-sharers (5% compared to 4% in both countries). In the US, latest surveys suggest the gap between legal buying and P2P usage is narrowing (NPD). In France, Spain, Sweden and Canada[2], more users go to P2P networks, but legal online buying is growing.

② **Turning illegal file-swappers into legal online buyers is a long-term challenge.** Only 22% of online music buyers are also file-sharers. While this shows that the industry is successfully attracting new users straight to legal services, it also shows that shifting consumers from unauthorised to legal services will take more time. One in every four illegal file-sharers is willing to move to legal services – some 25% say they would pay to download legally. The challenge for the music industry is to shift the others.

③ **Portability is a key driver of digital music.** Nearly half of all file-sharers (45%) transfer music to portable players on a monthly basis. Legal downloaders are rapidly catching up – 29% transfer to portable



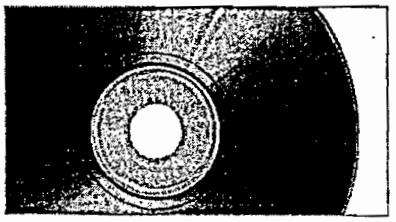
players. One in ten European internet users bought a digital audio player in 2005 (equating to approximately 23 million people) and a further 6% intend to during 2006.

④ **Digital consumption competes with CD buying but downloaders still value the CD.** Over one third (35%) of illegal file-sharers are buying fewer CDs as a result of their downloading, with 25% of online music buyers also buying fewer. Both file sharers (34%) and online music buyers (37%) value CDs more than digital music.

⑤ **Mobile music has huge mass market potential.** Ringtones are the most popular digital music format, with 19% of internet users having downloaded a ringtone – three times the number that have bought a track online. Already 3% of European internet users are frequently using their phones for music downloads.

DIGITAL MUSIC VERSUS THE CD

It is unclear to what extent future CD sales will be substituted by digital music, but research indicates that this will happen gradually rather than rapidly. One in three digital music buyers says that owning CDs is of more value to them than music downloads.



Digital channels promise to expand the music market in the long term. Master ringtones, ringback tones and other mobile music products are new channels – they add to existing formats and they are reaching a wider, younger market and are attracting previous non-music buyers. This is already visible in Asia.

THE POWER OF PORTABILITY

IFPI's research confirms one of the most important drivers behind the digital music market – portability of music.

IFPI's survey in Europe found that 29% of digital music buyers regularly transfer songs to a portable player. Some 10% of internet users have purchased a digital audio player in the past 12 months, which brings the proportion of internet users who own a player to 15%.

Download sales in UK and US saw a huge spike the week after Christmas 2005, with UK download sales of 1 million and US download sales of 20 million. Both spikes are directly related to consumers receiving portable players as Christmas gifts.

"We expect that 2006 will see subscription services become widely accepted as offering consumers the widest choice of music for the best value. In tandem with further growth in portable MP3 player sales, services like Napster To Go will revolutionise how people listen to music by giving them unlimited access to a lifetime's supply of music anytime, anywhere. 2006 will be the year that people embrace the 'own nothing, have everything' philosophy of music subscription."
Chris Gorog, CEO Napster

[1] Research, conducted by Jupiter Research – consisted of a random sample of internet users (sample size 3,900) in France, Germany, Spain, Sweden and the UK.
[2] Pollara research in Canada, June 2005.

CONFRONTING THE CHALLENGES

Digital music is a huge economic and cultural opportunity – but future growth depends on how present obstacles are faced.

Within only two years, the legitimate digital music market has become a reality of consumer life. This is an important success for a music industry which has faced up to the dramatic changes brought by the internet to its way of doing business.

As with many other media and information industries, however, the transition to a digital music business has taken time and been difficult to achieve. Global music sales have fallen 16% in five years – from $US 39.7 billion in 2000 to $US 33.6 billion in 2004 – to a large extent because of the proliferation of free unauthorised music. Digital sales are now beginning to help reverse that decline, and in due course are likely to help offset the continuing fall in the physical music formats.

This new digital music market, driven by the licensing of repertoire in a diverse range of new revenue streams, offers enormous cultural and economic opportunities. But there are big challenges too. These must be addressed if the full potential of digital music is to be unlocked.

In early 2006 a number of significant obstacles hamper the progress of the digital music market. These include internet piracy, which remains a huge problem; the need for more effective cooperation from Internet Service Providers (ISPs) in containing it; the continuing lack of interoperability between formats and devices, which threatens to limit future market growth; and the emerging threat from unlicensed digital stream ripping from digital radio and internet webcasts.

DIGITAL STREAM RIPPING: THE NEXT BIG CHALLENGE

Introducing licensing arrangements that address the threat of digital stream ripping is a key priority for the music industry in the US.

Since tape recorders became available, people have recorded broadcasts from their radios, which has not been problematic – they can listen to the programme at a time more convenient to them. Digital stream ripping, however, is a different challenge.

Today's technologies can not only record continuous programmes (a radio show, for example), they can, through what is known as 'digital stream ripping', automatically identify and separate individual tracks from digital broadcasts and store them for future playback. In effect, a broadcast can be turned into a library of free downloads. For a music industry which has made enormous investments in creating legal, paid-for download services, this presents a significant threat.

If digital services are to be licensed as radio rather than as on-demand services, they need to implement appropriate technical controls to ensure that they complement and do not undermine on-demand sales services.

Allowing digital stream ripping to go unchecked will be hugely damaging to the music industry. Each song saved and stored as an MP3 is a lost sales opportunity to a digital music store or subscription service, as well as to the songwriter, artist and other rights holders.

INTERNET PIRACY: THE BIGGEST OBSTACLE

Internet piracy is the biggest single obstacle to the development of the digital music market. The problem is as fast-changing as the distribution technologies behind it: in 2001 internet piracy largely took the shape of web sites offering an estimated one million copyright infringing files. Today P2P networks provide the dominant source of online piracy, and the number of infringing music files on the internet stands at just under one billion.

The recording industry fights internet piracy to protect the rights of artists and other copyright holders. Digital piracy has a direct impact on legitimate music sales. Extensive third party and industry research has confirmed this impact in the last two years.

"With advances in digital technology for the first time in history, vast catalogues of recorded music are instantly and legitimately available to consumers however, wherever, and whenever, they wish to experience it. The ubiquity of available music and the emergence of ever more delivery formats and platforms is creating significant opportunities for artists, entertainment companies, and fans."
Thomas Hesse, President, Global Digital Business, SONY BMG Music Entertainment

Internet Piracy Reduces Music Sales: The Findings

IFPI/Jupiter – Europe November 2005. One in three illegal file-sharers in Europe buys less music, with the greatest impact on the 15-34 age group.

Pollara – Canada, June 2005. Downloaders spend less on CDs, with 33% saying they spent less on music compared to only 20% who spent more. The number one reason for buying less music for all respondents is the use of P2P networks and CD burning. www.cria.ca – www.pollara.ca

TNS/BPI – UK, April 2005. A two-year study that tracked purchasing habits of downloaders against non-downloaders revealed that over time downloaders bought less music, amounting to a loss of an estimated £650 million over two years. www.bpi.co.uk

The National Bureau of Economic Research – US, October 2004. Stated that "downloading [from unauthorized sources] reduced music expenditure by about 10% but possibly much more." www.nber.org

Informa Media Group – US, September 2004. Potential losses to the industry from file-sharing was $US 2.1 billion in 2004. www.informamedia.com

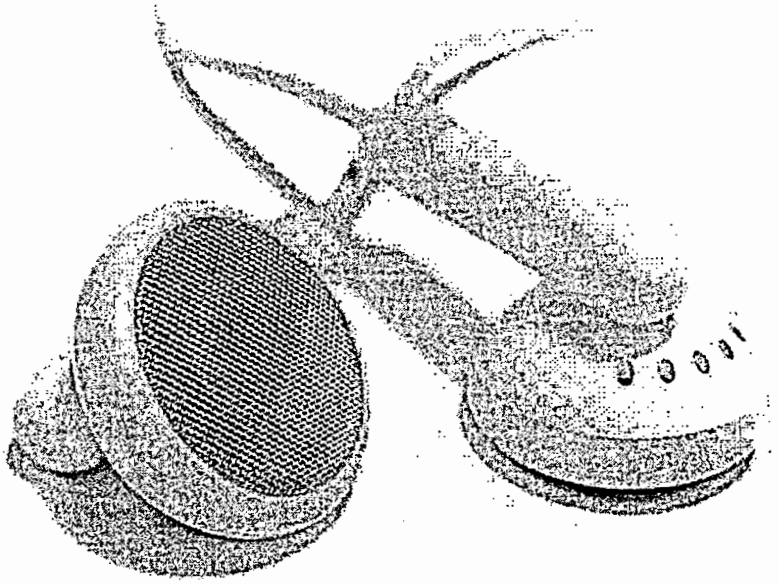
Forrester Research – Europe, Aug 2004. More than one in three (36%) music downloaders say they buy fewer CDs because they can download music for free. Only 10% say they are buying more. www.forrester.com

THE CALL TO ISPS

Internet Service Providers (ISPs) and telecommunications companies generate huge revenues from music and are themselves becoming music retailers. It is vital that these companies fully cooperate with industries like the music and film industries in making sure that copyright laws are respected on their networks. In 2005 the recording industry stepped up its efforts to have ISPs cooperate in removing copyright-infringing content from their networks, and thereby promote legitimate digital business.

This initiative will be stepped up further in 2006. As creative content industries – first music, then film and video, news media and publishing – drive the growth of business on the internet, ISPs must share responsibility in a business where they increasingly generate revenues of their own. Revenues in the media and entertainment sectors will explode in the coming years – by 33% in the next four years to 2009, according to PWC (Global Entertainment and Media Outlook: 2005–2009).

The music industry and its ISP partners have a shared interest and a shared responsibility in controlling copyright infringement on the internet. Already, discussions on enhanced cooperation are leading the way in France, Italy, Spain and the UK. The recording industry wants these discussions to go further. ISPs should make concrete commitments to control infringements on their networks. In the European Union, IFPI is supporting the initiative by Commissioner Viviane Reding to draw up a European Charter "Content Online and IPR" by May 2006.



"The music industry has a common aim with the telecoms companies and ISPs. But we cannot realise this aim alone. Service providers and music distributors must help us – and in doing so, they will help themselves. If you want content, then it needs to be respected and cared for, not abused."
John Kennedy, Chairman & CEO, IFPI

COURTS IMPROVE THE LANDSCAPE

For the recording industry, the business environment in which legitimate digital music has had to compete with mass-scale unauthorised free music is improving rapidly.

COURTS RULE AGAINST ILLEGAL P2P

In 2005 a wave of court rulings within three months and in three continents, gave the recording industry the most significant boost yet in the fight against P2P piracy. Between June and September, judgements against Grokster in the US, Kazaa in Australia, Soribada in Korea and Kuro in Taiwan laid down some key ground rules with global implications for the fight against illegal P2P distribution.

The message sent by the courts has been clear. Operators of unauthorised P2P networks, who encourage the use of their networks for copyright infringement, can be held liable for music piracy. P2P services cannot simply turn a blind eye to ongoing illegal activity and profit from massive infringement while avoiding putting in place effective filters or other methods to prevent it.

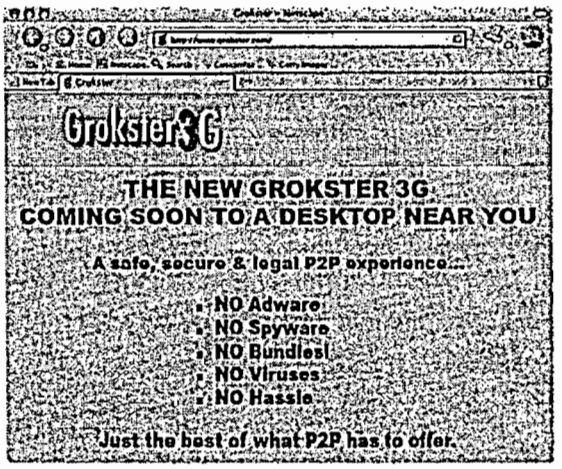
These rulings are an important turning point in the recording industry's battle against internet piracy. By clarifying the potential liability of unauthorised P2P network operators, they have confirmed the industry's ability to bring actions directly against such services. This is in addition to legal actions launched against individual uploaders, numbering some 20,000 worldwide at the end of 2005.

The US Supreme Court ruling, in particular, has shown quick results, opening the door to the development of legitimate P2P. Setting the trend, the Grokster service shut down in November following a settlement with IFPI's US affiliate RIAA. Following "cease and desist" letters sent by the US recording industry to a number of unauthorised P2P services, two major operators, eDonkey and WinMX, announced they would stop illegal activity. BitTorrent has also announced it is cooperating with the film industry to take down infringing material. Others are also involved in negotiations with a variety of industry parties to convert their networks for legitimate business. Kazaa, the biggest international brand name in music piracy, has also been found to be infringing copyright, and in December 2005 was required to filter its service or cease its authorities.

These are highly significant developments in the fight against P2P piracy. For the first time since the original Napster service shut down in 2002, the door appears to be closing even on decentralised unauthorised file-sharing networks. It will be some time before this translates into large falls in P2P traffic: for example, old versions of the Grokster programme remain available to users, while the decline in the use of programmes like WinMX has been slowed by the emergence of non-commercial clones of the software.

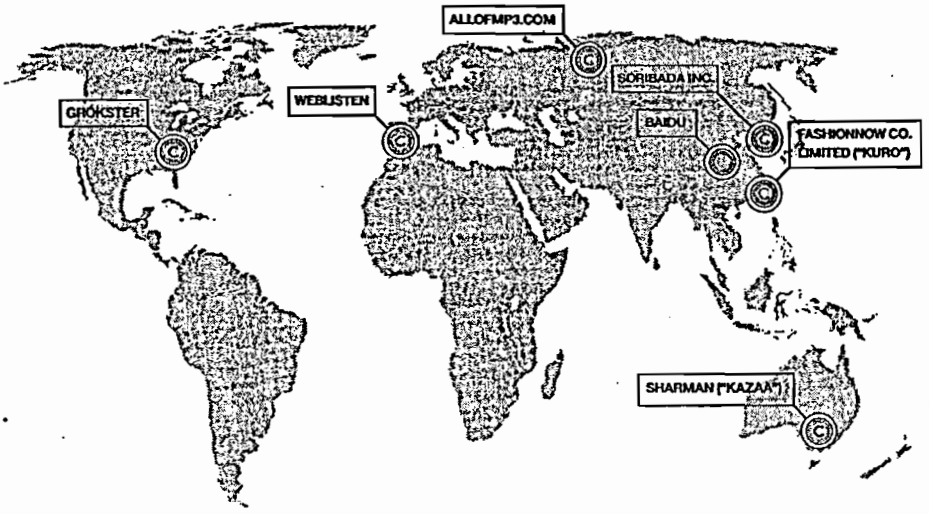
SHUTTING DOWN 'PIRACY HAVENS'

Websites searching for 'piracy havens' from which to make copyrighted repertoire available are a further barrier to the growth of the legitimate market. But there has been important progress in this area in 2005, with cases progressing in Spain, Russia, Australia and elsewhere against companies attempting to profit from others' copyrighted music (see page 19).



"Watching a cultural industry bleeding heavily is a very painful experience. Knowing many of the hundreds of people who have been made redundant over the last three to four years and artists that have been dropped, makes it even worse. We know that one of the main reasons for this is illegal file-sharing. That is why we are determined to do everything we can to contain the amount of music being distributed illegally. Would any business anywhere in the world react differently?"
Ludvig Werner, Managing Director for Bonnier Amigo Music (Swedish Independent)

COURTS TIP THE SCALES AGAINST INTERNET PIRACY IN 2005



"The ability to enjoy music legally online in a huge variety of ways is becoming such an everyday experience that it's easy to forget just how much progress has been made in the last few years. We have hundreds of legal music sites in Europe today, but the future growth of the legitimate market should not be taken for granted. The European Parliament has an ongoing role to play in encouraging the development of the online market and respect for intellectual property."
Brian Crowley, Irish Member of the European Parliament

MGM v GROKSTER – US Supreme Court decision. In June, a 9–0 unanimous decision by the US Supreme Court clearly established that P2P service providers who promote infringing use of their technology can be found liable for inducing that infringement. Providers' active steps to encourage that infringement, their profit from that infringement and their failure to implement filtering were all factors the Court found could evidence inducement. In November Grokster's owners and operators entered into a settlement with the music and film industries. Grokster accepted a permanent injunction prohibiting direct or indirect copyright infringement and immediately stopped distributing its software and operating its system.

SORIBADA INC. – Korean District Court decision. In August the Korean Court granted an injunction against Soribada, the operator of a local P2P service, finding that it had aided and abetted the infringement by its users on its service. Soribada's knowledge of infringement, profits from the service and failure to filter were all cited as reasons for its liability. Its arguments that it was not actively involved in the infringements because of the system structure were rejected, and because it was unable to put in place effective filters Soribada was forced to close the service. In November Soribada completely shut down all versions of its service.

UNIVERSAL MUSIC v SHARMAN ("Kazaa") – Australian Federal Court decision. In September the Australian Federal Court found Kazaa – the world's biggest brand name in internet piracy – liable for authorising the infringements occurring on its service. Kazaa's knowledge of infringement, its failure to curb the infringements even though it could, and its encouragement of and direct financial interest in the infringements all lead to the finding. In early 2006 Kazaa's operators were due to face contempt of court charges for failing to implement the court's order to filter the Kazaa network.

FASHIONNOW CO. LIMITED ("KURO") – Taiwanese District Court decision. In September Kuro, a popular Taiwanese subscription P2P service, and its principals were convicted of criminal copyright infringement by the Taiwanese Court. Kuro solicited users knowing they would infringe and made profits as a result of the infringement. They could have, but refused to install filters. The Court took all these factors into account. The three principals were all sentenced to two or three years' imprisonment and all three, and the company itself, were each fined $US 90,000. This is the first criminal ruling of its kind anywhere in the world.

US-listed internet links service **Baidu** was found guilty of infringement for providing "deep links" (internet links that directly initiate download of content) to copyrighted music tracks. The case against Baidu was brought by local record company Push Sound and has been followed by seven actions brought by international and local joint venture record companies which are still pending. Earlier in the year a case against ChinaMP3, another link site, was successfully brought by the international record companies. In Australia, a similar deep linking site, mp3s4free.net, was held liable for copyright infringement by the Federal Court of Australia. The ISP hosting the site was also found liable.

WEBLISTEN, the high-profile Spanish website, shut down after admitting criminal copyright infringement in May 2005. The site had for six years offered many thousands of tracks for download and streaming.

ALLOFMP3.COM is the best-known of several unlicensed Russian-based websites offering copyrighted music internationally. Allofmp3.com is an unlawful site both inside and outside Russia. IFPI successfully engaged a Moscow prosecutor to act against the site, but progress is very slow and is hampered by the inadequate enforcement procedures in Russia. Meanwhile in Germany there was a court injunction against Allofmp3.com and in Italy a local-based portal to the site was shut down by the police.

CONTAINING ILLEGAL FILE-SHARING

A thriving digital music business means containing piracy; getting support from ISPs; and making formats interoperable for consumers.

DETERRENCE: LEGAL ACTIONS AGAINST FILE-SHARERS

In 2005 the music industry widened its campaign of deterrence against illegal file-sharing, nearly tripling the number of legal actions to a total of some 20,000 cases in 17 countries. The actions, taken under both civil and criminal law depending on the country, are aimed at deterring file-sharing, changing attitudes among internet users, encouraging legal downloading and raising awareness of the law. This last aim has been achieved. Seven out of 10 Europeans and Americans now know that distributing copyrighted music online without the permission of the copyright holder is illegal.

In October the fourth wave of international actions extended the litigation strategy for the first time into South East Asia and Latin America, including Hong Kong, Singapore and Argentina. In every country where actions have been launched, focused warning and education campaigns have preceded legal action. Cases are taken against people distributing hundreds of copyrighted music files, or more. More waves of lawsuits will be rolled out, in more countries, in 2006.

Nearly two years after the first of these actions were launched outside the US (in March 2004), the deterrence strategy has not only proved effective – it has, to date, weathered the cynicism of its critics. Thousands of individuals have paid settlements averaging $US 3,000 each; settlements and payments of damages have been the rule in the vast number of cases taken; challenges to the actions on data protection grounds, in Sweden and Canada, have failed; deterrent penalties, though not necessarily popular, have been widely-publicised and have played an important part in changing attitudes to illegal file-sharing.

EDUCATION

Education has a critical part to play in the development of a thriving legitimate digital music market. The recording industry launched four targeted international education campaigns in 2005, by far the biggest expansion of its public information activities in this area. Each campaign has been addressed at specific audiences and aims to help change attitudes to online music, improve understanding of copyright and promote the legitimate services.

- **Individual file-sharers.** Over 52 million instant messages have been sent directly to illegal music file-sharers in 17 countries.
- **Parents.** A campaign launched by leading charity Childnet International and the cross-sector alliance Pro-music, is aimed at educating parents about file-sharing and downloading music. The leaflet "Young People, Music and the Internet", explains the security as well as the legal risks that come with unauthorised P2P file-sharing. The guide has been distributed in schools and retailers around the world.
- **Companies.** A Copyright Security Guide for companies and governments, launched jointly with the film and video industry associations MPA and IVF, and endorsed by the International Chamber of Commerce, has been mailed to organisations in seven countries.
- **Computer users.** Free software, Digital File Check, that helps people enjoy music on their computer safely and legally (go to www.ifpi.org/dfc) has been launched initialy in seven countries. DFC helps people remove file-sharing programmes from their computer and avoid illegally distributing copyrighted files on P2P networks. DFC is available on disc and online. The programme has seen over 29,000 downloads in the first three months after launch.

Other digital industry players have also realised the importance of educating their customers about the risks of illegal file-sharing. AOL launched its PlayLegal campaign in December 2005.

Parents' brochure: "Young People, Music and the Internet" (www.pro-music.org/guide)

"Companies and enterprises internationally, many of whom depend on intellectual property rights to do their business, will welcome the new Copyright and Security Guide. Online copyright theft should not be tolerated in the workplace or by employers, whatever the business sector and whatever the country involved. This initiative clearly explains what actions companies need to take to avoid legal and security risks on their networks."
Guy Sebban, Secretary General of the International Chamber of Commerce

IS THE FIGHT AGAINST PIRACY WORKING?

There are countless different methodologies in use to measure trends in internet piracy. They vary from counting website hits to software downloads, traffic and request data and user sampling. All attempts to measure the problem are rough estimates. Results vary considerably according to which methodology is used, and for example, whether movie downloads are taken into account or not.

There is a consensus, however, that illegal file-sharing of music files has been held in check within the last two years in the context of a sharp increase in broadband penetration globally.

In January 2006, IFPI estimates the number of infringing music files available on the internet at any one time – in other words, the simultaneous availability of copyrighted music tracks for illegal download or distribution – at 885 million, of which 775 million are available on P2P networks and the remainder on websites. This is slightly up on the piracy level of January 2005 (870 million) but down compared to the level in June 2005 (900 million). By contrast, broadband uptake has risen by 26% worldwide in the past year.

Total infringing music files are down an estimated 20% on their 1.1 billion peak in April 2003, during which period broadband penetration rose 139%.

CHANGING ATTITUDES

IFPI's latest consumer survey, conducted by Jupiter Research/IPSOS, has given strong evidence that the combination of education and deterrence is changing consumer attitudes. The survey, conducted in November 2005 among a sample of 3,900 online consumers in France, Germany, Spain, Sweden and UK, shows the following:

① Legal actions are working

35% of illegal file-sharers have cut back or stopped the activity, while only 14% have increased it.

Half of illegal file-sharers who cut back on illegal file-sharing did so because of concern over the legal consequences. 35% did so out of concerns about viruses. 15% could not find the song they wanted on the P2P network.

In Spain, the only country surveyed where legal actions have not been taken, fewer file-sharers are cutting back and concern over legal action is the least cited reason.

② Legal downloading is rapidly increasing, but promotion of legal sites is critical

The number of regular legal music downloaders now exceeds the number of regular illegal file-sharers in the UK and Germany. On average only 4% of all European internet users regularly buy music online – compared to 6% who swap music illegally. Legal downloaders are more likely to be new internet music fans than P2P users: only one in five online buyers are also file-sharers.

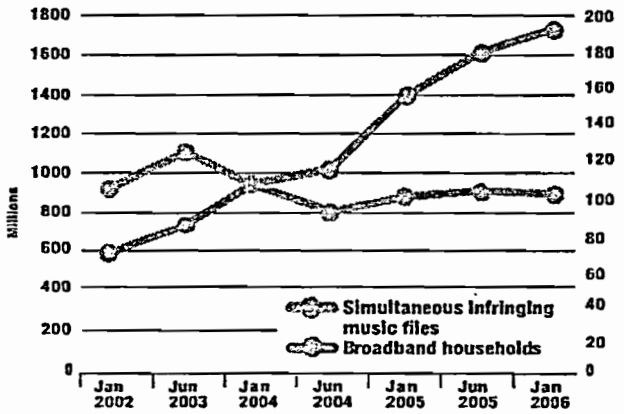
25% of illegal file-sharers would pay to download music, but 50% currently say that they would not pay.

③ Illegal file-sharers spend less on music

One in three illegal file-sharers buys less music, with the impact heaviest in the 15–34 age group.

"Piracy affects the entire music industry; all the employees that work at the labels and the recording studios as well as the artist himself. We have to become aware in this country that piracy is theft. New digital technologies should become a new tool for the marketing of music and not a tool to promote illegal downloading."
Gustavo Santaolalla, musician & producer, Latin Grammy Award winner 2005, Argentina

INFRINGING MUSIC FILES ON P2P ARE FLAT; BROADBAND IS UP 26%



Source: IFPI

Actions against illegal file-sharing at a glance

- 19,400 actions in 17 countries
- Settlements averaging $US 3,000
- Most uploaders are 20–35 year-old men
- All major networks targeted: Kazaa, WinMX, Gnutella, eDonkey, Direct Connect, BitTorrent, Bearshare, Warez, Soulseek

DRM & INTEROPERABILITY: THE KEYS TO FUTURE GROWTH

Digital Rights Management is an essential tool for any industry trading in intellectual property in the digital environment.

THE CHALLENGE FOR DRM

Digital Rights Management (DRM) helps increase consumer choice while protecting the works of creators from unauthorised distribution and unfair use. DRM technologies are sophisticated digital enablers, not simple locks and keys, allowing consumers to enjoy music in more varied ways.

DRM is needed for digital business models to work. For example, the sale of a single track, the multiple playback of a song on a portable music player linked to a subscription service, or a song streamed via an a-la-carte service, all need DRM so that content usage can be recorded and all parties involved in the creation of music can be appropriately remunerated.

DRM helps to manage consumer usage rights. A track purchased on iTunes can be securely transferred to an iPod, or burned to a blank CD, or transferred to a new computer. This is reasonable use which reflects the price paid for the song. It would be unreasonable to allow a new iPod owner to upload someone else's entire song collection on to their device; or for a subscriber to an online music service to transfer a limitless number of songs to someone else's portable player – unless they had paid for it. DRM is designed to stop the uploading of purchased songs onto file-sharing services where they will be distributed without any recompense to the rights owners.

DRM has already been very effective in helping develop the digital music business. Licenced usage rights have been secure, while allowing consumers to get music in a seamless and uncomplicated way. DRM is also allowing digital music fans flexible use with the music they buy – going far beyond the consumer experience in other forms of commercial entertainment, such as movies, games and software.

The biggest challenge with DRM technologies is to make them operate so smoothly that they are not inconvenient to consumers – and this remains a significant challenge in the current digital music market. While there are still some

technical issues to iron out, the problem largely springs from the decision by the leading technology providers to develop DRM systems which are not compatible with each other. This lack of interoperability between devices and services limits consumer choice in terms of which service they decide to use. This in turn undermines the consumer benefits which DRM is designed to provide.

INTEROPERABILITY: A KEY PRIORITY

The incompatibility of DRM systems has created a situation where digital services and devices do not inter-operate, and this lack of interoperability is a barrier to future development of the digital music business.

This situation springs from decisions made by the technology companies behind the major services. Apple, Microsoft, Sony & Real Networks have developed their offerings using preferred or proprietary technologies.

With ownership of digital players now reaching a critical mass, making digital music players compatible with the various online music services is a top priority. Record companies are playing their part, actively licensing music to meet consumers' needs for flexibility and portability. The music industry has licensed over two million songs to over 300 online partners. This has helped encourage strong competition between retailers and improve choice.

However, consumer choice remains frustrated by the limits imposed on them. For example, Apple's iTunes (in which purchased songs are encoded in the AAC format) is only currently compatible with the iPod. Most other legal online music services offer songs in the WMA (Windows Media Audio) format, making them compatible with a wide range of portable players but not including the iPod – the current market leader. There are other exceptions, such as Sony Connect, which offers songs in Sony's ATRAC3 format – compatible only with Sony players.

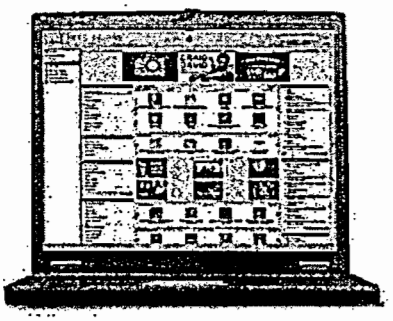
Achieving interoperability is a high priority for the recording industry. Market research evidence confirms the importance to consumers of the ability to move songs between their various listening devices. These devices will soon extend far beyond portable digital music players. They will include mobile phones, satellite and cable set top boxes, car radios, and games consoles.

Technology companies hold the key to removing this obstacle to future market growth. They need to make proprietary DRM systems interoperable with each other. In the short term, allowing online services to use all the available systems would be an easy first step. Meanwhile new forums like CORAL – a forum of content and technology organisations created in 2005[1] and of which IFPI is a member – is working at a technical level to address this issue.

[1]For more information on CORAL go to www.coral-interop.org

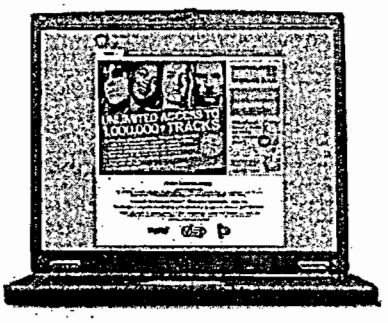
"From the vantage point of internet music distribution, the purchaser must be able to use his purchased music simply, quickly and as completely as possible. Increased sales of digital devices that do not harmonise with all music formats cause confusion and can impede market growth."
Susanne Peter, Director Marketing & Sales, Musicload

WHAT DIGITAL MUSIC OFFERS THE CONSUMER



ONLINE DOWNLOADS

- Quickly browse vast music catalogues (two million songs)
- Easily find specific songs
- Discover new music: find albums of a similar genre, download recommended playlists, have access to exclusive content
- Enjoy added features: artwork, charts, artist-related information
- Create own playlists, music libraries and compilations
- Flexible payment: credit cards, gift vouchers, pre-pay, PayPal
- Ability to buy and own songs on an individual basis
- 30 seconds sampling



ONLINE SUBSCRIPTION

- Quickly browse vast music catalogues (two million songs)
- Easily find specific songs
- Discover new music: find albums of a similar genre, download recommended playlists, have access to exclusive content
- Enjoy added features: artwork, charts, artist-related information
- Create own playlists, music libraries and compilations
- Flexible payment: credit cards, gift vouchers, pre-pay, PayPal
- 'All you can eat' model: access an entire catalogue for a monthly fee
- Unlimited sampling before purchase
- Access music as long as subscription is valid
- 'To Go': transfer as many songs as desired onto a portable player as long as subscription is valid

MOBILE MUSIC

- Purchase music on-the-go in any location
- Purchase on impulse
- Added features: song recognition services, wallpapers and dedications, master ringtones, ringback tunes, exclusives
- Stream music videos
- One device for music playing and purchasing
- Payment via mobile bill

"It should be clear by now that piracy in all of its many forms is something that society cares about. The spirited growth of the digital marketplace reflected in this report highlights two important realities: our efforts in helping legitimate digital services to be as dynamic and easy to use as possible have had a significant impact and must continue at a brisk pace; and, second, this report is a sober reminder that even with the greatest music, the most innovative technology and broadest base of enthusiastic fans, the creation of a formidable digital marketplace will only take place through the cooperative efforts of creators, technologists and local and national governments."
Larry Kenswil, President, Universal Music Group's eLabs

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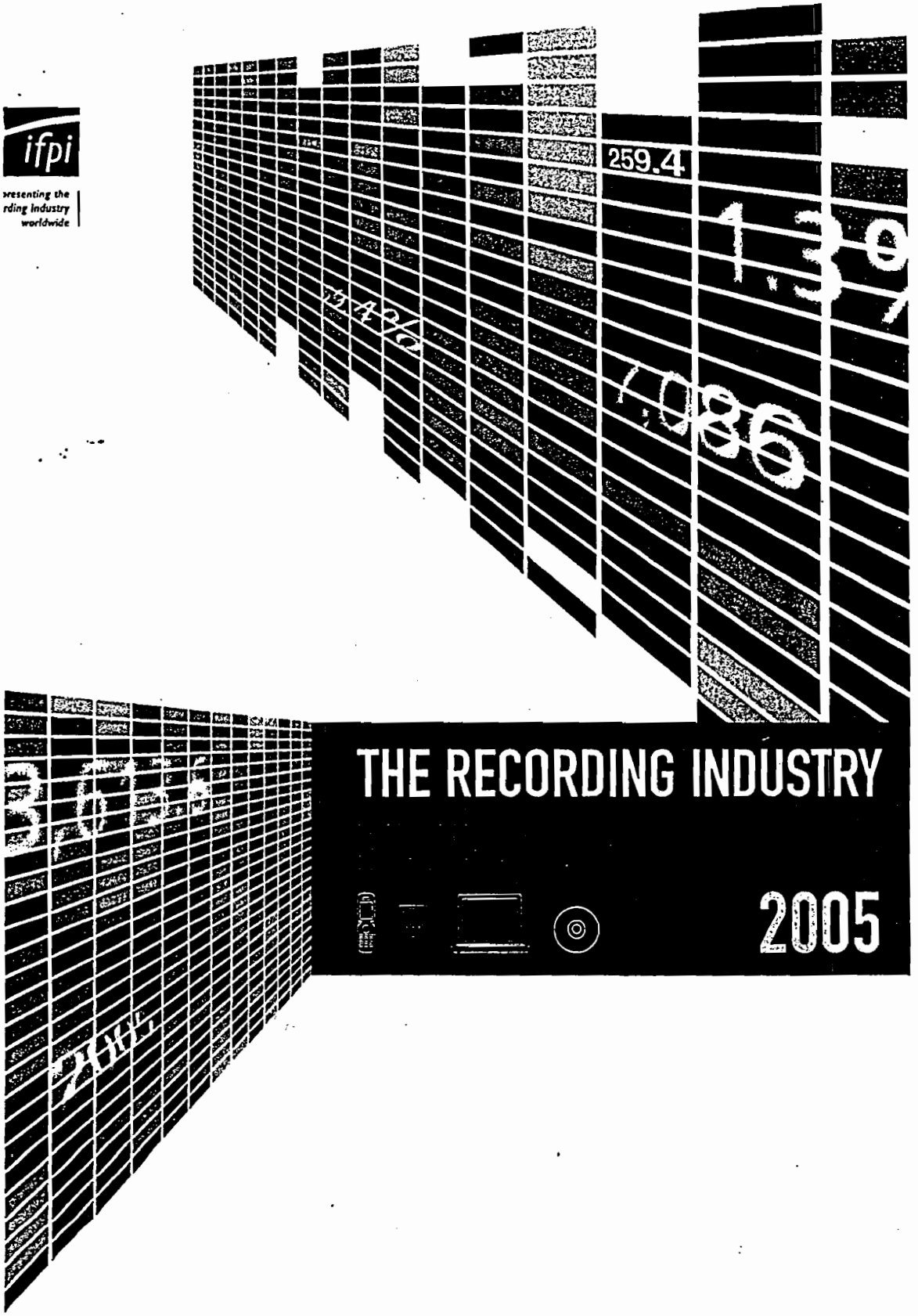

THE DEFINITIVE SOURCE OF GLOBAL MUSIC MARKET INFORMATION

THE RECORDING INDUSTRY IN NUMBERS

IFPI represents the recording industry worldwide with over 1,450 record company members in over 75 countries and affiliated industry associations in 48 countries.

Members range from the major record companies to small independent producers.

IFPI's international Secretariat is based in London and is linked to regional offices in Brussels, Hong Kong, Miami and Moscow.

The organisation's mission is to fight music piracy, promote fair market access and good copyright laws, help develop the legal conditions for the music industry to prosper in the digital era and promote the value of music worldwide.

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APPENDIX

This twelfth edition of the Recording Industry in Numbers was compiled by Gabriela Lopes and edited by Keith Jopling.

For further information please visit www.ifpi.org

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EXPLANATORY NOTES

SOURCES

- Recorded Music Sales and Piracy Levels: IFPI National Groups/local industry associations
- Population and Economic Growth: World Factbook (www.cia.gov)
- GDP: IMF World Economic Outlook Database (www.imf.org)
- Exchange Rates: IMF and Oanda (www.oanda.com)
- Broadband, Internet and Player Penetration Rates: Understanding & Solutions (www.UandS.com), IFPI National Groups
- Mobile Penetration Rates: various including Wireless World Forum (www.w2forum.com) and World Factbook

GLOSSARY

- Recorded Music Sales: estimate of total legitimate retail sales, inclusive of audio products (singles, LPs, MCs, CDs, SACD, DVD Audio, MiniDisc and other) and music video products (VHS, DVD and Video CDs), unless otherwise stated.
- Singles: include vinyl, cassette singles, CD singles (2 track and Maxi) and DVD singles.
- Total Units: calculated as the total album equivalent – three singles are counted as one album. Sales of all formats included. Multiple disc packaged products are counted as one unit except in some countries.
- Retail Value: estimate of the final value paid by the consumer for the purchase of a music product, inclusive of relevant sales taxes. For US sales, dollar value reflects shipments at suggested retail list prices as per RIAA published statistics.
- Retail Value, $US (fixed): historical local currency values re-stated at the 2004 exchange rate.
- Retail Value, $US (variable): historical local currency values stated at the exchange rate of each year.
- Repertoire Origin: proportion of the total legitimate market value accounted for by each repertoire type. Classification is based on artist country of signing, unless otherwise stated. Multi-artist sales (compilations) are excluded from origin splits.
- Piracy Level: measured as a percentage of total (legitimate and pirate) unit sales.

NOTES

Regional & World Growth Calculations: Regional and world growths are based on comparable data and are calculated on a fixed $US rate basis.

Inclusion of Music Video Sales in 2001: Music video products (VHS, DVD and Video CDs) are included in the music market totals (units and value) from 2001 onwards. This results in an artificial growth being reported for 2001.

Digital Music Sales: Digital sales are not included in this report. IFPI is working to publish revenues from digital music in the near future.

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Keith Jopling
IFPI Market Rese

The music business is emerging from a period frequently described in recent years as a 'crisis'. The year 2004 was the industry's best year-on-year performance for five years - and while tough times lay ahead, the industry has clearly turned a corner.

Digital revenues in 2004 were 1.5% of sales, but by mid-year 2005 record companies were reporting digital as 4-5% of their total revenues. The speed of progress and the speed of change within the industry are phenomenal. Digital music is for the first time bringing serious revenues, offering new distribution outlets and new revenue streams for record companies.

Meanwhile, internet piracy, which grew astronomically from the late 1990s, is being contained by a mixture of deterrent measures by the industry and legal offerings by legitimate online services. Demand for music, in all forms, is higher than it has ever been before. And entertainment sectors related to music, or that use music, are growing.

But there are big challenges for the music market too. Internet piracy is the greatest of them, but it is by no means the only obstacle to growth. Consumers are spending more on other, newer entertainment products such as DVD and games. They are also spending more on mobile phones, internet and other 'subscriptions'.

Unauthorised file-sharing, remains a huge problem for the music industry. But there has been great progress in the last two years towards containing it. Lawsuits against individual file-sharers have changed attitudes, begun to reduce file-sharing in some countries, and stimulated legitimate services.

There are now as many users of legal online music services as there are peer-to-peer users - more if mobile music customers are included. But many customers are just starting out with digital music. There is a long journey ahead and a very exciting one for music fans.

The digital revolution has empowered the consumer and in doing so has created tremendous opportunities for the music industry. Record companies are adapting in the knowledge that consumers want to be able to control their own music collections in a way which makes logical sense to them as individuals.

And consumers want the option of complete portability. The iPod has uncovered a whole raft of new listening habits; shuffle play has become the ultimate personal radio station; fans are re-discovering their old favourites (proving the value of catalogue yet again). Playlists are competing with albums and perhaps most importantly of all there is a new emphasis on the quality of the song - and that is very good news for the singles market.

Consumers today are being offered music with more choice, flexibility, availability and better value than ever before. Single track sales and playlists are becoming ever-more popular, but there is every prospect of albums holding a very important place in the market.

In all consumer businesses competition is intense and product life cycles have been reduced. The music industry is responding to these changes and over the next few years - as successful digital business models develop - there are very encouraging prospects for growth in the recorded music business.

This twelfth edition of the Recording Industry in Numbers contains new data on record company income from performing rights and expanded individual country sections with new data on charts and independent labels. The Appendix section has been further expanded to include comprehensive trends in sales by age, genre and retail channels. The RIN continues to be an invaluable source for all those searching for music market information.

Keith Jopling
IFPI Market Research Director

MARKET SHARES

Market shares for the four majors and independents' sector are shown at global, regional and territory level for the years 2002, 2003 and 2004. Market shares are inclusive of audio and music video sales. 2002 and 2003 shares are based on re-stated figures at 2004 exchange rates.

Definition - Owned Content

Sales qualifying as Owned Content are wholesale sales of finished music product (audio and video) by the Member Company (i.e. record company) to retailers or to intermediate wholesalers, net of returns and discounts and exclusive of exports (in accordance with IFPI Data Definitions). The following defines Owned Content on a territory-by-territory basis:

- Sales of finished music product of repertoire owned by the Member Company
- Sales of finished music product of repertoire owned by the Member Company's majority owned (>50%) labels/companies
- Sales of finished music product of repertoire that is licensed-in by the Member Company or its majority owned label/company
- Sales of compilations/soundtracks and other finished music product based on joint-venture agreements between record companies. For example, in the case of a compilation called "Huge Hits Volume 1" – a joint venture of four companies with respective shares of 30:30:30:10 – hypothetical sales of $100,000 would be split for market share calculation purposes to $30,000, $30,000, $30,000, $10,000

The following do not qualify as Owned Content revenues:

- Sales of minority owned labels
- Sales of finished music product by Member Companies' licensees
- All other forms of revenue that are not wholesale sales of finished music product e.g. license income fees or royalty based income, etc

Independents

Sony Music Japan sales are not included in SONY BMG shares. Sony Music Japan is included in Independents.

IFPI recommends and very much welcomes independent record companies to submit information according to the above definitions. Any record company wishing to participate or know more about the project should contact IFPI Market Research.

Club Sales and Direct Mail

In the USA and Canada, IFPI calculates shares for this sector on a pro-rata basis. Company market shares based on the non-club and direct mail market are grossed up on a pro-rata basis to include club sales and direct mail.

Audit of Product Sales Data Supplied by Companies

IFPI does not audit sales data supplied by companies. The data is subject to internal audit by companies only, guided by the above Owned Content definition and notes. IFPI checks the resulting shares against secondary sources and National Group data where available.

Notes

Italy territory market shares not available. Italy is however included in the regional and world calculation.

Territories Include

North America

Europe

Latin America

Asia

Australasia

Africa

Global and F

2004 Market Shares
Region
North America
Europe
Asia
Asia (excluding Japa
Latin America
Australasia
Africa

2003 Market Shares
Region
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2002 Market Shares
Region
North America
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Asia (excluding Jap
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Australasia
Africa

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Territories Included in Global and Regional Market Share Calculation

North America	Canada, USA
Europe	Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, UK
Latin America	Argentina, Brazil, Chile, Colombia and Mexico
Asia	Hong Kong, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand
Australasia	Australia, New Zealand
Africa	South Africa

Global and Regional Market Shares Summary

2004 Market Shares

Region	EMI	SONY BMG	Universal	Warner	Indies
North America	9.9%	24.9%	32.5%	14.2%	18.3%
Europe	16.7%	25.5%	26.8%	11.7%	19.3%
Asia	12.2%	6.2%	12.4%	4.9%	64.4%
Asia (excluding Japan)	15.5%	21.7%	13.8%	10.9%	38.0%
Latin America	15.7%	28.2%	16.5%	13.0%	26.6%
Australasia	20.0%	28.2%	22.7%	14.2%	14.9%
Africa	21.8%	26.5%	18.2%	0.0%	33.5%
World	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

2003 Market Shares

Region	EMI	SONY BMG	Universal	Warner	Indies
North America	10.5%	27.6%	27.9%	15.8%	18.2%
Europe	17.3%	24.6%	25.5%	12.7%	19.9%
Asia	10.9%	5.9%	13.3%	6.0%	63.8%
Asia (excluding Japan)	14.5%	20.1%	15.3%	12.2%	37.8%
Latin America	12.2%	31.6%	15.0%	14.6%	26.7%
Australasia	18.4%	28.6%	20.3%	15.1%	17.5%
Africa	21.2%	24.9%	19.9%	0.0%	34.0%
World	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

2002 Market Shares

Region	EMI	SONY BMG	Universal	Warner	Indies
North America	8.9%	28.1%	31.7%	15.1%	16.2%
Europe	16.8%	23.8%	27.1%	11.3%	21.0%
Asia	9.4%	7.7%	12.1%	6.1%	64.8%
Asia (excluding Japan)	9.6%	20.4%	15.8%	10.8%	43.4%
Latin America	10.7%	31.3%	18.4%	13.7%	25.8%
Australasia	15.9%	26.4%	23.7%	14.0%	20.0%
Africa	21.3%	26.2%	22.8%	0.0%	29.7%
World	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Market Shares continues on page 6)

MARKET SHARES

EMI			
Region	2002	2003	2004
North America	8.9%	10.5%	9.9%
Europe	16.8%	17.3%	16.7%
Asia	9.4%	10.9%	12.2%
Asia (excluding Japan)	9.6%	14.5%	15.5%
Latin America	10.7%	12.2%	15.7%
Australasia	15.9%	18.4%	20.0%
Africa	21.3%	21.2%	21.8%
WORLD	[illegible]	[illegible]	[illegible]

SONY BMG			
Region	2002	2003	2004
North America	28.1%	27.6%	24.9%
Europe	23.8%	24.6%	25.5%
Asia	7.7%	5.9%	6.2%
Asia (excluding Japan)	20.4%	20.1%	21.7%
Latin America	31.3%	31.6%	28.2%
Australasia	26.4%	28.6%	28.2%
Africa	26.2%	24.9%	26.5%
WORLD	[illegible]	[illegible]	[illegible]

Universal			
Region	2002	2003	2004
North America	31.7%	27.9%	32.5%
Europe	27.1%	25.5%	26.8%
Asia	12.1%	13.3%	12.4%
Asia (excluding Japan)	15.8%	15.3%	13.8%
Latin America	18.4%	15.0%	16.5%
Australasia	23.7%	20.3%	22.7%
Africa	22.8%	19.9%	18.2%
WORLD	[illegible]	[illegible]	[illegible]

Warner			
Region	2002	2003	2004
North America	15.1%	15.8%	14.2%
Europe	11.3%	12.7%	11.7%
Asia	6.1%	6.0%	4.9%
Asia (excluding Japan)	10.8%	12.2%	10.9%
Latin America	13.7%	14.6%	13.0%
Australasia	14.0%	15.1%	14.2%
Africa	0.0%	0.0%	0.0%
WORLD	[illegible]	[illegible]	[illegible]

Indies			
Region	2002	2003	2004
North America	16.2%	18.2%	18.3%
Europe	21.0%	19.9%	19.3%
Asia	64.8%	63.8%	64.4%
Asia (excluding Japan)	43.4%	37.8%	38.0%
Latin America	25.8%	26.7%	26.6%
Australasia	20.0%	17.5%	14.9%
Africa	29.7%	34.0%	33.5%
WORLD	[illegible]	[illegible]	[illegible]

2004 Territory Market

North America
Canada
USA
Total

Europe
Austria
Belgium
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Norway
Netherlands
Poland
Portugal
Spain
Sweden
Switzerland
UK
Total

Latin America
Argentina
Brazil
Chile
Colombia
Mexico
Total

Asia
Hong Kong
Indonesia
Japan
Malaysia
Philippines
Singapore
South Korea
Taiwan
Thailand
Asia Total
Asia Excl. Japan

Australasia
Australia
New Zealand
Total

Africa
South Africa

WORLD

2004
24.9%
25.5%
6.2%
21.7%
28.2%
28.2%
26.5%

2004
14.2%
11.7%
4.9%
10.9%
13.0%
14.2%
0.0%

2004 Territory Market Shares

	EMI	SONY BMG	Universal	Warner	Indies
North America					
Canada	9.0%	22.8%	33.1%	14.4%	20.6%
USA	10.0%	25.1%	32.5%	14.2%	18.2%
Total	9.9%	24.9%	32.5%	14.2%	18.3%
Europe					
Austria	13.9%	22.8%	28.4%	9.3%	25.7%
Belgium	19.8%	26.5%	27.5%	8.4%	17.8%
Czech Republic	19.3%	30.8%	26.2%	8.0%	15.7%
Denmark	23.0%	26.0%	20.0%	11.2%	19.8%
Finland	16.4%	19.5%	18.7%	14.7%	30.7%
France	14.8%	30.0%	35.1%	12.7%	7.4%
Germany	12.1%	26.3%	24.7%	9.9%	26.9%
Greece	32.1%	14.8%	19.8%	6.0%	27.2%
Hungary	14.0%	20.5%	16.5%	12.6%	36.5%
Ireland	20.3%	30.0%	30.3%	13.8%	5.7%
Norway	19.2%	20.4%	21.8%	10.5%	28.2%
Netherlands	17.7%	23.9%	24.6%	9.7%	24.0%
Poland	17.7%	20.4%	24.0%	8.1%	29.9%
Portugal	23.3%	17.3%	15.0%	6.1%	38.4%
Spain	12.1%	24.5%	15.3%	21.8%	26.3%
Sweden	20.7%	23.7%	18.9%	13.8%	23.0%
Switzerland	13.3%	22.8%	22.9%	10.8%	30.2%
UK	18.6%	24.1%	29.5%	10.6%	17.2%
Total	16.7%	25.5%	26.8%	11.7%	19.3%
Latin America					
Argentina	17.7%	31.7%	20.4%	13.8%	16.4%
Brazil	16.5%	28.2%	17.1%	12.0%	26.2%
Chile	20.9%	27.5%	15.1%	22.5%	14.0%
Colombia	12.0%	28.2%	30.6%	0.0%	29.2%
Mexico	14.3%	27.6%	14.0%	14.2%	29.9%
Total	15.7%	28.2%	16.5%	13.0%	26.6%
Asia					
Hong Kong	17.5%	21.8%	29.4%	15.5%	15.8%
Indonesia	8.6%	24.8%	8.8%	10.0%	47.8%
Japan	11.7%	3.9%	12.2%	4.0%	68.2%
Malaysia	26.5%	29.2%	18.5%	18.9%	6.9%
Philippines	12.3%	22.6%	12.2%	14.5%	38.4%
Singapore	19.2%	30.9%	22.1%	13.9%	13.8%
South Korea	29.3%	22.0%	12.7%	2.8%	33.2%
Taiwan	15.2%	23.3%	12.3%	14.9%	34.2%
Thailand	2.3%	11.5%	4.9%	6.7%	74.6%
Asia Total	12.2%	6.2%	12.4%	4.9%	64.4%
Asia Excl. Japan	15.5%	21.7%	13.8%	10.9%	38.0%
Australasia					
Australia	20.1%	28.5%	22.6%	14.4%	14.4%
New Zealand	19.6%	26.5%	23.3%	12.7%	18.0%
Total	20.0%	28.2%	22.7%	14.2%	14.9%
Africa					
South Africa	21.8%	26.5%	18.2%	0.0%	33.5%
WORLD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Market Shares continues on page 8)

MARKET SHARES

2003 Territory Market Shares	EMI	SONY BMG	Universal	Warner	Indies
North America					
Canada	11.9%	26.5%	28.7%	14.4%	18.6%
USA	10.4%	27.7%	27.8%	15.9%	18.2%
Total	10.5%	27.6%	27.9%	15.8%	18.2%
Europe					
Austria	15.4%	19.2%	30.7%	11.0%	23.6%
Belgium	20.6%	23.7%	27.5%	8.3%	19.8%
Czech Republic	20.4%	25.9%	24.3%	11.3%	18.2%
Denmark	40.1%	21.1%	20.2%	11.3%	7.2%
Finland	15.9%	18.3%	17.1%	13.7%	35.0%
France	15.8%	25.0%	34.1%	12.6%	12.6%
Germany	12.7%	29.6%	24.3%	10.8%	22.6%
Greece	35.4%	14.0%	19.2%	8.0%	23.4%
Hungary	13.4%	16.7%	14.3%	15.0%	40.7%
Ireland	20.9%	31.1%	24.0%	13.8%	10.2%
Norway	22.0%	18.9%	22.3%	11.5%	25.3%
Netherlands	17.8%	26.8%	20.5%	9.4%	25.5%
Poland	17.4%	22.4%	23.2%	12.7%	24.2%
Portugal	22.8%	16.6%	15.5%	8.7%	36.5%
Spain	11.2%	23.4%	16.9%	20.2%	28.3%
Sweden	21.6%	22.7%	19.0%	13.6%	23.1%
Switzerland	14.2%	23.0%	23.3%	11.2%	28.2%
UK	19.6%	22.0%	25.9%	12.8%	19.7%
Total	17.3%	24.6%	25.5%	12.7%	19.9%
Latin America					
Argentina	14.9%	31.4%	21.8%	14.5%	17.4%
Brazil	14.7%	26.9%	18.9%	11.2%	28.3%
Chile	16.7%	33.5%	15.3%	25.4%	9.1%
Colombia	11.4%	31.0%	27.5%	9.5%	20.6%
Mexico	8.8%	36.1%	8.5%	17.2%	29.5%
Total	12.2%	31.6%	15.0%	14.6%	26.7%
Asia					
Hong Kong	17.4%	18.9%	29.3%	16.5%	18.0%
Indonesia	9.1%	24.6%	10.3%	8.7%	47.3%
Japan	10.4%	3.7%	13.0%	5.1%	67.8%
Malaysia	21.9%	24.7%	19.9%	24.4%	9.1%
Philippines	9.3%	29.6%	10.4%	16.2%	34.5%
Singapore	16.9%	29.1%	22.6%	17.0%	14.4%
South Korea	20.4%	14.5%	14.8%	7.2%	43.1%
Taiwan	16.0%	24.0%	14.9%	15.4%	29.7%
Thailand	4.2%	12.9%	5.1%	6.5%	71.2%
Asia Total	10.9%	5.9%	13.3%	6.0%	63.8%
Asia Excl. Japan	14.5%	20.1%	15.3%	12.2%	37.8%
Australasia					
Australia	18.4%	29.0%	20.1%	15.2%	17.4%
New Zealand	18.9%	26.4%	21.9%	14.5%	18.3%
Total	18.4%	28.6%	20.3%	15.1%	17.5%
Africa					
South Africa	21.2%	24.9%	19.9%	0.0%	34.0%
WORLD	13.4%	22.1%	23.4%	12.5%	28.5%

2002 Territory Market
North America
Canada
USA
Total
Europe
Austria
Belgium
Czech Republic
Denmark
Finland
France
Germany
Greece
Hungary
Ireland
Norway
Netherlands
Poland
Portugal
Spain
Sweden
Switzerland
UK
Total
Latin America
Argentina
Brazil
Chile
Colombia
Mexico
Total
Asia
Hong Kong
Indonesia
Japan
Malaysia
Philippines
Singapore
South Korea
Taiwan
Thailand
Asia Total
Asia Excl. Japan
Australasia
Australia
New Zealand
Total
Africa
South Africa
WORLD

Indies
18.6%
18.2%
18.2%
23.6%
19.8%
18.2%
7.2%
35.0%
12.6%
22.6%
23.4%
40.7%
10.2%
25.3%
25.5%
24.2%
36.5%
28.3%
23.1%
28.2%
19.7%
19.9%
17.4%
28.3%
9.1%
20.6%
29.5%
26.7%
18.0%
47.3%
67.8%
9.1%
34.5%
14.4%
43.1%
29.7%
71.2%
63.8%
37.8%
17.4%
18.3%
17.5%
34.0%
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2002 Territory Market Shares

	EMI	SONY BMG	Universal	Warner	Indies
North America					
Canada	11.7%	26.7%	33.6%	13.5%	14.5%
USA	8.7%	28.2%	31.6%	15.2%	16.3%
Total	8.9%	28.1%	31.7%	15.1%	16.2%
Europe					
Austria	14.6%	20.8%	30.8%	11.7%	22.1%
Belgium	17.9%	23.1%	29.3%	8.5%	21.2%
Czech Republic	18.9%	25.9%	25.8%	10.3%	19.2%
Denmark	31.2%	23.4%	25.5%	9.8%	10.0%
Finland	15.1%	20.9%	19.5%	14.8%	29.8%
France	15.0%	22.9%	34.8%	9.5%	17.8%
Germany	12.9%	28.6%	25.0%	12.5%	20.9%
Greece	33.4%	15.3%	19.3%	6.3%	25.6%
Hungary	13.2%	19.7%	11.6%	12.2%	43.3%
Ireland	20.2%	30.9%	30.4%	14.2%	4.3%
Norway	16.5%	20.8%	25.0%	10.1%	27.5%
Netherlands	15.7%	27.2%	23.5%	9.9%	23.8%
Poland	17.3%	22.6%	24.2%	12.4%	23.5%
Portugal	17.4%	19.3%	20.2%	7.3%	35.7%
Spain	6.0%	22.1%	19.4%	16.8%	35.8%
Sweden	21.3%	25.0%	17.8%	12.0%	23.8%
Switzerland	13.6%	24.7%	24.9%	11.8%	25.0%
UK	21.9%	20.2%	27.5%	9.9%	20.6%
Total	16.8%	23.8%	27.1%	11.3%	21.0%
Latin America					
Argentina	15.7%	36.5%	19.4%	10.0%	18.4%
Brazil	12.1%	27.7%	18.3%	13.5%	28.4%
Chile	14.6%	31.9%	17.2%	23.7%	12.6%
Colombia	11.4%	29.7%	22.7%	7.4%	28.8%
Mexico	8.3%	34.7%	18.2%	13.7%	25.1%
Total	10.7%	31.3%	18.4%	13.7%	25.8%
Asia					
Hong Kong	11.2%	18.8%	29.4%	14.7%	25.8%
Indonesia	8.7%	24.4%	13.2%	9.6%	44.1%
Japan	9.3%	5.6%	11.6%	5.3%	68.1%
Malaysia	18.5%	29.9%	17.3%	19.8%	14.5%
Philippines	9.3%	33.2%	18.5%	13.2%	25.7%
Singapore	15.2%	32.6%	22.3%	16.1%	13.8%
South Korea	6.4%	17.6%	16.7%	6.5%	52.8%
Taiwan	13.0%	22.4%	12.7%	14.2%	37.7%
Thailand	4.2%	11.1%	5.2%	5.4%	74.1%
Asia Total	9.4%	7.7%	12.1%	6.1%	64.8%
Asia Excl. Japan	9.6%	20.4%	15.8%	10.8%	43.4%
Australasia					
Australia	15.6%	26.0%	23.6%	14.1%	20.7%
New Zealand	17.2%	28.7%	24.2%	13.8%	16.1%
Total	15.9%	26.4%	23.7%	14.0%	20.0%
Africa					
South Africa	21.3%	26.2%	22.8%	0.0%	29.7%
WORLD	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MAJORS' TOP SELLING ALBUMS 2004

EMI

Artist	Title
Norah Jones	Feels Like Home
Robbie Williams	Greatest Hits
Utada Hikaru	Utada Hikaru Single Collection Vol.1
Various Artists	Now 17
Norah Jones	Come Away With Me
Joss Stone	The Soul Sessions
Various Artists	Now 15
Joss Stone	Mind, Body & Soul
Beastie Boys	To The 5 Boroughs
Janet Jackson	Damita Jo

Universal

Artist	Title
Eminem	Encore
U2	How To Dismantle An Atomic Bomb
Shania Twain	Greatest Hits
Guns N' Roses	Greatest Hits
Black Eyed Peas	Elephunk
Nelly	Suit
Ashlee Simpson	Autobiography
D-12	D-12 World
Kanye West	College Dropout
Keane	Hopes And Fears

SONY BMG

Artist	Title
Usher	Confessions
Avril Lavigne	Under My Skin
Destiny's Child	Destiny Fulfilled
Maroon 5	Songs About Jane
Britney Spears	Greatest Hits: My Prerogative
Gretchen Wilson	Here For The Party
Anastacia	Anastacia
Kenny Chesney	When The Sun Goes Down
OutKast	Speakerboxx/The Love Below
Rod Stewart	Stardust...The Great American Songbook III

Excludes Sony Japan

Warner

Artist	Title
Green Day	American Idiot
Jay-Z/ Linkin Park	MTV Ultimate Mash-Ups Presents
Josh Groban	Closer
Big & Rich	Horse Of A Different Color
Twista	Kamikaze
Linkin Park	Meteora
Jet	Get Born
R.E.M.	Around The Sun
The Streets	A Grand Don't Come For Free
Seal	Best 1991 - 2004

EMI

Artist
Queen
The Beatles
Norah Jones
Robbie Williams
Queen
Placebo
Robbie Williams
Norah Jones
Utada Hikaru
Kylie Minogue

SONY BMG

Artist
Britney Spears
Jamel Debbouze
Britney Spears
Elvis Presley
Elvis Presley
Pink Floyd
Christina Aguilera
Kenny Chesney
Beyoncé Knowles
Eagles

Excludes Sony Japan

Title
tle An Atomic Bomb
;
;
hy
bout
ears

Title
lot
Mash-Ups Presents
Different Color
Sun
n't Come For Free
2004

EMI

Artist	Title
Queen	Queen On Fire - Live At The Bowl
The Beatles	The First US Visit
Norah Jones	Norah Jones & The Handsome Band
Robbie Williams	What We Did Last Summer
Queen	Live At Wembley
Placebo	Soulmates Never Die: Live In Paris
Robbie Williams	Robbie Williams Live At The Royal
Norah Jones	Norah Jones - Live In New Orleans
Utada Hikaru	Utada Hikaru In Budokan 2004
Kylie Minogue	Ultimate Kylie

Universal

Artist	Title
U2	Go Home Live From Slane Castle
Marco Borsato	Zien
Guns N' Roses	Welcome To The Videos (2003 Version)
Bon Jovi	Bon Jovi Live: This Left Feels Right
Andre Rieu	The Flying Dutch Man
Queen	Greatest Hits
Shania Twain	UP! Live In Chicago
Shania Twain	Up Close And Personal
Busted	Live
Abba	Live In Concert

SONY BMG

Artist	Title
Britney Spears	Greatest Hits: My Prerogative
Jamel Debbouze	100% Debbouze
Britney Spears	In The Zone
Elvis Presley	Aloha From Hawaii
Elvis Presley	'68 Comeback Special
Pink Floyd	The Wall
Christina Aguilera	Stripped... Live In The UK
Kenny Chesney	When The Sun Goes Down
Beyoncé Knowles	Live At Wembley
Eagles	Hell Freezes Over

Excludes Sony Japan

Warner

Artist	Title
Live Aid	Live Aid
Led Zeppelin	Led Zeppelin
Eric Clapton	Crossroads Concert
Concert For George	Concert For George
Phil Collins	Finally...The Farewell Tour
Jimmy Page & Robert Plant	No Quarter: Jimmy Page & Robert Plant
Cher	The Very Best Of Cher: The Video Hits
Red Hot Chili Peppers	Live At Slane Castle
Blue Man Group	A Complex Rock Tour Live
Metallica	S&M

MUSIC SALES RANKING BY VALUE

2004 Position	2003 Position	Country	$US Millions	% of Total Sales
1	1	USA	12,153.4	36%
2	2	Japan	5,167.8	15%
3	3	UK	3,508.7	10%
4	5	Germany	2,149.0	6%
5	4	France	1,979.3	6%
6	7	Australia	716.7	2%
7	6	Canada	693.8	2%
8	8	Italy	652.5	2%
9	9	Spain	572.8	2%
10	10	Netherlands	507.7	2%
11	12	Russia	490.8	1%
12	13	Brazil	374.2	1%
13	11	Mexico	360.0	1%
14	15	Austria	288.6	1%
15	18	Belgium	275.1	1%
16	17	Norway	273.8	1%
17	14	Sweden	267.9	1%
18	16	Switzerland	258.8	1%
19	22	South Africa	236.5	1%
20	19	China	211.8	1%
21	20	Denmark	187.4	1%
22	25	Turkey	166.2	<1%
23	24	India	152.5	<1%
24	29	Ireland	145.8	<1%
25	27	Taiwan	142.5	<1%
26	28	Thailand	140.7	<1%
27	26	Finland	133.6	<1%
28	21	South Korea	132.8	<1%
29	23	Portugal	121.8	<1%
30	30	New Zealand	116.8	<1%
31	32	Poland	92.0	<1%
32	33	Greece	89.3	<1%
33	34	Indonesia	85.4	<1%
34	36	Argentina	83.9	<1%
35	31	Hong Kong	81.1	<1%
36	35	Hungary	59.1	<1%
37	38	Colombia	48.5	<1%
38	37	Singapore	45.6	<1%
39	40	Israel	44.8	<1%
40	39	Ukraine	41.7	<1%
41	41	Czech Republic	39.6	<1%
42	42	Chile	37.3	<1%
43	47	Romania	34.6	<1%
44	43	Malaysia	32.3	<1%
45	44	UAE	28.4	<1%
46	46	Saudi Arabia	27.0	<1%
47	45	Philippines	24.9	<1%
48	48	Pakistan	23.5	<1%
49	49	Central America	21.2	<1%
50	50	Croatia	17.9	<1%
51	-	Zimbabwe	16.5	<1%
52	61	Venezuela	15.9	<1%
53	58	Estonia	11.5	<1%
54	52	Egypt	11.1	<1%
55	55	Kuwait	8.6	<1%
56	59	Lebanon	6.8	<1%
57	60	Bulgaria	5.2	<1%
58	56	Ecuador	4.9	<1%
59	65	Uruguay	4.6	<1%
60	57	Latvia	4.4	<1%
61	63	Qatar	3.7	<1%
62	66	Peru	3.6	<1%
63	62	Bahrain	3.5	<1%
64	64	Oman	3.1	<1%
65	67	Paraguay	1.9	<1%

2004 Position	2003 Position	Co
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2	2	Ja
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19	19	N
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21	21	S
22	25	R
23	27	B
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25	26	T
26	24	L
27	22	S
28	32	A
29	30	N
30	29	P
31	28	P
32	31	A
33	34	D

S ons	% of Total Sales
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.1	<1%
.1	<1%
.5	<1%
.6	<1%
.8	<1%
.7	<1%
.6	<1%
.3	<1%
.6	<1%
.3	<1%
.4	<1%
.0	<1%
.9	<1%
.5	<1%
.2	<1%
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.5	<1%
.9	<1%
.5	<1%
.1	<1%
.6	<1%
.8	<1%
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.4	<1%
.7	<1%
.6	<1%
.5	<1%
.1	<1%
.9	<1%

2004 Position	2003 Position	Country	Million Units	% of Total Sales
1	1	USA	809.7	29%
2	2	Japan	255.6	9%
3	3	UK	194.1	7%
4	4	Germany	181.3	7%
5	5	India	130.2	5%
6	6	France	126.6	5%
7	7	China	123.6	4%
8	8	Russia	118.9	4%
9	11	Brazil	66.0	2%
10	9	Canada	60.2	2%
11	10	Mexico	56.3	2%
12	12	Australia	47.6	2%
13	18	Turkey	43.5	2%
14	16	Pakistan	40.1	1%
15	17	Indonesia	39.8	1%
16	13	Spain	38.4	1%
17	14	Italy	37.8	1%
18	15	Thailand	35.2	1%
19	19	Netherlands	29.9	1%
20	23	South Africa	22.1	1%
21	21	Switzerland	20.4	1%
22	25	Romania	18.8	1%
23	27	Belgium	18.5	1%
24	20	Sweden	18.1	1%
25	26	Taiwan	15.9	1%
26	24	Ukraine	15.4	1%
27	22	South Korea	14.2	<1%
28	32	Argentina	13.4	<1%
29	30	Norway	13.1	<1%
30	29	Poland	12.3	<1%
31	28	Portugal	11.7	<1%
32	31	Austria	11.0	<1%
33	34	Denmark	10.2	<1%

2004 Position	2003 Position	Country	Million Units	% of Total Sales
34	33	Finland	9.6	<1%
35	36	Ireland	8.6	<1%
36	46	Hungary	7.6	<1%
37	39	Greece	7.6	<1%
38	38	New Zealand	7.5	<1%
39	37	Hong Kong	6.8	<1%
40	41	Saudi Arabia	6.6	<1%
41	42	Philippines	6.3	<1%
42	45	Malaysia	6.1	<1%
43	35	Egypt	6.1	<1%
44	43	Israel	5.9	<1%
45	40	Colombia	5.9	<1%
46	44	Chile	4.8	<1%
47	47	Singapore	4.2	<1%
48	49	Czech Republic	4.0	<1%
49	48	UAE	3.9	<1%
50	-	Zimbabwe	3.6	<1%
51	50	Central America	3.4	<1%
52	51	Croatia	2.8	<1%
53	64	Venezuela	2.7	<1%
54	52	Kuwait	1.7	<1%
55	57	Lebanon	1.1	<1%
56	63	Peru	0.9	<1%
57	58	Estonia	0.9	<1%
58	55	Bulgaria	0.9	<1%
59	61	Qatar	0.8	<1%
60	65	Oman	0.7	<1%
61	62	Latvia	0.6	<1%
62	60	Bahrain	0.6	<1%
63	56	Ecuador	0.5	<1%
64	66	Uruguay	0.4	<1%
65	67	Paraguay	0.4	<1%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	Value Change**
2004	197.6	7.5	380.1	2,117.4	179.6	6.2	2,772.6	33,632.9	33,632.9	-0.4%	-1.3%
2003	232.5	6.3	492.2	2,043.2	144.9	9.3	2,782.6	32,375.2	34,107.5	-6.6%	-7.4%
2002	265.0	7.5	533.5	2,190.3	93.6	16.1	2,935.7	32,562.7	36,788.4	-9.0%	-6.7%
2001	318.0	10.4	659.4	2,310.1	55.6	22.4	3,171.8	34,800.9	39,318.0	-5.2%	-1.3%
2000	370.1	12.1	735.7	2,454.0	11.9	-	3,342.9	36,887.5	39,716.4	-2.8%	-1.6%

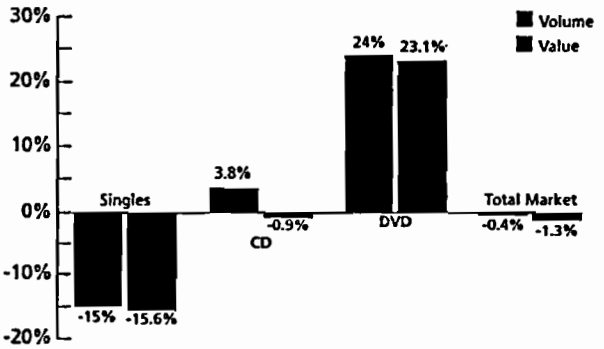
Overview of 2004 Results

In 2004 the music industry achieved the best year-on-year sales result since 2000. The global music market was worth $US 33.6 billion in 2004 with total unit sales of 2.8 billion. Music sales (audio and video) fell by 0.4% in units and by 1.3% in value in 2004. Music on audio formats fell by 2.7% in value, while DVD music video increased by 23.1%. Global sales of CD albums dropped by 0.9% in value with singles and cassettes values down 15.6% and 35.4% respectively. Including digital sales, the recorded music market was flat in 2004.

Top 10 Markets % Change

Country	Unit Change	Value Change
US	2.6%	2.6%
Japan	-1.7%	-1.8%
UK	3.0%	-1.6%
Germany	-1.4%	-4.2%
France	-9.1%	-14.8%
Australia	-6.1%	-6.1%
Canada	2.9%	-4.7%
Italy	-11.7%	-7.9%
Spain	-17.1%	-12.5%
Netherlands	-4.2%	-7.4%

Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total includes formats not shown in the table
** Local currency value change based on fixed 2004 $US values
Music video included in total music market from 2001 onwards

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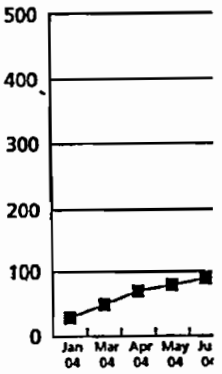
iTunes Global Sales (milli



Source: iTunes announcem

The US remains th
services like iTunes
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Sales in the US were up by 2.6% in value in 2004 – a marked recovery from the 6% drop reported in 2003. Sales were particularly strong at normal retail, which grew by 3.3% in value, but were tempered by sharp falls in direct and special markets (record club sales). The strengthening of the economy, the increasing amount of value-added products, falling retail prices and strong releases such as Usher, Norah Jones, Eminem and U2 all contributed to a positive result in 2004.

CD album sales in the UK reached 174.6 million, up 4.5%, reaching a record level for the second consecutive year. A combination of decreasing retail prices, more value-added and strong titles including Keane, Scissor Sisters and Katie Melua drove album sales. Overall the UK market grew by 3% in unit terms, but fell 1.6% in value.

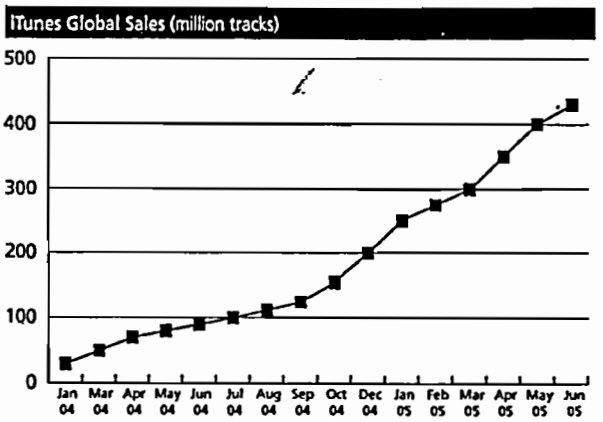
In Germany, Japan and Canada there were signs of recovery. German sales fell by 4.2% in value – the most modest sales drop in three years. The success of DVD music video sales and an apparent decline in illegal downloading explain this result. Japanese sales fell 1.8% in value, reflecting greater optimism and a steadily increasing number of artists signed and albums released. In Canada, strong releases such as Usher, Shania Twain, Eminem and Green Day all helped CD sales rise 3.2% in units. Offset by falling retail prices and a steep drop in record club sales, the overall market fell by 4.7% in value.

The recovery of most Latin American markets, although partial, also helped global results. The success of DVD music video and stepped up anti-piracy efforts contributed to a 33.5% value growth in Argentina, 16.8% in Brazil and 8.7% in Mexico.

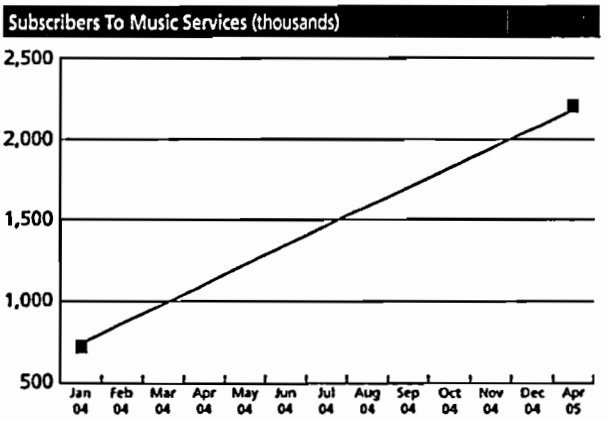
On the other hand, Continental Europe and Asia/Pacific saw steep declines. The French market – second biggest in Europe – fell for the second consecutive year by 14.8% in value. Internet piracy has had a significant impact on the French market, correlated with rising broadband penetration. Many Asian markets, including Hong Kong and South Korea, faced poor results for similar reasons. South Korea has the highest broadband penetration in the world and internet piracy is rife. Adverse economic conditions and tougher competition from other entertainment sectors also played a part.

Accelerated Growth in Digital Sales

2004 was the year of new landmarks in the digital music market. Over 180 digital music services launched globally in 2004. There are now over 300 digital music services globally, 200 in Europe alone. Music catalogues doubled to over one million tracks in the major services. Subscription services now have a total of 2.2 million subscribers globally, having captured 880,000 users in 2004. Developments in the mobile market were also significant. 2004 saw the launch of 3G services from major operators – a stepping stone in the download to mobile market. Portable digital player capabilities and their integration with music services also paved the way for growth.



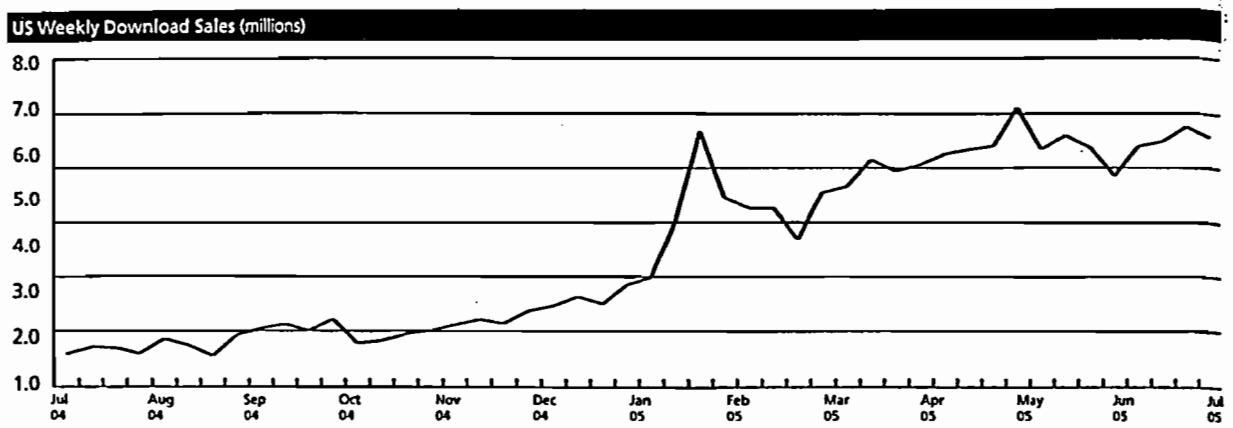
Source: iTunes announcements



Source: Rhapsody, Napster, MusicNet, MusicMatch, eMusic public announcements

The US remains the global leader in digital download sales. A total of 142.6 million single tracks were bought via services like iTunes, MusicMatch, Connect, MSN and Wal-Mart in 2004. As at the end of May 2005, 127.6 million tracks had been bought in the US – more than double the 44.3 million bought in the same period a year before.

(World Overview continues on page 16)



Source: Nielsen SoundScan

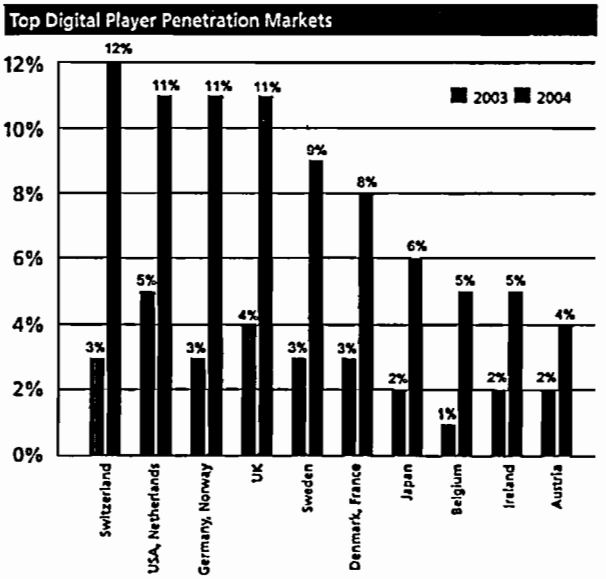
In Europe, digital download sales also grew, totalling 157 million tracks bought in 2004 in the UK, Germany and France combined. As at May 2005 single track downloads in the UK totalled 7.5 million - compared to 5.7 million for the entire year of 2004.

One of the main drivers for the uptake in legal music services is the new trend in portable digital players. Devices such as the Apple iPod and the Creative Zen have given consumers greater control and portability over their music collections. Since launch in 2001, Apple has sold over 15 million iPods, shifting 5.3 million in Q1 2005 alone. Subscription services such as Napster and Rhapsody were quick to launch their 'To-Go' portable subscription packages in order to benefit from the positive effect of digital players.

Where MP3 Players Rank in Consumer Electronics Consumption 2004

USA	Factory Sales ($US million)
PCs	17,629
Wireless Phones	10,538
Digital/Projection TVs	6,274
Printers	5,019
Digital Cameras	4,616
DVD Players	2,973
Gaming Hardware	2,485
Plasma TVs	2,435
Camcorders	1,848
LCD TVs	1,418
Separate Audio Components	1,236
MP3 Players	934
Western Europe	**Factory Sales (EUR million)**
Cathode Ray Tube TVs	8,773
Advanced TVs	8,250
Digital Cameras	7,054
DVD Players	4,362
Camcorders	2,374
Gaming Hardware	1,993
Digital Personal Audio (not MP3)	1,661
Home Cinema Systems	1,641
Home Audio Systems	1,481
Hifi Separates	1,478
Set Top Boxes	1,200
MP3 Players	851

Source: Consumer Electronics Association / European IT Observatory / GFK



Source: Understanding & Solutions

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Mobile Penetration

Country
China
USA
Japan
Brazil
Germany
Russia
UK
Italy
India
France

Source: Wireless World

The mobile music market also came a long way in 2004. While already developed in Asia, 3G is gaining traction in Europe. Since most operators had already launched 3G services by the end of 2004, prospects lie in adoption during 2005-2006. French mobile operator SFR, estimated that up to 70% of France's population would have 3G by the end of 2006. Vodafone announced a target of 10 million 3G subscribers to its network by 2006. In the UK, retailer Carphone Warehouse announced 3G mobiles make up between 15-20% of its handset sales. In the US 2.5G networks are still the norm, but purchases of music content via the mobile are increasing.

Alongside growing 3G adoption, mobile manufacturers have launched a number of products capable of integrating music features (e.g. Nokia N91, Sony Ericsson Walkman phone, Samsung i300). The use of the phone as a portable device in connection to an online service is a potential model, and deals between Nokia/Microsoft/Loudeye and Motorola/Apple point towards developments in that direction.

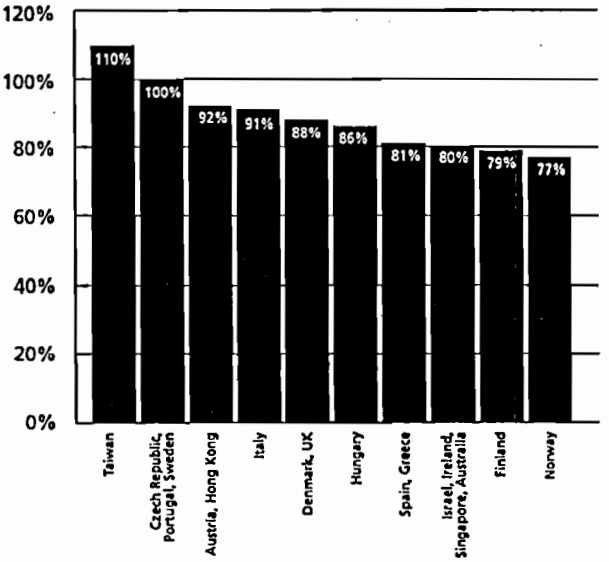
Mobile operators' strategies on music content tend to vary. Vodafone for example, aims to develop its position as a music retailer offering some 500,000 full-length tracks for download to mobile – one million tracks were sold in the period of three months to March 2005. UK operator '3' concentrates on video streaming and has reported 10 million music video streams in six months to February 2005. Japanese operator KDDI has a mix of music offerings such as ringtones, ringback tones and more recently full track downloads, of which 10 million were sold in the first seven months since launch in November 2004. South Korea's SK Telecom reported 45% of its subscribers used ringback tones, overtaking ringtones in popularity.

Mobile Penetration

Country	Handsets in Circulation (millions)	Mobile Penetration (% population)
China	325	25%
USA	167	57%
Japan	90	71%
Brazil	70	38%
Germany	62	75%
Russia	59	41%
UK	53	88%
Italy	53	91%
India	43	4%
France	42	69%

Source: Wireless World Forum/World Factbook

Top Mobile Penetration Markets



KEY INDUSTRY NUMBERS 2004

This brief overview indicates the major trends occurring in the industry through a key set of headline numbers.

THE CD MARKET

Sales trend

The CD album accounted for 85% of total music sales by value in 2004. Both sales figures and consumer research indicate the CD has a longer lifespan than widely predicted in recent years. CD album volume grew by 4% worldwide in 2004 showing the first signs that recent sales declines are abating due to increased marketing (improved value-added material and packaging), reduced prices and a peak in sales substitution through burning & downloading. This is the first global increase in CD album volumes for five years, although the global value of the format fell 1%.

Record releases still increasing

The record industry released well over 100,000 album titles in 2004 – including both new releases and re-issues. The number of albums released is actually increasing in some markets despite sales and industry contraction – the UK industry released or re-released 29,510 album titles in 2004, a 4% increase on the previous year. Japan released 12,019 album titles – the highest level for five years. Album releases in Germany were the highest since 2001, with 15,148 titles released in 2004.

Top selling titles sales rise in 2004

The global top 50 selling titles sold 7% more units in 2004 than in 2003. The top 10 selling titles sold 14% more with eight titles selling over the five million mark compared with five in 2003. Successful releases from Usher, Norah Jones, Eminem and U2 aided the uplift, and 2004 was seen as a better year in terms of the overall quality of releases. This trend was reflected in the US and UK markets which saw increases in sales of the top slice of album titles.

Top Sellers Trend

	2001	2002	2003	2004
Top 10 Sales (millions)	69.1	81.4	62.4	71.4
Top 10 % of Total Sales	3.0%	3.7%	3.1%	3.4%
Top 50 Sales (millions)	192.8	209.7	173.3	185.7
Top 50 % of Total Sales	8.3%	9.6%	8.5%	8.8%

Source: IFPI

Internet becomes a major channel for CD retail

CD sales via the internet reached 15% in Germany, 10% in the UK and 6% in the US. In 2004 the internet was the fastest growing retail channel for CD sales.

ONLINE MUSIC

Dynamic increase in supply of legal online music

The number of legal music services available has continued to increase dramatically, from around 60 music sites at the start of 2004, to 230 by January 2005 and 300 at mid-year 2005. Not all will be successful and the explosive trend may well reverse as consumers start to show clear preferences. But the level of activity and competition shows how much desire there is to seize opportunities from music on the internet.

Meanwhile the available track libraries on legal services have continued to increase steadily; with the big US based services – iTunes, Rhapsody and Napster reaching 1.5 million tracks by mid 2005. Most services in Europe and elsewhere offer a minimum of 500,000 songs or are offering specialist catalogue. Catalogues on the biggest services are expected to reach two million by 2006.

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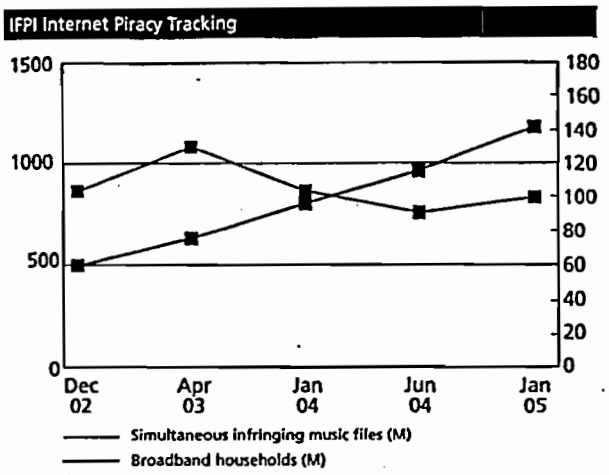
ILLEGAL MUSIC

P2P still growing but at a much reduced rate

The number of music files available on P2P networks had increased to 870 million by January 2005, from mid-year 2004. However the number of infringing song files available has peaked - level with the previous year. Comparing this with the ongoing uptake of broadband this shows a containment of music file sharing.



Legal service users outnumber P2P

There are now at least five separate market surveys that suggest the number of users of legal services now equals or even exceeds that of P2P users.

These are:

- IFPI (Europe): research by GfK in November 2004 for IFPI's Digital Music Report 2005 showed that 44% of music downloaders in Europe used P2P, but a further 44% used either a legal service such as iTunes, or an artist website.
- IPSOS (US): panel research with online music fans in the US revealed that 47% of downloaders had paid a fee to download music (Q4 2004) – up from 22% Q4 2003 and 35% Q2 2004. The survey found numbers of P2P and legal music users to be equal at 11% of total internet users.
- Parks 'Global Digital Living' (US): research released in February 2005 found 20% of internet households in the US used P2P networks monthly, but 22% claimed to purchase online music.
- Pew (US): the latest wave of research from Pew Internet & American Life showed that 27% of all internet users who download music are now more likely to say they use legal online music services like iTunes, vs. 16% who say they use P2P networks.
- Entertainment Media Research (UK): Digital Music Survey released in June 2005 found that 40% of online music fans use P2P to download music, but 35% now buy legal downloads.

CONSUMER TRENDS

CD Prices

CD prices have been coming down steadily in recent years. In the UK, the average album price paid by album consumers has fallen from £11 to £9 in just three years (TNS tracking); while in the US the equivalent drop has been from $14 to under $13 (NPD Group Price Watch).

Going portable

Since launching in 2001, Apple has sold over 15 million iPods, shipping 5.3 million in Q1 2005 alone. The iPod has encouraged a whole raft of new listening habits with shuffle play – the ultimate personal radio station – being preferred to radio by iPod owners. There is a re-emphasis on the quality of the song with new releases competing for listeners alongside old favourites and custom playlists competing with the traditional order of songs on albums.

Mobile injects pace into digital consumption

By mid 2004 at least six purpose-designed 'music phones' were available on the market; Nokia N91; Siemens C class; Samsung i300; Motorola (E398 and the E680i); Sony Ericsson W800 Walkman phone; LG M4300. However, the vast majority of future handset releases are likely to have music functionality and many more specialist music phones are expected to compete with portable digital devices like the iPod.

A Growing Sector for the Music Industry

Performance Rights

For the first time, IFPI is publishing global performance rights collections for the licensing of sound recordings and music videos. Licensing income from both radio and TV broadcasting and public performance - such as the use of music or videos in nightclubs, bars, restaurants and hotels - is an increasingly important revenue source for record companies. Growth in the use of the internet and in the use of simulcasting (simultaneous transmission of broadcast programmes on the internet) and webcasting (streaming of programmes on the internet) have also helped boost revenues.

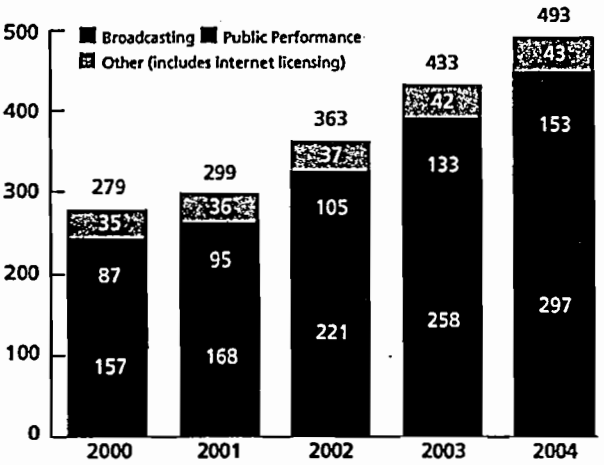
IFPI reports collections for record companies' rights, reported by local collecting societies, from both the use of sound recordings and music videos. Excluded from these figures are the performing artists' share, which is often collected jointly with the record companies - and private copying levy income. All growth rates are expressed in fixed 2004 dollar rates.

Growth in Performance Rights Collections

Performance rights collections totalled $US 493 million in 2004, up 4.5% on 2003. Despite still being a relatively small sector, performance rights collections grew at a compound annual rate of 19% over the past five years. The total sum collected amounts to 2% of record companies revenues' from sales of physical products.

For the period 2000-2004, North America was the fastest growing region, although starting from a small base. In real terms, North American collections lag behind other regions, because of the limited performance rights in the US and price controls introduced in Canadian legislation. European collections have maintained a healthy growth rate, in part due to the new societies being established in Eastern Europe and the improved efficiency of collections in the more established territories. Latin American collections grew in the past five years, whereas in Asia collections remained flat.

Revenues by Category ($US million)



Top 10 Markets for Performance Rights Collections

Territory	Revenue ($US m)	% of Total
UK	93.5	19%
France	67.1	14%
Japan*	62.7	13%
Germany	60.3	12%
Netherlands	20.9	4%
Spain	15.3	3%
Denmark*	13.0	3%
Belgium	12.2	3%
Australia	11.2	2%
Sweden	11.0	2%

* Sound recordings collections only

The Future of the

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Methodology

The IFPI Collecting
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Collections are bas
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Regional Trend in Coll

Territory	2
Europe	1
Asia	
North America	
Latin America	
Australasia	
Africa & ME	

Note

Some countries collections
global totals.

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ns	% of Total
	19%
	14%
	13%
	12%
	4%
	3%
	3%
	3%
	2%
	2%

The Future of the Sector

Although growth in the collection of sound recording performance rights has been healthy in the past five years both for record companies and performing artists, a lot more can be achieved. Recorded music in the form of broadcast or background music is ubiquitous. Broadcasters and public performance venues worldwide build their services on the use of sound recordings and use music to complement and add value to their services. However, typically music radio stations pay to record companies and performing artists combined, less than 5% of their total revenues. This payment is much lower than the fair market value of recorded music to these stations.

As artists and record companies are able to extract fair value for all of these uses, the overall income to sound recording right holders will increase substantially. IFPI estimates that as collections extend into more countries; as the efficiency of collections is further increased; and remuneration levels better reflect the commercial value of recorded music, this sectors' revenues could more than double in the next five years.

Methodology

The IFPI Collecting Societies' Income Survey covers responses from 55 collecting societies worldwide. Collections are based on locally set tariffs and include costs incurred by collecting societies. Collections of non-recurring amounts (retroactive payments, dispute settlements) are not included. Collections for music video were added to the survey in 2002.

Regional Trend in Collections ($US million)

Territory	2000	2001	2002	2003	2004
Europe	184	203	259	315	358
Asia	70	65	65	72	76
North America	-	3	14	15	23
Latin America	15	19	12	14	17
Australasia	6	6	8	11	13
Africa & ME	4	4	5	7	6

Note

Some countries collections not shown separately, but included in regional and global totals.

Revenues from Performance Rights Collections 2004 (figures in thousands)

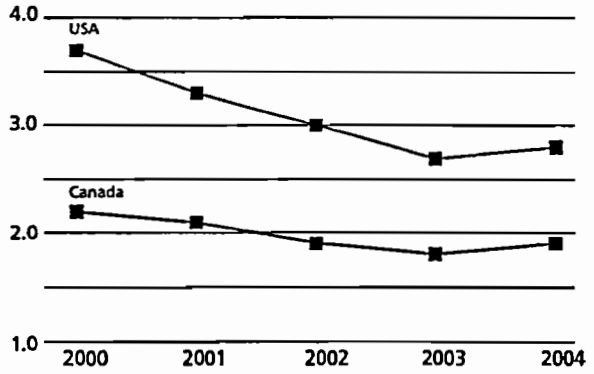
Territory		Local Currency	$US
Argentina	ARP	13,744	4,707
Australia	AUD	15,218	11,189
Austria	EUR	7,038	8,689
Belgium	EUR	9,895	12,216
Brazil	BRL	22,757	7,767
Bulgaria	BGL	348	220
Chile	CLP	785,681	1,289
Colombia	COP	3,515,474	1,337
Costa Rica	CRC	20,777	47
Croatia	HRK	13,120	2,172
Czech Republic	CSK	86,731	3,375
Denmark	DKK	78,115	13,041
Ecuador	USD	11	11
Estonia	EEK	1,270	101
France	EUR	54,327	67,071
Germany	EUR	48,844	60,301
Greece	EUR	1,495	1,846
Hungary	HUF	669,092	3,300
Italy	EUR	8,470	10,457
Japan	JPY	6,783,260	62,698
Latvia	LVL	13	23
Lithuania	LTL	973	350
Macedonia	MKD	3	3
Malaysia	MYR	17,163	4,516
Mexico	MXP	10,620	941
Netherlands	EUR	16,922	20,892
New Zealand	NZD	2,979	1,973
Norway	NOK	56,987	8,455
Panama	USD	7	7
Paraguay	PTG	341,709	57
Peru	PEN	753	221
Poland	PLZ	6,509	1,783
Portugal	EUR	1,050	1,296
Romania	ROL	25,184,450	772
Russia	RUB	12,989	451
Serbia & Mont.	CSD	10,225	173
Singapore	SGD	3,181	1,882
Slovakia	SKK	39,281	1,218
Slovenia	SIT	38,033	198
South Africa	ZAR	4,395	680
Spain	EUR	12,418	15,331
Sweden	SEK	81,160	11,042
Thailand	THB	20,076	499
Turkey	TRL	2,945,577,535	2,033
UK	GBP	51,452	93,549
Ukraine	UAH	237	45
Uruguay	UYP	9,886	344
USA	USD	9,109	9,109
Venezuela	BOL	1,043,175	552

NORTH AMERICA

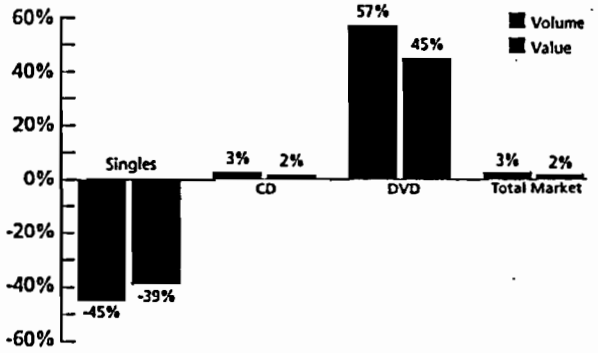
Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	Value Change**
2004	7.2	1.4	5.2	821.8	33.8	4.2	869.9	12,847.2	12,847.2	2.6%	2.2%
2003	13.0	1.5	17.6	799.1	21.5	2.3	848.1	12,523.9	12,575.9	-7.4%	-5.9%
2002	9.5	1.8	33.5	860.7	12.3	4.7	916.6	13,237.1	13,364.4	-10.1%	-8.2%
2001	22.2	2.4	46.5	942.7	8.8	11.0	1,019.1	14,428.0	14,559.0	-7.6%	-2.4%
2000	41.2	2.3	79.3	1,008.2			1,103.4	14,805.5	14,913.2	-5.2%	-2.3%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
** Local currency value change based on fixed 2004 $US values
Music video included in total music market from 2001 onwards

Local Industry Association

Canadian Recording Indu
Association (CRIA)
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Tel: +1 (416) 967 7272
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info@cria.ca
www.cria.ca

Charts

Sales chart compiler
Link

Recorded Music Sales (fi

Year	Singles
2004	0.5
2003	0.9
2002	0.6
2001	0.5
2000	0.5

Top Sellers (albums)

	Million Units
Top 10	3.5
Top 50	9.1
Top 100	12.7
Top 200	17.2

Format Analysis

Format
Singles
LPs
MCs
CDs
DVD
VHS

Notes

Recorded Music Sale
* 3 singles = 1 album. To
Music video sales include
Repertoire Origin
Basis: Artist nationality, t

Local Industry Association Contacts

Canadian Recording Industry Association (CRIA)
890 Yonge Street
Suite 1200
Toronto, Ontario M4W 3P4
Tel: +1 (416) 967 7272
Fax: +1 (416) 967 9415
info@cria.ca
www.cria.ca

Charts

Sales chart compiler	Nielsen SoundScan
Link	www.cria.ca

Economy

Population (millions)	32.5
Per capita GDP ($US)	29,855
Economic growth	1.7%
Currency	Canadian Dollar (CAD)
Language	English/French

Music Industry

Physical piracy level	< 10%
World ranking (value)	7th
% Global Units	2.2%
% Global Value	2.1%

Compilations (% albums)

Units	11%
Value	11%

Player Penetration

CD player (HH)	110%
DVD player (HH)	83%
Digital music player (HH)	2%
Mobile phone (population)	45%

Internet Connection

Internet (HH)	75%
Broadband (HH)	46%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.5	-	-	54.8	4.8	0.4	60.2	693.8	693.8	901.9	2.9%	-4.7%
2003	0.9	-	0.4	53.1	4.0	0.8	58.6	676.0	728.0	946.4	-4.2%	-2.9%
2002	0.6	-	1.1	57.0	1.6	1.2	61.2	621.2	749.9	974.8	-5.4%	-8.4%
2001	0.5	-	1.5	60.7	0.9	1.4	64.6	687.0	818.4	1,064.0	-6.2%	-5.9%
2000	0.5	-	3.2	65.6			68.9	761.4	869.8	1,130.7	-13.0%	-14.1%

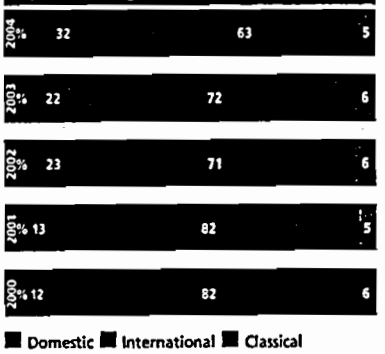
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	3.5	3%	6%
Top 50	9.1	0%	17%
Top 100	12.7	1%	23%
Top 200	17.2	3%	31%

Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	-26.9%
LPs	-	-
MCs	-	-
CDs	89.1%	-4.9%
DVD	10.2%	5.2%
VHS	0.3%	-61.0%

Repertoire Origin



Notes

Recorded Music Sales Table
3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Repertoire Origin
Basis: Artist nationality, top 100 Nielsen SoundScan year-end chart

(Canada continues on page 24)

CANADA – NORTH AMERICA

Certification Awards

Albums	Sales Level	2004	2003
Gold	50,000	147	145
Platinum	100,000	79	63
Multi-platinum		71	97
Diamond	1,000,000	0	3
Double diamond		1	1
Singles	**Sales Level**	**2004**	**2003**
Gold	5,000	7	15
Platinum	10,000	6	6
Multi-platinum		8	13
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	5,000	44	34
Platinum	10,000	27	25
Multi-platinum		55	47
Diamond	100,000	3	3
Double diamond	200,000	3	1

Top 10 Compilation Albums

Title	Label/Company
Muchdance/Danceplus 2005	BMG Canada
Star Academie 2004	Musicor
2004 Grammy Nominees	BMG Heritage
Big Shiny Tunes 9	EMI
Muchdance 2004	Universal
Shrek - Soundtrack	Geffen
Now 9	Universal
Cinderella Story - Soundtrack	Hollywood
Don Juan	Guy Cloutier Comm.
Muchdance 90's	BMG Canada

Top 10 Albums

Artist	Title	Label/Company
Shania Twain	Greatest Hits	Mercury
Usher	Confessions	Arista
Avril Lavigne	Under My Skin	Arista
Eminem	Encore	Aftermath
Black Eyed Peas	Elephunk	Interscope
Norah Jones	Feels Like Home	Blue Note Records
U2	How To ... An Atomic Bomb	Interscope
Evanescence	Fallen	Wind-Up/Epic
Green Day	American Idiot	Warner
Josh Groban	Closer	Warner

Top 10 DVD Music Videos

Artist	Title	Label/Company
U2	How To ... An Atomic Bomb	Interscope
Jay-Z/Linkin Park	Collision Course	Warner Brothers
Evanescence	Anywhere But Home	Wind-Up
Nirvana	With The Lights Out	Geffen
Linkin Park	Live In Texas	Warner Brothers
Hilary Duff	Girl Can Rock	Hollywood
Various Artists	Live Aid	Warner Brothers
Shania Twain	Up Close & Personal	Mercury
Hilary Duff	All Access Pass	Hollywood
Shania Twain	Up! Live, Chicago	Mercury

Top 10 Singles

Artist	Title	Label/Company
Kalan Porter	Awake In A Dream	Viking
Fantasia	I Believe	J-Records
Band Aid 20	Do They Know It's Christmas	Mercury
Usher	Yeah	Arista
Evanescence	My Immortal	Wind-Up/Epic
Clay Aiken	The Way/Solitaire	RCA
Usher	My Boo/Confessions 2	BMG International
OutKast	Hey Ya!	BMG International
Diana Degarmo	I Believe	RCA
U2	Vertigo	Island

Local Industry Associat

RIAA – Recording Indu
Association of America
1330 Connecticut Aven
Suite 300
Washington, D.C. 2003
Tel: +1 (202) 775 0101
Fax: +1 (202) 775 7253
www.riaa.com

Charts

Sales chart compiler
Link

Recorded Music Sales

Year	Singles
2004	6.6
2003	12.1
2002	8.4
2001	21.4
2000	40.3

Top Sellers (albums)

	Million Units
Top 10	34.7
Top 50	106.2
Top 100	153.3
Top 200	208.6

Format Analysis

Format
Singles
LPs
MCs
CDs
DVD
VHS

Label/Company
Mercury
Arista
Arista
Aftermath
Interscope
Blue Note Records
Interscope
Wind-Up/Epic
Warner
Warner

Label/Company
Interscope
Warner Brothers
Wind-Up
Geffen
Warner Brothers
Hollywood
Warner Brothers
Mercury
Hollywood
Mercury

Label/Company
Viking
J-Records
Mercury
Arista
Wind-Up/Epic
RCA
BMG International
BMG International
RCA
Island

Local Industry Association Contacts

RIAA – Recording Industry Association of America Inc.
1330 Connecticut Avenue N.W.
Suite 300
Washington, D.C. 20036
Tel: +1 (202) 775 0101
Fax: +1 (202) 775 7253
www.riaa.com

Economy

Population (millions)	293.0
Per capita GDP ($US)	40,100
Economic growth	3.1%
Currency	Dollar (USD)
Language	English

Music Industry

Physical piracy level	< 10%
World ranking (value)	1*
% Global Units	29.2%
% Global Value	36.1%

Player Penetration

CD player (HH)	257%
DVD player (HH)	94%
Digital music player (HH)	11%
Mobile phone (population)	57%

Charts

Sales chart compiler	Nielsen SoundScan
Link	www.billboard.com / www.soundscan.com

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	66%
Broadband (HH)	32%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	6.6	1.4	5.2	767.0	29.0	3.8	809.7	12,153.4	12,153.4	12,153.4	2.6%	2.6%
2003	12.1	1.5	17.2	746.0	17.5	1.6	789.5	11,847.9	11,847.9	11,847.9	-7.6%	-6.0%
2002	8.4	1.7	32.4	803.3	10.7	3.5	854.9	12,609.4	12,609.4	12,609.4	-10.4%	-8.2%
2001	21.4	2.3	45.0	881.9	7.9	9.6	954.2	13,739.0	13,739.0	13,739.0	-7.7%	-2.2%
2000	40.3	2.2	76.0	942.5			1,034.2	14,042.0	14,042.0	14,042.0	-4.7%	-1.5%

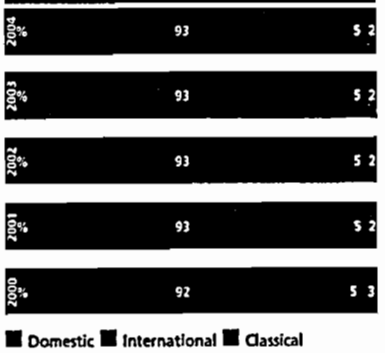
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	34.7	4%	4%
Top 50	106.2	6%	14%
Top 100	153.3	4%	20%
Top 200	208.6	3%	27%

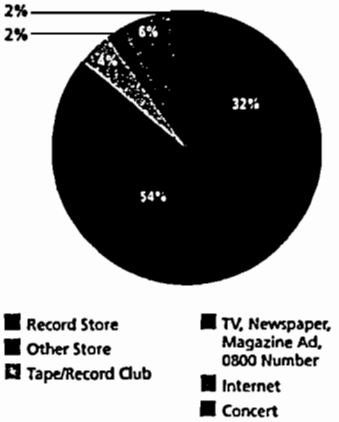
Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	-39.3%
LPs	0.2%	-11.3%
MCs	0.2%	-78.1%
CDs	94.2%	1.9%
DVD	4.6%	51.8%
VHS	0.4%	91.5%

Repertoire Origin (value)



Retail Channels



Sales by Genre

Rock	24%
Country	13%
Rap/Hip-Hop	12%
R&B/Urban	11%
Pop	10%
Religious	6%
Jazz	3%
Children's	3%
Classical	2%
Soundtracks	1%
Oldies	1%
New Age	1%
Other	9%

Sales by Age

10-14	9%
15-19	12%
20-24	9%
25-29	10%
30-34	10%
35-39	11%
40-44	11%
45+	26%

(USA continues on page 26)

USA – NORTH AMERICA

Certification Awards

Albums	Sales Level	2004	2003
Gold	500,000	261	271
Platinum	1,000,000	124	130
Multi-Platinum		127	136
Diamond	10,000,000	2	3
Singles	**Sales Level**	**2004**	**2003**
Gold	500,000	4	6
Platinum	1,000,000	1	1
Digital Downloads	**Sales Level**	**2004**	**2003**
Gold	100,000	60	-
Platinum	200,000	11	-

Top Independent Labels (in alphabetical order)

American Gramaphone
Equity Music Group
Koch Records
Red Ink
TVT Records

Source: Billboard Magazine May 7 2005

Top 10 Albums

Artist	Title	Label/Company
Usher	Confessions	LaFace /Zomba
Norah Jones	Feels Like Home	Blue Note
Eminem	Encore	Interscope
Kenny Chesney	When The Sun Goes Down	BNA/RLG
Gretchen Wilson	Here For The Party	Epic (Nashville)/Sony Music
Tim McGraw	Live Like You Were Dying	Curb
Maroon 5	Songs About Jane	Octone/J/RMG
Evanescence	Fallen	Wind-Up
Ashlee Simpson	Autobiography	Geffen/Interscope
Various	Now 16	Universal

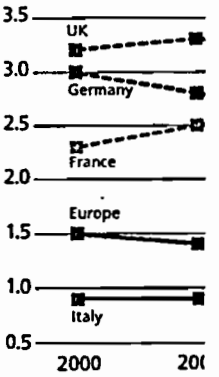
Top 10 Singles

Artist	Title	Label/Company
Fantasia	I Believe	J/RMG
Clay Aiken	Solitaire/The Way	RCA/RMG
Diana DeGarmo	Dreams	RCA/RMG
Eamon	F**k It (I Don't Want You Back)	Jive/Zomba
Beyoncé	Me, Myself and I	Columbia
Kimberly Locke	8th World Wonder	Curb
JoJo	Leave (Get Out)	Da Family/Background/UMRG
Beyoncé	Naughty Girl	Columbia
OutKast Ft. Sleepy Brown	The Way You Move/Hey Ya!	LaFace/Zomba
Kelis	Milkshake	Star Trak/Zomba

Recorded Music Sales (fig

Year	Singles	L
2004	97.8	2
2003	120.4	3
2002	163.2	3
2001	186.7	3
2000	199.3	[illegible]

Per Capita Unit Sales



Notes

Recorded Music Sales Table
* singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Repertoire Origin
Assumption: 5% international repertoire

Genre, Channel & Age Data
Data based upon a combination of survey data collected by Peter Hart Research and The Taylor Research & Consulting Group, Inc. Includes only partial year data, as Hart did not interview during the months of March, April, June and July of 2004.

Retail Channels
Derived solely from Taylor August - December interviews. "Internet" does not include record club purchases made over the Internet.

Notes

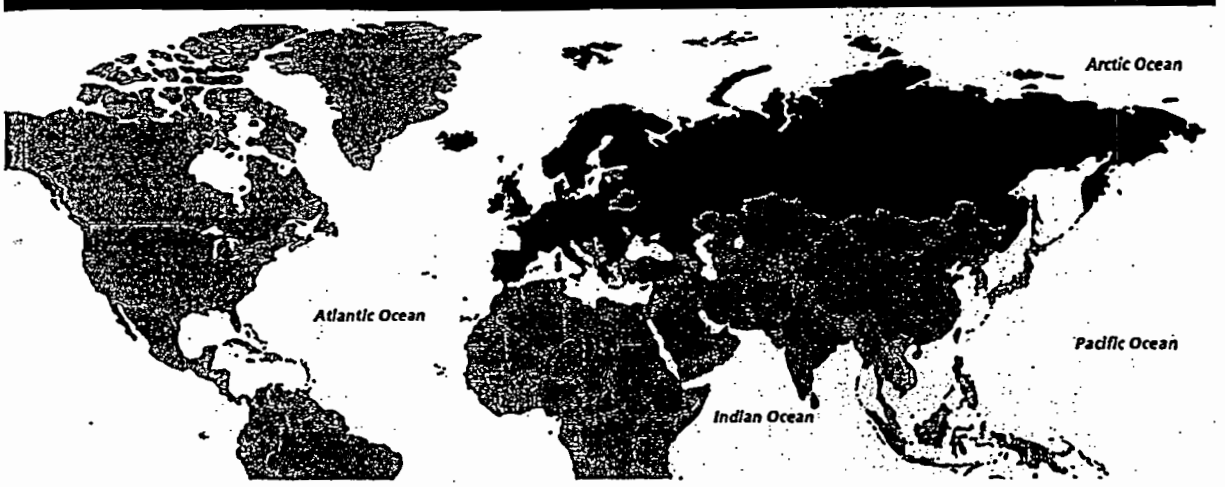
Recorded Music Sales T
* 3 singles = 1 album. Total
** Local currency value chan
Music video included in total

Label/Company

aFace /Zomba
lue Note
nterscope
INA/RLG
pic (Nashville)/Sony Music
Curb
Octone/J/RMG
Wind-Up
Geffen/Interscope
Universal

Label/Company

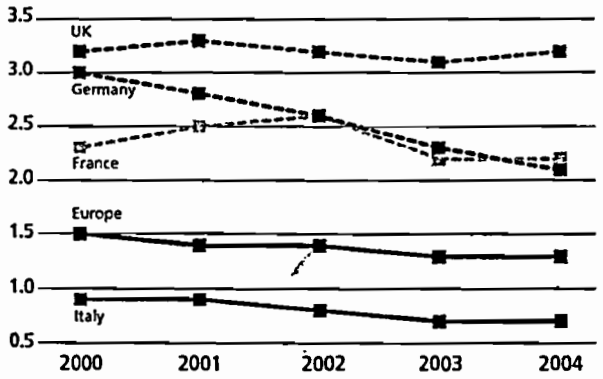
VRMG
RCA/RMG
RCA/RMG
live/Zomba
Columbia
Curb
Da Family/Background/UMRG
Columbia
LaFace/Zomba
Star Trak/Zomba



Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	Value Change**
2004	97.8	2.5	133.1	740.2	46.4	1.5	962.5	12,375.2	12,375.2	-1.4%	-5.3%
2003	120.4	3.3	165.1	726.8	35.1	4.1	980.1	11,940.3	13,112.6	-7.0%	-8.2%
2002	163.2	3.4	186.6	783.2	15.1	6.8	1,054.5	11,238.2	14,281.8	-5.9%	-3.7%
2001	186.7	3.7	214.2	796.6	7.3	5.8	1,095.8	11,088.7	14,752.8	-2.5%	0.6%
2000	199.3	3.7	244.1	813.0	-	-	1,131.7	11,388.3	14,605.3	-0.7%	1.3%

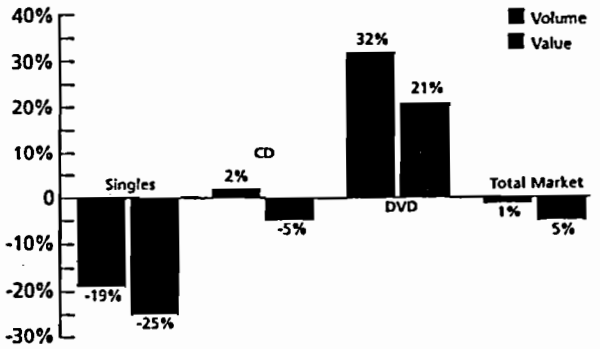
Per Capita Unit Sales



Domestic Repertoire Growth Markets

Country	Domestic Repertoire Share 2004	Compound Growth 2000-2004
Switzerland	18%	24%
Norway	30%	10%
Poland	40%	10%
Czech Republic	61%	9%
Portugal	29%	9%
Finland	54%	9%
Denmark	41%	7%
Italy	47%	7%
Germany	49%	5%
Sweden	39%	5%

Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table
5 singles = 1 album. Total may include formats not shown in the table
Local currency value change based on fixed 2004 $US values
Music video included in total music market from 2001 onwards

hown in the table
nwards

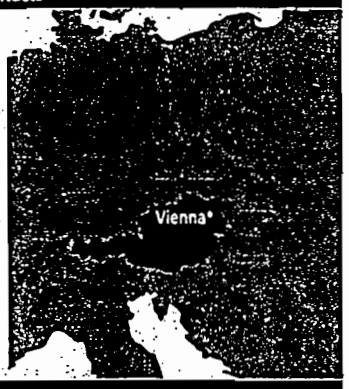
ed by Peter Hart Research and
only partial year data, as that
une and July of 2004.

ws - Internet
Internet

AUSTRIA – EUROPE

Local Industry Association Contacts

IFPI Austria – Verband der Osterreichischen Musikwirtschaft
Schreyvogelgasse 2/5
1010 Vienna
Tel: +43 (1) 535 6035
Fax: +43 (1) 535 5191
ifpi@ifpi.at
www.ifpi.at
www.pro-music.at



Charts

Sales chart compiler	Media Control Austria
Link	www.austriatop40.at

Economy

Population (millions)	8.2
Per capita GDP ($US)	34,630
Economic growth	0.7%
Currency	Euro (EUR)
Language	German

Music Industry

Physical piracy level	< 10%
World ranking (value)	14th
% Global Units	0.4%
% Global Value	0.9%

Compilations (% albums)

Units	24.7%
Value	28.6%

Player Penetration

CD player (HH)	145%
DVD player (HH)	46%
Digital music player (HH)	4%
Mobile phone (population)	92%

Internet Connection

Internet (HH)	57%
Broadband (HH)	21%

Recorded Music Sales (figures in millions)

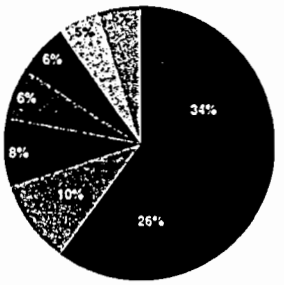
Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.6	0.05	0.1	9.7	0.6	0.002	11.0	288.6	288.6	233.8	-8.7%	-6.9%
2003	2.2	0.06	0.08	10.8	0.4	0.02	12.1	282.1	310.0	251.1	-1.1%	-5.9%
2002	2.1	0.04	0.1	11.1	0.2	0.02	12.2	251.2	329.6	267.0	-6.9%	-7.1%
2001	3.0	0.03	0.2	11.7	0.1	0.04	13.1	257.2	354.8	287.4	-19.4%	-8.4%
2000	3.7	0.02	0.5	14.6			16.3	289.1	387.4	313.8	3.7%	3.5%

Format Analysis

Format	Share of Value	Value Change
Singles	5.1%	-28.5%
LPs	0.6%	-15.0%
MCs	0.3%	-20.0%
CDs	86.9%	-7.1%
DVD	6.9%	30.0%
VHS	0.03%	-84.7%

Repertoire Origin (value)

Retail Channels



Sales by Genre

Pop	50%
Classical	12%
Rock	11%
Country/Traditional	9%
Jazz/Blues	3%
Children's	3%
Dance	2%
Soundtracks	2%
Rap/Hip Hop	1%
Other	7%

Sales by Age

0-19	13%
20-29	16%
30-39	24%
40-49	22%
50+	25%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Certification Awards

Albums
- Gold
- Platinum

Singles
- Gold
- Platinum

DVD Music Videos
- Gold
- Platinum

Top 10 Compilation Albu

Title
Bravo Hits 45
Bravo Hits 46
Bravo Hits 44
Bravo Hits 47
Oe3 Greatest Hits Vol.
Oe3 Greatest Hits Vol.
Oe3 Greatest Hits Vol.
Nachtschicht Vol.12
Nachtschicht Vol.13
Bravo The Hits 2003

Top Independent Labels

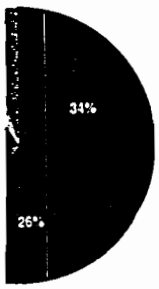
- Echo-Zyx Music
- Edel Musica
- Hoanzl
- Lotus Records
- Soul Seduction

	8.2
	34,630
	0.7%
	Euro (EUR)
	German

etration	
(HH)	145%
r (HH)	46%
sic player (HH)	4%
one (population)	92%

onnection	
HH)	57%
d (HH)	21%

Annual Change	
Unit Change	LC Value Change
-8.7%	-6.9%
-1.1%	-5.9%
-6.9%	-7.1%
-19.4%	-8.4%
3.7%	3.5%



- Internet
- Mail
- Supermarket
- Record club

not shown in the table
101 onwards

Certification Awards

Albums	Sales Level	2004	2003
Gold	15,000	46	66
Platinum	30,000	16	22
Single	**Sales Level**	**2004**	**2003**
Gold	15,000	11	11
Platinum	30,000	3	6
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	5,000	9	3
Platinum	10,000	1	2

Top 10 Albums

Artist	Title	Label/Company
Norah Jones	Feels Like Home	Capitol
Kiddy Contest Kids	Kiddy Contest Vol.10	BMG
Anastacia	Anastacia	Sony
Christina Stuermer	Soll Das Wirklich Alles Sein	Universal
Robbie Williams	Greatest Hits	Capitol
Soehne Mannheims	Noiz	Universal
Rainhard Fendrich	Aufleben	BMG
Zucchero	Zu & Co	Universal
U2	How To ... An Atomic Bomb	Universal
Seer	Ueber'n Berg	Sony

Top 10 Compilation Albums

Title	Label/Company
Bravo Hits 45	Warner
Bravo Hits 46	Universal
Bravo Hits 44	Universal
Bravo Hits 47	Warner
Oe3 Greatest Hits Vol.26	Warner
Oe3 Greatest Hits Vol.27	Universal
Oe3 Greatest Hits Vol.25	Capitol
Nachtschicht Vol.12	Capitol
Nachtschicht Vol.13	Capitol
Bravo The Hits 2003	BMG

Top 10 DVD Music Videos

Artist	Title	Label/Company
Falco	Live Donauinsel	Pmd
Robbie Williams	What We Did Last Summer	Capitol
Die Aerzte	Die Band,Die Sie... Nannten	Universal
Various	Live Aid	Warner
Queen	Queen On Fire-Live At... Bowl	Capitol
Die Lollipops	Tanz Mit Uns!	Edel
Bon Jovi	This Left Feels Right-Live	Universal
Herbert Groenemeyer	Mensch Live	Capitol
Placebo	Soulmates... Die-Live In Paris	Capitol
Christina Aguilera	Stripped...Live In The UK	BMG

Top Independent Labels (in alphabetical order)

- Echo-Zyx Music
- Edel Musica
- Hoanzl
- Lotus Records
- Soul Seduction

Top 10 Singles

Artist	Title	Label/Company
O-Zone	Dragostea Din Tei	Universal
Haiducii	Dragostea Din Tei	Edel
Eamon	F**k It (I Don't Want You Back)	BMG
Oomph!	Augen Auf!	BMG
Usher	Yeah	BMG
Aventura	Obsesion	Edel
Black Eyed Peas	Shut Up	Universal
Anastacia	Left Outside Alone	Sony
Limp Bizkit	Behind Blue Eyes	Universal
Max	Can't Wait Until Tonight	Warner

BELGIUM – EUROPE

Local Industry Association Contacts

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Fax: +32 (2) 779 1669
ifpi@bvf-ifpi.be
www.ifpi.be
www.baissedelatva.be
www.lagebtw.be

Charts

Sales chart compiler	Ultratop/AC Nielsen
Link	www.ifpi.be

Economy

Population (millions)	10.3
Per capita GDP ($US)	32,760
Economic growth	1.1%
Currency	Euro (EUR)
Language	Dutch/French

Music Industry

Physical piracy level	10-25%
World ranking (value)	15th
% Global Units	0.7%
% Global Value	0.8%

Compilations (% albums)

Units	24.2%
Value	17.1%

Player Penetration

CD player (HH)	114%
DVD player (HH)	43%
Digital music player (HH)	5%
Mobile phone (population)	73%

Internet Connection

Internet (HH)	51%
Broadband (HH)	37%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	3.5	0.02	0.001	15.6	1.6	0.02	18.5	275.1	275.1	222.8	18.6%	-0.2%
2003	5.0	0.02	0.004	13.0	0.8	0.06	15.6	250.7	275.5	223.2	-7.9%	-10.0%
2002	6.2	0.02	0.04	14.5	0.3	0.03	17.0	233.4	306.2	248.0	-11.0%	-7.1%
2001	7.1	0.05	0.08	16.4	0.2	0.07	19.1	239.0	329.7	267.0	-6.7%	-7.8%
2000	8.3	0.05	0.1	20.9			23.8	266.8	357.5	289.6	-6.4%	-9.5%

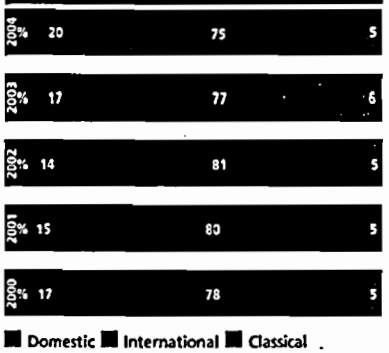
Format Analysis

Format	Share of Value	Value Change
Singles	6.2%	-23.6%
LPs	0.1%	-29.6%
MCs	0.004%	-86.0%
CDs	80.7%	-2.9%
DVD	11.5%	49.0%
VHS	0.07%	-73.9%

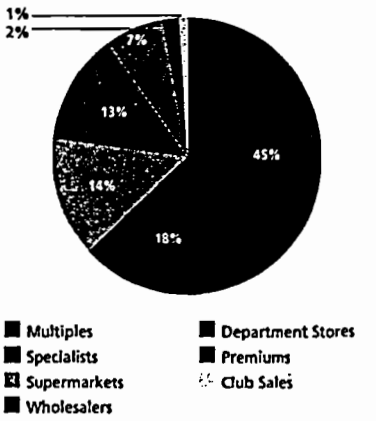
Sales by Genre

Pop/MOR	45%
Rock/Metal/Alternative	28%
R&B/Urban	9%
Jazz/Blues	5%
Rap/Hip Hop	3%
Dance	3%
Children's	3%
Religious	1%
Classical	1%
Soundtracks	1%
World	1%

Repertoire Origin (value)



Retail Channels



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

2004 volume value discrepancy due to sizeable premiums market (22% of total volume)

2001 volume reported on a different basis to previous years. Actual growth indicated

Repertoire Origin
Basis: artist nationality

Certification Awards

Domestic Albums
- Gold
- Platinum
- Multi-platinum

International Albums
- Gold
- Platinum
- Multi-platinum

Domestic Singles
- Gold
- Platinum

International Singles
- Gold
- Platinum
- Multi-platinum

Int'l DVD Music Videos
- Gold
- Platinum

Top Independent Labels

- ARS
- CNR
- News
- PIAS
- V2

Top 10 Compilation Albu

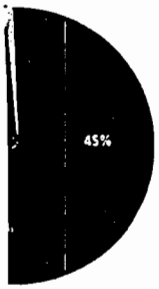
Title
Hit Club 2004 Vol.2
Hit Club 2004 Vol.1
Hit Club 2004 Vol.3
De Foute Cd Van Deckers &
Hit Club 2004 - Best O
Hit Club 2004 Vol.4
Donnamour 11
Kids Top 20
Tuning Beats 2004 Vol
Tuning Beats 2004 Vol

	10.3
	32,760
	1.1%
	Euro (EUR)
	Dutch/French

tration	
-HH)	114%
(HH)	43%
dc player (HH)	5%
ne (population)	73%

nnection	
H)	51%
(HH)	37%

Annual Change	
Unit Change	LC Value Change
18.6%	-0.2%
-7.9%	-10.0%
-11.0%	-7.1%
-6.7%	-7.8%
-6.4%	-9.9%



- Department Stores
- Premiums
- Club Sales

t shown in the table
01 onwards
miums market
ous years.

Certification Awards

Domestic Albums	Sales Level	2004	2003
Gold	15,000	20	16
Platinum	30,000	10	7
Multi-platinum		5	-
International Albums	**Sales Level**	**2004**	**2003**
Gold	25,000	38	39
Platinum	50,000	11	11
Multi-platinum		4	2
Domestic Singles	**Sales Level**	**2004**	**2003**
Gold	15,000	7	16
Platinum	30,000	-	6
International Singles	**Sales Level**	**2004**	**2003**
Gold	25,000	23	32
Platinum	50,000	8	6
Multi-platinum		1	-
Int'l DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	25,000	1	
Platinum	50,000	1	-

Top Independent Labels (in alphabetical order)

ARS
CNR
News
PIAS
V2

Top 10 Compilation Albums

Title	Label/Company
Hit Club 2004 Vol.2	Universal
Hit Club 2004 Vol.1	Eva
Hit Club 2004 Vol.3	Eva
De Foute Cd Van Deckers & Omelis 3	ARS
Hit Club 2004 - Best Of	Eva
Hit Club 2004 Vol.4	Eva
Donnamour 11	Eva
Kids Top 20	ARS
Tuning Beats 2004 Vol.1	Eva/News
Tuning Beats 2004 Vol.2	Eva/News

Top 10 Albums

Artist	Title	Label/Company
Norah Jones	Feels Like Home	Blue Note
Clouseau	Vanbinnen	EMI
Novastar	Another Lonely Soul	WEA
Natalia	Back For More	Ariola
Anastacia	Anastacia	Epic
U2	How To ... An Atomic Bomb	Island
Norah Jones	Come Away With Me	Blue Note
Helmut Lotti	From Russia With Love	Piet Roelen
Robbie Williams	Greatest Hits	Chrysalis
Andre Hazes	25 Jaar Het Allerbeste Van	EMI

Top 10 DVD Music Videos

Artist	Title	Label/Company
Marco Borsato	Zien	Polydor
Marco Borsato	Live In Het Sportpalais 2004	Polydor
Marco Borsato	Onderweg-Live In De Kuip	Polydor
Robbie Williams	What We Did Last Summer	Chrysalis
Tiesto	Live In Concert	Black Hole
Various	Live Aid	Vision
Placebo	Soulmates... Die - Live In Paris	Hut
U2	Go Home, Live From Slane	Island
K 3	5 Jaar K 3	Studio 100
Bart Peeters	Zonder Circus	EMI

Top 10 Singles

Artist	Title	Label/Company
O-Zone	Dragostea Din Tei	BMG
Aventura	Obsesion	Walboomers
K-Maro	Femme Like U	Up
Kareen Antonn & Bonnie Tyler	Si Demain (Turn Around)	Epic
Usher Feat. Lil' Jon & Ludacris	Yeah	Arista
Xandee	1 Life	ARS
Eamon	F**k It (I Don't Want You Back)	Jive
Black Eyed Peas	Shut Up	A&M
Ruslana	Wild Dances	EMI
Haiducii	Dragostea Din Tei	ARS

BULGARIA – EUROPE

Local Industry Association Contacts

BAMP
(Bulgarian Association of Music Producers)
7, Reznyovete Str.
Bl. 128, entr. B, app.27
1421 Sofia Lozenets
Tel: +359 (2) 963 2757/ 866 0104
Fax: +359 (2) 866 8120
office@bamp-bg.org

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	[illegible]
Per capita GDP ($US)	[illegible]
Economic growth	[illegible]
Currency	Lev (BGL)
Language	Bulgarian

Music Industry

Physical piracy level	> 50%
World ranking (value)	57*
% Global Units	0.03%
% Global Value	0.02%

Compilations (% albums)

Units	16.4%
Value	17.5%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	[illegible]

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

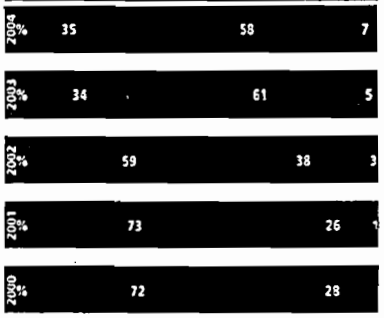
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	neg	neg	0.5	0.4	0.03	0.001	0.9	5.2	5.2	8.2	-23.3%	-20.7%
2003	neg	neg	0.8	0.4	0.02	0.002	1.2	6.0	6.5	10.3	-32.5%	21.7%
2002	-	-	1.4	0.4	-	0.003	1.8	6.3	8.3	13.2	-10.2%	-1.8%
2001	0.005	-	1.6	0.4	-	0.003	2.0	6.1	8.5	13.4	5.0%	34.2%
2000	[illegible]	[illegible]	1.6	0.3	[illegible]	[illegible]	1.9	4.7	6.3	10.0	16.4%	59.1%

Format Analysis

Format	Share of Value	Value Change
Singles	0.07%	72.4%
LPs	0.004%	-54.5%
MCs	32.9%	-35.6%
CDs	58.3%	-17.5%
DVD	8.5%	133.8%
VHS	0.1%	-74.0%

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

Animato Music
ARA Audio-Video
Orpheus Music
Payner Music
Virginia Records

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Local Industry Association C

HDU (Croatian Phonographic Association)
Subiceva 16
Zagreb 10000
Tel: +385 (1) 465 5235
Fax: +385 (1) 465 5236
hdu@hdu.hr
www.hdu.hr

Charts

Sales chart compiler
Link

Recorded Music Sales (figu

Year	Singles	LP
2004	-	
2003	0.002	n
2002	0.003	n
2001	-	
2000		

Top Sellers (albums)

	Million Units
Top 10	0.1
Top 50	0.2
Top 100	0.3
Top 200	1.6

Format Analysis

Format	Sh
Singles	
LPs	
MCs	
CDs	
DVD	
VHS	

Notes

Recorded Music Sales T
* 3 singles = 1 album. Total
Music video sales included in

	7.5
	3,165
	4.3%
	Lev (BGL)
	Bulgarian

etration	
(HH)	-
er (HH)	-
usic player (HH)	-
hone (population)	40%

onnection	
HH)	5%
d (HH)	-

Annual Change	
Unit Change	LC Value Change
-23.3%	-20.7%
-32.5%	21.7%
-10.2%	-1.8%
5.0%	34.2%
16.4%	59.1%

ot shown in the table
01 onwards

Local Industry Association Contacts

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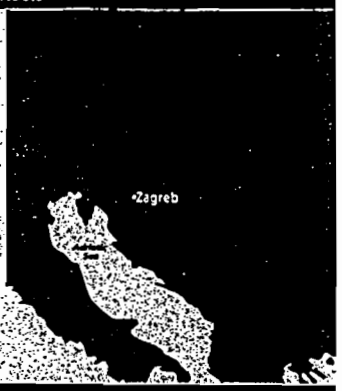
Subiceva 16
Zagreb 10000
Tel: +385 (1) 465 5235
Fax: +385 (1) 465 5236
hdu@hdu.hr
www.hdu.hr



Economy

Population (millions)	4.5
Per capita GDP ($US)	7,340
Economic growth	4.3%
Currency	Kuna (HRK)
Language	Croatian

Music Industry

Physical piracy level	25-50%
World ranking (value)	50*
% Global Units	0.1%
% Global Value	0.05%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	60%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

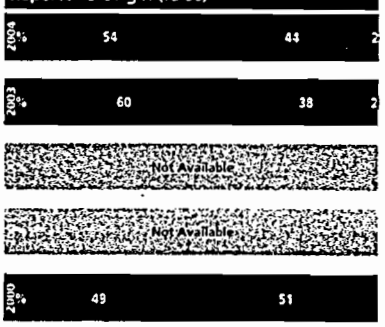
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.2	2.6	0.02	-	2.8	17.9	17.9	108.4	47.4%	7.7%
2003	0.002	neg	0.4	1.5	0.02	0.004	1.9	17.5	19.5	117.5	37.9%	43.4%
2002	0.003	neg	0.5	0.8	0.008	neg	1.4	10.4	13.6	81.9	not comparable	
2001	-	-	0.2	0.6	-	-	0.8	9.2	12.7	76.5	-29.3%	-9.9%
2000			0.5	0.6			1.1	10.3	14.1	84.9	8.3%	7.3%

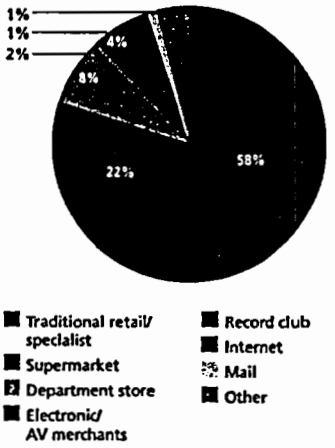
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.1	-	3%
Top 50	0.2	-	7%
Top 100	0.3	-	11%
Top 200	1.6	-	57%

Repertoire Origin (value)



Retail Channels



Format Analysis

Format	Share of Value	Value Change
Singles		
LPs		
MCs	7.4%	-57.1%
CDs	87.9%	0.8%
DVD	3.6%	16.1%
VHS	-	-

Notes

Recorded Music Sales table
* singles + LP album total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

(Croatia continues on page 34)

CROATIA – EUROPE

Top Independent Labels (in alphabetical order)

- Cantus
- Croatia Records
- Hit Records
- Orfej
- Scardona

Top 10 Compilation Albums

Title	Label/Company
8.H.R.F.	Hit Records
8.H.R.F. 24 Naj	Hit Records
Megamix	Hit Records
Tvoje Ljubavi Sam Žedan	Croatia Records
Vjeruj U Ljubav	Croatia Records
Hit Parada - Ljeto 2004	Croatia Records
Glazbena Fjera-Split 2004	Croatia Records
Zeko I Potočić	Croatia Records
Hit Parada - 2003	Croatia Records
Sretno Dijete	Croatia Records

Top 10 Albums

Artist	Title	Label/Company
Severina	Severgreen	Dallas
Miroslav Škoro	Milo Moje	Croatia Records
Maksim Mrvica	The Piano Player	EMI
Thompson	Sve Najbolje	Croatia Records
Edo Maajka	No Sikiriki	Menart
Dražen Zečić	Pokidat Ću Lance Sve	Hit Records
Boris Novković	Ostvaren San	Dallas
Saša Tin Kedžo	Instant	Croatia Records
Zlatko Pejaković	2004	Croatia Records
Nina Badrić	Ljubav	Aquarius Records

Top 10 DVD Music Videos

Artist	Title	Label/Company
Miroslav Škoro	Milo Moje	Croatia Records
Various Performers	Galeb I Ja	Croatia Records
Thompson	Turneja	Croatia Records
Oliver Dragojević	Oliver U Areni	Croatia Records
Oliver Dragojević	Koncert	Croatia Records
Parni Valjak	25 Godina	Croatia Records
U2	Go Home (Live)	U2 Limited
Guns N' Roses	Welcome To Videos	Geffen Records
Guns N' Roses	Use Your Illusion 1	Geffen Records
Guns N' Roses	Use Your Illusion 2	Geffen Records

Top 10 Singles

Artist	Title	Label/Company
Rafael Dropulić	Ja Sam Rafo	Croatia Records
Saša Tin Kedžo	365	Croatia Records
U2	Vertigo	Universal International
Band Aid	Do They Know It's Christmas?	Band Aid Trust
Metallica	Unnamed Feeling	Metallica/Vertigo
Eminem	Just Lose It	Aftermath/Interscope Records
Scissor Sisters	Comfortably Numb	Polydor
D-12	My Band	Shady/Interscope Records
Nelly Furtado	Forca	Dreamworks Records
Rolling Stones	Sympathy For The Devil	Abkco

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Charts

Sales chart compiler IFP
Links

Recorded Music Sales (

Year	Singles
2004	0.03
2003	0.01
2002	0.01
2001	0.03
2000	0.03

Top Sellers (albums)

	Million Units
Top 10	0.4
Top 50	1.0
Top 100	1.3
Top 200	3.1

Format Analysis

Format
Singles
LPs
MCs
CDs
DVD
VHS

Sales by Genre

- Pop
- Dance
- Classical
- Other

Notes

Recorded Music Sales
* 3 singles = 1 album, total
Music video sales included

Label/Company
allas
roatia Records
MI
roatia Records
lenart
it Records
allas
roatia Records
roatia Records
quarius Records

Label/Company
roatia Records
roatia Records
roatia Records
roatia Records
roatia Records
roatia Records
J2 Limited
Geffen Records
Geffen Records
Geffen Records

Label/Company
Croatia Records
Croatia Records
Universal International
Band Aid Trust
Metallica/Vertigo
Aftermath/Interscope Records
Polydor
Shady/Interscope Records
Dreamworks Records
Abkco

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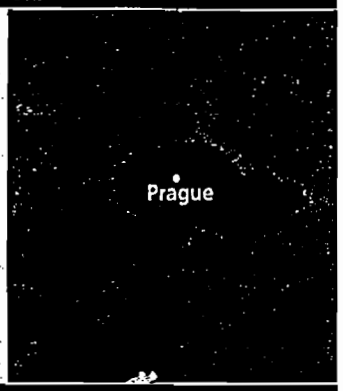


Charts

Sales chart compiler: IFPI Czech Republic (Official Czech Hit Parade Top 40)
Links: www.ifpicr.cz / www.radiohity.cz

Economy

Population (millions)	10.2
Per capita GDP ($US)	10,020
Economic growth	2.9%
Currency	Koruna (CSK)
Language	Czech

Music Industry

Physical piracy level	>50%
World ranking (value)	41*
% Global Units	0.1%
% Global Value	0.1%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	55%
DVD player (HH)	16%
Digital music player (HH)	0%
Mobile phone (population)	100%

Internet Connection

Internet (HH)	16%
Broadband (HH)	2%

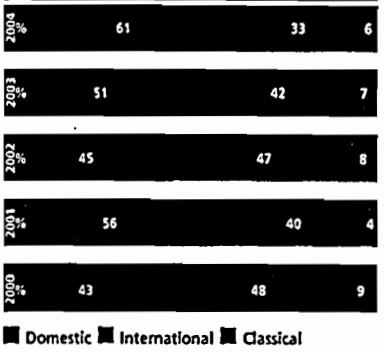
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.03	-	0.4	3.3	0.2	0.04	4.0	39.6	39.6	1,018.3	-8.2%	-11.0%
2003	0.01	-	0.7	3.4	0.1	0.03	4.3	40.6	44.5	1,144.3	-5.5%	-2.5%
2002	0.01	-	1.2	3.3	0.05	0.03	4.9	35.8	45.7	1,173.5	-31.2%	-19.7%
2001	0.03	0.05	1.8	4.7	0.02	0.04	6.6	38.4	56.9	1,462.3	-0.6%	-6.6%
2000	0.03	0.05	1.8	4.8			6.7	40.6	60.9	1,565.6	-6.2%	-11.4%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.4	1%	12%
Top 50	1.0	-2%	27%
Top 100	1.3	-7%	34%
Top 200	3.1	-6%	85%

Repertoire Origin (value)



Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	13.8%
LPs	-	-
MCs	4.6%	-57.6%
CDs	84.3%	-9.5%
DVD	9.8%	35.1%
VHS	1.0%	17.7%

Sales by Genre

Pop	77%
Dance	9%
Classical	6%
Other	8%

Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table
DVD video sales included in total market from 2001 onwards

(Czech Republic continues on page 36)

CZECH REPUBLIC – EUROPE

Certification Awards

Domestic Albums	Sales Level	2004	2003
Gold	10,000	26	50
Platinum	20,000	21	40
International Albums	**Sales Level**	**2004**	**2003**
Gold	5,000	12	34
Platinum	10,000	9	26
Singles	**Sales Level**	**2004**	**2003**
Gold	1,000	1	-
Platinum	2,000	0	-
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	1,500	3	-
Platinum	3,000	1	-

Top Independent Labels (in alphabetical order)

6P
Areca Multimedia
DK World Plus
Frantisek Rychtarik
Indies Records

Top 10 Compilation Albums

Title	Label/Company
Hot Summer Hits 2004	Universal Music
Tanecni Liga 2004 Best Of	Universal Music
Top20.Cz 2004/1	Universal Music
Cz Superhity 2004	EMI
Pry Se Tomu Rika Laska	Universal Music
Jak Basnici Neztraceji Nadeji	EMI
Kill Bill Vol.2	Warner Music
Vanocni Stromecek	Universal Music
Nejmilejsi Ceske Vanocni Koledy	Sony BMG
Lord Of The Rings	Warner Music

Top 10 Albums

Artist	Title	Label/Company
Various (SuperStar TOP 10)	Cesko Hleda SuperStar-TOP 10	Sony BMG
Aneta Langerova	Spousta Andelu	Sony BMG
Daniel Landa	Neofolk	Sony BMG
Samer Issa	Busted	Sony BMG
O-ZONE	Disco Zone	Universal Music
Sarka Vankova	Verim Nahodam	Sony BMG
Lucie Bila	Laska Je Laska/Best Of	EMI
U2	How To ... An Atomic Bomb	Universal Music
Jarek Nohavica	Babylon	Sony BMG
Daniel Landa	Vecer s pisni Karla Kryla	Sony BMG

Top 10 DVD Music Videos

Artist	Title	Label/Company
Kabat	2003-2004/Live	EMI
Daniel Landa	Vecer S Pisni Karla Kryla	Sony BMG
Daniel Landa	Vltava Tour	EMI
Patrasova Dada	Disco Skolka Dada	EMI
Lucie Bila	Laska Je Laska/Best Of	EMI
Lucie	Lucie V Opere	Sony BMG
Karel Gott	Sen O Vanocich	Supraphon
Kabat	Suma Sumarum/Best Of	EMI
Bratri Ebenove	Ebeni V Zahrade - Live	Sony BMG
Hana Zagorova	Cesta Ke Stesti	Supraphon

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Charts

Sales chart compiler
Link

Recorded Music Sales (fi

Year	Singles	
2004	0.2	0
2003	0.4	0
2002	0.6	0
2001	1.2	0
2000	1.5	0

Format Analysis

Format	
Singles	
LPs	
MCs	
CDs	
DVD	
VHS	

Notes

Recorded Music Sales
3 singles = 1 album, Tota
Music video sales included

Label/Company
Sony BMG
Sony BMG
Sony BMG
Sony BMG
Universal Music
Sony BMG
EMI
Universal Music
Sony BMG
Sony BMG

Label/Company
EMI
Sony BMG
EMI
EMI
EMI
Sony BMG
Supraphon
EMI
Sony BMG
Supraphon

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Charts

Sales chart compiler	AC Nielsen
Link	www.hit-listen.dk

Economy

Population (millions)	5.4
Per capita GDP ($US)	43,750
Economic growth	0.0%
Currency	Danish Krone (DKK)
Language	Danish

Music Industry

Physical piracy level	< 10%
World ranking (value)	21st
% Global Units	0.4%
% Global Value	0.6%

Compilations (% albums)

Units	7.1%
Value	8.9%

Player Penetration

CD player (HH)	123%
DVD player (HH)	55%
Digital music player (HH)	8%
Mobile phone (population)	88%

Internet Connection

Internet (HH)	62%
Broadband (HH)	44%

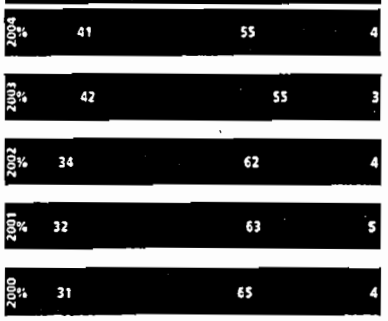
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.2	0.007	0.02	9.7	0.4	0.008	10.2	187.4	187.4	1,122.7	-0.9%	-3.7%
2003	0.4	0.007	0.04	9.8	0.2	0.09	10.3	176.9	194.6	1,165.8	-14.6%	-12.5%
2002	0.6	0.007	0.03	11.8	0.07		12.1	168.8	222.4	1,332.4	-18.5%	-15.3%
2001	1.2	0.005	0.07	14.2	0.003	0.04	14.8	189.0	262.5	1,572.6	-23.9%	-16.6%
2000	1.5	0.002	0.2	18.7			19.5	233.3	314.8	1,885.6	6.5%	2.4%

Format Analysis

Format	Share of Value	Value Change
Singles	0.8%	-29.6%
LPs	0.09%	-6.2%
MCs	0.1%	-52.1%
CDs	94.1%	-4.2%
DVD	4.6%	70.5%
VHS	0.1%	-87.8%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
1 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

(Denmark continues on page 38)

DENMARK – EUROPE

Certification Awards

Albums	Sales Level	2004	2003
Gold	20,000	72	85
Platinum	40,000	47	60
Singles	**Sales Level**	**2004**	**2003**
Gold	4,000	6	17
Platinum	8,000	8	6
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	4,000	7	10
Platinum	8,000	4	3

Top 10 Compilation Albums

Title	Label/Company
Hits For Kids Vol. 12	EMI/Sony/Universal
Kom Tilbage Nu - Alle Tiders	Universal/BMG/EMI
Now 8	Now Music
Now 10	Now Music
Now 7	Now Music
Now 9	Now Music
Kom Tilbage Nu 2	Universal
Now Christmas 2004	Now Music
Now Big Hits 2004	Now Music
Now 6	Now Music

Top 10 Albums

Artist	Title	Label/Company
Kim Larsen & Kjukken	Jul & Nytar	EMI Music
Norah Jones	Feels Like Home	EMI Music
Diverse	M:G:P 2004	Universal
Big Fat Snake	More Fire	CMC/MBO
Drengene Fra Angora	Drengene Fra Angora	Playground Music Denmark A/S
Nik & Jay	2	EMI Music
TV-2	Hits	EMI/Sony Music
Swan Lee	Swan Lee	Playground Music Denmark A/S
Nephew	USABDSB	Copenhagen Records/MBO
Robbie Williams	Greatest Hits	EMI Music

Top 10 Singles

Artist	Title	Label/Company
Drengene Fra Angora	Team Easy On	Playground Music Denmark A/S
The Loft	City of Dreams	Universal
Erann DD	When You Hold Me	Sony Music
O-Zone	Dragostea Din Tei	Bonnier Music A/S
Eamon	F**k It (I Don't Want You Back)	BMG Denmark
Kevin Lyttle	Turn Me On	Warner
Usher	Yeah	BMG Denmark
Mario Winans	I Don't Wanna Know	Universal
Diverse	Hvor Vi Fra	Universal
Band Aid 20	Do They Know It's Christmas	Universal

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Charts

Sales chart compiler
Link

Recorded Music Sales

Year	Singles
2004	0.005
2003	0.001
2002	-
2001	0.003
2000	0.03

Top Independent Lab

Elwood Muusik
Hitivabrik
Huperpromootori
Protrade
Records 2000

Format Analysis

Format
Singles
LPs
MCs
CDs
DVD
VHS

Notes

Recorded Music Sales
* 3 singles = 1 album. Tot
Music video sales included

Label/Company
Music
i Music
versal
C/MBO
round Music Denmark A/S
I Music
/Sony Music
round Music Denmark A/S
enhagen Records/MBO
ll Music

Label/Company
ground Music Denmark A/S
iversal
ny Music
nnier Music A/S
AG Denmark
arner
AG Denmark
niversal
niversal
niversal

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Economy

Population (millions)	1.3
Per capita GDP ($US)	8,350
Economic growth	4.7%
Currency	Estonian Kroon (EEK)
Language	Estonian

Music Industry

Physical piracy level	> 50%
World ranking (value)	53rd
% Global Units	0.03%
% Global Value	0.03%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	66%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

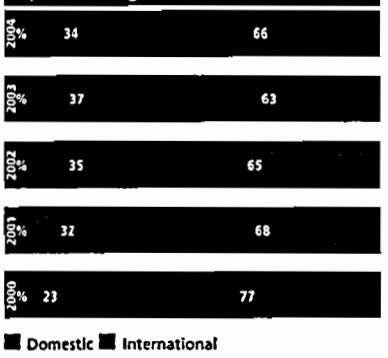
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.005	neg	0.08	0.8	-	-	0.9	11.5	11.5	145.0	-7.0%	64.7%
2003	0.001	neg	0.3	0.7	0.008	neg	0.9	6.4	7.0	88.1	-34.5%	-23.8%
2002	-	-	0.5	0.9	-	-	1.4	7.0	9.2	115.6	22.5%	8.6%
2001	0.003	neg	0.4	0.7	0.003	0.005	1.2	6.1	8.5	106.5	not comparable	
2000	0.03	-	0.4	0.4	-	-	0.8	5.8	7.8	98.1	6.9%	-2.7%

Top Independent Labels (in alphabetical order)

Elwood Muusik
Hitivabrik
Huperpromootori
Protrade
Records 2000

Repertoire Origin (value)



Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	320.6%
LPs	0.01%	-85.5%
MCs	3.2%	-54.6%
CDs	95.4%	85.2%
DVD	-	-
VHS	-	-

Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

FINLAND – EUROPE

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www.fimic.fi

Charts

Sales chart compiler	Finnish National Broadcasting Co.
Link	www.yle.fi/top40

Economy

Population (millions)	5.2
Per capita GDP ($US)	34,350
Economic growth	1.9%
Currency	Euro (EUR)
Language	Finnish/Swedish

Music Industry

Physical piracy level	10-25%
World ranking (value)	27*
% Global Units	0.3%
% Global Value	0.4%

Player Penetration

CD player (HH)	85%
DVD player (HH)	23%
Digital music player (HH)	4%
Mobile phone (population)	79%

Compilations (% albums)

Units	-
Value	15.8%

Internet Connection

Internet (HH)	62%
Broadband (HH)	35%

Certification Awards

Albums

- Gold
- Platinum
- Multi-platinum

Top Independent Labels

- Bonnier Amigo Music
- Edel Records Finland
- Johanna Kustannus C
- Ondine Oy
- Oy FG-Naxos Ab

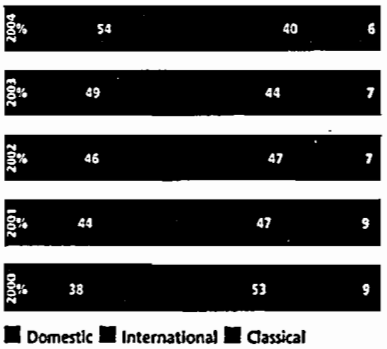
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.4	0.01	0.1	9.0	0.3	0.06	9.6	133.6	133.6	108.2	-12.9%	-13.5%
2003	0.6	0.01	0.09	10.4	0.3	0.03	11.0	140.7	154.6	125.2	7.2%	2.8%
2002	0.6	0.01	0.1	9.8	0.1	0.1	10.2	114.6	150.3	121.8	-9.9%	-6.4%
2001	0.7	0.02	0.3	10.7	-	0.1	11.4	116.4	160.6	130.1	-0.6%	3.5%
2000	0.6	0.01	0.5	10.7	-	-	11.4	115.8	155.2	125.7	2.8%	4.2%

Format Analysis

Format	Share of Value	Value Change
Singles	1.2%	-25.0%
LPs	0.1%	-3.3%
MCs	1.3%	27.7%
CDs	92.3%	-14.5%
DVD	5.1%	7.6%
VHS	0.05%	-84.0%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 13 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards

	5.2
	34,350
	1.9%
	Euro (EUR)
	Finnish/Swedish

ation	
H)	85%
(HH)	23%
t player (HH)	4%
ne (population)	79%

nnection	
0	62%
(HH)	35%

Annual Change	
Unit hange	LC Value Change
12.9%	-13.5%
7.2%	2.8%
-9.9%	-6.4%
-0.6%	3.5%
2.8%	4.2%

not shown in the table
2001 onwards

Certification Awards

Albums	Sales Level	2004	2003
Gold	15,000	65	73
Platinum	30,000	17	25
Multi-platinum		4	3

Top Independent Labels (in alphabetical order)

Bonnier Amigo Music Finland
Edel Records Finland
Johanna Kustannus Oy
Ondine Oy
Oy FG-Naxos Ab

Top 10 Albums

Artist	Title	Label/Company
Nightwish	Once	Spinefarm/Universal
Eppu Normaali	Sadan vuoden päästäkin	Poko Rekords/EMI
Various Artists	Idols	RCA/Sony BMG
Antti Tuisku	Ensimmäinen	RCA/Sony BMG
Hanna Pakarinen	When I Become Me	RCA/Sony BMG
Smurffit	Megaidolit vol.12	Capitol/EMI
Robbie Williams	Greatest Hits	Chrysalis/EMI
Pikku G	Suora lähetys	Evidence/Warner
Various Artists	Re:play Suomi Mania	Bonnier Amigo
INDX	Jee Jee Jee	Capitol/EMI

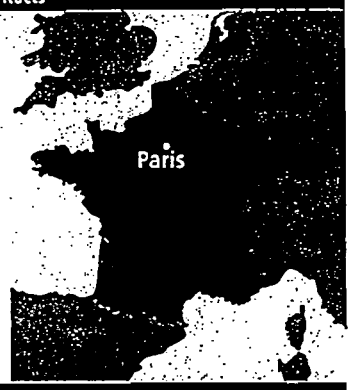
Top 10 Singles

Artist	Title	Label/Company
Nightwish	Nemo	Spinefarm/Universal
Apulanta	Pudota	Levy-yhtiö
Antti Tuisku	En tahdo tietää	Sony BMG
Smurffit	Heilutaan	EMI
Christian Forss	That's How It Goes	Edel
Children Of Bodom	Trashed, Lost & Strungout	Spinefarm/Universal
Tarja Turunen	Yhden enkelin unelma	Spinefarm/Universal
Hanna Pakarinen	Love Is Like A Song	SonyBMG
Eppu Normaali	Suolaista sadetta	Poko Rekords/EMI
Negative	Frozen To Lose It All	GB-Fam/Playground

FRANCE – EUROPE

Local Industry Association Contacts

SNEP
(Syndicat National de l'Edition Phonographique)
27 rue du Dr. Lancereaux
75008 Paris
Tel: +33 (1) 4413 6666
Fax: +33 (1) 5376 0733
www.disqueenfrance.com
www.promusicfrance.com



Economy

Population (millions)	60.4
Per capita GDP ($US)	32,891
Economic growth	0.5%
Currency	Euro (EUR)
Language	French

Music Industry

Physical piracy level	< 10%
World ranking (value)	5*
% Global Units	4.6%
% Global Value	5.9%

Player Penetration

CD player (HH)	127%
DVD player (HH)	71%
Digital music player (HH)	8%
Mobile phone (population)	69%

Charts

Sales chart compiler	SNEP/IFOP
Link	www.disqueenfrance.com

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	48%
Broadband (HH)	28%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	24.3	0.2	0.5	106.4	9.0	-	126.6	1,979.3	1,979.3	1,603.3	-9.1%	-14.8%
2003	30.9	0.4	2.5	117.9	6.9	0.5	139.3	2,114.7	2,323.5	1,882.1	-9.1%	-14.4%
2002	40.5	0.5	5.0	130.4	3.1	0.8	153.2	2,070.1	2,715.5	2,199.6	3.1%	4.1%
2001	39.1	0.6	6.8	125.2	2.2	0.8	148.7	1,891.7	2,609.8	2,114.0	10.6%	13.5%
2000	38.0	0.5	8.8	112.4			134.4	1,746.0	2,299.5	1,862.6	-0.8%	0.0%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	5.7	13%	21%
Top 50	14.2	-2%	51%
Top 100	20.4	-4%	74%

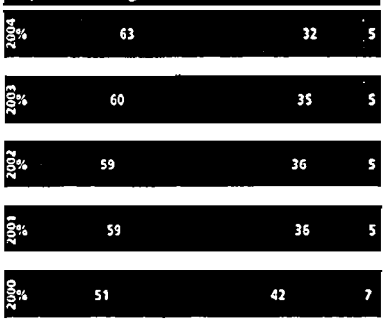
Format Analysis

Format	Share of Value	Value Change
Singles	7.1%	-31.5%
LPs	0.1%	-56.1%
MCs	0.2%	-85.2%
CDs	80.7%	-15.4%
DVD	9.4%	7.6%
VHS	-	-

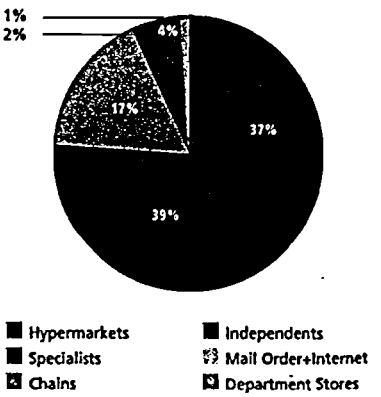
Sales by Genre

French songs	35%
Compilations	18%
International songs	25%
Classical	5%
Jazz	4%
World/Reggae	3%
Soundtrack	3%
Other	7%

Repertoire Origin (value)



Retail Channels



Notes

Recorded Music Sales Table
* 3 singles = 1 album, total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Repertoire Origin
Basis: Language

Certification Awards

Albums
- Silver
- Gold
- Platinum
- Double Platinum
- Triple Platinum
- Diamond

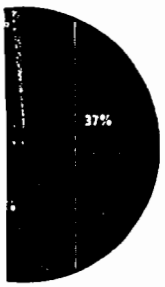
Singles
- Silver
- Gold
- Platinum
- Diamond

DVD Music Videos
- Gold
- Platinum
- Double Platinum
- Triple Platinum
- Diamond

	60.4
	32,891
	0.5%
	Euro (EUR)
	French

etration	
(HH)	127%
er (HH)	71%
sic player (HH)	8%
one (population)	69%
onnection	
HH)	48%
d (HH)	28%

	Annual Change	
	Unit Change	LC Value Change
	-9.1%	-14.8%
	-9.1%	-14.4%
	3.1%	4.1%
	10.6%	13.5%
	0.8%	0.0%



- Independents
- Mail Order+Internet
- Department Stores

not shown in the table
001 onwards

Certification Awards

Albums	Sales Level	2004	2003
Silver	50,000	9	13
Gold	100,000	82	72
Platinum	300,000	15	33
Double Platinum		9	12
Triple Platinum		1	4
Diamond	1,000,000	6	4
Singles	**Sales Level**	**2004**	**2003**
Silver	125,000	24	30
Gold	250,000	14	27
Platinum	500,000	3	9
Diamond	1,000,000	1	1
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	10,000	20	20
Platinum	20,000	27	28
Double Platinum		11	8
Triple Platinum		10	6
Diamond	100,000	6	11

Top 10 Albums

Artist	Title	Label/Company
Bande Originale De Film	Les Choristes	Marc Music/Warner
Calogero	3	Rapas-Mercury/Universal
Michel Sardou	Du Plaisir	Az/Universal
Norah Jones	Feels Like Home	Capitol/EMI
Yannick Noah	Pokhara	Saint George-Columbia/Sony
Francis Cabrel	Les Beaux Degatsd	Chandelle-Columbia/Sony
Les Enfoires	Les Enfoires Dans L'espace	Restos Du Cœur/BMG
Corneille	Parce Qu'on Vient De Loin	Wagram
Kyo	Le Chemin	Jive Records/BMG
Lorie	Attitudes	Egp-Epic Group/Sony

Top 10 Singles

Artist	Title	Label/Company
O-Zone	Dragostea Din Tei	Happy Music/Universal
K-Maro	Femme Like You	Up Music/Warner
Aventura	Obsesion	Up Music/Warner
Karen Antony & Bonnie Tyler	Si Demain... (Turn Around)	Egp-Epic/Group/Sony
Star Academy 4	Laissez Moi Danser	Mercury/Universal
Black Eyed Peas	Shut Up	Polydor/Universal
Leslie	Sobri Notre Destin	M6 Interactions/BMG
T-Rio	(Choopeta) Mama Eu Quero	Heben Music/BMG
Le 6-9	Le Poulailler	Ulm/Universal
Garou & Michel Sardou	La Riviere De Notre Enfance	Columbia/Sony

Local Industry Association Contacts

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Fax: +49 (30) 590 03838
verbaende@phono.de
www.ifpi.de
www.pro-musicorg.de

Charts

Sales chart compiler	Media Control
Link	www.musicline.de

Economy

Population (millions)	82.4
Per capita GDP ($US)	32,430
Economic growth	-0.1%
Currency	Euro (EUR)
Language	German

Music Industry

Physical piracy level	< 10%
World ranking (value)	4*
% Global Units	6.5%
% Global Value	6.4%

Compilations (% albums)

Units**	9%
Value	

Player Penetration

CD player (HH)	122%
DVD player (HH)	60%
Digital music player (HH)	11%
Mobile phone (population)	75%

Internet Connection

Internet (HH)	53%
Broadband (HH)	17%

Certification Awards

Albums
- Gold
- Platinum

Singles
- Gold
- Platinum

DVD Music Videos
- Gold
- Platinum

Top Independent Labels

- Edel Music
- SPV ZYX Music
- Delta Music
- Deutsche Austrophon

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	23.5	0.9	13.1	146.6	11.5	1.1	181.3	2,149.0	2,149.0	1,740.7	-1.4%	-4.2%
2003	26.8	1.1	15.5	146.8	9.0	1.9	183.9	2,040.5	2,242.0	1,816.0	-14.5%	-17.9%
2002	39.0	1.1	14.3	179.4	3.8	3.3	215.0	2,081.6	2,730.7	2,211.8	-4.7%	-7.9%
2001	51.3	1.1	22.1	182.9	1.5	0.9	225.6	2,149.0	2,964.8	2,401.5	-7.7%	-8.4%
2000	53.8	0.8	20.2	205.4			244.6	2,414.8	3,235.9	2,621.1	-2.9%	-1.4%

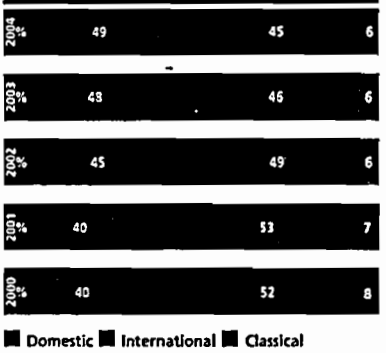
Format Analysis

Format	Share of Value	Value Change
Singles	6.4%	-21.1%
LPs	0.5%	-18.5%
MCs	2.0%	-25.8%
CDs	81.0%	-2.5%
DVD	9.2%	13.6%
VHS	0.6%	-49.5%

Sales by Genre

Pop	38%
Rock	19%
Classical	8%
Schlager	8%
Children's	6%
Dance	6%
Volksmusik	2%
Jazz	2%
Soundtracks	2%
Country	1%
Instrumental	1%
Other	7%

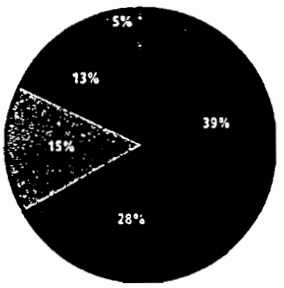
Repertoire Origin (value)



Sales by Age

0-15	6%
16-19	6%
20-29	19%
30-39	26%
40-49	22%
50-59	11%
60+	10%

Retail Channels



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

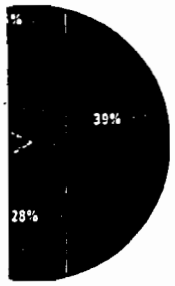
Music video sales included in total market from 2001 onwards.

Compilations
** TV Compilations

	82.4
	32,430
	-0.1%
	Euro (EUR)
	German

netration	
r (HH)	122%
yer (HH)	60%
usic player (HH)	11%
shone (population)	75%
Connection	
(HH)	53%
nd (HH)	17%

Annual Change	
Unit Change	LC Value Change
-1.4%	-4.2%
-14.5%	-17.9%
-4.7%	-7.9%
-7.7%	-8.4%
-2.9%	-1.4%



- Internet
- Direct Mail
- Other

not shown in the table
001 onwards

Certification Awards

Albums	Sales Level	2004	2003
Gold	100,000	155	157
Platinum	200,000	83	59
Singles	**Sales Level**	**2004**	**2003**
Gold	150,000	25	38
Platinum	300,000	6	6
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	25,000	69	55
Platinum	50,000	27	20

Top Independent Labels (in alphabetical order)

Edel Music
SPV ZYX Music
Delta Music
Deutsche Austrophon

Top 10 Albums

Artist	Title	Label/Company
Anastacia	Anastacia	Epic/Sony
Norah Jones	Feels Like Home	Blue Note/EMI
Rosenstolz	Herz	Island/Polydor
Wir sind Helden	Die Reklamation	Labels/EMI
Nelly Furtado	Folklore	Dreamworks/Universal
Dick Brave & The Backbeats	Dick This!	WEA/Warner
Robbie Williams	Greatest Hits	Chrysalis/EMI
Dido	Life For Rent	Arista UK/BMG
Robbie Williams	Live – 2003 / What ... Last Summer	Chrysalis/EMI
Evanescence	Fallen	Wind-up/Epic/Sony

Top 10 DVD Music Videos

Artist	Title	Label/Company
Robbie Williams	What We Did Last Summer	Chrysalis/EMI
Die Ärzte	Die Band, die sie Pferd nannten	Hot Action/Universal
Herbert Grönemeyer	Mensch Live	Grönland/EMI
Die Lollipops	Tanz mit uns!	Edelkids/Edel
Rammstein	Lichtspielhaus	Universal/Universal
Shania Twain	Up! Live In Chicago	Mercury/Universal
Jeanette	Break On Through	Kuba Music/Universal
Peter Maffay	Tabaluga und das verschenkte Glück	Ariola/ BMG
Oliver Kalkofe	Kalkofes Mattscheibe Vol. 1	Turbine Me/Alive AG
Howard Carpendale	Das Finale - Live	Koch Universal/Universal

Top 10 Singles

Artist	Title	Label/Company
O-Zone	Dragostea Din Tei	Polydor/Universal
De Randfichten	Lebt denn dr alte Holzmich noch?	Electrola/EMI
Usher feat. Lil'Jon & Ludacris	Yeah	Arista/BMG
Eamon	F**k It (I Don't Want You Back)	Zomba/BMG
Max	Can't Wait Until Tonight	Rare/Warner
Black Eyed Peas	Shut Up	Interscope/Universal
Oomph!	Augen auf!	Gun Records/BMG
Aventura	Obsession	Edel
Haiducii	Dragostea Din Tei	Edel
Mario Winans feat. Enya & P. Diddy	I Don't Wanna Know	Universal/Universal

Local Industry Association Contacts

Association of Greek
Producers of Phonograms
65 Aristotelous Street
Halandri 15232
Tel: +30 (2) 10 685 1739
Fax: +30 (2) 10 680 1660
info@ifpi.gr
www.ifpi.gr

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	10.6
Per capita GDP ($US)	18,700
Economic growth	4.7%
Currency	Euro (EUR)
Language	Greek

Music Industry

Physical piracy level	> 50%
World ranking (value)	32nd
% Global Units	0.3%
% Global Value	0.3%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	48%
DVD player (HH)	10%
Digital music player (HH)	1%
Mobile phone (population)	81%

Internet Connection

Internet (HH)	18%
Broadband (HH)	1%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.6	0.009	0.1	6.9	0.3	-	7.6	89.3	89.3	72.4	7.2%	-5.7%
2003	0.7	0.01	0.2	6.5	0.2	0.05	7.1	86.2	94.8	76.7	-5.7%	-10.0%
2002	1.1	0.01	0.2	7.0	-	-	7.6	80.3	105.3	85.3	4.0%	6.3%
2001	1.2	0.01	0.4	6.5	0.03		7.3	71.8	99.1	80.3	-12.9%	-17.1%
2000	1.2	0.1	0.4	7.5			8.3	90.3	119.5	96.8	7.2%	9.2%

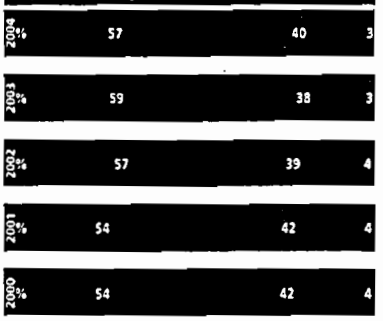
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.5	-	6%
Top 50	1.1	-	16%
Top 100	1.5	-	22%

Format Analysis

Format	Share of Value	Value Change
Singles	3.9%	-18.3%
LPs	0.1%	-22.1%
MCs	0.3%	-64.4%
CDs	88.1%	-8.4%
DVD	6.2%	73.2%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Certification Awards

Domestic Albums	S
Gold	
Platinum	
Multi-platinum	
International Albums	**S**
Gold	
Platinum	
Multi-platinum	
Singles	**S**
Gold	
Platinum	
Multi-platinum	
DVD Music Videos	**S**
Gold	
Platinum	

Top Independent Labels (ir

Alpha Records
Heaven Music
Legend
Lyra
MBI

Top 10 Compilation Album

Title
Eurovision Song Contest - Istar
The Greek Experience
Minos 2005
Destijl Hits
Ola 2004
Deejay Set Ii
Unity-The Official Athens 200
Harmony-The Official 2004 At
Mykonos Night & Day \
Obsesion Latin Hits

	10.6
	18,700
	4.7%
	Euro (EUR)
	Greek

etration	
(HH)	48%
r (HH)	10%
sic player (HH)	1%
one (population)	81%
onnection	
HH)	18%
d (HH)	1%

Annual Change	
Unit Change	LC Value Change
7.2%	-5.7%
-5.7%	-10.0%
4.0%	6.3%
-12.9%	-17.1%
7.2%	9.2%

not shown in the table
2001 onwards

Certification Awards

Domestic Albums	Sales Level	2004	2003
Gold	20,000	26	19
Platinum	40,000	12	14
Multi-platinum		5	10
International Albums	**Sales Level**	**2004**	**2003**
Gold	10,000	20	24
Platinum	20,000	3	5
Multi-platinum		1	0
Singles	**Sales Level**	**2004**	**2003**
Gold	10,000	10	13
Platinum	20,000	5	5
Multi-platinum		1	2
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	5,000	1	-
Platinum	10,000	0	-

Top Independent Labels (in alphabetical order)

Alpha Records
Heaven Music
Legend
Lyra
MBI

Top 10 Compilation Albums

Title	Label/Company
Eurovision Song Contest - Istanbul 2004	Minos-EMI
The Greek Experience	Heaven
Minos 2005	Minos-EMI
Destiji Hits	Heaven
Ola 2004	Sony
DeeJay Set Ii	Minos-EMI
Unity-The Official Athens 2004 Olympic	Minos-EMI
Harmony-The Official 2004 Athens...	Minos-EMI
Mykonos Night & Day V	Minos-EMI
Obsesion Latin Hits	Minos-EMI

Top 10 Albums

Artist	Title	Label/Company
Mikhalis Khatzigiannis	Akatallili Skini	Universal
Kharis Aleksioy	Os Tin Akri Tou Ouranou Sou	Minos-EMI
Kharis Aleksioy	Anthologio	Minos-EMI
Despina Bandi	Stin Avlh Tou Paradisou	Heaven
Notis Sfakianakis	Me Agapi Oti Kanis	Universal
Giorgos Ntalaras	Oti Ki An Po Den Se Ksekhno	Minos-EMI
Paskhalis Terzis	Sta Ipogia Ine I Thea	Minos-EMI
Anna Vissi	Anna Vissi Live	Sony
Alkistis Protopsalti	Na Se Vlepo Na Gelas	Heaven
Pegi Zina	Matono	Minos-EMI

Top 10 DVD Music Videos

Artist	Title	Label/Company
Anna Vissi	Anna Vissi Live	Sony
Iron Maiden	The Early Years	Minos-EMI
Despina Bandi	Karaoke Vol.1	Heaven
Elli Kokkinou	Sto Kokkino	Heaven
Giorgos Mazonakis	Savvato	Heaven
DJ Tiesto	Tiesto-In Concert 2004	Minos-EMI
Placebo	Once More With Feeling...96-04	Minos-EMI
Giorgos Ntalaras - Glike	Afieroma ... Asia/Tribute To Asia	Minos-EMI
Pink Floyd	The Wall	Sony
Pix Lax	San Enas Pinakas... Sti Mesi	Minos-EMI

Top 10 Singles

Artist	Title	Label/Company
Sakis Rouvas	Shake It	Minos-EMI
Fivos Feat. Despina Vandi	Come Along Now	Heaven
Nikites	Den Mporo Na Perimeno	Minos-EMI
Antonis Remos	Khamogelase	Sony
Mikhalis Khatzigiannis	P20	Universal
Giannis Kotsiras	Pass The Flame	Minos-EMI
Fame Story Band	Fame Story No11	Heaven
Axe Bahia	Thu Thuca	Heaven
Julie Massino	I'm In Love	Heaven
Ruslana	Wild Dances	Minos-EMI

Local Industry Association Contacts

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info@mahasz.hu
www.mahasz.hu

Economy

Population (millions)	10.0
Per capita GDP ($US)	9,790
Economic growth	2.9%
Currency	Forint (HUF)
Language	Hungarian

Music Industry

Physical piracy level	25-50%
World ranking (value)	36*
% Global Units	0.3%
% Global Value	0.2%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	46%
DVD player (HH)	6%
Digital music player (HH)	neg
Mobile phone (population)	86%

Internet Connection

Internet (HH)	25%
Broadband (HH)	9%

Charts

Sales chart compiler	MAHASZ/Ipsos-Szonda
Link	www.mahasz.hu

Certification Awards

Albums
- Gold
- Platinum
- Multi-platinum

Singles
- Gold
- Platinum

DVD Music Videos
- Gold

Top Independent Labels

- CLS
- Fekete Szemek
- Hungaroton
- Private Moon
- Record Express

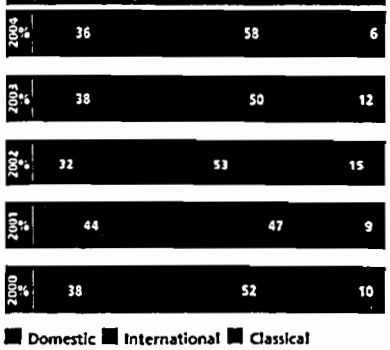
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.04	neg	2.0	5.4	0.2	0.004	7.6	59.1	59.1	11,973.5	48.9%	-18.4%
2003	0.06	0.001	1.6	3.3	0.1	0.02	5.1	65.4	72.4	14,672.6	4.5%	6.0%
2002	0.3	0.001	1.8	2.9	0.05	0.03	4.9	53.7	68.3	13,838.5	not comparable	
2001	0.2	0.002	2.7	3.3	0.03	0.02	6.1	51.8	73.2	14,833.2	-19.5%	-7.8%
2000	0.3	0.002	3.4	4.1			7.6	57.0	79.3	16,087.6	1.9%	15.5%

Format Analysis

Format	Share of Value	Value Change
Singles	0.5%	-29.3%
LPs	0.02%	-36.9%
MCs	18.1%	-31.2%
CDs	74.7%	-16.3%
DVD	6.4%	12.3%
VHS	0.1%	-74.4%

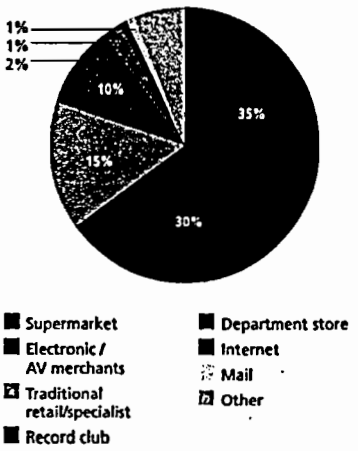
Repertoire Origin (value)



Sales by Genre

Pop/MOR	35%
Rock/Metal/Alternative	15%
Dance	6%
Classical	4%
Soundtracks	3%
Rap/Hip Hop	3%
Children's	3%
Jazz/Blues	2%
World	2%
R&B/Urban	1%
Country/Traditional	1%
Other	25%

Retail Channels



Sales by Age

15-17	5%
18-30	22%
31-40	16%
41-50	19%
51-60	14%
61+	24%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

2004 volume value growth discrepancy due to premiums

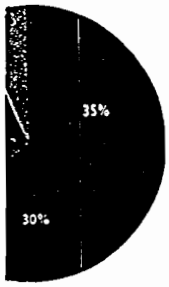
Repertoire Origin
Basis: artist nationality and includes budget imports

Sales by Age
Source: Ipsos

	10.0
	9,790
	2.9%
	Forint (HUF)
	Hungarian

etration	
(HH)	46%
ɜr (HH)	6%
ısic player (HH)	neg
ıone (population)	86%
onnection	
HH)	25%
ıd (HH)	9%

Annual Change	
Unit Change	LC Value Change
48.9%	-18.4%
4.5%	6.0%
not comparable	
-19.5%	-7.8%
1.9%	15.5%



- Department store
- Internet
- Mail
- Other

not shown in the table
2001 onwards
remiums
orts

Certification Awards			
Albums	Sales Level	2004	2003
Gold	15,000	41	48
Platinum	30,000	10	13
Multi-platinum		0	4
Singles	Sales Level	2004	2003
Gold	5,000	2	0
Platinum	10,000	0	0
DVD Music Videos	Sales Level	2004	2003
Gold	3,500	1	0

Top Independent Labels (in alphabetical order)

CLS
Fekete Szemek
Hungaroton
Private Moon
Record Express

Top 10 Albums

Artist	Title	Label/Company
Musical	Romeo & Juliette	Universal Music
Nox	Bűvölet	Universal Music
Oláh Ibolya	Egy Sima, Egy Forditott	BMG
Irigy Hónaljmirigy	Bazi Nagy Lagzi	CLS
Nox	Karácsony	Universal Music
Gáspár Laci	Hagyd Meg Nekem A Dalt	EMI
Various Artists	Megasztár	Sony
Hooligans	Szenzáció	EMI
Márió	CSALOGÁNY	EMI
Matyi És A Hegedűs	50 pengő	EMI

Top 10 Singles

Artist	Title	Label/Company
Tankcsapda	Szextárgy	Sony BMG
Ágnes Vanilla	Csak Egy Éjszaka Volt	Private Moon
Metallica	Some Kind Of Monster	Universal Music
Britney Spears	Toxic	BMG
Britney Spears	Everytime	BMG
Nightwish	Nemo	Hammer Music
Majka	Tündi Bündi	Magneoton
Kelis	Trick	EMI
Draft	2000 Év	Magneoton
Király Linda - Gáspár László	Olimpial Dal	Il Cinema Nuovo

Top 10 Compilation Albums

Title	Label/Company
Dancissimo 2004	BMG
Nagy Mulatós Lemez 2004	BMG
Juventus Mix 6	Sony
Now 5.	EMI
Duett	Universal Music
Nagy Házibuli Lemez	BMG
Sunshine 2004	Record Express
Szupermulatós Megaparty	Magneoton
Mulassunk Hajnalig	Magneoton
Now.hu 3	EMI

IRELAND – EUROPE

Local Industry Association Contacts

IRMA (Irish Recorded Music Association)
1 Corrig Avenue
Dun Laoghaire
Co. Dublin
Tel: +353 (1) 280 5977
Fax: +353 (1) 280 6579
info@irma.ie
www.irma.ie

Charts

Sales chart compiler	IRMA/Chart Track
Link	www.irma.ie

Economy

Population (millions)	4.0
Per capita GDP ($US)	44,445
Economic growth	1.4%
Currency	Euro (EUR)
Language	English

Music Industry

Physical piracy level	< 10%
World ranking (value)	24*
% Global Units	0.3%
% Global Value	0.4%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	160%
DVD player (HH)	54%
Digital music player (HH)	5%
Mobile phone (population)	80%

Internet Connection

Internet (HH)	42%
Broadband (HH)	6%

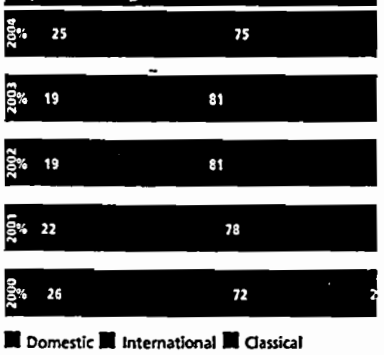
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.8	0.008	0.005	7.8	0.5	0.02	8.6	145.8	145.8	118.1	5.2%	2.7%
2003	1.5	0.01	0.03	7.2	0.1	0.3	8.1	129.2	141.9	115.0	-10.5%	-15.4%
2002	2.0	0.01	0.2	8.0	0.03	0.3	9.1	127.9	167.8	135.9	-6.7%	-6.7%
2001	2.2	0.02	0.4	8.4	-	0.2	9.7	130.4	179.8	145.7	2.3%	10.8%
2000	2.2	0.03	0.8	8.0			9.5	121.1	162.3	131.4	10.4%	13.8%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	0.6	-	7%
Top 50	1.7	-	21%
Top 100	2.4	-	30%
Top 200	3.2	-	41%

Repertoire Origin (value)



Format Analysis

Format	Share of Value	Value Change
Singles	2.5%	-51.9%
LPs	0.1%	-32.9%
MCs	0.1%	-80.8%
CDs	87.7%	4.2%
DVD	9.5%	355.5%
VHS	0.2%	-96.5%

Notes

Recorded Music Sales Table
* singles – 1 album, total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Top Independent La

Beggars Banquet
Celtic Collections
Dolphin
Domino
Drm
Dynamic Entertain
Naxos
Plateau
Prism Leisure
Rmg Chart Enterta
Rubyworks
Sanctuary Group
V2

Top 10 Compilation A

Title
Now 57
Now 59
Now 58
Ultimate Dirty Dan
Even Better Than The
Bridget Jones: The Ed
Shrek 2
Hits 60
Even Better Than The
Now 56

	4.0
	44,445
	1.4%
	Euro (EUR)
	English

tration	
HH)	160%
(HH)	54%
sic player (HH)	5%
one (population)	80%
onnection	
H)	42%
I (HH)	6%

	Annual Change	
	Unit Change	LC Value Change
	5.2%	2.7%
	-10.5%	-15.4%
	-6.7%	-6.7%
	2.3%	10.8%
	10.4%	13.8%

not shown in the table
001 onwards

Top Independent Labels (in alphabetical order)

Beggars Banquet
Celtic Collections
Dolphin
Domino
Drm
Dynamic Entertainment
Naxos
Plateau
Prism Leisure
Rmg Chart Entertainment
Rubyworks
Sanctuary Group
V2

Top 10 Compilation Albums

Title	Label/Company
Now 57	EMI/Virgin/Universal
Now 59	EMI/Virgin/Universal
Now 58	EMI/Virgin/Universal
Ultimate Dirty Dancing	BMG TV
Even Better Than The Real Thing 2	Today FM/RMG Chart
Bridget Jones: The Edge Of Reason	Island
Shrek 2	Dreamworks
Hits 60	BMG TV/Sony TV/WSM
Even Better Than The Real Thing 1	Today FM/RMG Chart
Now 56	EMI/Virgin/Universal

Top 10 Albums

Artist	Title	Label/Company
U2	How To ... An Atomic Bomb	Island
Paddy Casey	Living	Sony Music UK
Guns N' Roses	Greatest Hits	Geffen
Maroon 5	Songs About Jane	J Records
Snow Patrol	Final Straw	Fiction
Damien Rice	O	DRM
Robbie Williams	Greatest Hits	Chrysalis
Britney Spears	Greatest Hits: My Prerogative	Jive
Usher	Confessions	Laface/Arista
Streets	A Grand Don't Come For Free	Locked On/679

Top 10 DVD Music Videos

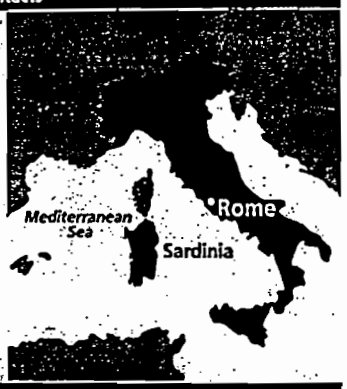
Artist	Title	Label/Company
Various	Live Aid	WMV
Planxty	Live 2004	SMV
U2	Go Home:Live From Slane Castle	Island
Red Hot Chilli Peppers	Live At Slane Castle	WMV
Michael Jackson	Number Ones	Epic
David Bowie	Best Of Bowie	EMI
Westlife	The Turnaround Tour-Live	BMG Video
Guns N' Roses	Welcome To The Videos	Geffen
David Bowie	A Reality Tour	CMV
Pogues	Live At The Town & Country Club	Celtic Collections

Top 10 Singles

Artist	Title	Label/Company
Band Aid 20	Do They Know It's Christmas?	Mercury
Eamon	F**k It (I Don't Want You Back)	Jive
Tim O'riordan & Natural Gas	The Langer (Remix)	Highfort
Kelis	Milkshake	Virgin
Anastacia	Left Outside Alone	Epic
Britney Spears	Everytime	Jive
Britney Spears	Toxic	Jive
Usher Feat. Lil' Jon & Ludacris	Yeah!	Laface/Arista
O-Zone	Dragostea Din Tei	Jive
Eric Prydz	Call On Me	Data

Local Industry Association Contacts

FIMI - Federazione Industria Musicale Italiana
Galleria del Corso 4
20122 Milano
Tel: +390 (2) 795 879
Fax: +390 (2) 799 673
info@fimi.it
www.fimi.it
www.pro-music.it



Economy

Population (millions)	58.1
Per capita GDP ($US)	28,410
Economic growth	0.4%
Currency	Euro (EUR)
Language	Italian

Charts

Sales chart compiler	FIMI/AC Nielsen
Link	www.fimi.it

Music Industry

Physical piracy level	25-50%
World ranking (value)	8th
% Global Units	1.4%
% Global Value	1.9%

Compilations (% albums)

Units	6.7%
Value	8.1%

Player Penetration

CD player (HH)	64%
DVD player (HH)	40%
Digital music player (HH)	2%
Mobile phone (population)	91%

Internet Connection

Internet (HH)	39%
Broadband (HH)	20%

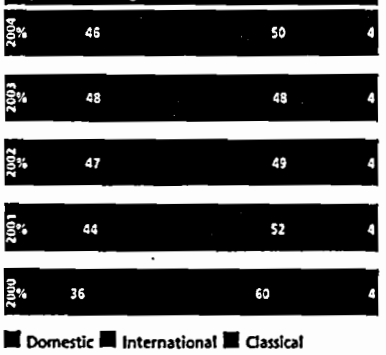
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.4	0.01	-	33.1	2.0	-	37.8	652.5	652.5	528.5	-11.7%	-7.9%
2003	2.8	0.03	1.3	36.2	1.3	0.05	42.7	644.6	708.3	573.7	-6.4%	-4.4%
2002	3.5	0.02	3.4	36.8	0.4	0.2	45.7	564.9	741.1	600.3	9.3%	1.1%
2001	4.3	0.03	6.4	38.0	0.4		49.8	531.2	732.9	593.7	-7.0%	-7.5%
2000	4.5	0.03	9.9	39.1			53.5	591.3	792.4	641.8	-8.2%	-4.1%

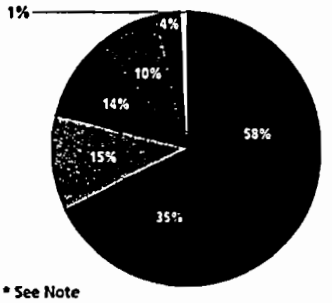
Format Analysis

Format	Share of Value	Value Change
Singles	1.3%	-47.3%
LPs	0.03%	-64.3%
MCs	-	-
CDs	90.2%	-7.4%
DVD	7.7%	45.1%
VHS	-	-

Repertoire Origin (value)



Retail Channels



* See Note

- Traditional retail/specialist
- Electronic/AV merchants
- Supermarket
- Mail
- Other
- Internet
- Kiosk

Sales by Genre

Italian Pop	55%
International Pop	43%
Rock	21%
Classical	11%
Alternative	10%
Jazz/Blues	9%

Sales by Age

0-17	9%
18-24	17%
25-34	30%
35-44	20%
45-54	10%
55+	14%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

Music Video Sales included in total market from 2001 onwards.

2002 volume figures reported on a different basis to previous years. Actual growth indicated.

Sales by Genre & Retail Channels
Multi-answer question. Source: GfK Nielsen research (May 2004)

Top 10 Compilation Albu

Title
Festivalbar Blu 2004
Festivalbar 2004 Compilat
Hit Mania Dance Champi
Sanremo Festival Della Canzo
Hit Mania Dance Estat
M2o Comp. Vol.5
M2o Compilation Vol.
Dragostea Compilatio
Striscia La Compil. 200
Hot Party Spring 2004

Top 10 Singles

Artist
Blue
Eamon
Haiducii
Anastacia
Black Eyed Peas
Usher
Evanescence
Kevin Lyttle
Jamelia
Britney Spears

	58.1
	28,410
	0.4%
	Euro (EUR)
	Italian

netration	
r (HH)	64%
ver (HH)	40%
usic player (HH)	2%
hone (population)	91%

Connection	
(HH)	39%
nd (HH)	20%

Annual Change	
Unit Change	LC Value Change
-11.7%	-7.9%
-6.4%	-4.4%
9.3%	1.1%
-7.0%	-7.5%
8.2%	-4.1%

- Electronic/AV merchants
- Mail
- Internet

s not shown in the table
2001 onwards
ss to previous years
earch (May 2004)

Top 10 Compilation Albums

Title	Label/Company
Festivalbar Blu 2004	WMI
Festivalbar 2004 Compilation Rossa	EMI
Hit Mania Dance Champions 2004	Hitmania/WMI
54 Sanremo Festival Della Canzone Italia	Rai Trade/SELF
Hit Mania Dance Estate 2004	Hitmania/Sony
M2o Comp. Vol.5	Time Records/SELF
M2o Compilation Vol.6	Time/SELF
Dragostea Compilation	Universo/Sony
Striscia La Compil. 2004	Universal
Hot Party Spring 2004	Universal

Top 10 Albums

Artist	Title	Label/Company
Vasco Rossi	Buoni O Cattivi	Capitol/EMI
Robbie Williams	Greatest Hits	Capitol/EMI
Blue	Best Of Blue	Virgin/EMI
Michael Bublé	Michael Bublé	Reprise/WMI
Mina	The Platinum Collection	EMI Mktg/EMI
Tiziano Ferro	111 (Centoundici)	Capitol/EMI
Antonacci B.	Convivendo Parte 1	Iris (Mercury)/Universal
Anastacia	Anastacia	Epic/Sony
Adriano Celentano	C'e Sempre Un Motivo	Clan Celentano/Sony
U2	How To ... An Atomic Bomb	Island/Universal

Top 10 Singles

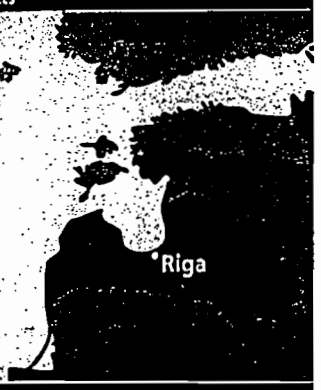
Artist	Title	Label/Company
Blue	A Chi Mi Dice	Virgin/EMI
Eamon	F**k It (I Don't Want You Back)	Zomba/Ricordi/BMG
Halducii	Dragostea Din Tei	Universo/Sony
Anastacia	Left Outside Alone	Epic/Sony/Self
Black Eyed Peas	Shut Up	Interscope/Universal
Usher	Yeah	La Face Rec/Ricordi/BMG
Evanescence	My Immortal	Wind Up/Sony
Kevin Lyttle	Turn Me On	Atlantic/WMI
Jamella	Superstar	Capitol/EMI
Britney Spears	Toxic	Zomba/Ricordi/BMG

Top 10 DVD Music Videos

Artist	Title	Label/Company
Zero Renato	Figli Del Sogno	Tattica/Sony
Vasco Rossi	Vasco Rossi @ S.Siro 03	Capitol/EMI
Eros Ramazzotti	Eros Roma Live	Ariola/BMG
Blue	Best Of Blue	Virgin/EMI
Artisti Vari	Live Aid	Warner Vision Intl./WMI
Fabrizio De André	De André In Concerto	BMG Video/BMG
Pink Floyd	Pink Floyd Live At Pompei	Universal Pictures
Queen	Queen On Fire - Live At The Bowl	EMI Mktg/EMI
Pink Floyd	The Wall	SMV Enterprise/Sony
Zucchero	Zu & Co. Live At Royal A.H.	Polydor Universal

Local Industry Association Contacts

LaMPA
(Mikrofona ierakstī)
Mukusalas 15a
Riga LV 1004
Tel: +371 706 3090
Fax: +371 706 3096
elita@micrec.lv
www.micrec.lv



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	2.3
Per capita GDP ($US)	5,725
Economic growth	7.4%
Currency	Lat (LVL)
Language	Latvian

Music Industry

Physical piracy level	> 50%
World ranking (value)	60*
% Global Units	0.02%
% Global Value	0.01%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	53%

Internet Connection

Internet (HH)	
Broadband (HH)	

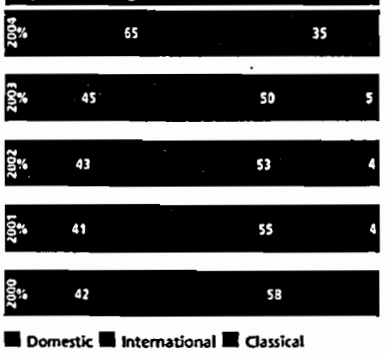
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	neg	neg	0.2	0.3	0.001	-	0.6	4.4	4.4	2.4	-23.8%	-41.0%
2003	-	-	0.3	0.4	0.01	-	0.7	7.0	7.4	4.0	1.9%	8.2%
2002	-	-	0.3	0.4	0.006	-	0.7	6.0	6.8	3.7	-47.6%	-11.4%
2001	-	-	0.8	0.6	-	-	1.4	6.6	7.7	4.2	73.5%	9.6%
2000			0.5	0.3			0.8	6.2	7.0	3.8	19.1%	0.0%

Format Analysis

Format	Share of Value	Value Change
Singles	0.07%	-
LPs	0.03%	-
MCs	11.5%	-52.5%
CDs	77.2%	-43.4%
DVD	11.1%	27.0%
VHS	-	-

Repertoire Origin (value)



Sales by Genre

Pop/MOR	35%
Country/Traditional	22%
Rock/Metal/Alternative	18%
Rap/Hip Hop	5%
R&B/Urban	5%
Dance	5%
Classical	2%
Jazz/Blues	2%
World	2%
Soundtracks	1%
Children's	1%
Other	2%

Notes

Recorded Music Sales Table
* Singles + Album Total may include formats not shown in the table
Music Video Sales included in total market from 2001 onwards

Certification Awards

Albums	S
Gold	
Platinum	

Top Independent Labels (in

- Baltic Records Group
- MAPLs
- Mikrofona ierakstī
- Platforma Records
- Upe

	2.3
	5,725
	7.4%
	Lat (LVL)
	Latvian

etration	
(HH)	-
r (HH)	-
sic player (HH)	-
one (population)	53%

onnection	
HH)	-
d (HH)	-

Annual Change	
Unit Change	LC Value Change
-23.8%	-41.0%
1.9%	8.2%
-47.6%	-11.4%
73.5%	9.6%
-19.1%	0.0%

not shown in the table
2001 onwards

Certification Awards

Albums	Sales Level	2004	2003
Gold	8,000	0	2
Platinum	15,000	1	1

Top Independent Labels (in alphabetical order)

Baltic Records Group
MAPLs
Mikrofona Ieraksti
Platforma Records
Upe

Top 10 Albums

Artist	Title	Label/Company
Re:Public	Strēlniece	Platforma Records
Fomins Un Kleins	Dzimis Latvijā	Microphone Records
Tumsa	1 000 000 Itnekā	Microphone Records
Fēlikss Ķiģelis	Samts	Platforma Records
Detlef	Tu Izliecies Par Sevi	Microphone Records
Dzelzs Vilks	Tev Oranži Mati	Upe Tuviem Un T_liem
Raimonds Pauls	Crossroads	Microphone Records
The Hobos	Radio Jah Jah	Platforma Records
Autobuss Debesīs	...Taureniem, Kaijam Un Spārem...	Platforma Records
Marija Naumova	Nesauciet Sev Līdzi	Baltic Records Group

Top 3 Singles

Artist	Title	Label/Company
Fomins Un Kleins	Dziesma Par Laimi	Microphone Records
Re:public	Tā Vienmer Būs	Platforma Records
Kaspars Bindemanis/Regnārs Valvars	Hičkoka Hiphops	Platforma Records

Top 5 Compilation Albums

Title	Label/Company
Sniegbaltītes Skolai 50	Platforma Records
100% Svaigs Nr. 6	Microphone Records
Jaunieśu Koru Koncerts	Microphone Records
Tā Ir Jānotiek	Platforma Records
Top Of The Pops/Muzikālā Banka	Platforma Records

NETHERLANDS – EUROPE

Local Industry Association Contacts

NVPI (Nederlandse Vereniging van Producenten en Importeurs van beeld-en geluidsdragers)
Albertus Perkstraat 36
1217 NT Hilversum
Tel: +31 (35) 625 4411
Fax: +31 (35) 625 4410
info@nvpi.nl
www.nvpi.nl
www.pro-music.nl

Charts

Sales chart compiler	Mega Charts BV
Link	www.megacharts.nl

Economy

Population (millions)	16.3
Per capita GDP ($US)	34,840
Economic growth	-0.7%
Currency	Euro (EUR)
Language	Dutch

Music Industry

Physical piracy level	10-25%
World ranking (value)	10th
% Global Units	1.1%
% Global Value	1.5%

Compilations (% albums)

Units	14.9%
Value	15.3%

Player Penetration

CD player (HH)	130%
DVD player (HH)	65%
Digital music player (HH)	11%
Mobile phone (population)	74%

Internet Connection

Internet (HH)	74%
Broadband (HH)	36%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	2.7	0.2	0.02	23.2	5.3	0.03	29.9	507.7	507.7	411.3	-4.2%	-7.4%
2003	3.2	0.2	0.07	24.6	4.8	0.2	31.2	498.8	548.1	444.0	-1.8%	-5.1%
2002	3.6	0.2	0.1	27.9	2.0	0.2	31.8	440.3	577.6	467.8	-9.2%	-6.2%
2001	5.0	0.1	0.2	31.5	0.5	0.1	35.0	446.2	615.5	498.6	-4.1%	1.0%
2000	5.4	0.1	0.3	34.1			36.5	455.0	609.6	493.8	1.6%	0.8%

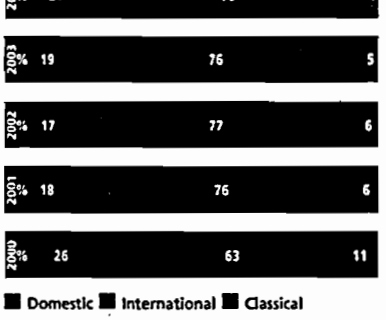
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	1.0	-	4%
Top 50	1.5	-	6%

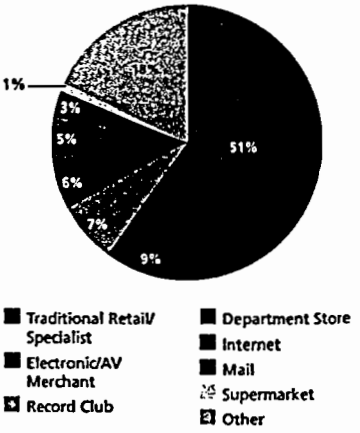
Format Analysis

Format	Share of Value	Value Change
Singles	2.9%	-14.9%
LPs	0.5%	0.8%
MCs	0.02%	-74.6%
CDs	73.4%	-9.9%
DVD	22.3%	7.6%
VHS	0.1%	-81.2%

Repertoire Origin (value)



Retail Channels



Sales by Genre

Pop/MOR	49%
Rock/Metal	16%
Classical	6%
Jazz/Blues	5%
R&B/Urban	4%
Soundtracks	3%
Dance	3%
Rap/Hip Hop	3%
Country/Traditional	1%
World	1%
Other	9%

Sales by Age

12-19	9%
20-29	18%
30-39	27%
40-49	22%
50-59	15%
60+	9%

Notes

Recorded Music Sales Table
* Units = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

Repertoire Origin
Basis: artist nationality

Sales by Age
Source: GfK consumer panel

Top Ten
Source: GfK Megacharts

Certification Awards

Albums
- Gold
- Platinum
- Multi-platinum

Singles
- Gold
- Platinum
- Multi-platinum

DVD Music Videos
- Gold
- Platinum
- Multi-platinum

Top Independent Labels (in

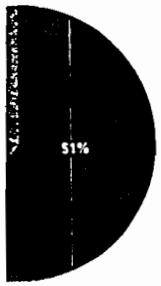
- Challenge Record Servic
- CNR Records
- Disky
- Play It Again Sam
- V2 Music

	16.3
	34,840
	-0.7%
	Euro (EUR)
	Dutch

etration	
(HH)	130%
r (HH)	65%
sic player (HH)	11%
one (population)	74%

onnection	
HH)	74%
d (HH)	36%

Annual Change	
Unit Change	LC Value Change
-4.2%	-7.4%
-1.8%	-5.1%
-9.2%	-6.2%
-4.1%	1.0%
1.6%	0.8%



- Department Store
- Internet
- Mail
- Supermarket
- Other

%
%
%
%
%
%

Certification Awards

Albums	Sales Level	2004	2003
Gold	40,000	48	54
Platinum	80,000	10	19
Multi-platinum		2	16
Single	**Sales Level**	**2004**	**2003**
Gold	40,000	5	5
Platinum	60,000	6	1
Multi-platinum		0	1
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	40,000	6	9
Platinum	80,000	1	0
Multi-platinum		1	0

Top Independent Labels (in alphabetical order)

Challenge Record Services
CNR Records
Disky
Play It Again Sam
V2 Music

Top 10 Albums

Artist	Title	Label/Company
Norah Jones	Feels Like Home	EMI
Anastacia	Anastacia	Sony
Andre Hazes	25 Jaar Het Beste Van	EMI
Dido	Life For Rent	BMG
Alicia Keys	The Diary Of Alicia Keys	BMG
Robbie Williams	Greatest Hits	EMI
U2	How To ... An Atomic Bomb	Universal
Usher	Confessions	BMG
Guns 'N Roses	Greatest Hits	Universal
Evanescence	Fallen	Sony

Top 10 DVD Music Videos

Artist	Title	Label/Company
Marco Borsato	Zien	Universal
Marco Borsato	Live in De Kuip 2004	Universal
Frans Bauer	Live In Ahoy 2003	Sony
Robbie Williams	Live at Knebworth	EMI
Marco Borsato	Live in De Kuip 2003	Universal
Simply Red	Home-Live	Warner
Blof	Live 2004	EMI
Eagles	Hell Freezes Over	Universal
K3	In Wonderland	BMG
Queen	Live At Wembley	EMI

Top 10 Singles

Artist	Title	Label/Company
O-Zone	Dragonstea Din Tei	BMG
Blof & Counting Crows	Holiday In Spain	EMI
Freestylers	Push Up	Pias
Ali B & Brace	Ik ben je	Zat/Spec
Jamelia	Superstar	EMI
Anastacia	Sick & Tired	Sony
DJ Tiesto & BT	Love Comes Again	Black Hole
Marco Borsato & Ali B.	Wat Zou Je Doen	Universal
Anastacia	Left Outside Alone	Sony
Usher	Yeah	BMG

NORWAY – EUROPE

Local Industry Association Contacts

IFPI Norway
Sandakerveien 52
0477 Oslo 4
Tel: +47 (22) 221 788
Fax: +47 (22) 221 768
ifpi.sekretariat@ifpi.no
www.ifpi.no

Charts

Sales chart compiler	VS Newspaper/IFPI Norway
Link	www.ifpi.no

Economy

Population (millions)	4.6
Per capita GDP ($US)	53,085
Economic growth	0.6%
Currency	Norwegian Krone (NOK)
Language	Norwegian

Music Industry

Physical piracy level	< 10%
World ranking (value)	16*
% Global Units	0.5%
% Global Value	0.8%

Compilations (% albums)

Units	11.1%
Value	13.2%

Player Penetration

CD player (HH)	147%
DVD player (HH)	68%
Digital music player (HH)	11%
Mobile phone (population)	77%

Internet Connection

Internet (HH)	66%
Broadband (HH)	33%

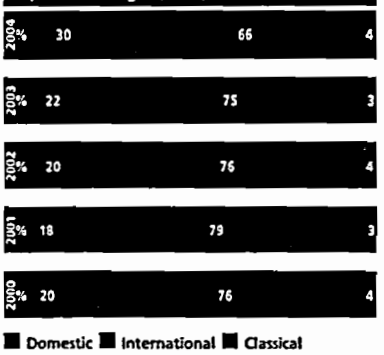
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.9	-	0.03	12.4	0.3	-	13.1	273.8	273.8	1,845.2	6.4%	1.9%
2003	1.1	-	0.03	11.6	0.3	-	12.3	255.7	268.6	1,810.5	-10.8%	-9.7%
2002	1.1	-	0.05	13.2	0.2	0.009	13.8	251.1	297.5	2,005.1	9.6%	2.2%
2001	1.0	-	0.05	12.1	0.08	0.004	12.6	218.2	291.1	1,962.1	-9.8%	-4.0%
2000	1.1		0.1	13.5			14.0	232.3	303.4	2,044.6	1.1%	0.5%

Format Analysis

Format	Share of Value	Value Change
Singles	1.4%	-22.0%
LPs	-	-
MCs	0.1%	-24.6%
CDs	95.0%	3.1%
DVD	3.2%	-14.3%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Certification Awards

Albums
Gold
Platinum
Multi-platinum
Singles
Gold
Platinum
Multi-platinum
DVD Video
Gold
Platinum
Multi-platinum

Top Independent Labels (i

Bonnier Amigo Music N
Playground Music
Tuba Records
Tylden (Bare Bra Musik
Voices Music & Entertai

Top 10 Compilation Albu

Title
Hits For Kids 12
Absolute Hits 2004
Absolute Music 46
Absolute Music 45
P4's 80-Talls Favoritter
Lady Sings The Blues 2
Det Glade 60-Tall
P4's Julefavoritter
Mcmusic 29
Mcmusic 28

	4.6
	53,085
	0.6%
weglan Krone (NOK)	
	Norwegian

tration	
-HH)	147%
(HH)	68%
ic player (HH)	11%
one (population)	77%

onnection	
H)	66%
I (HH)	33%

Annual Change	
Unit Change	LC Value Change
6.4%	1.9%
-10.8%	-9.7%
9.6%	2.2%
-9.8%	-4.0%
1.1%	0.5%

ts not shown in the table
2001 onwards

Certification Awards

Albums	Sales Level	2004	2003
Gold	20,000	48	50
Platinum	40,000	26	21
Multi-platinum		7	3
Singles	**Sales Level**	**2004**	**2003**
Gold	5,000	21	24
Platinum	10,000	13	27
Multi-platinum		5	12
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	5,000	2	-
Platinum	10,000	1	-
Multi-platinum		0	-

Top Independent Labels (in alphabetical order)

Bonnier Amigo Music Norway
Playground Music
Tuba Records
Tylden (Bare Bra Musikk)
Voices Music & Entertainment

Top 10 Compilation Albums

Title	Label/Company
Hits For Kids 12	Universal
Absolute Hits 2004	Eva Records
Absolute Music 46	Eva Records
Absolute Music 45	Eva Records
P4's 80-Talls Favoritter	EMI
Lady Sings The Blues 2	EMI
Det Glade 60-Tall	Sony
P4's Julefavoritter	EMI
Mcmusic 29	Sony
Mcmusic 28	Sony

Top 10 Albums

Artist	Title	Label/Company
OddNordstoga	Luring	Universal
BjørnEidsvåg	En Vakker Dag	Sony
Katie Melua	Call Off The Search	Bonnier Amigo Music
Robbie Williams	Greatest Hits	EMI
Simon & Garfunkel	The Essential Simon & Garfunkel	Sony
U2	How To... An Atomic Bomb	Universal
Norah Jones	Feels Like Home	EMI
Guns N'Roses	Greatest Hits	Universal
Anastacia	Anastacia	Sony
Thomas Dybdahl	One Day You'll Dance For Me	Bonnier Amigo Music

Top 10 Singles

Artist	Title	Label/Company
O Zone	Dragostea Din Tei	Bonnier Amigo Music
Kjartan Salvesen	Standing Tall	RCA
Usher	Yeah	Arista
Eric Prydz	Call On Me	Bonnier Amigo Music
Black Eyed Peas	Shut Up	Universal
O Zone	Despre Tine	Bonnier Amigo Music
Band Aid 20	Do They Know It's Christmas	Universal
Are & Odin	Klapp Klapp	EMI
Eamon	F**k It (I Don't Want You Back)	Jive
Britney Spears	Toxic	Jive

POLAND - EUROPE

Local Industry Association Contacts

Zwiazek Producentow
Audio-Video (ZPAV)
12/2 Kruczkowskiego Street
00-380 Warsaw
Tel: +48 (22) 625 69 66
Fax: +48 (22) 625 16 61
biuro@zpav.pl
www.zpav.pl

Charts

Sales chart compiler	ZPAV/Pentor Research Institute
Link	www.zpav.pl

Economy

Population (millions)	38.6
Per capita GDP ($US)	5,949
Economic growth	3.7%
Currency	Zloty (PLZ)
Language	Polish

Music Industry

Physical piracy level	25-50%
World ranking (value)	31*
% Global Units	0.4%
% Global Value	0.3%

Compilations (% albums)

Units	32.8%
Value	24.8%

Player Penetration

CD player (HH)	49%
DVD player (HH)	14%
Digital music player (HH)	1%
Mobile phone (population)	47%

Internet Connection

Internet (HH)	16%
Broadband (HH)	4%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.1	0.01	1.2	10.5	0.6	0.01	12.3	92.0	92.0	335.8	-1.5%	-4.8%
2003	0.1	0.006	2.0	10.1	0.3	0.03	12.5	90.7	96.7	352.8	-11.2%	-1.5%
2002	0.2	0.003	4.2	9.5	0.2	0.04	14.0	87.9	98.1	358.1	-44.4%	-26.6%
2001	0.4	0.004	10.3	14.4	0.1	0.2	25.2	119.2	133.7	488.0	-16.9%	-24.8%
2000	0.2	0.001	14.1	16.2	-	-	30.4	149.2	177.7	648.5	-23.8%	5.5%

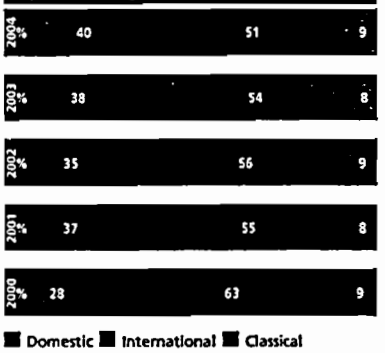
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	1.0	-	8%
Top 50	2.3	-	19%
Top 100	3.0	-	25%

Format Analysis

Format	Share of Value	Value Change
Singles	0.5%	12.7%
LPs	0.1%	84.5%
MCs	4.8%	-51.6%
CDs	86.9%	-1.7%
DVD	7.6%	27.2%
VHS	0.1%	-63.2%

Repertoire Origin (value)



Sales by Genre

Pop/MOR	25%
Rap/Hip Hop	17%
Rock/Metal	15%
Classical	9%
R&B/Urban	5%
Dance	8%
Jazz/Blues	8%
Oldies	3%
Children's	1%
New Age	1%
World	2%
Religious	1%
Other	5%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Certification Awards
Award levels were split for domestic and international repertoire in June 2004.
Previous levels for albums were G=10k, P=20k, D=350k

Certification Awards

Domestic Albums	Sa
Gold	
Platinum	

International Albums	Sa
Gold	
Platinum	

Music Videos	Sa
Gold	
Platinum	

Top Independent Labels (in

Fonografika
GM Music
Metal Mind Production
Reader's Digest
Sonic

Top 10 Compilation Album

Title
The Best Smooth Jazz...
Bravo Hits Zima 2005
Radio Zet - Tylko Wielkie Przeboje
Radio Zet - Przeboje Na Gv
Bravo Hits Lato 2004
Radio Zet - Tylko Wielkie Przeboje \
Radio Zet Iv - Nie Tylko Na Ka
Bravo Hits Wiosna 2004
Radio Zet - Na Mile Ch
Smooth Jazz Cafe

	38.6
	5,948
	3.7%
	Zloty (PLZ)
	Polish

tration	
HH)	49%
(HH)	14%
ic player (HH)	1%
ine (population)	47%
nnection	
-)	16%
(HH)	4%

	Annual Change	
	Unit Change	LC Value Change
	-1.5%	-4.8%
	11.2%	-1.5%
	44.4%	-26.6%
	-16.9%	-24.8%
	-23.8%	5.5%

Certification Awards

Domestic Albums	Sales Level	2004	2003
Gold	35,000	17	-
Platinum	70,000	10	-
International Albums	**Sales Level**	**2004**	**2003**
Gold	20,000	12	-
Platinum	40,000	13	-
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	5,000	9	0
Platinum	10,000	0	0

Top Independent Labels (in alphabetical order)

Fonografika
GM Music
Metal Mind Production
Reader's Digest
Sonic

Top 10 Compilation Albums

Title	Label/Company
The Best Smooth Jazz...Ever	EMI
Bravo Hits Zima 2005	Magic Records
Radio Zet - Tylko Wielkie Przeboje Na Lato	Magic Records
Radio Zet - Przeboje Na Gwiazdke	Magic Records
Bravo Hits Lato 2004	Magic Records
Radio Zet - Tylko Wielkie Przeboje We Dwoje	SMD
Radio Zet Iv - Nie Tylko Na Karnawal	Magic Records
Bravo Hits Wiosna 2004	Magic Records
Radio Zet - Na Mile Chwile	Magic Records
Smooth Jazz Cafe	Izabelin

Top 10 Albums

Artist	Title	Label/Company
Various	The Best Smooth Jazz...Ever	EMI
Various	Bravo Hits Zima 2005	Magic Records
Jacek Kaczmarski	Syn Marnotrawny	Pomaton
Various	Radio Zet - Tylko Wielkie Na Lato	Magic Records
Krzysztof Krawczyk	To Co W Zydu Wazne	Zic-Zac
Rod Stewart	The Great American Songbook	J Records
Various	Radio Zet - Przeboje Na Gwiazdke	Magic Records
Various	Bravo Hits Lato 2004	Magic Records
Jeden Osiem L	Wideoteka	UMC Records
Czeslaw Niemen	Zlota Kolekcja	Pomaton

PORTUGAL - EUROPE

Local Industry Association Contacts

Associacao Fonografica
Portugesa (AFP)
c/o Abreu e Marques
Rua Augusto Dos Santos 2-4 fl
1050-028 Lisbon
Tel: +351 (21) 352 9189/9359
Fax: +351 (21) 314 7325
afport@mail.telepac.pt

Charts

Sales chart compiler	AC Nielsen
Link	

Economy

Population (millions)	10.5
Per capita GDP ($US)	12,800
Economic growth	-1.3%
Currency	Euro (EUR)
Language	Portuguese

Music Industry

Physical piracy level	25-50%
World ranking (value)	29*
% Global Units	0.4%
% Global Value	0.4%

Compilations (% albums)

Units	33.4%
Value	30.9%

Player Penetration

CD player (HH)	99%
DVD player (HH)	16%
Digital music player (HH)	2%
Mobile phone (population)	100%

Internet Connection

Internet (HH)	43%
Broadband (HH)	17%

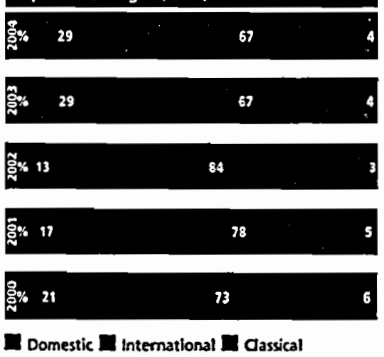
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.7	neg	1.2	9.1	0.8	0.02	11.7	121.8	121.8	98.7	-16.3%	-25.5%
2003	0.2	neg	2.0	11.0	0.8	0.01	13.9	148.8	163.4	132.4	-8.7%	-15.5%
2002	0.3	neg	2.2	12.5	0.4	0.02	15.3	147.5	193.5	156.7	-0.1%	7.7%
2001	0.4	0.006	3.4	11.6	0.1	0.01	15.3	130.2	179.6	145.5	-6.1%	-5.3%
2000	0.8	0.002	3.8	12.2			16.3	141.5	189.6	153.6	0.5%	3.8%

Format Analysis

Format	Share of Value	Value Change
Singles	1.2%	115.7%
LPs	0.001%	55.8%
MCs	2.0%	-43.3%
CDs	83.2%	-26.3%
DVD	13.2%	-19.0%
VHS	0.2%	5.6%

Repertoire Origin (value)



Certification Awards

Albums

- Gold
- Platinum
- Multi-platinum

Music Videos**

- Gold
- Platinum
- Multi-platinum

Top Independent Labels

- Espacial
- Farol
- MVM
- Vidisco
- Zona Musica

Top 10 Compilation Albu

Title
Morangos Com Açuca
Now 10
Summer Jam 2004
Morangos De Verão
As Musicas Da Carochir
Now 11
As Musicas Da Carochi
Dance Power 10
New Wave
Discos Pedidos

Notes

Recorded Music Sales Table
*3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Certification Awards
**Music Video sales levels have increased from Gold 2,000 and Platinum 4,000.

	10.5
	12,800
	-1.3%
	Euro (EUR)
	Portuguese

netration	
r (HH)	99%
yer (HH)	16%
nusic player (HH)	2%
phone (population)	100%
Connection	
(HH)	43%
und (HH)	17%

Annual Change	
Unit Change	LC Value Change
-16.3%	-25.5%
-8.7%	-15.5%
-0.1%	7.7%
-6.1%	-5.3%
-0.5%	3.8%

ts not shown in the table
2001 onwards
Gold 2,000 and Platinum 4,000

Certification Awards

Albums	Sales Level	2004	2003
Gold	20,000	67	67
Platinum	40,000	25	26
Multi-platinum		22	36
Music Videos	**Sales Level**	**2004**	**2003**
Gold	4,000	41	30
Platinum	8,000	15	24
Multi-platinum		8	42

Top Independent Labels (in alphabetical order)

Espacial
Farol
MVM
Vidisco
Zona Musica

Top 10 Compilation Albums

Title	Label/Company
Morangos Com Açucar	Farol
Now 10	EMI/Sony/Universal
Summer Jam 2004	Vidisco
Morangos De Verão	Farol
As Musicas Da Carochinha Vol.2	Som Livre
Now 11	EMI/Sony/Universal
As Musicas Da Carochinha	Som Livre
Dance Power 10	Vidisco
New Wave	Som Livre
Discos Pedidos	Som Livre

Top 10 Albums

Artist	Title	Label/Company
Varios Artistas	Morangos Com Açucar	Farol
Varios Artistas	Now 10	EMI/Sony/Universal
O Zone	Disco - Zone	Farol
Varios Artistas	Summer Jam 2004	Vidisco
Adriana Calcanhoto	Adriana Partimpim	Sony BMG
Da Weasel	Re-Definições	EMI
U2	How To ... An Atomic Bomb	Universal
Evanescence	Fallen	Sony BMG
Varios Artistas	Morangos De Verão	Farol
Varios Artistas	As Musicas Da Carochinha Vol.2	Som Livre

Top 10 DVD Music Videos

Artist	Title	Label/Company
Amalia Rodrigues	The Art Of Amalia	EMI
Mariza	Live In London	EMI
Santana	Supernatural - Live	Sony BMG
The Eagles	Hell Freezes Over	Sony BMG
Varios Artistas	As Musicas Da Carochinha Vol. 1	Som Livre
Varios Artistas	Live Aid	Warner Music
Ivete Sangalo	MTV Ao Vivo	Universal/Farol
Queen	Queen On Fire - Live At The Bowl	EMI
Robbie Williams	What We Did Last Summer	EMI
B.B. King	In Concert	Sony BMG

ROMANIA - EUROPE

Local Industry Association Contacts

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euroinfo@ifpi.org
www.upfr.ro

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	22.4
Per capita GDP ($US)	2,995
Economic growth	4.9%
Currency	Leu (ROL)
Language	Romanian

Music Industry

Physical piracy level	> 50%
World ranking (value)	43rd
% Global Units	0.7%
% Global Value	0.1%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	31%

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

Top 10 International Com

Title
Christmas Songs
Gregorian Chants
Grammy Nominees 20
Big Hits 2000
Big Hits 2001
The Annual
Latino Party
Forever Music 4
Rock Ballads
Unity - The Official An

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.006	neg	14.6	4.2	0.02	0.02	18.8	34.6	34.6	1,129,757.0	11.4%	25.8%
2003	-	-	13.9	3.0	0.09	-	16.9	27.0	27.5	897,779.2	4.0%	11.4%
2002	-	-	12.4	3.8	0.003	0.01	16.2	24.4	24.7	806,111.3	not comparable	
2001	-	-	12.0	0.2	-	-	12.2	13.7	12.2	397,734.1	-23.0%	-38.1%
2000			15.6	0.2			15.8	29.6	19.7	642,091.2	29.8%	61.4%

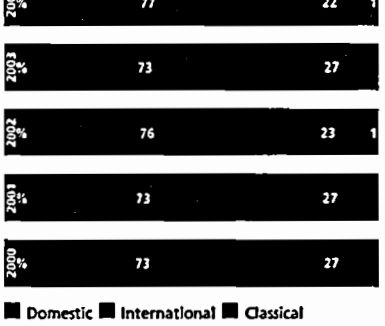
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	1.9	-	52%
Top 50	2.6	-	74%
Top 100	3.1	-	87%

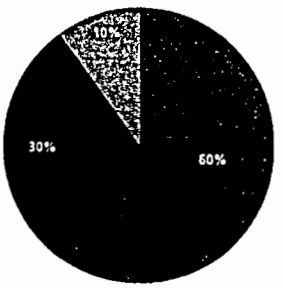
Format Analysis

Format	Share of Value	Value Change
Singles	0.03%	-
LPs	0.01%	-
MCs	58.6%	7.6%
CDs	40.1%	63.5%
DVD	1.0%	80.8%
VHS	0.07%	-

Repertoire Origin (value)



Retail Channels



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

	22.4
	2,995
	4.9%
	Leu (ROL)
	Romanian

etration	
(HH)	-
er (HH)	-
usic player (HH)	-
none (population)	31%

Connection	
HH)	-
nd (HH)	-

Annual Change	
Unit Change	LC Value Change
11.4%	25.8%
4.0%	11.4%
not comparable	
-23.0%	-38.1%
29.8%	61.4%

Electronic/AV merchants

ts not shown in the table
r 2001 onwards

Top 10 International Compilation Albums

Title	Label/Company
Christmas Songs	Disky
Gregorian Chants	Elap
Grammy Nominiees 2004	BMG
Big Hits 2000	Hermanex
Big Hits 2001	Hermanex
The Annual	Ministry Of Sound
Latino Party	Toco Europe/Premium Latin Music
Forever Music 4	Warner Music
Rock Ballads	Warner Music
Unity - The Official Anthem	EMI

Top 10 Domestic Albums

Artist	Title	Label/Company
O-Zone	Disco Zone	Cat Music
Holograf	Pur Si Simplu	Roton
Costi	Ziua Mea	NME
Pavel Stratan	Amintiri Din Copilarie Vol.1	Cat Music
Bug Mafia	Baietii Buni	Cat Music
Alina	Necazuri Si Suparari	NME
Catalin Arabu	Viata E Frumoasa	Cat Music
Elegance	Ma Vrei	NME
Pepe	Inima Nebuna	Roton
Parazitii	Primii 10 Ani	Roton

Top 10 International Albums

Artist	Title	Label/Company
Julio Iglesias	Divorcio	Sony Music
Usher	Confessions	BMG
Celine Dion	One Heart	Sony Music
Britney Spears	In The Zone	BMG
Aventura	Love&Hate	Premium Latin Music
Julio Iglesias	Noche De Quatro Luna	Sony Music
ATB	No Silence	Kontor Records
Him	And Love Said No	BMG
Schiller	The Singles Collection	Sleepingroom
Sean Paul	Dutty Rock	Warner Music

Top 10 DVD Music Videos

Artist	Title	Label/Company
Bere Gratis	Electrophonica-Live	NME
Holograf	Pur Si Simplu	Roton
Cesaria Evora	Live In Paris	BMG
Pink Floyd	The Wall	Sony Music
Modern Talking	The Final Album	BMG
Roger Waters	In The Flesh-Live	Sony Music
Celine Dion	All The Way	Sony Music
George Michael	Ladies & Gentlemen	Sony Music
Eagles	Hell Freezes Over	BMG
Vangelis	Mythodea	Sony Music

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Economy

Population (millions)	143.8
Per capita GDP ($US)	3,980
Economic growth	7.3%
Currency	Rouble (RUB)
Language	Russian/Local language

Music Industry

Physical piracy level	> 50%
World ranking (value)	11th
% Global Units	4.3%
% Global Value	1.5%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	4%
Digital music player (HH)	[illegible]
Mobile phone (population)	41%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	15%
Broadband (HH)	0%

Recorded Music Sales (figures in millions)

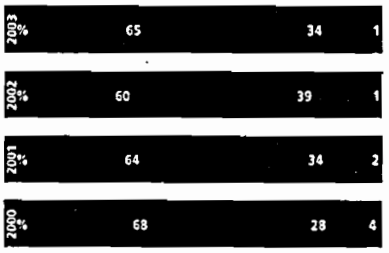
Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.1	0.1	60.5	58.0	0.2	0.07	118.9	490.8	490.8	14,141.2	2.9%	41.3%
2003	0.2	0.1	85.0	30.3	0.05	0.1	115.6	326.2	347.5	10,010.0	1.8%	23.7%
2002	0.3	0.1	95.0	18.2	0.03	0.1	113.5	258.1	280.8	8,090.1	1.5%	23.9%
2001	0.2	0.1	100.2	11.4	0.02	0.1	111.9	223.8	226.6	6,527.5	1.5%	17.8%
2000	0.5	0.1	100.0	10.0			110.8	197.0	192.4	5,541.7	7.0%	47.0%

Format Analysis

Format	Share of Value	Value Change
Singles	0.1%	-21.8%
LPs	0.1%	-6.9%
MCs	16.3%	-45.5%
CDs	82.8%	105.7%
DVD	0.4%	100.2%
VHS	0.2%	75.6%

Repertoire Origin (value)

Not Available



Domestic International Classical

Notes

Recorded Music Sales Table
3 singles = 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

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promusicae@promusica
www.promusicae.org

Charts

Sales chart compiler	
Link	

Recorded Music Sales (

Year	Singles	
2004	1.3	
2003	3.8	
2002	2.2	
2001	2.4	
2000	2.1	

Top Sellers (albums)

	Million Units
Top 10	2.1
Top 50	4.4
Top 100	6.9

Format Analysis

Format	
Singles	
LPs	
MCs	
CDs	
DVD	
VHS	

Notes

Recorded Music Sale
3 singles = 1 album; To
Music video sales include
2003 volumes were repo
Growth indicated is actua

	143.8
	3,980
	7.3%
	Rouble (RUB)
	Russian/Local languages

netration	
r (HH)	-
yer (HH)	4%
nusic player (HH)	-
phone (population)	41%

Connection	
(HH)	15%
ınd (HH)	0%

Annual Change	
Unit Change	LC Value Change
2.9%	41.3%
1.8%	23.7%
1.5%	23.9%
1.5%	17.8%
7.0%	47.0%

ts not shown in the table
n 2001 onwards

Local Industry Association Contacts

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www.promusicae.org

Charts

Sales chart compiler	AFYVE/Media Control
Link	www.los40.com

Economy

Population (millions)	40.3
Per capita GDP ($US)	23,940
Economic growth	2.4%
Currency	Euro (EUR)
Language	Spanish

Music Industry

Physical piracy level	10-25%
World ranking (value)	9th
% Global Units	1.4%
% Global Value	1.7%

Compilations (% albums)

Units	11.2%
Value	22.3%

Player Penetration

CD player (HH)	119%
DVD player (HH)	78%
Digital music player (HH)	3%
Mobile phone (population)	81%

Internet Connection

Internet (HH)	37%
Broadband (HH)	19%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.3	0.009	0.3	34.0	3.5	0.09	38.4	572.8	572.8	463.9	-17.1%	-12.5%
2003	3.8	0.008	0.9	42.4	1.5	0.008	46.3	595.5	654.7	530.3	-11.4%	-9.4%
2002	2.2	0.01	2.4	61.7	0.5	0.03	65.4	551.0	722.8	585.4	-18.4%	-15.6%
2001	2.4	0.03	7.0	71.1	0.4	0.08	80.2	620.4	855.9	693.3	2.2%	2.1%
2000	2.1	0.02	9.8	67.3			78.4	625.5	838.1	678.9	10.9%	1.8%

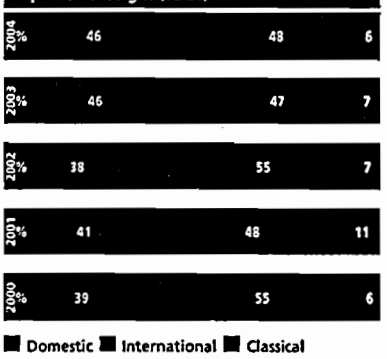
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	2.1	-	6%
Top 50	4.4	-	13%
Top 100	6.9	-	20%

Format Analysis

Format	Share of Value	Value Change
Singles	1.4%	-48.1%
LPs	0.02%	14.5%
MCs	0.1%	-79.0%
CDs	88.8%	-15.5%
DVD	8.8%	72.4%
VHS	0.3%	>1000%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
Singles = 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards
2003 volumes were reported on a different basis to previous years
Growth indicated is actual % change

(Spain continues on page 68)

Certification Awards

Albums	Sales Level	2004	2003
Gold	50,000	81	113
Platinum	100,000	81	107
Singles	**Sales Level**	**2004**	**2003**
Gold	25,000	1	5
Platinum	50,000	1	31
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	10,000	32	8
Platinum	25,000	1	2

Top Independent Labels (in alphabetical order)

Blanco y Negro Music
Discmedi
Divucsa Music
Gran Via Musical de Ediciones
Vale Music Spain

Top 10 Albums

Artist	Title	Label/Company
David Bisbal	Buleria	Vale Music
Estopa	¿La Calle Es Tuya?	Sony BMG
Mª Isabel	No Me Toques Las Palmas Que...	Vale Music
Los Lunnis	Los Lunnis Nos Vamos A La Cama	Sony BMG-Rtve
Manolo Garcia	Para Que No Se Duerman Mas...	Sony BMG
Alejandro Sanz	Grandes Exitos 91-04	Warner Music
Melendi	Sin Noticias De Holanda	Carlito Records-El Diablo
Anastacia	Anastacia	Sony BMG
Andy & Lucas	Desde Mi Barrio	Sony BMG - Estrella Federal Rec
Andy & Lucas	Andy & Lucas	Sony BMG

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Charts

Sales chart compiler
Link

Recorded Music Sales (

Year	Singles
2004	1.4
2003	2.4
2002	4.0
2001	4.4
2000	5.7

Format Analysis

Format
Singles
LPs
MCs
CDs
DVD
VHS

Notes

Recorded Music Sales
* 3 singles = 1 album / Tota
Music video sales included
2000 volumes were report
indicated is actual % chan

Label/Company
Vale Music
Sony BMG
Vale Music
Sony BMG-Rtve
Sony BMG
Warner Music
Carlito Records-El Diablo
Sony BMG
Sony BMG - Estrella Federal Rec
Sony BMG

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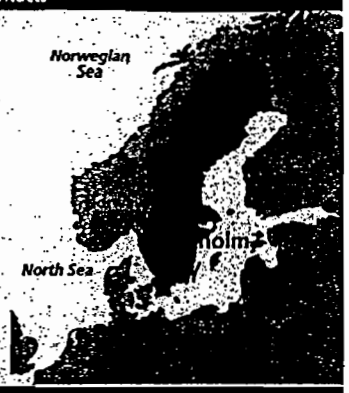


Charts	
Sales chart compiler	GLF/IFPI Sweden
Link	www.hitlistan.se

Economy	
Population (millions)	9.0
Per capita GDP ($US)	37,470
Economic growth	1.7%
Currency	Swedish Krona (SEK)
Language	Swedish

Music Industry	
Physical piracy level	< 10%
World ranking (value)	17th
% Global Units	0.7%
% Global Value	0.8%

Compilations (% albums)	
Units	18.8%
Value	16.0%

Player Penetration	
CD player (HH)	103%
DVD player (HH)	52%
Digital music player (HH)	9%
Mobile phone (population)	100%

Internet Connection	
Internet (HH)	75%
Broadband (HH)	37%

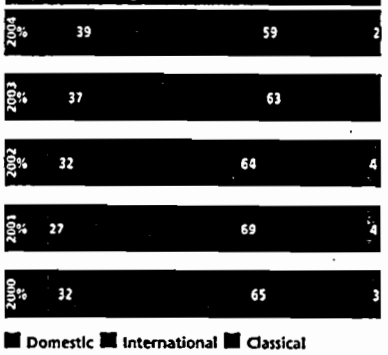
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.4	0.009	0.08	16.6	0.8	0.06	18.1	267.9	267.9	1,969.1	-13.9%	-17.5%
2003	2.4	0.02	0.2	19.1	0.9	0.07	21.0	295.0	324.7	2,386.9	-13.5%	-14.7%
2002	4.0	0.03	0.3	22.4	0.2	0.06	24.3	287.3	380.6	2,797.3	-1.2%	-5.7%
2001	4.4	0.04	0.2	22.8	0.08	0.05	24.6	287.3	403.7	2,967.3	-4.7%	0.1%
2000	5.7	0.05	0.3	23.6			25.9	323.6	403.4	2,964.9	7.4%	-0.7%

Format Analysis

Format	Share of Value	Value Change
Singles	1.7%	-38.3%
LPs	0.07%	-51.7%
MCs	0.2%	-63.0%
CDs	91.4%	-17.5%
DVD	5.6%	-14.0%
VHS	0.1%	-56.1%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
1 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards
2000 volumes were reported on a different basis to previous years. Growth indicated is actual % change

(Sweden continues on page 70)

Certification Awards

Albums	Sales Level	2004	2003
Gold	30,000	101	117
Platinum	60,000	26	34
Multi-platinum		10	14
Singles	**Sales Level**	**2004**	**2003**
Gold	10,000	35	22
Platinum	20,000	8	6
Multi-platinum		0	6
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	10,000	10	7
Platinum	20,000	2	4
Multi-platinum		1	1

Top Independent Labels (in alphabetical order)

Bonnier Amigo Music Group
Diesel Music AB
Mariann Grammofon Skara
NEG Network Ent. Group AB
Playground Music Scandinavia AB

Top 10 Compilation Albums

Title	Label/Company
Melodifestival 2004	M&L Records
Absolute Music 46	EVA Records
Absolute Music 47	EVA Records
Det Bästa Från Idol 2004	RCA BMG
Lilla Melodifestivalen 2004	Mariann
Hits For Kids 12	Universal
Ljuva 60-tal Del 2	Columbia SME
Absolute Hits 2004	EVA records
Absolute Kidz 13	EVA records
En Bukett Med Rosor	Capitol EMI

Top 10 Albums

Artist	Title	Label/Company
Gyllene Tider	Finn Fem Fel	Capitol EMI
U2	How To ... An Atomic Bomb	Island Universal
Lars Winnerbäck	Vatten Under Broarna	Sonet Universal
Norah Jones	Feels Like Home	Blue Note EMI
Benny Anderssons Orkester	BAOI	Mono Music SME
Lena Philipsson	Det Gör Ont En Stund På ...	Columbia SME
Daniel Lindström	Daniel Lindström	RCA BMG
Magnus Uggla	Den Tatuerade Generationen	Columbia SME
Vikingarna	Bästa Kramgoa Låtarna	NMG EMI
Agnetha Fältskog	My Colouring Book	Warner Sweden

Top 10 DVD Music Videos

Artist	Title	Label/Company
Gyllene Tider	GT 25 LIVE!	Capitol EMI
Lars Winnerbäck & Hovet	Live i Linköping	Sonet Universal
Carola	Julkonsert	Universal
Various	Bodywork	Bonnier Music
Carola	Jubileumsshowen	Sonet Universal
Various	Melodifestivalen 2004	M&L Records
Europe	Rock The Night	Columbia SME
ABBA	ABBA In Concert	Polar Universal
Various	Idol 2004	Panvision
The Eagles	Hell Freezes Over	Image Ent BMG

Top 10 Singles

Artist	Title	Label/Company
Daniel Lindström	Coming Through	RCA BMG
Lena Philipsson	Det Gör Ont	Columbia SME
Raymond & Maria	Ingen Vill Veta Var Du Köpt Din...	Warner Sweden
Nic & The Family	Hej Hej Monika	Warner Sweden
Haiducii	Drogostea Din Tei	Warner Sweden
Gyllene Tider	Tuffa Tider/En Sten Vid En Sjö	Capitol EMI
Günther & The Sunshine Girls	Ding Dong Song	Warner Sweden
Britney Spears	Everytime	Jive BMG
Markoolio	In Med Bollen	Bonnier Music
Elin Lanto	I Won't Cry	Rodeo Records

Local Industry Association C

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www.ifpi-schweiz.ch

Charts

Sales chart compiler
Link

Recorded Music Sales (figu

Year	Singles	LP
2004	1.8	0.
2003	2.3	0.
2002	3.0	0.
2001	3.1	0.
2000	3.3	0.

Format Analysis

Format	Sha Va
Singles	7
LPs	(
MCs	(
CDs	9
DVD	:
VHS	0.

Notes

Recorded Music Sales Tat
* 3 singles = 1 album. Total mi
Music video sales included in t
Repertoire Origin
Basis: artist nationality

Label/Company
apitol EMI
land Universal
onet Universal
lue Note EMI
ono Music SME
olumbia SME
CA BMG
olumbia SME
MG EMI
Varner Sweden

Label/Company
Capitol EMI
onet Universal
Jniversal
Bonnier Music
onet Universal
M&L Records
Columbia SME
Polar Universal
Panvision
Image Ent BMG

Label/Company
RCA BMG
Columbia SME
Warner Sweden
Warner Sweden
Warner Sweden
Capitol EMI
Warner Sweden
Jive BMG
Bonnier Music
Rodeo Records

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Charts

Sales chart compiler	IFPI Schweiz/Radio DRS/Millward Brown
Link	www.hitparade.ch

Economy

Population (millions)	7.5
Per capita GDP ($US)	47,235
Economic growth	-0.5%
Currency	Swiss Franc (CHF)
Language	German/ Italian/ French/ Romansch

Music Industry

Physical piracy level	< 10%
World ranking (value)	18th
% Global Units	0.7%
% Global Value	0.8%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	163%
DVD player (HH)	58%
Digital music player (HH)	12%
Mobile phone (population)	75%

Internet Connection

Internet (HH)	66%
Broadband (HH)	40%

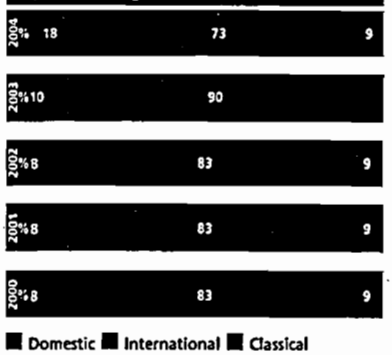
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	1.8	0.1	0.6	18.2	0.7	0.03	20.4	258.8	258.8	320.9	-1.0%	-7.2%
2003	2.3	0.1	0.5	18.6	0.5	0.02	20.6	256.3	279.0	346.0	-12.2%	-12.3%
2002	3.0	0.2	0.9	21.3	-	-	23.5	253.2	318.3	394.6	1.7%	-2.5%
2001	3.1	0.1	0.6	21.2	-	-	23.1	239.9	326.5	404.9	-2.6%	-2.4%
2000	3.3	0.1	0.7	21.8	-	-	23.7	245.6	334.5	414.8	-0.6%	0.7%

Format Analysis

Format	Share of Value	Value Change
Singles	2.9%	-31.3%
LPs	0.4%	15.3%
MCs	0.7%	-30.3%
CDs	91.3%	-5.9%
DVD	3.9%	1.6%
VHS	0.07%	-36.7%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
Singles + Album total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Repertoire Origin
artist nationality

(Switzerland continues on page 72)

SWITZERLAND – EUROPE

Certification Awards

Albums	Sales Level	2004	2003
Gold	20,000	75	72
Platinum	40,000	30	93
Multi-platinum		14	

Singles	Sales Level	2004	2003
Gold	20,000	10	13
Platinum	40,000	3	7

Top Independent Labels (in alphabetical order)

K-Tel International
Musikvertrieb
Phonag Records
TBA
Tudor Recording

Top 10 Compilation Albums

Title	Label/Company
S'Bescht Mundart Album Wo's Git Vol. 1	EMI Marketing/EMI
S'Bescht Mundart Album Wo's git Vol. 2	EMI Marketing/EMI
Bravo Hits 45	WSM/Warner
Bravo Hits 46	Polystar/Universal
KuschelRock 18	Strategic/Sony
S'Bescht Mundart Album Wo's Git Vol.3	EMI Marketing/EMI
Street Parade 2004 Offic. Compilation	Elevator/TBA
Bravo Hits 44	Polystar/Universal
Bravo Hits 47	WSM/Warner
BRAVO - The Hits 2004	Ariola-Media/BMG

Top 10 Albums

Artist	Title	Label/Comp
Diverse	S'Bescht Mundart Album_Vol. 1	EMI Marketi
Eminem	The Marshall Mathers LP	Interscope/U
Anastacia	Anastacia (2004)	Epic/Sony
Norah Jones	Come Away With Me	Blue Note/E
Norah Jones	Feels Like Home	Blue Note/E
Plüsch	Plüsch	Columbia/Sor
Diverse	S'Bescht Mundart Album_Vol. 2	EMI Marketi
Evanescence	Fallen	Epic/Sony
Metallica	Metallica	Vertigo/Univ
Plüsch	Sidefiin	Columbia/Sor

Top 10 Singles

Artist	Title	Label/Comp
Black Eyed Peas	Shut Up	Interscope/U
MusicStars	A Kiss Goodbye	Domestic/Un
O-Zone	Dragostea Din Tei	Island Records/U
Anastacia	Left Outside Alone	Epic/Sony
Sara Connor	Living To Love You	Epic/Sony
Eamon	F**k It (I Don't Want You Back)	Jive Records/Zomb
Haiducci	Dragostea Din Tei	MOS/Musikve
K-Maro	Femme Like You	EW France/Wa
Limp Bizkit	Behind Blue Eyes	Interscope/Univ
Kevin Lyttle	Turn Me On	Atlantic/Warne

Label/Company
EMI Marketing/EMI
nterscope/Universal
Epic/Sony
Blue Note/EMI
Blue Note/EMI
Columbia/Sony
EMI Marketing/EMI
Epic/Sony
Vertigo/Universal
Columbia/Sony

Label/Company
nterscope/Universal
Domestic/Universal
Band Records/Universal
Epic/Sony
Epic/Sony
ive Records/Zomba/BMG
MOS/Musikvertrieb
EW France/Warner
nterscope/Universal
Atlantic/Warner

Local Industry Association Contacts

MÜ-YAP (IFPI Türkiye Milli Grubu)
(Turkish Phonographic Industries Society)
Turnasibasi Sokak
Kuloglu Mah
No 16 – 80070
Beyoglu, Istanbul
Tel: +90 (212) 292 46 13/14
Fax: +90 (212) 292 46 17
muyap@mu-yap.org
www.mu-yap.org

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	68.9
Per capita GDP ($US)	4,540
Economic growth	5.8%
Currency	Turkish Lira (TRL)
Language	Turkish

Music Industry

Physical piracy level	> 50%
World ranking (value)	22nd
% Global Units	1.6%
% Global Value	0.5%

Compilations (% albums)

Units	5%
Value	5%

Player Penetration

CD player (HH)	14%
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	40%

Internet Connection

Internet (HH)	2%
Broadband (HH)	0%

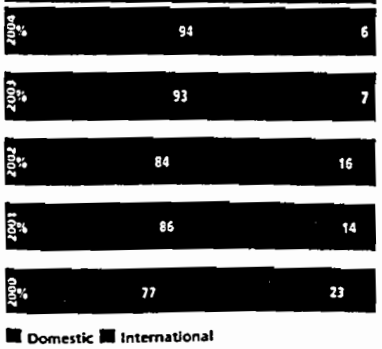
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	28.9	14.6	-	-	43.5	166.2	166.2	240,737,308	22.0%	10.5%
2003	-	-	25.1	10.6	-	-	35.7	142.5	150.4	217,871,753	27.9%	19.3%
2002	-	-	23.4	4.5	-	-	27.9	121.2	126.1	182,689,997	-7.3%	8.1%
2001	-	-	26.2	3.9	-	-	30.1	153.0	116.7	169,059,323	not comparable	
2000			33.8	4.9			38.7	120.8	52.1	75,548,337	21.0%	42.0%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	53.1%	4.9%
CDs	46.9%	17.6%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards
Market figures are estimates based on banderols

Top 10 Compilation Albums

Title	Label/Company
Popstar	Doğan Müzik
Pir Sultan Abdal Dostları	Aşanlar Müzik Yapım
Mutlu musun	De-Ka Yapımcılık
Fenerbahçe Şarkıları	Yaşar Kekeva Plakçılık
Neredesin Firuze	Kalan Ses ve Görüntü
Best of Sincan Kayseri Konya	Alişan Müzik Yapim
Best Performances	Doğan Müzik
Ben Iki Kere Ağladim	Gökkuşağı Müzik Prod.
Söz Vermis Şarkılar	Ada Müzik
Yıldız Gibi	Gökkuşağı Müzik Prod.

Top 10 Albums

Artist	Title	Label/Company
Serdar Ortaç	Çakra	Emre Grafson
Mahsun Kirmizigül	Sari Sari Ba_roldeyim	A1 Müzik
Ibrahim Tatlises	Aramam	Komedi
Yildiz Tilbe	Yildiz'dan Türküler	Avrupa Müzik
Ismail Yurtseven	Şapur Şupur	Avrupa Müzik
Gülben Ergen	Uçacaksin	Seyhan Müzik
Kayahan Açar	Kayahan	Doğan Müzik
Mustafa Sandal	Iste	Komedi Ti
Hüseyin Yalin	Hüseyin Yalin	Universal
Rafet El Roman	Sürgün	Emre Grafson

Local Industry Association Contacts

BPI - The British Phonographic Industry
Riverside Building
County Hall
Westminster Bridge Road
London SE1 7JA
+44 (0) 20 7803 1300
+44 (0) 20 7803 1310
general@bpi.co.uk
www.bpi.co.uk
www.brits.co.uk
www.culture.gov.uk

Economy

Population (millions)	60.3
Per capita GDP ($US)	35,310
Economic growth	2.2%
Currency	Pound (GBP)
Language	English

Music Industry

Physical piracy level	< 10%
World ranking (value)	3rd
% Global Units	7.0%
% Global Value	10.4%

Player Penetration

CD player (HH)	166%
DVD player (HH)	84%
Digital music player (HH)	11%
Mobile phone (population)	88%

Charts

Sales chart compiler	OCC/Millward Brown
Link	www.theofficialcharts.com

Compilations (% albums)

Units	23.0%
Value	23.2%

Internet Connection

Internet (HH)	58%
Broadband (HH)	20%

Recorded Music Sales (figures in millions)

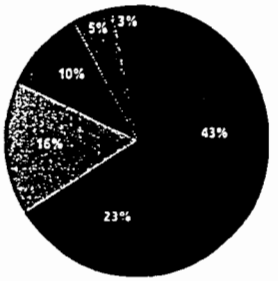
Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	31.4	0.8	0.2	174.6	7.7	-	194.1	3,508.7	3,508.7	1,929.8	3.0%	-1.5%
2003	36.4	1.1	0.6	167.2	6.4	0.6	188.5	3,215.7	3,566.6	1,961.6	-0.5%	0.1%
2002	52.5	1.2	1.4	164.3	3.6	1.5	189.5	2,936.0	3,561.8	1,959.0	-2.9%	-2.2%
2001	59.5	1.4	3.2	166.0	1.8	3.0	195.2	2,875.6	3,641.8	2,003.0	3.7%	7.4%
2000	66.1	1.7	8.1	156.1			188.2	2,828.7	3,392.3	1,865.8	4.6%	3.8%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	12.7	5%	8%
Top 50	37.1	7%	23%
Top 100	51.3	7%	31%

Repertoire Origin (value)

Retail Channels



Format Analysis

Format	Share of Value	Value Change
Singles	4.5%	-18.1%
LPs	0.4%	-19.9%
MCs	0.2%	-36.0%
CDs	89.6%	-1.5%
DVD	5.2%	36.7%
VHS	-	-

Sales by Age

12-19	16%
20-29	18%
30-39	22%
40-49	20%
50-59	14%
60+	10%

Sales by Genre

Rock	30%
Pop	30%
R&B	9%
MOR	8%
Dance	7%
Hip Hop	7%
Jazz	3%
Classical	3%
Country	2%
Other	1%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

Retail Channels
Source: TNS, based on % of albums sold

Sales by Genre
Base: Top 10,000 albums (OCC/BPI)

Sales by Age
Source: TNS, based on albums expenditure

Certification Awards
DVD music videos certifications in operation from 2005

Certification Awards

Albums	Sales Level	2004	2003
Silver	60,000	286	284
Gold	100,000	208	220
Platinum	300,000	82	78
Multi-platinum		99	85
Singles	**Sales Level**	**2004**	**2003**
Silver	200,000	14	15
Gold	400,000	5	6
Platinum	600,000	2	4
Multi-platinum		1	0

Top Independent Labels (in alphabetical order)

Beggars Group
Demon
Dramatico
Ministry of Sound
Sanctuary
V2

Top 10 Compilation Albums

Title	Label/Company
Now 59	EMI Virgin/UMTV
Now 57	EMI Virgin/UMTV
Now 58	EMI Virgin/UMTV
Pop Party 2	BMG/EMI Virgin/UMTV
Ultimate Dirty Dancing	RCA
Bridget Jones - The Edge of Reason	Island
Power Ballads II	EMI Virgin
Cream Classics	Warner Dance
The Annual 2005	Ministry Of Sound
Essential R&B - The Very Best of R&B	BMG TV Projects

Top 10 Albums

Artist	Title	Label/Company
Scissor Sisters	Scissor Sisters	Polydor
Keane	Hopes And Fears	Island
Robbie Williams	Greatest Hits	Chrysalis
Maroon 5	Songs About Jane	J Records
Katie Melua	Call Off The Search	Dramatico
Anastacia	Anastacia	Epic
Usher	Confessions	Arista
Norah Jones	Feels Like Home	Blue Note
Snow Patrol	Final Straw	Fiction/Polydor
Il Divo	Il Divo	Syco Music

Top 10 DVD Music Videos

Artist	Title	Label/Company
Various Artists	Live Aid	Warner Music Vision
Queen	On Fire - Live At The Bowl	EMI
Oasis	Definitely Maybe	Big Brother
Cast Recording	Dream Cast - Les Miserables In...	VCI
Cliff Richard	Castles In The Air	Universal Pictures
Robbie Williams	What We Did Last Summer	Chrysalis
Guns N' Roses	Welcome to The Videos	Polydor
Queen	Live At Wembley Stadium	Parlophone
Elvis Presley	68 Comeback Special	BMG Video
Elvis Presley	Aloha From Hawaii	BMG Video

Top 10 Singles

Artist	Title	Label/Company
Band Aid 20	Do They Know It's Christmas	Mercury
Eamon	F**k It (I Don't Want You Back)	Jive
DJ Casper	Cha Cha Slide	All Around the World
Eric Prydz	Call On Me	Data
Usher ft Lil' Jon & Ludacris	Yeah	Arista
Michelle McManus	All This Time	S
Anastacia	Left Outside Alone	Epic
Peter Andre	Mysterious Girl	A & E
Britney Spears	Toxic	Jive
Frankee	F.U.R.B. (F U Right Back)	All Around the World

Top 10 Digital Downloads

Artist	Title	Label/Company
U2	Vertigo	Island
Gwen Stefani	What You Waiting For	Interscope
Destiny's Child	Lose My Breath	Columbia
Green Day	American Idiot	Reprise
Band Aid 20	Do They Know It's Christmas	Mercury
Natasha Bedingfield	These Words	Phonogenic
Maroon 5	She Will Be Loved	J Records
Eminem	Just Lose It	Interscope
Kylie Minogue	I Believe In You	Parlophone
Christina Aguilera ft Missy Elliott	Car Wash	Dreamworks

UKRAINE - EUROPE

Local Industry Association Contacts

IFPI Kiev
4 Kropivnitskogo Street, ap 2
Kiev 01004
Tel: +380 (44) 230 2803
Fax: +380 (44) 234 6725
ifpikiev@utel.net.ua

Ukranian Records
32 Bogdana Khmelnytskoho Str
Apt 11
Kiev
Tel: +380 (44) 234 22 59
Fax: +380 (44) 230 60 61
www.ukrainianrecords.com

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	47.7
Per capita GDP ($US)	1,294
Economic growth	9.4%
Currency	Hryvna (UAH)
Language	Ukranian/ Russian

Music Industry

Physical piracy level	> 50%
World ranking (value)	40*
% Global Units	0.6%
% Global Value	0.1%

Compilations (% albums)

Units	8.6%
Value	11.7%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	27%

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

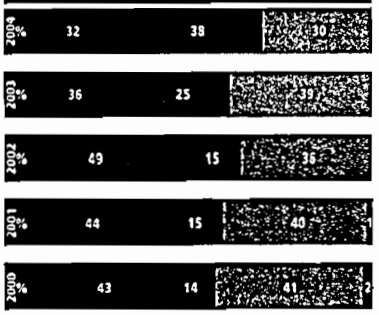
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.03	-	8.2	7.1	0.02	0.02	15.4	41.7	41.7	221.7	-12.3%	-1.1%
2003	0.02	-	10.7	6.8	0.009	0.03	17.5	42.1	42.2	224.3	2.3%	33.8%
2002	0.06	-	14.0	3.0	0.003	0.1	17.1	31.5	31.5	167.6	not comparable	
2001	-	-	5.2	1.3	-	-	6.5	12.5	12.6	67.0	-9.7%	-5.8%
2000	-	-	6.0	1.2			7.2	13.1	13.4	71.2	34.5%	13.8%

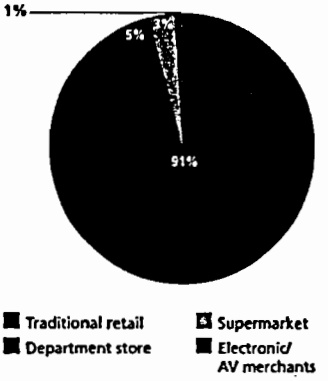
Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	33.2%
LPs	-	-
MCs	22.4%	-22.5%
CDs	76.0%	6.9%
DVD	1.1%	66.6%
VHS	0.3%	-23.5%

Repertoire Origin (value)



Retail Channels



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Repertoire Origin
Regional repertoire consisted mainly of Russian repertoire

Certification Awards

Domestic Albums	Sales Level	2004	2003
Gold	50,000	7	0
Platinum	100,000	3	1
Diamond	500,000	1	1
International Albums	**Sales Level**	**2004**	**2003**
Gold	25,000	3	8
Platinum	50,000	1	3
Multi-Platinum		0	1

Top Independent Labels (in alphabetical order)

Astra Records
Artur Music
JRC
Lavina Music
Odyssey

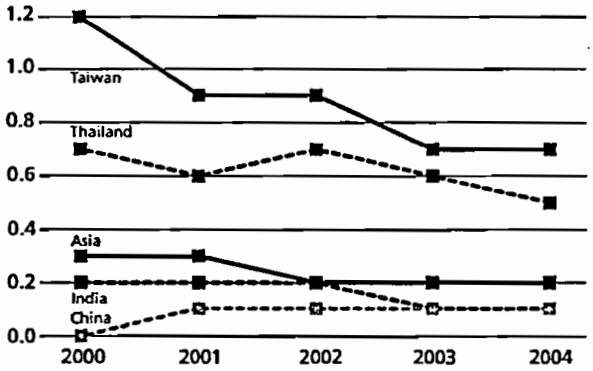
Top 10 Albums

Artist	Title	Label/Company
Verka Serdyuchka	Chitta-Dritta	Astra Records
Korny	Naveka	JRC
Serega	Moy dvorsvadby i pokhorony	Music Factory Group
Verka Serdyuchka	Zhenikha khotyela	Astra Records
Rammstein	Reise, Reise	Ukrainian Records/Universal
Umaturman	V Gorodye N	JRC
Tanya Bulanova	Byelaya Cheremukha	Music Factory Group
Zvery	RayonyKvartaly	Mysteriya Zvuka/Moon Records
O-Zone	Discozone	Mysteriya Zvuka/Moon Records
Alyona Vinnitskaya	Rassvet	Ukrainian Records

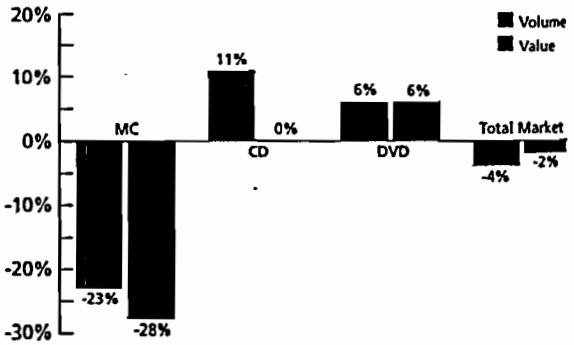
Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	Value Change**
2004	81.7	3.6	212.0	351.5	82.7	0.4	678.0	6,240.9	6,240.9	-3.7%	-1.8%
2003	87.7	1.4	276.3	316.8	78.2	1.4	704.3	5,987.9	6,355.3	-3.8%	-9.4%
2002	78.0	2.2	270.4	327.9	60.2	3.1	690.5	6,127.6	6,973.5	-12.5%	-9.8%
2001	94.3	4.2	339.7	341.9	36.8	4.9	760.3	6,921.1	7,691.3	-0.7%	-0.5%
2000	115.1	5.9	331.7	369.7	11.9		757.8	7,751.1	7,690.7	2.3%	5.4%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table:
* 3 singles = 1 album. Total may include formats not shown in the table.
** Local currency value change based on fixed 2004 $US values.
Music video included in total music market from 2001 onwards.

Local Industry Association Contacts

IFPI South East Asia
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Hong Kong
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Fax: +852 (2865) 6326

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	1,298.8
Per capita GDP ($US)	1,230
Economic growth	9.1%
Currency	Yuan (CNY)
Language	Chinese (Mandarin)

Music Industry

Physical piracy level	> 50%
World ranking (value)	20th
% Global Units	4.5%
% Global Value	0.4%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	25%

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	8%
Broadband (HH)	3%

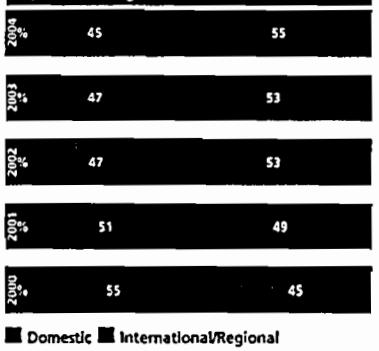
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	29.3	52.0	42.3	-	123.6	211.8	211.8	1,754.0	6.8%	6.8%
2003	-	-	41.9	34.3	39.5	-	115.7	198.3	198.3	1,642.1	36.4%	21.7%
2002	-	-	31.8	22.7	30.4	0.003	84.8	163.1	163.0	1,349.8	25.5%	22.5%
2001	-	-	34.4	11.8	21.2	0.1	67.6	133.1	133.0	1,101.6	39.2%	32.3%
2000			27.7	9.0	11.9		48.6	100.6	100.6	832.9	17.7%	9.8%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	14.2%	-48.0%
CDs	49.6%	52.6%
DVD/VCD	36.2%	7.0%
VHS	-	-

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

China International Corp.
China Record Corp. (CRC)
China Record Shanghai Corp. (CRSC)
Shanghai Audio & Video Company
Pacific Audio & Video Co.

Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table
Video sales included in total market from 2001 onwards
DVD figures include VCDs

Repertoire Origin
International repertoire estimated at 5%

HONG KONG – ASIA

Local Industry Association Contacts

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Room 3705 Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Tel: +852 (2865) 5863
Fax: +852 (2866) 6859
main@ifpihk.org

Economy

Population (millions)	6.9
Per capita GDP ($US)	22.33
Economic growth	3.3%
Currency	Hong Kong Dollar (HKD)
Language	Chinese (Cantonese)/English

Music Industry

Physical piracy level	10-25%
World ranking (value)	35*
% Global Units	0.2%
% Global Value	0.2%

Player Penetration

CD player (HH)	212%
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	92%

Charts

Sales chart compiler	No chart
Link	

Compilations (% albums)

Units	9.9%
Value	10.4%

Internet Connection

Internet (HH)	71%
Broadband (HH)	70%

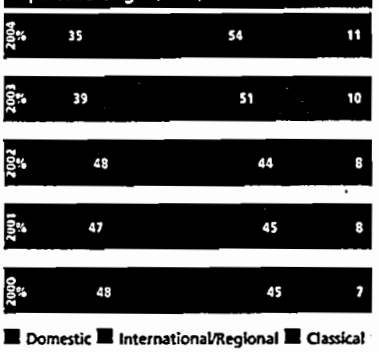
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.01	0.002	0.002	6.1	0.6	-	6.8	81.1	81.1	631.6	-15.4%	-12.5%
2003	0.03	-	-	7.2	0.7	-	8.0	92.6	92.6	721.7	-7.6%	-6.7%
2002	0.2	0.001	-	7.7	0.8	-	8.7	99.2	99.3	773.8	-7.9%	-8.9%
2001	0.1	-	0.03	8.1	1.2	0.002	9.4	108.9	109.1	849.5	3.4%	0.8%
2000	0.1	neg	0.2	8.8	-	-	9.1	108.2	108.2	842.8	-0.9%	-4.5%

Format Analysis

Format	Share of Value	Value Change
Singles	0.1%	-54.1%
LPs	0.04%	-
MCs	0.06%	-
CDs	89.8%	-11.7%
DVD	9.4%	-12.9%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Repertoire Origin
Including multi-artist product. 2004 splits are 37% Domestic, 53% International and 10% Classical.

Local Industry Association Contacts

IMI - The Indian Music Industry
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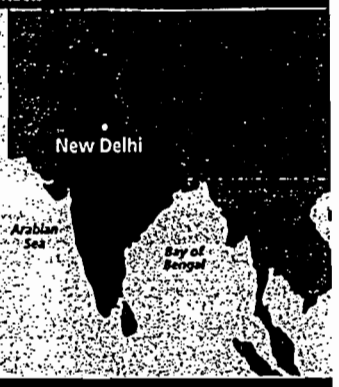
Andheri (West)
Mumbai 400 053
Tel: +91 (22) 267 36301
Fax: +91 (22) 267 36304
imiho@vsnl.com
www.indianmi.org



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	1,065.1
Per capita GDP ($US)	615
Economic growth	8.3%
Currency	Indian Rupee (INR)
Language	Hindi

Music Industry

Physical piracy level	> 50%
World ranking (value)	23*
% Global Units	4.7%
% Global Value	0.5%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	11%
DVD player (HH)	1%
Digital music player (HH)	-
Mobile phone (population)	4%

Internet Connection

Internet (HH)	1%
Broadband (HH)	0%

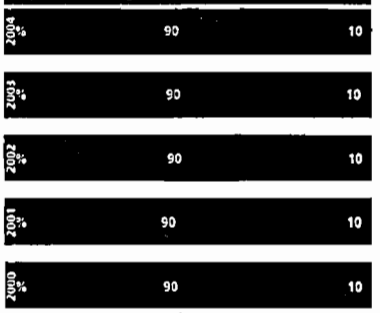
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	104.0	26.2	-	-	130.2	152.5	152.5	6913.1	-14.9%	2.7%
2003	-	-	137.7	15.3	-	-	153.0	144.5	148.5	6,728.5	-10.6%	-19.7%
2002	-	-	162.5	8.6	-	-	171.1	172.3	184.8	8,375.0	-14.5%	-22.6%
2001	-	-	190.0	10.0	-	-	200.0	229.3	238.7	10,818.0	16.6%	15.0%
2000	-	-	162.0	9.5	-	-	171.5	209.3	207.6	9,407.0	3.3%	0.7%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	52.7%	-24.5%
CDs	47.3%	71.5%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

Aditya Music (India)
Saregama India
Super Cassettes Industries
Tips Industries Ltd.
Venus Records & Tapes Ltd.

Notes

Recorded Music Sales Table
* Singles = 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

INDONESIA – ASIA

Local Industry Association Contacts

Economy

Population (millions)	[illegible]
Per capita GDP ($US)	[illegible]
Economic growth	[illegible]
Currency	Rupiah (IDR)
Language	Bahasa Indonesia

Music Industry

Physical piracy level	50%
World ranking (value)	33
% Global Units	1.4%
% Global Value	0.3%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	[illegible]

Charts

Sales chart compiler	No chart
Link	

Compilations (% albums)

Units	[illegible]
Value	[illegible]

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

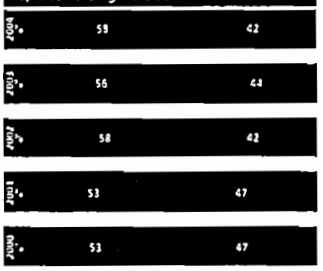
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	34.0	4.6	1.2	-	39.8	85.4	85.4	763,639.1	6.6%	14.8%
2003	-	-	33.6	2.6	1.1	-	37.3	77.6	74.4	665,422.9	8.9%	7.6%
2002	-	-	32.0	1.8	0.5	-	34.3	66.4	69.2	618,237.8	-32.7%	-18.8%
2001	-	-	48.3	2.0	0.7	-	51.0	74.2	85.1	761,140.0	-6.8%	-4.7%
2000	-	-	55.6	2.2	-	-	54.8	94.8	89.9	798,666.7	8.1%	19.3%

Format Analysis

Format	Share of Value	Value Change
Singles		
LPs		
MCs	67.7%	0.7%
CDs	29.5%	75.0%
DVD/VCD	2.8%	-8.6%
VHS		

Repertoire Origin (value)



Notes

[illegible]

Top Independent Labels (in alphabetical order)

Aquarius Musikindo
Arga Swara
Indosemar Sakti
Musica Studios
Virgo Ramayana

Top 10 Albums

Artist	Title	Label/Company
Peter Pan	Bintang Di Surga	Musica
Glenn	Selamat Pagi Dunia	Sony Music
Sheila On 7	Pejantan Tangguh	Sony Music
Indonesian Idol	All Time Hits	BMG
Krisdayanti	Cahaya	Warner Music
Dewa	Laskar Cinta	Aquarius
Ari Lasso	Keseimbangan	Aquarius
Josh Groban	Closer	Warner Music
Maroon 5	Songs About Jane	BMG
Avril Lavigne	Under My Skin	BMG

Top 5 Compilation Albums

Title	Label/Company
AFI 1	Sony Music
AFI 2	Sony Music
Big	Warner/Sony/BMG
No. 1 Hits Vol. 3	Sony/Warner/Aquarius
Clear Top 10 Vol. 3	Warner/Sony/Aquarius

JAPAN - ASIA

Local Industry Association Contacts

Recording Industry
Association of Japan (RIAJ)
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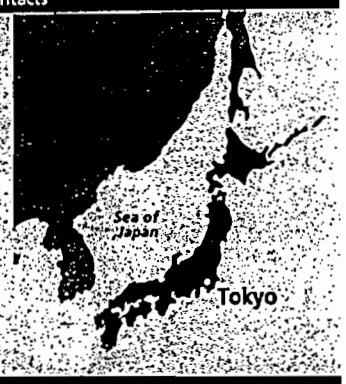
Minato-ku
Tokyo 107-0061
Tel: +81 (3) 6406 0510
Fax: +81(3) 6406 0520
info@riaj.or.jp
www.riaj.or.jp



Charts

Sales chart compiler	RIAJ
Link	www.riaj.or.jp

Economy

Population (millions)	127.3
Per capita GDP ($US)	36,300
Economic growth	2.7%
Currency	Yen (JPY)
Language	Japanese

Music Industry

Physical piracy level	< 10%
World ranking (value)	2
% Global Units	9.2%
% Global Value	15.4%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	114%
DVD player (HH)	37%
Digital music player (HH)	6%
Mobile phone (population)	71%

Internet Connection

Internet (HH)	56%
Broadband (HH)	38%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	81.3	3.6	2.7	201.3	20.3	0.2	255.6	5,167.8	5,167.8	559,108.3	-1.7%	-1.8%
2003	86.5	1.4	4.0	205.8	18.2	1.1	260.2	4,909.7	5,261.0	569,183.5	-5.3%	-9.2%
2002	77.1	2.2	4.6	228.9	11.0	2.1	274.7	5,000.9	5,795.8	627,053.0	-9.9%	-9.3%
2001	93.1	4.2	6.1	250.0	8.6	4.7	304.8	5,688.6	6,390.0	691,332.3	-7.4%	-0.5%
2000	114.0	5.9	6.5	278.5			329.0	6,445.4	6,420.4	694,624.3	-2.0%	-5.3%

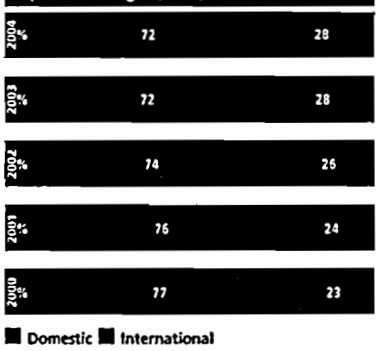
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	13.0	21%	6%
Top 50	27.8	5%	13%
Top 100	35.2	0%	7%

Format Analysis

Format	Share of Value	Value Change
Singles	12.2%	-3.3%
LPs	0.4%	27.3%
MCs	0.6%	-34.8%
CDs	75.1%	-1.2%
DVD	11.4%	5.5%
VHS	0.1%	-87.3%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Certification Awards

Albums	Sales Level	2004	2003
Gold	100,000	114	116
Platinum	250,000	40	44
Multi-platinum		26	30
Singles	**Sales Level**	**2004**	**2003**
Gold	100,000	92	118
Platinum	250,000	32	29
Multi-platinum		8	10
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	10,000	11	7
Platinum	250,000	1	2

Top Independent Labels (in alphabetical order)

Avex Marketing Communications Inc.
Columbia Music Entertainment, Inc.
Geneon Entertainment Inc.
King Record Co., Ltd.
Nippon Crown Co., Ltd.
Pony Canyon Inc.
Pryaid Records Inc.
Teichiku Entertainment, Inc.
Tokuma Japan Communications Co., Ltd.
Vap Inc.
Victor Entertainment, Inc.

Top Selling Albums Based on Platinum Classifications

Artist	Title	Label/Company
Utada Hikaru	Single Collection Vol. 1	Toshiba-EMI
Orange Range	Musiq	Sony Music Records
Mai Kuraki	Wish You The Best	Giza
Queen	Queen Jewels	Toshiba-EMI
Mr.Children	Shifukuno Oto	Toy's Factory
Avril Lavigne	Under My Skin	BMG Funhouse
Porno Graffitti	Porno Graffitti Best Blue's	SME Records
Utada Hikaru	Exodus	Universal International
Ken Hirai	Sentimentalovers	Defstar Records
Ayumi Hamasaki	My Story	Avex

Top Selling DVDs Based on Platinum Classifications

Artist	Title	Label/Company
B'z	Typhoon No.15	B Vision
Mai Kuraki	My Reflection	B Vision
Ayumi Hamasaki	A Museum 30° Single Collection	Avex
KinKi Kids	KinKi KISS2 Single Selection	Johnny's Entertainment
Utada Hikaru	Utada Hikaru In Budokan 2004	Toshiba-EMI
Ketsumeishi	Ketsunoana-Shokyuuhen-	Toy's Factory
Exile	Exile Live Tour 2004 'Exile	Avex
Koichi Domoto	Koichi Domoto Live Tour 2004 1/2	Johnny's Entertainment
Southern All Stars	Video Clip Show	Victor Entertainment
Mr.Children	Tour 2004 Shifukuno Oto	Toy's Factory
Koshi Inaba	Live 2004-En-	B Vision
Kyosuke Himuro	21° Century Boowy vs. Himuro	Toshiba-EMI

Top Selling Singles Based on Platinum Classifications

Artist	Title	Label/Company
Orange Range	Hana	Sony Music Records
Ken Hirai	Hitomio Tojite	Defstar Records
Mr.Children	Sign	Toy's Factory
Utada Hikaru	Darekano Negaiga Kanau Koro	Toshiba-EMI
NEWS	Kibou-Yell	Johnny's Entertainment
Orange Range	Locolotion	Sony Music Records
Kou Shibasaki	Katachiarumono	Universal Music
KinKi Kids	Anniversary	Johnny's Entertainment

MALAYSIA – ASIA

Local Industry Association Contacts

RIM - Recording Industry Association of Malaysia
No. 2, 2nd Floor, Jalan Pangkor
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: +603 (6252) 5588
Fax: +603 (6252) 1818
rimoffice@rim.org.my
www.rim.org.my

Economy

Population (millions)	23.5
Per capita GDP ($US)	4,790
Economic growth	5.2%
Currency	Ringgit (MYR)
Language	Bahasa Melayu

Music Industry

Physical piracy level	>50%
World ranking (value)	44*
% Global Units	0.2%
% Global Value	0.1%

Compilations (% albums)

Units	28.4%
Value	22.4%

Player Penetration

CD player (HH)	73%
DVD player (HH)	21%
Digital music player (HH)	[illegible]
Mobile phone (population)	58%

Internet Connection

Internet (HH)	14%
Broadband (HH)	4%

Charts

Sales chart compiler	No chart
Link	-

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.001	-	2.6	2.8	0.7	-	6.1	32.3	32.3	122.6	13.0%	1.0%
2003	0.002	-	2.8	2.2	0.4	-	5.4	32.6	32.6	123.9	1.9%	8.0%
2002	0.004	-	3.1	1.9	0.3	neg	5.3	30.2	30.2	114.7	not comparable	
2001	0.02	-	4.8	2.8	0.3	neg	7.9	43.1	43.1	163.6	-16.5%	-18.1%
2000	0.05	-	5.9	3.6	-	-	9.5	52.6	52.6	199.8	0.1%	0.4%

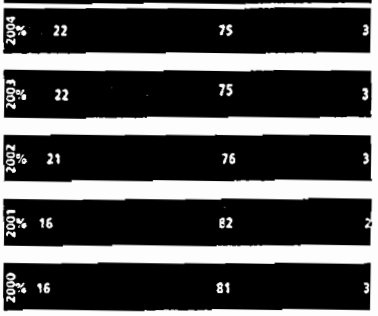
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 100	1.6	-26%	30%

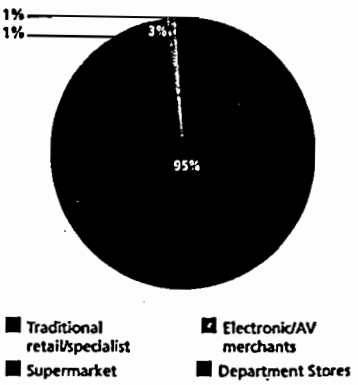
Format Analysis

Format	Share of Value	Value Change
Singles	0.03%	-52.9%
LPs	-	-
MCs	24.5%	-23.1%
CDs	66.3%	8.3%
DVD/VCD	9.1%	16.6%
VHS	-	-

Repertoire Origin (value)



Retail Channels



Sales by Genre

Pop/MOR	30%
Rock/Metal/Alternative	20%
Rap/Hip Hop	15%
R&B/Urban	12%
Religious	5%
Classical	5%
Jazz/Blues	5%
Country/Traditional	2%
Soundtracks	2%
Dance	1%
Children's	1%
World	1%
Other	1%

Sales by Age

0-14	10%
15-19	25%
20-24	25%
25-29	21%
30-39	15%
40-49	2%
50-59	1%
60+	1%

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

DVD figures include VCD.

Repertoire Origin
Basis: artist nationality

Certification Awards
2004 includes awards certified by RIM only, whereas 2003 includes other awards.

Top Independent Labels (in alphabetical order)

Hup Hup Sdn. Bhd.
Interglobal Music (Malaysia) Sdn. Bhd.
New Southern Records Sdn. Bhd.
Rock Records (M) Sdn. Bhd.
Suwah Enterprise (M) Sdn. Bhd.

Top 10 Compilation Albums

Title	Label/Company
Big	Warner
Indonesia No.1 Hits Vol. 3	Sony
The Power Of Love Song	Rock
Search Terunggul	BMG
Ballads	KRU
Greatest Hits: Gun N' Roses	UMG
Piano Love Songs	Warner
Greatest Hits	EMI
Single Collection Vol. 1	Toshiba EMI
Remember	Warner

Top 10 Albums

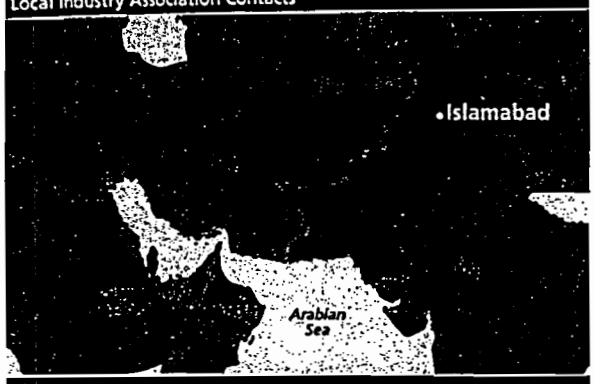
Artist	Title	Label/Company
Spider	Nazraku	Luncai Emas
Jay Chou	Common Jasmine Orange	Sony
Destiny's Child	Destiny Fulfilled	Sony
Avril Lavigne	Under My Skin	BMG
Sheila On 7	30 Hari Mencari Cinta	Sony
In-Team	04	Hijjaz
Raihan	Allahu	Warner
Maroon 5	Songs About Jane	BMG
Black Eyed Peas	Elephunk	UMG
Linkin Park/Jay Z	Collision Course	Warner

Top 10 DVD Music Videos

Artist	Title	Label/Company
Bon Jovi	This Left Feels Right	Island
Shania Twain	Up! Live In Chicago	Mercury
Black Eyed Peas	Behind The Bridge To...	UMG
U2	Go Home Live At Slane	Island
Fong Fei Fei	35th A'sary Live Concert	UMG (Taiwan)
Alan Tam/Hacken Lee	Live Concert '04 Karaoke	UMG (HK)
Led Zeppelin	Led Zeppelin - DVD	Warner
Portishead	Roseland NYC Live	UMG
Bob Marley	Legend	UMG
Abba	Gold: Abba	UMG

PAKISTAN – ASIA

Local Industry Association Contacts



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	159.2
Per capita GDP ($US)	490
Economic growth	5.5%
Currency	Pakistan Rupee (PKR)
Language	English/ Local language

Music Industry

Physical piracy level	50%
World ranking (value)	48*
% Global Units	1.4%
% Global Value	0.07%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	5%

Internet Connection

Internet (HH)	
Broadband (HH)	

Recorded Music Sales (figures in millions)

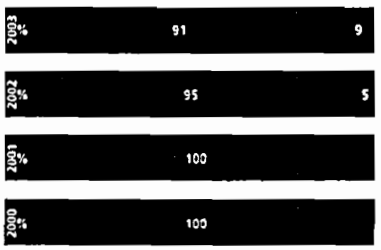
Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	27.6	12.3	0.2	0.07	40.1	23.5	23.5	1,412.2	5.3%	1.4%
2003	-	-	36.0	1.9	0.1	0.07	38.1	23.3	23.2	1,393.2	not comparable	
2002	0.03	-	7.1	1.1	-	-	8.5	4.6	4.8	287.6	not comparable	
2001	-	-	5.9	0.3	-	-	6.2	3.2	3.3	199.5	-31.7%	-59.1%
2000	-	-	7.5	1.5	-	-	9.0	9.2	8.1	487.5	-14.3%	-20.4%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	3.0	-	8%
Top 50	7.0	-	18%
Top 100	15.0	-	38%

Repertoire Origin (value)

Not Available



Domestic/Regional International

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	68.4%	-24.7%
CDs	30.5%	348.4%
DVD	0.9%	63.8%
VHS	0.2%	-64.1%

Sales by Genre

Folk	50%
Pop (Pakistani)	27%
Film OST (Pakistani)	13%
Religious	8%
Classical	2%

Sales by Age

0-9	2%
10-14	7%
15-19	20%
20-24	17%
25-29	16%
30-39	15%
40-49	11%
50-59	9%
60+	3%

Notes

Recorded Music Sales Table
3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Top 10 Albums

Artist	Title	Label/Company
Akram Rahi	Nasseban Da Khed Ae	Heera
Abrar Ul Haque	Nachan Main Uday Naal	Thar Productions
Naseebo Laal	Volume 23	Million
Jawad Ahmed	Jindh Jaan Sohniyay	Sadaf Stereo
Sajjad Ali	Rangeen	Sound Master
Raheem Shah	Piyar Nahein Milta	Thar Productions
Atif	Jal Pari	Sound Master/IC Records
Jal	Aadat	Sadaf Stereo
Shiraz Uppal	Way Rahiyah	Sadaf Stereo
Kahidija	Khadija	Sadaf Stereo

PHILIPPINES – ASIA

Local Industry Association Contacts

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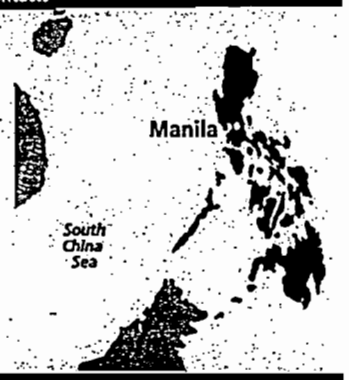
celycruz@pari.com.ph
www.pari.com.ph



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	86.2
Per capita GDP ($US)	975
Economic growth	14.5%
Currency	Philippine Peso (PHP)
Language	Filipino/ English

Music Industry

Physical piracy level	25-50%
World ranking (value)	47*
% Global Units	0.2%
% Global Value	0.07%

Compilations (% albums)

Units	27.5%
Value	26.0%

Player Penetration

CD player (HH)	10%
DVD player (HH)	5%
Digital music player (HH)	-
Mobile phone (population)	4%

Internet Connection

Internet (HH)	3%
Broadband (HH)	0%

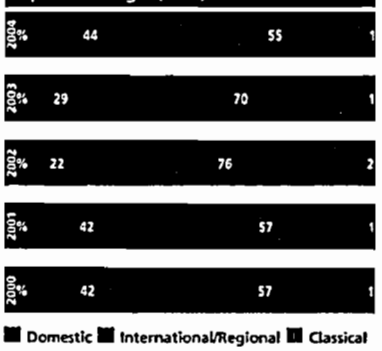
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.1	-	1.6	3.9	0.8	-	6.3	24.9	24.9	1,393.4	9.5%	8.1%
2003	0.03	-	2.4	3.2	1.3	-	6.9	28.0	27.0	1,515.8	21.6%	4.8%
2002	0.03	-	2.8	2.8	0.1	neg	5.7	28.0	25.8	1,446.3	-24.6%	-15.0%
2001	0.006	-	5.7	1.8	0.06	neg	7.6	33.4	30.4	1,702.0	not comparable	
2000	0.007	-	6.3	2.0	-	-	8.4	37.0	29.1	1,633.1	31.7%	29.7%

Format Analysis

Format	Share of Value	Value Change
Singles	0.9%	206.1%
LPs	-	-
MCs	14.1%	-37.9%
CDs	76.9%	7.5%
DVD/VCD	7.9%	-42.9%
VHS	-	-

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

- Alpha Music Corporation
- Star Recording Inc.
- Victor Music Corporation
- Viva Records

Certification Awards

Albums	Sales Level	2004	2003
Gold	15,000	31	23
Platinum	30,000	28	14

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

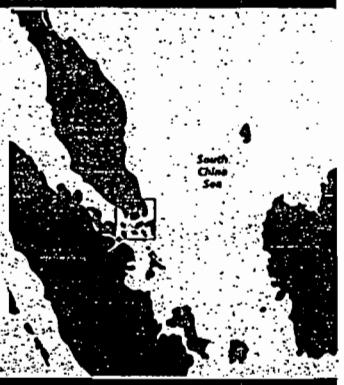
Music video sales included in total market from 2001 onwards

DVD figures include VCD (98%)

Repertoire Origin
Basis: artist nationality

Local Industry Association Contacts

Recording Industry
Association Singapore - RIAS
163 Tras Street
#04-00 Lian Huat Building
Singapore 079024
Tel: +65 (6220) 4166
Fax: +65 (6220) 9452
info@rias.org.sg
www.rias.org.sg



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	4.4
Per capita GDP ($US)	23,815
Economic growth	1.1%
Currency	Singapore Dollar (SGD)
Language	English/ Chinese/ Malay/ Tamil

Music Industry

Physical piracy level	< 10%
World ranking (value)	38*
% Global Units	0.2%
% Global Value	0.1%

Compilations (% albums)

Units	18.8%
Value	16.4%

Player Penetration

CD player (HH)	390%
DVD player (HH)	59%
Digital music player (HH)	-
Mobile phone (population)	80%

Internet Connection

Internet (HH)	67%
Broadband (HH)	50%

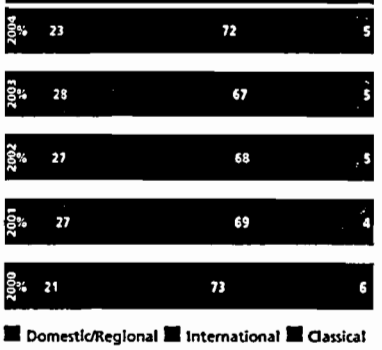
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.02	-	-	4.0	0.2	-	4.2	45.6	45.6	77.1	-12.3%	-9.6%
2003	0.6	-	-	4.4	0.2	-	4.8	49.0	50.5	85.3	-3.7%	-3.7%
2002	0.04	-	0.001	4.8	0.2	-	5.0	49.4	52.4	88.5	8.6%	3.3%
2001	0.06	-	0.003	4.3	0.3	-	4.6	47.8	50.7	85.7	3.8%	7.8%
2000	0.09	-	0.02	4.4	-	-	4.4	46.1	47.0	79.5	2.1%	1.0%

Format Analysis

Format	Share of Value	Value Change
Singles	0.1%	-83.6%
LPs	-	-
MCs	-	-
CDs	92.7%	-9.7%
DVD/VCD	6.2%	-2.9%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
Singles = 1 album, total may include formats not shown in the table
video sales included in total market from 2001 onwards
(*) figures include VCD

(Singapore continues on page 92)

Top Independent Labels (in alphabetical order)

EQ Music Pte. Ltd.
HIM International Music Pte Ltd.
Life Records Industries Pte. Ltd.
Music Street Pte. Ltd.
Rock Records (S) Ltd.

Top 10 Albums - International Repertoire

Artist	Title	Label/Company
Norah Jones	Feels Like Home	EMI
George Michael	Patience	Sony Music
Maroon 5	Songs About Jane	BMG
OutKast	Speakerboxx / The Lovebelow	BMG
Usher	Confessions	BMG
Robbie Williams	Greatest Hits	EMI
Kylie Minogue	Ultimate Kylie	EMI
Avril Lavigne	Under My Skin	BMG
Britney Spears	Greatest Hits: My Prerogative	BMG
Joss Stone	The Soul Sessions	EMI

Top 10 Albums - Regional Repertoire

Artist	Title	Label/Company
5566	2nd Album	Music Street
Ou De Yang	Bei Bai Qu You Ou De Yang	Music Street
Jay Chou	Common Jasmine Orange	Sony Music
Elva Hsiao	5th Avenue	EMI
Sammi Cheng	Mi Century Greatest Hits	Warner
Jolin Tsai	Castle	Sony Music
Joi Cai Chun Jia	Ri Chu	Music Street
Cyndi Wang	Loves You	Music Street
Fish Leong	The Power of Love Songs	Rock
F.I.R.	F.I.R.	Warner

Local Industry Association Contacts

IFPI South East Asia
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183 Queen's Road East
Wanchai
Hong Kong
Tel: +852 (2866) 6862
Fax: +852 (2865) 6326

Charts

Sales chart compiler	RIAK
Link	-

Economy

Population (millions)	48.6
Per capita GDP ($US)	13,730
Economic growth	3.1%
Currency	South Korean Won (KRW)
Language	Korean

Music Industry

Physical piracy level	10-25%
World ranking (value)	28*
% Global Units	0.5%
% Global Value	0.4%

Compilations (% albums)

Units	5.6%
Value	5.1%

Player Penetration

CD player (HH)	83%
DVD player (HH)	15%
Digital music player (HH)	-
Mobile phone (population)	69%

Internet Connection

Internet (HH)	78%
Broadband (HH)	80%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.07	-	2.5	11.5	0.1	-	14.2	132.8	132.8	152,041.3	-28.4%	-21.4%
2003	0.1	-	3.9	15.6	0.2	-	19.8	162.4	168.9	193,489.3	-31.4%	-30.2%
2002	0.05	-	7.1	21.4	0.4	-	28.8	221.6	242.1	277,254.0	-30.6%	-19.2%
2001	0.07	-	16.1	25.4	-	-	41.5	265.8	299.6	343,121.6	-7.7%	1.2%
2000	0.09	-	23.4	21.5	-	-	45.0	299.7	295.9	338,926.2	-13.0%	-15.4%

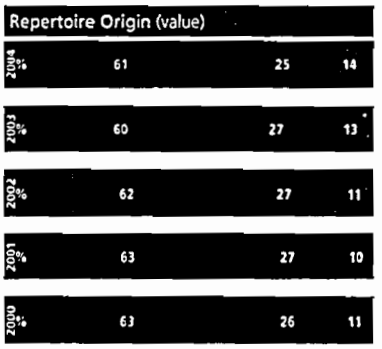
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	3.0	30%	21%
Top 50	7.0	36%	50%
Top 100	9.0	34%	64%

Format Analysis

Format	Share of Value	Value Change
Singles	0.2%	-39.7%
LPs	-	-
MCs	8.6%	-32.3%
CDs	89.3%	-19.3%
DVD	1.7%	-48.6%
VHS	-	-

Repertoire Origin (value)



Retail Channels

Sales by Genre

Pop/MOR	30%
R&B/Urban	12%
Classical	10%
Rock/Metal/Alternative	9%
Jazz/Blues	8%
Soundtracks	7%
Oldies	7%
Rap/Hip Hop	6%
Dance	4%
Country/Traditional	2%
Religious	2%
World	2%
Children's	1%

Sales by Age

10-14	7%
15-19	13%
20-24	14%
25-29	24%
30-39	25%
40-49	11%
50-59	5%
60+	1%

Notes

Recorded Music Sales Table
Singles = 4 album, total may include formats not shown in the table
Music video sales included in total market from 2001
Awards
Repertoire Origin
artist nationality

(South Korea continues on page 94)

Top Independent Labels (in alphabetical order)

Doremi Media
Media Laboratory
SM Entertainment
YBM Seoul Records
Yedang Entertainment

Top 10 Compilation Albums

Title	Label/Company
Ditto: 3rd, God's Gift	Sony
YeonGa 3rd	Doremi Media
No.1 Gayo Remix	EMI
MAX12	Warner
Club Play Gayo Remix vol.2	EMI
Christmas Story	YeJeon Media
MAX11	Sony
No.1 Ballads vol.2	EMI
Grammy Nominees	BMG
All Time Love	Warner

Top 10 Regional Albums

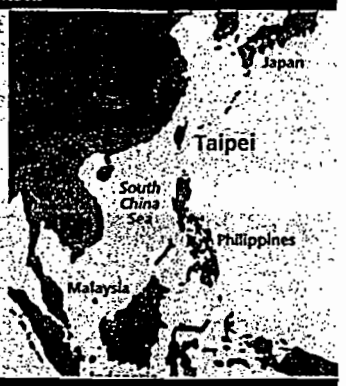
Artist	Title	Label/Company
Seo Tai-Ji	Robot	Yedang Entertainment
Lee Soo-Young	Gwanghwamoon Love Song	YBM Seoul Records
Lee Seung-Chul	The Livelong Day	Woongjin Plyzen
Lee Soo-Young	Hwillili	YBM Seoul Records
ShinHwa	Brand New	EMI
Koyote	Disco King	EMI
Shin Seung-Hun	The Day Will Come	Woongjin Plyzen
TVXQI	Trust	SM Entertainment
TVXQI	The Way U Are	SM Entertainment
Wheesung	Terminal Disease	EMI

Top 10 International Albums

Artist	Title	Label/Company
Lim Hyung-Ju	Misty Moon	Sony
Avril Lavigne	Under My Skin	BMG
Britney Spears	In The Zone	BMG
Jo Su-Mi	Be Happy	Warner
Usher	Confessions	BMG
Abba	The Definitive Collection	Universal
Beyoncé	Crazy In Love	Sony
Various	MAX12	Warner
Britney Spears	My Prerogative: The Greatest Hits	BMG
Secret Garden	The Ultimate Secret Garden	Universal

Local Industry Association Contacts

IFPI Members Foundation in Taiwan
4F, No.85, Sec. 4, Bade Road
Sungshan Chiu
Taipei 105
Tel: +886 (2) 2718 8818
Fax: +886 (2) 2528 1998
info@ifpi.org.tw
www.ifpi.org.tw



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	22.7
Per capita GDP ($US)	13,520
Economic growth	5.4%
Currency	New Taiwan Dollar (TWD)
Language	Chinese (Mandarin)

Music Industry

Physical piracy level	25-50%
World ranking (value)	25*
% Global Units	0.6%
% Global Value	0.4%

Player Penetration

CD player (HH)	106%
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	110%

Compilations (% albums)

Units	5.6%
Value	3.8%

Internet Connection

Internet (HH)	62%
Broadband (HH)	50%

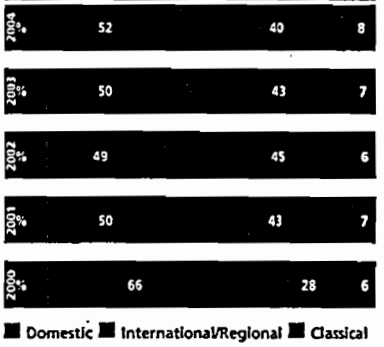
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.3	0.001	0.004	14.9	0.7	0.1	15.9	142.5	142.5	4,768.1	-1.8%	-1.1%
2003	0.4	0.001	0.02	15.1	0.7	0.2	16.2	139.8	144.0	4,821.0	-16.2%	-13.8%
2002	0.6	-	0.2	16.6	1.3	1.0	19.3	161.7	167.1	5,591.4	-1.4%	-9.7%
2001	1.0	-	0.5	17.5	-	-	19.6	182.3	185.1	6,193.9	-26.9%	-17.3%
2000	0.8	-	2.3	24.2	-	-	26.8	240.0	223.9	7,493.7	-23.7%	-24.2%

Format Analysis

Format	Share of Value	Value Change
Singles	1.1%	-33.4%
LPs	0.1%	30.0%
MCs	0.02%	-73.8%
CDs	92.2%	-0.2%
DVD/VCD	5.3%	9.0%
VHS	1.3%	-40.8%

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

- Avex Taiwan Inc.
- Forward Music Co. Ltd.
- HIM International Music Incorporated
- Linfair Records Limited
- Rock Records (Taiwan) Co. Ltd.

Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards
DVD figures include VCDs

THAILAND – ASIA

Local Industry Association Contacts

Thai Entertainment Content Trade Association (TECA)
23/17-18 Soi Soonvijai, Rama 9 Road
Bangkapi Sub-District
Huay-Kwang District
Bangkok 10320
Tel: +662 (203) 1002/3
Fax: +662 (203) 1010
ifpithai@asianet.co.th

Economy

Population (millions)	64.7
Per capita GDP ($US)	2,555
Economic growth	6.7%
Currency	Baht (THB)
Language	Thai

Charts

Sales chart compiler	No chart
Link	-

Music Industry

Physical piracy level	10-25%
World ranking (value)	26*
% Global Units	1.3%
% Global Value	0.4%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	37%
DVD player (HH)	14%
Digital music player (HH)	
Mobile phone (population)	21%

Internet Connection

Internet (HH)	15%
Broadband (HH)	0%

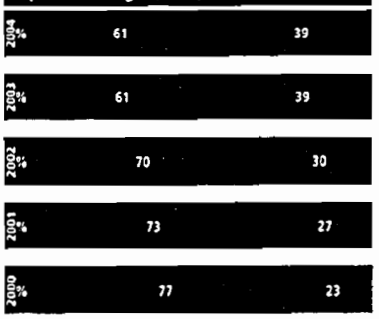
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	7.8	11.8	15.6	-	35.2	140.7	140.7	5,657.4	-9.5%	-4.8%
2003	-	-	14.1	9.1	15.6	-	38.9	130.1	134.2	5,397.3	-12.2%	-3.5%
2002	-	-	19.3	9.7	15.2	-	44.3	130.2	139.0	5,592.0	10.4%	12.8%
2001	-	-	28.0	7.7	4.4	-	40.1	111.6	123.3	4,958.2	not comparable	
2000	-	-	37.3	4.4			41.7	108.2	107.9	4,339.7	-12.6%	-8.6%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	12.0%	-45.6%
CDs	39.4%	17.8%
DVD/VCD	48.4%	22.0%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards
DVD figures include VCDs (92%)

Top Independent Labels (in alphabetical order)

GMM Grammy Public Co. Ltd
Mangpong Public Co. Ltd
RS Promotion Public Co. Ltd
Submarine Record Co. Ltd
Sureaudio Co. Ltd

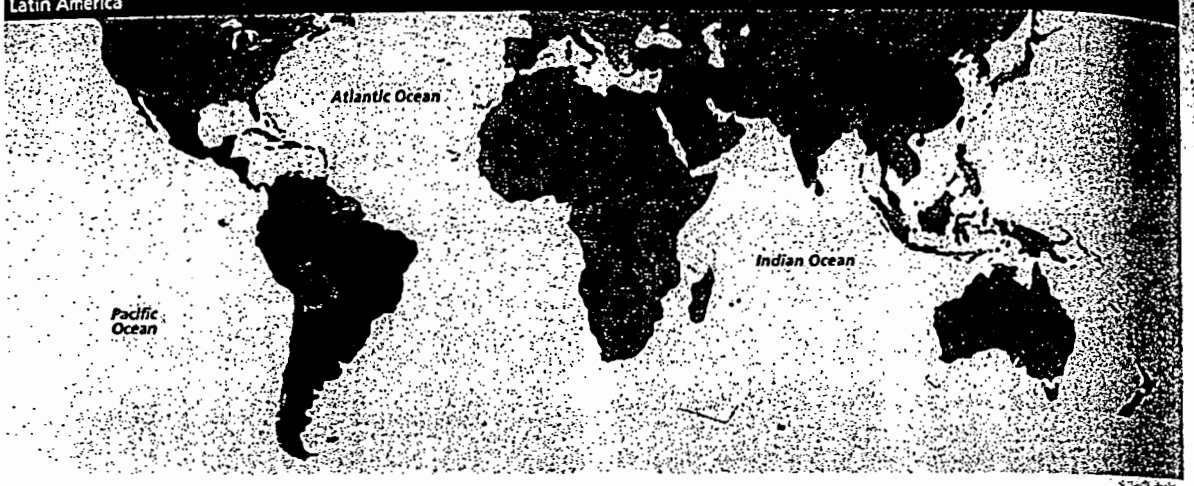
Top 10 International Albums

Artist	Title	Label/Company
Tata Yong	I Believe	Sony
Avril Lavigne	Under My Skin	BMG
Michael Learns To Rock	Take Me To Your Heart	EMI
Utada Hikaru	Utada Hikaru Single Collection	EMI
Linkin Park	Live In Texas	WEA
The Corrs	Borrowed Heaven	WEA
Leann Rimes	The Best Of	WEA
Black Eyed Peas	Elephunk (S.E.Asia Tour)	UMG
Linkin Park	Meteora Tour Edition	WEA
Britney Spears	In The Zone	BMG

Top 10 Compilation Albums

Title	Label/Company
Big	WEA
Sexy Dance	Sony
Remember The Palace	WEA
Bye Bye Dance 199	WEA
Big Ballads	WEA
Remember	WEA
Keys Of Love	WEA
Romanza	UMG
Super Hits	WEA
Best Pub Ballads	UMG

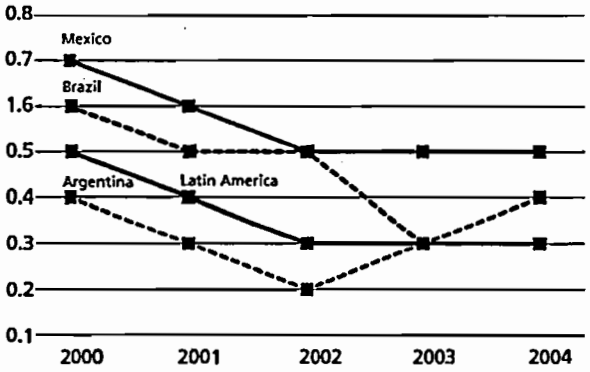
Latin America



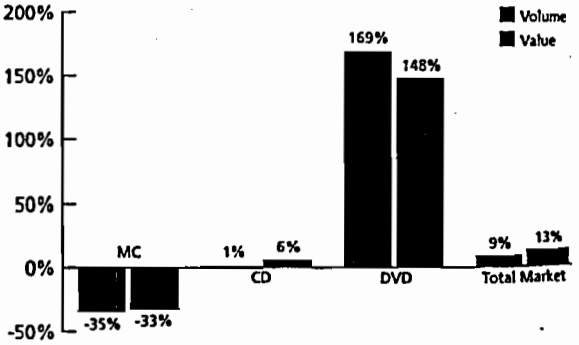
Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	Value Change**
2004	0.5	0.02	2.4	134.0	10.7	0.001	154.9	955.9	955.9	9.2%	12.6%
2003	0.5	0.005	3.7	132.2	4.0	1.3	141.9	840.3	848.8	-13.7%	-13.8%
2002	0.7	0.02	4.9	154.5	3.1	1.3	164.3	1,054.9	984.5	-6.2%	-8.7%
2001	0.3	0.1	11.3	162.4	1.7	0.4	176.2	1,402.3	1,078.2	-20.8%	-19.5%
2000	0.9	0.1	21.6	198.3			221.6	1,906.7	1,312.0	2.4%	0.9%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table
* 3 singles = 1 album; total may include formats not shown in the table
** Local currency value change based on fixed 2004 $US values
Music video included in total music market from 2001 onwards

US Latin Sales

In 2004 US Latin sales grew by 26% in units and by 17% in value, totalling $US 650.8 million and 48.5 million units. Latin sales now account for 5.4% of the total value of the US market, up from 4.5% in 2003.

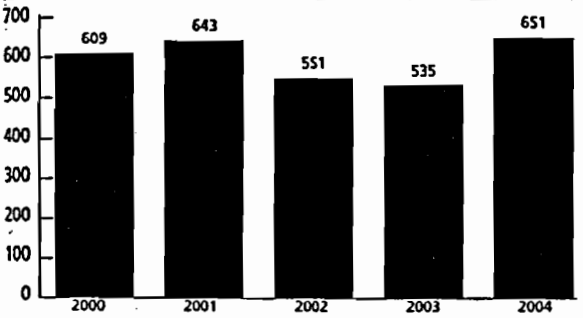
CD sales, which now account for almost the entire market, grew 19% in value. Although DVD music videos still account for a small proportion of the market, sales more than tripled in 2004.

Regional Mexican saw gains in share and continued to account for over half of sales. Pop/Rock maintained its share at around 30%, while Tropical sales fell.

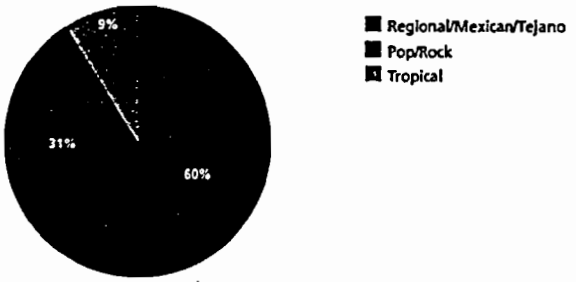
Despite being a growing sector, the US Latin market is also heavily pirated. In 2003 nearly half of all pirated music seized in the US was Latin.

The US Latin market is defined by sales of titles with >51% content in Spanish language, distributed to the US, Puerto Rico and the Dominican Republic. Sony BMG, EMI, Fonovisa, Univision, Universal Music and Warner Music report figures. The RIAA's coverage of the US Latin market is estimated to be approximately between 80-90%. No projection of non-reporting market segment is made.

US Latin Sales Value ($US millions)



US Latin Genre Splits 2004



ARGENTINA – LATIN AMERICA

Local Industry Association Contacts

CAPIF - Cámara Argentina de Productores de Fonogramas y Videogramas
Lavalle 534, Piso 4
C1047AAL
Capital Federal
Tel: +54 (11) 4326 6464
Fax: +54 (11) 4326 7830
capif@capif.org.ar
www.capif.org.ar

Economy

Population (millions)	41.1
Per capita GDP ($US)	3,700
Economic growth	8.7%
Currency	Peso (ARP)
Language	Spanish

Music Industry

Physical piracy level	> 50%
World ranking (value)	34*
% Global Units	0.5%
% Global Value	0.2%

Player Penetration

CD player (HH)	40%
DVD player (HH)	13%
Digital music player (HH)	[illegible]
Mobile phone (population)	175%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	0.4%
Value	0.4%

Internet Connection

Internet (HH)	13%
Broadband (HH)	2%

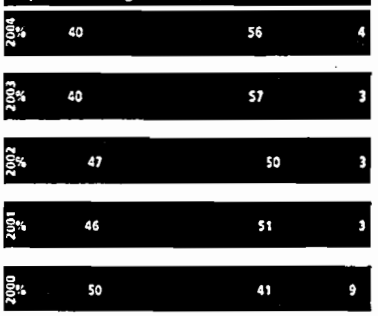
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.01	-	0.6	12.4	0.4	0.007	13.4	83.9	83.9	244.9	18.0%	33.5%
2003	0.01	-	0.8	10.4	0.1	0.03	11.4	63.3	62.8	183.5	85.0%	77.7%
2002	0.05	-	0.6	5.5	0.06	0.004	6.2	33.7	35.4	103.3	-44.7%	-21.6%
2001	-	-	1.7	9.4	0.03		11.1	131.8	45.1	131.7	-30.5%	-36.4%
2000	-	0.002	3.3	12.7			16.0	207.2	70.9	207.1	-29.8%	-36.7%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	1.0	-	8%
Top 50	2.1	-	17%
Top 100	2.9	-	23%

Repertoire Origin (value)



Format Analysis

Format	Share of Value	Value Change
Singles	0.04%	-3.5%
LPs	-	-
MCs	2.9%	-13.4%
CDs	89.8%	30.6%
DVD	7.1%	208.6%
VHS	0.06%	-73.7%

Notes

Recorded Music Sales table:
* 3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

Certification Awards

Albums	Sales Level	2004	2003
Gold	30,000	30	23
Platinum	60,000	9	17
Multi-platinum		17	7
Diamond	250,000	0	1

Top Independent Labels (in alphabetical order)

EPSA Music
Distribuidora Belgrano Norte
Leader Music
Music Brokers
Pelo Music

Top 10 Compilation Albums

Title	Label/Company
Robbie Williams Greatest Hits	EMI
Greatest Hits	Universal
Ricardo Montaner Gold	Universal
The Very Best Of	Universal
Greatest Hits: My Prerogative	BMG/Zomba
Platinum	BMG/Fantasy
Grandes Exitos De Juan Luis Guerra	EMI/Pelo Music
Remasters	Warner
Pimpinela Gold	Universal
The Singles Collection	Universal

Top 10 Albums

Artist	Title	Label/Company
Diego Torres	Diego Torres MTV Unplugged	BMG
Bersuit Vergarabat	La Argentinidad Al Palo - Disco 1	Universal
Floricienta Y Su Banda	Floricienta Y Su Banda	Sony
Los Nocheros	Noche Amiga Mia	EMI
Bersuit Vergarabat	La Argentinidad Al Palo - Disco 2	Universal
La Oreja De Van Gogh	Lo Que Te Conte Mientras	Sony
Luis Miguel	Mexico En La Piel	Warner
Vicentico	Los Rayos	BMG
Bebo Y Cigala	Lagrimas Negras	BMG
Evanescence	Fallen	Sony

Top 10 DVD Music Videos

Artist	Title	Label/Company
Ricardo Arjona	Solo	Sony
Soda Stereo	Una Parte De La Euforia	Sony
Robbie Williams	What We Did Last Summer	EMI
Diego Torres	Diego Torres MTV Unplugged	BMG/MTV
Coldplay	Live 2003	EMI
Shakira	En Vivo Y En Privado	Sony
Luis Miguel	Vivo	Warner
U2	Go Home Live...	Universal
Leon Gieco	El Vivo De León	EMI
Bebo Y Cigala	Blanco Y Negro	BMG

BRAZIL – LATIN AMERICA

Local Industry Association Contacts

ABPD -Associação Brasileira dos Produtores de Discos
Rua Marques de São Vicente, 99 - 1 andar
Gavea - Rio de Janeiro RJ
CEP 22451-041
Tel: +55 (21) 2512 9908
Fax: +55 (21) 2259 4145
abpd@abpd.org.br

Charts

Sales chart compiler	ABPD
Link	

Economy

Population (millions)	
Per capita GDP ($US)	
Economic growth	
Currency	
Language	

Music Industry

Physical piracy level	> 50%
World ranking (value)	12*
% Global Units	2.4%
% Global Value	1.1%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player	
DVD player	
Digital music	
Mobile phone	

Internet Connection

Internet (all)	
Broadband	

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Ch...	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Change
2004	0.004	0.01	-	51.5	7.6		66.0	374.2	374.2	1,096.3	[illegible]	
2003	0.007	0.001	-	52.4	3.3	0.08	55.8	304.9	320.5	939.0	[illegible]	
2002	0.08	-	-	79.5	2.8	0.4	82.7	388.9	387.7	1,136.1	[illegible]	
2001	0.09	-	-	78.2	1.7	0.1	80.0	448.6	361.0	1,057.6	[illegible]	
2000	0.2		0.006	104.2			104.3	724.7	452.6	1,326.2	[illegible]	

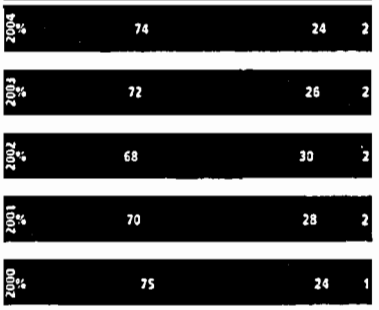
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	3.3	-40%	6%

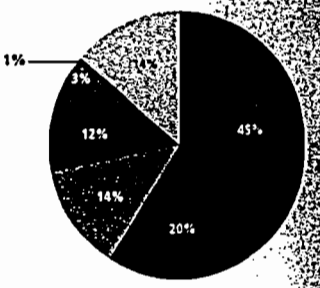
Format Analysis

Format	Share of Value	Value Change
Singles	0.004%	-27.5%
LPs	0.01%	623.5%
MCs	-	-
CDs	73.0%	0.2%
DVD	25.7%	104.2%
VHS	-	-

Repertoire Origin (value)



Retail Channels



Sales by Genre

Pop/Rock	29%
Gospel	20%
Country	11%
Pagode/Samba	10%
MPB (Brazilian Popular Music)	9%
Regional/Forró	9%
Axé Music	3%
Children's	3%
Classical	2%
Other	4%

Sales by Age

12-17	11%
18-25	26%
26-35	26%
36-45	19%
46-55	10%
56+	8%

Notes

Recorded Music Sales Table
* 3 singles = 1 album; total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

2003 volumes were reported on a different basis to previous years. Growth indicated is actual % change

Certification Awards

Albums	Sales Level	2004	2003
Gold	50,000	102	79
Platinum	125,000	27	30
Multi-platinum		18	15
Diamond	500,000	1	1
DVD Music Video	**Sales Level**	**2004**	**2003**
Gold	25,000	62	35
Platinum	50,000	27	18
Multi-platinum		0	0
Diamond	100,000	10	1

Top 10 Albums

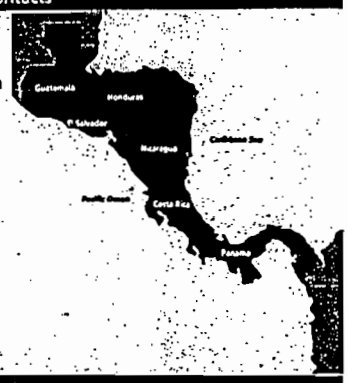
Artist	Title	Label/Company
Leonardo	Leonardo Canta Grandes Sucessos	BMG Brasil
Bruno & Marrone	Inevitável	BMG Brasil
Ivete Sangalo	MTV Ao Vivo	Universal
Bruno & Marrone	Ao Vivo	BMG Brasil
Vários	Malhação Internacional 2004	Som Livre
Legião Urbana	Como É Que Se Diz Eu Te Amo	EMI
U2	How To ... An Atomic Bomb	Universal
Xuxa	Xuxa Só Para Baixinhos 5	Som Livre
Teodoro & Sampaio	Mulher Chorona Ao Vivo	Indie Records
Legião Urbana	Mais Do Mesmo	EMI

Top 10 DVD Music Videos

Artist	Title	Label/Company
Ivete Sangalo	MTV Ao Vivo	Universal
U2	How To ... An Atomic Bomb	Universal
Bruno & Marrone	Ao Vivo	BMG Brasil
Zeca Pagodinho	MTV Ao Vivo	Universal
Xuxa	Xuxa Só Para Baixinhos 5	Som Livre
Roberto Carlos	Pra Sempre - Ao Vivo Pacaembú	Sony
Linkin Park	Live In Texas	Warner
Evanescence	Anywhere But Home	Sony
Fundo De Quintal	Ao Vivo	Indie Records
U2	Go Home Live...	Universal

CENTRAL AMERICA – LATIN AMERICA

Local Industry Association Contacts



IFPI Regional Office for Latin America
806 Douglas Road
Suite 625
Coral Gables, Miami
Florida 33134
USA
Tel: +1 (305) 567 0861
Fax: +1 (305) 567 0871

Economy

Population (millions)	39.0
Per capita GDP ($US)	1,880
Economic growth	
Currency	Dollar (USD)
Language	Spanish

Charts

Sales chart compiler	No chart
Link	-

Music Industry

Physical piracy level	> 50%
World ranking (value)	49*
% Global Units	0.1%
% Global Value	0.06%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)
DVD player (HH)
Digital music player (HH)
Mobile phone (population)

Internet Connection

Internet (HH)
Broadband (HH)

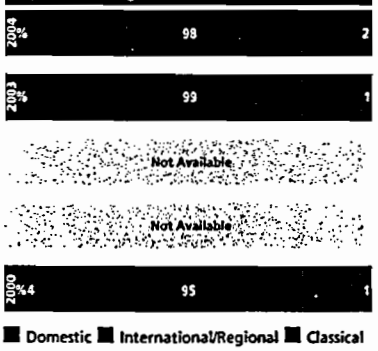
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	-	3.0	0.2	-	3.4	21.2	21.2	21.2	61.4%	7.2%
2003	0.02	-	0.07	2.0	0.02	-	2.1	22.8	22.8	22.8	-31.9%	-19.4%
2002	-	-	0.1	3.0	0.01	-	3.1	28.3	28.3	28.3	-6.5%	9.5%
2001	-	-	0.5	2.9	-	-	3.4	25.9	25.9	25.9	0.0%	-33.4%
2000			0.7	2.6			3.4	38.9	38.9	38.9	-17.9%	-12.5%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	-	-
CDs	86.4%	-11.4%
DVD	12.4%	771.5%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards

2004 volume-value discrepancy due to large premiums market (65% of market)

Local Industry Association Contacts

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Providencia
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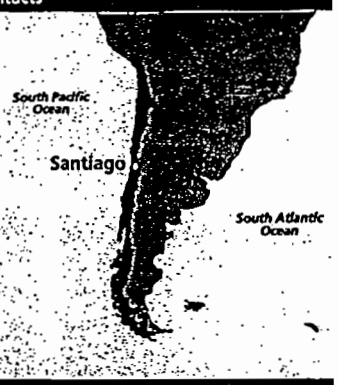
Tel: +56 (2) 379 3890
Fax: +56 (2) 434 0015
www.ifpichile.cl



Economy

Population (millions)	15.8
Per capita GDP ($US)	5,650
Economic growth	3.3%
Currency	Chilean Peso (CLP)
Language	Spanish

Music Industry

Physical piracy level	> 50%
World ranking (value)	42nd
% Global Units	0.2%
% Global Value	0.1%

Player Penetration

CD player (HH)	55%
DVD player (HH)	8%
Digital music player (HH)	-
Mobile phone (population)	60%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	16%
Broadband (HH)	8%

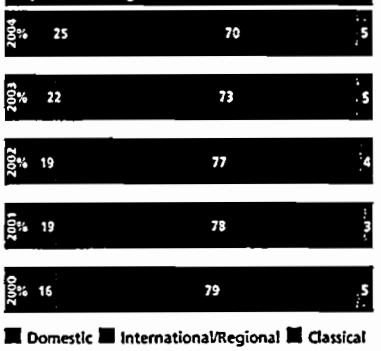
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.1	-	0.3	4.0	0.5	0.005	4.8	37.3	37.3	22,737.7	-15.9%	-9.5%
2003	0.1	-	0.6	4.7	0.4	neg	5.7	36.3	41.2	25,131.9	-21.6%	-18.5%
2002	0.02	-	1.1	5.9	0.2	0.04	7.3	44.8	50.6	30,836.0	26.7%	14.0%
2001	0.03	-	1.7	4.0	0.002	0.02	5.7	42.6	44.4	27,039.8	-19.7%	-23.3%
2000	0.3	-	2.5	4.5	-	-	7.1	65.8	57.8	35,249.1	-13.6%	-9.0%

Format Analysis

Format	Share of Value	Value Change
Singles	0.3%	8.8%
LPs	-	-
MCs	2.4%	-61.4%
CDs	78.3%	-12.0%
DVD	18.9%	26.3%
VHS	0.04%	717.8%

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

- Alrece
- ChileFilms
- Mazapan
- Producciones Star Sound
- Sur Multimedia

Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table.
Video sales included in total market from 2001 onwards.

Repertoire Origin
Artist nationality

COLOMBIA – LATIN AMERICA

Local Industry Association Contacts

APDIF-ASINCOL - Asociación Colombiana de Productores de Fonogramas
Avenida 15 No. 123-29
Torre C
Jorge Baron Oficina 208
AA 101540
Santa Fé de Bogotá, D.C.
Tel: +57 (1) 612 0350/0390
Fax: +57 (1) 612 0310
webmaster@asincol.org.co

Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	[illegible]
Per capita GDP ($US)	[illegible]
Economic growth	[illegible]
Currency	Colombian Peso (COP)
Language	Spanish

Music Industry

Physical piracy level	>50%
World ranking (value)	37
% Global Units	0.2%
% Global Value	0.1%

Compilations (% albums)

Units	8.9%
Value	7.6%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	15%

Internet Connection

Internet (HH)	6%
Broadband (HH)	1%

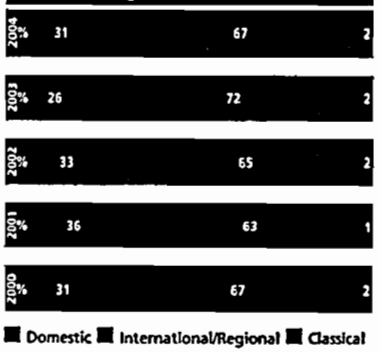
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.007	-	0.03	5.6	0.3	0.001	5.9	48.5	48.5	127,459.2	-14.7%	-7.6%
2003	0.004	-	0.07	6.7	0.09	0.01	7.0	47.9	52.5	137,901.8	8.5%	-17.3%
2002	0.009	0.003	0.1	6.2	0.02	0.02	6.4	66.6	63.5	166,814.0	-38.8%	-27.1%
2001	0.003	-	0.3	10.1	0.001	0.07	10.5	99.6	87.1	228,953.2	not comparable	
2000	0.006	0.05	1.1	12.7	-	-	13.8	107.8	85.6	225,018.5	-1.2%	2.1%

Format Analysis

Format	Share of Value	Value Change
Singles	0.06%	70.2%
LPs	-	-
MCs	0.1%	-71.9%
CDs	89.4%	-9.9%
DVD	9.8%	145.5%
VHS	0.02%	-92.3%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

2002 volumes were reported on a different basis to previous years. Growth indicated is actual % change.

Local Industry Association Contacts

IFPI Regional Office for Latin America
806 Douglas Road
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Tel: +1 (305) 567 0861
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Economy

Population (millions)	13.2
Per capita GDP ($US)	2,200
Economic growth	2.5%
Currency	Sucre (ECS)
Language	Spanish

Music Industry

Physical piracy level	> 50%
World ranking (value)	58*
% Global Units	0.02%
% Global Value	0.01%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	18%

Charts

Sales chart compiler	No chart
Link	

Compilations (% albums)

Units	2.5%
Value	2.5%

Internet Connection

Internet (HH)	-
Broadband (HH)	-

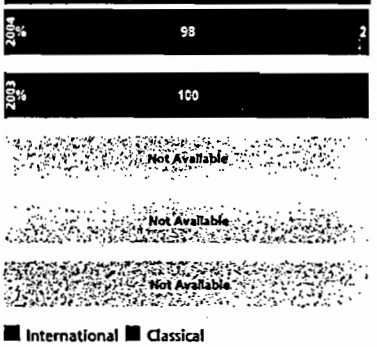
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	-	0.5	0.04	-	0.5	4.9	4.9	122,255.0	-57.0%	-31.7%
2003	-	-	-	0.9	0.01	-	1.2	7.2	7.2	178,917.8	72.8%	-22.3%
2002	neg	-	0.003	0.7	-	-	-0.7	9.2	9.2	230,201.4	-12.5%	-14.9%
2001	0.001	-	0.03	0.8	-	-	0.8	10.8	10.8	270,539.1	not comparable	
2000	-	-	0.1	0.7	-	-	0.8	8.5	8.5	213,466.3	not comparable	

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	-	-
CDs	87.7%	-30.3%
DVD	12.3%	168.4%
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table.
Video sales included in total market from 2001 onwards.

MEXICO – LATIN AMERICA

Local Industry Association Contacts

AMPROFON - Asociacion Mexicana de Productores de Fonogramas A.C.
Tennyson No. 96
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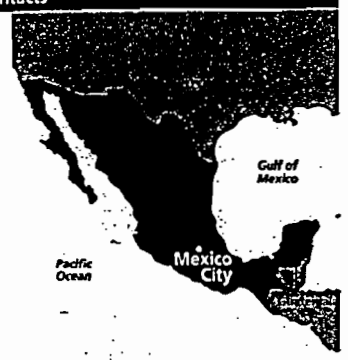
Polanco
11560 Mexico D.F.
Tel: +52 (5) 55281 6035/38
Fax: +52 (5) 55280 9079
servcios@amprofon.com.mx
www.amprofon.com.mx



Economy

Population (millions)	
Per capita GDP ($US)	
Economic growth	
Currency	Mexican
Language	

Charts

Sales chart compiler	IPSOS/BIMSA
Link	-

Music Industry

Physical piracy level	> 50%
World ranking (value)	13*
% Global Units	2.0%
% Global Value	1.1%

Compilations (% albums)

Units	14.1%
Value	13.8%

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	

Internet Connection

Internet (HH)	
Broadband (HH)	

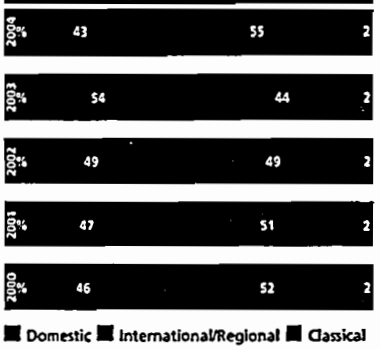
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.3	0.007	1.4	53.2	1.6	-	56.3	360.0	360.0	4,063.9	-1.0%	8%
2003	0.3	0.004	2.1	53.5	-	1.1	56.9	346.5	331.2	3,738.7	3.4%	16%
2002	0.6	0.02	2.9	51.1	-	0.9	55.0	462.1	395.2	4,462.1	-3.3%	16.4%
2001	0.2	0.1	6.5	50.0	-	0.2	56.9	571.4	472.8	5,337.8	-15.1%	15%
2000	0.4	0.05	13.1	53.8			67.0	665.9	557.7	6,296.5	8.0%	5.2%

Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	2.2	7%	4%
Top 50	6.0	5%	11%

Repertoire Origin (value)



Format Analysis

Format	Share of Value	Value Change
Singles	0.5%	1.4%
LPs	0.002%	44.7%
MCs	0.8%	-17.4%
CDs	92.1%	7.3%
DVD	6.5%	-
VHS	-	-

Sales by Age

13-18	23%
19-24	26%
25-34	25%
35-44	16%
45-65	10%

Notes

Recorded Music Sales Table:
* 3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Certification Awards

Albums	Sales Level	2004	2003
Gold	50,000	54	52
Platinum	100,000	40	33
Multi-platinum		-	-
Diamond	500,000	2	-
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	10,000	28	-
Platinum	20,000	6	-

Top 10 Albums

Artist	Title	Label/Company
Luis Miguel	Mexico En La Piel	Warner
Alejandro Fernandez	A Corazon Abierto	Sony
Intocable	Intimamente	EMI
Julieta Venegas	Si	BMG
Tiziano Ferro	111 (Ciento Once)	EMI
Aleks Syntek	Mundo Ute	EMI
Alex Ubago	Fantasia O Realidad	Warner
Paulina Rubio	Pau - Latina	Universal
Belinda	Belinda	BMG
Pepe Aguilar	No Soy De Nadie	Sony

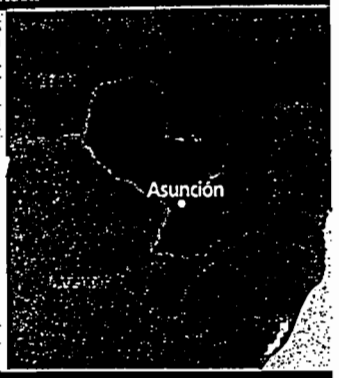
Top 10 DVD Music Videos

Artist	Title	Label/Company
Juan Gabriel	En El Palacio De Bellas Artes	BMG
Luis Miguel	Vivo	Warner
Mana	Acceso Total	Warner
The Beatles	The First U.S. Visit	EMI
Juan Gabriel	Celebrando 25 Años	BMG
Belinda	Fiesta En La Azotea	BMG
Britney Spears	In The Zone	BMG
Thalia	Greatest Hits	EMI
Michael Jackson	Number Ones	Sony
Timbiriche Nueva Generacion	Timbiriche La Trayectoria Vol.2	Univision

PARAGUAY – LATIN AMERICA

Local Industry Association Contacts

IFPI Regional Office for Latin America
806 Douglas Road
Suite 625
Coral Gables, Miami
Florida 33134
USA
Tel: +1 (305) 567 0861
Fax: +1 (305) 567 0871



Economy

Population (millions)	5.5
Per capita GDP ($US)	1,150
Economic growth	1.1%
Currency	Guarani (PYG)
Language	Spanish/Guarani

Music Industry

Physical piracy level	> 50%
World ranking (value)	65*
% Global Units	0.01%
% Global Value	0.006%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	27%

Charts

Sales chart compiler	No chart
Link	

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

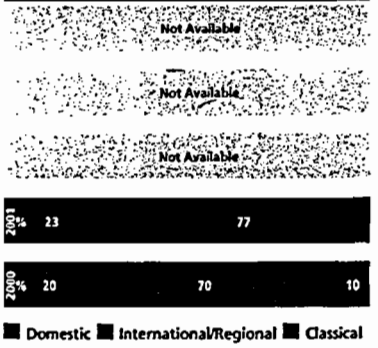
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.009	0.4	0.001	-	0.4	1.9	1.9	11,180.8	not comparable	
2003	-	-	0.005	0.1	-	-	0.1	0.6	0.7	4,014.7	-52.5%	-24.0%
2002	-	-	0.07	0.2	-	-	0.2	0.9	0.9	5,283.3	6.2%	-39.5%
2001	-	-	0.05	0.2	0.004	0.002	0.2	2.1	1.5	8,737.4	not comparable	
2000	-	-	0.1	0.3			0.4	2.4	1.4	8,308.3	-25.1%	42.2%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	1.0%	122.1%
CDs	97.6%	175.3%
DVD	1.4%	-
VHS	-	-

Repertoire Origin (value)



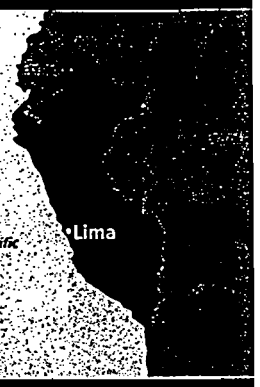
Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Local Industry Association Contacts

IFPI Regional Office for Latin America
806 Douglas Road
Suite 625
Coral Gables, Miami
Florida 33134
USA
Tel: +1 (305) 567 0861
Fax: +1 (305) 567 0871



Economy

Population (millions)	27.5
Per capita GDP ($US)	2,400
Economic growth	4.0%
Currency	Nuevo Sol (PEN)
Language	Spanish/Quechua

Music Industry

Physical piracy level	> 50%
World ranking (value)	62nd
% Global Units	0.03%
% Global Value	0.01%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	14%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

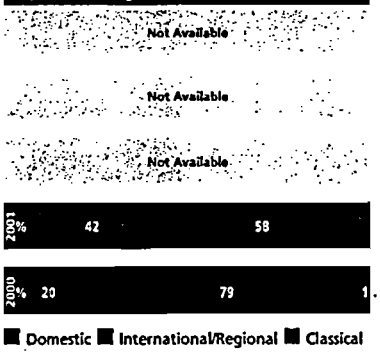
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	-	0.4	0.02	-	0.9	3.6	3.6	12.4	38.9%	52.9%
2003	0.001	-	0.001	0.7	-	-	0.7	2.3	2.4	8.1	59.8%	4.2%
2002	0.01	-	0.04	0.4	-	-	0.4	2.2	2.3	7.8	-56.9%	-65.3%
2001	neg	-	0.2	0.8	0.003	-	1.0	6.4	6.6	22.4	-39.8%	-39.8%
2000	-	-	0.5	1.1	-	-	1.6	10.7	10.9	37.2	7.1%	25.8%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	-	-
CDs	77.7%	27.4%
DVD	10.8%	-
VHS	-	-

Repertoire Origin (value)



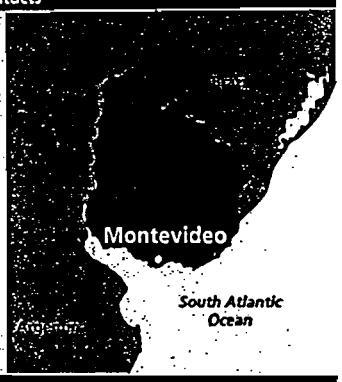
Notes

Recorded Music Sales Table
Singles = 1 album, total may include formats not shown in the table
Video sales included in total market from 2001 onwards
Volume-value discrepancy due to sizeable premiums market (61% total units)

URUGUAY – LATIN AMERICA

Local Industry Association Contacts

Cámara Uruguaya del Disco (CUD)
Juncal 13 27 / Of. 603
Edificio Ciudadela
(Plaza Independencia)
Montevideo
Tel: +5982 916 9650
Fax: +5982 916 3656
info@cudisco.org
www.cudisco.org



Economy

Population (millions)	[illegible]
Per capita GDP ($US)	[illegible]
Economic growth	[illegible]
Currency	Uruguayan Peso (UYP)
Language	Spanish

Music Industry

Physical piracy level	> 50%
World ranking (value)	59*
% Global Units	0.02%
% Global Value	0.01%

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	[illegible]

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	0.3%
Value	0.3%

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

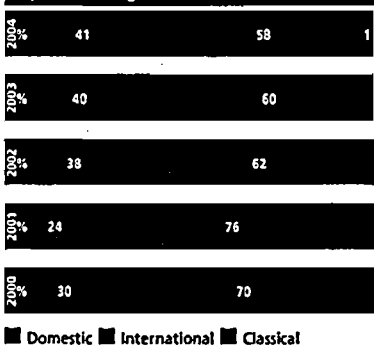
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	neg	-	0.002	0.4	0.02	neg	0.4	4.6	4.6	132.9	65.7%	58.0%
2003	-	-	0.002	0.2	-	-	0.3	3.0	2.9	84.2	94.8%	100.1%
2002	-	-	0.004	0.1	-	-	0.1	2.0	1.5	42.1	-69.5%	-61.3%
2001	-	-	0.02	0.4	-	-	0.4	8.2	3.8	108.6	-27.8%	-25.4%
2000	-	-	0.04	0.6	-	-	0.6	12.0	5.1	145.6	28.8%	20.5%

Format Analysis

Format	Share of Value	Value Change
Singles	0.02%	-
LPs	-	-
MCs	0.4%	68.9%
CDs	91.9%	50.9%
DVD	0.002%	-
VHS	-	-

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

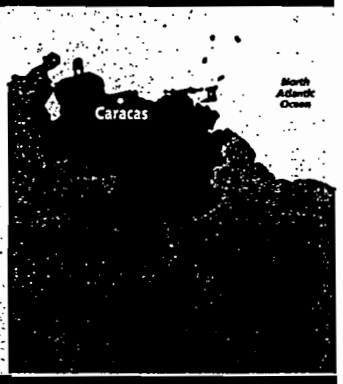
- Ayui Tacuabe
- Bizarro Records
- Koala Records
- Obligado Records
- Sondor

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Local Industry Association Contacts

APROFON VENEZUELA - Asociacion de Productores Fonograficos de Venezuela
Av. Principal de los Cortijos de Lourdes
Piso 3
Edificio Los Hermanos
Caracas
Tel: +58 (212) 238 0044



Economy

Population (millions)	25.0
Per capita GDP ($US)	4,165
Economic growth	-9.2%
Currency	Bolivar (VEB)
Language	Spanish

Music Industry

Physical piracy level	> 50%
World ranking (value)	52
% Global Units	0.1%
% Global Value	0.05%

Compilations (% albums)

Units	25.6%
Value	10.1%

Player Penetration

CD player (HH)	29%
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	26%

Internet Connection

Internet (HH)	14%
Broadband (HH)	3%

Charts

Sales chart compiler	No chart
Link	-

Recorded Music Sales (figures in millions)

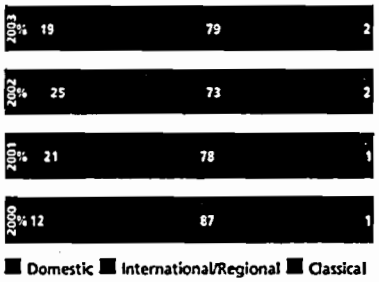
Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	-	2.6	0.06	-	2.7	15.9	15.9	29,985.2	263.1%	239.1%
2003	0.002	-	-	0.7	0.01	-	0.7	5.5	4.7	8,842.1	-64.8%	-52.9%
2002	0.002	-	0.001	2.1	0.02	-	2.1	16.2	9.9	18,781.3	-59.1%	-48.8%
2001	-	-	0.02	5.1	0.01	-	5.2	50.7	19.4	36,661.9	-0.2%	-14.1%
2000	-	-	0.07	5.1	-	-	6.5	62.8	22.6	42,677.8	46.0%	33.3%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	-	-
CDs	93.8%	250.7%
DVD	6.2%	339.9%
VHS	-	-

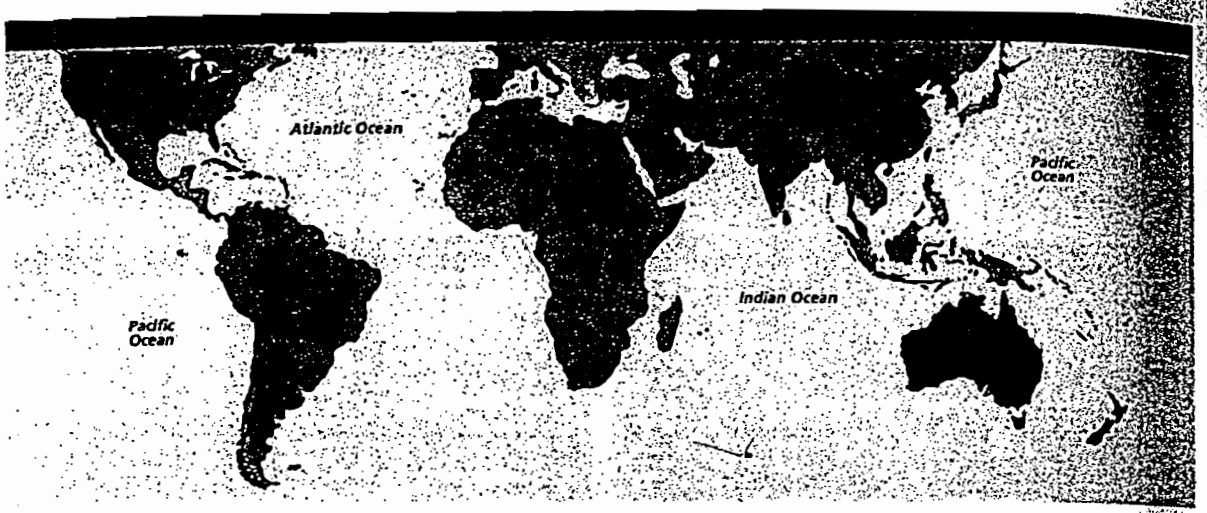
Repertoire Origin (value)

Not Available



Notes

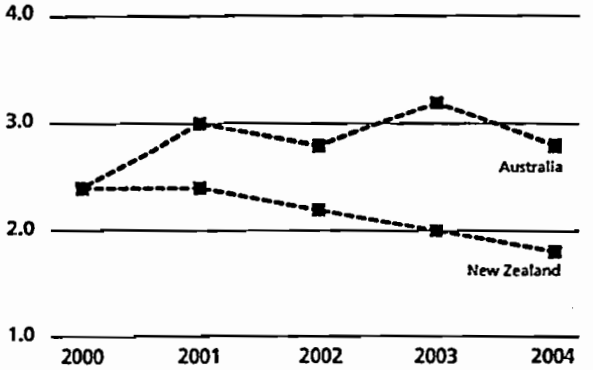
Recorded Music Sales Table
Singles = 1 album. Total may include formats not shown in the table
Disc video sales included in total market from 2001 onwards



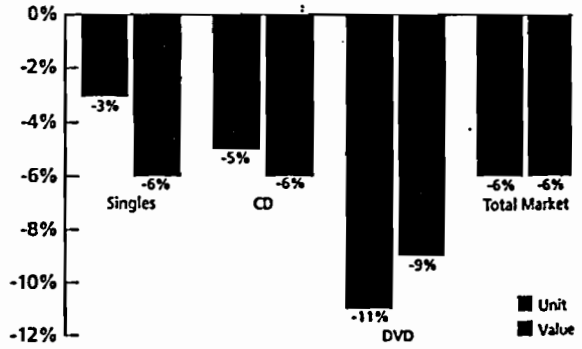
Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	LC Value Change**
2004	10.3	0.02	0.2	46.2	5.1	0.03	55.1	833.5	833.5	-5.8%	-6.2%
2003	10.6	0.04	0.5	48.5	5.7	0.1	58.5	784.4	889.0	7.3%	4.5%
2002	12.6	0.03	0.8	46.6	2.6	0.2	54.5	623.4	850.9	-2.5%	-5.8%
2001	13.6	0.04	1.2	49.0	0.9	0.2	55.9	623.0	898.8	10.6%	7.5%
2000	12.6	0.04	1.5	44.8	[illegible]	[illegible]	50.5	649.2	836.0	2.0%	4.1%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Notes

Recorded Music Sales Table

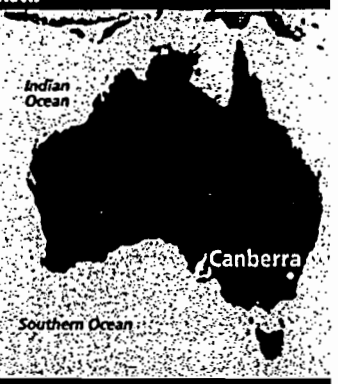
* Singles = 1 album. Total may include formats not shown in the table

** Local currency value change based on fixed 2004 $US values

Music video included in total music market from 2001 onwards

Local Industry Association Contacts

Australian Record Industry Association Ltd (ARIA)
Level 4
19 Harris Street
Pyrmont, NSW 2009
Tel: +61 (2) 8569 1144
Fax: +61 (2) 8569 1181
aria.mail@aria.com.au
www.aria.com.au



Charts

Sales chart compiler	ARIA
Link	www.aria.com.au

Economy

Population (millions)	19.9
Per capita GDP ($US)	30,285
Economic growth	3.0%
Currency	Australian Dollar (AUD)
Language	English

Music Industry

Physical piracy level	< 10%
World ranking (value)	6*
% Global Units	1.7%
% Global Value	2.1%

Compilations (% albums)

Units	17.5%
Value	17.5%

Player Penetration

CD player (HH)	95%
DVD player (HH)	63%
Digital music player (HH)	
Mobile phone (population)	80%

Internet Connection

Internet (HH)	70%
Broadband (HH)	21%

Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	9.6	0.02	0.2	39.5	4.5	0.03	47.6	716.7	716.7	974.7	-6.1%	-6.1%
2003	10.0	0.03	0.3	41.6	5.1	0.1	50.7	673.8	763.0	1,037.6	9.7%	5.9%
2002	11.9	0.03	0.6	39.0	2.4	0.2	46.2	532.2	720.2	979.5	-2.7%	-5.9%
2001	13.0	0.02	0.8	41.4	0.8	0.2	47.5	538.3	765.3	1,040.8	12.2%	8.0%
2000	11.7	0.03	0.9	37.5			42.4	561.3	708.8	963.9	-2.0%	-5.2%

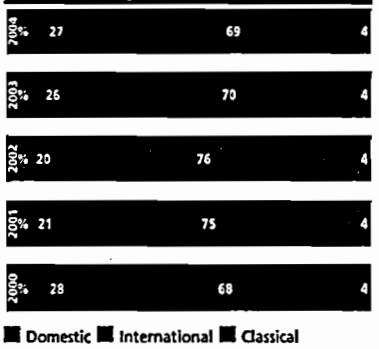
Top Sellers (albums)

	Million Units	% Change	% of Total Albums
Top 10	2.9	-13%	7%
Top 50	7.5	-10%	19%
Top 100	9.9	-10%	25%

Format Analysis

Format	Share of Value	Value Change
Singles	4.4%	-6.5%
LPs	0.06%	-26.5%
MCs	0.2%	-44.0%
CDs	84.0%	-5.5%
DVD	11.0%	-6.9%
VHS	0.05%	-75.7%

Repertoire Origin (value)



Sales by Genre

Rock/Pop	80%
Easy Listening/Nostalgic	4%
Classical	4%
Dance	3%
Country/Folk	3%
Jazz/Big Band/Swing	2%
Soul/R&B	1%
Traditional/Ethnic/World Music	1%
Spoken Word/Comedy	1%
Children's	1%

Notes

Recorded Music Sales Table
(3 singles = 1 album) Total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

(Australia continues on page 116)

Certification Awards

Albums	Sales Level	2004	2003
Gold	35,000	98	79
Platinum	70,000	66	44
Multi-platinum		58	53
Singles	**Sales Level**	**2004**	**2003**
Gold	35,000	55	61
Platinum	70,000	43	32
Multi-platinum		7	9
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	7,500	49	54
Platinum	15,000	50	33
Multi-platinum		44	23

Top 10 Compilation Albums

Title	Label/Company
So Fresh - The Hits of Winter 2004	SBME
So Fresh - Autumn 2004	JV/UMA
So Fresh: The Hits of Summer 2005...2004	JV/UMA
So Fresh - The Hits of Spring 2004	JV/SBME
The 2005 Annual	MOS/EMI
So Fresh: The Hits of Summer 2004...2003	COL/SBME
Sessions One	MOS/EMI
Triple J Hottest 100 Vol 11	ABC/UMA
Now 5	Warner
The 2004 Annual	MOS/EMI

Top 10 Albums

Artist	Title	Label/Company
Jet	Get Born	CAP/EMI
Shannon Noll	That's What I'm Talking About	SBME
Pete Murray	Feeler	COL/SBME
Robbie Williams	Greatest Hits	CAP/EMI
The John Butler Trio	Sunrise Over Sea	JAR/MGM
Maroon 5	Songs About Jane	RCA/SBME
Evanescence	Fallen	EPI/SBME
Michael Buble	Michael Buble	Warner
Black Eyed Peas	Elephunk	A&M/UMA
Norah Jones	Feels Like Home	EMI

Top 10 DVD Music Videos

Artist	Title	Label/Company
Michael Jackson	#1's	EPI/SBME
Delta Goodrem	Delta	EPI/SBME
Robbie Williams	What We Did Last Summer...	CAP/EMI
John Farnham	One Voice: The Greatest Clips	SBME
Various	Australian Idol - Greatest Moments	SBME
Eagles	Hell Freezes Over	Warner
Robbie Williams	Live at the Albert	CAP/EMI
Robbie Williams	The Robbie Williams Show	CAP/EMI
Dixie Chicks	Top of the World Tour Live	COL/SBME
Linkin Park	Live in Texas	Warner

Top 10 Singles

Artist	Title	Label/Company
Shannon Noll	What About Me	SBME
Anastacia	Left Outside Alone	EPI/SBME
Spiderbait	Black Betty	UMA
Kelis	Milkshake	VIR/EMI
Eamon	F**k It (I Don't Want You Back)	JVE/SBME
Jamelia	Superstar	CAP/EMI
Evanescence	My Immortal	EPI/SBME
Joel Turner & The Modern Day...	These Kids	DD/MGM
Black Eyed Peas	Shut Up	UMA
Baby Bash	Suga Suga	UMA

Local Industry Association Contacts

RIANZ - Recording Industry
Association of New Zealand
11 York Street
P.O. Box 37-442
Parnell, Auckland
Tel: +64 (9) 308 0510
Fax: +64 (9) 306 4977
music@rianz.org.nz
www.rianz.org.nz
www.nzmusic.org.nz
www.nzonair.govt.nz

Economy

Population (millions)	4.0
Per capita GDP ($US)	23,265
Economic growth	3.5%
Currency	New Zealand Dollar (NZD)
Language	English

Music Industry

Physical piracy level	< 10%
World ranking (value)	30th
% Global Units	0.3%
% Global Value	0.3%

Player Penetration

CD player (HH)	104%
DVD player (HH)	49%
Digital music player (HH)	-
Mobile phone (population)	75%

Charts

Sales chart compiler	Media Sauce/RIANZ
Link	www.rianz.org.nz / www.nztop40.com

Compilations (% albums)

Units	11%
Value	13%

Internet Connection

Internet (HH)	49%
Broadband (HH)	6%

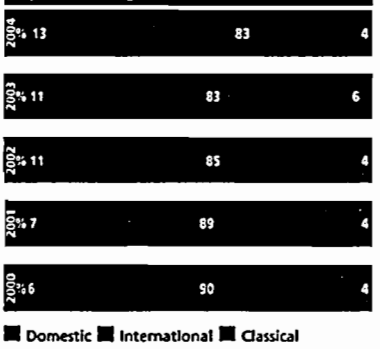
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.7	0.001	0.06	6.7	0.5	0.001	7.5	116.8	116.8	176.3	-4.3%	-7.4%
2003	0.7	0.003	0.1	6.9	0.6	0.002	7.8	110.6	126.0	190.3	-5.7%	-3.6%
2002	0.7	0.003	0.2	7.6	0.2	0.006	8.3	91.3	130.7	197.3	-1.2%	-2.1%
2001	0.6	0.02	0.4	7.6	0.1	0.01	8.4	84.7	133.5	201.6	2.6%	4.9%
2000	0.8	0.01	0.6	7			8.2	87.9	127.3	192.2	1.8%	2.3%

Format Analysis

Format	Share of Value	Value Change
Singles	2.0%	-0.1%
LPs	0.03%	-61.8%
MCs	0.4%	-52.8%
CDs	89.1%	-5.3%
DVD	8.4%	-22.3%
VHS	0.02%	-53.5%

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

(New Zealand continues on page 118)

Certification Awards

Albums	Sales Level	2004	2003
Gold	7,500	105	99
Platinum	15,000	137	137
Singles	**Sales Level**	**2004**	**2003**
Gold	5,000	33	26
Platinum	10,000	18	11
DVD Music Videos	**Sales Level**	**2004**	**2003**
Gold	2,500	21	-
Platinum	5,000	31	-

Top Independent Labels (in alphabetical order)

Border Music Ltd
Dawn Raid Entertainment
Festival Mushroom Records
Global Routes 2000 Ltd
Pegan Records Ltd/Antenna Recordings
Rhythmethod Ltd
Shock Records
Siren Records
Triton Music Ltd

Top 10 Compilation Albums

Title	Label/Company
Now 14	EMI
Now 15	EMI
Playlist	BMG
The R & B Collection	Universal
Major Flavours 5	Universal
Unleashed 2	Sony
Hip Hop 2: The Collection	Universal
Now 16	EMI
Now 13	EMI
Girls' Night Out	EMI

Top 10 Albums

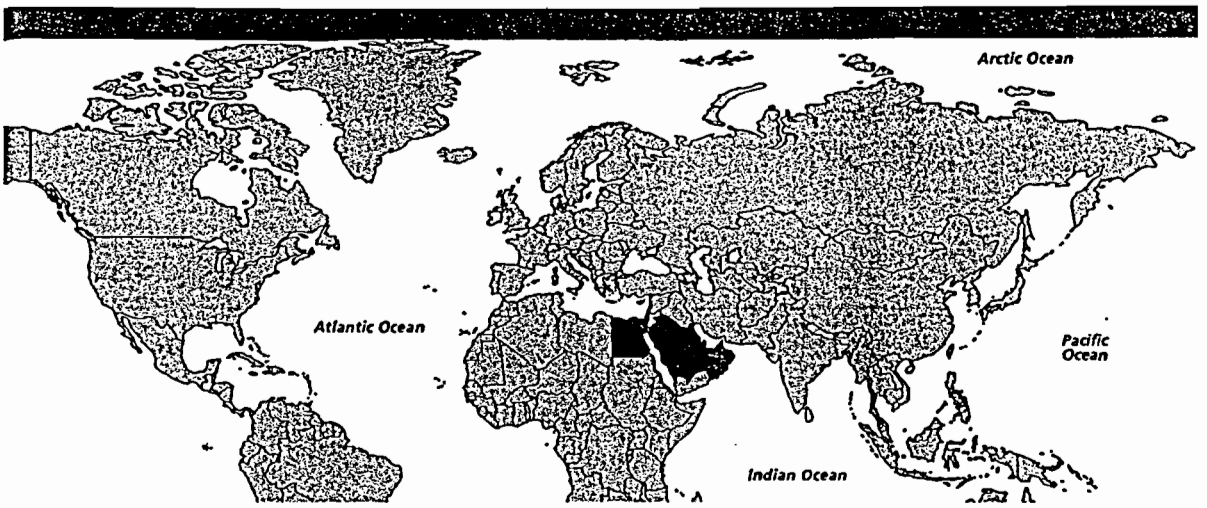
Artist	Title	Label/Company
Brooke Fraser	What To Do With Daylight	Sony
Guns N' Roses	Greatest Hits	Universal
Norah Jones	Feels Like Home	EMI
Black Eyed Peas	Elephunk	Universal
Usher	Confessions	BMG
Amici Forever	Opera Band: Special Edition	BMG
Hayley Westenra	Pure	Universal
The Finn Brothers	Everyone Is Here	EMI
Goldenhorse	Riverhead	EMI
Maroon 5	Songs About Jane	BMG

Top 10 DVD Music Videos

Artist	Title	Label/Company
The Eagles	Hell Freezes Over	Warner
Cliff Richard	2003 World Tour	Warner
U2	Go Home: Live From Slane Castle	Universal
Fleetwood Mac	The Dance	Warner
The Bee Gees	One Night Only	Warner
Various	Live Aid	Warner
Roy Orbison	Black and White Night	Warner
Abba	Definitive Collection	Universal
Bob Dylan	MTV Unplugged	Sony
Guns N' Roses	Welcome To The Videos	Universal

Top 10 Singles

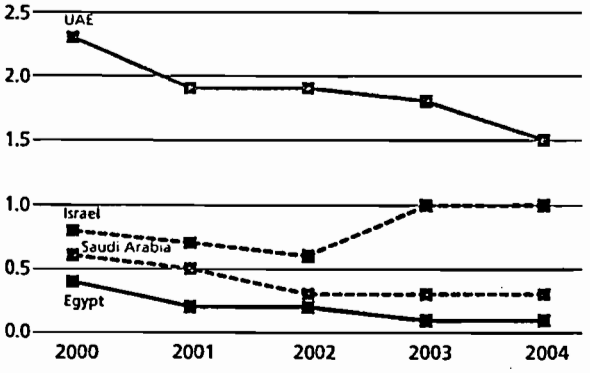
Artist	Title	Label/Company
Ben Lummis	They Can't Take That Away	BMG
Usher feat. Lil Jon & Ludacris	Yeah	BMG
Eamon	F**k It (I Don't Want You Back)	BMG
Misfits of Science	Fool's Love	BMG
Jamelia	Superstar	EMI
Del Hamo	We Gon Ride	Universal
Usher	Burn	BMG
D12	My Band	Universal
Baby Bash	Suga Suga	Universal
Nelly	My Place / Flap your Wings	Universal



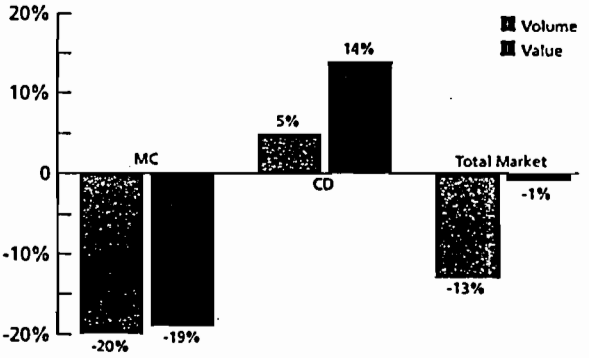
Recorded Music Sales (figures in millions)

	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	LC Value Change**
2004	-	-	18.4	8.8	0.2	-	27.3	137.1	137.1	-13.3%	-0.7%
2003	-	-	23.1	8.4	0.1	-	31.5	138.0	138.1	-15.3%	-8.8%
2002	-	-	27.9	5.7	0.04	0.001	33.6	150.1	145.6	-20.5%	-16.2%
2001	-	-	35.6	6.6	-	-	42.2	185.0	172.5	-23.4%	-12.6%
2000	-	-	47.3	7.8	-	-	55.1	222.4	197.5	-3.9%	-2.3%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Top Independent Labels (in alphabetical order)

Alam El Phan
Fonoun Al Jazeera
Melody
Megastar
Music Master
Rotana/Stallions

Notes

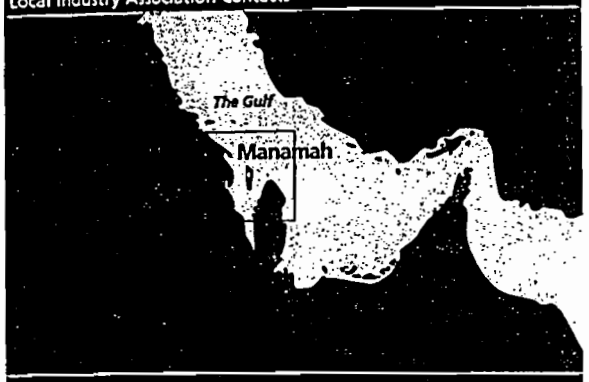
Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table

** Local currency value change based on fixed 2004 $US values

Music video included in total music market from 2001 onwards

BAHRAIN – MIDDLE EAST

Local Industry Association Contacts



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	0.7
Per capita GDP ($US)	13,000
Economic growth	4.9%
Currency	Bahrain Dinar (BHD)
Language	Arabic/ English/ Farsi/ Urdu

Music Industry

Physical piracy level	10-25%
World ranking (value)	63rd
% Global Units	0.02%
% Global Value	0.01%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	65%

Internet Connection

Internet (HH)	
Broadband (HH)	

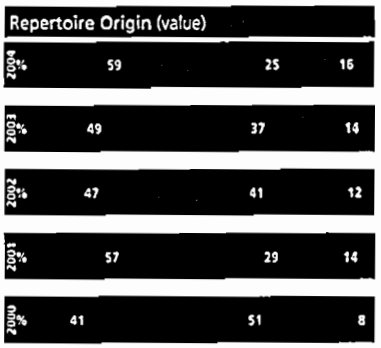
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.5	0.1	-	-	0.6	3.5	3.5	1.3	-14.1%	-7.9%
2003	-	-	0.6	0.1	-	-	0.8	3.8	3.8	1.5	-8.4%	-2.0%
2002	-	-	0.7	0.1	-	-	0.8	4.0	3.9	1.5	1.2%	-5.1%
2001	-	-	0.7	0.1	-	-	0.8	4.2	4.1	1.6	-3.6%	-0.2%
2000	-	-	0.8	0.09	-	-	0.8	4.2	4.1	1.6	-9.1%	-21.0%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	54.6%	-18.0%
CDs	45.4%	8.2%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album, total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Repertoire Origin
Basis: Language

Local Industry Association Contacts

The Egyptian National
Group of IFPI (ECAAP)
162 El Tahrir St.
Bab El Luke, 4th Floor, Flat 8
Cairo
Tel: +20 (2) 393 2783
Fax: +20 (2) 393 2783

Economy

Population (millions)	76.1
Per capita GDP ($US)	975
Economic growth	3.1%
Currency	Egyptian Pound (EGP)
Language	Arabic

Music Industry

Physical piracy level	> 50%
World ranking (value)	54*
% Global Units	0.2%
% Global Value	0.03%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	8%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

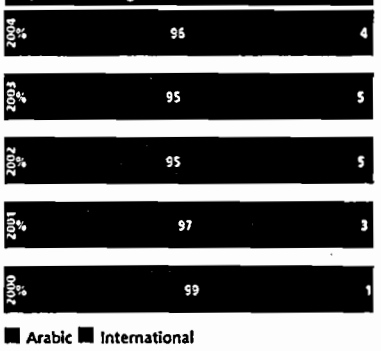
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	5.8	0.4	-	-	6.1	11.1	11.1	68.7	-27.6%	-18.2%
2003	-	-	8.4	0.09	-	-	8.4	14.4	13.5	84.0	-27.1%	-27.3%
2002	-	-	11.5	0.07	-	-	11.6	25.7	18.6	115.4	-23.6%	4.7%
2001	-	-	15.0	0.2	-	-	15.2	27.7	17.8	110.3	-40.2%	-41.3%
2000	-	-	25.0	0.3	-	-	25.3	50.9	30.3	187.8	0.4%	0.3%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	76.2%	-36.1%
CDs	23.8%	668.5%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table
3 singles = 1 album. Total may include formats not shown in the table.
Music video sales included in total market from 2001 onwards.

Repertoire Origin
Basis: Language

ISRAEL – MIDDLE EAST

Local Industry Association Contacts

IFPI Israel National Group
10 Habonim Street
Ramat Gan 52462
Tel: +972 (3) 613 0715/0716
Fax: +972 (3) 575 6747
keren@ifpi.co.il
www.ifpi.co.il

Economy

Population (millions)	6.2
Per capita GDP ($US)	18,225
Economic growth	1.3%
Currency	Israeli Shekel (ILS)
Language	Hebrew

Music Industry

Physical piracy level	25-50%
World ranking (value)	39*
% Global Units	0.2%
% Global Value	0.1%

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	80%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	
Broadband (HH)	

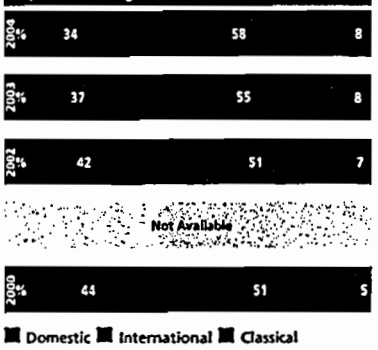
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	-	5.7	0.2	-	5.9	44.8	44.8	200.6	-4.2%	6.3%
2003	-	-	0.05	6.0	0.1	-	6.2	41.4	42.1	188.6	70.2%	4.6%
2002	-	-	0.1	3.5	0.04	0.001	3.6	38.1	40.3	180.4	-11.3%	-8.5%
2001	-	-	0.2	4.0	-	-	4.1	46.9	44.0	197.1	-16.2%	-7.0%
2000	-	-	0.2	4.6	-	-	4.9	52.0	47.3	211.8	-7.9%	-6.8%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	-	-
CDs	93.6%	4.5%
DVD	6.4%	64.4%
VHS	-	-

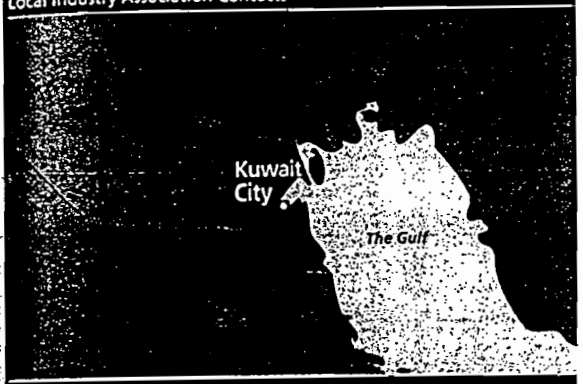
Repertoire Origin (value)



Notes

Recorded Music Sales Table
* 3 singles = 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Local Industry Association Contacts



Charts

Sales chart compiler	No chart
Link	-

Economy

Population (millions)	2.3
Per capita GDP ($US)	16,000
Economic growth	4.6%
Currency	Kuwait Dinar (KWD)
Language	Arabic/English

Music Industry

Physical piracy level	> 50%
World ranking (value)	55*
% Global Units	0.06%
% Global Value	0.03%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	66%

Internet Connection

Internet (HH)	-
Broadband (HH)	-

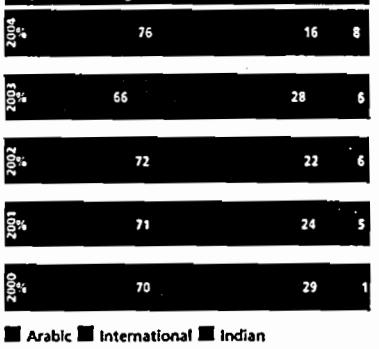
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	1.5	0.2	-	-	1.7	8.6	8.6	2.5	-11.3%	-1.7%
2003	-	-	1.8	0.1	-	-	1.9	8.5	8.8	2.5	-4.5%	6.9%
2002	-	-	1.9	0.09	-	-	2.0	7.8	8.2	2.4	6.4%	5.6%
2001	-	-	1.8	0.07	-	-	1.9	7.3	7.8	2.3	0.4%	-4.4%
2000	-	-	1.8	0.08	-	-	1.9	7.7	8.1	2.4	-12.1%	-15.8%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	66.4%	-15.9%
CDs	33.6%	47.6%
DVD	-	-
VHS	-	-

Repertoire Origin (value)

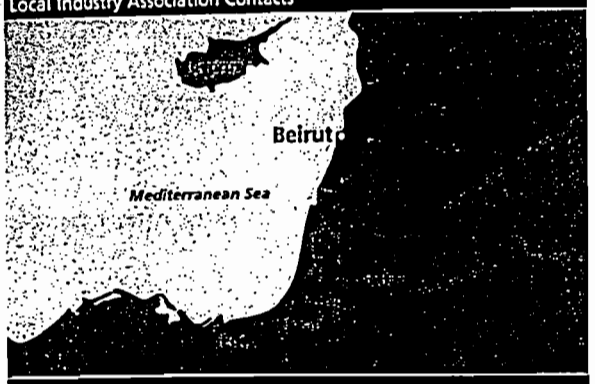


Notes

[illegible]ded Music Sales Table
[illegible] album, total may include formats not shown in the table
[illegible]ded sales included in total market from 2001 onwards
[illegible]toire Origin
[illegible]anguage

LEBANON – MIDDLE EAST

Local Industry Association Contacts



Charts

Sales chart compiler	-
Link	-

Economy

Population (millions)	3.18
Per capita GDP ($US)	5,170
Economic growth	3.0%
Currency	Lebanese Pound (LBP)
Language	Arabic

Music Industry

Physical piracy level	> 50%
World ranking (value)	56*
% Global Units	0.04%
% Global Value	0.02%

Compilations (% albums)

Units	-
Value	-

Player Penetration

CD player (HH)	1
DVD player (HH)	15
Digital music player (HH)	12
Mobile phone (population)	21%

Internet Connection

Internet (HH)	15
Broadband (HH)	15

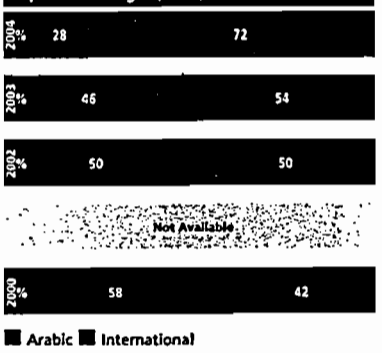
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.8	0.4	-	-	1.1	6.8	6.8	10,307.1	-11.3%	7.5%
2003	-	-	1.0	0.3	-	-	1.2	6.4	6.4	9,585.6	-17.9%	-12.5%
2002	-	-	1.2	0.3	-	-	1.5	7.3	7.3	10,957.0	-43.6%	-28.1%
2001	-	-	2.4	0.3	-	-	2.7	10.1	10.1	15,236.5	0.0%	0.0%
2000	-	-	2.4	0.3	-	-	2.7	10.1	10.1	15,236.5	10.1%	21.7%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	23.6%	-21.1%
CDs	76.4%	21.0%
DVD	-	-
VHS	-	-

Repertoire Origin (value)

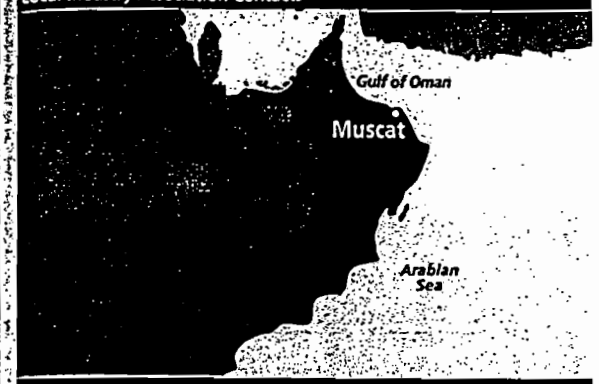


Notes

Recorded Music Sales Table
3 singles + 1 album; total may include formats not shown in the table
Music video sales included in total market from 2001 onwards.

Repertoire Origin
Basis: Language

Local Industry Association Contacts



Economy

Population (millions)	2.9
Per capita GDP ($US)	8,380
Economic growth	1.1%
Currency	Omani Rial (OMR)
Language	Arabic

Music Industry

Physical piracy level	25-50%
World ranking (value)	64*
% Global Units	0.02%
% Global Value	0.009%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	16%

Charts

Sales chart compiler	No Chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

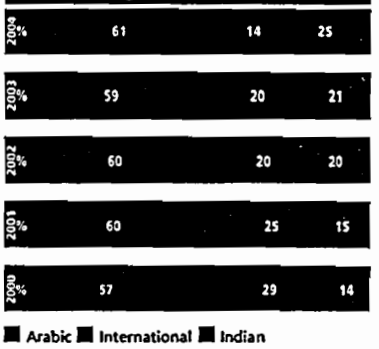
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.6	0.07	-	-	0.7	3.1	3.1	1.2	-1.9%	0.0%
2003	-	-	0.6	0.06	-	-	0.7	3.1	3.1	1.2	-7.5%	-4.0%
2002	-	-	0.7	0.06	-	-	0.8	3.2	3.3	1.2	0.0%	5.7%
2001	-	-	0.7	0.06	-	-	0.8	3.0	3.1	1.2	-1.3%	-4.5%
2000	-	-	0.7	0.07	-	-	0.8	3.2	3.2	1.2	-27.5%	17.2%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	73.2%	-2.8%
CDs	26.8%	8.5%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Notes

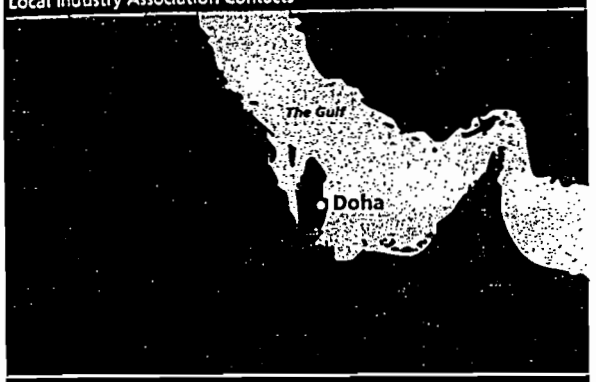
Recorded Music Sales Table
1 3 singles = 1 album, total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

Repertoire Origin
Basis: Language

QATAR – MIDDLE EAST

Local Industry Association Contacts



Charts

Sales chart compiler	No Chart
Link	-

Economy

Population (millions)	[illegible]
Per capita GDP ($US)	[illegible]
Economic growth	[illegible]
Currency	Qatar Rial ($) [illegible]
Language	Arab

Music Industry

Physical piracy level	10-25%
World ranking (value)	61*
% Global Units	0.03%
% Global Value	0.01%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	[illegible]
DVD player (HH)	[illegible]
Digital music player (HH)	[illegible]
Mobile phone (population)	[illegible]

Internet Connection

Internet (HH)	[illegible]
Broadband (HH)	[illegible]

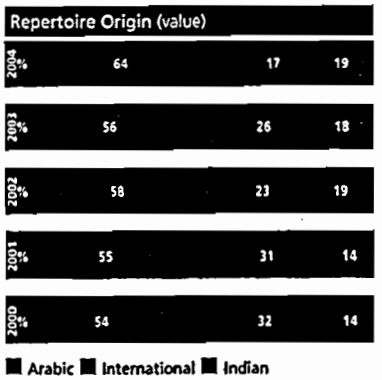
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	0.6	0.1	-	-	0.8	3.7	3.7	13.6	-9.3%	0.6%
2003	-	-	0.8	0.08	-	-	0.8	3.7	3.7	13.6	3.1%	5.1%
2002	-	-	0.7	0.08	-	-	0.8	3.5	3.5	12.9	0.0%	4.7%
2001	-	-	0.7	0.07	-	-	0.8	3.4	3.4	12.3	-0.9%	0.2%
2000	-	-	0.8	0.06	-	-	0.8	3.4	3.4	12.3	19.0%	13.2%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	59.6%	-14.0%
CDs	40.4%	34.1%
DVD	-	-
VHS	-	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table

3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

Repertoire Origin

Basis: Language

Local Industry Association Contacts

Sound Recordings and
Multimedia Association
(SOREMA)
P.O. Box 64165
Riyadh 11536
Tel: +966 (1) 463 3312
Fax: +966 (1) 464 0181
phsubramani@alfaisaliah.com

Economy

Population (millions)	25.8
Per capita GDP ($US)	9,770
Economic growth	5.3%
Currency	Saudi Riyal (SAR)
Language	Arabic

Music Industry

Physical piracy level	25-50%
World ranking (value)	46*
% Global Units	0.2%
% Global Value	0.08%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	28%

Charts

Sales chart compiler	No Chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	-
Broadband (HH)	-

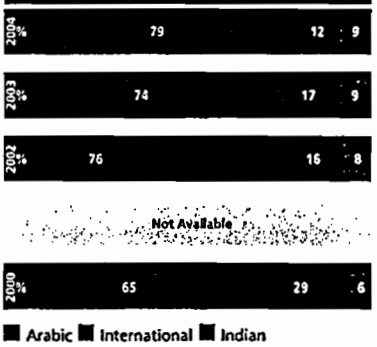
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	6.2	0.4	-	-	6.6	27.0	27.0	101.1	-5.6%	-3.9%
2003	-	-	6.6	0.4	-	-	7.0	28.0	28.0	105.1	-9.8%	-9.5%
2002	-	-	7.3	0.4	-	-	7.7	31.0	31.0	116.2	-30.2%	-39.2%
2001	-	-	10.4	0.7	-	-	11.1	51.0	50.9	191.1	-7.1%	-8.7%
2000	-	-	11.1	0.8	-	-	11.9	55.9	55.8	209.3	-16.4%	-10.8%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	78.4%	-6.4%
CDs	21.6%	6.5%
DVD	-	-
VHS	-	-

Repertoire Origin (value)

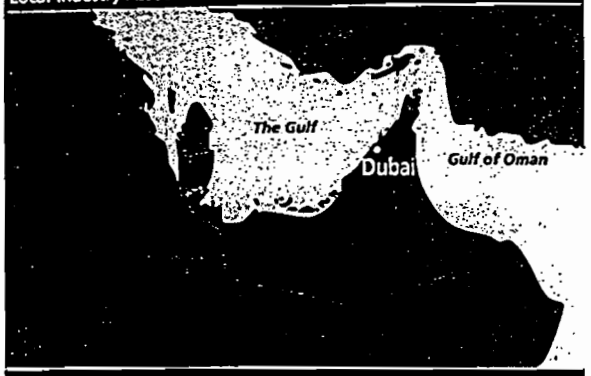


Notes

- Recorded Music Sales Table
  - Singles = 1 album. Total may include formats not shown in the table
  - Ondep sales included in total market from 2001 onwards
- Repertoire Origin
  - Language

UAE – MIDDLE EAST

Local Industry Association Contacts



Charts

Sales chart compiler	-
Link	-

Economy

Population (millions)	2.5
Per capita GDP ($US)	36,900
Economic growth	5.2%
Currency	UAE Dirham (AED)
Language	Arabic

Music Industry

Physical piracy level	10-25%
World ranking (value)	45*
% Global Units	0.1%
% Global Value	0.08%

Compilations (% albums)

Units	
Value	

Player Penetration

CD player (HH)	
DVD player (HH)	
Digital music player (HH)	
Mobile phone (population)	70%

Internet Connection

Internet (HH)	
Broadband (HH)	

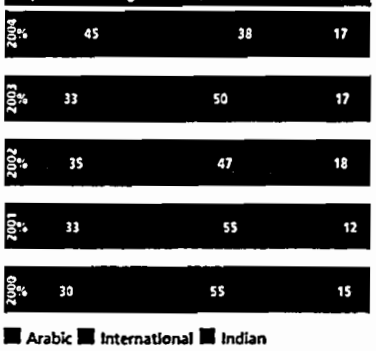
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	2.5	1.4	-	-	3.9	28.4	28.4	104.3	-14.6%	-0.7%
2003	-	-	3.4	1.2	-	-	4.5	28.6	28.6	105.0	-5.1%	-3.1%
2002	-	-	3.7	1.1	-	-	4.8	29.5	29.5	108.3	-4.0%	-5.9%
2001	-	-	3.8	1.2	-	-	5.0	31.3	31.4	115.1	-17.5%	-10.7%
2000	-	-	4.6	1.4	-	-	6.0	35.1	35.1	128.9	-2.8%	-10.3%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	32.9%	-26.9%
CDs	67.1%	20.4%
DVD	-	-
VHS	-	-

Repertoire Origin (value)

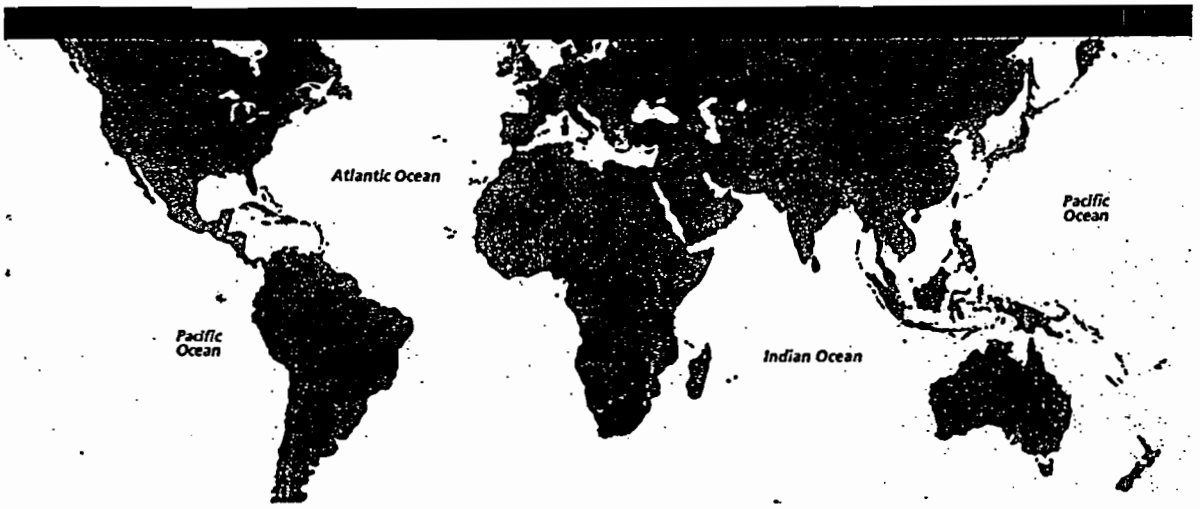


Notes

Recorded Music Sales Table
1 single = 1 album; total may include formats not shown in the table

Music video sales included in total market from 2001 onwards

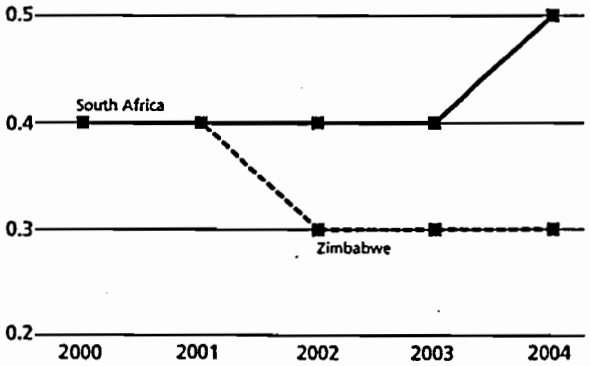
Repertoire Origin
Basis: Language



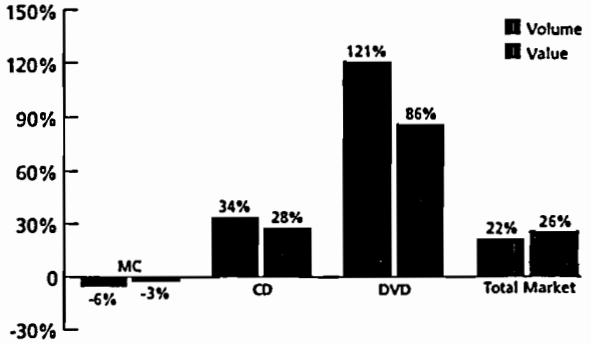
Recorded Music Sales (figures in millions)

Year	Units							Retail Value		Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Unit Change	LC Value Change**
2004	0.06	-	9.0	15.7	0.9	0.1	25.7	253.0	253.0	22.1%	26.0%
2003	0.2	-	6.1	11.5	0.4	0.08	18.1	160.4	187.8	0.4%	0.1%
2002	0.9	-	9.3	11.8	0.3	-	21.7	131.4	187.8	-3.1%	13.5%
2001	0.7	-	11.0	11.0	0.1	0.08	22.4	152.6	165.4	-4.8%	2.2%
2000	1.0	0.03	10.3	12.1	-	-	22.7	164.4	161.7	0.0%	-5.8%

Per Capita Unit Sales



Volume and Value Change 2003-2004



Notes

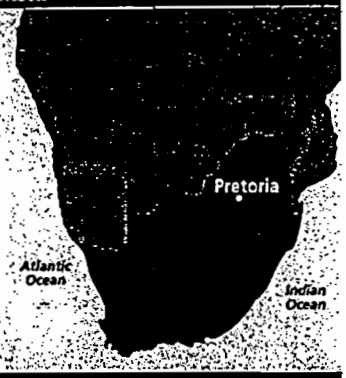
Recorded Music Sales Table
- 3 singles = 1 album. Total may include formats not shown in the table
- Local currency value change based on fixed 2004 $US values

Music vided included in total music market from 2001 onwards

SOUTH AFRICA – AFRICA

Local Industry Association Contacts

The Recording Industry of
South Africa (RISA)
PO Box 367
Randburg 2194
Tel: +27 (11) 886 1342
Fax: +27 (11) 886 4169
david@risa.org.za
www.risa.org.za



Economy

Population (millions)	42.7
Per capita GDP ($US)	4,085
Economic growth	1.9%
Currency	Rand (ZAR)
Language	English and other indigenous languages

Music Industry

Physical piracy level	25-50%
World ranking (value)	19=
% Global Units	0.8%
% Global Value	0.7%

Player Penetration

CD player (HH)	38%
DVD player (HH)	4%
Digital music player (HH)	
Mobile phone (population)	20%

Charts

Sales chart compiler	No chart
Link	

Compilations (% albums)

Units	
Value	

Internet Connection

Internet (HH)	13%
Broadband (HH)	0%

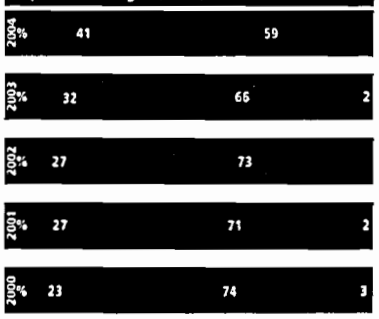
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	0.06	-	5.7	15.5	0.9	0.05	22.1	236.5	236.5	1,527.9	22.1%	26.0%
2003	0.2	neg	6.1	11.5	0.4	0.08	18.1	160.4	187.8	1,212.9	0.4%	0.1%
2002	0.9	-	5.9	11.6	0.3	-	18.1	115.0	187.6	1,211.7	5.2%	13.7%
2001	0.7	-	6.0	10.7	0.1	0.08	17.2	123.8	165.0	1,066.1	-4.8%	2.2%
2000	1.0	0.02	5.8	11.9			18.0	150.4	161.5	1,043.5	-7.3%	5.8%

Format Analysis

Format	Share of Value	Value Change
Singles	0.1%	-84.6%
LPs	-	-
MCs	9.6%	-2.7%
CDs	81.3%	27.5%
DVD	8.7%	86.0%
VHS	0.3%	-43.1%

Repertoire Origin (value)



Top Independent Labels (in alphabetical order)

- Bula Music
- Gallo Record Company
- Sarepta Music
- Select Music
- Sheer Sound/Music/Iris

Notes

Recorded Music Sales Table
* 3 singles = 1 album. Total may include formats not shown in the table
Music video sales included in total market from 2001 onwards

Local Industry Association Contacts

Economy

Population (millions)	12.7
Per capita GDP ($US)	1,700
Economic growth	-13.6%
Currency	Zimbabwe Dollar (ZWD)
Language	English

Music Industry

Physical piracy level	25-50%
World ranking (value)	51*
% Global Units	0.1%
% Global Value	0.05%

Player Penetration

CD player (HH)	-
DVD player (HH)	-
Digital music player (HH)	-
Mobile phone (population)	3%

Charts

Sales chart compiler	No chart
Link	-

Compilations (% albums)

Units	-
Value	-

Internet Connection

Internet (HH)	14%
Broadband (HH)	0%

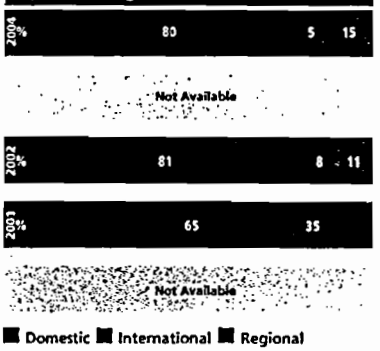
Recorded Music Sales (figures in millions)

Year	Units							Retail Value			Annual Change	
	Singles	LPs	MCs	CDs	DVD	VHS	Total*	$US (variable)	$US (fixed)	Local Currency	Unit Change	LC Value Change
2004	-	-	3.3	0.2	0.005	0.08	3.6	16.5	16.5	74,345.5	not comparable	
2003	-	-	-	-	-	-	-	-	-	-	not comparable	
2002	-	-	3.6	0.2	neg	-	3.6	16.4	0.2	902.4	-30.2%	-43.1%
2001	-	-	5.0	0.2	-	-	5.2	28.8	0.4	1,586.7	not comparable	
2000	-	0.01	4.5	0.2			4.7	14.0	0.1	607.0	42.6%	28.1%

Format Analysis

Format	Share of Value	Value Change
Singles	-	-
LPs	-	-
MCs	69.1%	-
CDs	25.4%	-
DVD	1.3%	-
VHS	4.1%	-

Repertoire Origin (value)



Notes

Recorded Music Sales Table:
3 singles = 1 album. Total may include formats not shown in the table.

Music video sales included in total market from 2001 onwards.

THE RECORDING INDUSTRY IN NUMBERS

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Hardware Penetration 2004				
Country	CD Player (% HH)	DVD Player (% HH)	Digital Music Player (% HH)	Mobile (% population)
North America				
Canada	110%	83%	2%	45%
USA	257%	94%	11%	57%
Europe				
Austria	145%	46%	4%	92%
Belgium	114%	43%	5%	73%
Bulgaria	-	-	-	40%
Croatia	-	-	-	60%
Czech Republic	55%	16%	0%	100%
Denmark	123%	55%	8%	88%
Estonia	-	-	-	66%
Finland	85%	23%	4%	79%
France	127%	71%	8%	69%
Germany	122%	60%	11%	75%
Greece	48%	10%	1%	81%
Hungary	46%	6%	neg	86%
Ireland	160%	54%	5%	80%
Italy	64%	40%	2%	91%
Latvia	-	-	-	53%
Netherlands	130%	65%	11%	74%
Norway	147%	68%	11%	77%
Poland	49%	14%	1%	47%
Portugal	99%	16%	2%	100%
Romania	-	-	-	31%
Russia	-	4%	-	41%
Spain	119%	78%	3%	81%
Sweden	103%	52%	9%	100%
Switzerland	163%	58%	12%	75%
Turkey	14%	-	-	40%
UK	166%	84%	11%	88%
Ukraine	-	-	-	27%
Asia				
China	-	-	-	25%
Hong Kong	212%	-	-	92%
India	11%	1%	-	4%
Indonesia	11%	1%	-	5%
Japan	114%	37%	6%	71%
Malaysia	73%	21%	-	58%
Pakistan	-	-	-	5%
Philippines	10%	5%	-	4%
Singapore	390%	59%	-	80%
South Korea	83%	15%	-	69%
Taiwan	106%	-	-	110%
Thailand	37%	14%	-	21%

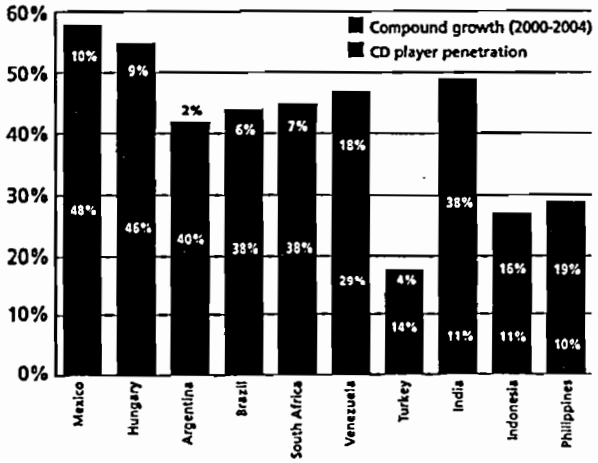
(Hardware Penetration continues on page 134)

HARDWARE PENETRATION

Hardware Penetration 2004

Country	CD Player (% HH)	DVD Player (% HH)	Digital Music Player (% HH)	Mobile (% population)
Latin America				
Argentina	40%	1%	-	17%
Brazil	38%	11%	-	38%
Chile	55%	8%	-	60%
Colombia	-	-	-	15%
Ecuador	-	-	-	18%
Mexico	48%	13%	-	19%
Paraguay	-	-	-	27%
Peru	-	-	-	14%
Uruguay	-	-	-	19%
Venezuela	29%	-	-	26%
Australasia				
Australia	95%	63%	-	80%
New Zealand	104%	49%	-	75%
Middle East				
Bahrain	-	-	-	65%
Egypt	-	-	-	8%
Israel	-	-	-	80%
Kuwait	-	-	-	66%
Lebanon	-	-	-	21%
Oman	-	-	-	16%
Qatar	-	-	-	45%
Saudi Arabia	-	-	-	28%
UAE	-	-	-	70%
Africa				
South Africa	38%	4%	-	20%
Zimbabwe	-	-	-	3%

Lowest CD Player Penetration Markets



Top 10 DVD Markets

Country	DVD Music Video Sales (million units)	DVD Player Penetration
USA	29.0	94%
Japan	20.3	37%
Germany	11.5	60%
France	9.0	71%
UK	7.7	84%
Brazil	7.6	11%
Netherlands	5.3	65%
Canada	4.8	83%
Australia	4.5	63%
Spain	3.5	78%

Notes

Sources: Understanding & Solutions, World Factbook among others

CD - includes standalone CD decks, integrated systems with CD, portable CD players and personal CD players

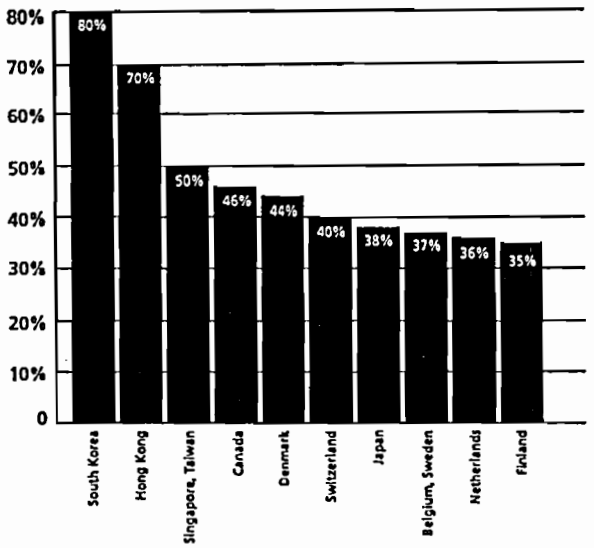
DVD - includes DVD Video Play Only, DVD Video Recordable, DVD Home Theatre Systems & DVD/CTV Combos

Digital Music Player - refers to personal solid state/flash and hard disc products and excludes MiniDisc players

Internet & Broadband Penetration 2004 (% households)

Country	Internet	Broadband
North America		
Canada	75%	46%
USA	66%	32%
Europe		
Austria	57%	21%
Belgium	51%	37%
Bulgaria	5%	-
Czech Republic	16%	2%
Denmark	62%	44%
Finland	62%	35%
France	48%	28%
Germany	53%	17%
Greece	18%	1%
Hungary	25%	9%
Ireland	42%	6%
Italy	39%	20%
Netherlands	74%	36%
Norway	66%	33%
Poland	16%	4%
Portugal	43%	17%
Russia	15%	0%
Spain	37%	19%
Sweden	75%	37%
Switzerland	66%	40%
Turkey	2%	0%
UK	58%	20%
Asia		
China	8%	3%
Hong Kong	71%	70%
India	1%	0%
Indonesia	3%	0%
Japan	56%	38%
Malaysia	14%	4%
Philippines	3%	0%
Singapore	67%	50%
South Korea	78%	80%
Taiwan	62%	50%
Thailand	5%	0%
Lat. America		
Argentina	13%	2%
Brazil	15%	3%
Chile	16%	8%
Colombia	6%	1%
Mexico	13%	1%
Venezuela	14%	3%
AUTRAL Asia		
Australia	70%	21%
New Zealand	49%	6%
Africa		
South Africa	13%	0%
Zimbabwe	14%	0%

Broadband Penetration 2004 (% households)



Source: Understanding & Solutions

Music Retailing

Music retailing continued to change in 2004. Whereas in the early 90's music sales were concentrated in specialist retailers and megastores, in 2004 the retail space has diversified further. Music is now sold through a variety of retail outlets including department stores, audio/visual stores, supermarkets, via the internet and in kiosks as well as through other traditional outlets such as record clubs and mail order.

Across the markets where music retail trends are available (US, Germany, Belgium, France, Netherlands and UK), internet sales showed a consistent increase in share. In Germany, sales of physical products via the internet reached 15% of the market, and 10% in the UK. This has coincided with a drop in sales through traditional retail stores, although in most markets record stores still account for the majority of sales.

USA

	2000	2001	2002	2003	2004
Other Store	44%	46%	54%	56%	54%
Record Store	42%	43%	37%	33%	32%
Internet	3%	3%	3%	5%	6%
Tape/Record Club	8%	6%	4%	4%	4%
TV, Newspaper, Magazine, 800 Number	2%	3%	2%	2%	2%
Concerts	0%	0%	0%	0%	2%

Source: Taylor Aug-Dec interviews

Belgium (% total market value)

	2000	2001	2002	2003	2004
Multiples	27%	24%	44%	45%	45%
Retail	18%	20%	18%	17%	18%
Supermarkets	25%	30%	15%	16%	14%
Wholesale/Independents	21%	16%	15%	15%	13%
Department stores	7%	7%	6%	6%	7%
Others	2%	2%	2%	2%	3%

Source: IFPI Belgium

France (% album value)

	2000	2001	2002	2003	2004
Specialists	32%	34%	35%	38%	39%
Hypermarkets	40%	41%	42%	39%	37%
Chains	15%	15%	16%	17%	17%
Mail Order/Internet	5%	5%	4%	3%	4%
Independents	6%	4%	3%	2%	2%
Department Stores	2%	1%	1%	1%	1%

Source: SNEP

Germany (% total market value)

	2000	2001	2002	2003	2004
Large Chains	40%	40%	39%	38%	39%
Specialist/Department Stores	36%	35%	33%	32%	28%
Internet	4%	6%	9%	12%	15%
Direct Mail	14%	14%	14%	13%	13%
Others	6%	5%	5%	5%	5%

Source: GfK/IFPI Germany

Netherlands

	2000	2001	2002	2003	2004
Entertainment Stores	54%	52%	50%	54%	51%
Hardware/Electrical Stores	2%	4%	8%	9%	9%
Record Club	10%	8%	8%	8%	7%
Department Stores	13%	12%	9%	6%	6%
Internet	1%	2%	5%	3%	5%
Mail Order	2%	3%	2%	3%	3%
Supermarkets	0%	1%	1%	1%	1%
Bookshops	0%	1%	2%	1%	0%
Drugstores	3%	4%	3%	3%	0%
Others	15%	13%	12%	12%	18%

Source: GfK/NVPI

UK (% album units)

	2000	2001	2002	2003	2004
Music Specialist	51%	50%	47%	46%	43%
Supermarkets	12%	15%	18%	22%	24%
Chains/Multiples	20%	19%	18%	15%	16%
Internet	3%	5%	7%	8%	10%
Others	5%	5%	5%	6%	5%
Mail Order/Clubs	8%	7%	6%	4%	3%

Source: TNS/BPI

Notes

USA: Internet does not include record club purchases over the internet. Other stores include department stores, bookstores, AV stores.

Austria

Age	2000	2001	2002	2003	2004
0-14	17%	8%	8%	7%	13%
15-19		9%	7%	7%	
20-24	21%	7%	7%	6%	16%
25-29		12%	12%	10%	
30-39	27%	27%	26%	25%	24%
40-49	19%	19%	19%	21%	22%
50-59	16%	8%	9%	10%	25%
60+		11%	13%	14%	

Source: GfK

Germany

Age	2000	2001	2002	2003	2004
0-15	6%	7%	6%	5%	6%
16-19	7%	7%	6%	7%	6%
20-24	26%	24%	22%	22%	20%
25-29					
30-39	29%	29%	28%	27%	26%
40-49	17%	17%	20%	21%	22%
50+	15%	16%	18%	19%	21%

Source: GfK

Netherlands

Age	2000	2001	2002	2003	2004
10-14	11%	9%	11%	10%	9%
15-19					
20-24	28%	27%	26%	28%	18%
25-29					
30-39	26%	28%	27%	24%	27%
40-49	18%	18%	20%	21%	22%
50-59	9%	11%	10%	11%	15%
60+	8%	7%	6%	7%	9%

Source: GfK

UK

Age	2000	2001	2002	2003	2004
12-19	21%	22%	16%	15%	16%
20-29	22%	19%	20%	19%	18%
30-39	24%	22%	21%	23%	22%
40-49	17%	18%	19%	19%	20%
50-59	10%	12%	14%	14%	14%
60+	7%	7%	9%	10%	10%

Source: TNS

USA

Age	2000	2001	2002	2003	2004
10-14	9%	9%	9%	9%	9%
15-19	13%	13%	13%	11%	12%
20-24	13%	12%	12%	10%	9%
25-29	11%	11%	9%	11%	10%
30-34	10%	10%	11%	10%	10%
35-39	11%	10%	10%	11%	11%
40-44	10%	10%	10%	10%	11%
45+	24%	24%	26%	27%	26%

Source: RIAA/Hart Research/Taylor Research

South Korea

Age	2000	2001	2002	2003	2004
10-14	5%	5%	5%	5%	7%
15-19	18%	15%	15%	13%	13%
20-24	21%	19%	19%	19%	14%
25-29	16%	19%	23%	25%	24%
30-39	23%	25%	21%	21%	25%
40-49	10%	11%	11%	11%	11%
50-59	5%	5%	5%	5%	5%
60+	2%	1%	1%	1%	1%

Source: IFPI Asia Regional Office

Brazil

Age	2000	2001	2002	2003	2004
12-17	-	12%	12%	13%	11%
18-25	-	23%	23%	25%	26%
26-35	-	25%	25%	27%	26%
36-45	-	18%	18%	19%	19%
46-55	-	13%	13%	10%	10%
56+	-	9%	9%	6%	8%

Source: ABPD

Mexico

Age	2000	2001	2002	2003	2004
13-18	10%	16%	23%	19%	23%
19-24	21%	40%	21%	23%	26%
25-34	34%	26%	28%	25%	25%
35-44	20%	13%	17%	18%	16%
45-65	15%	5%	11%	15%	10%

Source: AMPROFON

SALES BY GENRE 2004

Genre	Europe									
	Austria	Belgium	Czech Rep.	France	Germany	Hungary	Latvia	Netherlands	Poland	UK
Pop/MOR	50%	45%	77%	-	38%	35%	35%	49%	25%	38%
Rock/Metal	11%	28%	-	-	19%	15%	18%	16%	15%	30%
Country/Traditional	9%	-	-	-	1%	1%	22%	1%	-	2%
R&B/Urban	-	9%	-	-	-	1%	5%	4%	5%	9%
Rap/Hip Hop	1%	3%	-	-	-	3%	5%	3%	17%	7%
Soundtrack	2%	1%	-	3%	2%	3%	1%	3%	-	-
Dance	2%	3%	9%	-	6%	6%	5%	3%	8%	7%
Children's	3%	3%	-	-	6%	3%	1%	-	1%	-
Religious	-	1%	-	-	-	-	-	-	1%	-
Jazz/Blues	3%	5%	-	4%	2%	2%	2%	5%	8%	3%
Classical	12%	1%	6%	5%	8%	4%	2%	6%	9%	3%
Oldies	-	-	-	-	-	-	-	-	3%	-
New Age	-	-	-	-	-	-	-	-	1%	-
World	-	1%	-	3%	-	2%	2%	1%	2%	-
Other	7%	-	8%	85%	18%	25%	2%	9%	5%	1%

Genre	North America	Asia			Latin America	Australasia
	USA	Malaysia	Pakistan	South Korea	Brazil	Australia
Pop/MOR	10%	30%	27%	30%	29%	4%
Rock/Metal	24%	20%	-	9%	-	80%
Country/Traditional	13%	2%	-	2%	11%	3%
R&B/Urban	11%	12%	-	12%	-	1%
Rap/Hip Hop	12%	15%	-	6%	-	-
Soundtrack	1%	2%	13%	7%	-	-
Dance	-	1%	-	4%	-	3%
Children's	3%	1%	-	1%	3%	1%
Religious	6%	5%	8%	2%	20%	-
Jazz/Blues	3%	5%	-	8%	-	2%
Classical	2%	5%	2%	10%	2%	4%
Oldies	1%	-	-	7%	-	-
New Age	1%	-	-	-	-	-
World	-	1%	-	2%	-	1%
Other	9%	1%	50%	-	35%	1%

Notes

Figures subject to rounding. Genre definitions may vary across territories

In France 'Other' includes French songs (35%), International songs (25%), Compilations (18%) and Other (7%)

In Germany 'Other' includes Schlager (8%), Volksmusik (2%), Instrumental (1%) and Other (7%)

In Italy 'Pop' includes Italian Pop (55%) and International Pop (43%)

In Pakistan 'Other' includes Folk (50%). Pop = Pakistani Pop

In Russia 'Traditional' includes Russian Chanson

In Brazil 'Pop' includes Rock and 'Other' includes Pagode/Samba (10%), Regional/Forro (9%), MPB (9%), Axe (3%)

In Australia 'Other' = Spoken Word/Comedy

USA

Genre	2000	2001	2002	2003	2004
Rock	25%	24%	25%	25%	24%
Country	11%	11%	11%	10%	13%
Rap/Hip-Hop	13%	11%	14%	13%	12%
R&B/Urban	10%	11%	11%	11%	11%
Pop	11%	12%	9%	9%	10%
Other	8%	8%	8%	8%	9%
Religious	5%	7%	7%	6%	6%
Jazz	3%	3%	3%	3%	3%
Children's	1%	1%	-	1%	3%
Classical	3%	3%	3%	3%	2%
Soundtracks	1%	1%	1%	1%	1%
Oldies	1%	1%	1%	1%	1%
New Age	1%	1%	1%	1%	1%

Source: RIAA/Hart Research/Taylor Research

Germany

Genre	2000	2001	2002	2003	2004
Pop/MOR	44%	43%	44%	40%	38%
Rock/Metal	15%	16%	16%	15%	19%
Classical	8%	8%	7%	7%	8%
Schlager	7%	7%	7%	9%	8%
Other	4%	4%	5%	6%	7%
Children's	5%	6%	6%	7%	6%
Dance	9%	8%	6%	7%	6%
Soundtracks	3%	2%	3%	2%	2%
Jazz	2%	1%	2%	2%	2%
Volksmusik	2%	3%	2%	2%	2%
Country	1%	1%	1%	2%	1%
Instrumental	1%	1%	1%	1%	1%

Source: GfK

Belgium

Genre	2000	2001	2002	2003	2004
Pop/MOR	46%	43%	54%	46%	45%
Rock/Metal	24%	22%	26%	29%	28%
R&B/Urban	7%	9%	6%	4%	9%
Other	6%	2%			6%
Rap/Hip Hop	3%	-	5%	4%	3%
Dance	3%	13%	3%	4%	3%
Children's	2%	2%	1%	2%	3%
Classical	3%	3%	2%	5%	1%
Soundtracks	4%	4%	2%	3%	1%
World	2%	2%	1%	3%	1%

Source: IFPI Belgium

Latvia

Genre	2000	2001	2002	2003	2004
Country/Traditional	-	61%	53%	20%	22%
Pop/MOR	-	-	-	36%	35%
Rock/Metal/Alternative	-	30%	30%	23%	18%
Rap/Hip Hop	-	1%	3%	2%	5%
R&B/Urban	-	1%	2%	2%	5%
Dance	-	3%	5%	7%	5%
Classical	-	1%	1%	2%	2%
Jazz/Blues	-	1%	2%	1%	2%
World	-	1%	1%	-	2%
Other	-	1%	3%	5%	2%
Soundtracks	-	-	-	-	1%
Children's	-	-	-	2%	1%

Source: LaMPA

France

Genre	2000	2001	2002	2003	2004
French songs	28%	30%	34%	38%	35%
International songs	16%	18%	22%	26%	25%
Compilations	22%	22%	26%	19%	18%
Other	22%	18%	7%	5%	7%
Classical	4%	4%	4%	4%	5%
Jazz	3%	3%	3%	3%	4%
World/Reggae	3%	3%	2%	3%	3%
Soundtrack	2%	2%	2%	2%	3%

Source: SNEP

Netherlands

Genre	2000	2001	2002	2003	2004
Pop/MOR	51%	54%	55%	54%	49%
Rock/Metal	18%	11%	14%	16%	16%
Other	3%	7%	6%	3%	9%
Classical	11%	13%	9%	8%	6%
Jazz/Blues	2%	2%	1%	1%	5%
R&B/Urban	3%	2%	3%	4%	4%
Soundtracks	2%	3%	4%	2%	3%
Rap/Hip Hop	-	2%	4%	-	3%
Dance	4%	3%	1%	5%	3%
Country/Traditional	2%	1%	1%	4%	1%
World	2%	-	1%	2%	1%
New Age	2%	2%	2%	1%	-

Source: GfK

(Sales by Genre Trends continues on page 140)

SALES BY GENRE TRENDS

UK

Genre	2000	2001	2002	2003	2004
Rock	26%	28%	31%	29%	30%
Pop	32%	32%	30%	31%	30%
R&B	9%	9%	7%	8%	9%
MOR	5%	6%	6%	6%	8%
Dance	13%	11%	10%	7%	7%
Rap/Hip Hop	4%	4%	5%	6%	7%
Classical	4%	4%	4%	4%	3%
Jazz	1%	1%	2%	3%	3%
Country	2%	2%	2%	2%	2%
Other	5%	4%	4%	4%	1%

Source: The Official Chart Company

Australia

Genre	2000	2001	2002	2003	2004
Rock/Pop	79%	81%	76%	76%	80%
Easy Listening/Nostalgic	3%	-	3%	4%	4%
Country/Traditional/Folk	5%	3%	5%	4%	3%
Jazz/Big Band/Swing	1%	2%	2%	3%	2%
Soul/R&B	2%	3%	2%	2%	1%
Spoken Word/Comedy	1%	-	1%	-	1%
World	-	1%	1%	3%	1%
Dance	5%	4%	6%	4%	[illegible]
Classical	4%	4%	4%	3%	[illegible]
Children's	1%	3%	-	1%	[illegible]
Religious	-	-	-	1%	[illegible]

Source: ARIA

South Korea

Genre	2000	2001	2002	2003	2004
Pop/MOR	29%	30%	30%	30%	30%
R&B/Urban	8%	5%	5%	8%	12%
Classical	10%	10%	9%	10%	10%
Rock	19%	19%	20%	18%	9%
Jazz/Blues	8%	9%	8%	8%	8%
Soundtrack	4%	4%	4%	4%	7%
Oldies	3%	3%	4%	4%	7%
Rap/Hip Hop	7%	5%	6%	6%	6%
Dance	6%	5%	5%	4%	4%
World	-	4%	3%	2%	2%
Country/Traditional	3%	2%	2%	2%	2%
Religious	1%	2%	2%	2%	2%
Children's	1%	1%	1%	1%	1%
New Age	1%	1%	1%	1%	-

Source: IFPI Asia Regional Office

Brazil

Genre	2000	2001	2002	2003	2004
Pop/Rock	47%	55%	55%	40%	29%
Religious	1%	1%	1%	12%	20%
Pagode/Samba/Axe/Forro	34%	15%	15%	24%	22%
MPB	-	-	-	-	9%
Country/Traditional	13%	21%	21%	18%	11%
Children's	2%	6%	6%	2%	3%
Jazz/Blues	-	1%	1%	2%	-
World	2%	1%	1%	-	-
Classical	-	-	-	2%	2%
Other	-	-	-	-	4%

Source: ABPD

2004 Repertoire Origin (% of market value excluding multi-artist product)			
Country	Domestic	International	Classical
North America			
Canada	34%	62%	4%
USA	93%	5%	2%
Europe			
Austria	7%	82%	11%
Belgium	20%	75%	5%
Bulgaria	35%	58%	7%
Croatia	54%	44%	2%
Czech Republic	61%	33%	6%
Denmark	41%	55%	4%
Estonia	34%	66%	-
Finland	54%	40%	6%
France	63%	32%	5%
Germany	49%	45%	6%
Greece	57%	40%	3%
Hungary	36%	58%	6%
Ireland	25%	75%	-
Italy	47%	49%	4%
Latvia	66%	34%	-
Netherlands	19%	77%	4%
Norway	30%	66%	4%
Poland	40%	51%	9%
Portugal	29%	67%	4%
Romania	77%	22%	1%
Spain	46%	48%	6%
Sweden	39%	59%	2%
Switzerland	18%	73%	9%
Turkey	94%	6%	-
UK	51%	43%	6%
Ukraine	32%	68%	-
Asia			
China	45%	55%	-
Hong Kong	35%	54%	11%
India	90%	10%	-
Indonesia	58%	42%	-
Japan	72%	28%	-
Malaysia	22%	75%	3%
Pakistan	65%	35%	-
Philippines	44%	55%	1%
Singapore	23%	72%	5%
South Korea	61%	25%	14%
Taiwan	52%	40%	8%
Thailand	61%	39%	-

(2004 Repertoire Origin continues on page 142)

2004 REPERTOIRE ORIGIN

2004 Repertoire Origin (% of market value excluding multi-artist product)			
Country	Domestic	International	Classical
Latin America			
Argentina	40%	56%	4%
Brazil	74%	23%	3%
Central America	-	98%	2%
Chile	25%	70%	5%
Colombia	31%	67%	2%
Ecuador	-	98%	2%
Mexico	43%	55%	2%
Uruguay	41%	58%	1%
Venezuela	1%	96%	3%
Australasia			
Australia	27%	69%	4%
New Zealand	13%	83%	4%
Middle East			
Bahrain	59%	41%	
Egypt	96%	4%	
Israel	34%	58%	8%
Kuwait	76%	24%	
Lebanon	28%	72%	
Oman	61%	39%	
Qatar	64%	36%	
Saudi Arabia	79%	21%	
UAE	45%	55%	
Africa			
South Africa	41%	59%	-
Zimbabwe	80%	20%	-

Notes

In Asia, Middle East and Latin America international repertoire includes regional repertoire.

In the Middle East domestic repertoire = Arabic and regional repertoire = Indian. Does not apply to Israel.

Basis for origin classification may differ across territories.

Domestic Repertoire 2000 - 2004 (% of market value excluding multi-artist product)					
Country	2000	2001	2002	2003	2004
North America					
Canada	12%	13%	23%	22%	34%
USA	92%	93%	93%	93%	93%
Europe					
Austria	13%	14%	10%	14%	7%
Belgium	17%	15%	14%	17%	20%
Bulgaria	72%	73%	59%	61%	35%
Croatia	49%	-	-	60%	54%
Czech Republic	43%	56%	45%	51%	61%
Denmark	31%	32%	34%	42%	41%
Estonia	23%	32%	35%	37%	34%
Finland	39%	44%	46%	49%	54%
France	51%	59%	59%	60%	63%
Germany	40%	40%	45%	48%	49%
Greece	54%	54%	57%	59%	57%
Hungary	38%	44%	32%	38%	36%
Iceland	43%	-	51%	53%	-
Ireland	26%	22%	19%	19%	25%
Italy	36%	44%	47%	48%	47%
Latvia	42%	41%	43%	45%	66%
Netherlands	26%	18%	17%	19%	19%
Norway	20%	18%	20%	22%	30%
Poland	28%	37%	35%	38%	40%
Portugal	21%	17%	13%	29%	29%
Romania	73%	73%	76%	73%	77%
Russia	64%	64%	60%	65%	-
Slovakia	31%	40%	34%	35%	-
Slovenia	-	-	46%	43%	-
Spain	39%	41%	38%	46%	46%
Sweden	30%	27%	33%	37%	39%
Switzerland	8%	8%	8%	10%	18%
Turkey	77%	86%	84%	93%	94%
UK	53%	52%	49%	47%	51%
Ukraine	43%	44%	49%	36%	32%
Asia					
China	55%	51%	47%	47%	45%
Hong Kong	48%	47%	48%	40%	35%
India	90%	90%	90%	90%	90%
Indonesia	53%	53%	58%	56%	58%
Japan	77%	76%	74%	72%	72%
Malaysia	16%	16%	21%	22%	22%
Pakistan	100%	100%	95%	91%	65%
Philippines	42%	42%	22%	29%	44%
Singapore	21%	27%	27%	28%	23%
South Korea	63%	63%	62%	60%	61%
Taiwan	66%	50%	49%	50%	52%
Thailand	77%	73%	70%	61%	61%

(Domestic Repertoire Trends 2000 -2004 continues on page 144)

DOMESTIC REPERTOIRE TRENDS 2000–2004

Domestic Repertoire 2000 - 2004 (% of market value excluding multi-artist product)					
Country	2000	2001	2002	2003	2004
Latin America					
Argentina	50%	46%	47%	40%	40%
Brazil	75%	70%	68%	72%	74%
Chile	16%	19%	19%	22%	25%
Colombia	31%	36%	33%	26%	31%
Mexico	46%	47%	49%	54%	43%
Uruguay	30%	24%	38%	40%	41%
Venezuela	12%	21%	25%	19%	1%
Australasia					
Australia	28%	21%	20%	26%	27%
New Zealand	6%	7%	11%	11%	13%
Middle East					
Bahrain	41%	57%	47%	49%	59%
Egypt	99%	97%	95%	95%	96%
Israel	44%	-	42%	37%	34%
Kuwait	70%	71%	72%	66%	76%
Lebanon	58%	-	50%	46%	28%
Oman	57%	60%	60%	59%	61%
Qatar	54%	55%	58%	-	64%
Saudi Arabia	65%	-	76%	74%	79%
UAE	30%	33%	35%	33%	45%
Africa					
South Africa	23%	27%	27%	32%	41%
Zimbabwe	-	65%	81%	-	80%

Notes

Basis for origin classification may differ across territories

In the Middle East domestic repertoire = Arabic. Does not apply to Israel

International Repertoire 2000 - 2004 (% of market value excluding multi-artist product)

Country	2000	2001	2002	2003	2004
North America					
Canada	82%	82%	71%	72%	62%
USA	5%	5%	5%	5%	5%
Europe					
Austria	77%	77%	79%	75%	82%
Belgium	78%	80%	81%	77%	75%
Bulgaria	28%	26%	38%	34%	58%
Croatia	51%	-	-	38%	44%
Czech Republic	48%	40%	47%	42%	-
Denmark	65%	63%	62%	55%	55%
Estonia	77%	68%	65%	63%	66%
Finland	53%	47%	47%	44%	-
France	42%	36%	36%	35%	32%
Germany	53%	53%	49%	46%	45%
Greece	42%	42%	39%	38%	40%
Hungary	52%	47%	53%	51%	58%
Iceland	57%	-	49%	47%	-
Ireland	72%	78%	81%	81%	75%
Italy	60%	53%	49%	48%	49%
Latvia	58%	55%	53%	50%	34%
Netherlands	63%	76%	77%	76%	77%
Norway	76%	79%	76%	75%	66%
Poland	63%	55%	56%	54%	51%
Portugal	73%	78%	84%	67%	67%
Romania	27%	27%	23%	27%	22%
Russia	28%	34%	39%	33%	-
Slovakia	64%	57%	63%	62%	-
Slovenia	-	-	54%	57%	-
Spain	55%	48%	55%	47%	48%
Sweden	67%	70%	64%	63%	59%
Switzerland	83%	83%	83%	90%	73%
Turkey	23%	14%	16%	7%	-
UK	40%	41%	45%	47%	43%
Ukraine	56%	55%	51%	64%	68%
Asia					
China	45%	49%	53%	53%	55%
Hong Kong	46%	45%	44%	49%	54%
India	10%	10%	10%	10%	10%
Indonesia	47%	47%	42%	44%	42%
Japan	23%	24%	26%	28%	28%
Malaysia	81%	82%	76%	74%	75%
Pakistan	-	-	5%	9%	35%
Philippines	57%	57%	76%	70%	55%
Singapore	73%	69%	69%	67%	72%
South Korea	26%	27%	27%	27%	25%
Taiwan	28%	43%	45%	43%	40%
Thailand	23%	27%	30%	39%	39%

(International Repertoire Trends 2000 -2004 continues on page 146)

International Repertoire 2000 - 2004 (% of market value excluding multi-artist product)

Country	2000	2001	2002	2003	2004
Latin America					
Argentina	41%	51%	50%	57%	56%
Brazil	24%	28%	30%	26%	23%
Central America	95%	-	-	99%	98%
Chile	79%	78%	77%	73%	70%
Colombia	67%	63%	65%	72%	67%
Ecuador	-	-	-	-	98%
Mexico	52%	51%	49%	44%	55%
Paraguay	-	-	-	-	-
Peru	-	-	-	-	-
Uruguay	70%	76%	62%	60%	58%
Venezuela	87%	78%	73%	79%	96%
Australasia					
Australia	68%	75%	76%	70%	69%
New Zealand	90%	89%	85%	83%	83%
Middle East					
Bahrain	59%	43%	53%	51%	41%
Egypt	1%	3%	5%	5%	4%
Israel	51%	-	51%	55%	58%
Kuwait	30%	29%	28%	34%	24%
Lebanon	42%		50%	54%	72%
Oman	43%	40%	40%	41%	39%
Qatar	-	-	-	-	36%
Saudi Arabia	36%	-	25%	26%	21%
UAE	70%	67%	65%	67%	55%
Africa					
South Africa	74%	71%	73%	66%	59%
Zimbabwe	-	35%	19%	-	20%

Notes

Basis for origin classification may differ across territories

International repertoire may include regional repertoire

In the Middle East international repertoire includes Indian repertoire. Does not apply to Israel

Classical Repertoire 2000 - 2004 (% of market value excluding multi-artist product)					
Country	2000	2001	2002	2003	2004
North America					
Canada	6%	5%	6%	6%	4%
USA	3%	2%	2%	2%	2%
Europe					
Austria	10%	9%	11%	11%	11%
Belgium	5%	5%	5%	6%	5%
Bulgaria	-	1%	3%	5%	7%
Croatia	-	-	-	2%	2%
Czech Republic	9%	4%	8%	8%	-
Denmark	4%	5%	4%	4%	4%
Estonia	-	-	-	-	-
Finland	9%	9%	7%	7%	-
France	7%	5%	5%	5%	5%
Germany	8%	7%	7%	6%	6%
Greece	4%	4%	4%	3%	3%
Hungary	10%	9%	14%	12%	6%
Iceland	-	-	-	-	-
Ireland	2%	-	-		-
Italy	5%	4%	4%	4%	4%
Latvia	-	4%	4%	5%	-
Netherlands	11%	6%	6%	5%	4%
Norway	4%	3%	4%	3%	4%
Poland	9%	8%	9%	8%	9%
Portugal	6%	5%	3%	4%	4%
Romania	-	-	1%	-	1%
Russia	4%	2%	1%	1%	-
Slovakia	5%	3%	3%	3%	-
Slovenia	-	-	-	-	-
Spain	6%	11%	7%	7%	6%
Sweden	3%	4%	4%	-	2%
Switzerland	9%	9%	9%	-	9%
Turkey	-	-	-	-	-
UK	7%	7%	6%	6%	6%
Ukraine	2%	1%	-		-
Asia					
China	-	-	-	-	-
Hong Kong	7%	8%	8%	10%	11%
India	-	-	-	-	-
Indonesia	-	-	-	-	-
Japan	-	-	-	-	-
Malaysia	3%	2%	3%	3%	3%
Pakistan	-	-	-	-	-
Philippines	1%	1%	2%	2%	1%
Singapore	6%	4%	5%	5%	5%
South Korea	11%	10%	11%	13%	14%
Taiwan	6%	7%	6%	7%	8%
Thailand	-	-	-	-	-

(Classical Repertoire Trends 2000 – 2004 continues on page 148)

CLASSICAL REPERTOIRE TRENDS 2000-2004

Classical Repertoire 2000 - 2004 (% of market value excluding multi-artist product)					
Country	2000	2001	2002	2003	2004
Latin America					
Argentina	9%	3%	3%	3%	4%
Brazil	1%	2%	2%	2%	3%
Central America	1%			1%	2%
Chile	5%	3%	4%	5%	5%
Colombia	2%	1%	2%	2%	2%
Ecuador	-	-	-	-	2%
Mexico	2%	2%	2%	2%	2%
Paraguay	10%	-	-	-	-
Peru	1%	-	-	-	-
Uruguay	-	-	-	-	1%
Venezuela	1%	1%	2%	2%	3%
Australasia					
Australia	4%	4%	4%	4%	4%
New Zealand	4%	4%	4%	6%	4%
Middle East					
Bahrain	-	-	-	-	-
Egypt	-	-	-	-	-
Israel	5%	-	7%	8%	8%
Kuwait	-	-	-	-	-
Lebanon	-	-	-	-	-
Oman	-	-	-	-	-
Qatar	-	-	-	-	-
Saudi Arabia	-	-	-	-	-
UAE	-	-	-	-	-
Africa					
South Africa	3%	2%		2%	-
Zimbabwe	-	-	-	-	-

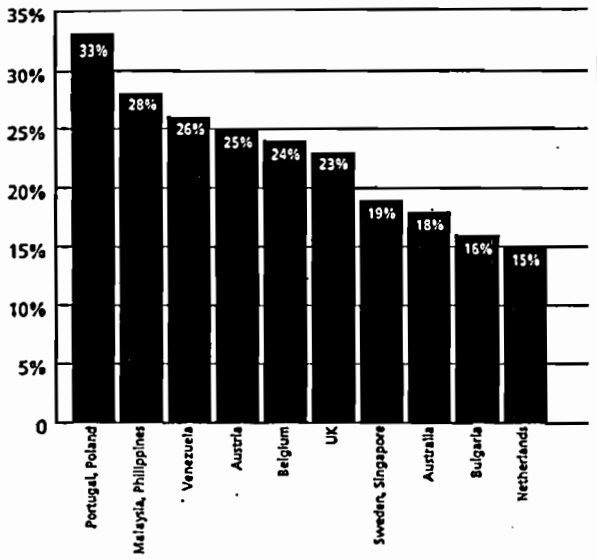
Compilations as % of Albums

Country	2003 Units	2003 Value	2004 Units	2004 Value
[illegible]				
Canada	12%	12%	11%	11%
[illegible]				
Austria	30%	28%	25%	29%
Belgium	18%	21%	24%	17%
Bulgaria	27%	27%	16%	18%
Czech Republic	9%	7%		
Denmark	6%	7%	7%	9%
Finland	15%	14%		16%
France		19%		
Germany	9%		9%	
Hungary	11%	6%		
Italy	10%	14%	7%	8%
Netherlands	18%	17%	15%	15%
Norway	14%	14%	11%	13%
Poland	26%	19%	33%	25%
Portugal	29%	28%	33%	31%
Romania	41%	33%		
Slovakia	22%	14%		
Spain	29%	25%	11%	22%
Sweden			19%	16%
Turkey			5%	5%
UK	24%		23%	23%
Ukraine	36%	34%	9%	12%
[illegible]				
Hong Kong	22%	22%	10%	10%
Malaysia	26%	23%	28%	22%
Philippines	34%	30%	28%	26%
Singapore	24%	20%	19%	16%
South Korea	5%	6%	6%	5%
Taiwan	6%	4%	6%	4%
[illegible]				
Argentina	7%	3%	0.4%	0.4%
Central America	7%	7%		
Chile	3%	2%		
Colombia			9%	8%
Ecuador			3%	3%
Mexico	12%	13%	14%	14%
Uruguay			0.3%	0.3%
Venezuela	10%	9%	26%	10%
[illegible]				
Australia	10%	10%	18%	18%
New Zealand	12%	14%	11%	13%

Notes

Canada: figures are estimates
France and UK: % of total market
Germany: TV compilations only

Compilations as % of Music Market - Top Ranking



CERTIFICATION AWARDS

Albums (unit sales required)								
	Domestic Repertoire				International Repertoire			
Country	Silver	Gold	Platinum	Diamond	Silver	Gold	Platinum	Diamond
Canada		50,000	100,000	1,000,000		s	s	s
USA		500,000	1,000,000	10,000,000		s	s	s
Austria		15,000	30,000			s	s	
Belgium		15,000	30,000			25,000	50,000	
Bulgaria		15,000	30,000			10,000	20,000	
Czech Republic		10,000	20,000			5,000	10,000	
Denmark		20,000	40,000			s	s	
Finland		15,000	30,000			s	s	
France	50,000	100,000	300,000	1,000,000	s	s	s	
Germany		100,000	200,000			s	s	
Greece		20,000	40,000			10,000	20,000	
Hungary		15,000	30,000			10,000	20,000	
Ireland	5,000	7,500	15,000		s	s	s	
Italy	20,000	40,000	80,000	400,000	s	s	s	s
Latvia		8,000	15,000			4,000	8,000	
Netherlands		40,000	80,000					
Norway		20,000	40,000			s	s	
Poland		35,000	70,000	350,000		20,000	40,000	200,000
Portugal	10,000	20,000	40,000	350,000	s	s	s	s
Slovakia		5,000	10,000			2,500	5,000	
Slovenia		5,000	10,000			s	s	
Spain		50,000	100,000			s	s	
Sweden		30,000	60,000			s	s	
Switzerland		20,000	40,000			s	s	
UK	60,000	100,000	300,000		s	s	s	
Ukraine		50,000	100,000	500,000		25,000	50,000	100,000
Hong Kong		25,000	50,000			10,000	20,000	
India		100,000	200,000			10,000	20,000	
Indonesia		75,000	150,000			25,000	50,000	
Japan		100,000	250,000			s	s	
Malaysia		15,000	25,000			s	s	
Philippines		15,000	30,000			s	s	
Singapore		7,500	15,000			s	s	
South Korea		15,000	30,000			s	s	
Taiwan		50,000	100,000			15,000	30,000	
Thailand*		50,000	100,000			20,000	40,000	

Notes

Albums

In the Middle East domestic repertoire = Arabic repertoire

s indicates same levels for both domestic and international repertoire

*Thailand. International repertoire levels for 2005 are G=15,000, P=30,000

Albums (unit sales required)								
	Domestic Repertoire				International Repertoire			
Country	Silver	Gold	Platinum	Diamond	Silver	Gold	Platinum	Diamond
Argentina		30,000	60,000	250,000				
Brazil		50,000	125,000	500,000		50,000	125,000	500,000
Chile		10,000	20,000					
Colombia		25,000	50,000					
Ecuador	3,750	7,500	15,000					
Mexico		50,000	100,000	500,000				
Paraguay		5,000	10,000					
Peru		5,000	10,000					
Uruguay		3,000	6,000					
Venezuela		10,000	20,000					
Australia		35,000	70,000					
New Zealand		7,500	15,000					
Gulf States		15,000	30,000					
Egypt		50,000	100,000			5,000	10,000	
Lebanon		20,000	40,000			5,000	10,000	
South Africa		25,000	50,000					

(Certification Awards continues on page 152)

CERTIFICATION AWARDS

Singles (unit sales required)

Country	Silver	Gold	Platinum	Diamond
Canada		5,000	10,000	100,000
USA		500,000	1,000,000	
Austria		15,000	30,000	
Belgium**		15,000	30,000	
Czech Republic		1,000	2,000	
Denmark		4,000	8,000	
Finland		5,000	10,000	
France*	125,000	250,000	500,000	750,000
Germany		150,000	300,000	
Greece		10,000	20,000	
Hungary		5,000	10,000	
Ireland	7,500	10,000	15,000	
Italy		10,000	20,000	
Lithuania		3,000	5,000	
Netherlands		40,000	60,000	
Norway		5,000	10,000	
Portugal	10,000	20,000	40,000	
Spain		25,000	50,000	
Sweden		10,000	20,000	
Switzerland		20,000	40,000	
UK	200,000	400,000	600,000	
Japan**		100,000	250,000	
Singapore		5,000	10,000	
Taiwan		10,000	20,000	
Thailand**		50,000	100,000	
Australia		35,000	70,000	
New Zealand		5,000	10,000	
S Africa		10,000	25,000	

Notes

(*) Belgium figures in table indicate domestic repertoire singles. Levels for international repertoire are gold 25,000 and plat 50,000.

(**) Japan figures in table indicate domestic repertoire singles. Levels for international repertoire are gold 100,000 and plat 250,000.

In Thailand figures in table indicate domestic repertoire singles. Levels for international repertoire are gold 20,000 and plat 40,000.

Music Videos (unit sales required)			
Country	Gold	Platinum	Diamond
[illegible]			
Canada	5,000	10,000	100,000
US	50,000	100,000	
[illegible]			
Austria	5,000	10,000	
Belgium	25,000	50,000	
Czech Republic	1,500	3,000	
Denmark	4,000	8,000	
Finland	5,000	10,000	
France	10,000	20,000	100,000
Germany	25,000	50,000	
Greece	5,000	10,000	
Hungary	3,500		
Italy	15,000	30,000	
Latvia	5,000	8,000	
Netherlands	40,000	80,000	
Norway	5,000	10,000	
Poland	5,000	10,000	
Portugal	4,000	8,000	
Slovakia	500	1,000	
Spain	10,000	25,000	
Sweden	10,000	20,000	
UK	25,000	50,000	
[illegible]			
Japan	100,000	250,000	
[illegible]			
Brazil	25,000	50,000	100,000
Mexico	10,000	20,000	
[illegible]			
Australia	7,500	15,000	

Digital Downloads (unit sales required)			
	Gold	Platinum	Diamond
[illegible]			
USA	100,000	200,000	

IFPI PLATINUM EUROPE AWARDS

As the pre-eminent recording industry award in Europe, IFPI's Platinum Europe programme honours recording artists whose albums have achieved sales of over one million, or subsequent levels of a million in Europe.

The awards programme celebrates the remarkable creativity and diversity of European musical talent and has become the benchmark of success for recording artists in Europe. A total of 750 albums from a wide range of musical genres have qualified for Platinum Awards since certifications began in 1996.

In 2004, certification was awarded to 77 albums honouring 63 artists from eight countries. In total, there were 89 awards made for first or subsequent levels of Platinum Europe sales.

European repertoire performed well, with 34 albums gaining certification. Acts from the UK and Ireland accounted for 22 albums - representing 29% of total albums achieving awards - boosted by releases from artists including Joss Stone, Ronan Keating, The Streets and Will Young.

Three titles from Blue received awards, with sales of 'One Love' and 'Guilty' each passing one million, and their 2004 release 'Best Of Blue' going double platinum.

The debut offering 'Hopes and Fears' from British band Keane sold over two million copies during the year, whilst Robbie Williams' 'Greatest Hits' sold a staggering four million in the last two months of 2004, making it the year's biggest selling album across Europe.

French artists also sold well and comprised the majority of non-English language certified titles, picking up ten album awards. These included two awards for Yannick Noah, with albums 'Pokhara' and 'Yannick Noah'. Patrick Bruel's 2002 release 'Entre Deux' went double platinum.

Finland picked up its first ever award for the band Him, whose 2000 release 'Razorblade Romance' went first-time platinum. Spain's David Bisbal also surpassed the million mark with his new album 'Buleria'.

The 2004 awards also saw albums from Australian artists Delta Goodrem and Kylie Minogue go platinum.

In total, 34 albums from US artists gained certification - including new releases from Anastacia, Scissor Sisters and Eminem, whose albums went double or multi-platinum during the year.

'Feels Like Home' by Norah Jones was one of the most successful new albums of 2004, clocking up three Platinum Europe Award levels, whilst her 2002 debut, 'Come Away With Me' reached six million sales.

It was also a phenomenal year for U2, with their latest release 'How to Dismantle an Atomic Bomb' going three times platinum within only two months of release, and 'The Best of 1980 – 1990' reaching an exceptional seventh platinum level.

In 2004, The Fugees and George Michael both achieved their six millionth sales for 'The Score' and 'Ladies and Gentleman – The Best of George Michael' respectively.

Canadian Celine Dion increased her already remarkable award tally, confirming her place as the most successful Platinum Europe artist. Three of her albums achieved awards in 2004, including one for her 1999 album 'All The Way...A Decade of Song', which topped five million sales.

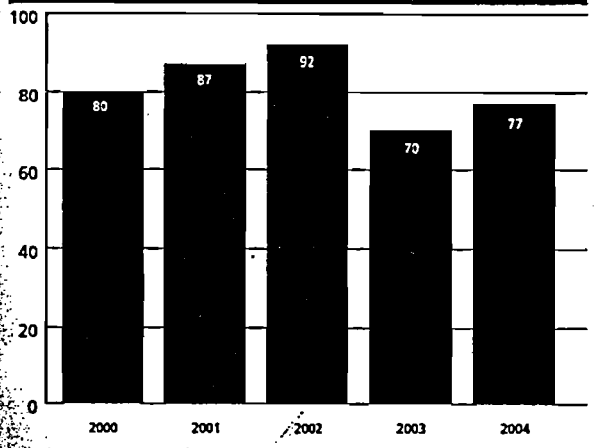
IFPI Platinum Europe Awards Summary

Year	Total Albums Receiving Awards	New Releases Receiving Awards	European Awards	Non-English Language Awards	No. Artists Receiving Awards	No. Countries Receiving Awards
2004	77	25	34	13	63	8
2003	70	21	33	14	57	11
2002	92	32	57	19	77	13
2001	87	30	52	16	69	14
2000	80	35	53	15	73	15

Number of Platinum Awards by Level

Award Level	2000	2001	2002	2003	2004
1	49	45	54	41	46
2	17	19	17	13	14
3	9	11	10	8	9
4	1	5	6	4	2
5	2	1	2	2	2
6	1	4	0	0	3
7*	1	2	2	0	1
8**	0	0	1	1	0
9***	0	0	0	1	0
Total	80	87	92	70	77

Total Number of Albums Receiving Awards



Notes

Number of Platinum Awards by Level

2: The Best Of 1980-1990 (2004), Alanis Morrissette: Jagged Little Pill (2002), Madonna: Ray Of Light (2002), Bon Jovi: Crossroad (2001), Shania Twain: Come On Over (2001), The Beatles: 1 (2000)

*: Celine Dion: D'eux (2003), The Beatles: 1 (2002)

**: Celine Dion: Falling Into You (2003)

(IFPI Platinum Europe Awards continues on page 156)

2004 Platinum Europe Awards			
Artist	Title	Company	Award Level
Alicia Keys	The Diary Of Alicia Keys	BMG	1
Alicia Keys	Songs In A Minor	BMG	1
Anastacia	Anastacia	Sony Music Entertainment Europe	3
Anastacia	Not That Kind	Sony Music Entertainment Europe	4
Avril Lavigne	Under My Skin	BMG	1
Barbra Streisand	The Essential Barbra Streisand	Sony Music Entertainment Europe	1
Black Eyed Peas	Elephunk	Universal Music	2
Blue	Guilty	EMI Music	1
Blue	Best Of Blue	EMI Music	1
Blue	One Love	EMI Music	2
Britney Spears	In The Zone	BMG	1
Britney Spears	Greatest Hits: My Prerogative	BMG	1
Calogero	Z	Universal Music	1
Celine Dion	Celine Dion A L'Olympia	Sony Music Entertainment Europe	1
Celine Dion	Live A Paris	Sony Music Entertainment Europe	2
Celine Dion	All The Way... A Decade Of Song	Sony Music Entertainment Europe	5
Christina Aquilera	Stripped	BMG	3
David Bisbal	Buleria	Vale Music Spain	1
David Gray	White Ladder	Warner Music	3
Delta Goodrem	Innocent Eyes	Sony Music Entertainment Europe	1
Destiny's Child	Destiny Fulfilled	Sony Music Entertainment Europe	1
Diana Krall	The Look Of Love	Universal Music	1
Dido	Life For Rent	BMG	5
Eminem	Encore	Universal Music	2
Eva Cassidy	Songbird	Hot Records	2
Evanescence	Fallen	Sony Music Entertainment Europe	3
Francis Cabrel	Samedi Soir Sur La Terre	Sony Music Entertainment Europe	3
Fugees	The Score	Sony Music Entertainment Europe	6
George Michael	Patience	Sony Music Entertainment Europe	1
George Michael	Ladies And Gentlemen - The Best Of George Michael	Sony Music Entertainment Europe	6
Green Day	American Idiot	Warner Music	1
Guns N' Roses	Greatest Hits	Universal Music	1
Him	Razorblade Romance	BMG	1
Jamie Cullum	Twentysomething	Universal Music	1
Joss Stone	The Soul Sessions	EMI Music	1
Joss Stone	Mind, Body & Soul	EMI Music	1
Keane	Hopes & Fears	Universal Music	2
Kylie Minogue	Ultimate Kylie	EMI Music	1
Kyo	Le Chemin	BMG	1
Lenny Kravitz	Greatest Hits	EMI Music	3
Les Choristes	O.S.T. Les Choristes	Warner Music	4
Linkin Park	Meteora	Warner Music	2

2004 Platinum Europe Awards

Artist	Title	Company	Award Level
M			
Maroon 5	Songs About Jane	BMG	2
Marvin Gaye	The Best Of Marvin Gaye	Universal Music	1
Massive Attack	Protection	EMI Music	1
Massive Attack	Mezzanine	EMI Music	2
Michael Bublé	Michael Bublé	Warner Music	1
No Doubt	The Singles Collection	Universal Music	1
Noir Desir	Des Visages Des Figures	Universal Music	1
Norah Jones	Feels Like Home	EMI Music	3
Norah Jones	Come Away With Me	EMI Music	6
O			
O.S.T.	Love Actually	Universal Music	1
Outkast	Speakerboxx/The Love Below	BMG	1
Patrick Bruel	Entre Deux	BMG	2
Placebo	Sleeping With Ghosts	EMI Music	1
R			
R.E.M.	Around The Sun	Warner Music	1
Red Hot Chili Peppers	Greatest Hits	Warner Music	2
Renaud	Boucan D'enfer	EMI Music	2
Robbie Williams	Greatest Hits	EMI Music	4
Ronan Keating	10 Years Of Hits	Universal Music	1
S			
Scissor Sisters	Scissor Sisters	Universal Music	2
Seal	Seal IV	Warner Music	1
Shania Twain	Greatest Hits	Universal Music	1
Snow Patrol	Final Straw	Universal Music	1
Sugababes	Three	Universal Music	1
System Of A Down	Toxicity	Sony Music Entertainment Europe	1
T			
The Streets	A Grand Don't Come For Free	Warner Music	1
Tina Turner	All The Best	EMI Music	1
Tryo	Mamagubida	Sony Music Entertainment Europe	1
U2	How To Dismantle An Atomic Bomb	Universal Music	3
U2	The Best Of 1980 – 1990	Universal Music	7
Usher	Confessions	BMG	1
W			
White Stripes	Elephant	XL Recordings	1
Will Smith	Big Willy Style	Sony Music Entertainment Europe	2
Will Young	Friday's Child	BMG	1
Yannick Noah	Yannick Noah	Sony Music Entertainment Europe	1
Yannick Noah	Pokhara	Sony Music Entertainment Europe	1

RIAA DIAMOND AWARDS

In 1999 the RIAA added to its programme of awards the Diamond Award, which honours titles exceeding sales of 10 million units in the US. To date, 99 albums across a wide variety of genres have achieved a Diamond Award.

Artist	Title	Label	Millions
Eagles, The	Their Greatest Hits 1971	Asylum	28
Jackson, Michael	Thriller	Epic	27
Pink Floyd	The Wall	Columbia	23
Led Zeppelin	Led Zeppelin IV	Atlantic	22
AC/DC	Back In Black	Epic	21
Joel, Billy	Greatest Hits Volume I & Volume II	Columbia	21
Twain, Shania	Come On Over	Mercury Nashville	20
Beatles, The	The Beatles	Apple	19
Fleetwood Mac	Rumours	Warner Bros.	19
Boston	Boston	Epic	17
Houston, Whitney	The Bodyguard (Soundtrack)	Arista	17
Beatles, The	The Beatles 1967 - 1970	Apple	16
Brooks, Garth	No Fences	Capitol	16
Eagles, The	Hotel California	Asylum	16
Hootie & The Blowfish	Cracked Rear View	Atlantic	16
John, Elton	Greatest Hits	MCA	16
Morissette, Alanis	Jagged Little Pill	Maverick	16
Beatles, The	The Beatles 1962 - 1966	Apple	15
Bee Gees	Saturday Night Fever (Soundtrack)	RSO	15
Brooks, Garth	Double Live	Capitol Nashville	15
Guns N Roses	Appetite For Destruction	Geffen	15
Led Zeppelin	Physical Graffiti	Swan Song	15
Pink Floyd	Dark Side Of The Moon	Harvest	15
Santana	Supernatural	Arista	15
Springsteen, Bruce	Born In The U.S.A.	Columbia	15
Backstreet Boys	Backstreet Boys	Jive	14
Brooks, Garth	Ropin' The Wind	Capitol	14
Meat Loaf	Bat Out Of Hell	Cleveland International	14
Metallica	Metallica	Elektra	14
Simon & Garfunkel	Simon & Garfunkel's Greatest Hits	Columbia	14
Spears, Britney	Baby One More Time	Jive	14
Backstreet Boys	Millennium	Jive	13
Houston, Whitney	Whitney Houston	Arista	13
Miller, Steve Band	Greatest Hits 1974-1978	Capitol	13
Prince & The Revolution	Purple Rain (Soundtrack)	Warner Bros.	13
Springsteen, Bruce	Bruce Springsteen & E Street Band Live '75 - '85	Columbia	13
Beatles, The	Abbey Road	Apple	12
Bon Jovi	Slippery When Wet	Mercury	12
Boyz II Men	II	Motown	12
Collins, Phil	No Jacket Required	Atlantic	12
Def Leppard	Hysteria	Mercury	12
Dixie Chicks	Wide Open Spaces	Monument	12
Kenny G	Breathless	Arista	12
Led Zeppelin	Led Zeppelin II	Atlantic	12
Matchbox Twenty	Yourself Or Someone Like You	Atlantic	12
Pearl Jam	Ten	Epic	12
Rogers, Kenny	Kenny Rogers' Greatest Hits	Liberty	12
Rolling Stones, The	Hot Rocks	London	12

Artist	Title	Label	Millions
Soundtrack	Forrest Gump	Epic	12
Twain, Shania	The Woman In Me	Mercury Nashville	12
Beatles, The	Sgt. Pepper's Lonely Hearts Club Band	Capitol	11
Creed	Human Clay	Wind-Up Records	11
Dion, Celine	Falling Into You	550 Music	11
Eagles, The	Eagles Greatest Hits Volume II	Asylum	11
Jewel	Pieces Of You	Atlantic	11
Kid Rock	Devil Without A Cause	Lava	11
Led Zeppelin	Houses Of The Holy	Atlantic	11
'N Sync	No Strings Attached	Jive	11
Soundtrack	Titanic	Sony Classical	11
Soundtrack	Dirty Dancing	RCA	11
Taylor, James	James Taylor's Greatest Hits	Warner Bros.	11
TLC	CrazySexyCool	Laface	11
Twain, Shania	Up!	Mercury Nashville	11
Aerosmith	Aerosmith's Greatest Hits	Columbia	10
Beatles, The	1	Capitol	10
Brooks, Garth	The Hits	Liberty	10
Carey, Mariah	Daydream	Columbia	10
Carey, Mariah	Music Box	Columbia	10
Clapton, Eric	Unplugged	Reprise	10
Def Leppard	Pyromania	Mercury	10
Dion, Celine	Let's Talk About Love	550 Music/Epic	10
Dixie Chicks	Fly	Monument	10
Doobie Brothers	Best Of The Doobies	Warner Bros.	10
Green Day	Dookie	Reprise	10
Hammer	Please Hammer Don't Hurt 'Em	Capitol	10
Joel, Billy	The Stranger	Columbia	10
Jones, Norah	Come Away With Me	Blue Note	10
Journey	Greatest Hits	Columbia	10
King, Carole	Tapestry	Ode	10
Led Zeppelin	Led Zeppelin	Atlantic	10
Linkin Park	Hybrid Theory	Warner Bros.	10
Madonna	The Immaculate Collection	Sire	10
Madonna	Like A Virgin	Sire	10
Marley, Bob & The Wailers	Legend	Island	10
Michael, George	Faith	Columbia	10
'N Sync	'N Sync	RCA	10
Nirvana	Nevermind	DGC	10
No Doubt	Tragic Kingdom	Trauma/Interscope	10
Notorious B.I.G.	Life After Death	Bad Boy/Arista	10
OutKast	Speakerboxx/The Love Below	So So Def	10
Petty, Tom & The Heartbreakers	Greatest Hits	MCA	10
Richie, Lionel	Can't Slow Down	Motown	10
Soundtrack	The Lion King	Disneyland	10
Spears, Britney	Oops! ... I Did It Again	Jive	10
U2	The Joshua Tree	Island	10
Van Halen	Van Halen	Warner Bros.	10
Van Halen	1984 (MCMLXXXIV)	Warner Bros.	10
Wonder, Stevie	Songs In The Key Of Life	Motown	10
ZZ Top	Eliminator	Warner Bros.	10

WORLD SALES HISTORY 1969–2004

Recorded Music Sales - 1969-2004 (figures in millions)

	Units						Value	
Year	Singles	LPs	MCs	CDs	Music Video	Total Units	$US (variable)	$US (2004 ARP)
2004	198	8	380	2,118	186	2,774	33,643	33,643
2003	233	6	492	2,043	154	2,783	32,375	32,436
2002	265	8	534	2,190	110	2,936	32,563	34,101
2001	318	10	659	2,310	80	3,172	34,801	35,876
2000	370	12	736	2,454	-	3,343	36,888	37,174
1999	440	14	847	2,411	-	3,440	38,827	37,236
1998	459	23	897	2,374	-	3,458	38,305	37,027
1997	516	17	1,034	2,232	-	3,468	38,489	35,624
1996	466	21	1,188	2,162	-	3,527	39,812	34,663
1995	432	33	1,200	1,983	-	3,360	39,717	32,151
1994	390	49	1,354	1,784	-	3,318	36,124	29,604
1993	410	109	1,382	1,419	-	3,046	31,158	25,401
1992	352	175	1,476	1,185	-	2,954	29,464	22,696
1991	334	292	1,493	998	-	2,893	27,476	21,254
1990	344	339	1,447	777	-	2,679	24,104	18,729
1989	357	450	1,540	600	-	2,709	21,600	17,688
1988	370	510	1,390	400	-	2,423	20,300	15,402
1987	390	590	1,150	260	-	2,130	17,000	14,030
1986	490	690	970	140	-	1,963	14,000	13,739
1985	650	730	950	61	-	1,958	12,250	14,040
1984	750	800	800	20	-	1,870	12,000	14,569
1983	800	850	660	6	-	1,782	12,000	14,959
1982	680	900	570	-	-	1,697	11,200	14,494
1981	550	1,140	510	-	-	1,833	12,300	16,048
1980	526	878	474	-	-	1,527	11,433	13,143
1979	624	896	470	-	-	1,573	10,748	13,929
1978	600	942	428	-	-	1,571	10,192	14,186
1977	545	898	374	-	-	1,454	8,083	13,298
1976	516	743	289	-	-	1,204	6,882	11,370
1975	483	674	236	-	-	1,071	5,891	10,362
1974	515	655	209	-	-	1,036	5,142	10,322
1973	530	617	185	-	-	978	4,521	9,978
1972	-	-	-	-	-	-	3,315	-
1971	-	-	-	-	-	-	2,670	-
1970	-	-	-	-	-	-	2,328	-
1969	-	-	-	-	-	-	2,016	-

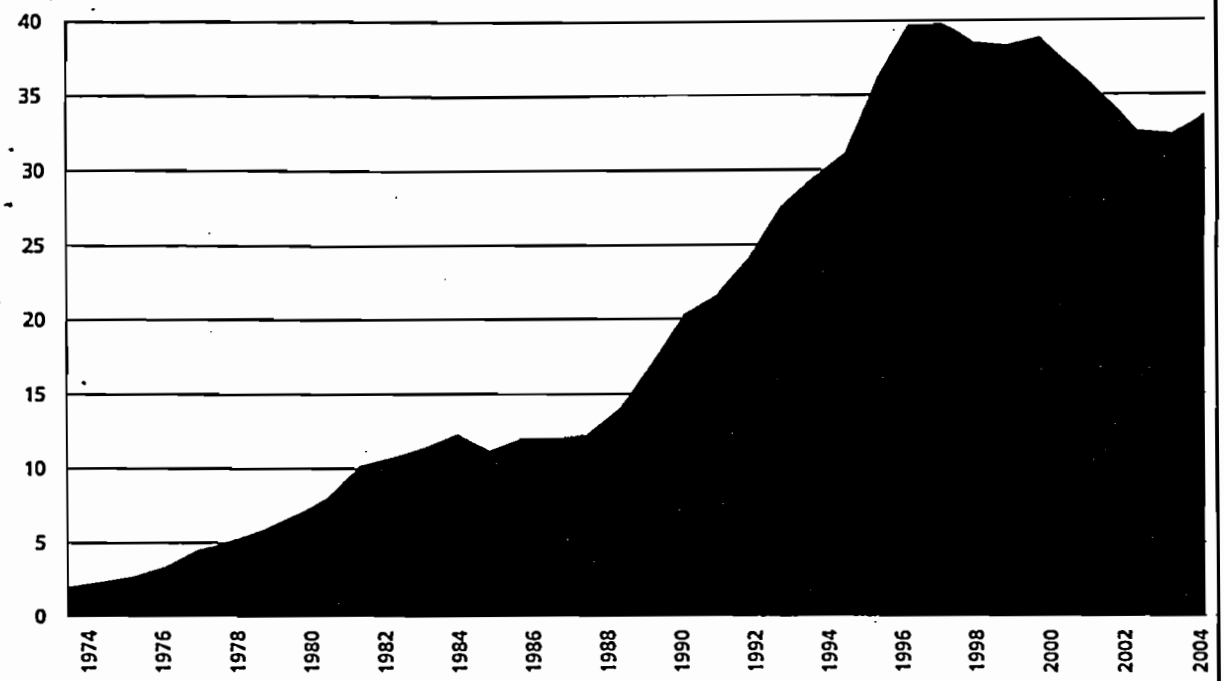
Notes

Other audio formats (MiniDisc, DVD-A, SACD, Other) included in totals from 1997 onwards

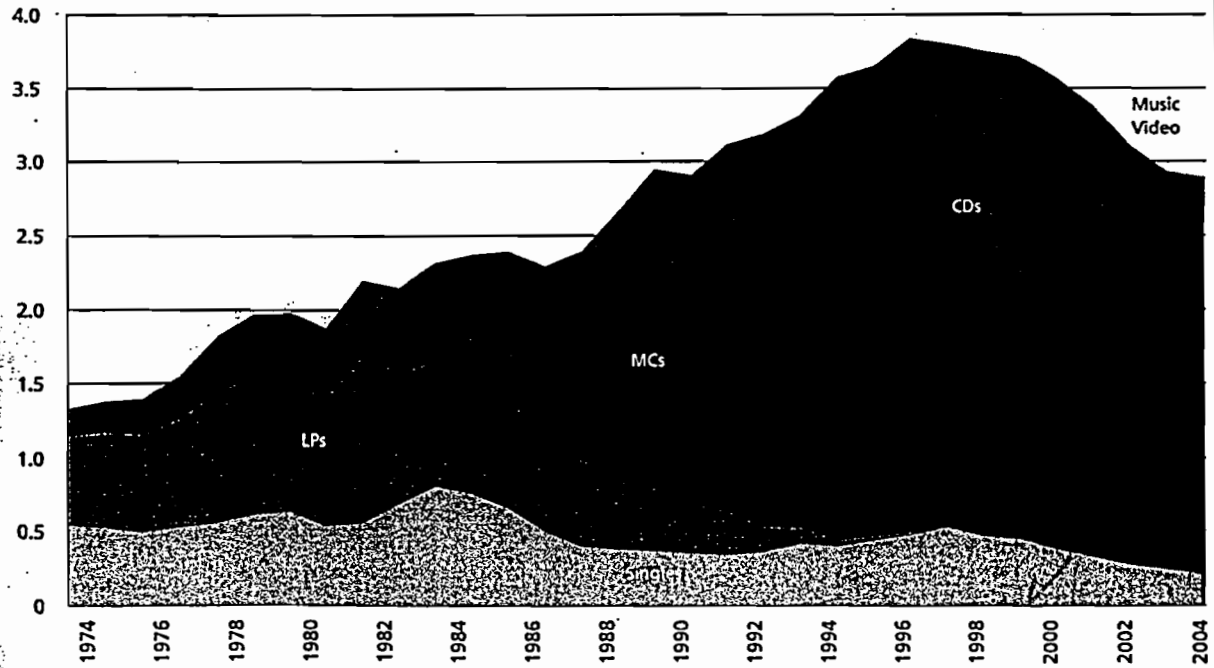
Music video figures (DVD, VHS, VCD) included in totals from 2001 onwards

* $US ARP values are calculated based on 2004 average realised price by format

Value of Global Music Sales billion $US (variable)



Global Music Sales by Format (units, billions)



CD UNIT SALES TRENDS

CD Unit Sales Trends (Figures in millions)

Country	2001	2002	2003	2004	Compound Growth 2001-2004
[illegible]					
Canada	60.7	57.0	53.1	54.8	-3.4%
USA	881.9	803.3	746.0	767.0	-4.5%
Total	942.7	860.7	799.1	821.8	-4.5%
[illegible]					
Austria	11.7	11.1	10.8	9.7	-6.1%
Belgium	16.4	14.5	13.0	15.6	-1.7%
Bulgaria	0.4	0.4	0.4	0.4	0.0%
Croatia	0.6	0.8	1.5	2.6	63.0%
Czech Republic	4.7	3.3	3.4	3.3	-11.1%
Denmark	14.2	11.8	9.8	9.7	-11.9%
Estonia	0.7	0.9	0.7	0.8	-4.6%
Finland	10.7	9.8	10.4	9.0	-5.6%
France	125.2	130.4	117.9	106.4	-5.3%
Germany	182.9	179.4	146.8	146.6	-7.1%
Greece	6.5	7.0	6.5	6.9	2.0%
Hungary	3.3	2.9	3.3	5.4	17.8%
Ireland	8.4	8.0	7.2	7.8	-2.4%
Italy	38.0	36.8	36.2	33.1	-4.5%
Latvia	0.6	0.4	0.4	0.3	-20.6%
Netherlands	31.5	27.9	24.6	23.2	-9.7%
Norway	12.1	13.2	11.6	12.4	0.8%
Poland	14.4	9.5	10.1	10.5	-10.0%
Portugal	11.6	12.5	11.0	9.1	-7.8%
Romania	0.2	3.8	3.0	4.2	175.9%
Russia	11.4	18.2	30.3	58.0	72.0%
Spain	71.1	61.7	42.4	34.0	-21.8%
Sweden	22.8	22.4	19.1	16.6	-10.0%
Switzerland	21.2	21.3	18.6	18.2	-5.0%
Turkey	3.9	4.5	10.6	14.6	55.3%
UK	166.0	164.3	167.2	174.6	1.7%
Ukraine	1.3	3.0	6.8	7.1	76.1%
Total	796.6	783.2	726.8	740.2	-2.4%
[illegible]					
China	11.8	22.7	34.3	52.0	63.9%
Hong Kong	8.1	7.7	7.2	6.1	-9.0%
India	10.0	8.6	15.3	26.2	37.9%
Indonesia	2.0	1.8	2.6	4.6	32.0%
Japan	250.0	228.9	205.8	201.3	-7.0%
Malaysia	2.8	1.9	2.2	2.8	0.0%
Pakistan	0.3	1.1	1.9	12.3	244.8%
Philippines	1.8	2.8	3.2	3.9	29.4%
Singapore	4.3	4.8	4.4	4.0	-2.4%
South Korea	25.4	21.4	15.6	11.5	-23.2%
Taiwan	17.5	16.6	15.1	14.9	-5.2%
Thailand	7.7	9.7	9.1	11.8	15.3%
Total	341.9	327.9	316.8	351.5	-0.9%

CD Unit Sales Trends (Figures in millions)

Country	2001	2002	2003	2004	Compound Growth 2001-2004
[illegible]					
Argentina	9.4	5.5	10.4	12.4	9.7%
Brazil	78.2	79.5	52.4	51.5	-13.0%
Central America	2.9	3.0	2.0	3.0	1.1%
Chile	4.0	5.9	4.7	4.0	0.0%
Colombia	10.1	6.2	6.7	5.6	-17.8%
Ecuador	0.8	0.7	0.9	0.5	-14.5%
Mexico	50.0	51.1	53.5	53.2	2.1%
Paraguay	0.2	0.2	0.1	0.4	26.0%
Peru	0.8	0.4	0.7	0.4	-20.6%
Uruguay	0.4	0.1	0.2	0.4	0.0%
Venezuela	5.1	2.1	0.7	2.6	-20.1%
Total	162.4	154.5	132.2	134.0	-6.2%
[illegible]					
Australia	41.4	39.0	41.6	39.5	-1.6%
New Zealand	7.6	7.6	6.9	6.7	-4.1%
Total	49.0	46.6	48.5	46.2	-1.9%
[illegible]					
Bahrain	0.1	0.1	0.1	0.1	0.0%
Egypt	0.2	0.1	0.1	0.4	26.0%
Israel	4.0	3.5	6.0	5.7	12.5%
Kuwait	0.1	0.1	0.1	0.2	41.9%
Lebanon	0.3	0.3	0.3	0.4	10.1%
Oman	0.1	0.1	0.1	0.1	5.3%
Qatar	0.1	0.1	0.1	0.1	12.6%
Saudi Arabia	0.7	0.4	0.4	0.4	-17.0%
UAE	1.2	1.1	1.2	1.4	5.3%
Total	6.6	5.7	8.4	8.8	10.1%
[illegible]					
South Africa	10.7	11.6	11.5	15.5	13.1%
Zimbabwe	0.2	0.2	[illegible]	0.2	0.0%
Total	11.0	11.8	11.5	15.7	12.6%

DVD MUSIC VIDEO UNIT SALES TRENDS

DVD Music Video Unit Sales Trends (Figures in millions)

Country	2001	2002	2003	2004	Compound Growth 2001-2004
[illegible]					
Canada	0.9	1.6	4.0	4.8	74.7%
USA	7.9	10.7	17.5	29.0	54.3%
Total	8.8	12.3	21.5	33.8	56.6%
[illegible]					
Austria	0.1	0.2	0.4	0.6	81.7%
Belgium	0.2	0.3	0.8	1.6	100.0%
Bulgaria			0.02	0.03	50.0%
Croatia		0.01	0.02	0.02	58.1%
Czech Republic	0.0	0.1	0.1	0.2	115.4%
Denmark	0.0		0.2	0.4	410.9%
Finland		0.1	0.3	0.3	93.6%
France	2.2	3.1	6.9	9.0	59.9%
Germany	1.5	3.8	9.0	11.7	97.2%
Greece			0.2	0.3	50.0%
Hungary	0.03	0.1	0.1	0.2	88.2%
Ireland		0.03	0.1	0.5	308.2%
Italy		0.4	1.3	2.0	123.6%
Latvia		0.01	0.01	0.001	59.2%
Netherlands	0.5	2.0	4.8	5.3	119.7%
Norway	0.1	0.2	0.3	0.3	55.4%
Poland	0.1	0.2	0.3	0.6	81.7%
Portugal	0.1	0.4	0.8	0.8	100.0%
Romania		0.003	0.01	0.02	158.2%
Russia	0.02	0.03	0.1	0.2	115.4%
Spain	0.4	0.5	1.5	3.5	106.1%
Sweden	0.1	0.2	0.9	0.8	115.4%
Switzerland			0.5	0.7	40.0%
UK	1.8	3.6	6.4	7.7	62.3%
Ukraine		0.003	0.01	0.02	158.2%
Total	7.3	15.1	35.1	46.4	85.2%
[illegible]					
China	21.2	30.4	39.5	42.3	25.9%
Hong Kong	1.2	0.8	0.7	0.6	-20.6%
Indonesia	0.7	0.5	1.1	1.2	19.7%
Japan	8.6	11.0	18.2	20.3	33.1%
Malaysia	0.3	0.3	0.4	0.7	32.6%
Pakistan			0.1	0.2	100.0%
Philippines	0.1	0.1	1.3	0.8	137.1%
Singapore	0.3	0.2	0.2	0.2	-12.6%
South Korea		0.4	0.2	0.1	-50.0%
Taiwan	[illegible]	1.3	0.7	0.7	-26.6%
Thailand	4.4	15.2	15.6	15.6	52.5%
Total	36.8	60.2	78.2	82.7	31.0%

DVD Music Video Unit Sales Trends (Figures in millions)

Country	2001	2002	2003	2004	Compound Growth 2001-2004
[illegible]					
Argentina	-	0.1	0.1	0.4	158.2%
Brazil	1.7	2.8	3.3	7.6	647%
Central America	-	0.01	0.02	0.2	532.5%
Chile	0.002	0.2	0.4	0.5	530.0%
Colombia	0.001	0.02	0.1	0.3	569.4%
Ecuador	-	-	0.01	0.04	-
Mexico	-	-	-	1.6	-
Paraguay	0.004	-	-	0.001	-
Peru	-	-	-	0.02	-
Uruguay	-	-	-	0.02	-
Venezuela	-	-	0.01	0.1	500.0%
Total	1.7	3.1	4.0	10.7	84.6%
[illegible]					
Australia	0.8	2.4	5.1	4.6	77.8%
New Zealand	0.1	0.2	0.6	0.5	71.0%
Total	0.9	2.6	5.7	5.1	78.3%
[illegible]					
Israel	-	0.04	0.1	0.2	123.6%
Total	-	0.04	0.1	0.2	123.6%
Africa					
South Africa	0.1	0.3	0.4	0.9	108.0%
Zimbabwe	-	0.0003	-	0.01	-
Total	0.1	0.3	0.4	0.9	108.0%

WORLD SALES OF AUDIO PRODUCTS

World Sales of Audio Products ($US fixed at 2004 rates, millions)

Country	2000	2001	2002	2003	2004	Compound Growth 2000-2004
[illegible]						
Canada	869.8	786.2	709.6	654.7	620.6	-8.1%
USA	14,042.0	13,411.7	12,325.7	11,454.6	11,546.8	-4.8%
Total	14,911.8	14,197.9	13,035.3	12,109.3	12,167.4	-5.0%
[illegible]						
Austria	387.4	349.4	321.6	294.1	268.6	-8.7%
Belgium	357.5	322.0	295.5	253.6	243.3	-9.2%
Bulgaria	6.3	8.4	8.3	6.3	4.7	-7.1%
Croatia	14.1	12.7	13.3	18.9	17.3	5.2%
Czech Republic	60.9	55.6	43.6	41.3	35.4	-12.7%
Denmark	314.8	261.6	220.3	187.6	178.5	-13.2%
Estonia	7.8	8.3	9.2	6.7	11.5	10.2%
Finland	155.2	157.4	145.7	147.8	126.7	-4.9%
France	2,299.5	2,522.5	2,610.1	2,139.8	1,793.9	-6.0%
Germany	3,235.9	2,907.8	2,594.9	2,044.4	1,939.9	-12.0%
Greece	119.5	98.4	105.3	91.0	83.8	-8.5%
Hungary	79.3	71.8	66.1	68.7	55.2	-8.7%
Ireland	162.3	174.2	160.7	130.8	131.6	-5.1%
Italy	792.4	723.9	727.7	672.5	602.2	-6.6%
Latvia	7.0	7.7	6.6	7.0	3.9	-13.6%
Netherlands	609.6	601.1	521.5	441.5	394.4	-10.3%
Norway	303.4	288.4	291.1	258.4	265.0	-3.3%
Poland	177.7	129.9	94.2	90.9	84.9	-16.9%
Portugal	189.6	175.0	181.5	143.4	105.5	-13.6%
Romania	19.7	12.2	24.6	27.3	34.3	14.9%
Russia	192.4	225.8	279.9	345.9	487.9	26.2%
Spain	838.1	845.8	711.4	625.4	520.8	-11.2%
Sweden	403.4	400.4	373.5	306.5	252.5	-11.1%
Switzerland	334.5	326.5	318.3	268.7	248.4	-7.2%
Turkey	52.1	116.7	126.1	150.4	166.2	33.6%
UK	3,392.3	3,557.1	3,468.8	3,425.5	3,327.2	-0.5%
Ukraine	13.4	12.6	31.0	41.7	41.1	32.3%
Total	14,526.1	14,373.2	13,750.8	12,236.1	11,424.7	-5.8%
[illegible]						
China	63.3	72.3	101.7	126.8	135.3	20.9%
Hong Kong	108.2	96.7	89.8	83.9	73.5	-9.2%
India	207.6	238.7	184.8	148.5	152.5	-7.4%
Indonesia	89.3	82.0	67.3	71.8	83.0	-1.8%
Japan	6,420.4	5,905.9	5,323.4	4,654.9	4,572.0	-8.1%
Malaysia	52.6	41.4	28.7	30.1	29.3	-13.6%
Pakistan	8.1	3.3	4.5	23.0	23.3	30.2%
Philippines	29.1	30.0	25.2	23.6	22.9	-5.8%
Singapore	47.0	47.5	49.5	47.5	42.8	-2.3%
South Korea	295.9	299.6	236.1	164.6	130.5	-18.5%
Taiwan	223.9	172.6	148.7	134.1	133.1	-12.2%
Thailand	107.9	101.4	89.5	78.5	72.7	-9.4%
Total	7,653.3	7,091.4	6,349.2	5,587.3	5,470.9	-8.0%

World Sales of Audio Products ($US fixed at 2004 rates, millions)

Country	2000	2001	2002	2003	2004	Compound Growth 2000-2004
[illegible]						
Argentina	70.9	45.0	34.5	60.7	77.9	2.4%
Brazil	452.6	340.8	352.9	272.7	278.1	-11.5%
Central America	38.9	25.9	28.2	22.5	18.6	-16.8%
Chile	57.8	44.0	45.6	35.7	30.2	-15.0%
Colombia	85.6	86.6	62.9	50.4	43.8	-15.4%
Ecuador	8.5	10.8	9.2	6.9	4.3	-15.7%
Mexico	557.7	468.2	381.0	314.6	336.4	-11.9%
Paraguay	1.4	1.4	0.9	0.7	1.8	6.5%
Peru	10.9	6.5	2.3	2.4	3.2	-26.4%
Uruguay	5.1	3.8	1.5	2.9	4.3	-4.2%
Venezuela	27.6	19.3	9.8	4.5	14.9	-19.9%
Total	1,312.0	1,052.3	928.8	774.0	813.5	-11.3%
[illegible]						
Australia	708.8	742.8	676.5	676.9	637.6	-2.6%
New Zealand	127.3	130.4	125.4	113.3	106.9	-4.3%
Total	836.1	873.2	801.9	790.2	744.5	-2.9%
[illegible]						
Bahrain	4.1	4.1	3.9	3.8	3.5	-3.9%
Egypt	30.3	17.8	18.6	13.5	11.1	-22.2%
Israel	47.3	44	39.3	40.4	41.9	-3.0%
Kuwait	8.1	7.8	8.2	8.8	8.6	1.5%
Lebanon	10.1	10.1	7.3	6.4	6.8	-9.4%
Oman	3.2	3.1	3.3	3.1	3.1	0.8%
Qatar	3.4	3.4	3.5	3.7	3.7	2.1%
Saudi Arabia	55.8	50.9	31	28	27	-16.6%
UAE	35.1	31.4	29.5	28.6	28.4	-5.2%
Total	197.4	172.6	144.6	136.3	134.1	-9.2%
[illegible]						
South Africa	161.5	160.7	180.4	175.5	215.3	7.5%
Zimbabwe	0.1	0.4	0.2		15.6	253.4%
Total	161.6	161.1	180.6	175.5	230.9	9.3%

Notes

Table excludes countries that do not have data for all years.

WORLD SALES OF MUSIC VIDEO PRODUCTS

World Sales of Music Video Products ($US fixed at 2004 rates, millions)					
Country	2001	2002	2003	2004	Compound Growth 2001-2003
[illegible]					
Canada	32.2	40.2	73.3	73.2	31.5%
USA	327.4	283.6	393.3	606.5	22.8%
Total	359.6	323.9	466.6	679.7	23.6%
[illegible]					
Austria	5.4	8.0	15.9	20.1	55.0%
Belgium	7.7	10.7	21.9	31.8	60.4%
Bulgaria	0.04	0.04	0.2	0.4	115.4%
Croatia		0.3	0.6	0.7	52.8%
Czech Republic	1.3	2.0	3.2	4.3	49.0%
Denmark	1.0	2.1	7.1	8.9	107.2%
Finland	3.2	4.6	6.8	6.9	29.2%
France	87.4	105.4	183.7	185.4	28.5%
Germany	57.0	135.8	197.7	209.1	54.2%
Greece	0.6		3.7	5.5	109.3%
Hungary	1.3	2.2	3.7	3.9	44.2%
Ireland	5.6	7.1	11.1	14.2	36.4%
Italy	9.1	13.3	35.8	50.3	76.8%
Latvia		0.2	0.4	0.5	58.1%
Netherlands	14.4	56.1	106.6	113.3	98.9%
Norway	2.7	6.4	10.2	8.8	48.3%
Poland	3.8	3.9	5.7	7.1	23.2%
Portugal	4.6	12.0	20.1	16.3	52.5%
Romania		0.1	0.2	0.4	139.0%
Russia	0.8	0.9	1.6	3.0	55.4%
Spain	10.1	11.4	29.3	52.0	72.7%
Sweden	3.3	7.1	18.2	15.4	67.1%
Switzerland			10.3	10.4	1.0%
Ukraine		0.5	0.4	0.6	9.5%
UK	84.7	93.0	141.1	181.5	28.9%
Total	304.8	483.6	836.6	950.5	46.1%
[illegible]					
China	60.8	61.4	71.6	76.6	8.0%
Hong Kong	12.4	9.5	8.7	7.6	15.1%
Indonesia	3.1	1.9	2.6	2.4	8.2%
Japan	484.1	472.4	606.0	595.8	7.2%
Malaysia	1.7	1.5	2.5	2.9	19.5%
Pakistan		0.3	0.2	0.3	0.0%
Philippines	0.4	0.7	3.5	2.0	71.0%
Singapore	3.2	2.9	2.9	2.8	-4.4%
South Korea		6.0	4.4	2.2	-39.4%
Taiwan	12.5	18.3	10.0	9.3	-9.4%
Thailand	21.8	49.6	55.7	68.0	46.1%
Total	600.0	624.4	768.2	770.0	8.7%

World Sales of Music Video Products ($US fixed at 2004 rates, millions)

Country	2001	2002	2003	2004	Compound Growth 2001-2003
[illegible]					
Argentina	0.1	0.9	2.1	6.0	305.5%
Brazil	20.2	34.8	47.8	96.1	68.2%
Central America	-	0.1	0.3	2.6	409.9%
Chile	0.4	5.0	5.6	7.1	160.9%
Colombia	0.5	0.5	2.0	4.7	111.0%
Ecuador	-		0.2	0.6	200.0%
Mexico	4.6	14.2	16.6	23.5	72.2%
Paraguay	0.1			0.03	27.9%
Peru	0.1			0.4	88.2%
Uruguay				0.4	
Venezuela	0.1	0.2	0.2	1.0	142.6%
Total	26.0	55.7	74.8	142.4	76.3%
[illegible]					
Australia	22.4	43.7	86.1	79.1	52.3%
New Zealand	3.1	5.2	12.7	9.9	47.3%
Total	25.5	48.9	98.8	89.0	51.7%
Middle East					
Israel		0.9	1.7	2.9	79.5%
Total		0.9	1.7	2.9	79.5%
Africa					
South Africa	4.3	7.2	12.2	21.2	70.2%
Total	4.3	7.2	12.2	21.2	70.2%

TAXES ON SOUND RECORDINGS

Taxes on Sound Recordings		
Country	Sales Tax	Import tax
[illegible]		
Canada	7%	Up to 12%
Jamaica	15%	45%
USA	2% - 9%	
[illegible]		
Austria*	20%	20%
Belgium	21%	
Bulgaria	20%	15%
Croatia	22%	
Cyprus	8%	
Czech Republic	22%	
Denmark	25%	
Estonia	18%	3.5%
Finland*	22%	22%
France	19.6%	
Germany	16%	
Greece	18%	
Hungary	25%	25%
Iceland	24.5%	10%
Ireland*	21%	
Italy*	20%	20%
Latvia	18%	
Lithuania	18%	
Netherlands	19%	
Norway	24%	
Poland	22%	
Portugal	19%	
Romania	9%	9%
Russia	18%	5%
Slovakia	20%	
Slovenia*	8%	2%
Spain*	16%	16%
Sweden	25%	4%
Switzerland*	7.6%	27%
Turkey	18%	
UK	17.5%	
Ukraine	20%	Variable

Taxes on Sound Recordings		
Country	Sales Tax	Import tax
Asia		
China	17%	17%
Hong Kong		
India	4% - 13.8%	20%
Indonesia	10%	20%
Japan	5%	
Malaysia	10%	20%
Pakistan	16%	
Philippines	10%	10%
Singapore	5%	
South Korea	10%	8%
Taiwan	5%	
Thailand	7%	30%
[illegible]		
Argentina	21%	28.5%
Brazil	15% - 18%	16%
Chile	18%	10%
Colombia	16%	15%
Ecuador	10%	15.6%
Mexico	15%	
Paraguay	10%	9%
Peru	18%	12%
Uruguay	23%	15%
Venezuela	14.5%	
Australasia		
Australia	10%	
New Zealand	12.5%	
Middle East		
Bahrain		10%
Egypt	10%	70%
Israel	17%	2.5% - 5%
Kuwait		4%
Lebanon	10%	5%
Qatar		4%
Saudi Arabia		5%
UAE		4%
Africa		
South Africa	14%	
Zimbabwe	15%	

Notes
USA [illegible]
[illegible]
[illegible]
[illegible]
Chile [illegible]
Uruguay [illegible]
Egypt [illegible]
Israel [illegible]
Lebanon [illegible]

$US Exchange Rates	
Country	IMF Average Annual Exchange Rates
North America	
Canada	1.30
USA	1.00
Europe	
Austria	0.81
Belgium	0.81
Bulgaria	1.58
Croatia	6.04
Czech Republic	25.70
Denmark	5.99
Estonia	12.60
Finland	0.81
France	0.81
Germany	0.81
Greece	0.81
Hungary	202.75
Ireland	0.81
Italy	0.81
Latvia	0.54
Netherlands	0.81
Norway	6.74
Poland	0.81
Portugal	0.81
Romania	32,636.57
Russia	28.81
Spain	0.81
Sweden	7.35
Switzerland	1.24
Turkey	1,448,898.55
UK	0.55
Ukraine	5.32
Asia	
China	8.28
Hong Kong	7.79
India	45.32
Indonesia	8,938.85
Japan	108.19
Malaysia	3.80
Pakistan	60.01
Philippines	56.04
Singapore	1.69
South Korea	1,145.32
Taiwan	33.47
Thailand	40.22

$US Exchange Rates	
Country	IMF Average Annual Exchange Rates
South America	
Argentina	2.92
Brazil	2.93
Central America	1.00
Chile	609.37
Colombia	2,628.61
Ecuador	25,000.00
Mexico	11.29
Paraguay	5,974.58
Peru	3.41
Uruguay	28.70
Venezuela	1,891.33
Australasia	
Australia	1.36
New Zealand	1.51
Middle East	
Bahrain	0.38
Egypt	6.20
Israel	4.48
Kuwait	0.29
Lebanon	1,507.50
Oman	0.38
Qatar	3.64
Saudi Arabia	3.75
UAE	3.67
Africa	
South Africa	6.46
Zimbabwe	4500.43

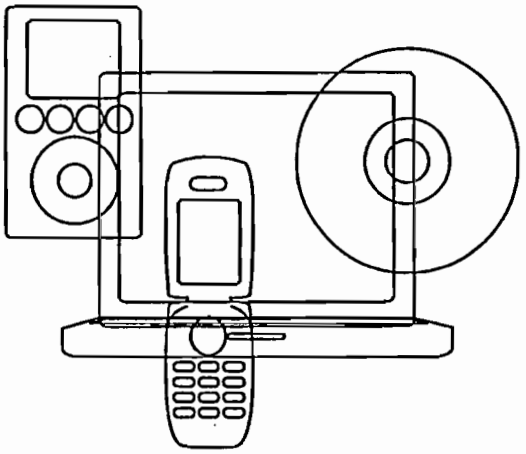


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EXHIBIT CO 0915

WORLD SALES 2005: THE KEY FACTS AND FIGURES

Figure 1: Top 10 Albums of 2005

	Artist	Title	Company
1	Coldplay	X & Y	EMI
2	Mariah Carey	The Emancipation Of Mimi	Universal
3	50 Cent	The Massacre	Universal
4	Black Eyed Peas	Monkey Business	Universal
5	Green Day	American Idiot	Warner
6	Madonna	Confessions on a Dance Floor	Warner
7	Kelly Clarkson	Breakaway	Sony BMG
8	Eminem	Curtain Call	Universal
9	James Blunt	Back to Bedlam	Warner
10	Robbie Williams	Intensive Care	EMI

Figure 2: Top 10 Digital Markets in 2005 (trade revenues in millions)

	Total Digital Market			Digital Sales by Channel	
	US$	Local Currency		Online	Mobile
USA	636	USD	636	68%	32%
Japan	278	JPY	30,587	9%	91%
UK	69	GBP	38	62%	38%
Germany	39	EUR	31	66%	34%
France	28	EUR	22	47%	53%
Italy	16	EUR	13	31%	69%
Canada	15	CAD	18	71%	29%
South Korea	12	KWR	12,045	42%	58%
Australia	7	AUD	10	41%	59%
Netherlands	5	EUR	4	82%	18%

Note: Online includes subscriptions

Figure 3: Total Music Sales by Market in 2005 (physical & digital, values in millions)

		Trade Revenues 2005					Retail Value 2005	
		US$	Local Currency		% Change	% Digital	US$	Local Currency
1	USA	7,012	USD	7,012	-3%	9%	12,269	12,269
2	Japan	3,718	JPY	409,845	1%	7%	5,448	600,497
3	UK	2,162	GBP	1,189	-3%	3%	3,446	1,895
4	Germany	1,457	EUR	1,166	0%	3%	2,211	1,769
5	France	1,248	EUR	999	-2%	2%	1,990	1,592
6	Canada	544	CAD	659	-3%	3%	732	886
7	Australia	440	AUD	576	-10%	2%	674	883
8	Italy	428	EUR	343	0%	4%	669	535
9	Spain	369	EUR	295	-5%	1%	555	444
10	Brazil	265	BRL	645	-12%	1%	394	958
11	Mexico	263	MXP	2,863	10%	<1%	412	4,487
12	Netherlands	246	EUR	197	-14%	2%	431	345
13	Switzerland	206	CHF	257	-3%	1%	267	334
14	Russia	194	RUB	5,477	-37%	-	388	10,961
15	Belgium	162	EUR	129	-7%	2%	262	209
16	South Africa	159	ZAR	1,010	10%	<1%	254	1,618
17	Sweden	148	SEK	1,107	-9%	2%	240	1,795
18	Austria	139	EUR	111	-5%	3%	285	228
19	Norway	133	NOK	857	-12%	1%	253	1,627
20	Denmark	113	DKK	679	-2%	1%	180	1,080
	Other	1,387			-8%	6%	2,096	
	Total	**20,795**			**-3%**	**5%**	**33,456**	

Figure 4: Trade Revenues by Format (million $US)

	2004	2005	Growth
CD	18,109	17,019	-6%
DVD	1,610	1,540	-4%
Digital sales	397	1,143	188%
Singles	821	721	-12%
Other physical *	531	372	-30%

* Cassettes, LPs, VHS and other

EXHIBIT CO 0916

Digital is driving first half world music sales

Digital sales up 106% the first six months of 2006; total music sales down 4%

London, October 12th

Sales of digital music in the first half of 2006 rose 106% to US$945 million when compared with the first six months of last year. Globally, digital sales now account for 11 per cent of the total recorded music market worldwide, up from 5.5 per cent in December 2005.

The US is still leading the digital revolution, with 18 per cent of recorded music sales now being made through digital channels. Digital music sales in the US increased by 84 per cent to US$ 513 million in the first six months of 2006.

Digital music also accounts for a significant part of the overall market in South Korea (51%), Japan (11%), Italy (9%) and the UK (8%).

The explosion in digital music services, spurred by consumer demand and a widening array of delivery channels, has seen online and mobile music sales grow from $US134 million in the first half of 2004 to US$945 million in the first half of 2006.

In Japan, Italy and Spain mobile dominates the digital market, accounting for 85%, 76% and 78% of overall sales respectively. Online downloading is more prominent in markets such as the UK, Germany and the US, where online sales account for 70%, 69% and 64% of digital sales respectively.

Physical music sales declined in the first half period, down by ten per cent worldwide. This led to total music sales falling by four per cent in the period to $8.4 billion in trade values (US$13.7 billion in retail values). Piracy and competition for consumer spending contributed to the first half fall.

There was growth in some markets, such as Japan (12%), South Korea (5%) and Australia (6%), counter-balanced by declines in Germany (-4%), the US (-7%) and France (-9%).

Notes:

Physical sales include: singles, LPs, cassettes, CDs, DVD Audio, SACD, MiniDisc, DVD, VHS and VCDs.

Digital sales include:

- Online: single track downloads, album downloads, music video downloads, streams
- Mobile: master ringtones, full track audio downloads to mobile, ringback tunes, music videos
- Subscription: online and mobile subscriptions

IFPI excludes midi files (monophonic and polyphonic), ringtones and non-artist related content sales from these figures.

IFPI figures are collected from IFPI members (physical sales) and major record companies (digital sales) and include an estimate for non-reported sales, effectively representing 100% of the market.

Retail figures are estimates and represent combined physical and digital sales. For the US, estimated retail values reflect shipments at suggested retail list prices.

IFPI figures may differ from locally released figures as a result of adjustments for non-reported sales and small differences in category definitions.

About IFPI

IFPI is the organisation that promotes the interests of the international recording industry worldwide. Its membership comprises over 1400 major and independent companies in more than 70 countries. It also has affiliated industry national groups in 48 countries. IFPI's mission is to fight music piracy; promote fair market access and good copyright laws; help develop the legal conditions and the technologies for the recording industry to prosper in the digital era; and to promote the value of music.

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EXHIBIT CO 0917

PRICEWATERHOUSECOOPERS

Global Entertainment and Media Outlook: 2006–2010*

United States
Europe, Middle East, Africa (EMEA)
Asia Pacific
Latin America
Canada

Filmed Entertainment
Television Networks: Broadcast and Cable
Television Distribution
Recorded Music
Radio and Out-of-Home Advertising
Internet Advertising and Access Spending
Video Games
Business Information
Magazine Publishing
Newspaper Publishing
Book Publishing
Theme Parks and Amusement Parks
Casino and Other Regulated Gaming
Sports

Global overview included

*connectedthinking

PRICEWATERHOUSECOOPERS

Global Entertainment and Media Outlook: 2006–2010*

Forecasts and economic analyses of 14 industry segments

The Global Entertainment and Media Outlook is a forecast for the 2006–2010 period of spending in 14 entertainment and media segments. For ordering instructions, please refer to the next page of this book.

*connectedthinking

Global Entertainment and Media Outlook: 2006–2010

Prepared and edited by:

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- The Global Overview is available separately in either print or electronic format.
- Individual industry segments are sold in electronic format.

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[1]Totals in tables and charts may not total arithmetically due to rounding.

Key to Symbols Used in the Tables and Charts
p = Preliminary
NA = Not Available
— = No spending that year

Global Entertainment and Media Outlook: 2006–2010*

Recorded Music

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PRICEWATERHOUSECOOPERS

Recorded Music

The recorded music market consists of consumer spending on album and single sound recordings and music videos distributed in traditional formats and sold in record stores, including compact discs and cassette tapes. It also includes licensed digital distribution services that provide electronic files for use on computers, iPod devices, and MP3 players, as well as mobile music. Mobile music is music distributed to mobile phones through wireless carriers. Mobile music may be in the form of ring tones, which are monophonic or polyphonic tones that play aloud when the phone rings; or ring backs, which are ring tones or actual songs that the caller hears when a call is placed; or ring tunes, also known as master ring tones and true tones, which are either portions of or an entire actual music track with full vocals and orchestrations, heard either when the phone rings or as a ring back; or music video clips.

Market size and growth by region

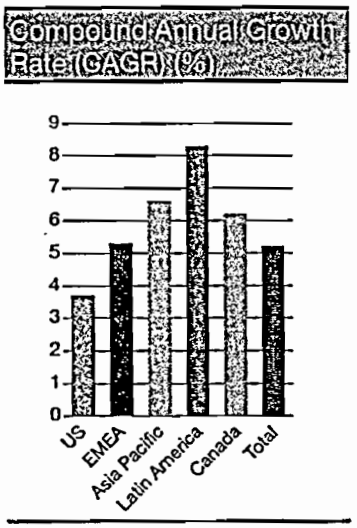
Global spending on recorded music rose by 1.2 percent in 2005, its second consecutive increase following four years of decline. Mobile music and licensed digital distribution services fueled the recovery while spending on music in physical formats decreased in most territories except Latin America. Mobile music and licensed digital distribution will drive spending during the next five years, steadily replacing the physical market. Spending will expand from $37.1 billion in 2005 to $47.9 billion in 2010, a 5.2 percent compound annual increase.

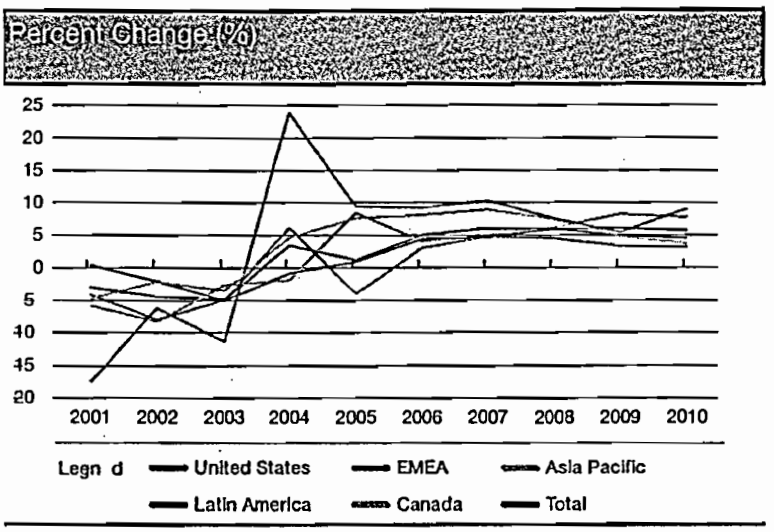
EMEA (Europe, Middle East, Africa), the largest region in 2005, with $14.0 billion in recorded music spending, will increase to $18.2 billion in 2010, a 5.3 percent compound annual gain. Spending in the United States will total $14.7 billion in 2010, up from $12.3 billion in 2005—an increase of 3.7 percent on a compound annual basis. Asia Pacific will advance at a 6.6 percent annual rate to $12.0 billion from $8.7 billion in 2005. Latin America will be the fastest-growing region, with an 8.3 percent compound annual growth rate; spending will increase from $1.3 billion in 2005 to $1.9 billion in 2010. Spending in Canada will advance at a 6.2 percent compound annual rate from $835 million in 2005 to $1.1 billion in 2010.

Principal drivers

Growth in digital distribution and mobile music will drive spending in each market, offsetting further declines in spending on physical formats. Digital distribution will be fueled by rising broadband subscribership, the launch of new services, content availability and attractive pricing. An expanding wireless universe, upgrades to next-generation wireless networks that can support high-capacity applications such as music, and the migration of the market from ring tones to higher-priced ring tunes will drive mobile music spending. In Asia Pacific, the world's largest mobile music market, mobile music will surpass physical distribution in 2010. Meanwhile, antipiracy initiatives are beginning to yield results, and we expect incremental losses to piracy will moderate. However, physical formats will face growing competition from licensed digital distribution and from distribution of full tracks to wireless devices.

Trend analysis of the outlook for recorded music





Recorded Music Market (US$ Millions)

Region	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
United States	13,741	12,643	12,025	12,762	12,270	12,639	13,250	13,845	14,299	14,739	
% Change	–4.1	–8.0	–4.9	6.1	–3.9	3.0	4.8	4.5	3.3	3.1	3.7
EMEA	15,034	14,731	13,989	13,880	14,002	14,616	15,301	16,209	17,193	18,160	
% Change	0.4	–2.0	–5.0	–0.8	0.9	4.4	4.7	5.9	6.1	5.6	5.3
Asia Pacific	8,222	8,048	7,764	8,120	8,739	9,447	10,287	11,048	11,573	12,002	
% Change	–4.7	–2.1	–3.5	4.6	7.6	8.1	8.9	7.4	4.8	3.7	6.6
Latin America	1,133	1,063	942	1,167	1,277	1,395	1,538	1,653	1,743	1,899	
% Change	–17.5	–6.2	–11.4	23.9	9.4	9.2	10.3	7.5	5.4	9.0	8.3
Canada	878	805	784	770	835	868	911	967	1,046	1,127	
% Change	–5.8	–8.3	–2.6	–1.8	8.4	4.0	5.0	6.1	8.2	7.7	6.2
Total	39,008	37,290	35,504	36,699	37,123	38,965	41,287	43,722	45,854	47,927	
% Change	–3.0	–4.4	–4.8	3.4	1.2	5.0	6.0	5.9	4.9	4.5	5.2

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

United States

The outlook in brief

- Attractive prices, ease of use, rising broadband penetration, and improved search facilities will continue to drive digital distribution.
- New handsets and the rollout of next-generation wireless networks are facilitating the distribution of actual songs to mobile devices, thereby propelling the mobile music market.
- The overall physical market is being replaced by digitally distributed products.

Overview

- The recorded music market will expand at a 3.7 percent compound annual rate to $14.7 billion in 2010 from $12.3 billion in 2005.
- Growth will be fueled by rapidly expanding digital sales that will offset declines in the physical market. Physical distribution will drop from $11.2 billion in 2005 to $8.5 billion in 2010, a 5.4 percent compound annual decrease.
- Physical album sales—excluding singles and music videos—will fall to $8.0 billion in 2010 from $10.6 billion 2005, a 5.5 percent decline compounded annually.
- The traditional physical singles market—supplanted by digital singles downloads—will virtually disappear, dropping from $24 million in 2005 to only $5 million in 2010.
- Music videos—distributed in the U.S. on DVD and VHS rather than CD—will decline by 3.5 percent compounded annually to $503 million in 2010.
- Licensed digital distribution will rise from $653 million in 2005 to $4.9 billion in 2010, a 49.5 percent compound annual increase. From a 5 percent share in 2005, digital distribution will constitute 33 percent of recorded music spending in 2010.
- Mobile music will advance at a 26.7 percent compound annual rate to $1.4 billion in 2010 from $422 million in 2005.
- Digital distribution and mobile music together will constitute 42 percent of industry spending in 2010.

Recorded Music Market (US$ Millions)

United States	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Albums	13,306	12,283	11,397	11,512	10,569	10,058	9,536	9,015	8,493	7,972
Singles	106	43	57	35	24	15	10	5	5	5
Music Videos	329	288	400	607	602	604	620	618	567	503
Physical Music Total	13,741	12,614	11,854	12,154	11,195	10,677	10,166	9,638	9,065	8,480
Licensed Digital Distribution	—	13	71	303	653	1,422	2,338	3,227	4,044	4,883
Mobile Music	—	16	100	305	422	540	746	980	1,190	1,376
Total	13,741	12,643	12,025	12,762	12,270	12,639	13,250	13,845	14,299	14,739

Sources: PricewaterhouseCoopers LLP, Recording Industry Association of America, Wilkofsky Gruen Associates

Recorded Music Market Growth (%)

United States	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	–4.1	–7.7	–7.2	1.0	–8.2	–4.8	–5.2	–5.5	–5.8	–6.1	–5.5
Singles	–39.1	–59.4	32.6	–38.6	–31.4	–37.5	–33.3	–50.0	0.0	0.0	–26.9
Music Videos	16.7	–12.5	38.9	51.8	–0.8	0.3	2.6	–0.3	–8.3	–11.3	–3.5
Physical Music Total	–4.1	–8.2	–6.0	2.5	–7.9	–4.6	–4.8	–5.2	–5.9	–6.5	–5.4
Licensed Digital Distribution	—	—	446.2	326.8	115.5	117.8	64.4	38.0	25.3	20.7	49.5
Mobile Music	—	—	525.0	205.0	38.4	28.0	38.1	31.4	21.4	15.6	26.7
Total	–4.1	–8.0	–4.9	6.1	–3.9	3.0	4.8	4.5	3.3	3.1	3.7

Sources: PricewaterhouseCoopers LLP, Recording Industry Association of America, Wilkofsky Gruen Associates

Licensed digital services

- Licensed digital distribution more than doubled in 2005 to $653 million from $303 million in 2004. Downloads of single tracks at 99 cents each have re-created a thriving singles market that had previously proved to be uneconomical in a physical format.

- A total of 367 million tracks were downloaded in 2005, up from 139 million in 2004 and only 25 million in 2003. Virtually any song is now legally available as a single. By contrast, only a fraction of the number of songs is available in the physical singles format. Consequently, the digital market enjoys a competitive advantage over the physical market because it provides greater access to songs and serves that market more efficiently. Moreover, digital's 99-cent price point is far more attractive than the $4.80 average price for a physical single. The significant difference in price points leaves room for price increases on digital product while still maintaining a substantial advantage compared with prices for physical product.

- Album downloads rose to 13.6 million in 2005 from 4.6 million in 2004. In this instance, the price advantage is less compelling, albeit still significant—$9.99 for digital albums compared with $14.71 for physical albums—and there is no access advantage, since on one hand, most albums available digitally are also sold in stores. On the other hand, downloading albums online is convenient and growing in appeal.

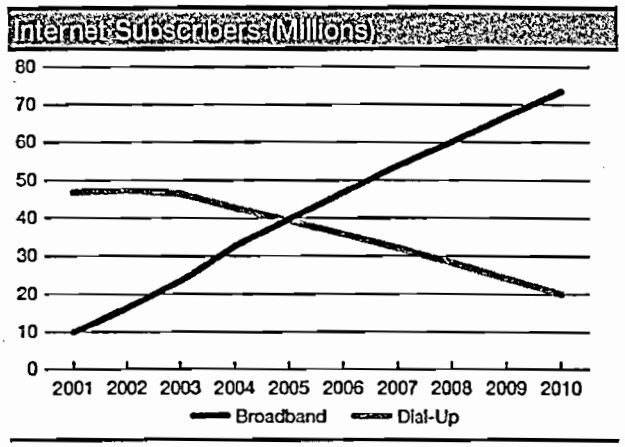
- Online distribution of music videos is becoming viable, now that a majority of Internet subscribers are on broadband. The average price of a digital music video was only $1.95 compared with $14.95 for physical music videos—a significant price advantage for digital. Consumers spent $4 million in 2005 on licensed digital music videos.

- Digital tracks and albums are now being distributed through kiosks and generated $1 million in sales in 2005.

- There is a small, emerging digital subscription market that had 1.3 million subscribers in 2005. Such services as Napster, Rhapsody, and Yahoo! offer subscribers access to thousands of songs for an average of $9.56 per month, which is the equivalent of nearly 10 downloads. However, users must remain members of the service in order to access music downloaded from the service. Subscriptions offer enhanced value to avid music listeners, but consumers are accustomed to buying music rather than renting it on a subscription basis. And while subscribers can listen to songs through a subscription service, they generally cannot download them.

- Rising broadband penetration is facilitating digital distribution because it is much faster to download

music through a broadband connection. The number of broadband subscribers increased by 30 million during the past four years, and in 2005, broadband passed dial-up as a means to access the Internet. We expect the broadband universe to increase from 40 million in 2005 to 73 million in 2010, significantly expanding the potential market for digital music.



Sources: Federal Communications Commission, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- In addition to user-friendly sites such as Apple's iTunes Music Store, search engines are making it easier to find licensed music online. In mid-2005, Yahoo! introduced a search engine that scans licensed download services to locate a song and provide links for users, although software specific to each site is still required in order to purchase the music.

- The proliferation of portable MP3 players and iPods is also facilitating the digital market because these devices enable downloaders to listen to hundreds and even thousands of songs away from their computers, thereby enhancing the appeal of digital music in a manner similar to the boost provided by the Sony Walkman and then, later, by devices for the CD market. The new digital devices dramatically expand the capacity for portable music. And the surge in the device market reflects the growing demand for digital music.

- As more music is being made available for digital distribution, the market is growing. After initial resistance, record companies are now looking to digital distribution—and to mobile music—as sources of growth rather than as cannibalization of their physical product. Although revenues are lower for digital distribution, there are substantial cost savings as well, which allow for the possibility of improved margins.

- The costs of manufacturing, distribution, and managing returns account for more than a quarter of total costs for a typical physical album. Those costs are eliminated when music is distributed digitally. Moreover, it is not financially feasible to release each track as a single in a physical format, but tracks can readily be released digitally, which generates a significant incremental revenue stream with little incremental cost. Support by the record industry has helped digital distribution expand quickly.

- Labels receive approximately 70 percent of the revenue of a downloaded single, with artists and music publishers receiving approximately 25 to 50 percent of the amounts received by the labels. After other costs—such as bandwidth costs, credit card fees, and similar out-of-pocket expenditures—the distributor is typically left with about 5 to 10 percent. With cost pressures rising, we expect prices to increase. We project the 99-cent price point to begin to increase in 2007 and to rise to $1.15 in 2009–10. We have seen a move toward tiered pricing in other countries, and while this has not yet emerged in the U.S., it may well happen.

- We expect single-track downloads to increase from 367 million in 2005 to 1.5 billion in 2010. Spending on singles will rise from $363 million in 2005 to $1.7 billion in 2010.

- The demand for digital-format-album downloads is also growing. With consumers becoming more accustomed to getting music digitally, the demand for music is now moving to entire albums, even though such albums are available in stores. We project digital-album unit sales to rise to 150 million by 2010. With prices edging up from $9.99 to $10.15, sales will total an estimated $1.5 billion.

- The substantial price advantage for music videos purchased online will fuel that market. We project music video downloads to increase to 20 million by 2010. At an estimated $2.25 per download in 2010, consumers will spend $45 million on digital music videos.

- Although the kiosk will not become a major distribution channel, kiosks will contribute to growth, generating $13 million in 2010.

- The subscription market uses the flat-rate pricing model that has been successful in the wireless and Internet access markets wherein consumers pay a set fee for a large bucket of content. Also, consumers overall are becoming accustomed to paying a monthly subscription fee for a bundle of broadband digital content—from music to news, to access to live sports online via streaming video—and this premium-content bundling approach may also contribute to increased online music subscription sales. We project digital subscriptions to increase to 11 million by 2010. Average prices will increase to $11.95 per month, generating $1.6 billion in spending. (These figures do not include paid satellite-radio subscriptions, which are covered under radio in the Radio and Out-of-Home chapter.)

- The overall digital music market will rise to $4.9 billion in 2010, growing at a 49.5 percent compound annual rate.

Licensed Digital Distribution Market

United States	2002	2003	2004	2005	2006	2007	2008	2009	2010
Singles									
Downloads (Millions)	4	25	139	367	700	1,000	1,200	1,350	1,500
Average Price (US$)	1.25	0.99	0.99	0.99	0.99	1.10	1.10	1.15	1.15
Dollar Sales (US$ Millions)	5	25	138	363	693	1,100	1,320	1,553	1,725
Albums									
Downloads (Millions)	—	1	4.6	13.6	35	60	95	125	150
Average Price (US$)	—	9.99	9.99	9.99	9.99	10.10	10.10	10.15	10.15
Dollar Sales (US$ Millions)	—	10	46	136	350	606	960	1,269	1,523
Klosks†									
Downloads (Millions)	—	—	—	0.7	1.5	3.0	5.0	7.5	10.0
Average Price (US$)	—	—	—	1.43	1.40	1.35	1.30	1.25	1.25
Dollar Sales (US$ Millions)	—	—	—	1	2	4	7	9	13
Music Videos									
Downloads (Millions)	—	—	—	1.9	4.0	6.5	10.0	14.5	20.0
Average Price (US$)	—	—	—	1.95	1.95	1.95	2.00	2.10	2.25
Dollar Sales (US$ Millions)	—	—	—	4	8	13	20	30	45
Subscriptions									
Subscribers (Millions)	0.07	0.3	1.0	1.3	3	5	7	9	11
Monthly Fee (US$)	9.95	9.95	9.95	9.56	10.25	10.25	10.95	10.95	11.95
Annual Spending (US$ Millions)	8	36	119	149	369	615	920	1,183	1,577
Total Digital Spending (US$ Millions)	13	71	303	653	1,422	2,338	3,227	4,044	4,883

†Singles and albums.
Sources: Recording Industry Association of America, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed Digital Distribution Market Growth (%)

United States	2003	2004	2005	2006	2007	2008	2009	2010	2006–10 CAGR
Singles									
Downloads	525.0	456.0	164.0	90.7	42.9	20.0	12.5	11.1	32.5
Average Price	–20.8	0.0	0.0	0.0	11.1	0.0	4.5	0.0	3.0
Dollar Sales	400.0	452.0	163.0	90.9	58.7	20.0	17.7	11.1	36.6
Albums									
Downloads	—	360.0	195.7	157.4	71.4	58.3	31.6	20.0	61.6
Average Price	—	0.0	0.0	0.0	1.1	0.0	0.5	0.0	0.3
Dollar Sales	—	360.0	195.7	157.4	73.1	58.4	32.2	20.0	62.1
Kiosks†									
Downloads	—	—	—	114.3	100.0	66.7	50.0	33.3	70.2
Average Price	—	—	—	–2.1	–3.6	–3.7	–3.8	0.0	–2.7
Dollar Sales	—	—	—	100.0	100.0	75.0	28.6	44.4	67.0
Music Videos									
Downloads	—	—	—	110.5	62.5	53.8	45.0	37.9	60.1
Average Price	—	—	—	0.0	0.0	2.6	5.0	7.1	2.9
Dollar Sales	—	—	—	100.0	62.5	53.8	50.0	50.0	62.3
Subscriptions									
Subscribers	328.6	233.3	30.0	130.8	66.7	40.0	28.6	22.2	53.3
Monthly Fee	0.0	0.0	–3.9	7.2	0.0	6.8	0.0	9.1	4.6
Annual Spending	350.0	230.6	25.2	147.7	66.7	49.6	28.6	33.3	60.3
Total Digital Spending	446.2	326.8	115.5	117.8	64.4	38.0	25.3	20.7	49.5

†Singles and albums.
Sources: Recording Industry Association of America, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile music

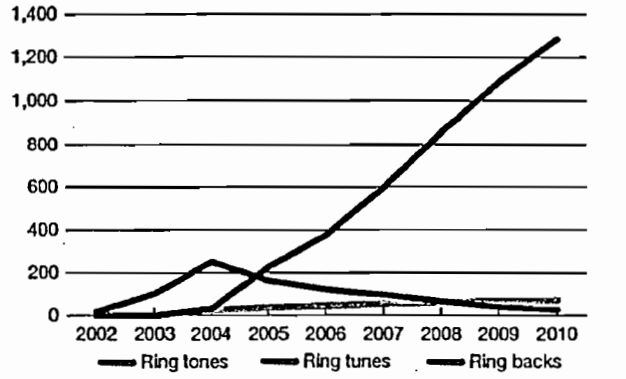
- The mobile music market also grew rapidly in 2005, rising by 37.9 percent to $422 million. The market is being propelled by wireless carriers. Facing a slowdown in cellular subscriber growth, carriers are looking to enhance average revenue per user, and music is one avenue for achieving that goal. Carriers typically retain approximately 40 percent of mobile music revenue. For ring tunes, the label gets approximately 20 percent, the artist 20 percent, and music publishers approximately 10 percent. The remaining 10 percent goes to performance rights and the hosting service.

- The mobile music market is different from both physical and digital music. In the latter two cases, demand stems from a person's desire to listen to music. With mobile music, there is also a public element to demand. Users are making a statement when the wireless device plays ring tones and ring tunes that others can hear. The same applies to ring backs that the caller hears. There is also no competition from "free" peer-to-peer file servers in the mobile market.

- Lack of competition from free services and its public aspect lowers the price sensitivity of mobile subscribers. Mobile subscribers are willing to pay approximately $1.50 for a 30-second ring tone or ring back that consists of polyphonic tones, whereas the market has set the bar at only 99 cents for the full digital download of an entire song with full vocals and orchestration.

- The market dramatically transformed itself in 2005 from one dominated by ring tones to one in which ring tunes constituted the majority of spending. Ring tunes jumped from only $30 million in 2004 to $225 million in 2005. Ring tones totaled $162 million in 2005, down from $250 million in 2004. We expect ring tunes to become the dominant component of mobile music because they are more appealing than ring tones, constituting 93 percent of mobile music spending in 2010.

Mobile Music Market (US$ Millions)



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- New handsets that can hold full songs in memory entered the market in 2005, enabling ring tunes to be downloaded by a larger number of wireless subscribers.

- Carriers are currently using their existing networks for limited high-volume applications, but the rollout of high-capacity, high-speed third-generation (3G) wireless networks that can accommodate the downloading of music and other high-capacity applications on a widespread basis will drive the ring tune market during the next five years.

- While ring tunes have a unique place in the market when they announce an incoming call or serve as a ring back, they face competition from iPods and other mobile devices for full-length songs that can hold far more music and provide better sound quality than a mobile phone can. Furthermore, software is available that allows for the transfer of MP3 files from a computer to a cell phone. This software and additional future technology should allow for the transfer of both full music tracks and ring tunes from computers to cell phones.

- We therefore expect the market for full-length songs distributed via mobile carriers to be circumscribed by the digital distribution market. People can buy actual songs for 99 cents through digital download services and either play them outside the home on iPods or transfer them to cell phones. Such availability will ultimately limit demand for ring tunes. Nevertheless, we do expect ring tunes to be used increasingly by wireless subscribers during the next five years as those subscribers trade up to new handsets and as 3G networks get rolled out.

- Growth in the number of wireless telephone subscribers will also drive the market. During the next five years, 90 million new wireless telephone subscribers are expected, bringing the total to 285 million in 2010. We estimate that 15 percent of those subscribers, or 43 million people, will subscribe to mobile music (excluding digital downloads to mobile phones), up from 6 percent in 2005. Subscribership will be fueled by increased penetration of music-capable handsets.

- The average subscriber spent $35.20 annually on mobile music in 2005. We expect that to increase to $36 in 2006 and then to trend down as prices decline, reflecting competition among wireless carriers. In addition, as subscribers who already have a complement of mobile music on their handsets look to replace songs with new releases that appeal to their tastes, they will spend less annually on mobile music. We expect average annual spending per subscriber to fall to $32 by 2010.

- Overall spending on mobile music will increase to $1.4 billion in 2010, a 26.7 percent compound annual increase.

Mobile Music Market

United States	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Wireless Telephone Subscribers (Millions)	135	148	170	195	218	238	255	270	285
Percent of Wireless Telephone Subscribers Downloading Music In Any Format (%)	1	3	5	6	7	9	11	13	15
Mobile Music Subscribers (Millions)	1	4	9	12	15	21	28	35	43
Annual Spending per Subscriber (US$)	16.00	25.00	34.00	35.20	36.00	35.50	35.00	34.00	32.00
Aggregate Mobile Music Spending (US$ Millions)	16	100	306	422	540	746	980	1,190	1,376

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

United States	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Wireless Telephone Subscribers	9.6	14.9	14.7	11.8	9.2	7.1	5.9	5.6	7.9
Mobile Music Subscribers	300.0	125.0	33.3	25.0	40.0	33.3	25.0	22.9	29.1
Annual Spending per Subscriber	56.3	36.0	3.5	2.3	–1.4	–1.4	–2.9	–5.9	–1.9
Aggregate Mobile Music	525.0	206.0	37.9	28.0	38.1	31.4	21.4	15.6	26.7

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- We project ring tune revenue to increase to $1.3 billion by 2010, growing at a 41.6 percent compound annual rate. Ring backs, which represent a small but growing segment of the market, totaled $35 million in 2005, a figure we expect will double to $70 million in 2010—a 14.9 percent gain compounded annually. Ring tones, which had constituted the entire mobile market through 2003, will decline in importance as consumers opt for actual ring tunes. Ring tunes make for a better alternative than ring tones, and once they became available on a widespread basis, consumers started to make the transition. Ring tone revenue will drop to $25 million in 2010 from $162 million in 2005, a 31.2 percent decline compounded annually.

Mobile Music Market (US$ Millions)

United States	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Ring Tones	16	100	250	162	120	96	65	40	25
Ring Backs	—	—	25	35	45	55	60	65	70
Ring Tunes	—	—	30	225	375	595	855	1,085	1,281
Total	16	100	305	422	540	746	980	1,190	1,376

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

United States	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Ring Tones	525.0	150.0	–35.2	–25.9	–20.0	–32.3	–38.5	–37.5	–31.2
Ring Backs	—	—	40.0	28.6	22.2	9.1	8.3	7.7	14.9
Ring Tunes	—	—	650.0	66.7	58.7	43.7	26.9	18.1	41.6
Total	525.0	205.0	38.4	28.0	38.1	31.4	21.4	15.6	26.7

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

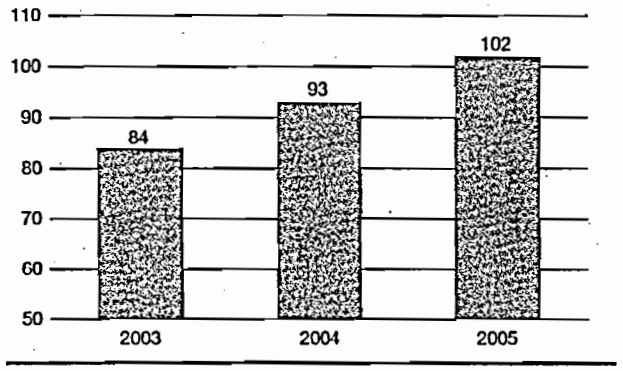
Physical music

- The physical market had been in a long-term decline, losing ground first to unauthorized downloading and CD burning and then to licensed downloading. From 2000 to 2003, physical unit sales fell by 26 percent.

- In 2004, physical unit sales reversed course, rising by 2.1 percent and suggesting that the physical market was stabilizing, but that momentum could not be sustained and physical unit sales fell 8.1 percent in 2005. The decline in 2005 in part reflected a faster-than-expected shift to licensed digital distribution and in part what appears to have been less-popular product. It is difficult to determine the appeal of recordings, but a more moderate decline in sales in early 2006 suggests that less-appealing product may have contributed to the 2005 downturn.

- The physical music market is also suffering from a mediawide trend that emerged in 2005, under which entertainment and media that can be delivered in-home are favored over entertainment and media that must be obtained away from home. For example, store sales of physical music were down significantly in 2005, but sales of physical music through online sites such as Amazon.com flourished. Albums purchased through online sites increased to 102 million in 2005 from 93 million in 2004, bucking the overall downward trend.

Physical Albums Purchased Online (Millions)



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Other examples include the fact that in 2005, DVD sales in video stores slowed for the first time but online DVD rentals surged. Box office revenues from showing movies in theaters were down, but video-on-demand, pay-per-view, and subscription TV in general were up.

- While in each of these examples, a number of specific factors can be cited to account for the trend, we believe a contributing factor to each was the escalation in gasoline prices, which raised the cost of purchasing products away from home. Higher gas prices have the effect of an incremental tax on out-of-home purchases, which gives in-home distribution an added price advantage. We expect that high gasoline prices will continue to hurt store sales of physical music during the forecast period.

- Within the store-sales segment of the physical market, mass merchants held up better than traditional record stores. Mass merchants constituted 40 percent of physical album sales in 2005 compared with 34 percent in 2002. Lower price points compared with traditional record stores helped mass merchants gain share. In fact, traditional music retailers go so far as to argue that big-box retailers sell music below cost as a loss leader to encourage people to come into their stores. After rising by 6.9 percent in 2001, price growth slowed in successive years and during the past two years prices was essentially stable, rising by only 0.4 percent in 2004 and 0.3 percent in 2005. We expect average prices for physical product to remain relatively flat during the next five years.

Average Prices (US$)

United States	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Albums	14.32	14.68	14.88	14.85	14.89	14.90	14.90	14.90	14.90	14.90
Singles	5.05	5.38	4.75	5.00	4.80	5.00	5.00	5.00	5.00	5.00
Music Videos	18.28	19.20	20.00	18.39	17.71	17.25	16.75	16.25	15.75	15.25
Total Physical	14.20	14.67	14.85	14.91	14.95	14.97	14.97	14.97	14.93	14.90
Digital Distribution (single tracks, albums, music videos)	—	1.25	1.35	1.28	1.32	1.42	1.61	1.76	1.91	1.97
Total	14.20	14.61	14.43	12.87	10.33	8.07	6.80	6.11	5.67	5.24

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Average Price Growth (%)

United States	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	5.4	2.5	1.4	–0.2	0.3	0.1	0.0	0.0	0.0	0.0	0.0
Singles	16.1	6.5	–11.7	5.3	–4.0	4.2	0.0	0.0	0.0	0.0	0.8
Music Videos	16.7	5.0	4.2	–8.1	–3.7	–2.6	–2.9	–3.0	–3.1	–3.2	–2.9
Total Physical	6.9	3.3	1.2	0.4	0.3	0.1	0.0	0.0	–0.3	–0.2	–0.1
Digital Distribution	—	—	8.0	–5.2	3.1	7.6	13.4	9.3	8.5	3.1	8.3
Total	—	2.9	–1.2	–10.8	–19.7	–21.9	–15.7	–10.1	–7.2	–7.6	–12.7

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Mass merchants are also entering into exclusive distribution deals with artists. Wal-Mart has such a deal with Garth Brooks, whereby catalog product of his recordings is available only at Wal-Mart. Starbucks also has exclusive deals with artists and sells music in its coffee shop outlets. Among its exclusives are Alanis Morissette's *Jagged Little Pill* and Bob Dylan's *Live at the Gaslight.*

- Traditional record stores are attempting to counter these trends by launching their own digital distribution sites and promoting them in their stores. In some instances, people who order music online get reward points that can be used to buy merchandise at the retail outlet.

- The bright spot in the industry had been music videos. Unit sales more than doubled from 2002 to 2004 and were on pace for an additional double-digit advance during the first half of 2005. During the second half of 2005, however, the music video market slowed markedly and unit sales for the year as a whole rose by only 3.0 percent to 34 million. The availability of low-priced music videos online will eventually cut into the physical market. We expect that, following an additional three years of modest unit sales growth, music video unit sales will decline during 2009–10 as the digital component of that market becomes fully established. We expect physical music video sales to drop to 33 million units by 2010.

- There were positive developments with respect to enforcement of the rights of copyright owners. In June 2005, the Supreme Court ruled in the *Metro Goldwyn Mayer v. Grokster* case that Grokster could be liable if it induced users to infringe on copyrighted material. Grokster subsequently settled, paying $50 million and essentially shutting down its file-sharing operations. Thousands of new lawsuits were filed, and fewer new illegal files became available compared with prior years. Slower growth in piracy should have a positive impact on the physical market.

- On balance, we expect that the physical market will continue to erode, losing sales to digital distribution, but declines will moderate compared with the steep declines in 2001–03 and the decrease in 2005. We project physical album unit sales to drop to 535 million by 2010 from 710 million in 2005—a 5.5 percent compound annual decline—and overall physical unit sales to fall at a 5.3 percent compound annual rate to 569 million. Spending on physical music will fall at a 5.4 percent compound annual rate to $8.5 billion from $11.2 billion in 2005.

Recorded Music Unit Sales (Millions)

United States	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	929	837	766	775	710	675	640	605	570	535	
% Change	–9.0	–9.9	–8.5	1.2	–8.4	–4.9	–5.2	–5.5	–5.8	–6.1	–5.5
Singles	21	8	12	7	5	3	2	1	1	1	
% Change	–47.5	–61.9	50.0	–41.7	–28.6	–40.0	–33.3	–50.0	0.0	0.0	–27.5
Music Videos	18	15	20	33	34	35	37	38	36	33	
% Change	0.0	–16.7	33.3	65.0	3.0	2.9	5.7	2.7	–5.3	–8.3	–0.6
Total Physical	968	860	798	815	749	713	679	644	607	569	
% Change	–10.3	–11.2	–7.2	2.1	–8.1	–4.8	–4.8	–5.2	–5.7	–6.3	–5.3
Licensed Digital Distribution	—	4	26	144	383	741	1,070	1,310	1,497	1,680	
% Change	—	—	550.0	453.8	166.0	93.5	44.4	22.4	14.3	12.2	34.4
Total	968	864	824	959	1,132	1,454	1,749	1,954	2,104	2,249	
% Change	–10.3	–10.7	–4.6	16.4	18.0	28.4	20.3	11.7	7.7	6.9	14.7

Sources: PricewaterhouseCoopers LLP, Recording Industry Association of America, Wilkofsky Gruen Associates

Europe, Middle East, Africa (EMEA)

The outlook in brief

- The launch of new digital distribution services and growth in the number of broadband Internet subscribers will fuel digital download spending.
- Efforts to combat piracy are beginning to yield meaningful results in 2006 and are slowing the steep erosion of the physical market, but competition from licensed online and wireless services will continue to cut into spending on physical music.
- Wireless telephone carriers are using music to drive customers to their 3G networks, but approaching wireless saturation in many European countries will moderate growth in mobile music spending.

Overview

- The downward trend in the recorded music market stabilized in 2005 as large gains in mobile music and an emerging digital distribution market offset continued declines in physical distribution. Overall spending will build on the momentum generated in 2005 and expand at a 5.3 percent compound annual rate to $18.2 billion in 2010.
- Physical distribution will continue to decline, but—helped by intensified antipiracy efforts—at a more moderate, 3.1 percent rate compounded annually, falling to $10.3 billion in 2010 from $12.1 billion in 2005.
- Licensed digital distribution will become a significant component of the market, rising to $3.2 billion in 2010 from $154 million in 2005.
- Mobile music will grow from $1.7 billion in 2005 to $4.6 billion in 2010, a 21.3 percent compound annual gain.
- Mobile music and digital distribution together will constitute 43 percent of recorded music sales in 2010 compared with 14 percent in 2005.

Recorded Music Market (US$ Millions)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Physical Distribution	15,034	14,619	13,412	12,767	12,100	11,831	11,471	11,102	10,726	10,344	
% Change	0.4	–2.8	–8.3	–4.8	–5.2	–2.2	–3.0	–3.2	–3.4	–3.6	–3.1
Digital Distribution	—	—	3	26	154	389	792	1,449	2,269	3,226	
% Change	—	—	—	766.7	492.3	152.6	103.6	83.0	56.6	42.2	83.8
Mobile Music	—	112	574	1,087	1,748	2,396	3,038	3,658	4,198	4,590	
% Change	—	—	412.5	89.4	60.8	37.1	26.8	20.4	14.8	9.3	21.3
Total	15,034	14,731	13,989	13,880	14,002	14,616	15,301	16,209	17,193	18,160	
% Change	0.4	–2.0	–5.0	–0.8	0.9	4.4	4.7	5.9	6.1	5.6	5.3

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- In 2005, the United Kingdom was the largest market in the region, at $3.8 billion, followed by Germany, at $2.3 billion, and France, at $2.0 billion, including mobile music and digital distribution.
- These three countries composed 60 percent of digital distribution spending in 2005 and 43 percent of mobile music.
- Including mobile music and digital distribution, the U.K. will expand by 4.4 percent compounded annually to $4.7 billion in 2010. Germany will grow to $2.9 billion, a 4.8 percent compound annual advance, while France will rise by 2.3 percent compounded annually to $2.3 billion.
- The only other country expected to reach the $1-billion mark is Russia, which is expected to reach that level in 2010 (excluding digital and mobile revenue) from $606 million in 2005, an 11.3 percent compound annual growth rate. Russia has been the fastest-growing market in EMEA during the past five years and will continue to be the fastest growing during the next five years.
- At the other end of the spectrum, the Netherlands will record the largest decline—11.4 percent compounded annually—as accelerated migration to digital sales (not included in the country totals) leads to large decreases in physical sales.

Recorded Music Market (US$ Millions)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Western Europe										
Austria††	357	332	312	291	277	261	250	239	229	218
Belgium††	332	308	277	277	266	254	245	237	229	219
Denmark††	262	222	194	187	177	165	155	145	135	125
Finland††	162	152	155	134	131	123	116	107	99	92
France††	2,628	2,740	2,359	2,046	2,043	2,123	2,152	2,177	2,220	2,287
Germany††	2,940	2,768	2,356	2,367	2,278	2,293	2,367	2,531	2,708	2,875
Greece††	99	106	96	89	83	80	75	71	67	63
Ireland††	181	169	143	147	139	137	134	132	129	126
Italy††	738	746	713	658	609	578	549	521	500	477
Netherlands††	619	580	552	511	404	346	291	261	241	221
Norway	304	322	281	286	279	261	247	234	221	209
Portugal††	180	195	164	128	114	112	108	106	102	98
Spain††	861	727	659	577	516	491	472	459	457	455
Sweden††	404	381	325	268	224	209	196	183	170	157
Switzerland	325	317	278	258	233	241	231	223	218	211
United Kingdom††	3,642	3,585	3,695	3,768	3,759	3,856	3,981	4,182	4,419	4,673
Western Europe Total	14,034	13,650	12,559	11,992	11,532	11,530	11,569	11,808	12,144	12,506
Central and Eastern Europe										
Czech Republic††	61	49	48	42	39	35	32	30	29	27
Hungary††	74	69	73	60	52	47	44	42	40	38
Poland††	148	111	109	104	99	92	87	83	78	74
Romania‡‡	12	24	27	26	26	25	25	24	24	23
Russia	231	286	354	500	606	735	835	915	974	1,034
Turkey‡‡	125	135	161	178	189	181	180	178	176	160
Central and Eastern Europe Total	651	674	772	910	1,011	1,115	1,203	1,272	1,321	1,356
Middle East/Africa										
Israel	44	40	42	45	46	45	44	43	41	40
Saudi Arabia/Pan Arab‡	138	112	96	92	90	87	84	80	77	73
South Africa	167	190	190	239	263	281	295	308	316	317
Middle East/Africa Total	349	342	328	376	399	413	423	431	434	430
Digital Distribution Not Included in Country Totals	—	—	—	1	62	157	308	500	746	1,088
Mobile Music Not Included in Country Totals	—	65	330	601	998	1,401	1,798	2,198	2,548	2,780
EMEA Total	15,034	14,731	13,989	13,880	14,002	14,616	15,301	16,209	17,193	18,160

†At average 2005 exchange rates.
‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Recorded Music Market Growth (%)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Western Europe											
Austria††	–8.5	–7.0	–6.0	–6.7	–4.8	–5.8	–4.2	–4.4	–4.2	–4.8	–4.7
Belgium††	–7.8	–7.2	–10.1	0.0	–4.0	–4.5	–3.5	–3.3	–3.4	–4.4	–3.8
Denmark††	–16.8	–15.3	–12.6	–3.6	–5.3	–6.8	–6.1	–6.5	–6.9	–7.4	–6.7
Finland††	3.2	–6.2	2.0	–13.5	–2.2	–6.1	–5.7	–7.8	–7.5	–7.1	–6.8
France††	15.0	4.3	–13.9	–13.3	–0.1	3.9	1.4	1.2	2.0	3.0	2.3
Germany††	–10.1	–5.9	–14.9	0.5	–3.8	0.7	3.2	6.9	7.0	6.2	4.8
Greece††	–18.2	7.1	–9.4	–7.3	–6.7	–3.6	–6.3	–5.3	–5.6	–6.0	–5.4
Ireland††	11.0	–6.6	–15.4	2.8	–5.4	–1.4	–2.2	–1.5	–2.3	–2.3	–1.9
Italy††	–8.7	1.1	–4.4	–7.7	–7.4	–5.1	–5.0	–5.1	–4.0	–4.6	–4.8
Netherlands††	0.8	–6.3	–4.8	–7.4	–20.9	–14.4	–15.9	–10.3	–7.7	–8.3	–11.4
Norway	–4.1	5.9	–12.7	1.8	–2.4	–6.5	–5.4	–5.3	–5.6	–5.4	–5.6
Portugal††	–5.8	8.3	–15.9	–22.0	–10.9	–1.8	–3.6	–1.9	–3.8	–3.9	–3.0
Spain††	0.8	–15.6	–9.4	–12.4	–10.6	–4.8	–3.9	–2.8	–0.4	–0.4	–2.5
Sweden††	0.5	–5.7	–14.7	–17.5	–16.4	–6.7	–6.2	–6.6	–7.1	–7.6	–6.9
Switzerland	–2.4	–2.5	–12.3	–7.2	–9.7	3.4	–4.1	–3.5	–2.2	–3.2	–2.0
United Kingdom††	7.4	–1.6	3.1	2.0	–0.2	2.6	3.2	5.0	5.7	5.7	4.4
Western Europe Total	0.4	–2.7	–8.0	–4.5	–3.8	0.0	0.3	2.1	2.8	3.0	1.6
Central and Eastern Europe											
Czech Republic††	–6.2	–19.7	–2.0	–12.5	–7.1	–10.3	–8.6	–6.3	–3.3	–6.9	–7.1
Hungary††	–7.5	–6.8	5.8	–17.8	–13.3	–9.6	–6.4	–4.5	–4.8	–5.0	–6.1
Poland††	–26.7	–25.0	–1.8	–4.6	–4.8	–7.1	–5.4	–4.6	–6.0	–5.1	–5.7
Romania††	–36.8	100.0	12.5	–3.7	0.0	–3.8	0.0	–4.0	0.0	–4.2	–2.4
Russia	17.9	23.8	23.8	41.2	21.2	21.3	13.6	9.6	6.4	6.2	11.3
Turkey‡‡	123.2	8.0	19.3	10.6	6.2	–4.2	–0.6	–1.1	–1.1	–9.1	–3.3
Central and Eastern Europe Total	5.3	3.5	14.5	17.9	11.1	10.3	7.9	5.7	3.9	2.6	6.0
Middle East/Africa											
Israel	–6.4	–9.1	5.0	7.1	2.2	–2.2	–2.2	–2.3	–4.7	–2.4	–2.8
Saudi Arabia/Pan Arab†	–19.3	–18.8	–14.3	–4.2	–2.2	–3.3	–3.4	–4.8	–3.8	–5.2	–4.1
South Africa	1.8	13.8	0.0	25.8	10.0	6.8	5.0	4.4	2.6	0.3	3.8
Middle East/Africa Total	–8.6	–2.0	–4.1	14.6	6.1	3.5	2.4	1.9	0.7	–0.9	1.5
Digital Distribution Not Included in Country Totals	—	—	—	—	6,100.0	153.2	96.2	62.3	49.2	45.8	77.4
Mobile Music Not Included in Country Totals	—	—	407.7	82.1	66.1	40.4	28.3	22.2	15.9	9.1	22.7
EMEA Total	0.4	–2.0	–5.0	–0.8	0.9	4.4	4.7	5.9	6.1	5.6	5.3

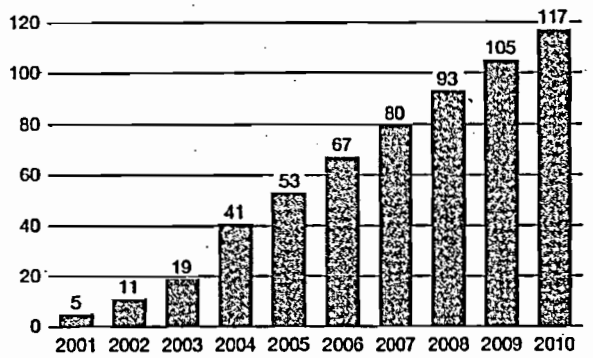
†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed digital services

- Licensed digital distribution rose from only $26 million in 2004 to $154 million in 2005.
- The United Kingdom has the largest digital download market, at $43 million in 2005, followed by Germany, at $37 million.
- Single-track prices are attractive at €0.99 ($1.23), while albums typically cost €9.49 ($11.80), and subscription services, whereby subscribers get access to thousands of songs on a streaming basis, have been introduced at €9.95 ($12.37) per month.
- The market was boosted by the growing availability of content as the volume of songs available through licensed services doubled to 2 million as of year-end 2005.
- Digital distribution also serves the unmet market for single tracks that for the most part are not available in a stand-alone physical format.
- The European Union is looking to facilitate the licensed digital distribution market by harmonizing licensing procedures and by creating a unified European Union license that would enable music to be distributed digitally throughout the member countries, thereby eliminating the need to license music separately in each country.
- The growing broadband market will also enlarge the potential market for digital downloads, because music is transmitted much faster through a broadband connection.

The broadband universe in EMEA will more than double during the next five years from 53 million subscribers in 2005 to 117 million in 2010—in the process, substantially boosting the number of people able to purchase music online.

Broadband Subscribers in EMEA (Millions)



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Now that licensed digital services are in place in most countries, the digital distribution market is poised to take off. We project spending to more than double during each of the next two years and to increase to $3.2 billion by 2010, an 83.8 percent compound annual increase.
- The U.K. will remain the leading market, rising to $920 million in 2010. Germany will total $861 million, and France, $357 million. Spending in the remainder of the region will expand from $62 million in 2005 to $1.1 billion in 2010.

Licensed Digital Distribution Market (US$ Millions)

EMEA	2003	2004	2005p	2006	2007	2008	2009	2010
France	—	4	12	33	75	143	239	357
Germany	—	12	37	95	200	405	634	861
United Kingdom	3	9	43	104	209	401	650	920
Remainder of the Region	—	1	62	157	308	500	746	1,088
Total	3	26	154	389	792	1,449	2,269	3,226

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed Digital Distribution Market Growth (%)

EMEA	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
France	—	200.0	175.0	127.3	90.7	67.1	49.4	97.1
Germany	—	208.3	156.8	110.5	102.5	56.5	35.8	87.7
United Kingdom	200.0	377.8	141.9	101.0	91.9	62.1	41.5	84.5
Remainder of the Region	—	6,100.0	153.2	96.2	62.3	49.2	45.8	77.4
Total	766.7	492.3	152.6	103.6	83.0	56.6	42.2	83.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Piracy

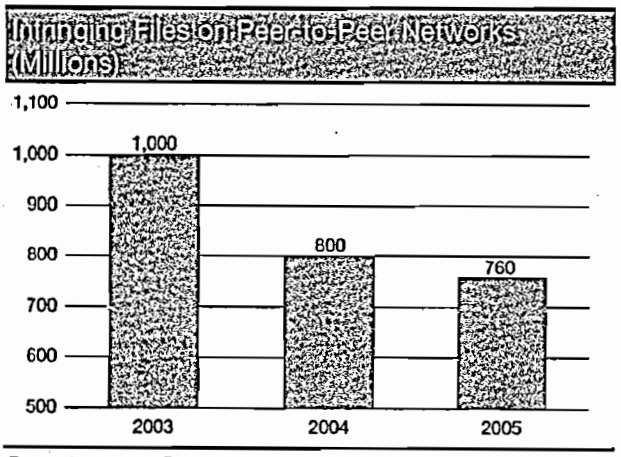
- *Piracy* refers to illegal downloads, unauthorized CD burning, and counterfeit physical product, which enable people to acquire music without paying the authorized distributors, and thus the creators, of that music.

- The decline in unit sales of physical music reflects in part the sales lost because of piracy. Physical recorded music unit sales declined during each of the past five years, including a 2.6 percent drop in 2005.

- The impact was most severe in Western Europe, where opportunities for unauthorized downloading are the greatest because of Western Europe's larger broadband universe. Unit sales fell 6.3 percent in Western Europe in 2005, including double-digit decreases in the Netherlands, Sweden, Portugal, Switzerland, and Germany.

- Not all of those declines can be attributed to piracy. In the Netherlands and Germany, for example, the availability of licensed download services contributed to a shift in purchases from physical to digital.

- At the same time, because of stepped-up enforcement efforts and the filing of thousands of lawsuits, the number of infringing music files on peer-to-peer networks decreased during the past two years. In 2003, there were 1 billion such files available. That total dropped to 800 million in 2004 and to 760 million in 2005. In the U.K. and Germany, more music is now believed to be downloaded legally than illegally, and in the Netherlands, unauthorized downloading decreased in 2004. These developments suggest that antipiracy efforts are beginning to yield results.



Source: International Federation of the Phonographic Industry

- Spain, which has the highest recorded music piracy rate in Western Europe, at 24 percent, has taken steps to address the problem. In October 2004, the Spanish Cultural Ministry began the process of introducing a new intellectual property law, and antipiracy actions became stepped up in 2005, including the Spanish police's dismantling of 74 piracy networks. The Spanish government also instituted a campaign targeting street vendors who sell illegal product. The program makes low-cost authorized product available to street vendors for resale while revoking the licenses of those vendors who sell unauthorized product. In October 2005, the government broke up a piracy ring that was reportedly responsible for distributing more than 10 million illegal CDs annually into the market.

- In Russia, where piracy is estimated at 66 percent, Ural Electronic Plant (UEP), the country's largest optical disc manufacturer, and the International Federation of the Phonographic Industry (IFPI) entered into an agreement in mid-2005 to help make sure that only legitimate product is manufactured at the plant. UEP will notify IFPI if legality is suspect, and IFPI will launch an investigation. IFPI will also inspect all new manufacturing equipment installed at UEP and will sample manufactured product to determine legality. Unit sales of physical music rose 17.6 percent in 2005, the largest increase in the region.

- In Western Europe, France was the only major market to record an increase in physical unit sales, posting a 4.0 percent gain. It appears that that growth was stimulated by a steep decline in average prices. The price decline served to offset the boost to unit sales, however, and spending on physical product fell.

- In several countries, however, efforts against piracy suffered setbacks. In Italy, for example, legislation introduced in late 2005 would reduce the statute of limitations for certain crimes—including unauthorized use of music—to six years from seven and a half years, which would result in the majority of pending cases' being dropped.

- In France, an amendment to a copyright bill introduced in parliament provides for an exemption for home copying of music from online services. The bill also provides for a fee paid to Internet service providers that will be distributed to copyright holders.

- On balance, increased enforcement appears to be slowing the growth of piracy, while the launch of licensed digital distribution services is giving consumers a legal alternative. Continued price cutting will also help make physical music more affordable.

- We do not expect these developments to reverse the downward trend in physical music. On one hand, piracy will provide less of an incremental threat to physical sales than in the past, but on the other, the proliferation of legal digital sites will provide more competition.

The outlook for physical recorded music

- There is also increased competition from other legitimate sources. In the United Kingdom, for example, the practice of giving away compilation albums as covermounts with newspapers or magazines cut into that segment of the market, and unit sales of compilation albums fell by 16 percent in 2005. Single-artist albums, by contrast, did well in 2005, rising by 1.4 percent. Overall unit sales in the U.K. fell by 5.0 percent.
- In Western Europe as a whole, physical unit sales fell at a 4.9 percent compound annual rate during the past five years. We are projecting a compound annual decline of 4.0 percent during the next five years.
- In Central and Eastern Europe, large increases in Russia and Turkey will lead to an expansion in unit sales in that area, while modest declines are expected in Middle East/Africa.
- For EMEA as a whole, physical unit sales will fall to 1.0 billion in 2010 from 1.1 billion in 2005, a 1.8 percent compound annual decrease.

Physical Recorded Music Unit Sales (Millions)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Western Europe										
Austria††	19.2	17.1	17.3	15.7	14.8	14.0	13.5	13.0	12.5	12.0
Belgium††	26.7	24.4	22.0	23.0	22.3	21.5	21.0	20.5	20.0	19.5
Denmark††	15.5	12.4	10.5	10.4	10.1	9.5	9.0	8.5	8.0	7.5
Finland††	11.7	10.6	11.4	9.9	9.5	9.0	8.5	8.0	7.5	7.0
France††	171.7	180.3	159.1	144.2	150.0	155.0	155.0	153.0	150.0	147.0
Germany††	246.0	223.9	183.2	178.5	160.0	150.0	140.0	130.0	120.0	110.0
Greece††	8.1	8.3	7.7	8.2	8.5	8.5	8.3	8.1	8.0	7.9
Ireland††	11.0	10.5	9.1	9.7	9.2	9.0	8.9	8.8	8.7	8.6
Italy††	48.7	53.0	41.7	36.4	33.3	31.0	29.0	27.0	25.5	24.0
Netherlands††	38.3	34.2	33.2	31.8	24.0	21.0	18.0	16.5	15.5	14.5
Norway	14.6	16.6	14.3	15.2	14.5	14.0	13.5	13.0	12.5	12.0
Portugal††	15.4	15.4	15.8	14.3	12.4	12.0	11.5	11.0	10.5	10.0
Spain††	80.5	66.8	60.2	49.9	43.3	40.5	38.0	36.0	35.0	34.0
Sweden††	31.1	31.0	27.3	23.5	20.0	19.0	18.0	17.0	16.0	15.0
Switzerland	25.0	25.4	22.0	21.5	19.0	20.0	19.5	19.2	19.0	18.8
United Kingdom††	285.3	283.3	280.2	288.5	274.0	265.0	255.0	245.0	235.0	225.0
Western Europe Total	1048.8	1013.2	915.0	880.7	824.9	799.0	766.7	734.6	703.7	672.8
Central and Eastern Europe										
Czech Republic††	6.6	4.6	4.2	3.9	3.5	3.2	3.0	2.9	2.8	2.7
Hungary††	6.2	5.1	5.1	4.5	4.0	3.7	3.5	3.4	3.3	3.2
Poland††	25.1	14.1	12.5	12.3	11.8	11.0	10.5	10.0	9.5	9.0
Romania‡‡	12.2	16.2	16.9	17.5	17.0	16.8	16.6	16.4	16.2	16.0
Russia	111.9	113.7	115.7	119.0	140.0	160.0	175.0	185.0	190.0	195.0
Turkey‡‡	30.1	27.9	35.7	43.5	50.0	52.0	54.0	56.0	58.0	60.0
Central and Eastern Europe Total	192.1	181.6	190.1	200.7	226.3	246.7	262.6	273.7	279.8	285.9
Middle East/Africa										
Israel	4.2	3.6	6.1	5.8	6.0	6.0	5.9	5.7	5.5	5.3
Saudi Arabia/Pan Arab†	38.3	30.0	25.3	21.4	21.0	20.0	19.0	18.0	17.0	16.0
South Africa	16.3	17.3	17.0	20.6	22.0	23.0	23.5	24.0	24.0	23.5
Middle East/Africa Total	58.8	50.9	48.4	47.8	49.0	49.0	48.4	47.7	46.5	44.8
EMEA Total	1,299.7	1,245.7	1,153.5	1,129.2	1,100.2	1,094.7	1,077.7	1,056.0	1,030.0	1,003.5

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: BPI, BV Phono, International Federation of the Phonographic Industry, NVPI, PricewaterhouseCoopers LLP, Recording Industry of South Africa, Wilkofsky Gruen Associates

Physical Recorded Music Unit Sales Growth (%)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Western Europe											
Austria††	–18.3	–10.9	1.2	–9.2	–5.7	–5.4	–3.6	–3.7	–3.8	–4.0	–4.1
Belgium††	–9.2	–8.6	–9.8	4.5	–3.0	–3.6	–2.3	–2.4	–2.4	–2.5	–2.6
Denmark††	–24.0	–20.0	–15.3	–1.0	–2.9	–5.9	–5.3	–5.6	–5.9	–6.3	–5.8
Finland††	–0.8	–9.4	7.5	–13.2	–4.0	–5.3	–5.6	–5.9	–6.3	–6.7	–5.9
France††	8.9	5.0	–11.8	–9.4	4.0	3.3	0.0	–1.3	–2.0	–2.0	–0.4
Germany††	–8.1	–9.0	–18.2	–2.6	–10.4	–6.3	–6.7	–7.1	–7.7	–8.3	–7.2
Greece††	–11.0	2.5	–7.2	6.5	3.7	0.0	–2.4	–2.4	–1.2	–1.3	–1.5
Ireland††	0.0	–4.5	–13.3	6.6	–5.2	–2.2	–1.1	–1.1	–1.1	–1.1	–1.3
Italy††	1.2	8.8	–21.3	–12.7	–8.5	–6.9	–6.5	–6.9	–5.6	–5.9	–6.3
Netherlands††	–4.0	–10.7	–2.9	–4.2	–24.5	–12.5	–14.3	–8.3	–6.1	–6.5	–9.6
Norway	–7.0	13.7	–13.9	6.3	–4.6	–3.4	–3.6	–3.7	–3.8	–4.0	–3.7
Portugal††	–8.3	0.0	2.6	–9.5	–13.3	–3.2	–4.2	–4.3	–4.5	–4.8	–4.2
Spain††	12.9	–17.0	–9.9	–17.1	–13.2	–6.5	–6.2	–5.3	–2.8	–2.9	–4.7
Sweden††	–2.5	–0.3	–11.9	–13.9	–14.9	–5.0	–5.3	–5.6	–5.9	–6.3	–5.6
Switzerland	–3.5	1.6	–13.4	–2.3	–11.6	5.3	–2.5	–1.5	–1.0	–1.1	–0.2
United Kingdom††	1.0	–0.7	–1.1	3.0	–5.0	–3.3	–3.8	–3.9	–4.1	–4.3	–3.9
Western Europe Total	–1.3	–3.4	–9.7	–3.7	–6.3	–3.1	–4.0	–4.2	–4.2	–4.4	–4.0
Central and Eastern Europe											
Czech Republic††	–4.3	–30.3	–8.7	–7.1	–10.3	–8.6	–6.3	–3.3	–3.4	–3.6	–5.1
Hungary††	–20.5	–17.7	0.0	–11.8	–11.1	–7.5	–5.4	–2.9	–2.9	–3.0	–4.4
Poland††	–27.5	–43.8	–11.3	–1.6	–4.1	–6.8	–4.5	–4.8	–5.0	–5.3	–5.3
Romania‡‡	–22.8	32.8	4.3	3.6	–2.9	–1.2	–1.2	–1.2	–1.2	–1.2	–1.2
Russia	1.2	1.6	1.8	2.9	17.6	14.3	9.4	5.7	2.7	2.6	6.9
Turkey‡‡	–22.2	–7.3	28.0	21.8	14.9	4.0	3.8	3.7	3.6	3.4	3.7
Central and Eastern Europe Total	–10.4	–5.5	4.7	5.6	12.8	9.0	6.4	4.2	2.2	2.2	4.8
Middle East/Africa											
Israel	–8.7	–14.3	69.4	–4.9	3.4	0.0	–1.7	–3.4	–3.5	–3.6	–2.5
Saudi Arabia/Pan Arab†	–23.9	–21.7	–15.7	–15.4	–1.9	–4.8	–5.0	–5.3	–5.6	–5.9	–5.3
South Africa	–6.3	6.1	–1.7	21.2	6.8	4.5	2.2	2.1	0.0	–2.1	1.3
Middle East/Africa Total	–18.7	–13.4	–4.9	–1.2	2.5	0.0	–1.2	–1.4	–2.5	–3.7	–1.8
EMEA Total	–3.7	–4.2	–7.4	–2.1	–2.6	–0.5	–1.6	–2.0	–2.5	–2.6	–1.8

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: BPI, BV Phono, International Federation of the Phonographic Industry, NVPI, PricewaterhouseCoopers LLP, Recording Industry of South Africa, Wilkofsky Gruen Associates

- There is a wide range of prices for physical recorded music in EMEA, from as little as $1.53 in Romania to $19.24 in Norway. For the region as a whole, the average unit cost was $11.00 in 2005. Average prices for physical recorded music are falling—a trend we expect will continue. For the region as a whole, the average price fell by 6.3 percent during the past three years, with steep cuts in Central and Eastern Europe as well as a more modest decline in Western Europe, offsetting increases in Middle East/Africa.

- With physical unit sales demand continuing to weaken, we expect average prices to continue to decline, falling by a projected 1.3 percent compound annual rate to $10.31 in 2010.

Physical Recorded Music Average Price† (US$)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Western Europe										
Austria††	18.59	19.42	18.03	18.54	18.72	18.64	18.52	18.38	18.32	18.17
Belgium††	12.43	12.62	12.59	12.04	11.93	11.81	11.67	11.56	11.45	11.23
Denmark††	16.90	17.90	18.48	17.98	17.52	17.37	17.22	17.06	16.88	16.67
Finland††	13.85	14.34	13.60	13.54	13.79	13.67	13.65	13.38	13.20	13.14
France††	15.31	15.17	14.70	13.81	13.01	12.74	12.43	12.12	11.81	11.50
Germany††	11.95	12.28	12.32	12.15	12.19	12.12	12.12	12.12	12.12	12.13
Greece††	12.22	12.77	12.47	10.85	9.76	9.41	9.04	8.77	8.38	7.97
Ireland††	16.45	16.10	15.71	15.15	15.11	15.22	15.06	15.00	14.83	14.65
Italy††	15.15	14.08	17.10	18.08	18.29	18.65	18.93	19.30	19.61	19.88
Netherlands††	16.16	16.96	16.63	16.07	16.83	16.48	16.17	15.82	15.55	15.24
Norway	20.82	19.40	19.65	18.82	19.24	18.64	18.30	18.00	17.68	17.42
Portugal††	11.69	12.66	10.38	8.95	9.19	9.33	9.39	9.64	9.71	9.80
Spain††	10.70	10.88	10.95	11.56	11.92	12.12	12.42	12.75	13.06	13.38
Sweden††	12.99	12.29	11.90	11.40	11.20	11.00	10.89	10.76	10.63	10.47
Switzerland	13.00	12.48	12.64	12.00	12.26	12.05	11.85	11.61	11.47	11.22
United Kingdom††	12.77	12.57	12.73	12.16	12.18	12.27	12.36	12.45	12.55	12.72
Western Europe Total	13.38	13.43	13.46	13.04	12.96	12.89	12.84	12.79	12.75	12.72
Central and Eastern Europe										
Czech Republic††	9.24	10.65	11.43	10.77	11.14	10.94	10.67	10.34	10.36	10.00
Hungary††	11.94	13.53	14.31	13.33	13.00	12.70	12.57	12.35	12.12	11.88
Poland††	5.90	7.87	8.72	8.46	8.39	8.36	8.29	8.30	8.21	8.22
Romania‡‡	0.98	1.48	1.60	1.49	1.53	1.49	1.51	1.46	1.48	1.44
Russia	2.06	2.52	3.06	4.20	4.33	4.59	4.77	4.95	5.13	5.30
Turkey††	4.15	4.84	4.51	4.09	3.78	3.48	3.33	3.18	3.03	2.67
Central and Eastern Europe Total	3.39	3.71	4.06	4.53	4.47	4.52	4.58	4.65	4.72	4.74
Middle East/Africa										
Israel	10.48	11.11	6.89	7.76	7.67	7.50	7.46	7.54	7.45	7.55
Saudi Arabia/Pan Arab‡	3.60	3.73	3.79	4.30	4.29	4.35	4.42	4.44	4.53	4.56
South Africa	10.25	10.98	11.18	11.60	11.95	12.22	12.55	12.83	13.17	13.49
Middle East/Africa Total	5.94	6.72	6.78	7.87	8.14	8.43	8.74	9.04	9.33	9.60
EMEA Total	11.57	11.74	11.63	11.31	11.00	10.81	10.64	10.51	10.41	10.31

†At average 2005 exchange rates.
‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Average Price Growth (%)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Western Europe											
Austria††	12.0	4.5	–7.2	2.8	1.0	–0.4	–0.6	–0.8	–0.3	–0.8	–0.6
Belgium††	1.6	1.5	–0.2	–4.4	–0.9	–1.0	–1.2	–0.9	–1.0	–1.9	–1.2
Denmark††	9.5	5.9	3.2	–2.7	–2.6	–0.9	–0.9	–0.9	–1.1	–1.2	–1.0
Finland††	4.1	3.5	–5.2	–0.4	1.8	–0.9	–0.1	–2.0	–1.3	–0.5	–1.0
France††	5.6	–0.9	–3.1	–6.1	–5.8	–2.1	–2.4	–2.5	–2.6	–2.6	–2.4
Germany††	–2.2	2.8	0.3	–1.4	0.3	–0.6	0.0	0.0	0.0	0.1	–0.1
Greece††	–8.1	4.5	–2.3	–13.0	–10.0	–3.6	–3.9	–3.0	–4.4	–4.9	–4.0
Ireland††	11.0	–2.1	–2.4	–3.6	–0.3	0.7	–1.1	–0.4	–1.1	–1.2	–0.6
Italy††	–9.8	–7.1	21.4	5.7	1.2	2.0	1.5	2.0	1.6	1.4	1.7
Netherlands††	5.0	5.0	–1.9	–3.4	4.7	–2.1	–1.9	–2.2	–1.7	–2.0	–2.0
Norway	3.1	–6.8	1.3	–4.2	2.2	–3.1	–1.8	–1.6	–1.8	–1.5	–2.0
Portugal††	2.8	8.3	–18.0	–13.8	2.7	1.5	0.6	2.7	0.7	0.9	1.3
Spain††	–10.7	1.7	0.6	5.6	3.1	1.7	2.5	2.7	2.4	2.5	2.3
Sweden††	3.1	–5.4	–3.2	–4.2	–1.8	–1.8	–1.0	–1.2	–1.2	–1.5	–1.3
Switzerland	1.1	–4.0	1.3	–5.1	2.2	–1.7	–1.7	–2.0	–1.2	–2.2	–1.8
United Kingdom††	6.4	–1.6	1.3	–4.5	0.2	0.7	0.7	0.7	0.8	1.4	0.9
Western Europe Total	1.7	0.4	0.2	–3.1	–0.6	–0.5	–0.4	–0.4	–0.3	–0.2	–0.4
Central and Eastern Europe											
Czech Republic††	–1.9	15.3	7.3	–5.8	3.4	–1.8	–2.5	–3.1	0.2	–3.5	–2.1
Hungary††	16.4	13.3	5.8	–6.8	–2.5	–2.3	–1.0	–1.8	–1.9	–2.0	–1.8
Poland††	1.0	33.4	10.8	–3.0	–0.8	–0.4	–0.8	0.1	–1.1	0.1	–0.4
Romania‡‡	–18.3	51.0	8.1	–6.9	2.7	–2.6	1.3	–3.3	1.4	–2.7	–1.2
Russia	16.4	22.3	21.4	37.3	3.1	6.0	3.9	3.8	3.6	3.3	4.1
Turkey‡‡	186.2	16.6	–6.8	–9.3	–7.6	–7.9	–4.3	–4.5	–4.7	–11.9	–6.7
Central and Eastern Europe Total	17.7	9.4	9.4	11.6	–1.3	1.1	1.3	1.5	1.5	0.4	1.2
Middle East/Africa											
Israel	2.5	6.0	–38.0	12.6	–1.2	–2.2	–0.5	1.1	–1.2	1.3	–0.3
Saudi Arabia/Pan Arab†	5.9	3.6	1.6	13.5	–0.2	1.4	1.6	0.5	2.0	0.7	1.2
South Africa	8.7	7.1	1.8	3.8	3.0	2.3	2.7	2.2	2.7	2.4	2.5
Middle East/Africa Total	12.5	13.1	0.9	16.1	3.4	3.6	3.7	3.4	3.2	2.9	3.4
EMEA Total	4.2	1.5	–0.9	–2.8	–2.7	–1.7	–1.6	–1.2	–1.0	–1.0	–1.3

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Spending on physical recorded music in EMEA fell by 5.2 percent in 2005 and by a combined 19.5 percent during the past four years.
- We project a somewhat more moderate, 3.1 percent compound annual decline through 2010, with spending falling to $10.3 billion from $12.1 billion in 2005.

Physical Recorded Music Spending† (US$ Millions)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Western Europe										
Austria††	357	332	312	291	277	261	250	239	229	218
Belgium††	332	308	277	277	266	254	245	237	229	219
Denmark††	262	222	194	187	177	165	155	145	135	125
Finland††	162	152	155	134	131	123	116	107	99	92
France††	2,628	2,735	2,339	1,992	1,951	1,975	1,927	1,854	1,771	1,690
Germany††	2,940	2,749	2,257	2,169	1,951	1,818	1,697	1,576	1,454	1,334
Greece††	99	106	96	89	83	80	75	71	67	63
Ireland††	181	169	143	147	139	137	134	132	129	126
Italy††	738	746	713	658	609	578	549	521	500	477
Netherlands††	619	580	552	511	404	346	291	261	241	221
Norway	304	322	281	286	279	261	247	234	221	209
Portugal††	180	195	164	128	114	112	108	106	102	98
Spain††	861	727	659	577	516	491	472	459	457	455
Sweden††	404	381	325	268	224	209	196	183	170	157
Switzerland	325	317	278	258	233	241	231	223	218	211
United Kingdom††	3,642	3,562	3,567	3,509	3,336	3,252	3,152	3,051	2,949	2,863
Western Europe Total	14,034	13,603	12,312	11,481	10,690	10,303	9,845	9,399	8,971	8,558
Central and Eastern Europe										
Czech Republic††	61	49	48	42	39	35	32	30	29	27
Hungary††	74	69	73	60	52	47	44	42	40	38
Poland††	148	111	109	104	99	92	87	83	78	74
Romania‡‡	12	24	27	26	26	25	25	24	24	23
Russia	231	286	354	500	606	735	835	915	974	1,034
Turkey‡‡	125	135	161	178	189	181	180	178	176	160
Central and Eastern Europe Total	651	674	772	910	1,011	1,115	1,203	1,272	1,321	1,356
Middle East/Africa										
Israel	44	40	42	45	46	45	44	43	41	40
Saudi Arabia/Pan Arab‡	138	112	96	92	90	87	84	80	77	73
South Africa	167	190	190	239	263	281	295	306	316	317
Middle East/Africa Total	349	342	328	376	399	413	423	431	434	430
EMEA Total	15,034	14,619	13,412	12,767	12,100	11,831	11,471	11,102	10,726	10,344

†At average 2005 exchange rates.
‡Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Spending Growth (%)

EMEA	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Western Europe											
Austria††	–8.5	–7.0	–6.0	–6.7	–4.8	–5.8	–4.2	–4.4	–4.2	–4.8	–4.7
Belgium††	–7.8	–7.2	–10.1	0.0	–4.0	–4.5	–3.5	–3.3	–3.4	–4.4	–3.8
Denmark††	–16.8	–15.3	–12.6	–3.6	–5.3	–6.8	–6.1	–6.5	–6.9	–7.4	–6.7
Finland††	3.2	–6.2	2.0	–13.5	–2.2	–6.1	–5.7	–7.8	–7.5	–7.1	–6.8
France††	15.0	4.1	–14.5	–14.8	–2.1	1.2	–2.4	–3.8	–4.5	–4.6	–2.8
Germany††	–10.1	–6.5	–17.9	–3.9	–10.1	–6.8	–6.7	–7.1	–7.7	–8.3	–7.3
Greece††	–18.2	7.1	–9.4	–7.3	–6.7	–3.6	–6.3	–5.3	–5.6	–6.0	–5.4
Ireland††	11.0	–6.6	–15.4	2.8	–5.4	–1.4	–2.2	–1.5	–2.3	–2.3	–1.9
Italy††	–8.7	1.1	–4.4	–7.7	–7.4	–5.1	–5.0	–5.1	–4.0	–4.6	–4.8
Netherlands††	0.8	–6.3	–4.8	–7.4	–20.9	–14.4	–15.9	–10.3	–7.7	–8.3	–11.4
Norway	–4.1	5.9	–12.7	1.8	–2.4	–6.5	–5.4	–5.3	–5.6	–5.4	–5.6
Portugal††	–5.8	8.3	–15.9	–22.0	–10.9	–1.8	–3.6	–1.9	–3.8	–3.9	–3.0
Spain††	0.8	–15.6	–9.4	–12.4	–10.6	–4.8	–3.9	–2.8	–0.4	–0.4	–2.5
Sweden††	0.5	–5.7	–14.7	–17.5	–16.4	–6.7	–6.2	–6.6	–7.1	–7.6	–6.9
Switzerland	–2.4	–2.5	–12.3	–7.2	–9.7	3.4	–4.1	–3.5	–2.2	–3.2	–2.0
United Kingdom††	7.4	–2.2	0.1	–1.6	–4.9	–2.5	–3.1	–3.2	–3.3	–2.9	–3.0
Western Europe Total	0.4	–3.1	–9.5	–6.7	–6.9	–3.6	–4.4	–4.5	–4.6	–4.6	–4.4
Central and Eastern Europe											
Czech Republic††	–6.2	–19.7	–2.0	–12.5	–7.1	–10.3	–8.6	–6.3	–3.3	–6.9	–7.1
Hungary††	–7.5	–6.8	5.8	–17.8	–13.3	–9.6	–6.4	–4.5	–4.8	–5.0	–6.1
Poland††	–26.7	–25.0	–1.8	–4.6	–4.8	–7.1	–5.4	–4.6	–6.0	–5.1	–5.7
Romania‡‡	–36.8	100.0	12.5	–3.7	0.0	–3.8	0.0	–4.0	0.0	–4.2	–2.4
Russia	17.9	23.8	23.8	41.2	21.2	21.3	13.6	9.6	6.4	6.2	11.3
Turkey‡‡	123.2	8.0	19.3	10.6	6.2	–4.2	–0.6	–1.1	–1.1	–9.1	–3.3
Central and Eastern Europe Total	5.3	3.5	14.5	17.9	11.1	10.3	7.9	5.7	3.9	2.6	6.0
Middle East/Africa											
Israel	–6.4	–9.1	5.0	7.1	2.2	–2.2	–2.2	–2.3	–4.7	–2.4	–2.8
Saudi Arabia/Pan Arab†	–19.3	–18.8	–14.3	–4.2	–2.2	–3.3	–3.4	–4.8	–3.8	–5.2	–4.1
South Africa	1.8	13.8	0.0	25.8	10.0	6.8	5.0	4.4	2.6	0.3	3.8
Middle East/Africa Total	–8.6	–2.0	–4.1	14.6	6.1	3.5	2.4	1.9	0.7	–0.9	1.5
EMEA Total	0.4	–2.8	–8.3	–4.8	–5.2	–2.2	–3.0	–3.2	–3.4	–3.6	–3.1

†Comprises Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Syria, and the United Arab Emirates.
††European Union members.
‡‡European Union applicants.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

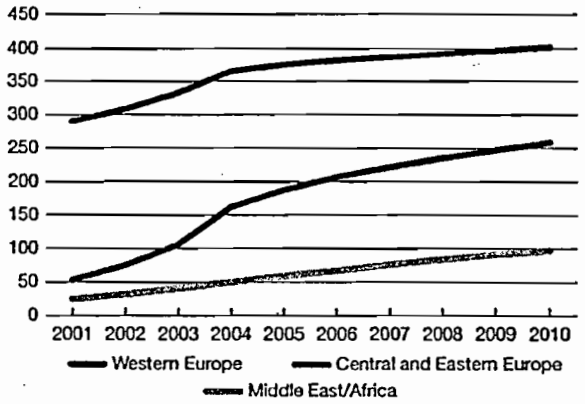
Mobile music

- The mobile music market in EMEA grew 61.1 percent in 2005 to $1.8 billion. The United Kingdom and Germany have the two largest mobile markets, at $380 million and $290 million, respectively.

- The leading mobile operators in the region are using music to stimulate demand for their newly developed 3G wireless networks that accommodate high-volume data applications such as music.

- Wireless penetration in Western Europe reached 95 percent in 2005, was above 50 percent in Central and Eastern Europe, and is approaching that level in Middle East/Africa. Subscriber growth in Western Europe will average only 1.4 percent compounded annually, and the region as a whole will grow at a 4.0 percent compound annual rate. Consequently, carriers, particularly in Western Europe, are looking at only modest growth in subscribership and, as such, are focusing their efforts on boosting average revenue per user.

Wireless Subscribers in EMEA (Millions)



Sources: International Telecommunication Union, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Carriers have substantial sums invested in 3G networks, having paid high fees for licenses in spectrum auctions in the late 1990s and early 2000s. When the economy weakened, their ability to build those networks became limited due to financial shortfalls. Now that most networks are in place, carriers need to generate incremental revenue in order to earn a return on their investment.

- Carriers are looking to transform the mobile music market from ring tones to ring tunes, which require subscriptions to enhanced multimedia services. Full-length songs represent one of the features carriers are offering to attract 3G subscribers.

- Virtually all major wireless carriers in the region are generating incremental revenue from music, and we look for revenue to expand as the market migrates to ring tunes from less-expensive ring tones.

- Increased subscribership to 3G networks will drive spending, but slow growth in the overall wireless universe will ultimately lead to a moderation in mobile music.

- We project the percentage of wireless telephony subscribers who download music will more than double to 27 percent in 2010 from 12 percent in 2005 as phones capable of playing music fully penetrate the market and as interest in mobile music grows. The number of mobile music subscribers will increase from 75 million in 2005 to 204 million in 2010. Average annual spending per subscriber jumped 11.5 percent in 2005 as ring tunes began to replace ring tones.

- We expect annual spending per subscriber to slow during 2006–07 and then decline during 2008–10 as subscribers purchase fewer incremental tunes. Overall mobile music spending will continue to grow at double-digit rates through 2009, with a high-single-digit gain in 2010, averaging 21.3 percent compounded annually during the forecast period as a whole.

Mobile Music Market

EMEA	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Wireless Telephone Subscribers (Millions)	415	480	577	622	656	685	711	735	757
Percent Downloading Music (%)	2	6	9	12	15	18	21	24	27
Mobile Music Subscribers (Millions)	8	29	52	75	98	123	149	176	204
Annual Spending per Subscriber† (US$)	14.00	19.80	20.90	23.30	24.45	24.70	24.55	23.85	22.50
Aggregate Mobile Music† (US$ Millions)	112	574	1,087	1,748	2,396	3,038	3,658	4,198	4,590

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

EMEA	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Wireless Telephone Subscribers	15.7	20.2	7.8	5.5	4.4	3.8	3.4	3.0	4.0
Mobile Music Subscribers	262.5	79.3	44.2	30.7	25.5	21.1	18.1	15.9	22.2
Annual Spending per Subscriber	41.4	5.6	11.5	4.9	1.0	-0.6	-2.9	-5.7	-0.7
Aggregate Mobile Music	412.5	89.4	60.8	37.1	26.8	20.4	14.8	9.3	21.3

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- The U.K. will remain the largest mobile music market in EMEA, at $890 million in 2010, with Germany projected to rise to $680 million and France to $240 million. Total mobile music spending will increase to $4.6 billion in 2010.

Mobile Music Market† (US$ Millions)

EMEA	2002	2003	2004	2005p	2006	2007	2008	2009	2010
France	5	20	50	80	115	150	180	210	240
Germany	19	99	186	290	380	470	550	620	680
United Kingdom	23	125	250	380	500	620	730	820	890
Remainder of Region	65	330	600	1,000	1,400	1,800	2,200	2,550	2,780
Total	112	574	1,086	1,750	2,395	3,040	3,660	4,200	4,590

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

EMEA	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
France	300.0	150.0	60.0	43.8	30.4	20.0	16.7	14.3	24.6
Germany	421.1	87.9	55.9	31.0	23.7	17.0	12.7	9.7	18.6
United Kingdom	443.5	100.0	52.0	31.6	24.0	17.7	12.3	8.5	18.6
Remainder of Region	407.7	81.8	66.7	40.0	28.6	22.2	15.9	9.0	22.7
Total	412.5	89.2	61.1	36.9	26.9	20.4	14.8	9.3	21.3

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Asia Pacific

The outlook in brief

- Fueled by the shift to full-length songs, mobile music will become the dominant component of the industry, surpassing physical distribution in 2010.
- Piracy will continue to cut into sales, but improved enforcement, combined with an increasingly more sophisticated and enabled economy, will lessen its incremental impact as antipiracy efforts begin to yield results.
- The licensed digital distribution market has been tiny to date but will begin to grow rapidly as new services enter the market and as increased content becomes available.

Overview

- Physical distribution will continue to decline during the forecast period, falling by 4.7 percent compounded annually to $5.2 billion in 2010 from $6.6 billion in 2005.
- Mobile music will become the largest component of the market in 2010, totaling $5.8 billion, up 22.8 percent on a compound annual basis from 2005.
- Digital distribution will grow to $1.0 billion by 2010 from $32 million in 2005, a 99.1 percent compound annual gain.
- The market as a whole will expand from $8.7 billion in 2005 to $12.0 billion by 2010, a 6.6 percent compounded annual increase.

Recorded Music Market† (US$ Millions)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Physical Distribution	8,222	7,855	7,215	7,040	6,646	6,331	6,049	5,768	5,495	5,234	
% Change	–4.7	–4.5	–8.1	–2.4	–5.6	–4.7	–4.5	–4.6	–4.7	–4.7	–4.7
Digital Distribution	—	—	—	5	32	96	230	510	774	1,002	
% Change	—	—	—	—	540.0	200.0	139.6	121.7	51.8	29.5	99.1
Mobile Music	—	193	549	1,075	2,061	3,020	4,008	4,770	5,304	5,766	
% Change	—	—	184.5	95.8	91.7	46.5	32.7	19.0	11.2	8.7	22.8
Total	8,222	8,048	7,764	8,120	8,739	9,447	10,287	11,048	11,573	12,002	
% Change	–4.7	–2.1	–3.5	4.6	7.6	8.1	8.9	7.4	4.8	3.7	6.6

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Japan is the largest market in the region, at $4.8 billion in 2005, including digital distribution. Australia is a distant second at $668 million.
- Japan declined 4.8 percent in 2005 as physical sales continued to fall. A small but emerging digital distribution market will help cushion continuing declines in physical sales. Japan will decline at a 2.7 percent compound annual rate to $4.2 billion in 2010.
- Physical sales plummeted in Australia, and the market fell by 10.6 percent in 2005, its largest decline in five years. Further decreases are expected during the next two years but at slower rates as digital distribution expands. An emerging and rapidly expanding digital distribution market will offset declines in physical distribution in 2008 and generate positive growth during 2009–10.

Recorded Music Market† (US$ Millions)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Australia	840	791	792	747	668	635	619	619	628	636
China	130	165	200	214	222	235	239	242	246	249
Hong Kong	98	100	93	81	78	75	73	70	67	65
India	245	190	153	152	152	151	152	150	150	154
Indonesia	75	64	68	79	82	83	82	81	81	80
Japan	5,939	5,684	5,169	5,080	4,835	4,613	4,462	4,399	4,316	4,212
Malaysia	42	35	33	32	32	30	29	27	25	24
New Zealand	140	139	134	124	120	117	114	111	108	106
Pakistan	17	25	23	24	24	23	22	21	20	19
Philippines	30	26	27	25	24	23	22	21	21	20
Singapore	50	53	51	46	45	43	40	38	35	33
South Korea	334	270	188	149	128	139	170	240	297	340
Taiwan	180	174	150	152	130	122	111	101	91	81
Thailand	102	139	134	140	136	135	135	135	134	133
Digital Distribution Not Included in Country Totals	—	—	—	—	2	3	9	23	50	84
Mobile Music	—	193	549	1,075	2,061	3,020	4,008	4,770	5,304	5,766
Total	8,222	8,048	7,764	8,120	8,739	9,447	10,287	11,048	11,573	12,002

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Recorded Music Market Growth (%)

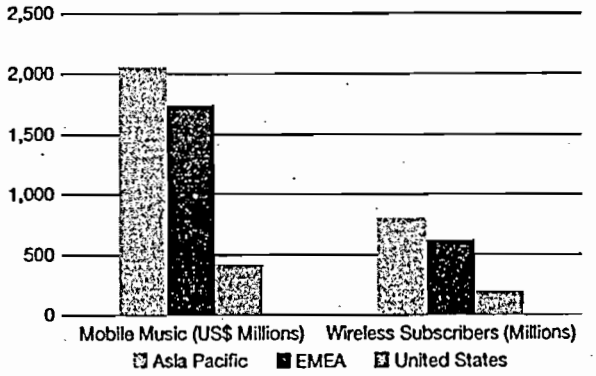
Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Australia	9.1	–5.8	0.1	–5.7	–10.6	–4.9	–2.5	0.0	1.5	1.3	–1.0
China	30.0	26.9	21.2	7.0	3.7	5.9	1.7	1.3	1.7	1.2	2.3
Hong Kong	–9.3	2.0	–7.0	–12.9	–3.7	–3.8	–2.7	–4.1	–4.3	–3.0	–3.6
India	15.0	–22.4	–19.5	–0.7	0.0	–0.7	0.7	–1.3	0.0	2.7	0.3
Indonesia	–8.5	–14.7	6.3	16.2	3.8	1.2	–1.2	–1.2	0.0	–1.2	–0.5
Japan	–6.8	–4.3	–9.1	–1.7	–4.8	–4.6	–3.3	–1.4	–1.9	–2.4	–2.7
Malaysia	–20.8	–16.7	–5.7	–3.0	0.0	–6.3	–3.3	–6.9	–7.4	–4.0	–5.6
New Zealand	3.7	–0.7	–3.6	–7.5	–3.2	–2.5	–2.6	–2.6	–2.7	–1.9	–2.5
Pakistan	–59.5	47.1	–8.0	4.3	0.0	–4.2	–4.3	–4.5	–4.8	–5.0	–4.6
Philippines	0.0	–13.3	3.8	–7.4	–4.0	–4.2	–4.3	–4.5	0.0	–4.8	–3.6
Singapore	4.2	6.0	–3.8	–9.8	–2.2	–4.4	–7.0	–5.0	–7.9	–5.7	–6.0
South Korea	1.2	–19.2	–30.4	–20.7	–14.1	8.6	22.3	41.2	23.8	14.5	21.6
Taiwan	–23.7	–3.3	–13.8	1.3	–14.5	–6.2	–9.0	–9.0	–9.9	–11.0	–9.0
Thailand	–5.6	36.3	–3.6	4.5	–2.9	–0.7	0.0	0.0	–0.7	–0.7	–0.4
Digital Distribution Not Included in Country Totals	—	—	—	—	—	50.0	200.0	155.6	117.4	68.0	111.2
Mobile Music	—	—	184.5	95.8	91.7	46.5	32.7	19.0	11.2	8.7	22.8
Total	–4.7	–2.1	–3.5	4.6	7.6	8.1	8.9	7.4	4.8	3.7	6.6

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile music

- Asia Pacific has the largest mobile music market in the world, at $2.1 billion in 2005, which exceeds the $1.8 billion in EMEA and the $422 million in the United States, a relationship that approximates the relative sizes of the respective wireless subscriber universes in each region. This reflects the fact that Asia Pacific is ahead of the rest of the world with respect to wireless but behind with respect to digital distribution. High-speed wireless has been available for a number of years, and applications that make use of that technology are well established. Consequently, mobile music became a significant market in Asia before it did in other regions.

Mobile Music and Wireless Subscribers



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Wireless devices are now routinely used for a variety of entertainment and media purposes, and music is one of the most popular applications. In Japan and South Korea, mobile music is dominated by full-length tracks, as mobile devices serve the function of digital download services that exist in other countries. In the rest of the region, mobile music consists largely of traditional ring tones and an emerging ring tunes market.

- South Korea, with its well-developed 3G network technology, is the only country in which mobile music is the dominant distribution channel for recorded music. Wireless carriers distribute music via consolidated sites, which allow songs to be downloaded both to mobile devices and to computers from the same Web site. In most other countries, by contrast, mobile music and digital distribution are provided by different companies.

- Carriers in South Korea are acquiring financial interests in music content. SK Telecom acquired YBM Seoul, a major label, in mid-2005, and Samsung has a deal with DSP Entertainment for content. In late 2004, LGT launched MusicOn, which has more than 700,000 tracks from most of the major labels in South Korea.

- In South Korea, the number of phones capable of downloading music more than doubled in 2005 to approximately 13 million, representing a third of all wireless subscribers. In March 2005, six 3G digital mobile broadcasting licenses were awarded. As digital mobile broadcasting licensees roll out services, they will expand the reach for full-length downloads.

- The market potential for mobile music in Japan is extensive and only beginning to be tapped. There are 97 million wireless subscribers in Japan, a third of whom already subscribe to a 3G network.

- In Australia, new handsets capable of downloading and storing music are replacing older-generation devices and boosting the market. The Australian Recording Industry Association's intended introduction of charts covering ring tones and other mobile music will stimulate further interest and help drive additional spending.

- In New Zealand, Telecom New Zealand in conjunction with Groove Mobile is offering music downloads on its wireless network. Phones that can store up to 900 tracks are being sold.

- In 2005 there were 807 million wireless subscribers in Asia Pacific, and the market continues to grow rapidly. It will pass the 1-billion threshold in 2007 and rise to 1.5 billion by 2010.

- Approximately 10 percent of wireless subscribers, or 81 million people, downloaded music in 2005. Average annual spending tripled since 2002, reflecting the growing availability of music to mobile devices and, in some countries, the introduction of higher-priced ring tunes and full songs.

- Mobile music is not yet available in all areas, but as new services are introduced, the market will expand. We project that 17 percent of wireless subscribers, or 248 million people, will download music to their mobile phones in 2010.

- Average annual per-subscriber spending, however, will begin to decline in 2007. New subscribers will likely buy less music than early adopters did, thereby reducing average spending. Mobile music will also face competition from services that allow music that is downloaded to a computer from a digital distribution service to be transferred to a mobile phone, bypassing the wireless carrier and bypassing wireless fees for mobile music. We project average annual spending to fall to $23.25 in 2010. Total spending on mobile music will increase to an estimated $5.8 billion in 2010, growing at a 22.8 percent compound annual rate. Mobile music will become the dominant distribution channel for the region as a whole by 2010.

Mobile Music Market

Asia Pacific	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Wireless Telephone Subscribers (Millions)	435	548	675	807	920	1,065	1,197	1,331	1,460
Percent Downloading Music (%)	5	7	8	10	12	14	15	16	17
Mobile Music Subscribers (Millions)	22	38	54	81	110	149	180	213	248
Annual Spending per Subscriber† (US$)	8.75	14.45	19.90	25.45	27.45	26.90	26.50	24.90	23.25
Aggregate Mobile Music† (US$ Millions)	193	549	1,075	2,061	3,020	4,008	4,770	5,304	5,766

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

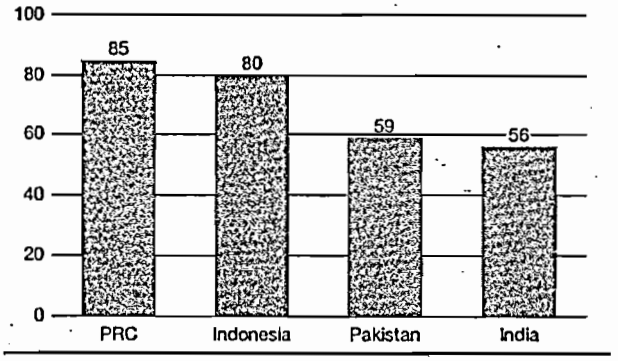
Asia Pacific	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Wireless Telephone Subscribers	26.0	23.2	19.6	14.0	15.8	12.4	11.2	9.7	12.6
Mobile Music Subscribers	72.7	42.1	50.0	35.8	35.5	20.8	18.3	16.4	25.1
Annual Spending per Subscriber	65.1	37.7	27.9	7.9	–2.0	–1.5	–6.0	–6.6	–1.8
Aggregate Mobile Music	184.5	95.8	91.7	46.5	32.7	19.0	11.2	8.7	22.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Piracy

- Physical piracy remains a problem in Asia Pacific, with rates above 50 percent for four countries in the region. In the People's Republic of China (PRC), an estimated 85 percent of music was of pirated origin in 2004, the highest percentage in the world. Piracy was at 80 percent in Indonesia and at more than 50 percent in India and Pakistan. The high incidence of piracy dampens spending on legitimate product and reduces the market potential for recordings in the physical formats. Licensed digital distribution is just getting started in the region, and piracy appears to have had little impact on it thus far.

2004 Piracy Rates (%)



Source: International Federation of the Phonographic Industry

- In a number of countries, however, antipiracy efforts have become more aggressive, leading to a slowdown in piracy growth. In the PRC, for example, a long-term campaign culminated in mid-2005 with the arrest of 2,600 people and the seizure of 63 million counterfeit CDs. Although still very high, piracy rates in the PRC have declined from levels in excess of 90 percent.

- In South Korea, the Seoul District Court in October 2005 ruled that Soribada, a file-sharing network, must remove its file-sharing software from peer-to-peer networks. In Australia, Kazaa was found to be liable for copyright infringement by the Federal Court of Australia and by early 2006 was required to install a system that blocks unauthorized file sharing. In Malaysia, five CD manufacturers lost their licenses in November 2005 due to piracy.

- These initiatives appeared to have yielded results, as unit sales of physical music fell only 0.5 percent in 2005 and 0.7 percent in 2004 compared with declines of 7.0 percent or more during 2001–02. The PRC's market continues to expand despite the high piracy rates, reflecting the fact that the economy appears to be growing faster than piracy. Unit sales were up 6.0 percent in 2005. Indonesia and Pakistan, the other leading piracy countries, each recorded unit sales gains of 3.5 percent, continuing their upward climb despite high piracy rates.

- Piracy has ravaged South Korea's physical music market, whose unit sales fell by 74 percent during 2002–05. Part of that decline, however, was due to the emergence of alternative distribution channels for music. The growth in mobile music has also contributed to the decline in physical sales, which now represent only a small component of the market in South Korea.

- We expect that piracy will continue to depress physical sales, but its incremental impact will lessen compared with the past five years. If piracy rates grow more slowly compared with recent years, the adverse impact on sales will also grow more slowly, which will have a positive effect on the market. At the same time, the emergence of authorized digital download services and the growing ability to download music to wireless devices will compete with, and continue to replace, the physical market. We project physical unit sales to fall somewhat faster than in 2005, but much slower compared with prior years. Physical unit sales will total an estimated 841 million in 2010, down 0.8 percent on a compound annual basis from 873 million in 2005.

Physical Recorded Music Unit Sales (Millions)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Australia	63.9	61.5	65.6	63.1	58.4	55.0	52.0	49.0	46.0	43.0
China	74.0	84.8	115.7	123.6	131.0	140.0	145.0	150.0	155.0	160.0
Hong Kong	11.7	11.4	11.8	10.0	9.8	9.6	9.4	9.2	9.0	8.8
India	200.0	171.1	153.0	163.0	170.0	175.0	180.0	185.0	190.0	200.0
Indonesia	51.0	34.3	37.3	39.8	41.2	41.0	40.0	39.0	38.0	37.0
Japan	385.0	358.0	361.0	347.0	336.5	325.0	315.0	305.0	295.0	285.0
Malaysia	7.6	5.7	5.4	6.1	6.3	6.2	6.1	6.0	5.9	5.8
New Zealand	8.7	8.7	8.5	8.2	8.1	8.0	7.9	7.8	7.7	7.6
Pakistan	31.5	41.6	38.1	40.1	41.5	42.0	41.5	41.0	40.5	40.0
Philippines	7.6	5.7	6.9	6.3	5.8	5.5	5.3	5.1	4.9	4.7
Singapore	5.1	5.6	5.9	5.2	5.0	4.8	4.6	4.4	4.2	4.0
South Korea	41.6	29.0	19.8	14.2	11.0	10.0	9.0	8.0	7.0	6.0
Taiwan	20.2	19.7	16.5	16.4	14.8	14.0	13.0	12.0	11.0	10.0
Thailand	40.1	44.2	38.9	35.2	34.0	33.0	32.0	31.0	30.0	29.0
Total	948.0	881.3	884.4	878.2	873.4	869.1	860.8	852.5	844.2	840.9

Sources: Australian Record Industry Association, International Federation of the Phonographic Industry, International Federation of the Phonographic Industry Taiwan, PricewaterhouseCoopers LLP, Recording Industry Association of Japan, Wilkofsky Gruen Associates

Physical Recorded Music Unit Sales Growth (%)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Australia	13.1	–3.8	6.7	–3.8	–7.4	–5.8	–5.5	–5.8	–6.1	–6.5	–5.9
China	–13.1	14.6	36.4	6.8	6.0	6.9	3.6	3.4	3.3	3.2	4.1
Hong Kong	2.6	–2.6	3.5	–15.3	–2.0	–2.0	–2.1	–2.1	–2.2	–2.2	–2.1
India	5.8	–14.5	–10.6	6.5	4.3	2.9	2.9	2.8	2.7	5.3	3.3
Indonesia	–17.6	–32.7	8.7	6.7	3.5	–0.5	–2.4	–2.5	–2.6	–2.6	–2.1
Japan	–11.1	–7.0	0.8	–3.9	–3.0	–3.4	–3.1	–3.2	–3.3	–3.4	–3.3
Malaysia	–20.8	–25.0	–5.3	13.0	3.3	–1.6	–1.6	–1.6	–1.7	–1.7	–1.6
New Zealand	0.0	0.0	–2.3	–3.5	–1.2	–1.2	–1.3	–1.3	–1.3	–1.3	–1.3
Pakistan	–31.1	32.1	–8.4	5.2	3.5	1.2	–1.2	–1.2	–1.2	–1.2	–0.7
Philippines	–8.4	–25.0	21.1	–8.7	–7.9	–5.2	–3.6	–3.8	–3.9	–4.1	–4.1
Singapore	4.1	9.8	5.4	–11.9	–3.8	–4.0	–4.2	–4.3	–4.5	–4.8	–4.4
South Korea	–7.3	–30.3	–31.7	–28.3	–22.5	–9.1	–10.0	–11.1	–12.5	–14.3	–11.4
Taiwan	–26.8	–2.5	–16.2	–0.6	–9.8	–5.4	–7.1	–7.7	–8.3	–9.1	–7.5
Thailand	–3.8	10.2	–12.0	–9.5	–3.4	–2.9	–3.0	–3.1	–3.2	–3.3	–3.1
Total	–7.8	–7.0	0.4	–0.7	–0.5	–0.5	–1.0	–1.0	–1.0	–0.4	–0.8

Sources: Australian Record Industry Association, International Federation of the Phonographic Industry, International Federation of the Phonographic Industry Taiwan, PricewaterhouseCoopers LLP, Recording Industry Association of Japan, Wilkofsky Gruen Associates

- Record companies are also lowering prices to combat piracy. The average price of physical recorded music fell 5.1 percent in 2005, including a 5.2 percent decline in Taiwan; decreases of more than 4.0 percent in Malaysia, Australia, and India; a 3.4 percent drop in Pakistan; and a 2.3 percent decline in the PRC. Declining prices contributed to the slowdown in unit sales erosion in 2005.
- We expect continued declines during the next five years, and we project that by 2010 the average price across all physical formats—principally reflecting albums because albums are by far the dominant format—will drop to $6.22 from $7.61 in 2005, a 4.0 percent compound annual decrease.

Physical Recorded Music Average Price† (US$)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Australia	13.15	12.86	12.07	11.83	11.29	11.05	10.86	10.67	10.48	10.29
China	1.75	1.94	1.73	1.73	1.69	1.68	1.65	1.62	1.58	1.55
Hong Kong	8.41	8.73	7.87	8.13	8.00	7.84	7.71	7.59	7.46	7.33
India	1.23	1.11	1.00	0.93	0.89	0.86	0.84	0.81	0.79	0.77
Indonesia	1.48	1.85	1.84	1.97	2.00	2.03	2.06	2.09	2.12	2.15
Japan	15.43	15.88	14.32	14.63	14.33	14.07	13.85	13.62	13.39	13.17
Malaysia	5.52	6.07	6.06	5.32	5.07	4.88	4.69	4.49	4.29	4.09
New Zealand	16.10	15.94	15.73	15.11	14.77	14.61	14.43	14.25	14.08	13.90
Pakistan	0.55	0.60	0.61	0.59	0.57	0.55	0.54	0.52	0.50	0.49
Philippines	4.01	4.60	3.98	4.01	4.06	4.10	4.13	4.17	4.21	4.24
Singapore	9.77	9.55	8.66	8.90	9.01	8.86	8.71	8.56	8.41	8.26
South Korea	8.03	9.30	9.51	10.42	10.89	11.19	11.48	11.78	12.07	12.36
Taiwan	8.90	8.81	9.07	9.29	8.81	8.70	8.54	8.39	8.23	8.07
Thailand	2.54	3.14	3.44	3.99	4.01	4.09	4.22	4.34	4.47	4.59
Total	8.67	8.91	8.16	8.02	7.61	7.28	7.03	6.77	6.51	6.22

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Average Price Growth (%)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Australia	–3.5	–2.2	–6.1	–2.0	–4.6	–2.1	–1.7	–1.7	–1.8	–1.8	–1.8
China	48.3	10.9	–10.8	0.0	–2.3	–0.6	–1.8	–1.8	–2.5	–1.9	–1.7
Hong Kong	–11.6	3.8	–9.9	3.3	–1.6	–2.0	–1.7	–1.6	–1.7	–1.7	–1.7
India	8.8	–9.8	–9.9	–7.0	–4.3	–3.4	–2.3	–3.6	–2.5	–2.5	–2.9
Indonesia	11.3	25.0	–0.5	7.1	1.5	1.5	1.5	1.5	1.4	1.4	1.5
Japan	4.8	2.9	–9.8	2.2	–2.1	–1.8	–1.6	–1.7	–1.7	–1.6	–1.7
Malaysia	0.4	10.0	–0.2	–12.2	–4.7	–3.7	–3.9	–4.3	–4.5	–4.7	–4.2
New Zealand	3.6	–1.0	–1.3	–3.9	–2.3	–1.1	–1.2	–1.2	–1.2	–1.3	–1.2
Pakistan	–40.9	9.1	1.7	–3.3	–3.4	–3.5	–1.8	–3.7	–3.8	–2.0	–3.0
Philippines	12.3	14.7	–13.5	0.8	1.2	1.0	0.7	1.0	1.0	0.7	0.9
Singapore	–0.4	–2.3	–9.3	2.8	1.2	–1.7	–1.7	–1.7	–1.8	–1.8	–1.7
South Korea	9.3	15.8	2.3	9.6	4.5	2.8	2.6	2.6	2.5	2.4	2.6
Taiwan	3.9	–1.0	3.0	2.4	–5.2	–1.2	–1.8	–1.8	–1.9	–1.9	–1.7
Thailand	–1.6	23.6	9.6	16.0	0.5	2.0	3.2	2.8	3.0	2.7	2.7
Total	3.3	2.8	–8.4	–1.7	–5.1	–4.3	–3.4	–3.7	–3.8	–4.5	–4.0

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- The combination of declining average prices and falling unit sales will lead to further decreases in spending on physical product. We project spending will drop to $5.2 billion in 2010 from $6.6 billion in 2005, a 4.7 percent compound annual decrease.

- Japan and Australia, the largest markets overall, are also the largest in physical spending. Physical spending in Japan totaled $4.8 billion in 2005, 73 percent of total physical spending in the region. Physical spending in Japan fell by 5.0 percent in 2005, and we expect comparable decreases averaging 4.9 percent compounded annually through 2010.

- Australia, the second-largest physical market in the region, at $659 million in sales, was down 11.7 percent in 2005, its steepest decrease during the past five years as music videos, which had boosted spending in prior years,

fell sharply in 2005 and album sales on CD continued to decline. We expect decreases averaging 7.6 percent compounded annually through 2010.

- The PRC is the third-largest market in the region, at $222 million in 2005. We expect spending on physical music to expand during the next five years by 2.3 percent compounded annually. The PRC is the only country other than India where we expect growth in physical spending, helped by a strong economy.

- India has been relatively flat during the past two years, and we expect it will remain so during the next five years, with spending on physical music totaling $154 million in 2010 compared with $152 million in 2005.

Physical Recorded Music Spending (US$ Millions)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Australia	840	791	792	746	659	608	565	523	482	443
China	130	165	200	214	222	235	239	242	246	249
Hong Kong	98	100	93	81	78	75	73	70	67	65
India	245	190	153	152	152	151	152	150	150	154
Indonesia	75	64	68	79	82	83	82	81	81	80
Japan	5,939	5,684	5,169	5,077	4,822	4,574	4,362	4,154	3,951	3,753
Malaysia	42	35	33	32	32	30	29	27	25	24
New Zealand	140	139	134	124	120	117	114	111	108	106
Pakistan	17	25	23	24	24	23	22	21	20	19
Philippines	30	26	27	25	24	23	22	21	21	20
Singapore	50	53	51	46	45	43	40	38	35	33
South Korea	334	270	188	148	120	112	103	94	84	74
Taiwan	180	174	150	152	130	122	111	101	91	81
Thailand	102	139	134	140	136	135	135	135	134	133
Total	8,222	7,855	7,215	7,040	6,646	6,331	6,049	5,768	5,495	5,234

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Spending Growth (%)

Asia Pacific	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Australia	9.1	–5.8	0.1	–5.8	–11.7	–7.7	–7.1	–7.4	–7.8	–8.1	–7.6
China	30.0	26.9	21.2	7.0	3.7	5.9	1.7	1.3	1.7	1.2	2.3
Hong Kong	–9.3	2.0	–7.0	–12.9	–3.7	–3.8	–2.7	–4.1	–4.3	–3.0	–3.6
India	15.0	–22.4	–19.5	–0.7	0.0	–0.7	0.7	–1.3	0.0	2.7	0.3
Indonesia	–8.5	–14.7	6.3	16.2	3.8	1.2	–1.2	–1.2	0.0	–1.2	–0.5
Japan	–6.8	–4.3	–9.1	–1.8	–5.0	–5.1	–4.6	–4.8	–4.9	–5.0	–4.9
Malaysia	–20.8	–16.7	–5.7	–3.0	0.0	–6.3	–3.3	–6.9	–7.4	–4.0	–5.6
New Zealand	3.7	–0.7	–3.6	–7.5	–3.2	–2.5	–2.6	–2.6	–2.7	–1.9	–2.5
Pakistan	–59.5	47.1	–8.0	4.3	0.0	–4.2	–4.3	–4.5	–4.8	–5.0	–4.6
Philippines	0.0	–13.3	3.8	–7.4	–4.0	–4.2	–4.3	–4.5	0.0	–4.8	–3.6
Singapore	4.2	6.0	–3.8	–9.8	–2.2	–4.4	–7.0	–5.0	–7.9	–5.7	–6.0
South Korea	1.2	–19.2	–30.4	–21.3	–18.9	–6.7	–8.0	–8.7	–10.6	–11.9	–9.2
Taiwan	–23.7	–3.3	–13.8	1.3	–14.5	–6.2	–9.0	–9.0	–9.9	–11.0	–9.0
Thailand	–5.6	36.3	–3.6	4.5	–2.9	–0.7	0.0	0.0	–0.7	–0.7	–0.4
Total	–4.7	–4.5	–8.1	–2.4	–5.6	–4.7	–4.5	–4.6	–4.7	–4.7	–4.7

Sources: International Federation of the Phonographic Industry Taiwan, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed digital distribution

- Asia Pacific has not had a meaningful licensed digital distribution market, but we expect that to change with new services entering the region. Spending was only $32 million in 2005, most of which was in Japan, Australia, and South Korea.

- In Japan, Apple's iTunes Music Store entered the market in August 2005 and within its first four days sold 1 million tracks priced from ¥150 to ¥200 ($1.36 to $1.82). The initial success of iTunes suggests that digital distribution has significant potential in Japan. Lower average prices and new services should propel the market. We expect spending to rise from $13 million in 2005 to $459 million in 2010.

- Australia has the second-largest digital distribution market in Asia Pacific at $9 million in 2005. The entrance of iTunes Music Stores in October 2005 led to a jump in downloads in November and December and a surge in spending. Sony BMG announced in January 2006 that it would make its music available to iTunes. We expect a full year of iTunes with more content to further propel the market in 2006. Spending will rise to $193 million by 2010.

- South Korea was next in 2005, at $8 million. We expect that market to take off as well, as evidenced by early results for new services, which suggest that there is substantial demand for digital download services.

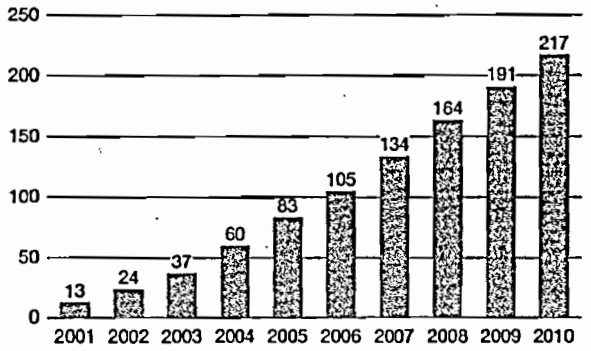
- Moreover, with most Internet subscribers connecting via broadband, the market growth potential is substantial. We project that digital distribution in South Korea will rise to $266 million by 2010.

- Cable operators in South Korea intend to expand digital broadcasting service to current subscribers. They plan to provide digital data services, including music download services.

- The market is just becoming established in other countries. The first service was introduced in the PRC in 2005.

- Growth in broadband will also expand the market. There were 83 million broadband subscribers in Asia Pacific in 2005, more than twice the level in 2003. We expect the broadband universe to more than double during the next five years to 217 million, substantially expanding the potential market for digital distribution.

Broadband Subscribers in Asia Pacific (Millions)



Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- The market potential will remain limited, however, both by resistance to credit card use for online payments and by the fact that a number of countries in the region are relatively poor and people without means are generally not issued credit cards.

- We project spending to grow to $1.0 billion by 2010, a 99.1 percent compound annual increase. Although increasing rapidly on a percentage basis, digital distribution will remain a smaller percentage of the total market than in EMEA or the United States. This reflects the fact that the U.S. is several years ahead of Asia Pacific in licensed digital distribution, and EMEA is at least a year ahead. We expect these territories will retain those advantages.

Licensed Digital Distribution Market† (US$ Millions)

Asia Pacific	2004	2005p	2006	2007	2008	2009	2010
Australia	1	9	27	54	96	146	193
Japan	3	13	39	100	245	365	459
South Korea	1	8	27	67	146	213	266
Rest of Region	††	2	3	9	23	50	84
Total	5	32	96	230	510	774	1,002

†At average 2005 exchange rates.
††Less than US$500,000.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed Digital Distribution Market Growth (%)

Asia Pacific	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Australia	800.0	200.0	100.0	77.8	52.1	32.2	84.6
Japan	333.3	200.0	156.4	145.0	49.0	25.8	104.0
South Korea	700.0	237.5	148.1	117.9	45.9	24.9	101.5
Rest of Region	—	50.0	200.0	155.6	117.4	68.0	111.2
Total	540.0	200.0	139.6	121.7	51.8	29.5	99.1

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Latin America

The outlook in brief

- Antipiracy initiatives are beginning to yield results, and although still a major problem, piracy will have less of an adverse incremental impact on unit sales.
- Growth in the wireless universe will drive spending on mobile music.
- Expansion in broadband Internet access will generate an emerging legitimate digital distribution market.

Overview

- Spending on physical product will continue to increase through 2007 but will begin to turn down during 2008–10 as the market faces emerging competition from digital distribution. During the forecast period as a whole, spending will fall 0.8 percent compounded annually.
- Mobile music will total $841 million in 2010 from $234 million in 2005, a 29.2 percent compound annual increase.
- Licensed digital distribution will enter the market in 2006 and generate $54 million by 2010.
- We project overall spending to expand at an 8.3 percent compound annual rate to $1.9 billion in 2010 from $1.3 billion in 2005.

Recorded Music Market (US$ Millions)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Physical Distribution	1,133	1,047	900	1,017	1,043	1,070	1,085	1,082	1,046	1,004	
% Change	–17.5	–7.6	–14.0	13.0	2.6	2.6	1.4	–0.3	–3.3	–4.0	–0.8
Mobile Music	—	16	42	150	234	324	448	560	672	841	
% Change	—	—	162.5	257.1	56.0	38.5	38.3	25.0	20.0	25.1	29.2
Licensed Digital Distribution	—	—	—	—	—	1	5	11	25	54	
% Change	—	—	—	—	—	—	400.0	120.0	127.3	116.0	—
Total	1,133	1,063	942	1,167	1,277	1,395	1,538	1,653	1,743	1,899	
% Change	–17.5	–6.2	–11.4	23.9	9.4	9.2	10.3	7.5	5.4	9.0	8.3

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Piracy

- Latin America accounted for half of all pirated CDs in the world during 2004, and piracy rates remain above 50 percent in each Latin American country. There are signs, however, that antipiracy efforts are beginning to work. Unit sales of physical recordings rose 13.2 percent in 2005, the second consecutive increase following the 8.7 percent gain in 2004. During the prior three years, by contrast, unit sales fell by a cumulative 32 percent. The overall positive movement of the economy in key Latin American markets may also have played a part in that improvement.

- The focus of the rebound was in Mexico, where the economy has stabilized and antipiracy efforts are being given credit for contributing to the progress against piracy. In particular, 2004 saw the launch of Mexico Plus, a program that targets street vendors. Labels have agreed to make albums available to street vendors for retail prices of less than $5, and singles, heretofore a nonexistent format, are being produced for sale at $1.70. These prices are competitive with pirated product and are helping drive legitimate sales. The average price fell by 15.4 percent in 2005, and unit sales in Mexico soared by 43.6 percent. Excluding Mexico, unit sales for the region went down 3.9 percent.

- We project unit sales in Mexico to continue to expand during the next two years, benefiting from increased sales through street vendors. During 2008–10, however, as the incremental impact of the new distribution channel runs its course, unit sales will taper off, losing ground to an emerging digital distribution market.

- Argentina's market has also expanded, riding the wave of improved economic conditions. After falling by a combined 61 percent from 2000 to 2002, unit sales rebounded, and in 2005, on the strength of a 34.3 percent surge, surpassed the level of 2000. With the market on the upswing, labels resumed the signing of local artists, a practice they discontinued when sales were plunging. In 2005, Latin American artists who have achieved global success—such as Los Nocheros, Shakira, Chayanne, and Diego Torres—helped fuel growth. Retailers announced they are opening new locations in response to improved market conditions. We expect an additional year of double-digit growth but look for unit sales to ultimately decline during 2009–10 as digital distribution attracts customers.

- In Brazil, on the other hand, unit sales declined 11.3 percent following 2004's 18.2 percent increase. The market was hurt by a drop in demand for music videos and by the weak performance of midpriced recordings, which proved unappealing to consumers. We expect the market to stabilize in 2006 and to post modest increases through 2008 before edging down during 2009–10.

- For the region as a whole, unit sales will continue to grow during the next three years and will then fall off during the subsequent two years. During the forecast period as a whole, unit sales will expand by 1.0 percent compounded annually to 187 million from 178 million in 2005.

Physical Recorded Music Unit Sales (Millions)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Argentina	11.1	6.2	11.4	13.4	18.0	20.0	21.0	21.0	20.5	20.0
Brazil	80.1	82.8	62.0	73.3	65.0	68.0	70.0	71.0	70.0	68.0
Chile	5.7	7.3	5.8	4.9	4.6	4.4	4.2	4.0	3.8	3.6
Colombia	10.4	7.9	7.4	6.2	5.8	5.3	5.1	5.0	4.9	4.8
Mexico	57.0	55.5	57.0	56.4	81.0	85.0	88.0	90.0	89.0	87.0
Venezuela	5.1	2.1	0.7	2.7	3.2	3.5	3.7	3.8	3.7	3.5
Total	169.4	161.8	144.3	156.9	177.6	186.2	192.0	194.8	191.9	186.9

Sources: International Federation of the Phonographic Industry, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Unit Sales Growth (%)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Argentina	–30.6	–44.1	83.9	17.5	34.3	11.1	5.0	0.0	–2.4	–2.4	2.1
Brazil	–23.3	3.4	–25.1	18.2	–11.3	4.6	2.9	1.4	–1.4	–2.9	0.9
Chile	–21.9	28.1	–20.5	–15.5	–6.1	–4.3	–4.5	–4.8	–5.0	–5.3	–4.8
Colombia	–25.2	–24.0	–6.3	–16.2	–6.5	–8.6	–3.8	–2.0	–2.0	–2.0	–3.7
Mexico	–15.4	–2.6	2.7	–1.1	43.6	4.9	3.5	2.3	–1.1	–2.2	1.4
Venezuela	18.6	–58.8	–66.7	285.7	18.5	9.4	5.7	2.7	–2.6	–5.4	1.8
Total	–20.6	–4.5	–10.8	8.7	13.2	4.8	3.1	1.5	–1.5	–2.6	1.0

Sources: International Federation of the Phonographic Industry, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- A factor contributing to the jump in unit sales in 2005 was the decline in average prices. Except for Venezuela, average prices declined in each country, with an overall drop of 9.4 percent for the region, most of which was the result of the 15.4 percent drop in Mexico.

- The experience in Mexico demonstrated that lower price points can drive sales and combat piracy. Although we do not anticipate such steep declines, we expect further price cuts that will average 1.8 percent compounded annually. The average price of a physical recording will drop from $5.87 in 2005 to $5.37 in 2010.

Physical Recorded Music Average Price† (US$)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Argentina	4.06	5.67	5.51	6.24	6.07	5.97	5.89	5.80	5.72	5.63
Brazil	5.43	5.63	6.22	6.14	5.78	5.65	5.54	5.44	5.34	5.24
Chile	8.44	7.52	7.71	8.30	8.13	8.01	7.92	7.83	7.74	7.65
Colombia	9.44	9.06	7.99	8.82	8.73	8.58	8.45	8.32	8.19	8.06
Mexico	8.59	7.37	6.02	6.61	5.59	5.50	5.41	5.32	5.23	5.14
Venezuela	3.41	4.24	5.98	5.26	5.33	5.45	5.57	5.69	5.80	5.92
Total	6.69	6.47	6.24	6.48	5.87	5.75	5.65	5.55	5.45	5.37

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Average Price Growth (%)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Argentina	–8.1	39.7	–2.8	13.2	–2.7	–1.6	–1.3	–1.5	–1.4	–1.6	–1.5
Brazil	4.0	3.7	10.5	–1.3	–5.9	–2.2	–1.9	–1.8	–1.8	–1.9	–1.9
Chile	–1.7	–10.9	2.5	7.7	–2.0	–1.5	–1.1	–1.1	–1.1	–1.2	–1.2
Colombia	36.0	–4.0	–11.8	10.4	–1.0	–1.7	–1.5	–1.5	–1.6	–1.6	–1.6
Mexico	0.2	–14.2	–18.3	9.8	–15.4	–1.6	–1.6	–1.7	–1.7	–1.7	–1.7
Venezuela	–27.8	24.3	41.0	–12.0	1.3	2.3	2.2	2.2	1.9	2.1	2.1
Total	3.9	–3.3	–3.6	3.8	–9.4	–2.0	–1.7	–1.8	–1.8	–1.5	–1.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Mexico moved ahead of Brazil in 2005 to become the leading market in the region in terms of physical distribution, at $453 million, compared with $376 million for Brazil. The two countries together constitute 79 percent of spending on physical music, with Argentina third, at $109 million.
- Spending in Mexico rose 21.4 percent in 2005 as the increase in unit sales more than offset the drop in average price. In Brazil, spending fell by 16.4 percent, reversing the gain achieved in 2004.
- For the region as a whole, we project spending on physical recordings to increase during the next two years and then to decrease beginning in 2008, with declines in excess of 3 percent expected during 2009–10. By 2010, physical spending will total $1 billion, down $39 million, or 0.8 percent compounded annually from 2005.

Physical Recorded Music Spending† (US$ Millions)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Argentina	45	35	63	84	109	119	124	122	117	113
Brazil	435	467	386	450	376	384	388	386	374	356
Chile	48	55	45	41	37	35	33	31	29	28
Colombia	98	72	59	55	51	45	43	42	40	39
Mexico	490	409	343	373	453	468	476	479	465	447
Venezuela	17	9	4	14	17	19	21	22	21	21
Total	1,133	1,047	900	1,017	1,043	1,070	1,085	1,082	1,046	1,004

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Spending Growth (%)

Latin America	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Argentina	–36.6	–22.2	80.0	33.3	29.8	9.2	4.2	–1.6	–4.1	–3.4	0.7
Brazil	–20.2	7.4	–17.3	16.6	–16.4	2.1	1.0	–0.5	–3.1	–4.8	–1.1
Chile	–23.8	14.6	–18.2	–8.9	–9.8	–5.4	–5.7	–6.1	–6.5	–3.4	–5.4
Colombia	1.0	–26.5	–18.1	–6.8	–7.3	–11.8	–4.4	–2.3	–4.8	–2.5	–5.2
Mexico	–15.1	–16.5	–16.1	8.7	21.4	3.3	1.7	0.6	–2.9	–3.9	–0.3
Venezuela	–15.0	–47.1	–55.6	250.0	21.4	11.8	10.5	4.8	–4.5	0.0	4.3
Total	–17.5	–7.6	–14.0	13.0	2.6	2.6	1.4	–0.3	–3.3	–4.0	–0.8

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile music

- A rapidly expanding wireless subscriber base is fueling demand for mobile music. Piracy does not play a role in mobile music because content is available only through wireless carriers. Thus, while the physical market operates well below its potential because of piracy, mobile music has not been so restrained and is expanding. Mobile music generated $234 million in 2005, up 56.0 percent from 2004 and more than five times the level in 2003.

- Ring tones still make up the bulk of the market, but handsets that play and store ring tunes and full-length songs are entering the market and driving that segment.

- The potential market for mobile music lies in Latin America's 176 million wireless subscribers. The wireless universe doubled since 2002 and will expand by more than 109 million during the next five years, a 62 percent increase. Rising incomes and falling prices for wireless services are driving subscribership.

- The improved economic climate is also inducing carriers to invest in their infrastructure, as prospects for returns on investment improve. Foreign companies are also investing in the region.

- As the wireless infrastructure becomes upgraded, more subscribers will have access to enhanced services such as music. We expect that the percentage of wireless subscribers who download music will increase from 5 percent in 2005 to 10 percent in 2010. The mobile music subscriber universe will increase from 9 million in 2005 to 29 million in 2010, a 26.4 percent compound annual increase.

- The shift to higher-priced ring tunes will raise average spending, although increased competition will dampen price growth. We project average spending per subscriber will rise from $26 annually in 2005 to $29 in 2010.

- Total spending on mobile music will reach $841 million in 2010, a 29.2 percent compound annual increase from 2005.

Mobile Music Market

Latin America	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Mobile Subscribers (Millions)	85	104	146	176	203	224	246	267	285
Percent Downloading (%)	1	2	4	5	6	7	8	9	10
Mobile Music Subscribers (Millions)	1	2	6	9	12	16	20	24	29
Annual Spending per Subscriber† (US$)	16	21	25	26	27	28	28	28	29
Aggregate Mobile Music Spending† (US$ Millions)	16	42	150	234	324	448	560	672	841

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

Latin America	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Mobile Subscribers	22.4	40.4	20.5	15.3	10.3	9.8	8.5	6.7	10.1
Mobile Music Subscribers	100.0	200.0	50.0	33.3	33.3	25.0	20.0	20.8	26.4
Annual Spending per Subscriber	31.3	19.0	4.0	3.8	3.7	0.0	0.0	3.6	2.2
Aggregate Mobile Music Spending	162.5	257.1	56.0	38.5	38.3	25.0	20.0	25.1	29.2

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed digital distribution

- Currently, there is no meaningful licensed digital distribution market in Latin America, principally because there are so few broadband subscribers.
- There were only 4 million broadband subscribers in 2005, but increased investment is expanding the broadband market. In 2005, broadband subscribership rose by two-thirds in Brazil and nearly doubled in Argentina and Chile. Carriers will be introducing broadband options throughout the region in the next year or two.
- We expect the broadband universe in Latin America to increase to 15 million by 2010. Although still small, the emerging broadband market is attracting licensed digital distribution services. In Argentina, for example, the first such service entered the market in 2005.
- We expect that once such services are available, they will be utilized as they have been in other regions. We project that by 2010, 15 percent of broadband subscribers, or 2.3 million, will download music, spending $54 million in the process.
- That spending, totaling a combined $79 million during 2009–10, will begin to cut into physical sales during those years.

Licensed Digital Distribution Market

Latin America	2006	2007	2008	2009	2010
Broadband Subscribers (Millions)	6	8	10	12	15
Percent Downloading (%)	2	4	6	10	15
Number of Downloaders (Millions)	0.1	0.3	0.6	1.2	2.3
Aggregate Spending† (US$ Millions)	1	5	11	25	54

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed Digital Distribution Market Growth (%)

Latin America	2007	2008	2009	2010	2006–10 CAGR
Broadband Subscribers	33.3	25.0	20.0	25.0	—
Number of Downloaders	200.0	100.0	100.0	91.7	—
Aggregate Spending	400.0	120.0	127.3	116.0	—

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Canada

The outlook in brief

- Full-track downloads and a growing wireless subscriber base will drive the mobile music market.
- New services and an expanding broadband market will boost licensed digital distribution services.
- The physical market will decline as spending shifts to digital and mobile channels.

Overview

- We project recorded music spending to increase at a 6.2 percent compound annual rate from $835 million in 2005 to $1.1 billion in 2010.
- Physical album sales will fall from $665 million in 2005 to $557 million in 2010, a 3.5 percent compound annual decline.
- Music videos will grow at a 2.5 percent compound annual rate to $86 million in 2010—while the physical singles market has essentially disappeared—and spending will drop to $1 million annually during the next five years.
- Physical distribution as a whole will fall to $644 million in 2010 from $743 million in 2005, a 2.8 percent compound annual decline.
- Digital distribution will total $253 million in 2010 from $39 million in 2005, a 45.3 percent compound annual increase.
- Sales of mobile music will rise by 34.1 percent compounded annually to $230 million in 2010 from $53 million in 2005.

Recorded Music Market (US$ Millions)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Albums	837	766	711	667	665	646	623	601	579	557
Singles	4	3	4	2	2	1	1	1	1	1
Music Videos	37	35	65	75	76	78	80	83	84	86
Physical Music Total	878	804	780	744	743	725	704	685	664	644
Digital Distribution	—	—	—	9	39	61	91	135	196	253
Mobile Music		1	4	17	53	82	116	147	186	230
Total	878	805	784	770	835	868	911	967	1,046	1,127

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Recorded Music Market Growth (%)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	–7.9	–8.5	–7.2	–6.2	–0.3	–2.9	–3.6	–3.5	–3.7	–3.8	–3.5
Singles	0.0	–25.0	33.3	–50.0	0.0	–50.0	0.0	0.0	0.0	0.0	–12.9
Music Videos	94.7	–5.4	85.7	15.4	1.3	2.6	2.6	3.8	1.2	2.4	2.5
Physical Music Total	–5.8	–8.4	–3.0	–4.6	–0.1	–2.4	–2.9	–2.7	–3.1	–3.0	–2.8
Digital Distribution	—	—	—	—	333.3	56.4	49.2	48.4	45.2	29.1	45.3
Mobile Music	—	—	300.0	325.0	211.8	54.7	41.5	26.7	26.5	23.7	34.1
Total	–5.8	–8.3	–2.6	–1.8	8.4	4.0	5.0	6.1	8.2	7.7	6.2

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile music

- The mobile music market more than tripled in 2005 to $53 million, fueled by the introduction of ring tunes and full-track downloads.
- As services get rolled out—all wireless carriers now provide ring tones, with ring tunes either available or coming soon—interest in mobile music is growing. The percentage of wireless subscribers who download music jumped to 18 percent in 2005 from 7 percent in 2004. We expect that by 2010, a third of all wireless subscribers will download music.
- The wireless universe itself is also expanding. There were 17 million subscribers in 2005, up from 12 million in 2002, and the market is expected to increase to 28 million by 2010.
- The market for mobile music will nearly triple to 9.2 million subscribers in 2010 from 3.1 million in 2005.
- As mobile music evolves from ring tones to higher-priced ring tunes and full-song downloads, average spending per subscriber will increase. In 2005, the average mobile music subscriber spent $17 annually on downloads. We expect that figure to rise to $25 by 2010.
- Spending on mobile music will increase to $230 million in 2010, growing at a 34.1 percent compound annual rate from 2005.

Mobile Music Market

Canada	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Mobile Subscribers (Millions)	12.0	13.3	15.0	17.0	19.5	21.9	24.0	26.0	28.0
Percent Downloading (%)	1	2	7	18	22	25	28	31	33
Mobile Music Subscribers (Millions)	0.1	0.3	1.1	3.1	4.3	5.5	6.7	8.1	9.2
Annual Spending per Subscriber (US$)	8	12	15	17	19	21	22	23	25
Aggregate Mobile Music Spending (US$ Millions)	1	4	17	53	82	116	147	186	230

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Mobile Music Market Growth (%)

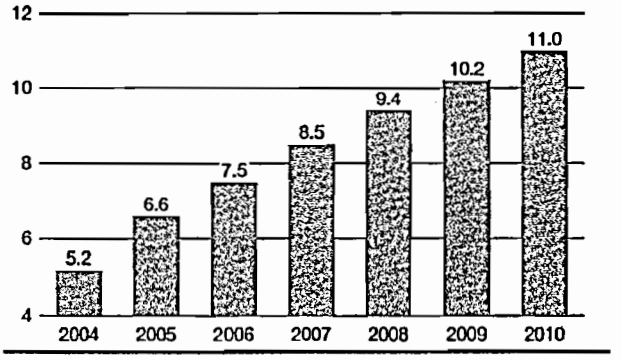
Canada	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Mobile Subscribers	10.8	12.8	13.3	14.7	12.3	9.6	8.3	7.7	10.5
Percent Downloading	100.0	250.0	157.1	22.2	13.6	12.0	10.7	6.5	12.9
Mobile Music Subscribers	200.0	266.7	181.8	38.7	27.9	21.8	20.9	13.6	24.3
Annual Spending per Subscriber	50.0	25.0	13.3	11.8	10.5	4.8	4.5	8.7	8.0
Aggregate Mobile Music Spending	300.0	325.0	211.8	54.7	41.5	26.7	26.5	23.7	34.1

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed digital distribution

- The digital distribution market in Canada more than quadrupled in 2005 to $39 million from $9 million in 2004. As was the case wherever it has been introduced, the launch of iTunes Music Store in late 2004 jump-started the market in Canada, which was already being served by Puretracks, Napster, Bonfire (Best Buy), Archambault, and other providers.
- The number of downloads rose from 8 million to 33 million in 2005, 200,000 albums were downloaded—twice the 2004 total—and a subscription market began to develop with 10,000 subscribers.
- Digital downloading has been popular in Canada for years, but until 2004 it was confined to unauthorized services. Now that legal services are available, the market is expanding.
- To compensate copyright holders for unauthorized downloading, manufacturers and importers are required to pay a fee on each unit of blank media, with the proceeds distributed to copyright holders by the Canadian Private Copying Collective.
- Expansion of the broadband household base will also fuel growth as broadband subscribers can more easily and quickly download music than can dial-up subscribers.
- The number of broadband subscribers will increase from 6.6 million in 2005 to 11.0 million in 2010, a 67 percent increase that will contribute to the demand for digital downloads.

Broadband Subscribers in Canada (Millions)



Sources: PricewaterhouseCoopers LLP, Statistics Canada, Wilkofsky Gruen Associates

- We project the number of downloaded tracks to increase to 125 million by 2010, with 3 million album downloads and 300,000 online music subscriptions. Consumers will spend $170 million on single tracks, $33 million on album downloads, and $50 million on subscriptions.
- Digital distribution will total an estimated $253 million in 2010, up 45.3 percent compounded annually from $39 million in 2005.

Licensed Digital Distribution

Category	2004	2005p	2006	2007	2008	2009	2010
Singles							
Downloads (Millions)	8	33	50	70	90	110	125
Average Price† (US$)	1.06	1.06	1.06	1.11	1.20	1.28	1.36
Spending† (US$ Millions)	8	35	53	78	108	141	170
Albums							
Downloads (Millions)	0.1	0.2	0.3	0.5	1	2	3
Average Price† (US$)	10.71	10.71	10.71	10.81	10.89	10.98	11.06
Spending† (US$ Millions)	1	2	3	5	11	22	33
Subscriptions							
Subscribers (Millions)	—	0.010	0.030	0.050	0.100	0.200	0.300
Monthly Fee† (US$)	—	12.79	13	13.2	13.41	13.62	13.82
Annual Spending† (US$ Millions)	—	2	5	8	16	33	50
Total Digital Spending† (US$ Millions)	9	39	61	91	135	196	253

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Licensed Digital Distribution Market Growth (%)

Category	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Singles							
Downloads	312.5	51.5	40.0	28.6	22.2	13.6	30.5
Average Price	0.0	0.0	4.7	8.1	6.7	6.3	5.1
Spending	337.5	51.4	47.2	38.5	30.6	20.6	37.2
Albums							
Downloads	100.0	50.0	66.7	100.0	100.0	50.0	71.9
Average Price	0.0	0.0	0.9	0.7	0.8	0.7	0.6
Spending	100.0	50.0	66.7	120.0	100.0	50.0	75.2
Subscriptions							
Subscribers	—	200.0	66.7	100.0	100.0	50.0	97.4
Monthly Fee	—	1.6	1.5	1.6	1.6	1.5	1.6
Annual Spending	—	150.0	60.0	100.0	106.3	51.5	90.4
Total Digital Spending	333.3	56.4	49.2	48.4	45.2	29.1	45.3

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical distribution

- Even though unauthorized downloading has been a serious problem in Canada, physical recorded music has held up better than in most other countries. Music videos have generally been strong, and album sales reversed a downward slide in 2004, remaining reasonably steady in 2005. The singles market actually expanded during 2002–03, although it has since declined as licensed digital downloads became available.
- In June 2005, legislation was introduced that makes it illegal to put copyrighted material into file-sharing archives. If the new legislation slows growth in uploading unauthorized material, unauthorized downloading likely will slow as well.
- In countries in which antipiracy enforcement has been pursued aggressively, there have been signs that the incidence of piracy either grew more slowly or declined in 2005. We expect a similar result in Canada.

- While piracy will be an incrementally lesser threat to physical distribution, licensed digital distribution will be a greater threat. We expect album unit sales to fall at a faster rate during the next five years compared with 2004–05. Album unit sales will drop from 55 million to 50 million, a 1.9 percent compound annual decrease.
- Music videos, by contrast, are less subject to competition, and we expect that, following a pause in 2005, unit sales will increase to 6.4 million in 2010, a 2.7 percent gain compounded annually.
- Overall unit sales, which fell by 1.0 percent in 2005, will decrease at a 1.5 percent annual rate to 56.5 million in 2010.

Physical Recorded Music Unit Sales (Millions)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Albums	61.5	57.6	53.5	55.2	55.0	54.0	53.0	52.0	51.0	50.0
Singles	0.5	0.7	0.9	0.5	0.3	0.2	0.1	0.1	0.1	0.1
Music Videos	2.5	2.8	4.8	5.8	5.6	5.6	5.8	6.0	6.2	6.4
Total	64.5	61.1	59.2	61.5	60.9	59.8	58.9	58.1	57.3	56.5

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Unit Sales Growth (%)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	–7.8	–6.3	–7.1	3.2	–0.4	–1.8	–1.9	–1.9	–1.9	–2.0	–1.9
Singles	0.0	40.0	28.6	–44.4	–40.0	–33.3	–50.0	0.0	0.0	0.0	–19.7
Music Videos	56.3	12.0	71.4	20.8	–3.4	0.0	3.6	3.4	3.3	3.2	2.7
Total	–6.3	–5.3	–3.1	3.9	–1.0	–1.8	–1.5	–1.4	–1.4	–1.4	–1.5

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

- Average prices for recorded music overall have followed an up-and-down pattern during the past five years, rising in 2001, 2003, and 2005 but declining in 2002 and 2004. We expect that prices will follow a steadily downward path during the next five years as distributors and retailers look to make physical product more appealing and as alternative distribution channels gain momentum.
- We project average prices to decline at a 1.4 percent compound annual rate to $11.39 in 2010 from $12.20 in 2005. Spending on physical recorded music will decline by 2.8 percent compounded annually to $644 million.

Physical Recorded Music Average Price (US$)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010
Albums	13.61	13.30	13.30	12.08	12.09	11.97	11.76	11.55	11.35	11.14
Singles	7.59	4.30	4.95	4.95	5.50	5.36	5.36	5.36	5.36	5.36
Music Videos	14.85	12.68	13.58	12.95	13.56	14.03	13.86	13.70	13.53	13.37
Total	13.61	13.16	13.19	12.10	12.20	12.13	11.95	11.78	11.58	11.39

†At average 2005 exchange rates.
Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Physical Recorded Music Average Price Growth (%)

Canada	2001	2002	2003	2004	2005p	2006	2007	2008	2009	2010	2006–10 CAGR
Albums	–0.1	–2.3	0.0	–9.2	0.1	–1.0	–1.8	–1.8	–1.7	–1.9	–1.6
Singles	4.5	–43.3	15.1	0.0	11.1	–2.5	0.0	0.0	0.0	0.0	–0.5
Music Videos	22.5	–14.6	7.1	–4.6	4.7	3.5	–1.2	–1.2	–1.2	–1.2	–0.3
Total	0.4	–3.3	0.2	–8.3	0.8	–0.6	–1.5	–1.4	–1.7	–1.6	–1.4

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

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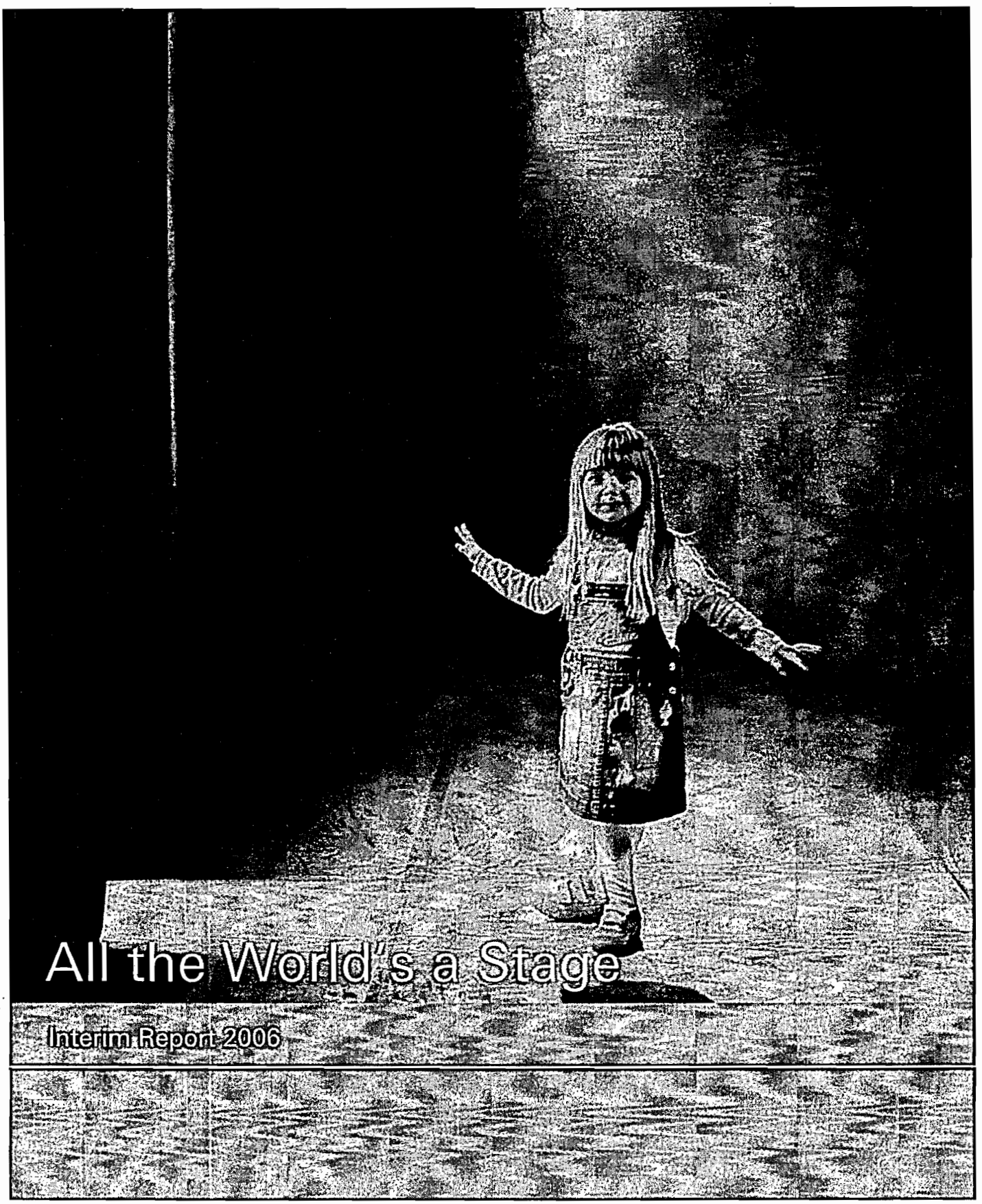

All the World's a Stage

Interim Report 2006

BERTELSMANN

media worldwide

Bertelsmann at a Glance

Key Figures (IFRS)	H1 2006	H1 2005
in € millions		
Business Development		
Group revenues	9,144	7,988
Operating EBIT	701	644
ROS in percent	7.7	8.1
Net income	339	330
Investments	553	765
	06/30/2006	12/31/2005
Balance Sheet		
Equity	4,492	9,170
Equity ratio in percent	20.4	40.0
Total assets	22,026	22,932
Economic Debt*	8,723	3,931
Employees		
Germany	33,651	32,117
Other countries	59,121	56,399
Total	92,772	88,516

* Net financial debt plus provisions for pensions, profit participation capital and purchase price for the GBL stake.

Highlights of the First Half

Bertelsmann AG – Bertelsmann gave its all for the Football World Cup 2006. The team play coordinated by Arvato yielded more than 150 official licensed products, including magazines, books, calendars, posters and games, plus football broadcasts on TV and World Cup songs. The result: Score!

RTL Group – Record response: In the U.S., Fremantle Media North America concluded season five of "American Idol" with another set of records – the final show was watched by 35.6 million viewers, making it the most successful prime-time series on U.S. television. The new "Idol," Taylor Hicks from Alabama, is now set to follow in the footsteps of the first four "American Idols," which include international chartbuster Kelly Clarkson.

Gruner + Jahr – Hear, hear: In early 2006, the second edition of Brigitte's "Strong Voices" audiobook library, which in 2005 helped this emerging media achieve its breakthrough in Germany, was published in partnership with Random House Audio.

Arvato – Pioneers of technology and service: Arvato opens a state-of-the-art gravure printing plant in Treviglio, Italy, and a new shared service center for Sonopress and Coral Graphics in Louisville, Kentucky.

Random House – Million seller: Dan Brown's history-making thriller continues its record-breaking run in paperback, with seven million copies of the movie tie-in edition in print in the U.S. and U.K.

BMG – A band reinvents itself: The Dixie Chicks' "Taking the Long Way" becomes one of the best-selling albums of the first half. Top-notch ballads and songwriting, concluded reviewers – and the fans agreed.

Direct Group – Membership boom: Ukraine's Family Leisure Club is growing rapidly, adding 330,000 new members in the first half alone. The Direct Group subsidiary is the country's biggest bookseller.

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11 Consolidated Balance Sheet
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Notes/Financial Calendar/Imprint

Ladies and Gentlemen,

As summer ends, there are signs pointing to a business upturn in many areas. The economy in Europe is picking up. Bertelsmann benefits from these developments and from our own future pathway. Thanks to our strategy of organic growth and innovation, and last year's systematic acquisitions, revenues and operating result for the first six months of this year have increased significantly.

The rise in earnings is attributable mainly to RTL Group, our largest contributor to revenues and profits, and to Direct Group, which posted improved results in all its lines of business. For Bertelsmann, this is just a beginning, since the second half is traditionally the stronger one in our media business.

By the end of this year, we will have exceeded the high profitability seen in 2005 – a gratifying performance. Our revenues are on the rise, and we will grow based on acquisitions that have now been successfully integrated, and on our own innovative strength. The reduction of the debt we incurred as part of the GBL share buyback is also on plan, so that we will be able to achieve our internal financial targets again by the end of 2007.

In short: Bertelsmann is on track and is in good shape for the medium and long term as well. This assessment by the Executive Board has just been confirmed in an external review conducted by the Boston Consulting Group. Bertelsmann's portfolio as it stands now holds considerable internal and external growth potential – and with each new day, we continue to work on tapping this potential with our more than 90,000 creative and entrepreneurial people around the world.

Yours,

Gunter Thielen

Business Development

Bertelsmann maintained its growth during the first half of 2006, and posted a significant increase in revenues and operating profits. In an improved overall economic environment and thanks to acquisitions made in the previous year, revenues improved by 14.5 percent vs. the first half of 2005, to €9.1 billion. Operating EBIT grew by 8.9 percent to €701 million. Net income increased by €9 million to €339 million (H1/2005: €330 million).*

Business and Economic Conditions

Description of the Business

Bertelsmann is an international media company. Its core businesses are the creation, bundling and distribution of media content, as well as production and the provision of other services. Bertelsmann does business in the core markets of Western Europe, Central Europe, the U.S. and many growing markets with its six operationally autonomous divisions RTL Group, Random House, Gruner + Jahr, BMG, Arvato and Direct Group. Bertelsmann AG serves as an operative management holding company.

Strategy

Bertelsmann's companies have the declared goal of attaining and extending leading positions in attractive markets. The systematic development of new business approaches closely linked to the core businesses leads to additional growth. Bertelsmann is also working intensely on meeting technological challenges in media markets. Profit-oriented growth will help Bertelsmann to achieve its planned increase in operating return on sales to 10 percent by 2007.

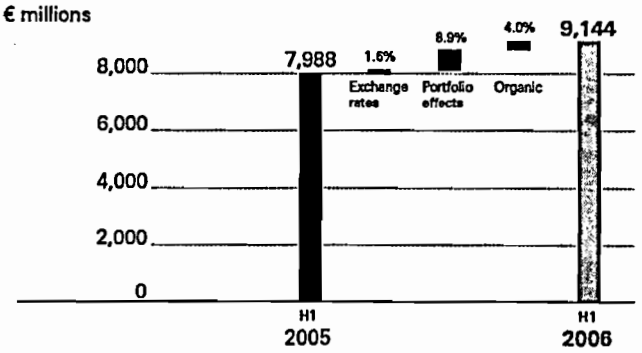
* The figures for the first half of 2005 have been adjusted to reflect IAS 32 (cf. Accounting Principles).

Numerous strategic measures were activated and acquisitions made before the end of fiscal 2005 to further extend leading market position in key areas of business. These acquisitions accounted for most of the growth seen during the first six months of 2006. Following intense investment activity in fiscal 2005, the focus for the first half of 2006 was on integrating the businesses. A limited number of acquisitions were made, including Direct Group's purchase of the Portuguese bookselling chain Livraria Bertrand and Random House's acquisition of a majority stake in BBC Books. Both purchases will be consolidated in the second half of 2006.

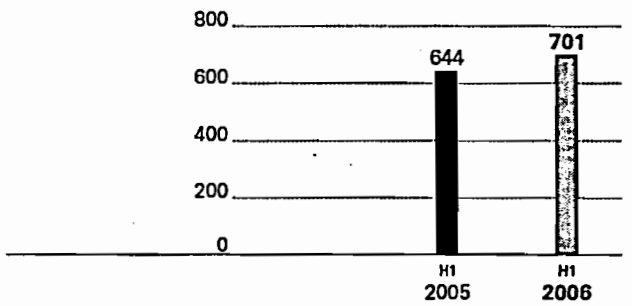
Significant Events in the Current Year

In addition to a positive business performance, the buyback of GBL's holdings in Bertelsmann was the defining event of the first six months of 2006. After a basic agreement regarding the buyback of GBL's stake in Bertelsmann was reached on May 24, the share buyback was legally concluded on July 4, 2006 at a price of €4.5 billion and the shares redeemed by means of a capital reduction. This transaction caused the equity ratio to drop to 20.4 percent (December 31, 2005: 40.0 percent). The equity ratio is expected to exceed the target threshold of 25 percent again by the end of fiscal 2006. The buyback was financed by an acquisi-

Revenue
in € millions



Operating EBIT
in € millions



tion loan, which will be repaid significantly over the next 12 to 18 months with funds generated from operating activities, a moderate dividend policy, and the expected proceeds from the sale of BMG Music Publishing. In the wake of a very expansive year in 2005, a restrained investment policy through 2007 will also help achieve this goal.

76.9 percent of the capital stock in Bertelsmann AG is now held by the Bertelsmann Stiftung with the remaining 23.1 percent owned by the Mohn family, both via holding companies. Bertelsmann Verwaltungsgesellschaft (BVG) exercises 100 percent of the voting rights at the Annual General Meeting of Bertelsmann AG.

Overall Economic Developments

The global economy expanded sharply in the first few months of 2006, driven by strong growth in Asia and accelerated growth in the U.S. and Europe. Real gross domestic product (GDP) in the U.S. improved distinctly, boosted by private consumer spending, public spending and corporate investments. According to OECD and central bank reports, real first-half GDP increased by 3.5 percent in the U.S. and by 2.5 percent in the Euro zone. The European Central Bank attributes economic growth in the Euro zone countries both to external factors and to increased corporate investments. Germany also reported good economic growth in the first half of 2006, stimulated by a rise in domestic demand and exports. The German Central Bank reports that Germany's real GDP increased by 2.5 percent in the first half of 2006.

The usual early indicators point to continued positive, albeit less dynamic, global economic growth. The high price of energy and raw materials will likely dampen growth.

Results Analysis

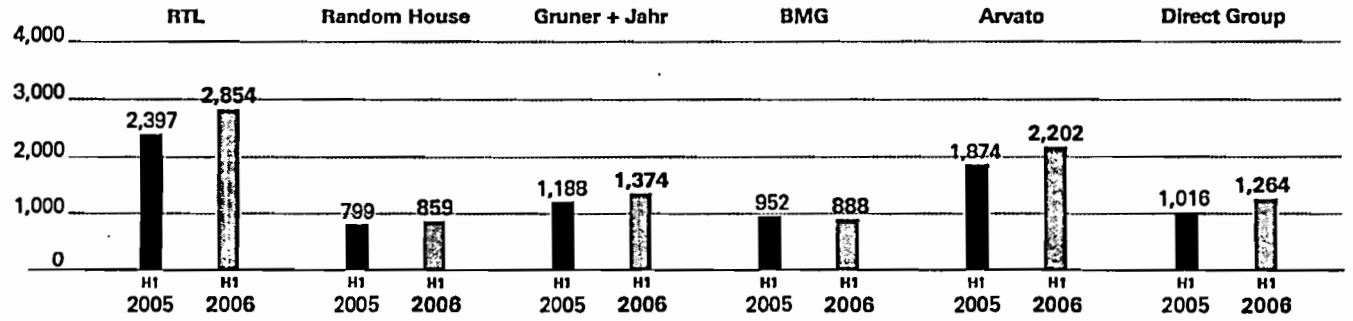
Revenues

Consolidated revenues for the period under review amounted to €9.1 billion, 14.5 percent above the first half of 2005 (€8.0 billion). Organic growth improved year-on-year, to 4.0 percent (H1/2005: 1.2 percent). Apart from this, investments made in fiscal 2005 were a key contributor to the revenue increase. Portfolio changes and other effects boosted revenues by 8.9 percent (H1/2005: minus 2.0 percent), while exchange rate movements made for a 1.6 percent increase in revenues (H1/2005: minus 1.0 percent).

The regional breakdown of revenues was practically identical to that seen for all of fiscal 2005. Germany's share in total revenues rose slightly to 30.5 percent vs. 29.7 percent in fiscal 2005. The other European countries accounted for 43.6 percent (2005: 43.8 percent), while the U.S. contributed 20.4 percent (2005: 20.5 percent) and other countries contributed 5.5 percent (2005: 6.0 percent). The revenue share contributed by the various business categories (Content, Advertising, Direct-to-customer, and Media services) remained practically the same.

Revenue by Divisions

in € millions



Operating EBIT and Operating EBITDA

The first half of 2006 saw a rise in Operating EBIT – Bertelsmann's key indicator for assessing the performance of its operating business – by 8.9 percent to €701 million (H1/2005: €644 million). Return on sales was down slightly due to a number of effects, in particular the decline in the music business, from 8.1 percent in H1/2005 to 7.7 percent in the first six months of 2006.

RTL Group posted the highest increase in earnings, from €371 million to €471 million. Direct Group also delivered a satisfactory performance, achieving a significant year-on-year improvement in its results. The Random House and Arvato divisions were able to maintain their earnings at last year's high levels. Due to start-up losses and a difficult printing market, Gruner + Jahr's earnings remained slightly below the previous year, while BMG's profitability was impacted by a declining overall recorded music market and the delay of important Sony BMG releases to the second half.

The group's Operating EBITDA improved by 11.5 percent year on year, to €1,058 million.

Net Income

After special items totaling minus €8 million, EBIT for the first half of 2006 totaled €693 million (H1/2005: €564 million). The financial result (interest and other financial expenditure) came to minus €172 million (H1/2005: minus €147 million). Income tax expense rose by €95 million to €182 million (H1/2005: €87 million). In the previous year, one-time positive effects had resulted in a reduction in income tax expense.

Net income after financial result and income tax amounted to €339 million (H1/2005: €330 million). Of this, €243 million was to Bertelsmann AG's shareholders (H1/2005: €224 million), and €96 million to minority shareholders (H1/2005: €106 million).

Special Items

Thanks to decreased expenditure on restructuring and integration, special items declined to minus €8 million (H1/2005: minus €80 million). This includes expenses of minus €31 million at Sony BMG and of minus €7 million at Direct Group, less a number of smaller positive special items.

Assets and Financial Analysis

Financial Guidelines and Targets

The financial guidelines adopted by the Bertelsmann group are designed to ensure a balance between financial security, return on equity, and growth, while taking into account the needs and views of capital market participants. Bertelsmann has been rated by Standard & Poor's and Moody's since 2002. Even after its buyback of the GBL stake, Bertelsmann will continue to take its cue from the requirements for listed companies in terms of transparency and investor relations, and will meet investors' information demands in a comprehensive manner.

Bertelsmann has long practiced a system of controlling based on quantified financial targets that are based mainly on the group's financial debt and traditionally, but decreasingly, on its capital structure. One key financial target is a leverage factor of 2.3 or below. The leverage factor is the ratio of economic debt to Operating EBITDA (after modifications).

At June 30, 2006, economic debt totaled €8,723 million, vs. €3,931 million at December 31, 2005. This increase may be attributed to the buyback of the GBL stake and will result in the group exceeding its target leverage factor at the end of the year. Economic debt includes net financial debt as well as debt substitutes, which consist of pension provisions and profit participation capital. The €4.5 billion price of the GBL repurchase is also counted as economic debt, which at June 30, 2006 was still shown as "Liability from repurchase of own shares." The buyback was financed by means of an acquisition loan from four banks in

Cash Flow Statement (Summary)

in € millions	H1 2006	H1 2005
Net cash from operating activities	639	569
Net cash from investing activities	(416)	(672)
Net cash from financing activities	(341)	(546)
Change in cash and cash equivalents	**(118)**	**(649)**
Funding of Bertelsmann Pension Trust e.V. (CTA)	–	(200)
Currency effects and other changes in cash and cash equivalents	(19)	12
Cash and cash equivalents at the beginning of the period	1,036	2,092
Cash and cash equivalents at the end of the period	**899**	**1,255**

two tranches of €2 billion and €2.5 billion respectively. The first tranche has a maturity of 364 days with the option to extend for another year. The second tranche (€2.5 billion, maturity three years) was syndicated to a pool of Bertelsmann's core banks in August 2006. In line with the company's strategy of focusing its financing on the capital market, part of the acquisition loan will be refinanced via the capital market.

Rating

Standard & Poor's and Moody's have issued ratings for Bertelsmann since June 2002. In connection with the GBL buyback, Standard & Poor's on May 25, 2006 put Bertelsmann's "BBB+" rating on "credit watch with negative implications." On July 24, Moody's confirmed its "Baa1" rating for Bertelsmann with a changed outlook (from "stable outlook" to "negative outlook").

Cash Flow Statement

Since fiscal 2005, the cash flow statement has started from EBIT. In the period under review, cash flow from operating activities totaled €639 million (H1/2005: €569 million). At minus €416 million, the outflow of funds from investing activities was considerably lower than during the first half of 2005 (minus €672 million), due to a restrained investment policy. Cash outflow from financing activities for the period under review amounted to minus €341 million, a significant reduction vs. the previous year's minus €546 million. This includes €378 million paid out in dividends to Bertelsmann AG's shareholders and minority shareholders of consolidated companies. At June 30, 2006, Bertelsmann's corporate liquidity totaled €899 million (June 30, 2005: €1,255 million).

Investments

Following intense investment activity in 2005, comparatively few acquisitions were made in the first half of 2006. €553 million were spent on property, plant and equipment, intangible assets and financial assets including purchase price payments (H1/2005: €765 million). €287 million (H1/2005: €299 million) of this was invested in property, plant and equipment, mostly at Arvato. Intangible assets accounted for €65 million (H1/2005: €91 million), mainly at RTL Group. Investments in financial assets amounted to €14 million (H1/2005: €23 million). Purchase price payments for consolidated entities (minus cash and cash equivalents) decreased to €187 million (H1/2005: €352 million), and were mainly in connection with the increase in shares held in Maul-Belser (part of the Prinovis joint venture) from 75 to 100 percent.

Employees

At June 30, 2006, the group had 92,772 employees worldwide (December 31, 2005: 88,516). Arvato registered the strongest increase in employees, partly because of building new service centers and expanding its customer loyalty businesses.

Business Development in the Divisions

Segment Reporting Primary Format

	RTL Group		Random House		Gruner + Jahr		BMG (total)		BMG Music Publishing**	
in € millions	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005
Consolidated revenues	2,842	2,389	858	798	1,358	1,182	887	950	183	183
Intercompany revenues	12	8	1	1	16	6	1	2	–	–
Divisional revenues	2,854	2,397	859	799	1,374	1,188	888	952	183	183
Operating EBIT	471	371	48	48	111	126	2	48	30	23
Special items	7	–	–	–	2	–	(39)	(71)	–	–
EBIT	478	371	48	48	113	126	(37)	(23)	30	23
Scheduled depreciation and amortization	82	82	17	20	45	36	42	38	15	13
Investments*	83	85	18	19	104	286	15	34	8	20

* Net of cash acquired. ** A unit of BMG that is scheduled to be sold during the second half of the year.

RTL Group, Europe's leading television and radio broadcaster and TV production firm, recorded a sharp increase in revenues and profits during the first half of 2006. This growth was due mainly to improved ad sales in all key European markets except the U.K. in particular, RTL Television in Germany and M6 in France increased their advertising income. RTL Nederland kept its market share stable and posted a considerable profit increase despite a new competitor in the Dutch TV market. The production arm Fremantle Media also made a significant contribution to the increase in revenues and earnings, with popular formats such as "Idol," "Quizmania," and "The X-Factor." M6 managed to underscore its pioneering role in building diversification businesses: Additional businesses such as M6 Mobile, the mobile service that was successful from the beginning and now has over half a million subscribers, represent a steadily growing share of non-advertising revenue.

Random House, the world's largest trade book publishing group, increased its first-half revenues, despite a book market that continues flat, and kept operating profits stable. This was due mainly to year-on-year performance improvements in North America and Germany and a continued high level of profitability in the United Kingdom. In the U.S., Random House had more #1 New York Times best sellers in the first six months of 2006 – twenty-four – than in all of 2005. In the U.K., Random House titles accounted for over 25 percent of the rankings on the Sunday Times of London best seller lists. The record-breaking sale of Dan Brown's "The Da Vinci Code" continued with seven million copies in print of the movie tie-in paperback edition in North America and the U.K. alone. Verlagsgruppe Random House's business in Germany expanded with the purchase of Gerth Media and the first-time inclusion of books published by the DVA, Kösel, and Manesse imprints acquired last year.

Europe's leading magazine publisher Gruner + Jahr reported noticeable revenue growth; the first-half operating result remained below that of the previous year. Revenues from the division's largely stable core business increased in Germany and beyond, due to the inclusion of Motor Presse and Prinovis, the gravure joint venture operated with Arvato and the Axel Springer AG, and due to new titles launched in 2005, such as "Park Avenue," "View" and "Healthy Living" in Germany and "Glamour" in the Netherlands. The publishing group continued its growth offensive with new launches in the first half of 2006, adding more international issues to the Geo family, and launching the women's magazine "emotion" in Germany. Though Operating EBIT was impacted by start-up losses from new launches, and by intensified competition in the printing sector, the gratifying profit performance of established titles in Germany and France essentially made up for this.

Arvato		Direct Group		Total divisions		Corporate		Consolidation/other		Total group	
H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005	H1 2006	H1 2005
1,933	1,653	1,258	1,009	9,136	7,981	8	7	–	–	9,144	7,988
269	221	6	7	305	245	–	–	(305)	(245)	–	–
2,202	1,874	1,264	1,016	9,441	8,226	8	7	(305)	(245)	9,144	7,988
96	100	13	(11)	741	682	(40)	(32)	–	(6)	701	644
2	–	(7)	(24)	(35)	(95)	30	15	(3)	–	(8)	(80)
98	100	6	(35)	706	587	(10)	(17)	(3)	(6)	693	564
117	95	30	21	333	292	9	10	–	–	342	302
265	241	61	62	546	727	7	38	–	–	553	765

BMG BERTELSMANN

In the BMG division, made up of Bertelsmann's 50 percent stake in Sony BMG and the BMG Music Publishing unit, which is currently up for sale, revenues and profits were below previous year. The very positive performance of the publishing business only partly offset a significant decline in the recorded music business that has to do with chronic market deterioration and the delay of key releases. The latter factor also resulted in loss of market share. Considerable cost savings achieved by the joint venture cushioned the margin decline, but could not wholly offset it. Albums by international stars, scheduled for the first half, were about to be released as the second half began. The contribution of digital business to Sony BMG's total revenue has increased to roughly 13 percent, practically double what it was this time last year. Sony BMG underwent a management change during the period under review.

arvato BERTELSMANN

Arvato, the media and communications services division, increased its revenues substantially and posted stable operating profits in a difficult market environment. Revenues grew based on organic strengths as well as portfolio effects, such as the consolidation of Prinovis and the Infoscore group. The services sector benefited from heightened demand in the service center sector, resulting in an excellent performance in France and gratifying customer loyalty sales in Germany. This was underscored by the continuing trend to outsourcing communications and logistics services. Business in the Benelux region and in mobile phone repairs is slightly more difficult at present. The printing arm did well in a tense market. Though results at the printers in the U.S. and Italy and at Prinovis were impacted by high pricing pressure and surplus capacity, this was compensated for by good business at Mohn Media.

DIRECTGROUP BERTELSMANN

Direct Group posted a sizeable increase in revenues and profits, with all business units contributing to the rise in earnings. The division's expansionist course was boosted by acquisitions; adjusted, its revenues declined slightly. Cost management and the swift integration of acquisitions prepared the ground for the division's much-improved profitability. In Europe, Direct Group managed to enhance its position as a leading retailer of books. In spring, France Loisirs bought up the Forum Alsatia bookselling chain. In Portugal, Direct Group's purchase of the Bertrand chain of shops (effective July 1, 2006) turned it into the country's leading bookseller. The dovetailing of clubs and book retail opens up new customer pools for Direct Group with its roughly 35 million club members all over the world. In the U.S., the merger of the DVD specialist retailer Columbia House with the BMG Direct music club was achieved speedily and cost-effectively.

Other Information

Changes on the Supervisory Board

Bertelsmann AG's Annual General Meeting on May 22, 2006 unanimously decided to elect Dr. Wulf H. Bernotat to the Supervisory Board of Bertelsmann AG. The chief executive of E.ON AG was appointed with immediate effect. At the same time Christian van Thillo, Chief Executive Officer (CEO) of the Flemish media group De Persgroep NV, retired from the Supervisory Board, his term of office having expired. In connection with the buyback of GBL's 25.1 percent stake, its representatives on the Supervisory Board of Bertelsmann, André Desmarais and Gilles Samyn, resigned their seats with effect from July 4, 2006.

Decisions Made by the Annual General Meeting

The main resolutions passed by the regular Annual General Meeting on May 22, 2006 were the above changes to the Supervisory Board of Bertelsmann AG and the resolution on profit distribution.

At an Extraordinary Annual General Meeting on June 28, 2006, Bertelsmann's Executive Board was authorized among other things to purchase and redeem own shares bought from GBL in accordance with the rules on capital reduction.

Significant Events After the Balance Sheet Date

The buyback of GBL's stake in Bertelsmann was completed on July 4, 2006, and involved submitting notifications to the commercial registry regarding the capital measures taken by Bertelsmann AG in connection with the GBL buyback. All applications to the commercial registry have been submitted. The entries in question were imminent as this interim report went to print.

On July 13, 2006, the European Court of First Instance annulled the European Commission's clearance of the merger of BMG and Sony's recorded music businesses into Sony BMG. The ruling does not affect the continued existence of the music joint venture.

In August 2006, Random House strategically enhanced its portfolio by purchasing the remaining shares in the Korean book publisher Random House Joong Ang and by acquiring Multnomah Publishers, a Christian imprint in the U.S.

In July, the Supervisory Board approved the sale of BMG Music Publishing in principle. The sales process is expected to conclude during the second half of the year.

Risk Report

The risk situation remains essentially unchanged from that described in the risk report in the 2005 annual report. In the lawsuit involving the former music file-sharing platform Napster, the main part of the pre-trial discovery phase has been completed and has yielded absolutely no evidence supporting plaintiffs' claims. Because nothing has changed regarding Bertelsmann's assessment that plaintiffs' claims and legal theories are both legally untenable and factually entirely unfounded, Bertelsmann submitted another "Motion for Summary Judgment" in July 2006 asking the court to dismiss the complaints in their entirety.

In a ruling of July 13, 2006, the European Court of First Instance annulled the EU Commission's clearance of the establishment of the Sony BMG joint venture. The court argued that the EU Commission did not adequately review whether the establishment of the Sony BMG joint venture would result in a collectively dominant position in the recorded music market. Bertelsmann and Sony are currently updating the merger application they submitted in 2004 and expect that the merger proceedings will be resumed in September. In case the EU commission does not clear the transaction based upon the updated application,

the joint venture would have to be dissolved. Other possibilities include clearance subject to conditions or unconditional clearance. Both parent companies are confident that the review will again result in a clearance. The EU Commission's decision is expected sometime in the next fiscal year.

Outlook

In the light of modest growth in the media markets, the Bertelsmann group expects a nearly ten-percent increase in its revenues and operating results for fiscal 2006. The acquisitions made in fiscal 2005 continue to have a positive influence on revenue growth. RTL Group remains cautious but optimistic in its revenue and profit outlook for fiscal 2006, though phasing effects will prevent a continuation of the first-half surge in earnings. Random House will continue to see a slight increase in revenues, and achieve profitable growth. Both the core business and the recent consolidation of Prinovis and Motor Presse will result in improved revenues and profits at Gruner + Jahr. BMG remains confident about its outlook for fiscal 2006 and expects to maintain or slightly improve on the previous year's results against steady-to-slightly-declining revenues. Arvato expects high single-digit to low double-digit growth in revenues and profits, due in approximately equal parts to strong organic growth and the purchases made in 2005. Likewise, at Direct Group, the acquisitions in 2005 will boost revenue growth considerably. The division expects further improvements on the earnings side.

Bertelsmann expects to regain its financial flexibility in line with its financial targets by the end of fiscal 2007. The strong release of funds from operations, expected proceeds from the sale of BMG Music Publishing, and a moderate dividend and investment policy will contribute to this development. The leverage factor is expected to return to around the target of 2.3 by the end of fiscal 2007. Bertelsmann expects to have financial scope of a good billion euros per year again starting in 2008.

The Executive Board again expects a 15 percent payout on par value on the Bertelsmann profit participation certificate ISIN DE0005229942 for fiscal 2006.

These forecasts are based on the Bertelsmann group's present business strategy and reflect our risk and opportunity considerations. All statements regarding possible future developments are estimates made based on the information currently available. Should the underlying suppositions fail to materialize and/or further risks arise, actual results may deviate from the expected results. Therefore, no guarantee is made for the information provided.

Consolidated Income Statement

in € millions	H1 2006	H1 2005
Revenues	**9,144**	**7,988**
Other operating income	318	296
Change in inventories	72	59
Own costs capitalized	110	94
Cost of materials	(2,860)	(2,380)
Royalty and license fees	(751)	(667)
Personnel costs	(2,394)	(2,045)
Amortization of intangible assets and depreciation of property, plant and equipment	(357)	(298)
Other operating expenses	(2,632)	(2,468)
Results from investments accounted for using the equity method	43	40
Income from other participations	8	25
Special items	(8)	(80)
EBIT (Earnings before interest and taxes)	**693**	**564**
Interest income	77	89
Interest expenses	(134)	(129)
Other financial expenses	(115)	(107)
Financial result	**(172)**	**(147)**
Income taxes	(182)	(87)
Net income	**339**	**330**
attributable to:		
Share of profit of Bertelsmann shareholders	243	224
Minority interest	96	106

Reconciliation to Operating EBIT

in € millions	H1 2006	H1 2005
EBIT	**693**	**564**
Special items		
– Impairment of goodwill and income from release of badwill	–	–
– Gains/losses from disposals of participations	(30)	(15)
– Other special items	38	95
Operating EBIT	**701**	**644**
Operating EBITDA	**1,058**	**949**

Consolidated Balance Sheet

in € millions	06/30/2006	12/31/2005
Assets		
Non-current assets		
Goodwill	7,699	7,755
Other intangible assets	1,489	1,611
Property, plant and equipment	2,814	2,785
Investments accounted for using the equity method	688	691
Other financial assets	239	264
Trade accounts receivable	8	93
Other accounts receivable and other assets	397	452
Deferred tax assets	335	420
	13,669	14,071
Current assets		
Inventories	2,131	2,108
Trade accounts receivable	2,795	3,205
Other accounts receivable and other assets	2,033	1,963
Other financial assets	62	39
Current income tax receivable	172	219
Cash and cash equivalents	899	1,036
	8,092	8,570
Assets held for sale	265	291
	22,026	22,932
Equity and Liabilities		
Equity		
Subscribed capital	1,000	1,000
Capital reserve	2,331	2,331
Retained earnings	4,788	4,997
Obligation to repurchase treasury shares deducted from equity (in accordance with IAS 32)	(4,500)	–
Shareholders' equity	3,619	8,328
Minority interest	873	842
	4,492	9,170
Non-current liabilities		
Provisions for pensions and similar obligations	1,649	1,647
Other provisions	119	105
Deferred tax liabilities	225	273
Profit participation capital	706	706
Financial debt	2,377	2,435
Trade accounts payable	21	130
Other liabilities	388	576
	5,485	5,872
Current liabilities		
Other provisions	478	646
Financial debt	390	179
Obligation to repurchase treasury shares (in accordance with IAS 32)	4,500	–
Trade accounts payable	3,758	4,022
Other liabilities	2,374	2,435
Current income tax payable	328	364
	11,828	7,646
Liabilities related to assets held for sale	221	244
	22,026	22,932

Consolidated Cash Flow Statement

in € millions	H1 2006	H1 2005
EBIT (Earnings before interest and taxes)	693	564
Taxes paid	(133)	(155)
Depreciation and write-ups of non-current assets	357	305
Gains/losses from disposals of participations	(30)	(15)
Change in provisions for pensions	(17)	(29)
Change in other provisions	(66)	(72)
Other effects	(73)	89
Change in net working capital	(92)	(118)
Net cash from operating activities	639	569*
Investments in:		
– intangible assets	(65)	(91)
– property, plant and equipment	(287)	(299)
– other investments and financial assets	(14)	(23)
– purchase prices for consolidated investments (net of cash acquired)	(187)	(352)
Proceeds from disposal of non-current assets	122	93
Proceeds from disposal of marketable securities and short-term investments	15	–
Net cash from investing activities	(416)	(672)
Proceeds from bonds and promissory notes	–	–
Redemption of bonds and promissory notes	–	(40)
Change in financial debt	217	31
Interest paid	(166)	(118)
Change in shareholders' equity	–	–
Dividend Bertelsmann shareholders and minority interest	(378)	(412)
Additional payments to partners (IAS 32)	(14)	(7)
Net cash from financing activities	(341)	(546)
Change in cash and cash equivalents	(118)	(649)
Funding of Bertelsmann Pension Trust e.V. (CTA)	–	(200)
Currency effects and other changes in cash and cash equivalents	(19)	12
Cash and cash equivalents at the beginning of the period	1,036	2,092
Cash and cash equivalents at the end of the period	899	1,255

* As in the Annual Report dated Dec. 31, 2005, interest payments are shown under cash flow from financing activity.

Consolidated Statement of Changes in Equity

in € millions	Shareholders' equity	Minority interest	Total
Balance at 01/01/2005	7,510	1,212	8,722
Dividends	(324)	(88)	(412)
Currency differences	165	5	170
Measurement in accordance with IAS 39	11	11	22
Other changes	(10)	(9)	(19)
Net income	224	106	330
Balance at 06/30/2005	7,576	1,237	8,813
Balance at 01/01/2006	8,328	842	9,170
Dividends	(287)	(91)	(378)
Currency differences	(147)	(1)	(148)
Measurement in accordance with IAS 39	(17)	(4)	(21)
Other changes	(1)	31	30
Obligation to repurchase treasury shares deducted from equity (in accordance with IAS 32)	(4,500)	–	(4,500)
Net income	243	96	339
Balance at 06/30/2006	3,619	873	4,492

Accounting Principles

The present half-year report was drawn up in accordance with IAS 34 (Interim Financial Reporting) and reviewed by the group auditor. On principle, the same accounting and valuation methods were applied as in the consolidated financial statements at December 31, 2005, in which these methods are described in detail.

Since December 31, 2005, financial instruments that in principle entitle the holder to put them back to the issuer for cash or other financial assets are no longer shown on the balance sheet as minority shares in equity, but as financial liabilities (IAS 32). The profit relating to such financial instruments is reported under "other financial expenses." The previous year's figures shown in the Profit and Loss Statement and the Cash Flow Statement were adjusted accordingly.

In accordance with IAS 32.23, the repurchase of Groupe Bruxelles Lambert's (GBL) 25.1-percent stake in Bertelsmann AG dated July 4, 2006 is already shown at June 30, 2006 in the present half-year statements. This IAS rule stipulates that a contractual agreement to purchase own equity instruments for cash or other financial assets already gives rise to a financial liability for the present value of the redemption amount. Pursuant to IAS 32.33, the repurchase of treasury shares is to be shown as a decrease in equity, resulting in neither profit nor loss. Accordingly, equity was decreased at June 30, 2006 through an overt deduction of the buyback price.

Based on the planned sale in the second half of the year, Bertelsmann AG's present report overtly discloses the BMG Music Publishing business unit in the BMG segment for information purposes. At June 30, 2006, the conditions for applying IFRS 5 (Non-current assets held for sale and discontinued operations) were not met.

Further Information

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www.bertelsmann.de
www.bertelsmann.com

The Annual Report is also available in German.

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Financial Calendar

November 8, 2006
Announcement of figures for the first nine months of 2006

March 21, 2007
Annual Press Conference for the fiscal year 2006

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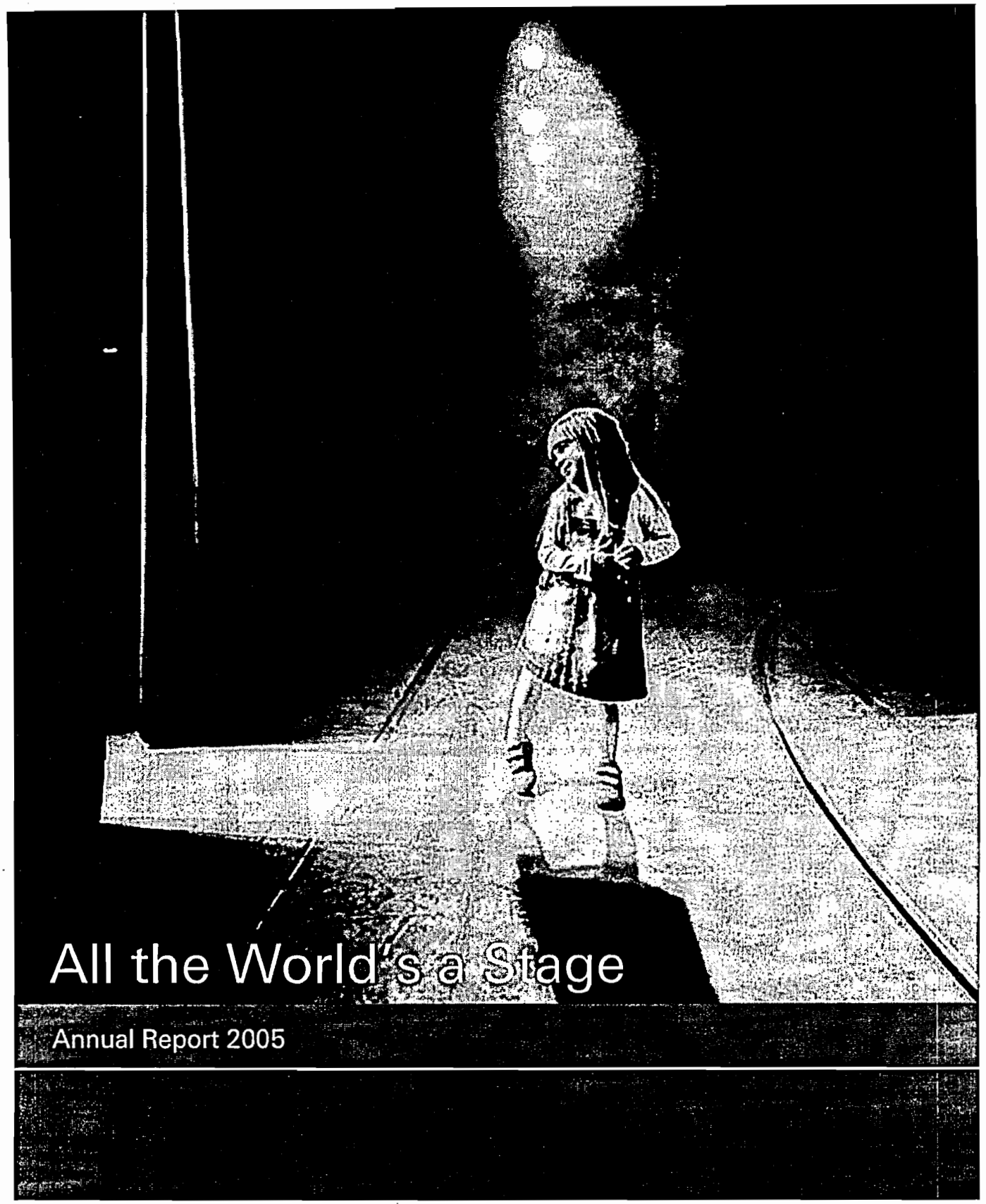
Gütersloh

EXHIBIT CO 0919



All the World's a Stage

Annual Report 2005

BERTELSMANN

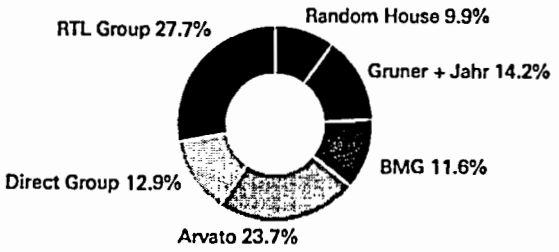
media worldwide

Bertelsmann Financial Highlights

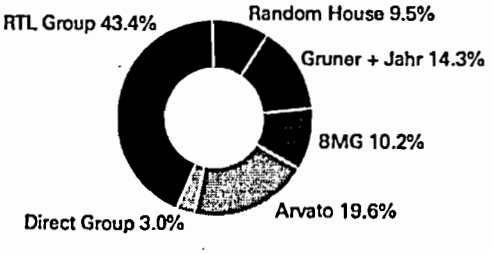
Key Ratios (IFRS)	2005	2004	2003	2002	2001 Pro forma
in € millions					
Business Development					
Consolidated revenues	17,890	17,016	16,801	18,312	18,979
Operating EBIT[1]	1,610	1,429	1,026	787	–
Operating EBITA	–	–	1,123	936	573
Operating EBITDA	2,274	2,112	1,866	1,666	–
ROS in percent	9.0	8.4	6.7	5.1	3.0
Net income	1,041	1,217	208	968	1,378
Investments	2,565	930	761	5,263	2,639
Consolidated Balance Sheet					
Equity	9,170	8,846	7,631	7,744	8,384
Equity ratio in percent	40.0	42.2	37.9	34.9	35.3
Total assets	22,932	20,970	20,164	22,188	23,734
Economic debt[2]	3,931	2,632	3,227	5,184	3,247
Leverage factor[3]	2.2	1.6	1.9	–	–
Employees (in absolute numbers)					
Germany	32,117	27,350	27,064	31,712	31,870
Other countries	56,399	48,916	46,157	48,920	48,426
Total	88,516	76,266	73,221	80,632	80,296
Dividends to shareholders of Bertelsmann AG	287	324	220	240	–
Profit participation payments	76	76	76	77	77
Employee profit sharing	48	29	29	34	–

This overview shows the figures reported in the Annual Reports of preceding years.
[1] With effect from January 1, 2004, Bertelsmann has used Operating EBIT to measure income from operating activity. The figures for the 2003 and 2002 fiscal years were adjusted for the sake of comparability.
[2] Net financial debt plus provisions for pensions and profit participation capital
[3] Economic debt/Operating EBITDA (after modifications)

Total Revenues by Division
in percent*



Operating EBIT by Division
in percent*



* Based on total from divisions not including Corporate/Consolidation

Corporate Divisions at a Glance

RTL Group is Europe's leading broadcast and TV production company, with holdings in 34 TV channels and 34 radio stations in eleven countries, and worldwide content production.

Random House is the world's largest consumer book publisher. Its portfolio comprises more than 100 editorially independent imprints that publish some 9,000 new books each year.

The Gruner + Jahr printing and publishing company is Europe's largest magazine publisher. It produces more than 285 magazines and newspapers in over 20 countries, as well as the publications' complementary websites.

The BMG division consists of the Sony BMG Music Entertainment joint venture and the BMG Music Publishing company. Sony BMG unites legendary labels like Columbia Records, Epic, RCA Records, Arista, Jive and J Records under one roof.

Media requires service providers. Arvato AG, one of the world's largest media and communications service providers offers this diversity – from conventional printing down to modern services such as service centers, financial clearing houses and mobile services.

The Direct Group division brings media to people – from books to DVDs. The selection and service offered by Direct Group's clubs, shops and online stores have won over more than 35 million members in 22 countries.

Key Ratios

RTL Group	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	5,112	4,878	4,452	4,362	4,054
Operating EBIT [1]	756	668	503	465	–
Operating EBITA	–	–	503	465	385
Employees (in absolute numbers)	8,970	8,117	7,254	7,378	6,625

Random House	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	1,828	1,791	1,776	1,995	2,039
Operating EBIT [1]	166	140	115	147	–
Operating EBITA	–	–	147	168	33
Employees (in absolute numbers)	5,395	5,383	5,525	5,626	6,121

Gruner + Jahr	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	2,624	2,439	2,481	2,800	2,973
Operating EBIT [1]	250	210	233	220	–
Operating EBITA	–	–	234	226	198
Employees (in absolute numbers)	13,981	11,671	11,352	11,367	13,033

BMG	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	2,128	2,547	2,712	2,714	2,982
Operating EBIT [1]	177	162	54	43	–
Operating EBITA	–	–	110	125	(79)
Employees (in absolute numbers)	3,597	4,259	4,880	6,452	5,010

Arvato	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	4,365	3,756	3,639	3,668	3,520
Operating EBIT [1]	341	310	261	217	–
Operating EBITA	–	–	261	217	167
Employees (in absolute numbers)	42,155	33,813	31,405	31,174	28,892

Direct Group	2005	2004	2003	2002	2001 Pro forma
in € millions					
Revenues	2,384	2,175	2,286	2,707	3,089
Operating EBIT [1]	53	32	4	(160)	–
Operating EBITA	–	–	4	(150)	(61)
Employees (in absolute numbers)	13,493	12,116	11,893	12,309	13,535

This overview shows the figures reported in the Annual Reports of preceding years.

[1] With effect from January 1, 2004, Bertelsmann has used Operating EBIT to measure income from operating activity. The figures for the 2003 and 2002 fiscal years were adjusted for the sake of comparability.

"Bertelsmann is a company comprised of entrepreneurs – a decentralized, international and innovative enterprise that grants its executives the greatest possible freedom. The world's best artists, journalists and managers work here to create the world's best media products."

GUNTER THIELEN
Bertelsmann AG Chairman and CEO

Annual Report 2005

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"We Are in Great Shape"

Bertelsmann is full of possibilities. In the 2005 fiscal year, forward-looking investments and numerous creative innovations resulted in a 5.1 percent growth in revenue, to €17.9 billion (2004: €17.0 billion). An interview with Bertelsmann's Chairman and CEO, Gunter Thielen.

Question: Mr. Thielen, at the beginning of 2005, you announced that the group would be accelerating its growth. Are you happy with what you've achieved?

Gunter Thielen: We have indeed picked up a great deal of speed: Bertelsmann AG has just finished the second-strongest year of investments in its history. Direct Group's acquisition of the Columbia House DVD club, which added eight million customers to the club business, was the group's largest investment in the U.S. since the purchase of Random House. Gruner + Jahr expanded to ten new countries by buying Motor Presse Stuttgart. We bought up the WAZ group's stake in RTL Group. RTL Group laid the foundation for accelerated growth in the British market by taking over the remaining shares in Five. We bought a stake in Ren-TV in Russia, where the TV advertising market is growing rapidly.

Arvato and Gruner + Jahr jointly and very successfully launched Prinovis, their gravure joint venture with the Axel Springer AG. Prinovis is the European leader in illustration printing, with a 9 percent share of the market. All these examples show that Bertelsmann is moving ahead at high speeds, but on a firm footing.

Question: The group's operating result and return on sales (ROS) have risen significantly. Bertelsmann employs more people than ever before.

Gunter Thielen: Operating EBIT is now at €1.6 billion, which translates to year-on-year growth of roughly 12.7 percent. ROS has risen to 9.0 percent.

We owe our excellent result to the extraordinary dedication of our 88,500 employees around the world, 12,250 more than the year before. Together with our executives, who include the best managers in the media world, we quickly and systematically seized every opportunity before us. Bertelsmann continues to attract the best artists, authors and creative minds in the business.

Question: For decades, Bertelsmann's business strategy has been successful by consistently alternating between consolidation and growth. What overall strategy are you persuing?

Gunter Thielen: Our goals have always been ambitious, but not excessive. This principle applies for our target of growing Operating ROS to 10 percent in 2007 as well.

Our company has the right structures and systems to form a vast number of profit centers into a powerful group. This includes internationally accepted financial ratios. Bertelsmann is in great shape. We have once again met our financing targets and are established in the capital markets, which facilitates our access to financing. Our equity ratio of 40 percent provides us with exceptional financial resources. We are growing on a very solid foundation.

GUNTER THIELEN
Bertelsmann AG Chairman and CEO

Question: Bertelsmann is in a different league compared to where it was just 15 years ago. This is true in every respect. For instance, back then the TV business made no appreciable contribution to total revenue. Today, RTL Group is Bertelsmann's biggest revenue and earnings driver.

Gunter Thielen: We have worked on acquiring the majority in RTL Group step by step since 1984. No one could have predicted this in the beginning. However, the record results achieved in recent years can only continue if Europe's largest television, radio and TV production group is able to realize its ambitious plans: creating more families of channels by adding complementary new channels, reducing dependence on TV advertising sales, and expanding into new key markets for growth beyond our core markets of Germany, France and the Benelux countries. That is why we increased our stake in the British TV channel Five and got involved in Spain's Antena 3, one of Europe's most profitable channels. Add to that the investments in Portugal, Croatia and Russia.

Question: Gruner + Jahr has delivered a dazzling display of innovations since 2003, launching 47 new titles in a challenging advertising environment, 16 of them in 2005.

Gunter Thielen: Yes, we are seeing the dawning of a new age at G+J – and many of the new titles were an immediate success. The acquisition of Motor Presse Stuttgart provided an additional boost.

But there was sobering news as well: We sold our magazine business in the U.S. In hindsight, it was a mistake to spend a lot of money at the peak of the stock-market boom on buying magazines that we were never able to bring to a leading and thus sustainably profitable market position. As a result, we knew we must make this divestment – a purposeful if painful correction. You can't be a real entrepreneur if you don't sometimes miscalculate. Attempting to avoid mistakes at all costs results in stagnation. This insight by our post-war founder Reinhard Mohn has governed management conduct at Bertelsmann for many years.

Question: The Sony BMG joint venture is turning out to be a real challenge.

Gunter Thielen: The merger was the right step at the right time, the only sensible response to changes in the music market, which is still shrinking. CD sales are declining, but Internet and wireless music sales are showing impressive growth rates. Sony BMG is the global market leader in the digital music business.

The unification of two distinguished competitors in nearly 50 countries has indeed been challenging, but the integration was completed quickly and successfully. We have already achieved significant cost savings. Unfortunately, we did not yet manage to grow our share of the market in 2005 – in fact we lost market shares.

In the months ahead, one of the priorities will be to better bridge the two very distinct corporate cultures. This will not be easy.

Question: 2005 was an excellent year for the Arvato division.

Gunter Thielen: It was. In fact, the division's revenues exceeded the €4 billion threshold for the first time. Arvato continually launches exciting new businesses and expands into new markets, such as Arvato Services' entry into the public services sector in the U.K. The takeover of a majority stake in the Infoscore group in Baden-Baden makes us Europe's leading service provider in the management of data,

information and receivables. And in early 2006 a new directory assistance number was launched in Germany (1 18 18).

Arvato invested in China, a major growth market, and built new production facilities in Australia and Russia. Our IT service providers now have local offices in Malaysia and Thailand as well. The burgeoning Arvato Mobile unit now has a business presence in 47 countries, and launched its "GNAB" download platform for all types of digital content.

Question: And how important is the traditional book medium in the digital media realm?

Gunter Thielen: Anyone who claims that books are obsolete hasn't seen the figures. It simply isn't true that electronic media are pushing books onto the sidelines: In 2005, the Random House group alone sold four times as many books as the entire worldwide book industry did 50 years ago. Each day, more than a million people buy a book published by one of Random House's more than 100 imprints. We believe in the future of books and we will continue to publish books that the world wants to read.

Question: Direct Group now has book, music and DVD clubs in 22 countries, and more than 35 million members.

Gunter Thielen: ...which makes it one of the world's largest media retailers. Its international sales power enables it to develop young writers into bestselling authors: We provide a stage for creative talent to become successful. Direct Group is already Europe's biggest bookseller. In the U.S., the world's most important media market, the BMG Columbia House subsidiary is the leading direct-to-customer vendor of music and DVDs.

Direct Group is a good example of a successful turnaround; its profits are visibly on the rise. In France, our experiences following the acquisition of the largest independent chain of booksellers, Librairies Privat, have been encouraging. This is a systematic evolution of our strategy of catering to new customer groups apart from member-based businesses. This expansion in book retail and the resulting increase in opportunities for exploitation are a model for other countries.

Question: What growth opportunities and development potential do you see ahead in 2006?

Gunter Thielen: We're well aware that the competition never sleeps and that technology is making rapid advances. Things that took a full generation to develop in the past now can be developed in just two years. Add to that the fact that traditional media businesses operate in mature markets in Europe and in the U.S.

A few years from now, today's 8- to 14-year-olds will determine user behavior in the media realm. They are the first truly interactive generation. The "Content is King" strategy, with which we do good business, needs to be adjusted to the needs of this generation. Even today, consumers are creating content themselves: with videophones, home videos, in countless weblogs and podcasts. This trend has only just begun. By responding with products that offer optimum user benefit, we are seizing the opportunities inherent in technological advances. This applies for existing businesses as well as new ones.

Question: You always say that Bertelsmann has a world-class management team at all executive levels. It goes without saying that this team is made up of individuals with exceptional business skills and talents. But how important are the traditional and longstanding values embodied in Bertelsmann's corporate culture to your business success?

Gunter Thielen: The principles you refer to bear the stamp of Reinhard Mohn and have evolved over decades. They provide transparency and guidance for all and are a basis for identifying with the company. The Bertelsmann Essentials describe the four core values in our corporate culture: partnership, entrepreneurship, creativity and citizenship.

Our corporate culture offers executives every possibility of managing their decentralized businesses with a high degree of freedom and flexibility. However, we also demand that our executives not only identify with their own businesses, but act responsibly and in the interests of the group and its employees. This includes elements like leadership through partnership, delegation of responsibility for tasks and employee profit participation. Exceptional performance is rewarded, that goes for every employee. We firmly believe that our principles of management are more up to date than ever.

Question: It also includes developing young creative and entrepreneurial talent in the company.

Gunter Thielen: A subject that is very important to me. More than anything else, the quality of leadership determines the enduring success of an organization. Bertelsmann University, Round Tables for junior executives at company, division and corporate levels, and a special Bertelsmann Entrepreneur's Program are all elements in our innovative and progressive management development scheme. Our new project "Next-generation Talent Management" will help us to develop a shared understanding of what tomorrow's leaders should look like and how we can continue to attract them to Bertelsmann.

But we're not only concerned about young executives. A company like Bertelsmann also must explore ways to keep experienced employees with proven expertise. We have highly creative people in our ranks, and these individuals do terrific things for Bertelsmann. We strive to ensure that they continue to have a constructive environment, an appropriate platform, and significant opportunities for development.

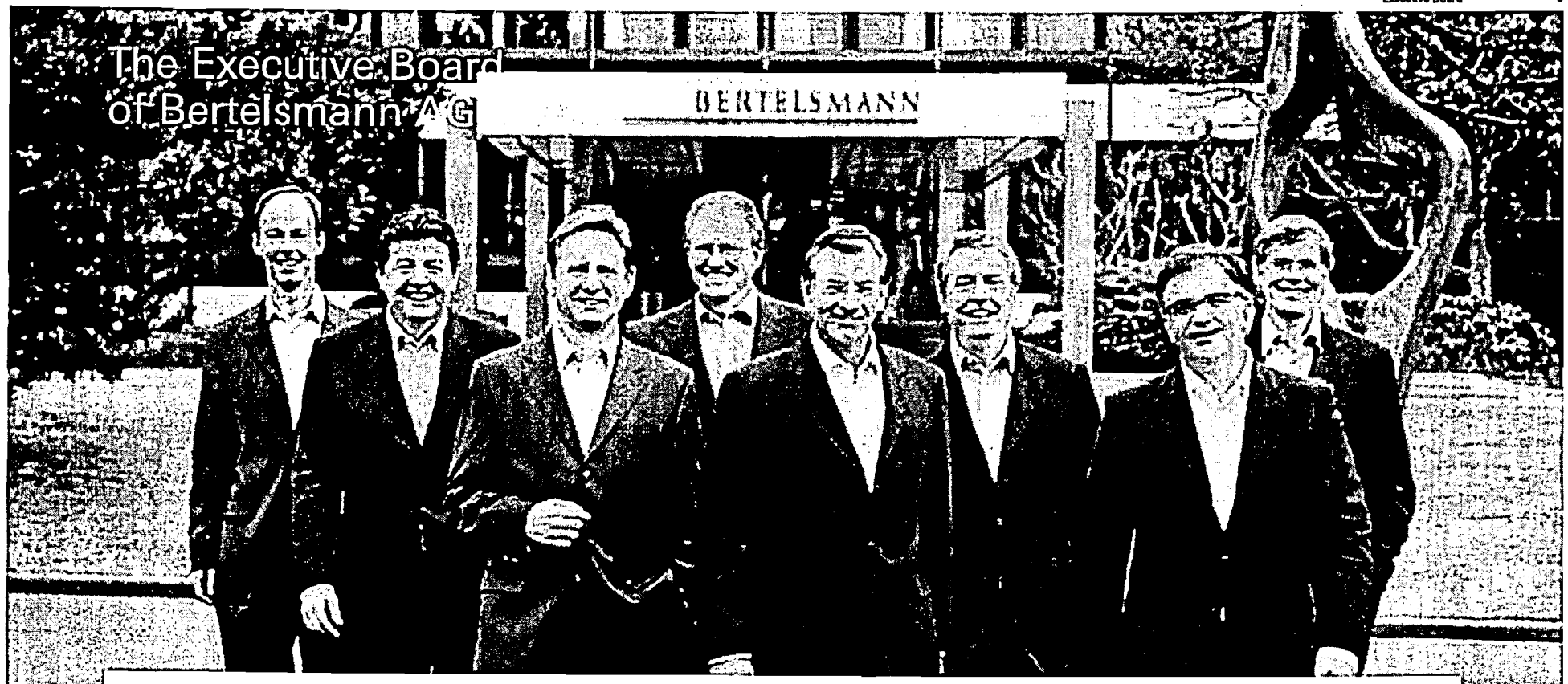
Question: What are the Executive Board's goals for 2006?

Gunter Thielen: We expect a continued rise in revenues and profits as we continue to rely on organic growth. Also, the acquisitions made in 2005 will be fully consolidated for the first time. There are some indicators for a relaxed global economy and a recovery in Germany's domestic demand, which should have a positive effect on the advertising economy. I'm confident that the Soccer World Cup in Germany will have some positive effects as well.

Question: Which brings us to the last question: Will Germany become the new soccer world champion?

Gunter Thielen: I'm definitely keeping my fingers crossed! But as a global company, we at Bertelsmann will play in the finals in any case. Indeed, Bertelsmann will score plenty of goals with the World Cup. We are the world football association FIFA's exclusive licensee for all official print products in German-speaking countries. Six Bertelsmann companies have formed an excellent team for this project, and are bringing all sorts of World Cup-related magazines, nonfiction books, encyclopedias, children's books and audiobooks to the market, along with puzzles, calendars and posters – a total of about 120 licensed products. Products to warm the heart of any soccer fan – and of any CEO.

The Executive Board of Bertelsmann AG



DR. THOMAS RABE
Member of the Bertelsmann AG Executive Board since January 1, 2006, Chief Financial Officer and Head of the Bertelsmann AG Corporate Center, Gütersloh. Head of Bertelsmann Music Group (BMG) since February 10, 2008. Born August 6, 1965 in Luxembourg.

GERHARD ZEILER
Member of the Bertelsmann AG Executive Board since October 1, 2005, Chief Executive Officer of RTL Group, Luxembourg. Born July 20, 1955 in Vienna (Austria).

HARTMUT OSTROWSKI
Member of the Bertelsmann AG Executive Board and Chairman of the Arvato AG Executive Board since September 1, 2002, Gütersloh. Born February 25, 1958 in Bielefeld (Germany).

DR. BERND KUNDRUN
Member of the Bertelsmann AG Executive Board and Chairman of the Gruner + Jahr AG Executive Board since November 1, 2000, Hamburg. Born November 8, 1957 in Wuppertal (Germany).

DR. GUNTER THIELEN
Member of the Bertelsmann AG Executive Board since July 1, 1985, Chairman of the Bertelsmann AG Executive Board and Chief Executive Officer since August 5, 2002, Gütersloh. Born August 4, 1942 in Quierschied (Germany).

ROLF SCHMIDT-HOLTZ
Member of the Bertelsmann AG Executive Board, Chairman and Chief Executive Officer of Bertelsmann Music Group (BMG), Chief Creative Officer of Bertelsmann AG until February 10, 2006, Hamburg and New York. Born August 31, 1948 in Martinsreuth (Germany).

DR. EWALD WALGENBACH
Member of the Bertelsmann AG Executive Board since February 6, 2002, Chief Executive Officer of Direct Group Bertelsmann, Gütersloh. Born February 10, 1959 in Neustadt/Wied (Germany).

PETER OLSON J.D./MBA
Member of the Bertelsmann AG Executive Board since April 1, 2001, Chairman and Chief Executive Officer of Random House, New York. Born May 1, 1950 in Chicago (U.S.).

Bertelsmann: The Principle of Diversity

The past year has confirmed a truth that we know well at Bertelsmann: Success can come quite naturally. To explain this phenomenon, let's take a look at two concepts that form the basis of everything we do at Bertelsmann: creativity and diversity.

In the past, centralism was a prevailing economic theory

Common wisdom maintained that a well-run company was one defined by tightly structured hierarchies. Under this world view, openness and transparency were considered weaknesses. Some experts felt that a company could only be successful if all its employees adhered to a central, rigid plan. According to this doctrine, anything else would lead to chaos. If it wasn't uniform, it couldn't be a commercial success. Many companies operated under this assumption.

A decade and a half ago, the Internet began to conquer the media world. Its rise was no coincidence, taking place as it did in a world where the principle of centralism was already in decline. The downfall of the Communist states and their command economy was a big step on this path. In today's global markets, people from a wide range of cultures cross paths. Ideas and creativity can spread faster and more freely than ever before. Our markets increasingly transcend borders. Those still thinking and acting on the principle of centralism find this bewildering.

But what exactly are markets? They consist of a vast number of people and needs. And these people each have their own, unmistakable skills and talents. They are the ones who drive creativity and invention. Their diversity fuels the economic and social development. People will continue to develop new needs, tastes and desires, which they expect will be met with the appropriate products or processes. This is the cycle, the principle by which success is born.

In nature, the principle of diversity translates to evolution

The point is to take diversity, the various respective skills and talents that each individual has, and use them for the success of the overall system. The method has obvious advantages. While centralism knows only one answer, or one truth, the principle of diversity is never at a loss for answers and choices. During formative, productive periods in history, old answers often no longer apply, but diversity always offers an alternative. Diversity is a resource that never dries up. It is sustainable and future-proof. Success will come naturally to people who learn to use it well.

For these reasons, Bertelsmann's operational structure is decentralized. We are the world's most international media company. The creative commitment of our 88,500 employees, and the high-quality content, products and services they deliver, prove that the principle of diversity pays. In the 63 countries where we do business, this up-to-date approach offers us a unique, growing network of experience and knowledge that enables us to quickly and efficiently identify and master new challenges.

Naturally, our decentralized organization requires a high degree of autonomy and responsibility. Diversity will only breed creativity – our most important resource and the base of our success – if it can unfurl in freedom. Freedom in business means having the ability to make decisions and act independently and responsibly.

Four of some 88,500 employees whose creativity and skills make the diversity principle the cornerstone of our success in 63 countries.
ERIC WON-SUK YANG, JANE LIGHTING, GAIL REBUCK, BRIAN SHULTS

In business, the principle of diversity translates to entrepreneurship

Entrepreneurial spirit thrives in a world of diversity. Entrepreneurial thinking is just another word for creativity – which is why we see it as our goal to cultivate this foundation for business excellence at all levels of our company. Our international reach – our diversity – provides excellent nourishment for this foundation.

Our understanding of management is based on the fundamental virtues of entrepreneurship: creative power, coupled with a high degree of freedom and a generous measure of personal, economic and social responsibility.

At Bertelsmann, the principle of diversity translates to responsibility

All business success aside, we see the proper application of the principle of diversity as a priority. Freedom requires a sense of responsibility. This idea is anchored in our core values, our Essentials: "Our executives act not only in the best interests of their individual businesses, but are also obligated to the interests of the group as a whole." Partnership, entrepreneurship, creativity and citizenship form the pillars of our core values. Far from contradicting the principle of diversity, they make it possible in the first place.

These pillars create a shared identity and offer guidance for independent action in a dynamic, decentralized structure. Understanding the overarching goals of the organization is vital and always will be to our ongoing success. Diversity in responsibility defines that which is most important to us: The people we work for, our customers, and the people we work with, our partners and colleagues.

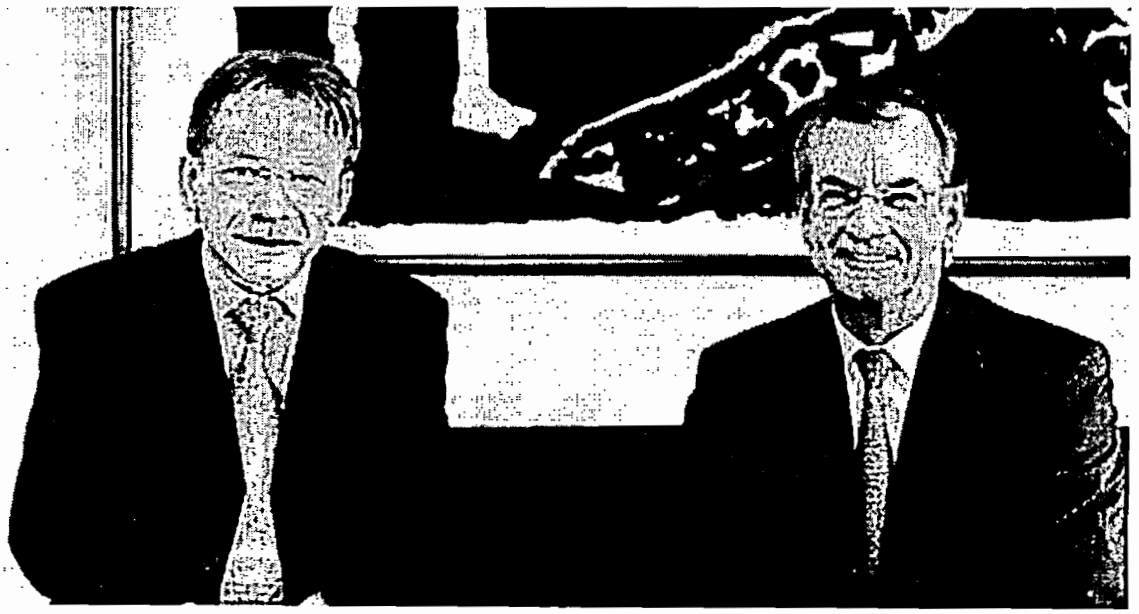
We know that only then will our success keep coming naturally.

Bertelsmann Essentials

The Bertelsmann Essentials convey the goals and basic values of our company's employees, executives and shareholders and are based on the Corporate Constitution. It is the responsibility of our executives to spread and exemplify these values and to serve as role models. The Bertelsmann Essentials reflect the current status of consensus and are subject to constant review, revision and improvement.

Our Mission

Bertelsmann is an international media corporation. We provide information, entertainment and media services to inspire people's daily lives. We aspire to make a valuable contribution to society. We strive to be leaders in our markets and to achieve returns on capital that guarantee the growth and continuity of our corporation. Our joint efforts focus on creative content and customer relations. We seek to provide working conditions that are equitable and motivating for our employees. We commit ourselves to the continuity and ongoing progress of our corporation.



ERICH RUPPIK
Chairman of the Bertelsmann AG Corporate Works Council

GUNTER THIELEN
Chairman and Chief Executive Officer of Bertelsmann AG

"The company's Executive Board, Supervisory Board, executives and Works Council have condensed the Bertelsmann Essentials to their core messages: partnership, entrepreneurship, creativity and citizenship. This facilitates communication and is designed to promote dialog about the Essentials. We want our values to be lived and breathed throughout the company, which is why we included a clear reference to the binding nature of the Essentials."

Our Core Values

Partnership

Our corporate culture is based on a mutually beneficial partnership between our employees and the company. Motivated individuals who identify with our values are the driving force behind quality, efficiency, innovation and growth within our corporation. The hallmarks of our participatory leadership approach are mutual trust and respect as well as the principle of delegation of responsibility. Our employees enjoy autonomy to the greatest extent possible. They receive comprehensive information and participate in decision-making as well as in the financial success of the company. We are committed to the professional development of our employees and seek to provide long-term employment.

Entrepreneurship

The principle of decentralization is at the heart of Bertelsmann's management philosophy. It enables our employees to act with flexibility, responsibility, efficiency and entrepreneurial freedom. Our operating businesses are run by managers who act as entrepreneurs: They enjoy considerable independence and bear full responsibility for the performance of their companies. Our executives act not only in the best interests of their individual businesses, but are also obligated to the interests of the group as a whole.

Creativity

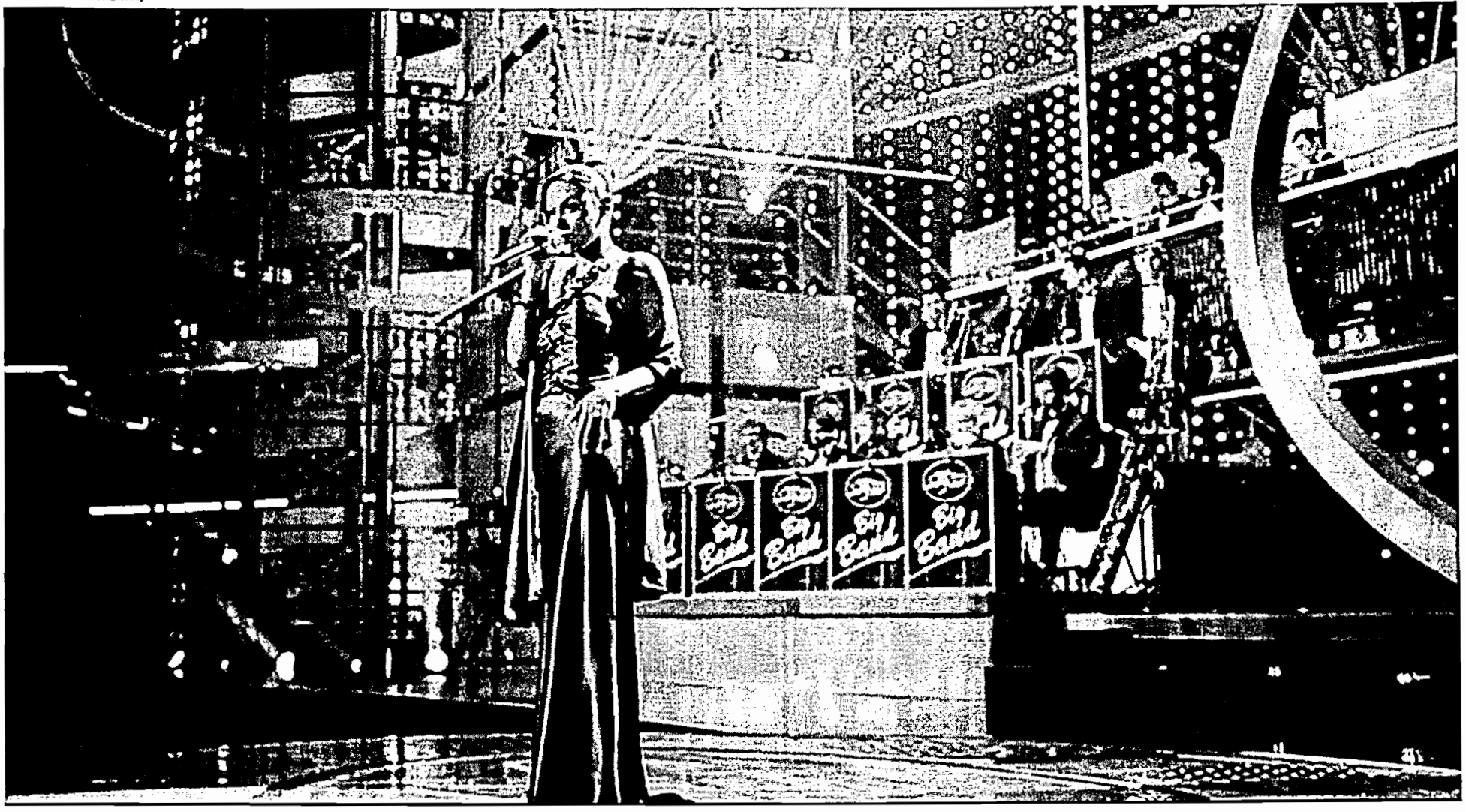
We provide a home for artists, authors and creative talents in all of our fields of business, promoting their creative development as well as their commercial success. We strive for the protection of intellectual property on a worldwide basis. We promote artistic freedom and freedom of thought, the protection of democracy and human rights, and the respect of traditions and cultural values. Consequently, the content we provide reflects a wide range of viewpoints and opinions. Continuous innovation and improvement, guided by customer needs and interests, are the cornerstones of our success, both in media services and in content businesses.

Citizenship

The continuity and development of Bertelsmann as an independent entity is ensured by the Bertelsmann Management Company's control of the majority of voting rights. In the view of our shareholders, the possession of property creates an obligation to the community. They are committed to the idea that in a market economy a corporation derives its legitimacy by making a valuable contribution to society. The work done by the Bertelsmann Foundation – to which the majority of Bertelsmann shares has been contributed – is also guided by this principle. Our businesses are managed in accordance with the spirit and the letter of the law. They maintain high standards of ethical conduct and act responsibly toward society and the environment.

Our Commitment

We expect everyone at Bertelsmann to adhere to this mission and these core values.



Where Stars Are Born

RTL GROUP

"Pop Idol" gives the best young talent the opportunity of their lives – like NEVIO PASSARO in "Deutschland sucht den Superstar" 2006.

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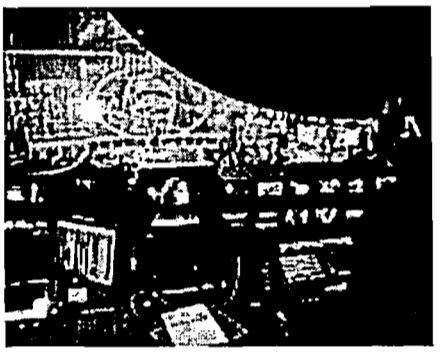

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"Idol" is a global superstar. Its sensational success is the result of masterful television production – and passion.

It is entirely possible to raise understatement to an art form, and Alan Boyd is a master of the art. "You know," he says without a trace of condescension, "one might ask: What's so new about this format? It's just a singing contest – the idea's been around for at least 2,000 years." Yes, the question could arise if the person asking it hadn't seen a television or newspaper in recent years. But as Alan Boyd, Fremantle Media Production's President Worldwide Entertainment, knows well – everyone knows "Idol." And it's not just a singing show.

A Song Contest – Is That Really All It Is?

Fremantle Media, an RTL Group company, is one of the world's biggest developers and producers of TV brands. The company operates in 43 countries, creating over 8,000 hours of programming each year, including plenty of multiple-award-winning movies, series, shows and comedy programs. Fremantle Media also happens to own programming rights in more than 150 nations, which makes it the biggest independent TV distributor outside the United States. And then, of course, Fremantle Media also does this "singing contest" thing.

In the U.K., it's known as "Pop Idol." In the U.S., it's called "American Idol" and in Germany, the show's name is "Deutschland sucht den Superstar." France and Belgium have their own Idol shows, as do Portugal and Finland, Denmark, Iceland, Sweden, Norway, Poland, Russia, Serbia and Montenegro, Croatia, New Zealand, the Czech Republic, Canada and Kazakhstan, Australia, South Africa, Indonesia, Malaysia, Singapore, India, Slovakia and the Netherlands. And in many of these countries, RTL Group channels broadcast the program.

The British impresario Simon Fuller and Simon Cowell invented this particular singing contest. And as the producer of the worldwide "Idol" shows, Fremantle Media is in charge of what the judges of Britain's prestigious "Broadcast Award" succinctly described as a "superformat."

It Takes an Idol to Beat an Idol

From the very first "Idol" broadcast in 2001 through the end of 2005, 1.8 billion viewers all over the world reached for their phones to vote their favorite candidate into superstardom. The show won multiple awards and was nominated for 14 "Emmys." It seemed nothing would be able to beat the superformat – except, perhaps, the superformat itself.

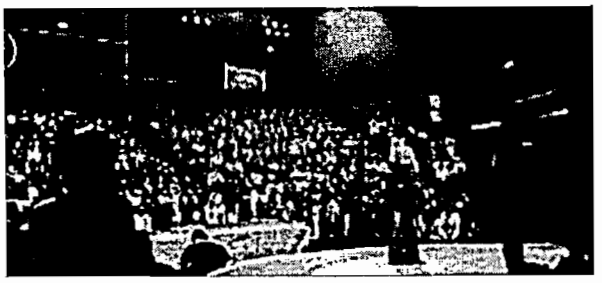
When "Malaysia Idol" hosted its final show last year, its audience share peaked at 63 percent. "Slovensko hlada Superstar" on Slovakia's STV went straight to 41.4 percent. When "Indian Idol" was on, the counters registered 55 million calls. Last year in the U.S., 26.8 million people were glued to their screens watching and voting for their "American Idol" during each

1. **ALAN BOYD**
President Worldwide Entertainment, Fremantle Media Production.

2. Like all "Pop Idol" shows, "Deutschland sucht den Superstar" 2006 is a flawless stage show that sets new standards in TV entertainment.

Branded for success: "Pop Idol" logos from Singapore to New Zealand – and everywhere, the show sets new viewer records.

1.



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episode. By the time Carrie Underwood emerged as the winner, the makers of "American Idol" had counted 500 million calls. Just a singing contest, the man said.

Yeah, right – a singing contest. Well, says Alan Boyd, in his characteristically understated way, it does have some new stuff. "We just updated the idea for the 21st century and integrated the latest technologies: call-ins, SMS and so forth." And, fair enough, he's willing to concede that the candidate backgrounders and backstage stories are important elements that fascinate viewers as much as the contest. And that Fremantle Media has taken "production standards for talent shows to a new level for 'Idols': We make sure that the lighting, the sound, the camerawork and the stage design are all top-notch. That's what makes the show such a success."

But state-of-the-art technology and supreme TV craftsmanship alone cannot account for the success of the superformat. Nor is it attributable solely to the fact that "Idol" is interactive programming in the truest sense of the word, where the people in front of the screens and on the phones are more than viewers looking to be entertained. They are part of the show. They get emotionally involved. It's their show. How can something like this work on a global scale?

Core Values of Success

One of the secrets to "Idol's" success is that Fremantle Media treats it with extreme care and prudence. When a show like "Idol" goes on to break all sorts of records in so many different countries and cultural regions, one might conclude that far-reaching concessions were made to appeal to various audience tastes. But this, Alan Boyd says, is not the case: "The music may sound different. But the story behind it is always a tale of human interest. It's about fair competition and what motivates its protagonists to compete. It's a drama about moments of victory and defeat."

Having said that, he adds that the format "does require slight adjustments for different cultures. But the core must remain intact." Does the core have a name? "Passion. We want to make people laugh and cry. And this passion is communicated in all cultures, to everyone who gets involved: the viewers and singers, the judges and the production team." We've left the realm of understatement now. Passion, says Alan Boyd, is a human element. We all have it. And that's why it works all over the world.

1. "Superstar" candidate VANESSA JEAN DEDMON: The final touches...

2. ...before the big show.

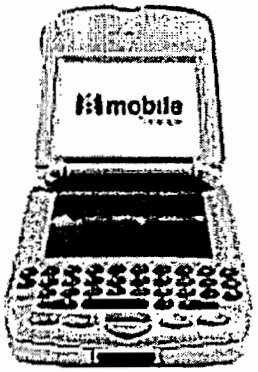
3. Laughter and tears – "Australian Idol."

4. A Star is Born – CARRIE UNDERWOOD, "American Idol" 2005.

RTL Group – Quality Entertainment on All Stations

GERHARD ZEILER Chief Executive Officer, RTL Group
"RTL Group strives to offer popular high-quality entertainment and information to all our audiences by encouraging and supporting the imagination, talent and professionalism of the people who work for us."

Highlights

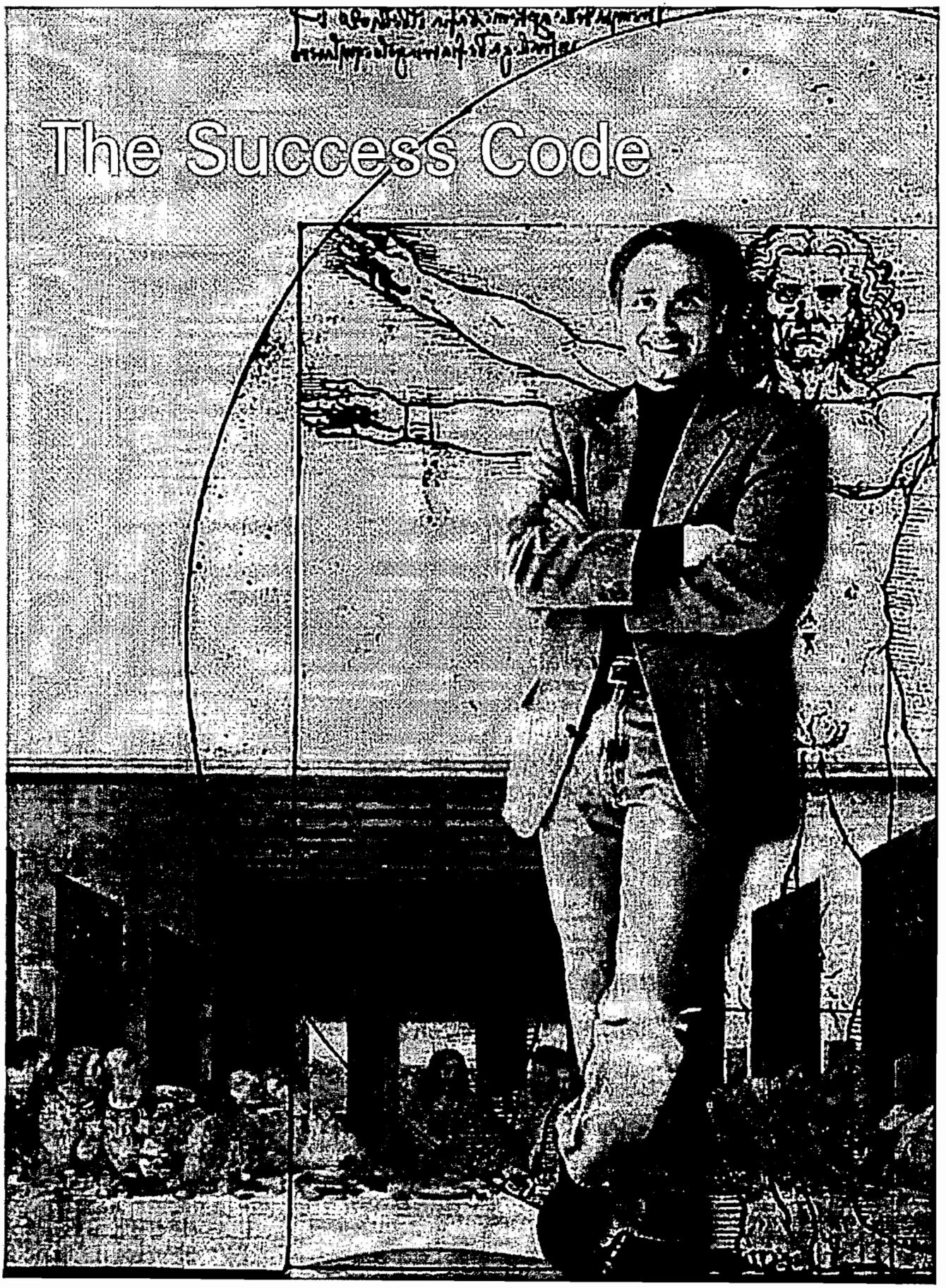


M6 Mobile – Upwardly Mobile in France M6 Mobile was launched in June 2005 – and just six months later, this new star on the French wireless horizon has exceeded expectations by a hundred percent, delivering twice what was expected: By the end of the year, more than 200,000 subscribers had signed up for the service. As a joint project between RTL Group's French subsidiary M6 and the wireless carrier Orange, M6 Mobile caters to young adults. It offers a wide range of services: among other things, subscribers can use their mobile phones to tune into the M6 radio station "M6 Music Hits." Once again, M6 blazes the trail to new fields of business.

Telenovelas – Serial Success Bianca Berger enchanted afternoon TV audiences in Germany until the late days of fall 2005. "Bianca – Wege zum Glück" and "Verliebt in Berlin" have since become synonymous with excellent ratings – a success powered by RTL Group. For many decades, telenovelas have been veritable TV blockbusters in Latin America. But it took a systematic adaptation to German audience tastes by the Grundy-UFA production company to turn them into a comparable success in Germany last year. The RTL Group subsidiary is a bona fide expert on the production of successful "serial" entertainment like daily soaps and telenovelas. The demand is so enormous that Grundy-UFA opened an Academy for Series Storylining in Potsdam in November 2005. Here, talented narrators learn to write stories that cater specifically to the requirements of TV series and telenovelas.

Creating Bestsellers

RANDOM HOUSE
BERTELSMANN



Great books call for great publishing. Authors and their work get undivided attention at Random House.

Random House's Doubleday imprint has broken every record for adult hardcover fiction in the book industry with Dan Brown's "The Da Vinci Code." What are the secrets behind the bestseller?

The novel's protagonist, Robert Langdon, lives in a world fraught with symbols. As a symbologist, he researches their meaning and mysteries. Art and life are full of symbols – and Paris, the city the Harvard researcher is visiting, is the capital of both art and life. But then things take a dangerous turn: Langdon is asked to testify in a murder case: The chief curator of the Louvre is the victim of a mysterious and bizarre killing. His dead body itself is arranged into a symbol. There will be more murders – and an even greater secret. To get to the bottom of it, you'll have to do what more than 40 million people the world over have already done: Read Dan Brown's novel "The Da Vinci Code."

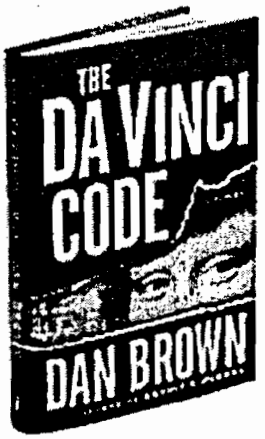
Secret No. 1: The Right Decisions

Random House is the world's largest trade book publisher, admired globally as the wellspring of great reading. Random House comprises more than 100 publishing imprints in sixteen countries, including the historic American imprint Doubleday, which first published Dan Brown's "The Da Vinci Code" in March 2003. According to "The New York Times," "The Da Vinci Code" is Harry Potter for grown-ups. The thriller has inspired games, audiobooks, and shelffuls of books about the book, along with countless events and international communities of people who meet at many of the book's locations or participate in ongoing debates on the Internet. In May 2006, "The Da Vinci Code" motion picture opens in theaters worldwide: Academy Award Winner Ron Howard ("A Beautiful Mind") directed the screen adaptation, starring Tom Hanks as Robert Langdon, alongside other big-screen legends like Jean Reno.

Unquestionably, Dan Brown, wrote a phenomenal book, but the publishing efforts that went into "The Da Vinci Code" are just as remarkable.

Doubleday publisher Stephen Rubin tells the story behind this particular success: "When Dan Brown came to us from his previous publisher, he had already written three books, which together had sold just 26,000 copies in hardcover. That didn't stop us from believing in the success of 'The Da Vinci Code' – we knew what an extraordinary manuscript we had in front of us. And we were right. We went straight to #1 on the 'New York Times' hardcover fiction national bestseller list the very first week."

The platform for this stratospheric liftoff was set in motion two years earlier. When Dan Brown's editor Jason Kaufman moved to Doubleday from another publishing house, he submitted the proposal of "The Da Vinci Code" to his boss Bill Thomas, Doubleday's Editor in Chief. He instantly shared Kaufman's enthusiasm for acquiring Dan Brown and The Da Vinci Code. In the subsequent negotiations, Doubleday offered a $400,000 advance for Brown's "The Da Vinci Code," and Brown's next novel. Brown's old publisher bid more than that just for the newly conceived book. Nonetheless, the author declined the higher offer. He knew what successful authors all know: Working with



THE DA VINCI CODE
The embodiment of success: More than 40 million copies in 44 languages have been sold worldwide to date – and the screen adaptation has an all-star cast.

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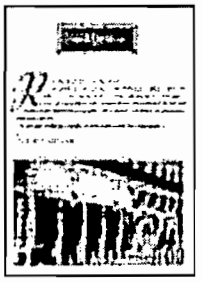


an editor you trust and a publisher with a vision for your work is more imperative than the size of the advance.

Secret No. 2: Word of Mouth and Hard Work
Doubleday developed a sophisticated strategy to set the best possible launch for the publication of the book. Here, too, experience, trust, credibility and creativity counted for far more than any marketing budget, be it ever so large. "You can spend all sorts of money on newspaper, radio and TV advertising, have the best press relations and collect rave reviews – but the most important salesmanship for a book is still word-of-mouth recommendations. People read a book and are fascinated; they talk to their family, their colleagues, and friends about it and say: You've got to read this book," says Rubin.

Doubleday and the Random House sales force sent advance copies to booksellers to win them over. "Booksellers are indispensable to our success, which is why we are so relentlessly conscientious about cultivating our relations with them. Before the hardcover edition ever hit the marketplace, we had already sent out 10,000 advance copies to booksellers and reviewers. The feedback was enormous and instantaneous: everyone was thrilled," reports Mr. Kaufman, Dan Brown's editor. The publisher also introduced Dan Brown to their sales force, who play a vital role in setting up a book's publication with the booksellers. "Dan Brown is a perfect promoter – he's not just intelligent and witty, but also modest and genuinely appreciative. That goes down well in our business," says Rubin.

Secret No. 3: "Success Breeds Success"
The first day of sales in March 2003 was accompanied by a spectacular and provocative promotion campaign: Full-page ads were run in the most important U.S. daily newspapers such as "The New York Times," showing a picture of the Mona Lisa and the caption: "Why is this man smiling?" To further promote the launch of the book, Doubleday organized a reading tour that took Dan Brown all over North America.

Other essential elements in the success code include a nonstop, constantly reinventive advertising campaign. The reward is publishing the bestselling adult work of fiction of all time with 40 million copies in print, translations into 44 languages to date, and the # 1 slot on bestseller lists all over the world. In the U.S. and Canada, "The Da Vinci Code" has sold twelve million hardcover copies. Random House imprints also publish the book in the U.K., Australia, and New Zealand, where it has sold an astonishing 7.5 million copies thus far in hardcover and paperback. And the success story is far from over. Thanks to "The Da Vinci Code", top authors and agents are beating down Doubleday's doors. "Success breeds success" is the last line in this success code.

1. A mysterious murder at the Louvre...

2. ...leads to Leonardo da Vinci's masterpiece...

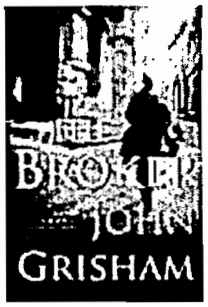
3. ...and to the biggest secret in history.

4./5. What secrets lie hidden in Paris, the capital of resplendence?

Random House – Number One in the World of Book Publishing

PETER OLSON Chairman and CEO, Random House
"Random House is home to many of the world's preeminent book publishers, each uniquely empowered with the freedom to create, without corporate or external interference, autonomous, diverse, reader-focused editorial programs."

Highlights



Bestsellers in 2005 22 Random House, Inc. titles reached # 1 on the "New York Times" bestseller lists in 2005. They include "The Broker," John Grisham's latest novel, which has six million copies in hardcover and paperback print. The audiobook edition of J.K. Rowling's "Harry Potter and the Half-Blood Prince" became the largest-selling children's audio in publishing history. "Eldest," Part II in Christopher Paolini's dragonrider trilogy, delivered a brilliant North American chart-topping repeat of the success scored by Part I, "Eragon." Paolini's epic fantasy was # 1 in the bestseller lists in the U.K., Germany, and Australia as well. Verlagsgruppe Random House in Germany topped the nonfiction bestseller lists with celebrity TV chef Tim Mälzer's "Born to Cook."

Awards in 2005 Seven of the ten "Best Books of 2005" picked by the editors of the "New York Times Book Review" are published by Random House imprints, e.g. "De Kooning: An American Master" by Mark Stevens and Annalyn Swan, who also won a "Pulitzer Prize" for their brilliant biography. Their authors Joan Didion and Jeanne Birdsall each received a "National Book Award" – the prestigious U.S. literary prize. And authors weren't the only ones associated with Random House to win accolades last year: Random House Australia, New Zealand, and South Africa all were named "Publisher of the Year" by their respective national bookseller trade organizations, as was Random House of Canada.

Strong and Vocal

G+J

"Strong Voices": Quality You Can Hear

"Brigitte" and twelve strong narrative voices transformed the German-language audiobook market last year.
"Strong Voices" grew from a small idea into a large-scale success – to be continued in 2006 with twelve more titles.

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Before "Brigitte" magazine's "Strong Voices" edition sent several audiobooks straight to the top of the bestseller lists, listening to stories wasn't a popular pastime.

In hindsight, big successes seem easy to explain. You spot out a trend, do everything right and achieve your objective straightforwardly. Of course, most people don't think these great successes are possible to begin with. Perhaps that's because they don't have an eye for the right ratio of ingredients for success. The secret is combining several key ingredients to come up with a whole new product. To create this sort of effect, however, you have to listen carefully.

At First, Audiobooks Appealed Mainly to Men

Let's briefly go back to 2004, to the beginnings of the success tale we're about to tell. At the time, a new trend was slowly emerging in the book market. Publishers were beginning to market literature and nonfiction books on CDs. Called audiobooks, this new product was purchased almost exclusively by men who were looking for something to keep them awake on long car journeys. Most audiobooks were not considered a success.

Germany's prestigious news magazine "Der Spiegel" pointed to the modest market, saying: If an audiobook sold 5,000 units, it was doing well. High-brow literature was labeled a bestseller as soon as it sold 2,500 discs. The industry standard said that if an audiobook sold roughly ten percent of the hardcover print run it was a success.

But this was before the launch of "Brigitte's" "Strong Voices" program in 2005. The twelve volumes in the "Brigitte" and Random House Audio audiobook library together sold more than 1.5 million units – indisputably a bestseller, and not just by audiobook standards. Every single audiobook published in the "Brigitte" edition sold at least 100,000 copies. How could this have happened?

Julia Jäkel is the executive publisher of "Brigitte," Gruner + Jahr's top magazine. The biweekly women's magazine has been the leading medium in its segment for decades. Not a small feat. On a random evening in 2004, Jäkel joined colleagues from the "Brigitte" editorial team and from Random House Audio, including its Managing Director Karl-Heinz Pütz, for a friendly get-together. "We actually planned it as a casual evening without Powerpoint presentations or a hard-and-fast agenda. Just a get-together, to have a chat," recalls Jäkel. But of course, what business colleagues usually end up talking about is how they can work together and more specifically, what they could do better together. In this case, the group discussed audiobook titles that would be of interest to "Brigitte" readers. Successful audiobooks that wouldn't simply tinkle along in the background as an appendage to the printed magazine. Sometimes, successes arise when people start talking, and they hinge on the attention you pay to details. Of the group's conversation, Jäkel remembers one point in particular: "We noticed that for most audiobooks, the focus was on the book's author and title. The narrator was usually a minor consideration."

1. JULIA JÄKEL
Executive Publisher of "Brigitte" magazine.

2. The "Strong Voices" are featured in the magazine.

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2.

Now, an Appeal to Strong Women

"Brigitte" is written for strong, self-confident, successful, decisive women. So, "If 'Brigitte' were to do an audiobook series, the speakers would have to be as significant as the books they narrate. The voices couldn't just be anyone's. They would have to be strong voices," Jäkel says. After several follow-up discussions, one audiobook idea in particular inspired the editorial team and its partners: "Let's get together with the country's best actresses – various generations of outstanding, strong women – and get them to read out loud the books that they feel are right. This concept matched the 'Brigitte' approach: Think about it and do the right thing, because that's what will inspire and energize you."

"Strong Voices" Create a New Market

In February 2005, "Brigitte" launched its "Strong Voices" series with twelve distinctive voices: eleven leading German actresses, and the popular author and literary critic Elke Heidenreich, who kicked off the spoken-word series with a reading of "New Yorker Geschichten" (The Portable Dorothy Parker). "It was important to us that the narrators be able to read exactly what they wanted," says Jäkel. The featured works included 20th century classics as well as contemporary literature. Corinna Harfouch selected "Kassandra" by Christa Wolf, while Heike Makatsch picked "Mary Poppins" by Pamela L. Travers. Senta Berger chose to read "Fräulein Else" by Arthur Schnitzler, and Sophie Rois added her own personal touch with "The Friendship" by Connie Palmen. Fritzi Haberlandt selected a 1930s bestseller, Irmgard Keun's "The Artificial Silk Girl." Hear, hear.

Audiobooks suddenly had a brand new audience: Strong Women! Most of the buyers were women who wanted to hear the "Strong Voices." Two thirds of them had never bought an audiobook before. "Strong Voices" was an exceptional success on two counts: Record sales, right in "Brigitte's" target demographic.

"Of course we're going to keep going," remarks Jäkel. There will be new "Strong Voices" in 2006 – including Nina Hoss, winner of the "Grimme Award" and a leading light in new German cinema. Once again, the series will demonstrate what happens with the power of ideas: Strong Success.

1. ELKE HEIDENREICH
   A writer, celebrated literary critic and "strong voice."

2. Success, Round Two: Actress NINA HOSS, one of the new "Strong Voices" for 2006.

Gruner + Jahr – Page after Page of Quality Journalism

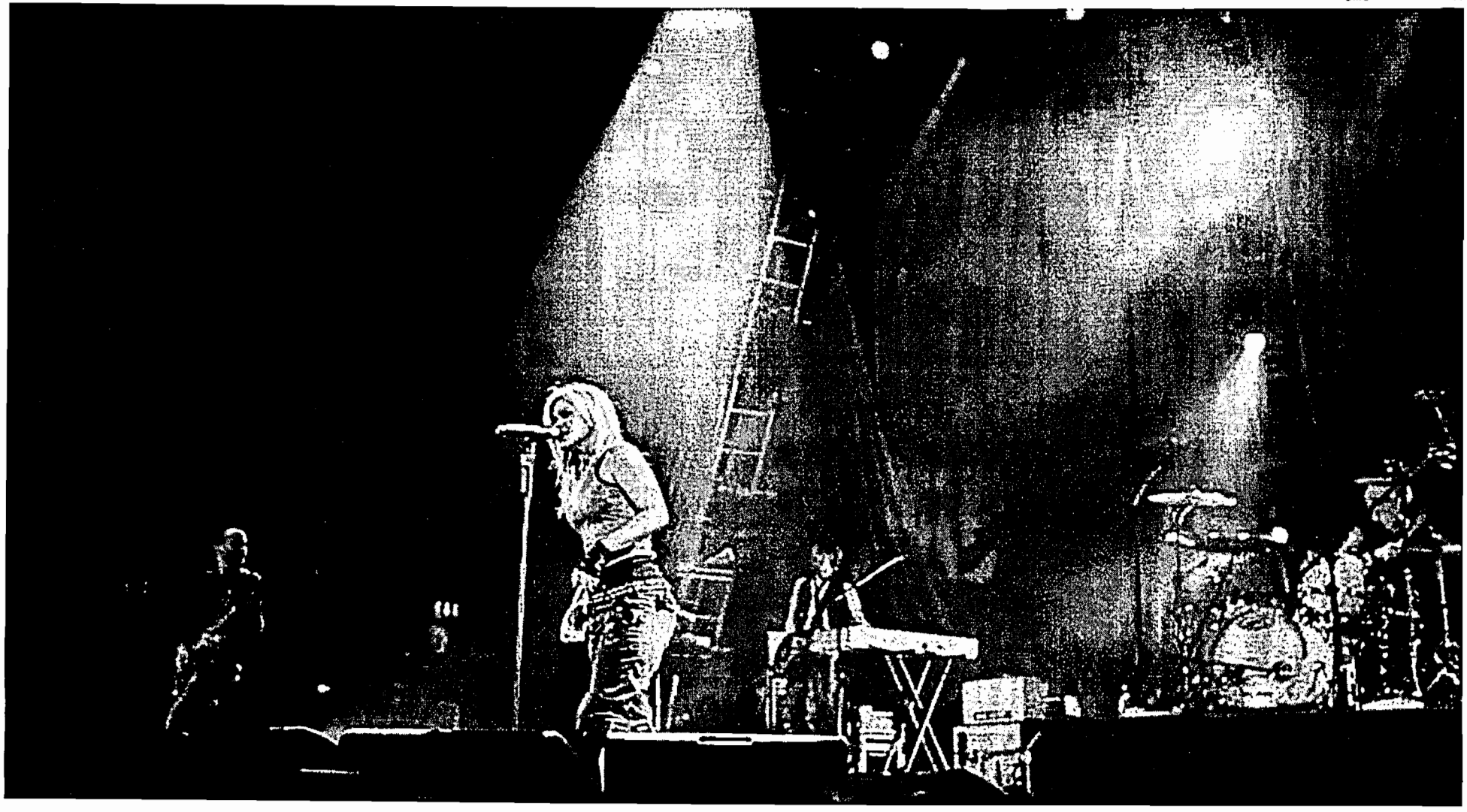
BERND KUNDRUN Chairman and CEO, Gruner + Jahr AG
"The international printer and publisher Gruner + Jahr is the journalistic home of the world's most fascinating magazines, newspapers and Internet sites – a market leader in many segments. Powerful brands, the cultivation of journalistic and entrepreneurial talents, and independent editorial departments have turned us into Europe's biggest magazine publisher."

Highlights

"Geo International" – Branching Out to New Markets The name is synonymous with exceptional journalism: "Geo" is a magazine that focuses on Planet Earth and its inhabitants. "Empathy with the foreign, attentiveness to the endangered, curiosity about interesting facts, and an open mind about the future" – these are, in brief, the principles that guide the multiple-award-winning editorial team behind "Geo." In October 2005, G+J simultaneously launched "Geo" in six countries for the first time in its history: "Geo International" is now published monthly in Turkey, Croatia, Rumania, Slovakia, the Czech Republic and Hungary.

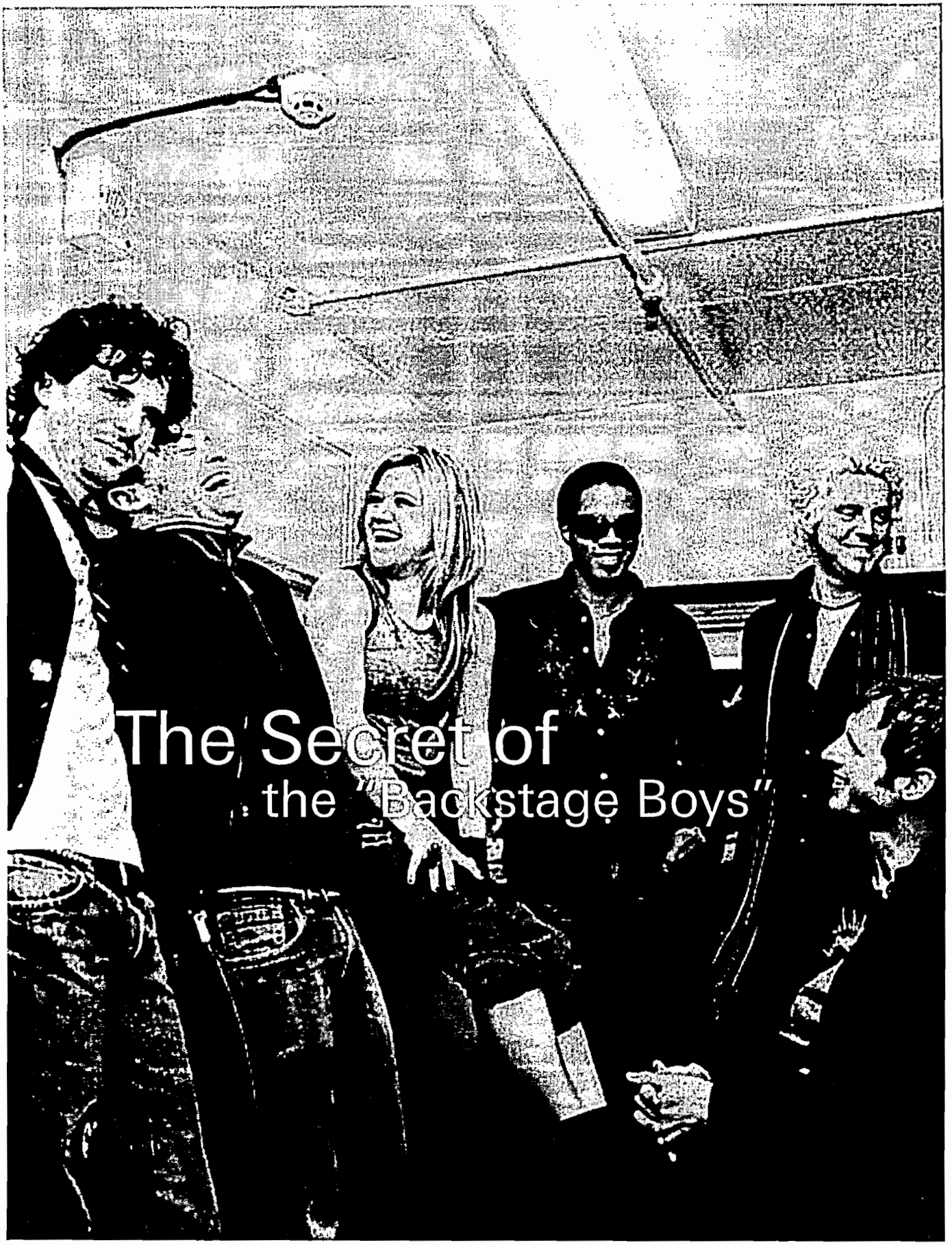
Picture Perfect – "View" Gruner + Jahr launched 16 new, high-end titles internationally in 2005, thus creating a broad foundation for long-term success. One of these new titles, "View – The Month in Pictures," delivered a brilliant newsstand debut. A general-interest magazine in the "Stern" family, it presents the pictures – and by extension the stories – that shaped the events of the past month. "View" provides photojournalism stories on large-format double-page spreads, accompanied by outstanding texts. "View" builds on best practices in traditional magazine journalism.

A Working Majority – Motor Presse Stuttgart In 2005, G+J acquired the majority stake in the Motor Presse Stuttgart publishing company. Motor Presse Stuttgart publishes more than 140 car, motorcycle, telecommunications and recreation magazines in 14 different countries on three continents – Europe, South America and Asia. They include Germany's leading car magazine "Auto, Motor und Sport" and the lifestyle publication "Men's Health." The acquisition has considerably enhanced G+J's market position in Germany and beyond.



The Masters of Sound

BMG
BERTELSMANN



The Secret of the "Backstage Boys"

Two "Grammys" and the year's # 3 bestselling album in the U.S. ("Breakaway"), which sold over six million units – 2005 was a success down the line for KELLY CLARKSON and her band.

1.

2.

BMG Music Publishing is so successful because music is a critical part of everyday life. A sonnet to the subtle charms of our music publisher.

Everything Hartwig Masuch touches turns to music. That was the case even back when he wasn't yet the Senior Vice President/Managing Director of BMG Music Publishing Germany/Austria/Switzerland. Even when he was still in school. "Of course it was much more important that we get our hands on a major album like Pink Floyd's 'Ummagumma' than anything else that was going on in the classroom."

Sure, you hear that kind of thing a lot. But in Hartwig Masuch's case, it's actually true. Pink Floyd in particular and music in general really were more important to him. And everything he has touched since has turned to music. Like the legendary German band Extrabreit, which scored its first platinum record with his help. Or the young lead singer of a small band, who became known as Nena.

Let's do a sound check: BMG Music Publishing is there when stars and hits are born. Coldplay. Rammstein. R. Kelly. Nelly. Linkin Park. Robbie Williams. Keane. Rosenstolz. Peter Maffay. Artists who are songwriters for BMG Music Publishing regardless of the label they're signed with.

The Boys in the Background

Labels like Sony BMG turn out stars, and perhaps listeners sometimes sense the amount of work, time and money that goes into doing so: building an artist, producing a CD, performances and promotion. Finally, if all this effort culminates in a hit, people buy the recording, and it becomes a commercial success as well. Let's just call this the Hit Factory.

Things aren't quite so glamorous at BMG Music Publishing, where the folks tend to stay in the background. If one were to give the music publisher a band name, it might well be the "Backstage Boys" – taking one's cue from one of BMG Music Publishing's famous partners, the Backstreet Boys. The "hits" that the music publisher and its more than 500 worldwide employees launch take place discreetly and independently of the recorded music business.

The world is full of music – and we're not being poetic. Music is used in commercials, as ringtones, it provides the backdrop or atmospheric underpinning in movies. It issues forth from websites and from all sorts of electronic devices. "Technology is our friend," says Nicholas Firth, Chairman and CEO of BMG Music Publishing: "We benefit from every technological advance. This is one of the reasons that 2005 was one of BMG Music Publishing's best years ever."

Which brings us to a very special sound of music: BMG Music Publishing is flourishing. Whenever a song from the music publisher's catalog of one million works is played anywhere in the world, it means money in the bank for BMG Music Publishing. They can be recent hits (e.g. Mariah Carey's "We Belong Together") or songs that were written decades ago (e.g. Bee Gees' "Stayin' Alive"). For a music publisher, it makes no difference who performs or samples a piece. It is also irrelevant

1. HARTWIG MASUCH
Managing Director, BMG Music Publishing Germany/Austria/Switzerland.

2. KEANE – two "Brit Awards" 2005 for the high fliers.

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whether the tune is played on a CD, at a concert or in a restaurant. The business model works wherever and whenever people listen to music.

Music as Ultimate Software

Nicholas Firth puts it this way: "We are in the creative software business. Our software is words and music." For instance, in a commercial for a compact car starring Robbie Williams as himself, he hears a street musician singing a less-than-wonderful rendition of his hit "Feel." Robbie, all smiles, shows him how it's done. The result is good entertainment – and double royalties for the song. A number of commercials and movies incorporate popular songs and melodies from the BMG Music Publishing catalog, such as last year's "King Kong." Or, as mentioned earlier, ringtones for mobile phones, a technology that was completely unknown until a few years ago. Today, ringtones account for 3 percent of total revenues. One might well second Nicholas Firth's claim that no matter what the technology, it's our friend, because it creates new media outlets that are enhanced by music.

It all sounds so easy somehow: Buy up rights and wait for someone to start singing or playing your song, and then just watch the money roll in. However, success is the last link in a very long chain of hard work and well-tuned instincts for artistic potential.

How Stars Are Born

Clearly it's easier to forecast the revenue earned from music recorded by established artists than revenue earned from newcomers. But given the high costs of superstar deals, music publishers must assess the long-term performance of current hit acts. The repertoire experts at BMG Music Publishing know exactly when a major star is planning a new album – and is looking for a hit. An example of this was Mariah Carey's recording of "We Belong Together," co-written by BMG Music Publishing composer Manuel Seal, which became a mega-hit in 2005.

What Hartwig Masuch calls the "core competency of our business" is the "generating of rights right at the onset of a career – the shared and systematic building of a lucrative catalog." This includes having the ear for talent and a precise commercialization strategy. This involves a higher risk, but if it works out, the rewards are higher as well. This sort of partnership is often found at the beginning of great careers like that of Coldplay, who have worked with BMG Music Publishing prior to their debut recording. Nicholas Firth says: "Music publishers look first at the songs. Coldplay's extraordinary talent as songwriters stood out even at the beginning."

For young artists, partnership with BMG Music Publishing is a crucial step on the path to greater material and artistic independence. And apart from music, says Hartwig Masuch, that independence is what is really important.

1. NICHOLAS FIRTH
   Chairman and CEO, BMG Music Publishing.

2. "Intensive Care" pays off: Superstar ROBBIE WILLIAMS.

3. LINKIN PARK – "Grammy" winner 2006 and a fixture at the top of the charts.

BMG – A Passion for Music

THOMAS RABE CFO and Head of the BMG division (left)
"Music is a global language, and the language of the Bertelsmann Music Group: It is the language spoken by our artists, producers and songwriters."

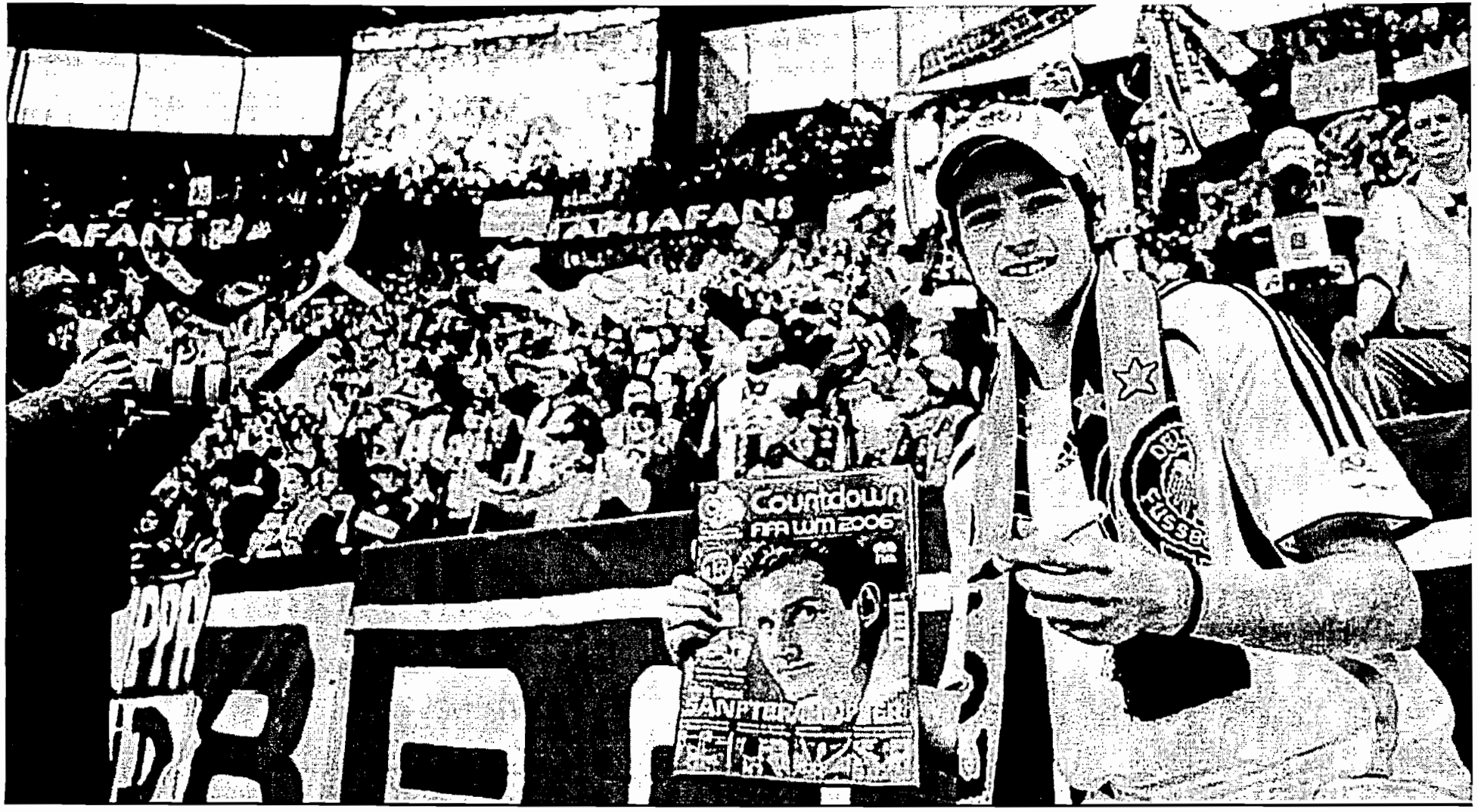
ROLF SCHMIDT-HOLTZ CEO of Sony BMG (right)
"Music is passion, whether you listen to, feel or make it. Sony BMG's job is to scout, build and market artists."

Highlights

Success Fixation Vol. 1 – Shakira "Latin Pop Artist of the Year" – "Latin Song of the Year" – Shakira, a Colombian Sony BMG act and the personification of musical passion, delivered a unique double winner with her bestselling albums "Fijacion Oral Vol. I" and "Oral Fixation Vol. 2" 2005, which went straight to the top of the charts upon release. In November, she topped it off with an "MTV Europe Music Award" for "Best Female Act."

Coldplays Speed of Sound Is there such a thing as intelligent music? If so, can intelligent music be successful? With sophisticated lyrics and an unmistakable sound, "X&Y," the third album by the BMG Music Publishing band Coldplay, provides a definitive answer to these questions. The four Brits have been signed with BMG Music Publishing as songwriters since the very beginning of their career. "X&Y" sold nearly eight million units by year-end 2005, and hits like "Speed of Sound" dominated the top of the charts for weeks.

Mariah Carey – The Return of "The Voice" Mariah Carey has managed to eclipse her own fame with "The Emancipation of Mimi." It was the hottest selling album in the U.S. The second single off the album, "We Belong Together" became the worldwide #1 hit of 2005. Mariah owes this success partly to Manuel Seal, a songwriter signed with BMG Music Publishing, who co-wrote and co-produced the song.



The Dream Team

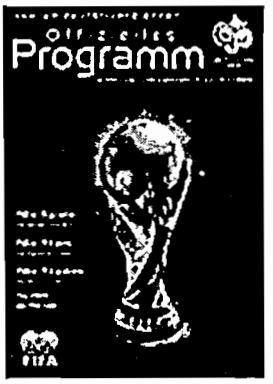
arvato
BERTELSMANN

How to Score

Teaming up for success: Arvato is always working towards new goals – as demonstrated here by graphic artists ANDREA STITZ and BIRGIT DECKER.

1.

2.



3.

The Arvato dream team is making sure that the FIFA Football World Cup in Germany stays unforgettable.

Hundreds of millions of fans feverishly await The Big Day. The date is already set: July 9th, 2006. The FIFA Football World Cup 2006 finals. The best teams in the world have been working towards this day. They have been working towards it for years. One dream team won't be on the field on The Big Day. But its products will be. This team has been preparing products for nearly three years and without them, the Big Day wouldn't be what it is: A great day for football, one that will always be remembered. The dream team we're referring to keeps its eyes firmly on the goal as it advances: the Arvato team.

How to Take Opportunities and Score Points

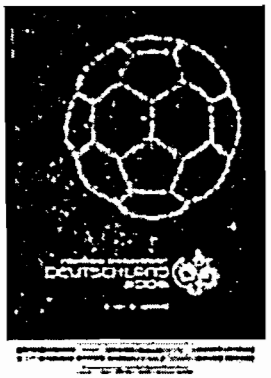
Who are the members of this dream team? The players at Arvato Print, Mohn Druck and Prinovis keep the ball rolling and keep every deadline in the process. Then, the experts at Arvato Storage Media and Arvato Systems take the ball and run with it – the masters of technique, so to speak. In the midfield, the pros at Arvato Logistic Services advance the ball steadily towards the opponents' goal – where it is received by a striker who has been on the ball for the FIFA World Cup since 2003: Medienfabrik Gütersloh, which keeps the cheering fans informed with more than 15 print publications before, during and after the 2006 World Cup. Pass and score.

Business successes are always the result of good teamwork – which is why Arvato's players join up with other all-star teams in the Bertelsmann family: Verlagsgruppe Random House, Mohn Media Kalender & Promotion Service, Wissen.de, Sony BMG Germany and the Wissen Media publishing company. The Bertelsmann Corporate Network (BCN), which is in charge of group synergies and paved the way for the FIFA business, acts as their collective coach. As a team, they set out to score. There are no "lucky shots" in this game: "You have to think of everything, like what sort of shape and design a shopping bag should have, to hold a stadium magazine we created for the World Cup that weighs in at over a pound. And of course fans have to be happy toting it around the stadium," says Stefan Postler, Managing Director – i.e. captain – of Medienfabrik Gütersloh. There are no precedents to refer to: "We really had to reinvent the wheel here. These are creative processes where you keep asking yourself: What will work, what will fly? And then you have to put it all into practice with master craftsmanship."

1. Captain – STEFAN POSTLER, Managing Director of Medienfabrik Gütersloh.

2. Key Players – Medienfabrik Gütersloh's team for the FIFA World Cup 2006.

3. The official stadium magazine – 186 pages, 610 grams, proof positive that you were there.



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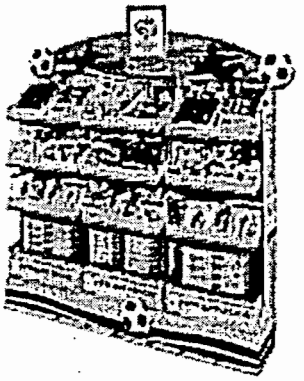


3.

Before the Score – Integration and Timing
Stefan Postler's strikers include some of Germany's leading providers of integrated communication services. They know better than anyone that timing is everything. Fans are prepped for the Big Day with "Countdown," a monthly magazine with a circulation of 250,000 that delivers top background articles and facts on the FIFA World Cup. The popular sports journalist Bernd Linnhoff is its editor-in-chief, or as the team refers to him, the top player at "Countdown."

The World Cup – More Than Great Games
Football is all about passion, energy, and joy. But the FIFA World Cup is also an excellent opportunity to learn more about each other – beyond the team lineups and the sound of each other's national anthems.

Postler is particularly proud of a FIFA 2006 World Cup-related project that isn't just about football: a book entitled "Goal." In it, 32 correspondents whose job it is to collect facts and information worldwide on behalf of the German Office for Foreign Trade write about the countries that will encounter each other on Germany's soccer pitches. How do people, say, from Ecuador, Brazil, the Ukraine or Australia live and work? "That's what we understand by the official World Cup motto 'Time to Make Friends'," says Postler. "That, all entertainment and all fun and games aside, we can take time to learn about the economic, political and social conditions of the countries we're cheering in the stadiums." A one-two, so to speak. Part of the proceeds from the book's sales will go to sponsor the World Cup for People with Disabilities in September 2006.

But even in September, long after the Big Day, the Arvato team still won't have left the playing field: "After the World Cup is before the (next) World Cup," says Postler and smiles. "Our job extends well beyond the finals. We plan to use the expertise we gain to generate more business." With products that capture the highlights of the games in books, magazines, calendars and posters, and with productions for FC Bayern or the German Football Association DFB. And of course, says Postler, his team is in talks with the FIFA for the time after 2006 as well. A winning team always has its bases covered.

Bertelsmann's players will take one timeout: on June 9, 2006, the day of the opening game, when Germany plays Costa Rica. "We'll all be busy watching a large-screen TV and being fans," says Postler. By the way, he adds, it's great to know that you can't lose: "No matter who wins the World Cup, it will be a country where our friends and colleagues work."

1./2. All-time Champion – never before have there been so many print products for a FIFA World Cup.

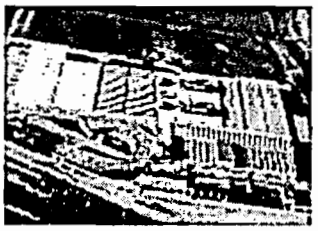
3. Going all out for fans – the Bertelsmann team reinvented the wheel for the FIFA World Cup, including new sales displays.

Arvato – At Your Service

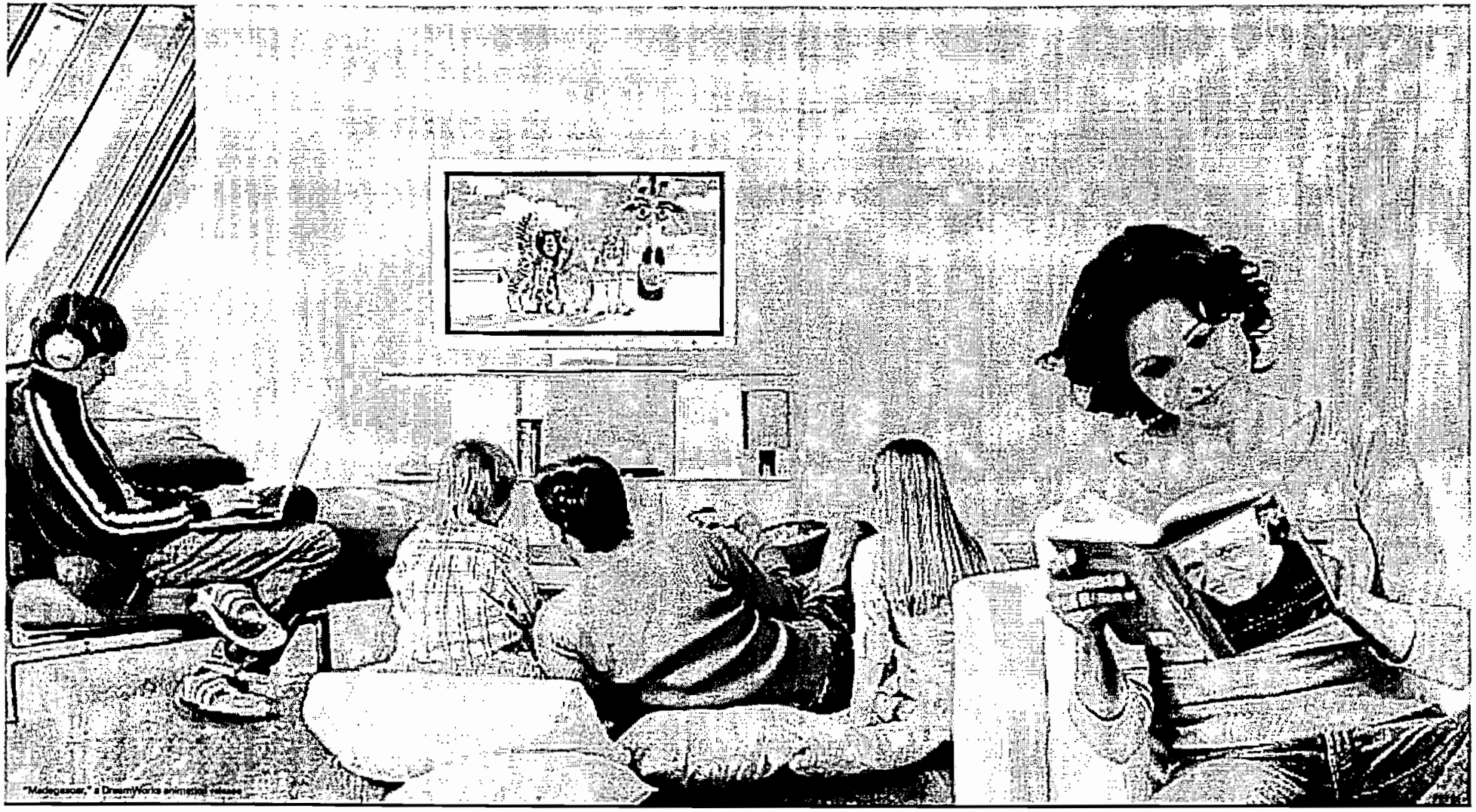
HARTMUT OSTROWSKI Chairman of the Board, Arvato AG
"Arvato AG is an international media and communications services provider. We form a unique high-performance network holding leading market positions. We measure our success through the successes of our customers. Our goals are achieved by means of experience, state-of-the-art technologies, creativity, passion and commitment to quality and innovation."

Highlights

East Riding – A Public-Private Partnership East Riding in Yorkshire, Great Britain, is home to roughly 300,000 people. On October 1, 2005, Arvato and the East Riding council launched one of Europe's most heavily publicized outsourcing projects. Arvato employees now handle numerous and extensive front- and back-office municipal services, as well as tasks that were formerly seen as the heart of the administration's sovereignty: collecting council taxes and paying out social benefits to citizens. Cost cuts aren't the chief objective behind East Riding's decision; the partners are interested primarily in improving the quality of services and benefiting from Arvato's innovative potential. Arvato has achieved a milestone in the market for municipal services – a model that is sure to set a precedent.



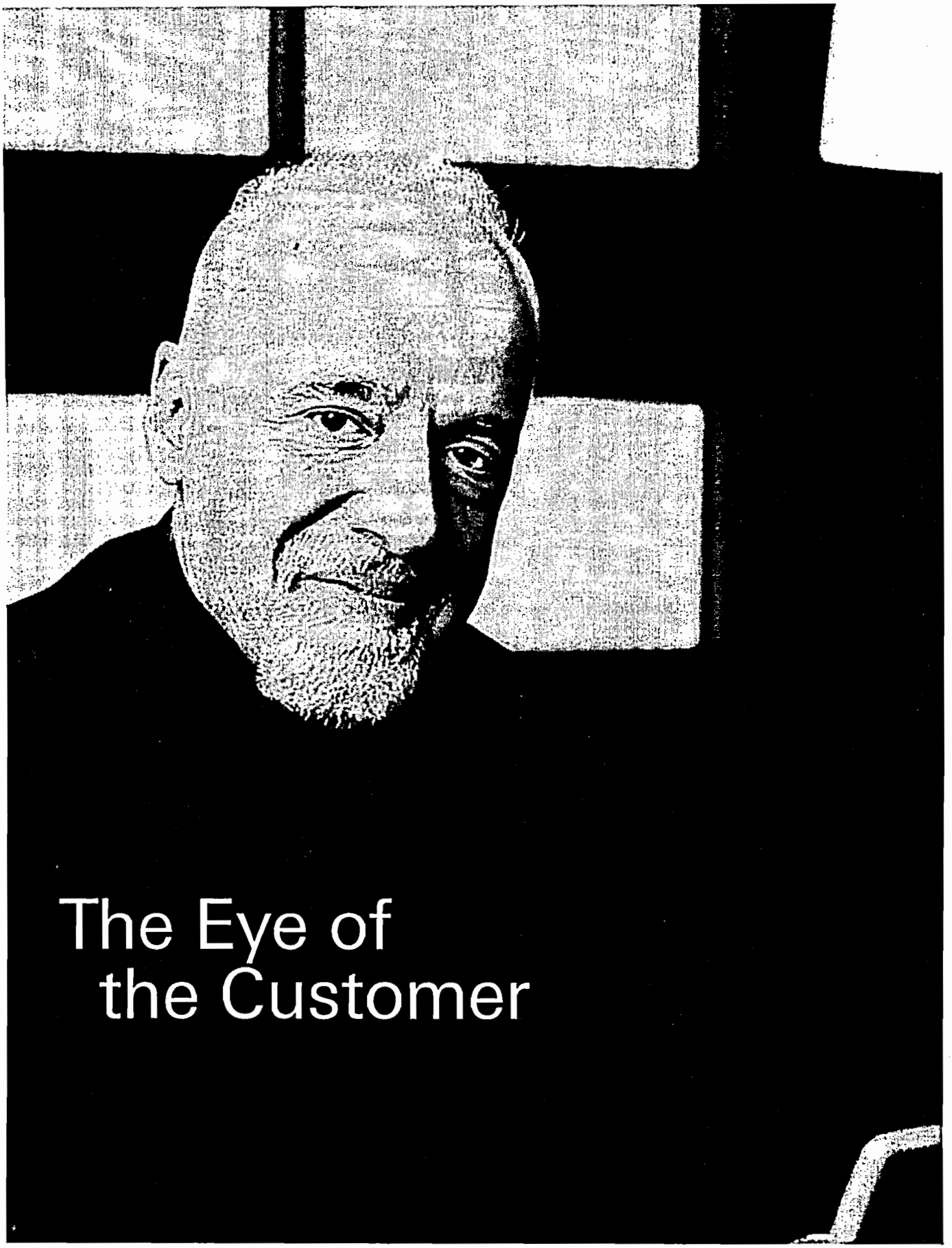
Eurogravure – Setting New Records, Italian Style In late October 2005, Arvato's Eurogravure printing plant, one of the world's leading state-of-the-art gravure operations, started production in Treviglio, Northern Italy – a good three months before it was scheduled to go live. Thanks to the enormous dedication of Arvato's Italian team, the signs for new growth at Arvato Print Italy will be rolling off the four rotation presses even sooner than expected. The capacity of former Arvato plants in Bergamo and Milan is now being concentrated in Treviglio. And production on the high-tech printing center's first new job is already in full swing: The new Italian men's magazine "Style" in a print run of 700,000 copies.



"Madagascar," a DreamWorks animated release

The Power of Change

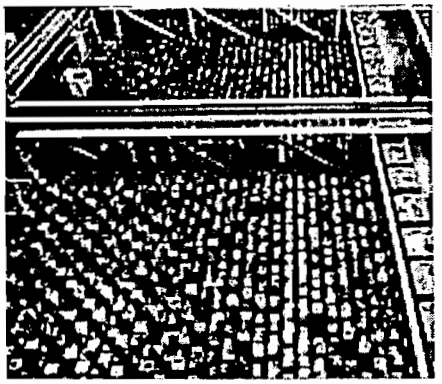
DIRECTGROUP
BERTELSMANN



The Eye of the Customer

PAULO COELHO, esteemed author and member of the book club. The new volume by the celebrated Brazilian author will be published exclusively through 13 Direct Group clubs worldwide.

1.



2.

Adopting the right attitude toward change is vital to sustaining success: Often this new attitude comes when things are viewed through a new perspective that sharpens your vision. And a newly focused approach will often change how we see our business, as illustrated by the acquisition of Columbia House.

Times of transition and change are never easy – they're a challenge

What determines success? What traits and insights are needed? The things that have been successful in the past may not be sufficient for the future. Tastes and attitudes change as new possibilities are discovered. With this in mind, Direct Group recently expanded its club business beyond books and CDs to DVDs.

"The club business is the nucleus of Bertelsmann," says Direct Group CEO Ewald Walgenbach. "And our job is to revitalize this nucleus. We're already back in the black for good, and we are growing our businesses. Today's Direct Group has a clearer focus and a new attitude."

Stuart Goldfarb, President and CEO of the U.S. music club BMG Direct from 2001 to 2005 and CEO of the newly created company BMG Columbia House, embodies this new attitude and approach: "Success comes to those who are able to change their way of thinking and their view of the business." For BMG Columbia House, what changed was the vantage point from which they viewed things. "We took a new look at the business from our customers' viewpoint and asked ourselves, 'What do our customers really need and what needs can we meet?'"

Speed and Determination

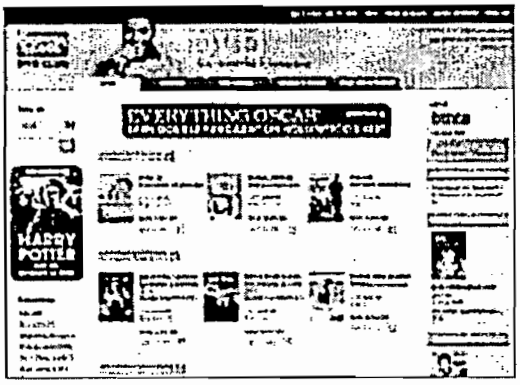
This focused approach propelled Direct Group's impressive turnaround, and in 2005, it led to the biggest acquisition in Direct Group's history: Columbia House, the largest U.S. direct-to-customer distributor of DVDs, with more than eight million members.

"Columbia House always had a business structure very similar to ours here at BMG Direct. One sells DVDs, the other music, and the way we approach customers is very similar," says Goldfarb. It was clear that the acquisition would not only make BMG Columbia House a force in the DVD market, but also result in new possibilities as well as significant savings. "We saw the opportunity to expand our customer base and offer a broader selection of entertainment products while realizing savings in such things as warehousing, shipping and operational functions. The operational synergies may sound unexciting, but they played a key role in recognizing the acquisition as one that offered great potential."

In practice, it isn't quite as unexciting as Goldfarb suggests. The company runs the world's most advanced automated shipping center for DVDs and CDs in Duncan, South Carolina. High-tech robotic equipment speedily selects the right product, which is then automatically packaged and addressed. Following the acquisition of Columbia House, the distribution center is working at full capacity: "A tremendous synergy effect," says Goldfarb. The integration of Columbia House with the music club BMG Direct was accomplished with remarkable speed.

1. STUART GOLDFARB
President and CEO, BMG Columbia House – Success through out-of-the-box thinking.

2. The world's most advanced distribution center for CDs and DVDs in Duncan, South Carolina.



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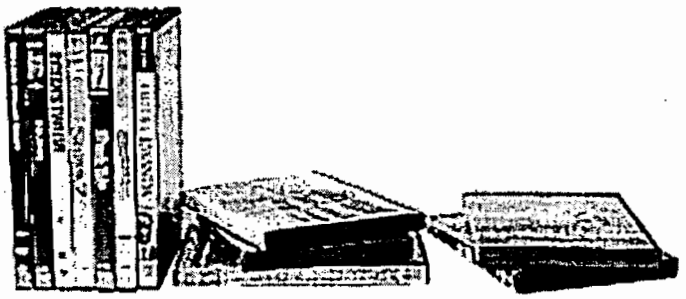


2.

Television on DVD

Speed is essential to integration. But customers should notice only one thing: the quality of the service. Their perspective alone is what guides the actions of the company. Employees must view their work through the eyes of the customer.

"One thing our customers have come to expect from us is a wide range of titles with movies available as soon as the DVD is released," says Goldfarb. "There has been a significant shift in consumer viewing habits, and people can now experience the latest big-screen blockbuster from the comfort of their own homes. Consumers have changed how they want to see movies, and we are able to give them the experience they want, where they want it."

"DVDs have become a very important part of the entertainment industry," explains Goldfarb. Consumer demand for DVD movies remains high. "But we don't just offer our customers movie choices – TV programs on DVD are a big part of the market, too," says Goldfarb. Approximately 15 percent of all DVDs sold in the U.S. are TV series purchased by fans of the shows or new viewers who wish to watch the shows at their own convenience.

And what about new Internet distribution technologies for movies and music? How will this impact the business?

New Technologies, New Opportunities

Goldfarb sees it this way: "As a rule, I see technology not as a threat, but as a challenge and an opportunity. A look at history shows that changes in format have always boosted the business. Ultimately, we sell films and music – not DVDs and CDs. We've been doing this since the 1950s. First there was vinyl, then music- and videocassettes, and now CDs and DVDs. After each change in format, our business was better than before. Technology is not a threat – quite the contrary." Stuart Goldfarb stresses that he cannot predict "how we'll be selling our films and music in the future. But I can promise you one thing: We will be selling them."

Ewald Walgenbach considers this as more than merely a turning point after years of restructuring: "We've won back people's trust in our business concept. Customers like our clubs, the selection, the preferred pricing and the service. Trust, along with hard work, is the most important means to successful change management."

1. The Web is an important promotion and distribution platform for Columbia House.

2. Blockbusters and TV series are available on DVD.

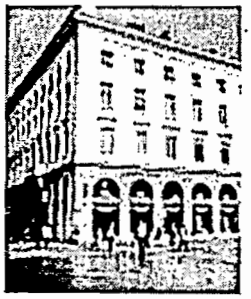
Direct Group – Always the First Choice

EWALD WALGENBACH Chief Executive Officer, Direct Group
"Direct Group strives to be the preferred source of media and entertainment products for customers and subscribers worldwide. We offer a carefully selected variety of products through multiple channels. We are dedicated to further advancing our expertise in direct marketing and in applying innovative solutions to serve our customers' individual interests."

Highlights

Paulo Coelho "It is an honor and privilege for us to work with him and for him," said Ewald Walgenbach, addressing the great Brazilian writer Paulo Coelho, who became the recipient of Direct Group's first "International Author Award" in December 2005. Coelho is one of the most esteemed and successful writers of our time. Coelho is also a member of the French book club France Loisirs. He paid a compliment to it in his acceptance speech: "I greatly appreciate the club and its selection of books from both a reader and an author's perspective."

FRANCE LOISIRS



France Loisirs – Where Clubs and Shops Ensure Success In 2005, the French company France Loisirs further strengthened its position as the Grande Nation's second-biggest bookseller. The concept of tightly integrating club and book retail has been a model for success that will now be extended to other European countries where Direct Group has operations. The club in France has led the way by acquiring Librairies Privat, the country's largest independent bookselling chain.

BOOK CLUB

Family Leisure Club Who is the Ukrainian postal service's biggest customer, with 30,000 packages shipped each day? The Family Leisure Club. The Ukraine is a country of readers – and as such, it quickly turned the club into the country's biggest bookseller. Profitable from the start, the Family Leisure Club already has more than a million members. And in spring 2005, the Ukrainian success story proved the perfect starting point for a new market, Russia, where the club welcomed 170,000 new members by the year's end.

Group Management Report

Bertelsmann increased its revenues and further improved profitability in 2005. The company seized opportunities for acquisitions, thereby enhancing its market positions in key business segments. Though market development was restrained, revenues grew significantly, from €17.0 billion in 2004 to €17.9 billion. Operating EBIT improved by 12.7 percent to €1,610 million (2004: €1,429 million). The operating return on sales was 9.0 percent, showing a year-on-year improvement (2004: 8.4 percent). Consolidated net income amounted to €1,041 million, compared with €1,172 million for the previous year.[1]

Business and Economic Conditions

Description of the Business

Bertelsmann is an international media company. Its core businesses are the creation, bundling and distribution of media, and the provision of production and other services for companies inside as well as primarily outside the group.

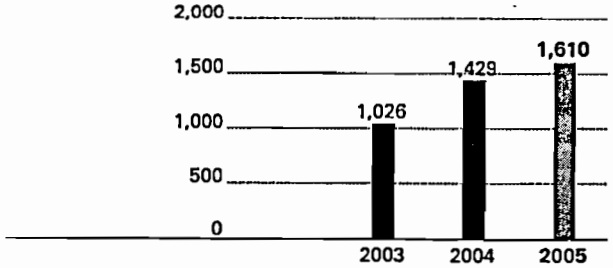
The Bertelsmann group comprises six corporate divisions; all six are operationally autonomous. RTL Group has operations in the television and radio sector as well as in TV production. Its television business includes the family of channels clustered around RTL Television in Germany, M6 in France, Five in the U.K., the RTL channels in the Benelux region, and Antena 3 in Spain. The Random House portfolio includes more than 100 editorially independent book publishing imprints. The group publishes hardcover and paperback fiction and nonfiction books for adults and children in English, German, Spanish, Japanese and Korean. Bertelsmann's printing and publishing division Gruner + Jahr is Europe's biggest magazine publisher. The BMG division, Bertelsmann's music operations, consists of the Sony BMG Music Entertainment joint venture and BMG Music Publishing. Arvato is Bertelsmann's media services division and includes the companies in the Arvato Print, Arvato Direct Services, Arvato Logistics Services, Arvato Storage Media and Arvato Systems units. Direct Group with its book, music and DVD clubs unites Bertelsmann's worldwide direct-to-customer media sales.

Geographically speaking, Bertelsmann's core markets are located in Western and Central Europe and the U.S. They were the focus of business development in 2005, generating over 90 percent of total revenues. Business in emerging markets will become increasingly important in the future.

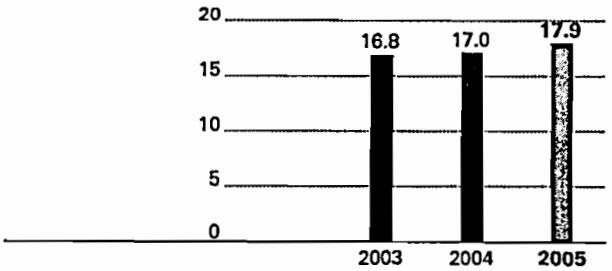
Bertelsmann AG serves as an operative management holding company. One fundamental organizational principle at Bertelsmann is decentralization, with the aim of fostering entrepreneurial responsibility. Accordingly, the entire group is structured into spheres of responsibility with few management levels. Internal management and reporting are based on the corporate structure, divided into segments that correspond to the corporate divisions.

Bertelsmann has defined goals and fundamental values for all employees, executives and shareholders. These "Bertelsmann Essentials" reflect the present shared understanding of the

Operating EBIT
in € millions



Revenues
in € billions



[1] The figures for 2004 have been adjusted to reflect IAS 32 (cf. notes p. 80)

corporate culture and are subject to permanent critical review, revision and improvement. A reformulated version of the Bertelsmann Essentials was adopted in 2005 (cf. pp. 12–13).

Strategy

All Bertelsmann companies seek to attain or strengthen leading positions in attractive markets. The strategic focus is on media and services markets in Europe and the U.S., and is complemented by investments in growth regions. A number of strategic measures were put into practice in 2005 to accelerate the enhancement of leading market positions in key areas of business. The acquisition of the DVD specialist retailer Columbia House in the U.S., of the magazine publisher Motor Presse Stuttgart, and of Infoscore, as well as the establishment of the Prinovis gravure company are some examples. Bertelsmann exercises business and management control largely by aspiring to sole ownership of its businesses. Specifically, this strategy was put into practice in 2005, strengthening the group's ownership position in RTL Group by acquiring the RTL Group shares owned by the WAZ group (Westdeutsche Allgemeine Zeitung) and buying the remaining shares in the British TV channel, Five.

The "GAIN" growth and innovation initiative launched in late 2003 has spawned numerous business ideas that have already been put into practice or are currently in the pipeline. Examples include the launch of the download platform "GNAB," the introduction of biweekly TV guides in France, and Arvato's partial assumption of administration tasks for the East Riding council in Great Britain. In 2005, the Executive Board initiated the "Growth Opportunities and Development Potential" project to conduct an ongoing analysis of major future opportunities and challenges that may arise from changed consumer behavior, technological advances and new forms of advertising.

In all its businesses, Bertelsmann strives for an attractive return on capital invested and to augment the company's value as defined by rising, sustainable profitability. Bertelsmann's strategy is consistent with the values espoused in its corporate culture.

Overall Economic Developments

In fiscal year 2005, overall economic development in Germany was fueled by a strong expansion in exports, while domestic demand continued to be weak. Private consumer spending stagnated at the levels seen in 2004. The change in the price of oil had a strongly negative effect. The Federal Statistical Office reports that Germany's gross domestic product (GDP) was up by 0.9 percent (previous year: 1.6 percent).

The global economy appeared robust in 2005 despite massive increases in the price of oil, but lost some of the vitality seen in 2004. Developments were fueled primarily by a strong economy in the United States and in China, while the euro region was once again characterized by a lower increase in GDP. Eurostat reports that GDP rose by 3.5 percent in the U.S. (2004: 4.2 percent) and by 1.3 percent in the euro zone (2004: 2.1 percent).

Developments in Relevant Markets

Overall economic growth had negligible positive effects on media markets in 2005, due to generally weak consumer demand, stagnating at the previous year's level. Developments in Germany's advertising market showed little in the way of positive tendencies. Both the TV advertising and the magazine advertising market remained roughly at last year's levels. The pan-European advertising market delivered a mixed performance. The U.S. book market labored heavily under consumer reticence in 2005 and remained slightly below the previous year. The international music markets again showed a strong decline, due in part to the fact that digital music sales, despite high growth rates, were not yet able to compensate for dwindling CD sales. The printing market was slightly above previous year's levels in 2005. The services business benefited from an increasing trend toward outsourcing business processes.

Results Analysis

Revenues

Consolidated revenues for 2005 amounted to €17.9 billion, a significant year-on-year increase of 5.1 percent (2004: €17.0 billion). Apart from improved organic growth of 2.3 percent (2004: 1.9 percent), major contributors to this development were the investments made during fiscal year 2005. They included, first and foremost: the acquisition of the remaining stake in the British TV channel Five; acquisition of the magazine publisher Motor Presse Stuttgart; the merging of gravure printing operations owned by Arvato, Gruner + Jahr and Axel Springer AG into Prinovis; and the acquisitions of Infoscore and Columbia House. All the projects listed were consolidated as of July 1, 2005, with the exception of Five (as of September 2005). Overall, portfolio adjustments and other effects increased revenues by 2.5 percent (2004: 1.7 percent), while exchange rate movements increased revenues by 0.3 percent (2004: minus 2.3 percent).

The year saw only slight changes in the regional breakdown of revenues, which were caused by portfolio and currency effects. Germany's contribution to total revenues remained unchanged at 29.7 percent, while the other European countries accounted for 43.8 percent (2004: 42.2 percent). The U.S. contributed 20.5 percent to total revenue (2004: 22.4 percent). All other countries contributed 6.0 percent (2004: 5.7 percent). The revenue share contributed by the various categories of business changed only slightly.

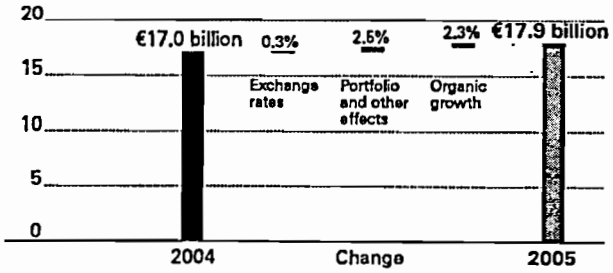
Operating EBIT

Bertelsmann's Operating EBIT increased by 12.7 percent to €1,610 million in 2005 (2004: €1,429 million). This translates

Revenues by Division

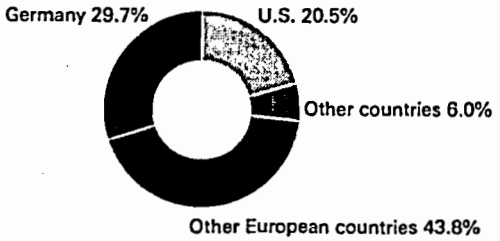
in € millions			2005			2004
	Germany	International	Total	Germany	International	Total
RTL Group	1,975	3,137	5,112	1,951	2,927	4,878
Random House	202	1,626	1,828	196	1,595	1,791
Gruner + Jahr	956	1,668	2,624	919	1,520	2,439
BMG	179	1,949	2,128	305	2,242	2,547
Arvato	1,803	2,562	4,365	1,557	2,199	3,756
Direct Group	304	2,080	2,384	354	1,821	2,175
Total revenues by division	**5,419**	**13,022**	**18,441**	**5,282**	**12,304**	**17,586**
Corporate/Consolidation	(106)	(445)	(551)	(223)	(347)	(570)
Consolidated revenues	**5,313**	**12,577**	**17,890**	**5,059**	**11,957**	**17,016**

Revenue Breakdown



Consolidated Revenues by Region

in percent



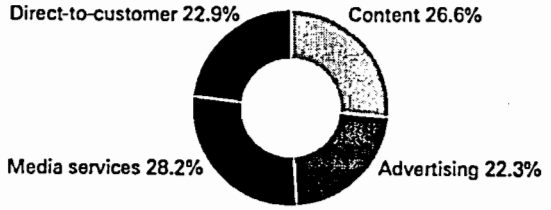
Results Breakdown

in € millions	2005	2004
Operating EBIT by division		
RTL Group	756	668
Random House	166	140
Gruner + Jahr	250	210
BMG	177	162
Arvato	341	310
Direct Group	53	32
Total Operating EBIT by division	1,743	1,522
Corporate/Consolidation	(133)	(93)
Group Operating EBIT	1,610	1,429
Special items	61	318
EBIT (Earning before interest and taxes)	1,671	1,747
Financial result	(386)	(312)
Income taxes	(244)	(263)
Net income	1,041	1,172
of which: Share of profit of Bertelsmann shareholders	880	1,032
of which: Minority interest	161	140

to a 9.0 percent return on sales (2004: 8.4 percent). Essentially, operating expenses changed proportionately to the increase in revenue.

The RTL Group, Arvato and Gruner + Jahr divisions were the prime contributors to Operating EBIT. All corporate divisions contributed to the positive development in Operating EBIT by improving their results year on year. Group Operating EBITDA amounted to €2,274 million (2004: €2,112 million).

Revenues by Category
in percent*



* Based on total from divisions not including Corporate/Consolidation

Net Income

Based on Operating EBIT, earnings before interest and taxes (EBIT) totaled €1,671 million (2004: €1,747 million). This includes special items of €61 million (2004: €318 million).

The Group's financial result came to minus €386 million (previous year: minus €312 million) and includes the effect on net income of the first-time application of IAS 32 of minus €106 million (2004: minus €45). The financial result also includes payouts on Bertelsmann AG profit participation certificates of 76 million (2004: €76 million).

Group income tax expense was down from the previous year due to one-time tax effects such as the reversal of valuation allowances on tax losses carried forward.

Taking into account the financial result and taxes, consolidated net income at €1,041 million was slightly below the previous year's level (€1,172 million). A steep increase in the operating result nearly compensated for the year-on-year reduction in the positive effect of special items. Net income for Bertelsmann AG shareholders amounted to €880 million (2004: €1,032 million), and for minority shareholders to €161 million (2004: €140 million).

Special Items

At €61 million, the total effect of special items on EBIT in 2005 was much lower than in 2004 (€318 million). Special items with a positive effect were Gruner + Jahr's sale of the U.S. magazine publishing operations (which contributed €91 million), a merger gain in connection with the establishment of Prinovis (€72 million) and a merger gain from Arvato's acquisition of the majority stake in Infoscore (€52 million). These positive effects were largely offset by restructuring and integration charges of minus €185 million (minus €105 million at BMG, minus €64 million at Direct Group, and minus €16 million at RTL Group).

Assets and Financial Analysis

Financial Guidelines

The financial guidelines adopted by the Bertelsmann group are designed to ensure a balance between financial security, return on equity and growth. These parameters ensure a long-term safeguarding of the group's financing, the best possible use of the group's financial power, and optimized costs of financing. In this context, financing is concentrated at group level wherever it is legally possible, taking into account the requirements and views of capital market participants.

Financial Targets

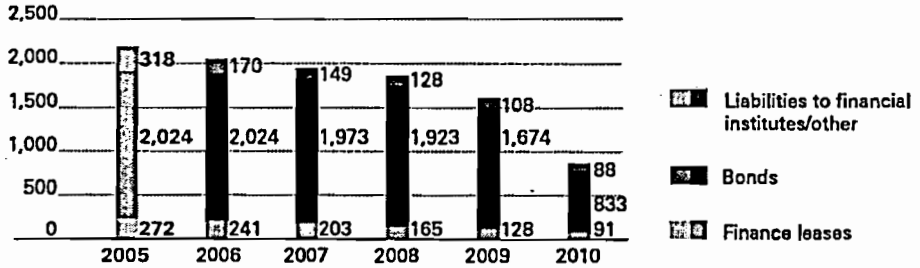
Bertelsmann has long practised a system of controlling based on quantified financial targets that are a key contributor to the company's independence and ability to act. These targets take their cue from the group's financial debt and traditionally, but decreasingly, from its capital structure. Key financial targets include a leverage factor of 2.3 or below and a coverage ratio exceeding 4. The leverage factor in 2005 was 2.2 (2004: 1.6), and the coverage ratio reached 5.3 (2004: 6.0). The increase in the

Financial Targets

	Target	2005	2004[2]
Leverage factor: Economic debt/Operating EBITDA[1]	< 2.3	2.2	1.6
Coverage ratio: Operating EBITDA/Financial result[1]	> 4.0	5.3	6.0
Equity ratio: Equity to total assets (in percent)	> 25.0	40.0	41.6

[1] After modifications
[2] The figures for 2004 have been adjusted to reflect IAS 32 (cf. notes p. 80)

Maturity Structure of Financial Debt
in € millions



leverage factor is attributable to the high level of investment activity, especially in the second half of 2005.

The leverage factor is the ratio of economic debt to Operating EBITDA. Economic debt amounted to €3,931 million in 2005 (2004: €2,632 million). Economic debt includes net financial debt as well as debt substitutes, which at Bertelsmann include pension provisions and profit participation capital. In calculating the leverage factor, modifications are made to the balance sheet figures, to better reflect the group's actual financial strength from an economic viewpoint. The coverage ratio is calculated as the ratio between Operating EBITDA and financial result.

At 40.0 percent, the equity ratio exceeded the 25.0 percent target and was only slightly below the previous year's ratio of 41.6 percent. In addition, Bertelsmann is careful to ensure that equity exceeds the goodwill, including rights similar to goodwill with indefinite useful life shown on the balance sheet. At €787 million, this coverage was achieved in 2005 (2004: €1,949 million).

Financing Activities

In September 2005, Bertelsmann AG issued a new €500 million benchmark bond in the capital market. The Eurobond has a maturity of ten years and pays a nominal interest of 3.625 percent. Bertelsmann thus took advantage of the low interest rates to pay back existing bank loans with the proceeds from the new issue. In 2005, Bertelsmann also paid back a €50 million promissory note ahead of time and a DEM300 million loan as scheduled. Both promissory notes had been issued by Bertelsmann U.S. Finance. At December 31, 2005, the group had outstanding loans and promissory notes totaling €1,600 million and US$500 million.

Rating

Bertelsmann has a BBB+ rating from Standard & Poor's, and a Baa1 from Moody's, both with a stable outlook.

Credit Lines

The Bertelsmann group has various contractual agreements giving access to floating-rate and fixed-interest credit lines. A syndicated loan has been in place since October 2004, that Bertelsmann AG and its international financing companies can draw on in euros, U.S. dollars and pounds sterling, up to an equivalent value of €1.2 billion, during the life of the contract. In 2005, this credit line was amended, involving

Bonds, Promissory Notes

Nominal interest, Issuer, Due date	Type	Effective interest rate in %	Total amount in millions
4.70% Bertelsmann Capital Corp. N.V. 02/07	Promissory note	4.91	EUR 50
4.40% Bertelsmann Capital Corp. N.V. 03/08	Promissory note	4.56	EUR 50
4.48% Bertelsmann Capital Corp. N.V. 99/09	Promissory note	4.49	EUR 50
4.375% Bertelsmann U.S. Finance, Inc. 99/09	Bond	4.53	EUR 200
4.69% Bertelsmann U.S. Finance, Inc. 03/10	U.S. private placement	4.83	USD 100
4.625% Bertelsmann U.S. Finance, Inc. 03/10	Bond	4.70	EUR 750
5.23% Bertelsmann U.S. Finance, Inc. 03/13	U.S. private placement	5.38	USD 200
5.33% Bertelsmann U.S. Finance, Inc. 03/15	U.S. private placement	5.46	USD 200
3.625% Bertelsmann AG 05/15	Bond	3.74	EUR 500

Cash Flow Statement (Summary)

in € millions	2005	2004
Cash flow from operating activities	1,791	1,829
Cash flow from investing activities	(2,129)	(497)
Cash flow from financing activities	(428)	(845)
Change in cash and cash equivalents	(766)	487
Funding of Bertelsmann Pension Trust e.V. (CTA)	(360)	–
Currency effects and other changes in cash and cash equivalents	70	(37)
Cash and cash equivalents at the beginning of the year	2,092	1,642
Cash and cash equivalents at the end of the year	1,036	2,092

among other things an adjustment of its maturity to seven years (through 2012). The syndicated loan set up in October 2004 replaced a syndicated loan dating from 2002. Apart from this, the Bertelsmann group has bilateral credit agreements with major international banks. The financial reserves from these credit lines amount to roughly €1.7 billion and are freely utilizable for business purposes.

Consolidated Cash Flow Statement

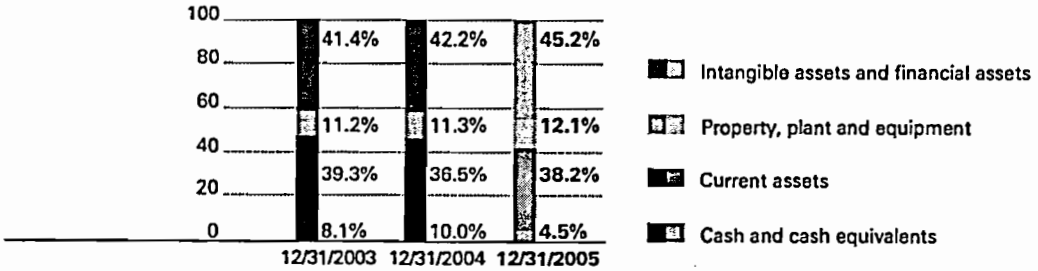
The consolidated cash flow statement for 2005 starts from EBIT and not, as in the previous year, from net income. This will facilitate the derivation of Bertelsmann's cash conversion in the interest of transparency. At €1,791 million net cash from operating activities in 2005 was nearly on par with 2004 (€1,829 million). The acquisitions made during the year resulted in a significant net cash outflow from investing activities totaling minus €2,129 million in 2005 (2004: minus €497 million). This includes €1,734 million paid out for the acquisition of participations (net of acquired cash and cash equivalents), a figure that increased steeply year-on-year (2004: €85 million), offset by proceeds from disposals of €436 million (2004: €366 million). The section on investments below sets out further details about the acquisitions.

Net cash outflows from financing activities totaled minus €428 million in 2005, a significant reduction compared with the previous year (minus €845 million). This is largely attributable to the issuance of the €500 million benchmark bond. €414 million were distributed to shareholders of Bertelsmann AG and minority shareholders of consolidated companies.

In 2005, Bertelsmann began investing funds outside the company to cover pension obligations, by means of a "Contractual Trust Arrangement" (CTA). For this purpose, cash and cash equivalents in the amount of €360 million were paid into the Bertelsmann Pension Trust e.V. These funds qualify as plan assets and are thus deducted from the provisions for pensions.

The above measures reduced the group's cash to €1.0 billion (2004: €2.1 billion).

Balance Sheet Structure Assets
in percent



Off-Balance-Sheet Liabilities

Off-balance-sheet liabilities include contingent liabilities and other financial obligations (cf. notes p. 111 ff.). The revised IAS 32 accounting standard has been in force since January 1, 2005. It stipulates that financial instruments that in principle authorize the owner to put them back to the issuer for cash and cash equivalents or other financial assets, are no longer to be shown as a minority interest under shareholders' equity, but as liabilities on the balance sheet. The new rule affects minority holdings in partnerships as well as putoptions held by minority shareholders. To date, put options held by minority shareholders were shown as off-balance-sheet liabilities under other financial commitments. The new standard requires shares subject to such put options to be recognized on consolidation as if they had already been bought.

Investments

2005 was characterized by high investment activity. Investments in property, plant and equipment, intangible assets and financial assets including acquisition price payments increased considerably, totaling €2,565 million for the year (2004: €863 million). Property, plant and equipment accounted for €568 million (2004: €498 million), most of which was invested at Arvato. Investments in intangible assets totaled €204 million (2004: €157 million), mostly at RTL Group, Direct Group and BMG. Investments in financial assets amounted to €59 million (2004: €123 million). There was a considerable increase in the purchase price paid for consolidated investments: €1,734 million (2004: €85 million). In particular, this increase is the result of RTL Group's acquisition of the remaining shares in Britain's TV channel Five, Gruner + Jahr's increase of its holdings in Motor Presse Stuttgart, Direct Group's acquisition of the North American DVD club Columbia House, and Bertelsmann's acquisition of the RTL Group shares indirectly held by the WAZ group, a minority shareholder.

Investments

in € millions	2005	2004
RTL Group	768	214
Random House	47	28
Gruner + Jahr	384	38
BMG	59	112
Arvato	494	369
Direct Group	228	57
Corporate	585	45
Total	**2,565**	**863**

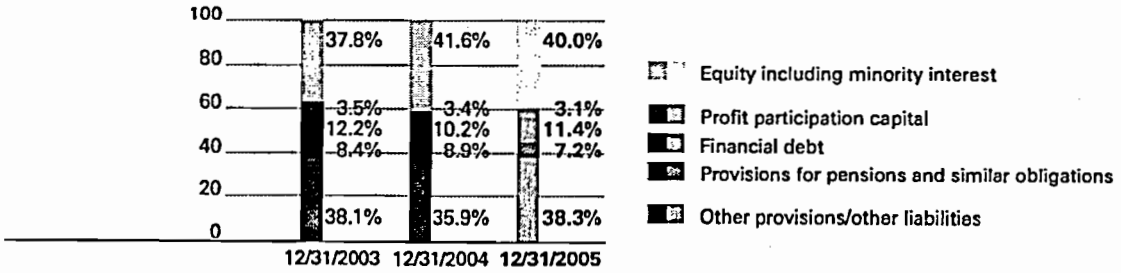
Balance Sheet

At €22.9 billion, total assets are roughly €1.9 billion above the previous year's amount (€21.0 billion). The year-on-year increase is due primarily to the full consolidation of channel Five in the U.K., the magazine publisher Motor Presse Stuttgart, the Columbia House DVD club, and Infoscore. Apart from this, the first-time inclusion of put options on consolidation as a result of IAS 32 and currency effects, especially on the U.S. dollar, enhanced total assets.

The year-on-year increase in goodwill by €1,340 million is largely due to the above mentioned acquisitions, and the inclusion of put options on the balance sheet. The effect of including the put options was €259 million. Shareholders' equity was at €9,170 million, resulting in an equity ratio of 40.0 percent.

Balance Sheet Structure Liabilities

in percent



Bertelsmann AG shareholders' equity has risen by €0.8 billion to €8.3 billion over the previous year.

The decline in provisions for pensions results mainly from the outsourcing of pension liabilities into the Bertelsmann Pension Trust e.V. newly established in 2005. Economic debt increased by €1.3 billion year-on-year, to €3.9 billion.

Profit Participation Capital

The par value of profit participation capital remained unchanged at €516 million. Including the premium, the total volume of profit participation capital at December 31, 2005 was €706 million. Profit participation certificates 2001 (ISIN DE0005229942) account for 97 percent of the nominal profit participation capital. PPCs 2001 are approved for official trading on the Frankfurt and Düsseldorf stock exchanges, where they are briskly traded. They are listed in percent of their par value. In fiscal year 2005, the price in Frankfurt peaked at 255 percent and bottomed out at 225 percent. Under the terms and conditions governing the PPC 2001, the payout for each full fiscal year is 15 percent of par value, payable whenever consolidated net income and Bertelsmann AG net income are sufficient. These conditions were met in the year under review. Thus a 15 percent payout on the par value of PPCs 2001 will again be made for the fiscal year 2005.

Only a minor number of the profit participation certificates 1992 (ISIN DE0005229900) is in circulation, so that they are traded only to a limited extent on the stock market. In fiscal year 2005, the price in Frankfurt peaked at 204 percent and the low was at 156 percent. Distribution on PPCs 1992 depends on the group's return on total assets. As the return on total assets for fiscal year 2005 was 5.97 percent, the payout on PPCs 1992 will be 6.97 percent on the par value. In the previous year, the return on total assets was 7.42 percent, and the resulting payout was 8.42 percent on par value.

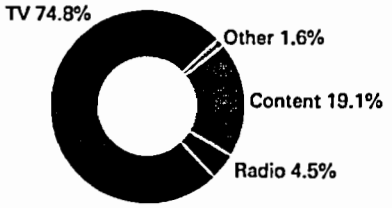
Distributions on both types of profit participation certificates are scheduled to be paid out on May 23, 2006 and will amount to roughly €76 million. The terms and conditions governing Bertelsmann PPCs require that Bertelsmann AG's auditors verify whether the profit distribution was correctly calculated. A confirmatory report from the auditors has been received for both types of profit participation certificates.

Corporate Divisions

RTL Group

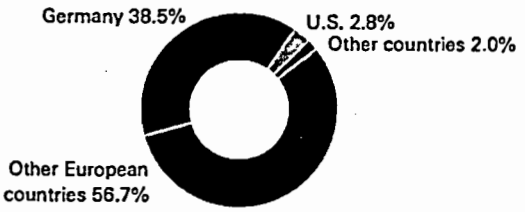
RTL Group, Europe's leading television, radio and TV production group, delivered a continued positive performance in 2005. The company increased its revenues by 4.8 percent to €5.1 billion (2004: €4.9 billion), and its operating result by 13.2 percent to €756 million (2004: €668 million). Return on sales improved to 14.8 percent (2004: 13.7 percent). In the year under review, RTL Group profited from its broad business presence in the European TV markets. Overall, RTL Group's viewer and listener market shares were on par with the high levels of the previous year.

RTL Group – Revenues by Category
in percent*



* Without intercompany revenues

RTL Group – Revenues by Region
in percent*



RTL Group systematically continued on its strategic course: it strengthened its established families of channels in the core markets, taking into consideration their increasing digitization, advanced its geographic expansion, and continued building up its diversification ventures. The complete takeover of Five, in which RTL Group acquired the remaining 35.4 percent stake in September, added strategic weight to the British TV market. The increased stake of 32.9 percent in Portugal's Media Capital, which owns the country's most-watched TV channel, TVI, enhanced the Group's presence in the Southern European markets. By acquiring a 30-percent holding in the Russian channel Ren-TV, RTL Group improved its market position in Eastern Europe. In terms of new businesses, M6 in France once again proved to be the industry's pacemaker by creating M6 Mobile together with the telecom operator Orange. The service delivered a very promising entry into the French mobile business and was able to recruit more than 300,000 customers in just eight months. In December 2005, M6 and TF1 announced an agreement combining the pay TV business of TPS with that of Group Canal+. M6 will retain a 5.1 percent holding in the new entity, subject to approval from the relevant authorities.

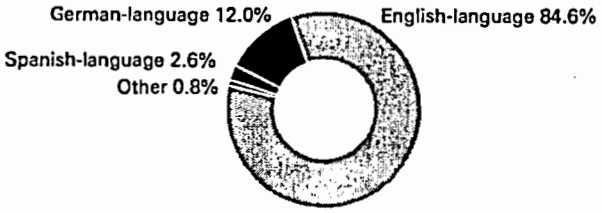
The reduction of the Group's dependence on singular markets helped improve overall performance. In Germany, the RTL Family of channels defended its leading market position, keeping revenues stable. However, results were slightly down due to an overall weak market in the first half of 2005 and restructuring costs. In France, M6 showed positive development, scoring record viewer and advertising market shares. Five in the U.K. was able to increase its revenues and results considerably while Antena 3 in Spain also posted a hefty increase in results by growing its market share.

RTL Group's production arm Fremantle Media maintained the previous year's level of profitability while growing its revenues. The "Idol" format continued to break records around the world and is now broadcast in 32 countries, including repeated huge audience shares in the U.S. ("American Idol" in its fifth season) and in Germany ("Deutschland sucht den Superstar" in its third season). "The X Factor" won the National Television Award for Best Entertainment show and achieved top ratings in the U.K.; local productions of the format were also produced in Australia, Belgium, Colombia and Russia. In addition, Fremantle Media was able to set a trend with telenovelas ("Verliebt in Berlin").

Random House

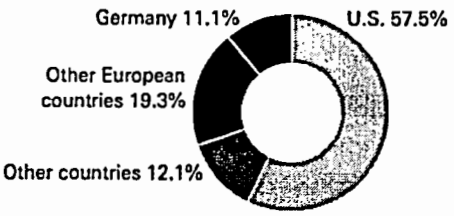
Despite the ongoing flat international book retail marketplace, Random House worldwide increased both its sales and its profitability over the preceding year. Revenues increased slightly by 2.1 percent to €1.8 billion (2004: €1.8 billion), while the operating result grew to €166 million (2004: €140 million). Each of the company's North American divisions was profitable. The London-based Random House UK Group posted the largest increases of any Random House division in revenues and profits.

Random House – Revenues by Language Region
in percent*



* Without intercompany revenues

Random House – Revenues by Region
in percent*



In North America, Random House had twenty-two #1 bestsellers on the national New York Times bestseller lists, and led the industry for the seventh consecutive year in overall title placement. John Grisham's "The Broker," has six million copies in hardcover and paperback print. An additional 1.6 million copies in 2005 of the bestseller "The Da Vinci Code" by Dan Brown brings the total copies in print to more than twelve million just in North America. J. K. Rowling's "Harry Potter and the Half-Blood Prince," read by Jim Dale, became the fastest- and largest-selling children's audio in publishing history. "Eldest," the second novel in Christopher Paolini's fantasy trilogy, which began with the bestselling "Eragon," has nearly two million hardcover copies in print in the U.S. and was also a #1 bestseller in the U.K., Germany, and Australia.

The London-based Random House UK Group had its best year ever. The group commanded nearly 40 percent of the titles on the "Sunday Times" bestseller lists in 2005, among them, the paperback editions of all four Dan Brown novels, "Saturday" by Ian McEwan and "Mao: The Unknown Story" by Jung Chang and Jon Halliday.

Germany's Verlagsgruppe Random House improved its market position with the acquisition of the FAZ imprints Deutsche Verlags-Anstalt, Kösel Verlag, and Manesse. Its significantly improved operating results for 2005 were highlighted by books by the year's two biggest-selling German authors Charlotte Link and Tim Mälzer, as well as the million-copy bestselling "Starke Stimmen" audiobook series, published with "Brigitte" magazine.

Random House Mondadori in Spain and Latin America had a solidly profitable year highlighted by the runaway success of Julia Navarro's "La Hermandad De La Sábana Santa," which has over half a million copies in print. The paperback imprint Debolsillo enhanced its stature as the international leader in this Spanish-language market sector.

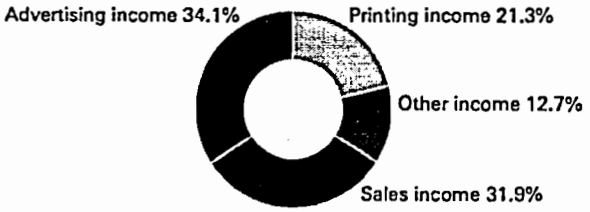
The Asian joint ventures Random House Kodansha (Japan) and Random House JoongAng (Korea) each continued their development through the growth of their hardcover and paperback publishing programs.

Random House underscored its global status in trade book publishing with the formation of Random House India in July 2005, which will publish indigenous authors as well as distribute international titles. A new local publishing imprint, Umuzi, was established in South Africa.

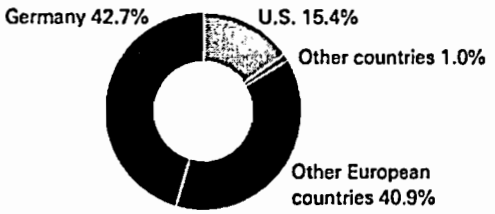
Gruner + Jahr

Europe's biggest magazine publisher Gruner + Jahr delivered a gratifying performance in 2005. Following a phase of consolidation, the company returned to growth and significantly improved its profitability in an advertising market that continued to be weak. Revenues were up by 7.6 percent to €2.6 billion (2004: €2.4 billion), boosted by the acquisition of the majority stake in Motor Presse Stuttgart and the establishment of the gravure joint venture, Prinovis. The sale of the U.S. magazine business had a negative impact. Adjusted for these portfolio effects, all of which became effective at July 1, 2005, revenues

Gruner + Jahr – Revenues by Category
in percent



Gruner + Jahr – Revenues by Region
in percent*



* Without intercompany revenues

rose by 1.2 percent. Gruner + Jahr's operating result grew considerably by 19.0 percent to €250 million (2004: €210 million). Return on sales improved to 9.5 percent (2004: 8.6 percent). The improvement was largely achieved in the core business. G+J again made steep investments in new titles which impacted results in 2005 but create a foundation for future growth.

Since its innovation campaign in 2003, Gruner + Jahr has launched 47 new titles, including 16 in 2005 alone. In Germany, they include the popular magazine "View," "Healthy Living," which enhances Gruner + Jahr's market position in the growing health segment, and "Park Avenue" as the latest addition to the luxury sector. By acquiring a majority stake in Motor Presse Stuttgart, G+J achieved strong market positions in new segments and entered ten new countries. Another event of international significance was the simultaneous launch of locally adapted editions of "Geo" in five Eastern European countries and Turkey. Gruner + Jahr opened up another growth market by acquiring a 50-percent stake in Daphne Communications S.A., one of Greece's leading magazine publishers. In a streamlining of the G+J portfolio, the U.S. magazine business was sold off because it would not have been possible to attain a leading position there in the foreseeable future based on internal growth.

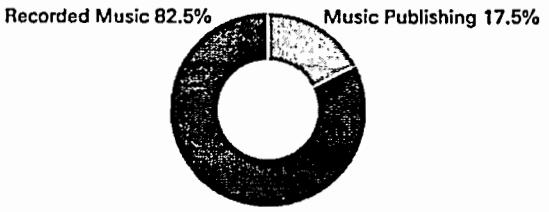
Gruner + Jahr was able to increase its revenues and results year-on-year in the German magazine market. Successful cost management and improved ad sales during the second half of 2005 more than made up for the higher development costs of new titles. Though the advertising and sales market in Germany continued to be difficult, Gruner + Jahr stood its ground against the competition with strong brands like "Brigitte" and "Stern." Prisma Presse further enhanced its position in France. The biweekly TV magazines "Télé 2 Semaines" and "TV Grandes Chaînes," which were launched to great success in 2004, registered continued growth in circulation and were key contributors to the improved result. The International Magazine and Newspaper divisions also showed growth and a year-on-year improvement in their performance.

The printing business was characterized by high price and cost pressure. The operating result declined slightly year-on-year after adjustments for regrouping effects. Gruner + Jahr, Arvato and Axel Springer AG merged their German gravure operations in the Prinovis joint venture, which includes a plant currently under construction in Liverpool. As the merger has resulted in Europe's largest and most powerful printing group, G+J is well equipped for the future in this business segment as well. Gruner + Jahr and Arvato each consolidate half of the results of Prinovis.

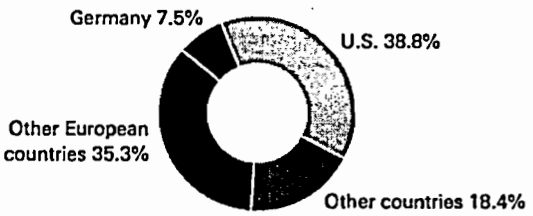
Bertelsmann Music Group (BMG)

Bertelsmann Music Group faced difficult market conditions in 2005, as did the entire music industry. Revenues declined by 16.5 percent to €2.1 billion (2004: €2.5 billion) in a shrinking market. Another major contributor to this development was the change in how distribution revenues are reported at the Sony BMG Music Entertainment joint venture, in which BMG owns 50 percent. Instead of distribution revenues only the handling

BMG – Revenues by Category
in percent



BMG – Revenues by Region
in percent*



* Without intercompany revenues

fees are reported. Adjusted for this change, revenues declined by 7.2 percent. However, despite the revenue decline, BMG was able to raise its operating result by 9.3 percent to €177 million (2004: €162 million). The main contributor to this increase was cost savings achieved at the Sony BMG joint venture. However, depreciations of music rights – which were upgraded at the time of the merger pursuant to IFRS – diminished the result by €21 million. BMG's financials include 50 percent of the results of Sony BMG, and 100 percent of the results of BMG Music Publishing.

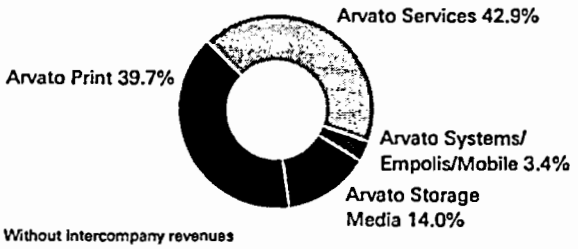
The world's second-largest music company, Sony BMG, largely completed its integration process by year-end 2005. The restructuring costs associated with the integration amounted to €210 million, half of which were borne by Bertelsmann. Annual cost savings by merging the headquarters in New York and the business units in 45 countries amounted to €265 million, a large part of which already benefited the overall result for the 2005 business year. These savings compensated for revenue losses incurred from the market decline, as well as from the postponement of numerous new releases. The latter led to losses in market share, especially in the U.S. In 2005, 13 Sony BMG albums sold more than two million units worldwide and 29 others over a million units. Numerous Sony BMG acts achieved breakthrough, including Il Divo, John Legend and Kelly Clarkson. Kelly Clarkson alone sold more than six million units worldwide in 2005. Sony BMG has also defended its global lead in the digital music business. Digital sales accounted for seven percent of total revenue. Sony BMG renewed its successful collaboration with Simon Cowell and Simon Fuller on the "American Idol" TV show. This involved buying Simon Cowell's stake in a joint venture that owns the music rights to the "Pop Idol" format as well as other important TV and music rights.

BMG Music Publishing, the world's third-largest music publisher, had its most successful year to date, again generating a double-digit return on sales. Growth was especially achieved in the Pop & Rock core business in its major markets – the U.S., U.K., and Germany. Acts including Coldplay, Robbie Williams, R. Kelly, Peter Maffay and The Backstreet Boys, whose song rights are owned by BMG Music Publishing, celebrated international successes. Songwriters signed with BMG Music Publishing were involved in more than 180 Top Ten albums and 65 Top Ten singles, including Mariah Carey's hit "We Belong Together," which spent twelve weeks at the top of the U.S. charts. BBC Worldwide's music catalog was bought to strengthen the TV music rights licensing business. On the creative side of the business, the company signed songwriters Per Magnusson (Il Divo, Westlife) and Stephen Duffy (Robbie Williams), and renewed its longstanding collaboration with Dave Stewart (Eurythmics).

Arvato

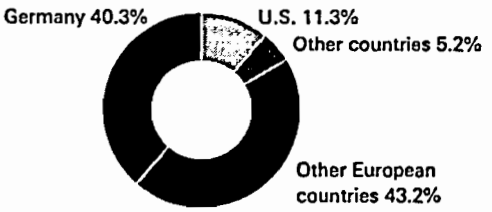
The international media and communications services provider, Arvato, posted a successful performance in 2005. In a macroeconomic environment that was characterized by muted growth in Germany, the European core markets and the U.S., Arvato significantly increased its revenues and operating result year-over-year. Revenues rose by 16.2 percent to €4.4 billion (2004: €3.8 billion), which puts it above four

Arvato – Revenues by Category
in percent*



* Without intercompany revenues

Arvato – Revenues by Region
in percent*



billion euros for the first time in the company's history. The rise in revenues is fueled first and foremost by strong organic growth of 9.2 percent. Acquisitions and other portfolio effects were other significant growth factors. Operating results rose markedly by 10.0 percent to €341 million (2004: €310 million). The number of employees worldwide grew by over 8,000 to more than 42,000 during the course of the year.

The service businesses bundled in Arvato Services delivered a very positive performance. The purchase of a majority stake in the Infoscore group and its amalgamation with the Arvato units AZ Direct and BFS Finance resulted in Arvato Infoscore, a European leader in the provision of data, information and receivables management. Logistics services to the wireless sector were fundamentally enlarged by acquiring Teleservice International, a mobile phone repair company and further internationalized its business with 13 locations in eight European countries. Arvato Services strengthened its position in Europe's emerging Healthcare Logistics market by acquiring the BG Group Healthcare. In the U.K., the company entered the market for public administration services by taking on extensive administrative tasks and other services for the East Riding council.

Arvato Print's operations in Germany and beyond did well in a difficult market fraught with surplus capacity. The new gravure group Prinovis took up operations, a joint venture between Arvato, Gruner + Jahr and the Axel Springer AG. Gruner + Jahr and Arvato each consolidate half of the results of Prinovis. In Treviglio, Italy, one of Europe's most progressive state-of-the-art gravure printers took up production as scheduled. Investments at nearly all plants served to systematically enhance the company's technology leadership. The Mohn Media group showed very gratifying operative developments in 2005; the first printed products to accompany the FIFA World Cup 2006 in Germany were successfully launched.

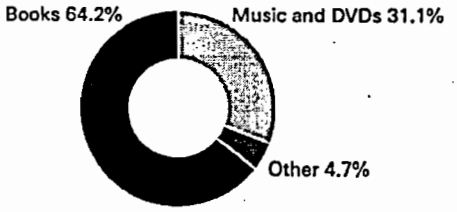
Arvato Storage Media stood its ground in its relevant markets despite high competitive and price pressure on the raw materials front. It added market shares both in the CD and the DVD segment. The group entered the Chinese market by acquiring a 30-percent stake in the storage media manufacturer Zhejang Huahong Opto Electronics. The IT service provider, Arvato Systems, registered sustained growth and sharpened its profile in the external market. Arvato Mobile successfully pursued its internationalization strategy and now has operations in 47 countries. The new download platform "GNAB" is proving popular with customers in the marketplace.

Direct Group

After several years of revenue decline, Direct Group and its international club businesses returned to growth in 2005. Revenues rose sharply by 9.6 percent to €2.4 billion (2004: €2.2 billion), due to acquisitions made during the year. Adjusted for portfolio and currency effects, revenues otherwise declined by 4.8 percent. The operating result was up considerably year-on-year to €53 million (2004: €32 million).

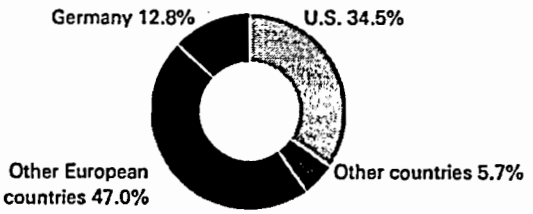
Nearly all club businesses contributed to the improved result with the U.S. book club business showing the steepest year-

Direct Group – Revenues by Category
in percent*



* Without intercompany revenues

Direct Group – Revenues by Region
in percent*



on-year growth by improving its results by over 70 percent. The Spanish book club was able to maintain its high level of profitability.

In the German club business, the ground for significantly improved results was prepared with a restructuring program. Furthermore, key functions of the club business were moved to Berlin. Comprehensive cost-cutting measures were introduced at the U.K. club as well in order to reach breakeven in 2006. These two programs led to one-time expenses.

The club businesses in the growth markets of Eastern Europe showed rapid expansion. The Family Leisure Club in the Ukraine achieved the highest growth rate. Its membership grew by more than 40 percent to over a million members in a single year. The company is the country's largest bookseller and is now expanding to Russia and fueling Direct Group's growth in Eastern Europe.

In addition to tapping additional lines of business and establishing new club models, Direct Group further enhanced its position as Europe's biggest bookseller by acquiring several companies. In France, Direct Group bought the Le Grand Livre du Mois book club. France Loisirs also acquired France's largest independent bookselling chain, Librairies Privat, thereby strengthening its position as the second-biggest bookseller in France. Direct Group sees considerable growth potential in the tight dovetailing of club and book retail, which France Loisirs is putting into practice as a strategic example for other markets.

In the U.S., Direct Group acquired the country's leading DVD specialist retailer Columbia House – the largest acquisition in Direct Group's history and a milestone on its expansionist course. The merger between Columbia House and the BMG Direct music club is proceeding faster than planned and gives rise to one-time integration-related costs.

Bertelsmann AG

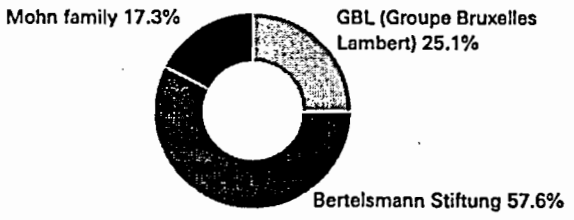
Status of Bertelsmann AG

Bertelsmann AG serves as an operative management holding company. Its tasks include supervisory functions for the Bertelsmann group, the management of its participations, financing, and service functions performed by some departments at the Corporate Center. The AG's major sources of income are dividend payouts from subsidiaries and proceeds from services provided to subsidiaries. Shareholders' equity in Bertelsmann AG totals €10.4 billion. Bertelsmann AG's total assets were €13.1 billion. Net income totaled €1,358 million (2004: €401 million), and profit available for distribution in the balance sheet amounted to €1,150 million (2004: €871 million).

Shareholder Structure

Bertelsmann AG is a privately held stock corporation. Its shareholders, by way of holding companies, are the Bertelsmann Stiftung foundation (57.6 percent), the Mohn family (17.3 percent), and Groupe Bruxelles Lambert (25.1 percent). The voting rights of Bertelsmann Stiftung and the Mohn family are exercised by Bertelsmann Verwaltungsgesellschaft (BVG). BVG controls 75.0 percent of voting rights at the Bertelsmann AG

Ownership Structure – Capital Shares
in percent



General Meeting, while Groupe Bruxelles Lambert controls 25.0 percent.

Corporate

"Corporate" includes the cost of the Corporate Center and results from investments made at the corporate level (corporate investments). Corporate Center expenditure arises from corporate management and governance tasks. Corporate Investments include all holdings that are not assigned to a specific corporate division. Corporate Operating EBIT totaled minus €115 million in 2005 (previous year: minus €72 million).

Corporate Management System

The Bertelsmann group perceives itself as an operating management holding with a uniform control system. Its corporate control system is based on the Bertelsmann AG statutes, and on resolutions passed by the Annual General Meeting, Supervisory Board and Executive Board. The Executive Board is responsible for the entrepreneurial management of the group.

Bertelsmann's operating control system follows the group's segmentation into corporate divisions.

One key goal of Bertelsmann's business activities is to increase the company's value through increasing and sustained profitability. This focus on corporate value is expressed both in the management of its business operations and in the strategic management of its investments and portfolio. For the past five years, the group has implemented a value-oriented management concept to assess the performance of existing businesses and/or the value contributed by planned investments. There is value added whenever the return on investment generated exceeds the weighted capital costs of shareholders' equity and third-party liabilities. Using this concept, the cost of capital constitutes the minimum return on investment demanded by the providers of capital. Management salaries in the group tie in with this value-added management concept.

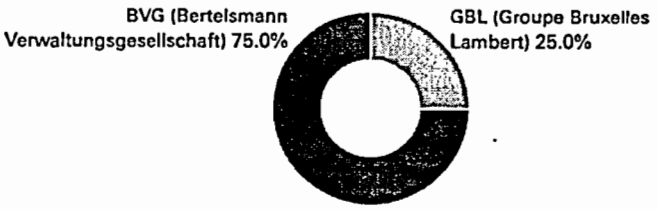
Another key performance indicator at Bertelsmann is Operating EBIT. It serves to assess business operations. This indicator refers to an operating result before financial result and taxes that can be replicated under normal economic conditions. The EBIT is then adjusted for special items which do not have operating characteristics, as they are non-recurring. This adjustment for special items yields a normalized ratio, which improves forecasting and comparability.

Other elements in the control system are financial targets (e.g. the leverage factor), which were presented in the section on financing above.

Employees

As in the previous year, Bertelsmann again registered net growth in its number of employees. At the end of fiscal year 2005, the Bertelsmann group had 88,516 employees worldwide (2004: 76,266). The divisional breakdown is: Arvato 47.6 percent, Gruner + Jahr 15.8 percent, Direct Group 15.2 percent, RTL Group 10.1 percent, Random House 6.1 percent, BMG 4.1 percent and Corporate Center 1.1 percent. The reasons behind this increase of 12,250 staff include organic growth, the

Ownership Structure – Voting Rights
in percent



establishment of the Prinovis gravure company, and acquisitions. At the end of the year, the company had 1,074 apprentices in Germany (previous year: 890). The increase is primarily due to the formation and acquisition of companies.

Bertelsmann sees the implementation and ongoing evolution of its corporate culture of partnership as a key to its long-term commercial success. Human resource management at Bertelsmann supports the implementation of this corporate culture of partnership and its ongoing development.

The executives are a formative element in this culture. In 2005, existing executive development activities were again expanded, and a new program was initiated. Bertelsmann has offered its time-honored "Grundkurs Führen" in Germany for many years, a course in three modules that explores the qualities and attitudes that are expected of executives at Bertelsmann. The series has been introduced as a "Leadership Program" beyond Germany since 2002, with country-specific adaptations in each case. In 2005, 27 modules of the Leadership Program were hosted worldwide. Having successfully been introduced in Spain, the U.S. and France in recent years, the program is scheduled to debut in the U.K. in 2006. In 2004, the Senior Management Program was introduced in Germany, catering to the specific needs of middle management. Other countries have expressed a great deal of interest in the program, which will premiere in Spain in 2006.

In Germany alone, Bertelsmann companies hosted 37 different vocational training programs in 2005. At December 31, 2005, 1,074 people were undergoing vocational training at Bertelsmann. Of these, 952 were trainees and dual-qualification students, and 122 were student apprentices and journalists-in-training. Of the 314 trainees who graduated in 2005, 238 (76 percent) found employment within the group.

In addition to comprehensive, innovative training, Bertelsmann offers its employees a broad range of skills enhancement and continued qualification options. An average of over 11,000 employees have participated in various professional trainings and continuing-education programs in the past few business years.

In 2005, as in 2004, employee surveys were again carried out upon the initiative of corporate divisions and companies. In all, more than 20,000 employees in 20 countries had the opportunity to voice their views in an employee survey between 2004 and 2005. Thus, the intensified use of this instrument by the subsidiaries, a trend that has been observed since the last worldwide employee survey in 2002, continued in 2005. The seventh group-wide employee survey will be carried out in 2006.

Promoting employee health is becoming increasingly important, especially as the average age of employees rises. Prevention and early detection are especially important. Starting in 2006, the health checkups for executives introduced by Bertelsmann in 2001 will be extended to all employees in Germany above the age of 45. Employees above the age of 50 receive this special preventive medical checkup every two years.

Corporate Responsibility

Corporate responsibility is anchored in the Bertelsmann Essentials and has been a fixture in Bertelsmann's corporate culture of partnership for decades. In addition to employee-related measures, the Bertelsmann group continued and further enhanced its historically extensive commitment to social matters in fiscal year 2005. As an international media company, Bertelsmann focuses on measures in the fields of creativity, culture and education – given the affinity between the Random House, Gruner + Jahr and Direct Group divisions and this topic – with a special emphasis on promoting reading as a cultural skill. Since 1974, the company has regularly issued a Social Report documenting its non-commercial achievements. Bertelsmann will publish its second international Corporate Responsibility Report in 2006.

In January 2005, Bertelsmann AG set up a €1.0 million relief fund for victims of the tsunami disaster in Southeast Asia. A worldwide donations drive among employees generated an additional €200,000, which was matched by the company, for a total €1.4 million contribution to a joint project with SOS Children's Villages. The money will be used to sponsor children hit by the disaster in India, Sri Lanka and Indonesia for at least ten years. In September 2005, Bertelsmann AG

donated €500,000 for the citizens of New Orleans hit by Hurricane Katrina.

Another example of Bertelsmann's corporate citizenship activities is the "Du bist Deutschland" campaign, which Bertelsmann initiated and put into practice with 24 other German media companies. The objective of the campaign was to contribute to greater self-confidence and optimism about the future in Germany. The campaign was launched on September 23, 2005. With a pro-bono media volume exceeding €32 million, it is the largest non-commercial campaign ever mounted in Germany. The idea for "Du bist Deutschland" was born of the "Partners for Innovation" initiative – an alliance of high-ranking representatives from business, academia, politics and unions. Apart from this, Bertelsmann is involved in Germany's nationwide "Initiative for Employment", the largest concerted action program of its kind in German industry: 19 networks involving over 400 companies planned and implemented more than 200 projects.

Significant Events After the Balance Sheet Date

Groupe Bruxelles Lambert announced on January 27, 2006 that its "Board of Directors decided to ask for, as from the end of May 2006, the implementation of the possibility that it is offered to list Bertelsmann if the market conditions are favourable."

In February, Rolf Schmidt-Holtz was appointed the new CEO of Sony BMG Music Entertainment and therefore resigned his seat on the Bertelsmann AG Executive Board. Thomas Rabe, Chief Financial Officer of Bertelsmann AG, has taken on the management of the BMG division.

Risk Report

Bertelsmann has an integrated risk management system. This system is established as a fixed part of the company's management structure, is subject to continual evolution, and is integrated into the regular reporting process. The risk management system strives to identify and control potential risks from operating businesses, participations and financial assets. A major element of the risk identification process is a risk inventory which lists risks year by year, and then aggregates them at corporate level. This year, the risk reporting process identified the following significant risks for the Bertelsmann group and for Bertelsmann AG. Measures are continuously taken to monitor, reduce and/or eliminate these risks, which are subject to constant observation.

Bertelsmann is exposed to a number of financial risks as a result of its international activities. These include in particular interest-rate, currency and liquidity risks. These risks are controlled centrally by Corporate Treasury within the framework of an active treasury management system and currently valid group-wide guidelines. Derivative financial instruments are used solely for hedging purposes.

Bertelsmann uses foreign currency derivatives (currency swaps, futures and forwards) particularly to hedge on-balance-sheet and forecast transactions exposed to foreign currency fluctuation risks. Firm commitments made in foreign currency are only partly hedged at the time the commitment is made, with the hedged amount increasing over time. Foreign currency translation risks arising from net investments in foreign entities are not hedged. This translation risk is the risk of a change in the amount of shareholders' equity of a subsidiary due to a change in the foreign exchange rate. The effects of the translation risk become apparent when translating the financial statements of foreign subsidiaries from their functional currency into the group's reporting currency.

Interest-rate derivatives are used groupwide to manage interest-rate change risk. The maturity structure of interest-bearing debt is controlled at two levels, first by selecting appropriate fixed interest-rate periods of the original financial assets and liabilities affecting liquidity, then by using interest-rate derivatives consisting solely of interest-rate swaps.

Further details are set out on pages 112–114 in the notes to the consolidated financial statements.

Revenues generated by RTL Group's TV channels are highly dependent on advertising sales and thus exposed to the risk of a deteriorating TV advertising market. Retaining and extending viewer numbers are thus important goals. At the same time, RTL Group is further reducing its dependency on advertising sales by diversifying its revenue base. International sports and

movie rights are generally bought in U.S. dollars. Thus, significant exchange rate movements can have direct implications for RTL Group's profitability. To limit the currency risk, the RTL Group treasury department hedges foreign-currency contracts to an appropriate extent.

Random House is very dependent on the economic climate in North America, the U.K. and Germany, and this dependency can limit its growth prospects in these markets. This leads to greater competition for market share and established authors. Further concentration among important key customers could also lead to increased pressure on margins. Random House counteracts these competitive risks with publications in new product segments and with expansion in Asia.

At Gruner + Jahr, advertising and sales revenues, as well as the revenue performance of the printing operations, are directly dependent on macroeconomic developments and competition in the magazine sales and advertising market. A weak economy could lead to a decline in sold circulation, which could result not only in declining revenues, but would also necessitate intensified sales and marketing expenditure. An appropriate product and marketing strategy is in place to try and maintain, or even improve, the market position achieved.

The music industry is highly dependent on the market for physical storage media. Market conditions are undergoing a paradigm shift that is manifested in changing consumer behavior, i.e. consumer spending on entertainment products and new distribution channels. This dependence may change Sony BMG's revenue situation. Sony BMG is responding to changing consumer demands by signing new acts and by developing new products.

The unlicensed use of copyrights by free downloads, file sharing and product piracy contains a high risk of additional revenue losses for Sony BMG's recorded music business, as well as to a lesser extent for the music publishing rights business of BMG Music Publishing.

The Arvato division pursues a business strategy focused on growth, which finds expression in the opening of new markets, the building of new product lines and the acquisition of new companies. This growth strategy could involve business risks as well. Arvato identifies and controls these risks with an appropriate corporate structure that is implemented at all levels. As a manufacturer of "physical storage media" Arvato also faces the risks posed by an anemic music market with declining CD volumes and the substitution of CD-ROMs by DVD-ROMs.

In its core markets Europe and North America, Direct Group is exposed to increasingly intense competition and a direct dependence on consumers' buying behavior. A lasting improvement in member recruitment, activation and loyalty continues to be a major challenge for Direct Group. Given the situation in various countries – including in the U.K. and Germany – further consolidation and/or strategic realignment may become necessary.

As an international group, Bertelsmann is also subject to several legal risks. This applies particularly to legal disputes in the U.S., where there are legal institutions unknown in Germany, such as class actions, punitive damages and pre-trial discovery. The outcomes of currently asserted or future unasserted lawsuits cannot be foreseen with any degree of certainty, nor can they be fully influenced.

Legal risks could arise from the following lawsuits: Various music publishers and record labels have filed complaints against Bertelsmann in a U.S. court in 2003. The plaintiffs base their purported claims on the allegation that Bertelsmann, by granting loans to the music file-sharing platform Napster (which has since gone bankrupt) enabled the service to survive longer than it would have done otherwise, and thereby contributed to copyright infringements by Napster and its users. The plaintiffs further contend that Bertelsmann had de facto taken over Napster in the fall of 2000, and had thus assumed control of Napster's day-to-day business. In 2005, the judge in

San Francisco confirmed Bertelsmann's interpretation of the law that the mere listing of names of music titles on Napster's former server does not constitute a copyright violation. The pre-trial discovery, which began in the summer of 2004 and is still ongoing, has not to date yielded any evidence supporting plaintiffs' theories. Accordingly, Bertelsmann's view remains unchanged that the allegations and legal theories brought forth by the plaintiffs are untenable and completely without legal foundation. Therefore, Bertelsmann has only made provisions for expected legal fees on the balance sheet.

Outlook

The German Council of Advisors on Economic Development expects that rising prices of energy will have an increasing impact on global economic development in 2006. High energy costs and the attendant price increases will deprive private households of buying power. In the United States, growth in Gross Domestic Product will slow down slightly vs. 2005. Economic development in Europe is expected to accelerate somewhat, fueled by intensifying investment activity. In Germany, the country's economy is characterized by uncertainty about reform processes as well as a possible recovery in domestic demand. A slight recovery could also result from pull-in effects in light of the scheduled VAT increase after 2007.

The Football World Cup in 2006 may result in slight growth in the advertising markets that are relevant for Bertelsmann. Expectations for the book business in Bertelsmann's core markets tend to be restrained. A slowing of the decline appears possible in the worldwide music markets.

Rising energy prices constitute a fundamental risk for a possible downturn in the global economy in 2006 and 2007 and could have negative effects, including on consumer behavior.

In light of these developments, Bertelsmann expects overall growth in revenues and results for 2006 and 2007. Revenue growth in 2006 will still be significantly shaped by acquisitions made in 2005. Growth in the following year is expected to at least be in line with developments in the relevant markets.

The revenue and result developments expected for the Bertelsmann group in 2006 and 2007 basically apply for the six corporate divisions as well. Besides anticipated organic growth, possible opportunities for acquisitions will be considered. RTL Group is planning for a moderate rise in revenues and results within the scope of overall market expectations. Developments in the advertising markets remain difficult to predict. Random House expects profitable growth with an increase in revenues, slightly above the rate of inflation in its core markets. In 2006 and 2007, the increases in revenue and result forecast by Gruner + Jahr will be driven both by core business and by positive effects from the first-time full-year consolidation of Prinovis and Motor Presse Stuttgart in 2006. BMG expects a worldwide decline of several percent in the physical recorded music market, which will be partially compensated for by growth in digital product sales. Based on the postponement of numerous releases to 2006, BMG expects to achieve a growing global market share and slight revenue growth in its recorded music business. In light of a stronger release schedule and restructuring measures that were taken in 2005, a continued improvement in results is expected for 2006, with a positive outlook for 2007 as well. Arvato expects revenues and results to grow in the low double digits, based on strong organic growth as well as on consolidation effects. Direct Group expects a revenue increase that in 2006 and 2007 will be partly fueled by acquisitions made in 2005. The result is expected to improve and should at least mirror anticipated consumer behavior. Adequate funds are available for investments to achieve the division's targets; this investment budget will be used in line with the group strategy.

This outlook foots on Bertelsmann's present business strategy as outlined in the Chapter on "Business and Economic Conditions" (pp. 50–51). In general, the forecasts reflect

our risk and opportunity considerations and are based on operational planning and the medium-term outlook of the corporate divisions. All statements regarding possible future developments should be seen as estimates made based on the information currently available. If the suppositions do not materialize and/or further risks arise, actual results may deviate from the expected results. Therefore, no guarantee is made for the information provided.

Corporate Governance at Bertelsmann

At Bertelsmann, good and modern Corporate Governance is a defined demand and important element of the Corporate Culture. Referring to the recognised standards set forth by the German Corporate Governance Code, Bertelsmann AG consults the Code for guidance in good corporate leadership and control.

The Bertelsmann AG Executive Board is responsible for independently managing the enterprise. It informs the Supervisory Board regularly, without delay and comprehensively, of all issues significant to the enterprise regarding planning, business development, financial and earnings situation, risk situations and risk management. The Supervisory Board supervises the Executive Board and advises it in strategic matters and significant business operations. The Executive and Supervisory Boards co-operate closely and are therefore able to reconcile the demands of effective corporate governance with the necessity of rapid decision-making. Fundamental matters of corporate strategy and its implementation are candidly discussed and co-ordinated in joint sessions. Any significant measures to be taken by the Executive Board are subject to the agreement of the Supervisory Board. The shareholders exercise their rights at the General Meeting and vote there. Among other responsibilities, the General Meeting resolves on amendments to the articles of association as well as the appropriation of net income and elects members to the Supervisory Board. The members of the Executive Board are appointed by the Supervisory Board. The members of both the Executive and Supervisory Boards are obligated in their assignments to serve the company's best interests.

For some time, an integral component of the Supervisory Board's work at Bertelsmann has been the delegation of task assignments to committees with sufficient expertise. In doing so, the supervisory efficiency and advisory competence of the Supervisory Board is increased. In addition to the Personnel Committee, the Bertelsmann AG Supervisory Board has formed a Strategy and Investment Committee, an Audit and Finance Committee, as well as a Working Group of Employee and Management Representatives. Through evaluation processes, the breadth and range of responsibilities and tasks delegated to these committees, is continuously examined. Reflected in the Supervisory Board's composition are Bertelsmann's international business activities. The size and composition of the Supervisory Board, with the professional competence of its members, are an essential foundation to its effectiveness and independence. The extensive evaluation of the Supervisory Board's work, conducted by Bertelsmann in 2005, confirmed the high efficiency.

Bertelsmann AG is an unlisted company with a limited number of shareholders. Despite this, the company closely follows the standards and recommendations of the June 2005 version of the German Corporate Governance Code, which primarily addresses listed companies. Exceptions are made, especially in respect to those code guidelines which, in the opinion of Bertelsmann AG, apply to publicly held enterprises with large numbers of shareholders. Compensation and incentives of the members of Executive Board and Supervisory Boards are not made public. The shareholders of Bertelsmann AG have full knowledge of the individual compensation of each member of the Executive and Supervisory Boards. Furthermore, the Director's and Officer's liability insurance (D&O) provides for no deductible for members of the Executive and Supervisory Boards.

The Executive Board The Supervisory Board

Report of the Supervisory Board

During fiscal year 2005, the Supervisory Board fulfilled the duties incumbent upon it by law, the articles of association and by-laws. It was involved in all decisions of key relevance to the company. The Supervisory Board received regular oral and written reports on the business developments, the state of the company including its risk situation, plans for major investments, and the financial state. It discussed the company's strategic alignment and significant business transactions with the Executive Board, made recommendations and monitored compliance with the outline conditions set for the management of the company. The Supervisory and Executive Boards also held a whole-day meeting to review basic matters of corporate strategy.

During fiscal year 2005, the Supervisory Board convened for four regular meetings and two unscheduled meetings in form of conference calls. The Strategy and Investment Committee met seven times including conference calls. The Personnel Committee met four times, the Audit and Finance Committee five times, including conference calls. The Working Group of the Employee and Management Representatives on the Supervisory Board convened four times. In each case, the work done by the Supervisory Board committees was reported on in the following Supervisory Board sessions. Between meetings, the Supervisory Board was notified, in writing, about projects and plans that were of special relevance and urgency for the company and – if applicable – asked for its opinion and/or decision. Beyond the Supervisory Board meetings, the Chairman of the Supervisory Board maintained an ongoing dialog with the Executive Board in general and the Chairman & CEO in particular. The primary topics covered were the current business situation and major business transactions.

The Supervisory Board underwent a routine evaluation of its work in 2005. This extensive process resulted in a very positive score both for the composition of and work done by the Supervisory Board and its committees. At the same time, several helpful suggestions were identified and immediately put into practice in the spirit of continual progress. The group's Corporate Governance was the object of a separate and comprehensive discourse on the Supervisory Board. Please refer to page 71 of this Annual Report for further information about Corporate Governance at Bertelsmann.

Bertelsmann AG's consolidated financial statements and group management report for the fiscal year from January 1 through December 31, 2005 were audited by the KPMG Deutsche Treuhand-Gesellschaft Wirtschaftsprüfungsgesellschaft, Berlin, and received an unqualified auditor's opinion. The Supervisory Board Audit and Finance Committee had determined the main focuses of the annual audit earlier together with the auditor.

The KPMG audit reports and the other annual accounting documents had been submitted to all members of the Supervisory Board and were on the agenda at the financial review meetings of the Audit and Finance Committee and the Supervisory Board; the findings of the audit were discussed in detail in each case. The auditor attended the financial review meetings both of the Audit and Finance Committee and of the Supervisory Board itself, at which it gave an extensive report and answered questions. The Supervisory Board noted and accepted the findings of the audit. After its own, final scrutiny of the consolidated financial statements and the group management report, the Supervisory Board – acting in accordance with the Audit and Finance Committee's recommendation – raises no objections. The Supervisory Board approves the consolidated financial statements as prepared by the Executive Board.

The year under review saw the following changes to the composition of the Supervisory Board: In May 2005, the Bertelsmann AG Annual General Meeting elected Dr.-Ing. Joachim Milberg, Chairman of the Supervisory Board of BMW AG, and Lars Rebien Sørensen, President and Chief Executive Officer of the Danish pharmaceuticals company Novo Nordisk A/S, as new Supervisory Board members. Dr. Rolf-E. Breuer, Chairman of the Supervisory Board of Deutsche Bank AG, and Sir Peter Job, former Chief Executive Officer of Reuters Group PLC, left the Supervisory Board at the same time, their term of office having expired. The Supervisory Board thanks Messrs. Breuer and Job for a mutually trusting collaboration and their contributions to the group's development, also on behalf of the shareholders.

The following changes were made to the Bertelsmann AG Executive Board during the year under review: The Supervisory Board of Bertelsmann AG appointed Gerhard Zeiler, Chief Executive Officer of RTL Group, to the Bertelsmann Executive Board. As a result, the heads of all corporate divisions now hold a seat on the Bertelsmann AG Executive Board. Dr. Siegfried Luther, the longstanding Chief Financial Officer and Deputy Chairman of the Bertelsmann AG Executive Board, retired from the Executive Board of Bertelsmann AG when his contract expired on December 31, 2005. Bertelsmann AG's shareholders and Supervisory Board express their gratitude and great respect to Siegfried Luther for his lifetime achievement. In the past 31 years, fifteen and a half of them as CFO, he was formative in Bertelsmann's success and growth. The Supervisory Board has appointed Dr. Thomas Rabe, formerly Chief Financial Officer of RTL Group, to the Bertelsmann AG Executive Board to succeed Mr. Luther as Chief Financial Officer, effective January 1, 2006.

PROF. DR. DIETER H. VOGEL
Chairman of the Supervisory Board of Bertelsmann AG

Overall, the year 2005 was characterized by restrained economic development in Bertelsmann's core markets. Despite this challenging environment, Bertelsmann increased its operating result and return on sales (ROS). At the same time, strategic acquisitions served to strengthen important core businesses. They included the acquisition of The Columbia House, a specialized retailer of DVDs, in the U.S., of the French bookselling chain Librairies Privat, of the minority holdings in Britain's TV channel Five, and the establishment of the Prinovis (gravure) and Infoscore (data management) joint ventures. These investment projects involved extensive consulting and facilitation by the Supervisory Board. Another topic was the takeover of the RTL Group stake previously held by the WAZ group (7.5 percent economic interest).

The Supervisory Board pays tribute to the Executive Board for its entrepreneurial success during the past fiscal year. It also thanks all executives and employees for their dedication and achievements.

Gütersloh, March 17, 2006

Prof. Dr. Dieter H. Vogel

Consolidated Income Statement

in € millions	Notes	2005	2004
Revenues	1	17,890	17,016
Other operating income	2	591	685
Change in inventories		30	80
Own costs capitalized		217	188
Cost of materials		(5,328)	(4,988)
Royalty and license fees		(1,500)	(1,491)
Personnel costs	3	(4,458)	(4,204)
Amortization of intangible assets and depreciation of property, plant and equipment	4	(656)	(671)
Other operating expenses	5	(5,267)	(5,222)
Results from investments accounted for using the equity method	6	76	37
Income from other participations	6	15	(1)
Special items	7	61	318
EBIT (earnings before interest and taxes)		1,671	1,747
Interest income		170	175
Interest expenses		(264)	(253)
Other financial expenses	8	(292)	(234)
Financial result		(386)	(312)
Income taxes	9	(244)	(263)
Net income		1,041	1,172
Attributable to:			
Share of profit of Bertelsmann shareholders		880	1,032
Minority interest		161	140

Reconciliation to Operating EBIT

in € millions	Notes	2005	2004
EBIT		1,671	1,747
Special items	7		
– Impairment of goodwill and income from release of badwills		12	34
– Capital gains/losses		(246)	(328)
– Other special items		173	(24)
Operating EBIT	28	1,610	1,429
Operating EBITDA	29	2,274	2,112

Consolidated Balance Sheet

in € millions	Notes	12/31/2005	12/31/2004
Assets			
Non-current assets			
Goodwill	10	7,755	6,415
Other intangible assets	10, 11	1,611	1,321
Property, plant and equipment	10, 12	2,785	2,369
Investments accounted for using the equity method	10, 13	691	437
Other financial assets	10, 14	264	621
Trade accounts receivable	16	93	14
Other accounts receivable and other assets	16	452	311
Deferred tax assets	9	420	286
		14,071	11,774
Current assets			
Inventories	15	2,108	1,933
Trade accounts receivable	16	3,205	2,813
Other accounts receivable and other assets	16	1,963	2,064
Other financial assets		39	62
Current income tax receivable		219	252
Cash and cash equivalents	17	1,036	2,092
		8,570	9,216
Assets held for sale		291	
		22,932	20,990
Equity and Liabilities			
Equity	18		
Subscribed capital		1,000	1,000
Capital reserve		2,331	2,331
Retained earnings		4,997	4,179
Shareholders' equity		8,328	7,510
Minority interest		842	1,212
		9,170	8,722
Non-current liabilities			
Provisions for pensions and similar obligations	19	1,647	1,874
Other provisions	20	105	136
Deferred tax liabilities	9	273	208
Profit participation capital	21	706	706
Financial debt	22	2,435	1,880
Trade accounts payable	23	130	75
Other liabilities	23	576	590
		5,872	5,469
Current liabilities			
Other provisions	20	646	484
Financial debt	22	179	264
Trade accounts payable	23	4,022	3,610
Other liabilities	23	2,435	2,162
Current income tax payable		364	279
		7,646	6,799
Liabilities included in disposal groups held for sale		244	
		22,932	20,990

Consolidated Cash Flow Statements

in € millions	2005	2004
EBIT	1,671	1,747
Taxes paid	(253)	(244)
Depreciation and write-ups of non-current assets	699	695
Capital gains/losses	(246)	(328)
Change in provisions for pensions	(22)	(52)
Other effects	(46)	(108)
Change in net working capital	(12)	119
Cash flow from operating activities	1,791	1,829
Investments in:		
– intangible assets	(204)	(157)
– property, plant and equipment	(568)	(498)
– financial assets	(59)	(123)
– purchase price for consolidated investments (minus acquired cash)	(1,734)	(85)
Proceeds from disposal of non-current assets	436	366
Cash flow from investing activities	(2,129)	(497)
Change in bonds and promissory notes	310	(297)
Change in financial debt	(120)	(78)
Interest paid	(165)	(175)
Change in shareholders' equity	–	20
Dividends to Bertelsmann shareholders and minority interest	(414)	(262)
Additional payments to partners (IAS 32)	(39)	(53)
Cash flow from financing activities	(428)	(845)
Change in cash and cash equivalents	(766)	487
Funding of Bertelsmann Pension Trust e.V. (CTA)	(360)	–
Currency effects and other changes in cash and cash equivalents	70	(37)
Cash and cash equivalents at the beginning of the period	2,092	1,642
Cash and cash equivalents at the end of the period	1,036	2,092

Details of the cash flow statement are set out in note 27

Change in Net Financial Debt

in € millions	2005	2004
Net financial debt at 1/1	(52)	(820)
Cash flow from operating activities	1,791	1,829
Cash flow from investing activities	(2,129)	(497)
Interests, dividend and changes in equity, additional payments (IAS 32)	(618)	(470)
Currency effects and other changes in net debt	(570)	(94)
Net financial debt at 12/31	(1,578)	(52)

Net financial debt is the net of cash and cash equivalents and financial debt

Consolidated Statement of Changes in Equity

in € millions	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income: Currency translation differences	Other comprehensive income: Available-for-sale securities	Other comprehensive income: Derivative financial instruments	Shareholders' equity	Minority interest	Total
Balance at December 31, 2003	600	2,725	3,281	68	31	(45)	6,666	849	7,515
Change in equity due to									
Dividends	–	–	(220)	–	–	–	(220)	(42)	(262)
Other comprehensive income									
Currency translation differences	–	–	–	(67)	–	–	(67)	1	(66)
Other changes	394	(394)	381	(335)	51	2	99	264	363
Change recognized in income									
Net income	–	–	1,032	–	–	–	1,032	140	1,172
Balance at December 31, 2004	1,000	2,331	4,474	(334)	82	(43)	7,510	1,212	8,722
Change in equity due to									
Dividends	–	–	(324)	–	–	–	(324)	(90)	(414)
Other comprehensive income									
Currency translation differences	–	–	–	238	–	–	238	6	244
Other changes	–	–	19	(1)	(39)	45	24	(447)	(423)
Change recognized in income									
Net income	–	–	880	–	–	–	880	161	1,041
Balance at December 31, 2005	1,000	2,331	5,049	(97)	43	2	8,328	842	9,170

Details of the statement of changes in equity are set out in note 18

Segment Reporting Primary Format

	RTL Group		Random House		Gruner + Jahr		BMG	
in € millions	2005	2004	2005	2004	2005	2004	2005	2004
Consolidated revenues	5,095	4,862	1,823	1,777	2,598	2,425	2,126	2,532
Intercompany revenues	17	16	5	14	26	14	2	15
Divisional revenues	5,112	4,878	1,828	1,791	2,624	2,439	2,128	2,547
Operating EBIT	756	668	166	140	250	210	177	162
Special items	(17)	(24)	1	7	124	(11)	(103)	66
EBIT	739	644	167	147	374	199	74	228
ROS in percent[1]	14.8%	13.7%	9.1%	7.8%	9.5%	8.6%	8.3%	6.4%
Scheduled depreciation and amortization	186	212	41	48	81	76	87	70
Investments[2]	768	214	47	28	384	38	59	112
Segment assets	7,387	6,824	1,998	1,749	1,789	1,286	2,864	2,521
Segment liabilities	2,249	1,935	804	709	706	595	1,540	1,293
Invested capital	5,138	4,889	1,194	1,040	1,083	691	1,324	1,228
Results from investments accounted for using the equity method	63	28	–	–	12	4	3	7
Investments accounted for using the equity method	617	376	1	2	17	11	14	10
Employees (closing)	8,970	8,117	5,395	5,383	13,981	11,671	3,597	4,259
Employees (average)	8,701	7,717	5,340	5,408	12,719	11,632	3,738	4,510

[1] Operating EBIT in percentage of divisional revenues
[2] Net of acquired cash

Secondary Format

	Germany		Other European countries		U.S.		Other countries	
in € millions	2005	2004	2005	2004	2005	2004	2005	2004
Consolidated revenues	5,313	5,059	7,836	7,182	3,669	3,816	1,072	959
Invested capital	4,360	7,825	6,061	6,263	2,459	3,438	565	246
Investments	1,192	307	1,084	312	233	180	56	64

Details of the segment reporting are set out in note 28

Arvato		Direct Group		Total divisions		Corporate		Consolidation/other		Total group	
2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
3,868	3,249	2,365	2,158	17,875	17,003	15	13	–	–	17,890	17,016
497	507	19	17	566	583	–	–	(566)	(583)	–	–
4,365	3,756	2,384	2,175	18,441	17,586	15	13	(566)	(583)	17,890	17,016
341	310	53	32	1,743	1,522	(115)	(72)	(18)	(21)	1,610	1,429
90	(12)	(63)	2	32	28	29	290	–	–	61	318
431	298	(10)	34	1,775	1,550	(86)	218	(18)	(21)	1,671	1,747
7.8%	8.3%	2.2%	1.5%	9.5%	8.7%	–	–	–	–	9.0%	8.4%
210	186	40	40	645	632	19	17	–	–	664	649
494	369	228	57	1,980	818	585	45	–	–	2,565	863
3,012	2,181	1,415	935	18,465	15,496	2,477	2,538	(86)	(262)	20,856	17,772
1,382	1,339	644	520	7,325	6,391	150	413	(64)	(215)	7,411	6,589
1,630	842	771	415	11,140	9,105	2,327	2,125	(22)	(47)	13,445	11,183
–	2	1	2	79	43	(3)	(6)	–	–	76	37
5	2	8	5	662	406	29	31	–	–	691	437
42,155	33,813	13,493	12,116	87,591	75,359	925	907	–	–	88,516	76,266
37,998	32,957	12,774	11,879	81,270	74,103	906	947	–	–	82,176	75,050

Group	
2005	2004
17,890	17,016
13,445	17,772
2,565	863

Notes

General Principles

The consolidated financial statements of Bertelsmann AG for the year ended December 31, 2005 have been prepared in accordance with International Financial Reporting Standards (IFRS) as to be applied in the EU. Furthermore, all currently applicable standards and interpretations issued by the International Accounting Standards Board (IASB) have been applied. Supplementary requirements, as set out in § 315 a of the German Commercial Code (HGB), have been met.

The consolidated financial statements have been prepared in euros; all amounts are stated in millions of euros (€ million). For the sake of clarity, certain captions in the income statement and in the balance sheet have been combined. These captions are disclosed in more detail and explained in the notes.

Effects of Applying New Accounting Standards

As part of its improvements project, the International Accounting Standards Board (IASB) revised existing standards and promulgated new standards. All the resulting changes are to be applied as from January 1, 2005 or earlier. The most significant change for Bertelsmann arising from the improvements project is in IAS 1, which requires the balance sheet to be classified in order of maturity. Assets and liabilities to be realized and settled in more than twelve months are classified as non-current and must therefore be disclosed separately from related current assets and liabilities.The balance sheet at December 31, 2004 was accordingly reclassified.

IAS 32 (revised) is also to be applied as from January 1, 2005. This requires that financial instruments which entitle the holder to return the instrument to the issuer in exchange for cash or another financial asset are no longer to be included in equity as minority interest, but are to be classified as a financial liability in the balance sheet. The requirements set out in IAS 32.18 b) relate both to minority interest in a partnership and to put options held by minority shareholders (puttable instruments). Previously, put options held by minority shareholders were disclosed as off-balance-sheet amounts included in other financial commitments. The new requirement assumes that the put option is a form of installment purchase rather than an off-balance-sheet commitment. Hence, the shares underlying the put option are reflected on consolidation as if they had already been acquired.

As a result of the reclassification to other liabilities of the minority interests affected by this requirement, profits attributable to these minority interests are now to be classified as other financial expenses in the consolidated income statement. Due to the retrospective application required by IAS 32.97, the amounts for 2004 were reclassified accordingly, and have been disclosed in the relevant notes to the consolidated financial statements.

M6 treasury shares (€58 million), held to cover the stock option program, and the related provisions (€39 million) have been offset in shareholders' equity effective January 1, 2005 as required by IAS 32 (revised).

As a result of the first-time application of IFRS 5 "Assets held for sale," non-current assets or disposal groups held for sale are presented separately from other assets and liabilities on the face of the consolidated balance sheet. The assets held for sale shown separately mainly consist of shares in Télévision Par Satellite S.N.C. (TPS) held for sale, previously proportionately consolidated. In December 2005, M6 and TF1 announced an agreement to merge the pay-TV operations of TPS and the Canal + group. Pending clearance by the appropriate regulatory authorities, M6 will retain a 5.1 percent stake in the new company.

Consolidation

Consolidation Methods

All material subsidiaries controlled either directly or indirectly by Bertelsmann AG as defined by IAS 27 have been consolidated. Material jointly-controlled companies as defined by IAS 31 have been proportionately consolidated. Material associated companies as defined by IAS 28 are consolidated using the equity method. This is deemed to be the case if between 20 percent and 50 percent of the company's voting rights are held. A list of material subsidiaries and participations is set out in note 32. All consolidated financial statements of the Bertelsmann group are prepared in accordance with uniform accounting policies.

In accordance with IFRS 3 "Business combinations," investments in subsidiaries are consolidated using the purchase method, by which, at the time of purchase, the acquisition cost of the investment is offset against the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If the acquisition cost exceeds the fair values of assets and liabilities acquired, this difference is recognized in the balance sheet as goodwill. Deferred taxes are recognized on temporary differences arising as a result of stating the proportion of assets and liabilities acquired at fair values at the time of acquisition to the extent such fair value adjustments are not also recognized for tax purposes. Differences arising as a result of stating assets and liabilities acquired at their fair values are carried forward, depreciated or released in the periods following the acquisition, depending on the nature of the assets and liabilities to which they relate. Negative goodwill is reflected as income in the period in which the acquisition is made. Minority interest also includes the fair values of their share of assets and liabilities. Investments in proportionately consolidated companies are measured using the same principles.

Investments in associated companies using the equity method are included at the proportionate equity share of the investment. The same method as for fully consolidated subsidiaries is used when accounting for differences between the purchase cost at the time of acquisition and the share of net assets acquired. Associated company losses which exceed their carrying values are not recognized unless there is an obligation to make additional contributions.

All intercompany gains, losses, revenues, expenses, income, assets, liabilities, and provisions falling within the scope of consolidation are eliminated. Deferred taxes are recognized on temporary differences arising on consolidation in accordance with IAS 12. Proportionate consolidations are carried out using the same principles. The group's share of unrealized profits or losses on intercompany transactions between group companies and associated companies is eliminated.

Scope of Consolidation

There are 1,380 (2004: 1,206) entities included in the group, including Bertelsmann AG. These include 974 (2004: 842) fully consolidated entities.

217 (2004: 239) joint ventures were proportionately consolidated and further 189 (2004: 125) associated companies were included at equity. Not included in the consolidation scope were 396 (2004: 237) affiliated companies without significant business operations, because of their negligible importance for the asset, financial and earnings situation.

The list of shareholdings held by the Bertelsmann group has been filed with the commercial register at the Gütersloh district court (section B No. 3100). Those domestic subsidiaries disclosed in section 33 took advantage in 2005 of the option to be exempted from preparation, audit and publication of financial statements as set out in § 264 para. 3 HGB (German Commercial Code) and § 264 b No. 4 HGB.

The companies included in the consoldidated financial statements changed as follows during the year:

Change in Scope of Consolidation

	Domestic	Foreign	Total
Consolidated at December 31, 2004	282	924	1,206
Additions	89	211	300
Disposals	(29)	(97)	(126)
Consolidated at December 31, 2005	342	1,038	1,380

Acquisitions and Disposals

The purchase consideration for shares in consolidated entities, less cash and cash equivalents acquired, totaled €1,734 million and related primarily to the following acquisitions:

- Minority interest in RTL Group (7.5 percent)
- Remaining shares in Five (35.4 percent)
- Increase in investment in Grupo Media Capital to 32.9 percent
- Acquisition of the majority of Motor Presse Stuttgart (54.9 percent)
- Acquisition of the majority of Infoscore (63 percent)
- Acquisition of Columbia House (100 percent)

In July 2005, Bertelsmann acquired the shares held by WAZ, the minority shareholder, in RTL Group for €44 per share. This transaction led to the recognition of goodwill of €113 million in the consolidated balance sheet including transaction costs.

RTL Group increased its holding in Five, the British television station, from 64.6 percent to 100 percent through the acquisition of the 35.4 percent investment of fellow shareholder UBM in September 2005. Prior to this acquisition, Five had been proportionately consolidated. With a purchase price of €357 million, goodwill amounted to €256 million.

RTL Group increased its investment in Groupo Media Capital to 32.9 percent in November 2005. The purchase price was €111 million; goodwill at year-end totaled €128 million.

Gruner + Jahr took over the majority of Motor Presse Stuttgart (MPS) effective July 1, 2005. Gruner + Jahr already held a 17.1 percent investment in Vereinigte Motor Verlage (VMV), the previous entity of MPS. For the increase in its holding, to 54.9 percent of MPS, Gruner + Jahr paid €209 million, leading to recognition of goodwill of €207 million.

Arvato acquired a majority holding in Infoscore effective July 1, 2005 in return for payment of €80 million and merging BFS Finance and AZ Direct. The seller has retained a 37 percent holding in Infoscore. The new entity has been named Arvato Infoscore and has been fully consolidated as from July 1, 2005. Arvato can acquire the remaining shares as from 2010 in accordance with a put and call agreement. The transaction resulted in goodwill of €231 million.

Direct Group acquired the North American DVD club Columbia House for €275 million, including financial debt, from private-equity investor Blackstone effective July 1, 2005. Thereafter, Columbia House was merged with BMG Direct, Direct Group's music club business and renamed BMG Columbia House. Goodwill arising as a result of the acquisition was €305 million.

Effective July 1, 2005, Arvato, Gruner + Jahr and Axel Springer merged their German printing operations, together with Arvato's start-up printing activities in the U.K., to form the Prinovis printing group. This gave rise to a merger gain of €72 million included under special items. Arvato and Gruner + Jahr each hold 37.45 percent of the shares, with Axel Springer holding the remaining 25.1 percent. Prinovis is fully consolidated and is shown in the segment reporting as a joint venture, with half each allocated to Arvato and Gruner + Jahr.

Effective July 1, 2005, Gruner + Jahr sold its U.S. publishing activities for €313 million, realizing a gain on disposal of €91 million.

The acquisitions and disposals during the year had the following effect on Bertelsmann group's consolidated assets and liabilities at the time of their initial consolidation or deconsolidation:

Effects of Acquisitions and Disposals

in € millions	Additions	Disposals	Total
Goodwill	1,367	(160)	1,207
Other intangible assets	255	(2)	253
Property, plant and equipment	288	(16)	272
Other non-current assets	10	(3)	7
Current assets	353	(56)	297
Cash and cash equivalents	82	(563)	(481)
Accounts payable	907	(75)	832

Since being included, these acquisitions contributed €899 million to consolidated revenue and minus €10 million to EBIT. The goodwill arising on the acquisitions reflect potential synergies. Providing detailed disclosures of individual acquisitions is not practicable. Other intangible assets determined as a result of applying IFRS 3 relate to Columbia House (€65 million), Five (€60 million), MPS (€59 million) and Prinovis (€46 million).

Proportionate Consolidation

The 217 (2004: 239) joint ventures had the following effect on Bertelsmann group's assets, liabilities, income and expenses:

Effects of Proportionate Consolidation

in € millions	12/31/2005	12/31/2004
Non-current assets	1,557	1,175
Current assets	1,362	1,318
Liabilities	1,776	1,829
Income	2,620	2,302
Expenses	2,569	2,287

Currency Translation

In Bertelsmann AG's consolidated financial statements, the financial statements of foreign subsidiaries are translated into euros using the reporting currency concept as described in IAS 21. Assets and liabilities are translated at the closing-date rate, while the income statement is translated at the average rate for the year. Currency translation differences are charged or credited directly to shareholders' equity. Such differences arise from translating items in the balance sheet at different rates compared with the previous year, and from using different rates to translate the income statement and balance sheet. When subsidiaries are deconsolidated, any related cumulative translation differences are reversed and recognized in income.

The following euro exchange rates were used to translate the currencies of those countries which are most significant to the Bertelsmann group:

Euro Exchange Rates for Major Foreign Currencies

		Average rate		Closing rate	
		2005	2004	12/31/2005	12/31/2004
US dollar	USD	1.2475	1.2461	1.1797	1.3621
Canadian dollar	CAD	1.5106	1.6166	1.3725	1.6416
British pound	GBP	0.6847	0.6812	0.6853	0.7051
Japanese yen	JPY	137.10	134.12	138.90	139.65
Swiss franc	CHF	1.5475	1.5448	1.5551	1.5443

Accounting Policies

Revenue Recognition

Revenue is recognized when the service has been performed and risks have been transferred, except for revenue recognized using the percentage-of-completion method as set out in IAS 11. Other income is recognized when it is probable that the economic benefits will flow to Bertelsmann group and the amount can be measured reliably. Expenses are deferred based on underlying facts or the period of time to which they relate.

Interest income and expense are allocated to the period to which they relate. Dividends are recognized in the period in which the distribution is received.

Goodwill

Goodwill represents the excess of the purchase price of an acquired entity over the share of fair values of the assets and liabilities acquired. Goodwill is not amortized, but is subject to an annual impairment test. Any write-down is immediately charged to income as an impairment expense. Impairments of goodwill are not reversed.

Intangible Assets

Internally generated intangible assets are recognized at their development cost if the conditions for recognition as set out in IAS 38 have been met. Related borrowed capital costs are generally included as set out in IAS 23, but the amounts involved are insignificant to the group. Purchased intangible assets are stated at acquisition cost. Intangible assets are amortized on a straight-line basis over their useful lives. This does not apply to intangible assets with indefinite useful lives, determined in connection with the purchase price allocation set out in IFRS 3.

Capitalized software is amortized over a 3 to 4 year period, and licenses are amortized over the term of the respective license agreement. Supply rights and long-term subscribers are amortized over a maximum of 5 years, and music, film and publishing rights over a maximum period of 20 years.

Property, Plant and Equipment

Items in property, plant and equipment are measured at acquisition or manufacturing cost less depreciation. The cost of property, plant and equipment produced internally within the group includes direct costs and a portion of overheads directly attributable to their production. The cost of property, plant and equipment whose production takes place over a longer period of time includes third-party interest accrued up to the time of completion. The amounts involved are insignificant to the group. Maintenance expenses are recorded as expense in the period in which they were incurred, whereas costs incurred resulting in a prolongation of the asset's useful life or in an improvement to its use, are recognized as an increase in the carrying value of the asset.

Items included in property, plant and equipment are depreciated straight-line over their estimated useful lives. Such depreciation is based on the following group-wide useful lives:

• Buildings	10 to 35 years
• Plant, technical equipment and machinery	3 to 10 years
• Other furniture and other equipment	3 to 12 years

The individual components of individual assets, recognized in non-current assets and which are made up of significant components, are recorded and depreciated separately.

Leasing

To the extent the Bertelsmann group assumes all significant opportunities and risks relating to a leased asset and is thus to be seen as the economic owner of the asset (finance lease), the leased asset is recognized in the balance sheet in the amount of the asset's fair value at the inception of the lease or the present value of future lease payments, if lower. Payment obligations arising from finance leases are recognized as leasing liabilities in the same amount.

If it is sufficiently certain that ownership of the leased asset will pass to the lessee at the end of the lease term, the asset is depreciated over its useful life. Otherwise, it is depreciated over the term of the lease. There are no conditional lease payments or subleases.

The leased assets consist mainly of buildings, as well as program and sports rights. The finance leases that involve buildings are generally subject to non-cancelable minimum lease terms of approximately 20 years. Upon expiry of this term, the lessee is entitled to purchase the leased asset at its residual value. The installments paid by the lessee under the lease vary in accordance with changes in interest rates paid by the lessor. Additional finance leases refer to program and sports rights owned by RTL Group.

In addition to finance leases, the Group has also entered into operating lease agreements. This means that economic ownership of the leased assets lies with the lessor and lease installments are recorded as expenses in the period in which they are due for payment. The total amount of lease installments due over the minimum uncancelable lease terms of these operating leases is disclosed in the notes as part of other financial commitments.

Impairments

As set out in IAS 36, write-downs are made to items included in property, plant and equipment if their recoverable amount is lower than their carrying value. The recoverable amount is the higher of the asset's net selling price and the present value of expected future cash flows from the asset (DCF method). If cash flows cannot be attributed to the asset itself, the amount of any write-down is computed based on the cash flows of the next higher cash-generating unit to which the asset can be allocated. Forecast cash flows are taken from the group's internal budgets, consisting of three specific years and a residual period. These cash flows are determined individually based on industry-specific growth rates of 0 percent – 3 percent and discounted using the group's pre-tax weighted average cost of capital (WACC) of 12.3 percent. If the reason for a write-down no longer exists, write-downs are reversed up to the amount that would have been determined if no impairment loss had been recognized in previous years. The last requirement does not apply to goodwill and intangible assets with indefinite useful lives recognized as part of the purchase price allocation as set out in IFRS 3.

Participations and Securities

Significant participations are included using the equity method, and all other participations and other securities included in non-current assets and in current assets in the Bertelsmann group's consolidated financial statements are classified as available-for-sale or held-to-maturity.

Available-for-sale financial assets are stated at fair value on the balance sheet date in accordance with IAS 39, to the extent fair value can be determined. Any resulting unrealized gains and losses are recorded, net of deferred taxes, directly in shareholders' equity. However, any probable impairment losses which are other than temporary are recognized as an expense in the income statement. If the reasons for recording the write-down no longer exist, the write-down is reversed. Unrealized gains and losses on such financial assets are reclassified to income upon disposal of the asset concerned. If a fair value cannot be determined, the participations and securities are stated at amortized acquisition cost.

Financial assets with fixed payments and maturities and which are held-to-maturity are stated at amortized cost using the effective interest method.

Inventories

Inventories are stated at acquisition or manufacturing cost. Similar inventories are reported at average cost or using the FIFO (first in, first out) method. Inventories originating from intra-group suppliers are adjusted to eliminate intercompany profits and are measured at group's manufacturing cost. If the acquisition or manufacturing cost exceeds their current fair value at the balance sheet date, inventories are written down to their net realizable value.

Customer-specific Contracts

A small volume of customer-specific contracts are reported in the IAS financial statements using the percentage-of-completion method, which requires revenues and profits from contracts to be recognized according to the percentage-of-completion of the respective project. The percentage-of-completion is calculated as the ratio of contract costs incurred up to the end of the year to total estimated project costs (cost-to-cost method). Irrespective of a project's percentage-of-completion, losses resulting from customer-specific contracts are immediately recognized in full in the period in which the loss is identified.

Receivables

Other receivables and other assets are stated at their nominal value or, where appropriate, at their fair value. Long-term receivables are discounted. Foreign currency receivables are translated at closing-date rates. Allowances are recognized for any discernible risks.

Cash and Cash Equivalents

Cash and cash equivalents include securities with an original maturity of less than three months, bank balances and cash on hand. Amounts in foreign currency are translated using rates ruling at the end of the year.

Deferred Taxes

As set out in IAS 12, deferred tax assets and liabilities are recognized for all temporary differences between carrying amounts reported for tax purposes and those reported in the IAS consolidated balance sheet (with the exception of goodwill not recognizable for tax purposes) and for tax loss carryforwards. Through the deduction of a valuation allowance, deferred tax assets are only reported to the extent to which they can be subsequently utilized. Such taxes are calculated using enacted tax rates that will apply in the future. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in income in the period in which the relevant legislation has been enacted.

Other Comprehensive Income

Other comprehensive income includes foreign currency translation gains and losses, unrealized gains and losses from the fair value recognition of available-for-sale securities and derivatives acting as cash flow hedges, as set out in IAS 39. Deferred taxes arising on items taken directly to equity are also charged or credited directly to equity.

Provisions

Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method as set out in IAS 19, which, in contrast to the entry-age-normal method, includes expected future salary increases. This method involves use of biometric calculation tables, current long-term market interest rates and current estimates of future increases in salaries and pensions. The interest element of pension expense is included in financial expense in the income statement.

With the exception of other personnel-related provisions calculated as set out in IAS 19, all other provisions have been recognized in line with IAS 37 and to the extent that there is a legal or constructive obligation to a third party. Provisions are measured at full cost in the amount of the probable obligation. Long-term provisions are discounted.

Liabilities

Liabilities are stated at nominal values. Long-term liabilities are discounted. Liabilities in foreign currency are translated into the reporting currency at rates ruling at the end of the year.

Derivative Financial Instruments

As set out in IAS 39, all derivative financial instruments are recognized at fair value on the balance sheet. Financial instruments are recognized on their transaction date. At the time a contract involving a derivative is entered into, it is determined whether it is intended to serve as a fair value hedge or as a cash flow hedge. However, some derivatives do not meet the requirements included in IAS 39 for recognition as a hedge, despite it being their economic purpose. Changes in fair values of derivatives are recorded as follows

1. Fair value hedge: Fair value changes of these derivatives, which serve as hedges of assets or liabilities, are recorded in the income statement, thereby offsetting the change in fair value of the underlying balance sheet items also included in the income statement.
2. Cash flow hedge: Changes in fair values of these derivatives, which act as hedges of future cash flows, are recorded directly in other comprehensive income. These amounts are released to income in the same period as the underlying transaction affects the income statement.
3. Stand alone (no hedge relationship): Fair value changes of these derivatives, which do not meet the conditions for being recognized as hedges, are recognized in the income statement as held-for-trading financial instruments.

Equity Compensation Benefits

Share options are granted to select directors and senior employees. The options are granted at the market price on the grant date and are exercisable at that price.

No compensation cost is recognized in the income statement for share options granted before November 7, 2002. When the options are exercised, the proceeds received, net of any transaction costs, are credited to the company's equity.

For share options granted after November 7, 2002, the fair value of options granted is recognized as personnel costs with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a trinomial option-pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options, whereby share options forfeited only due to share prices not achieving the vesting threshold are excluded.

Non-current Assets and Related Liabilities Held For Sale

IFRS 5 requires non-current assets and related liabilities to be disclosed as separate line items in the balance sheet. They are measured at the lower of their carrying amount or fair value less costs to sell. The scheduled amortization is stopped therefore.

Notes to the Income Statement and Balance Sheet

1 Revenues

in € millions	2005	2004
Revenues from selling goods and merchandise	10,565	9,693
Revenues from providing services	6,371	6,258
Revenues from grant of use of assets	1,450	1,475
Gross revenues	18,386	17,426
Discounts	(496)	(410)
Revenues	17,890	17,016

The accounting method for revenues at BMG was changed in 2005 compared with the previous year. As from 2005, revenue from distribution agreements is no longer shown using dealer sales prices, but rather only in the amount of the handling fee. This resulted in a decrease in revenues of €239 million compared with the previous year.

2 Other Operating Income

in € millions	2005	2004
Extra and supplementary income	216	166
Interest and foreign exchange gains	32	18
Prior-year income and reimbursements	131	134
Reversal of provisions	–	99
Gains from disposals of non-current assets	20	24
Other	192	244
	591	685

Reversals of provisions are recorded in the same line item within the income statement as was charged when the provision was initially recognized.

3 Personnel Costs

in € millions	2005	2004
Wages and salaries	3,663	3,502
State social security contributions	574	539
Profit sharing	48	29
Expense for pensions and similar obligations	162	126
Other employee benefits	11	8
	4,458	4,204

State social security contributions include employer contributions to the state pension insurance plan, which is a defined contribution plan as described in IAS 19.

4 Amortization of Intangible Assets and Depreciation of Property, Plant and Equipment

in € millions	2005	2004
Amortization/depreciation of		
– intangible assets	261	268
– property, plant and equipment	395	403
	656	671

5 Other Operating Expenses

in € millions	2005	2004
Administrative expenses	1,478	1,235
Consulting and audit fees	265	205
Interest and foreign exchange losses	38	19
Advertising costs	1,091	1,107
Selling expenses	890	765
Allowances on current assets	433	372
Operating taxes	119	113
Losses on disposals of non-current assets	23	18
Sundry operating expenses	930	1,388
	5,267	5,222

Consulting and audit fees include fees of €3 million for the group external audit and other audit-related services of €1 million, mainly in connection with the half-year review.

Administrative expenses include travel costs and communication expenses. Other operating expenses include rentals, repair and maintenance costs.

6 Results from Investments Shown at Equity and Other Participations

in € millions	2005	2004
Income from investments accounted for using the equity method	82	53
Expenses from investments accounted for using the equity method	(6)	(16)
Results from investments accounted for using the equity method	**76**	**37**
Income from participations	23	11
Impairments of financial assets	(8)	(15)
Write-ups of financial assets	–	3
Results of participations	**15**	**(1)**

Income from investments accounted for using the equity method mainly arises from Antena 3 at €39 million (2004: minus €3 million). The loss from investments accounted for using the equity method originated from various companies. As in the previous year, Bertelsmann had no share of contingent liabilities of associated companies.

7 Special Items

in € millions	2005	2004
Impairment of goodwill and income from release of badwills		
U.S. publisher, Gruner + Jahr	–	(26)
Income from release of badwills	6	–
Other	(18)	(8)
Capital gains/losses		
U.S. publisher, Gruner + Jahr	91	–
Shopping.com, Direct Group	15	22
Merger gain Prinovis, Gruner + Jahr/Arvato	72	–
Merger gain Infoscore, Arvato	52	–
Merger gain joint venture Sony BMG, BMG	–	180
Bertelsmann Venture Fonds, Corporate Center	–	47
"TV Today," Gruner + Jahr	–	10
Sportfive, RTL Group	–	(14)
Legal dispute AOL Europe, Corporate Center	–	74
Other	16	9
Other special items		
Closing sale of Bertelsmann Springer, Corporate Center	12	–
Sale Bertelsmann Building New York, Corporate Center	–	174
Restructuring/integration BMG	(105)	(115)
Restructuring/integration Direct Group	(64)	(23)
Restructuring/integration RTL Group	(16)	–
Restructuring/integration Arvato	–	(12)
	61	318

Special items are those matters which are not of an operating nature, as they are non-recurring. They include income and expense items which, due to their size and frequency of occurrence, have an effect on the assessment of the results of operations of the operating segment and of the group.

Gains on disposals of €246 million were realized in 2005. They are attributable to the sale of the U.S. publishing activities and of the shares in shopping.com, together with merger gains.

A merger gain of €72 million arose within the group from the formation of Prinovis, the printing group, allocated equally between Arvato and Gruner + Jahr in the segment reporting. A further merger gain, of €52 million, resulted from the merger of BFS Finance and AZ Direct into the newly formed Arvato Infoscore.

From the group's point of view, a merger gain reflects the excess of assets received over assets contributed.

A provision was released following finalization of the sale of Bertelsmann Springer. As the original gain on sale was included as a special item, the release of the provision has also been treated as a special item.

Negative special items relate to restructuring and integration expenses at the RTL Group, BMG and Direct Group segments.

8 Other Financial Expenses

in € millions	2005	2004
Defined benefit plans (pensions and other)	107	105
Dividend entitlement on profit participation certificates	76	76
Minority interest of partnerships	85	42
Other	24	11
	292	234

As a result of the changes to IAS 32, both minority interest in partnerships and put options of minority shareholders are to be recognized as a financial liability retrospectively. Hence, the amounts previously shown as attributable to minority interest are now charged against group net income. As a result, other financial expenses for 2004 increased by €45 million.

9 Income Taxes

Income taxes, divided between domestic and foreign, current and deferred, are as follows:

in € millions	2005 Domestic	2005 Foreign	2005 Total	2004 Domestic	2004 Foreign	2004 Total
Net income before income taxes	359	926	1,285	266	1,169	1,435
Current income taxes	(138)	(237)	(375)	(43)	(243)	(286)
Deferred income taxes	47	84	131	4	19	23
Total income taxes	(91)	(153)	(244)	(39)	(224)	(263)
Net income after income taxes	268	773	1,041	227	945	1,172

Tax loss carryforwards of €1,446 million (2004: €353 million) were utilized, reducing current tax expenses by €435 million (2004: €132 million). Of the tax loss carryforwards utilized, €74 million related to domestic corporation tax, €118 million to domestic trade tax, and €1,254 million to foreign income tax.

Deferred tax assets and liabilities resulted from the following items and factors:

Deferred Taxes

in € millions	12/31/2005 Assets	12/31/2005 Liabilities	12/31/2004 Assets	12/31/2004 Liabilities
Intangible assets	791	393	304	205
Property, plant and equipment	40	181	13	117
Investments	6	48	8	88
Inventories	60	5	77	2
Accounts receivable	236	52	128	10
Prepayments and other assets	133	72	185	582
Provisions	284	49	182	29
Financial debt	36	–	37	–
Accounts payable	27	2	19	1
Prepayments and other liabilities	123	53	103	33
Loss carryforwards/tax credits	2,748	–	3,216	–
Valuation allowance	(3,482)	–	(3,127)	–
Total	1,002	855	1,145	1,067
Netting	(582)	(582)	(859)	(859)
Carrying amount	420	273	286	208

The increase in deferred tax assets on intangible assets is primarily attributable to a transfer within the group, which led to a reduction in tax loss carryforwards. The decrease in deferred tax liabilities on advance payments and other assets is mainly due to the reversal of a temporary difference arising from a consolidation entry. This reversal led to an increase in valuation allowance, with no effect on income.

Deferred tax assets and liabilities are offset against each other if they relate to the same tax authority and can be offset.

Valuation allowances are deducted from deferred tax assets to the extent it is improbable they can be utilized in the foreseeable future.

Effective January 1, 2004, loss carryforwards in Germany can only be offset against the first €1 million of taxable profits, plus 60 percent of the excess over the first €1 million. Loss carryforwards in Germany can still be carried forward indefinitely.

The temporary differences, tax loss carryforwards and tax credits against which a valuation allowance was made can be carried forward for the following limited periods of time:

Maturity

in € millions	12/31/2005	12/31/2004
Tax loss carryforwards and temporary differences		
To be carried forward for more than 5 years	10,093	9,565
To be carried forward for up to 5 years	105	44
Tax credits		
To be carried forward for more than 5 years	27	8

A reconciliation of expected net tax income/expense to actual tax income/expense is shown in the following table:

Reconciliation of Expected Net Tax

in € millions	2005	2004
Net income before income tax	1,285	1,435
Income tax rate applicable to Bertelsmann AG	38.40%	38.40%
Expected tax expense	(494)	(551)
The tax effects of the following items led to differences between the expected and actual tax expense:		
Adjustment for differing national tax rates	64	34
Changes in tax regulations or tax status	–	(6)
Amortization of goodwill not recognized for tax purposes	(6)	(2)
Tax-free disposal and merger gains	34	7
Changes to tax-related factors in previous year	(15)	44
Valuation allowance on deferred tax assets, current year	214	303
Permanent differences	(46)	(78)
Other	5	(14)
Total	250	288
Actual tax expense	(244)	(263)

The income tax rate applicable to Bertelsmann AG consists of corporation tax, solidarity surcharges and trade tax.

Effective Tax Rate

	2005	2004
Corporation tax including solidarity surcharges	26.38%	26.38%
Trade tax	12.02%	12.02%
Effective income tax rate	38.40%	38.40%

At December 31, 2005 there were still corporation tax credits available on distributions of €136 million.

10 Non-current Assets

in € millions	Goodwill	Other intangible assets	Property, plant and equipment	Investments accounted for using the equity method	Other financial assets	Total
Acquisition/production cost						
Balance at January 1, 2005	**6,443**	**3,663**	**6,059**	**767**	**777**	**17,709**
Currency differences	145	217	218	4	22	606
Acquisitions/disposals of entities	1,181	324	661	197	7	2,370
Additions	–	221	548	75	139	983
Disposals	–	(147)	(369)	(69)	(258)	(843)
Reclassifications and other changes	–	(29)	(151)	31	(141)	(290)
Balance at December 31, 2005	**7,769**	**4,249**	**6,966**	**1,005**	**546**	**20,535**
Depreciation/amortization						
Balance at January 1, 2005	**28**	**2,342**	**3,690**	**330**	**156**	**6,546**
Currency differences	1	105	133	–	3	242
Acquisitions/disposals of entities	(26)	71	389	3	4	441
Regular additions	–	270	394	–	–	664
Impairments	11	10	17	1	8	47
Disposals	–	(127)	(317)	(18)	(31)	(493)
Write-ups	–	(11)	(1)	–	–	(12)
Reclassifications and other changes	–	(22)	(124)	(2)	142	(6)
Balance at December 31, 2005	**14**	**2,638**	**4,181**	**314**	**282**	**7,429**
Book value at December 31, 2005	**7,755**	**1,611**	**2,785**	**691**	**264**	**13,106**
Book value at December 31, 2004	6,415	1,321	2,369	437	621	11,163

The additions shown under acquisitions/disposals of entities primarily relate to the acquisitions named in a previous section of these notes. Additions to goodwill of €259 million (2004: €20 million) arose as a result of including put options in the consolidated balance sheet. Corresponding liabilities for these put options are included as part of other liabilities. Other additions not requiring the use of funds were insignificant.

11 Other Intangible Assets

in € millions	Music, film, and publishing rights	Other rights and licenses	Advance payments	Total
Acquisition/production cost				
Balance at January 1, 2005	**2,474**	**1,169**	**20**	**3,663**
Currency differences	170	47	–	217
Acquisitions/disposals of entities	–	324	–	324
Additions	127	74	20	221
Disposals	(47)	(98)	(2)	(147)
Reclassifications and other changes	74	(76)	(27)	(29)
Balance at December 31, 2005	**2,798**	**1,440**	**11**	**4,249**
Depreciation/amortization				
Balance at January 1, 2005	**1,651**	**691**	**–**	**2,342**
Currency differences	89	16	–	105
Acquisitions/disposals of entities	–	71	–	71
Regular additions	129	141	–	270
Impairments	3	7	–	10
Disposals	(45)	(82)	–	(127)
Write-ups	(10)	(1)	–	(11)
Reclassifications and other changes	70	(92)	–	(22)
Balance at December 31, 2005	**1,887**	**751**	**–**	**2,638**
Book value at December 31, 2005	**911**	**689**	**11**	**1,611**
Book value at December 31, 2004	823	478	20	1,321

12 Property, Plant and Equipment

in € millions	Land, rights equivalent to land and buildings	Plant, technical equipment and machinery	Other equipment, fixtures, furniture and office equipment	Advance payments and construction in process	Total
Acquisition/production cost					
Balance at January 1, 2005	1,797	2,767	1,455	40	6,059
Currency differences	43	123	50	2	218
Acquisitions/disposals of entities	112	350	199	–	661
Additions	46	127	235	140	548
Disposals	(24)	(83)	(262)	–	(369)
Reclassifications and other changes	29	39	(107)	(112)	(151)
Balance at December 31, 2005	2,003	3,323	1,570	70	6,966
Depreciation/amortization					
Balance at January 1, 2005	678	2,050	962	–	3,690
Currency differences	15	91	27	–	133
Acquisitions/disposals of entities	48	200	141	–	389
Regular additions	70	207	117	–	394
Impairments	1	2	14	–	17
Disposals	(16)	(74)	(227)	–	(317)
Write-ups	(1)	–	–	–	(1)
Reclassifications and other changes	(5)	(67)	(52)	–	(124)
Balance at December 31, 2005	790	2,409	982	–	4,181
Book value at December 31, 2005	1,213	914	588	70	2,785
Book value at December 31, 2004	1,119	717	493	40	2,369

13 Investments Accounted for Using the Equity Method

in € millions	2005	2004
Proportionate equity	258	198
Goodwill	433	239
	691	437

The increase in goodwill for associated companies relates mainly to the further purchase of shares in Grupo Media Capital, the Portuguese TV group (€128 million) as well as to the acquisition of shares in Ren-TV, the Russian TV station (€68 million).

Total assets of investments accounted for using the equity method were €2,832 million at December 31, 2005 (2004: €2,468 million). Total liabilities at December 31, 2005 were €1,927 million (2004: €1,721 million). Revenues for 2005 were €2,624 million (2004: €1,926 million). Net income for 2005 was €304 million (2004: €125 million).

These disclosures are total key figures for the significant investments accounted for using the equity method. The values are calculated on a 100 percent basis.

The following investments accounted for using the equity method are listed. The market values of these investments at December 31, 2005 were as follows:

Market Values of Investments Accounted for Using the Equity Method

in € millions	2005	2004
Lycos Europe	63	38
Buch.de	11	8
Antena 3	770	518
Grupo Media Capital	199	52
	1,043	616

14 Other Financial Assets

In accordance with IAS 39, available-for-sale investments and securities are measured at fair value or, if fair value cannot be determined, at acquisition cost.

	At acquisition cost		At fair value		Total	
in € millions	12/31/2005	12/31/2004	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Current						
Loans	38	59	–	–	38	59
Investments available-for-sale	1	3	–	–	1	3
	39	62	–	–	39	62
Non-current						
Loans	109	321	–	–	109	321
Investments in affiliates	19	28	–	–	19	28
Investments available-for-sale	68	66	5	125	73	191
Securities available-for-sale	60	57	3	24	63	81
	256	472	8	149	264	621

15 Inventories

in € millions	12/31/2005	12/31/2004
Film rights	1,352	1,273
Raw materials and supplies	161	146
Work in process	119	101
Finished goods and merchandise	474	410
Advance payments	2	3
	2,108	1,933

16 Receivables and Other Assets

in € millions	12/31/2005	12/31/2004
Non-current		
Trade accounts receivable	93	14
Other accounts receivable and other assets	452	311
Current		
Trade accounts receivable	3,099	2,707
Accounts receivable from royalties and licenses	106	106
Trade accounts receivable	3,205	2,813
Accounts receivable from participations	24	44
Advance payments for royalties and licenses	827	747
Tax receivables	173	202
Securities available-for-sale	35	87
Derivative financial instruments	84	264
Net assets from pension plans	–	–
Prepaid expenses	184	160
Other receivables	636	560
Other accounts receivable and other assets	1,963	2,064

Non-current trade accounts receivable of €93 million are primarily for fees and royalties. The largest amount within the €452 million non-current other accounts receivable and other assets is €359 million for advance payments for fees and royalties. In accordance with IAS 39, available-for-sale securities are measured at fair value or, if no market value is obtainable, at acquisition cost.

Other Assets: Available-for-sale

	At acquisition cost		At fair value		Total	
in € millions	12/31/2005	12/31/2004	12/31/2005	12/31/2004	12/31/2005	12/31/2004
	21	87	14	–	35	87

The decrease is mostly attributable to offsetting treasury shares in Metropole Television (M6), held to fund an employee stock option plan, against the related provisions in the balance sheet.

17 Cash and Cash Equivalents

in € millions	12/31/2005	12/31/2004
Cash	798	1.847
Other securities	238	245
	1,036	2,092

Following contractual amendments relating to Pinnacle's distribution activities, there are no longer any significant restrictions on the use of cash and cash equivalents (2004: €141 million).

18 Shareholders' Equity

Effects of Applying IAS 32

Following amendments made to IAS 32, minority interest in partnerships and put options of minority shareholders are to be recognized as other financial liabilities and hence may no longer be included in shareholders' equity. As this accounting method is to be applied retrospectively, the prior year's balance sheet has been adjusted accordingly.

Other financial expenses in 2004 increased by €45 million, with a corresponding decrease in net income for the year attributable to minority interest. Dividends in 2004 were decreased by €53 million. Overall, the new accounting method reduces minority interest by €124 million to €1,212 million.

The share of results attributable to minority shareholders in partnerships of €85 million in 2005, and dividends of €39 million, have been reclassified.

Subscribed Capital

Number of shares	
Ordinary shares	83,760
Type A non-voting preference shares	149
Type B voting preference shares	27,920
Total shares	**111,829**

Bertelsmann AG's subscribed capital is made up of 111,829 no-par-value shares of various types. The ordinary shares are bearer shares and the preference shares are registered shares. The type B preference shares have preferred profit-sharing rights through December 31, 2010. The preferred profit-sharing rights of the type A preference shares are not limited in time. The type A preference shares have no voting rights.

Indirect holdings in the subscribed capital are as follows: 57.6 percent Bertelsmann Stiftung, 25.1 percent Groupe Bruxelles Lambert, 17.3 percent Mohn family. 75.0 percent of the voting rights are held by Bertelsmann Verwaltungsgesellschaft and 25.0 percent by Groupe Bruxelles Lambert.

Capital Reserve

The capital reserve includes mainly additional paid-in capital, or share premium, received on the issue of preference and ordinary shares in excess of their par values.

Retained Earnings

Retained earnings include the past results of those companies included in the consolidated financial statements, to the extent that they have not been distributed, as well as other comprehensive income.

Other Comprehensive Income

Movements in other comprehensive income were as follows:

	Available-for-sale securities			Cash flow hedges			Currency	Total
in € millions	Pre-tax amount	Tax	Post-tax amount	Pre-tax amount	Tax	Post-tax amount		
December 31, 2003	**31**		**31**	**(71)**	**26**	**(45)**	**68**	**54**
Change in fair value	59	–	59	6	(3)	3	(67)	(5)
Disposals affecting income	(8)	–	(8)	–	–	–	–	(8)
Change in scope of consolidation	–	–	–	(2)	1	(1)	(335)	(336)
December 31, 2004	**82**		**82**	**(67)**	**24**	**(43)**	**(334)**	**(295)**
Change in fair value	16	–	16	68	(23)	45	238	299
Disposals affecting income	(22)	–	(22)	–	–	–	0	(22)
Change in scope of consolidation	(33)	–	(33)	–	–	–	(1)	(34)
December 31, 2005	**43**		**43**	**1**	**1**	**2**	**(97)**	**(52)**

There was a reclassification for the previous year between retained earnings and currency translation differences.

Stock Option Plans at Subsidiaries

Various stock option plans are in operation at subsidiaries. At RTL Group in particular, stock option plans for senior management were introduced in 2000. The option price is derived from the market price at the time the options are granted. Within RTL Group there are also stock option plans at Metropole Télévision (M6).

RTL Group Stock Option Plan

RTL Group established a stock option plan for selected directors on July 25, 2000. In order to participate in the stock option plan (SOP), the participant must be employed by RTL Group or one of its subsidiaries at the date the options are granted.

The number of options granted to a participant in the SOP is determined by the compensation committee. The compensation committee is made up of the company's Executive Board or a constituted committee thereof. Participants may renounce options granted to them. Participants do not have to make any payments for options granted under the SOP. The number of ordinary shares which may be placed under the SOP in any one year may not exceed one-half of one per cent of the company's issued ordinary share capital.

As a general rule, the exercise price of options issued under the SOP is the average price of RTL shares over a period of 20 trading days before the day on which the options are granted. The exercise price may be another, higher or lower amount to be determined by the compensation committee.

One-third of the options granted may be exercised on each of the second, third and fourth anniversaries of the date the options were granted, or as otherwise determined by the compensation committee. The options granted must normally be exercised within ten years of the date the options were granted, or within a shorter period of time to be determined by the compensation committee. Options can be exercised earlier by the heirs in the event of death.

Movements in stock options during the year:

Number of Options (RTL Group)

in thousands	Average exercise price in € per share	2005	Average exercise price in € per share	2004
Options outstanding at the beginning of the year	86	217	86	241
Options exercised/expired during the year	85	(44)	85	(24)
Options outstanding at the end of the year	**86**	**173**	**86**	**217**

The options outstanding at the end of the year have the following conditions:

Conditions for Stock Options (RTL Group)

Expiry date	Exercise price in €	Number of options (in thousands) 2005	Number of options (in thousands) 2004
August 2010	120.00	6	6
December 2010	85.24	166	209
May 2011	85.24	1	2
		173	217

RTL Group's closing share price on the Brussels stock exchange was €68.00 at December 31, 2005.

Métropole Télévision (M6)
Employee Stock Option Plan

M6 has established employee share option plans open to directors and certain employees within the group. The number of options granted to participants is determined by the Executive Board of Métropole Télévision in accordance with the authorization given by the Shareholders' General Meeting.

The terms and conditions of the grants are as follows, whereby all options are settled by physical delivery of shares:

Grant date	Number of options (in thousands)	Vesting conditions	Contractual life of options
September 1998	645	4 years of service	7 years
December 1998	685	4 years of service	7 years
June 1999	500	4 years of service	7 years
January 2000	20	4 years of service	7 years
June 2000	219	4 years of service	7 years
June 2001	377	4 years of service	7 years
June 2002	558	4 years of service	7 years
July 2003	626	4 years of service	7 years
November 2003	20	4 years of service	7 years
April 2004	773	4 years of service	7 years
June 2005	531	4 years of service	7 years
June 2005	105	2 years of service + performance conditions	7 years
	5,057		

The exercise price of the remaining options amounts to 95 percent of the average price of the shares in Métropole Télévision on the Paris stock exchange, calculated over the 20 days preceding the grant date with the exception of the management free share allocation plan for 104,000 options issued in June 2005.

Movements in stock options during the year:

Number of Options (M6)

in thousands	Average exercise price in € per share	2005	Average exercise price in € per share	2004
Options outstanding at the beginning of the year	26	3,513	26	3,082
Options granted during the year	20	636	25	861
Options exercised during the year	16	(572)	16	(175)
Options expired during the year	29	(156)	29	(255)
Options outstanding at the end of the year	**27**	**3,421**	**26**	**3,513**

The options outstanding (in thousands) at the end of the year have the following conditions:

Conditions of Stock Options (M6)

	Exercise price in €	Number of options (in thousands) 2005	Number of options (in thousands) 2004
Expiry date			
2005	14.00	–	391
2006	19.00	194	375
2007	57.00	239	253
2008	30.80	377	398
2009	28.60	558	580
2010	23.00	645	693
2011	25.00	773	823
2012	20.00	635	–
Options outstanding at the end of the year		**3,421**	**3,513**
Out of which exercisable		810	1,019

M6's closing share price on the Paris stock exchange was €23.40 at December 31, 2005.

The fair value of services received in return for share options granted are measured by reference to the fair value of the share options granted. The estimate of fair value of the services received is measured based on a trinomial model.

Fair Values of Share Options (M6)

Grant date	07/25/2003	11/14/2003	04/28/2004	06/02/2005	06/02/2005	Total
Share price	€23.66	€25.07	€24.97	€20.17	€20.17	
Strike price	€22.48	€23.82	€24.97	€19.94	€0.00	
Volatility	52.30%	52.30%	52.30%	41.80%	41.80%	
Risk-free interest rate	3.05%	3.54%	3.32%	3.24%	3.24%	
Expected return	€0.86 + 15% annual growth	€0.86 + 15% annual growth	€0.86 + 15% annual growth	€0,84 + 15% annual growth	€0.84 + 15% annual growth	
Liquidity discount	15%	15%	15%	15%	15%	
Option life	4 years	4 years	4 years	4 years	2 years	
Employee expense						
2005	1.3	0.0	1.6	0.4	0.7	4.0
2004	1.3	0.0	1.1	0.0	0.0	2.4

Minority Interest

Minority interest in the equity of consolidated subsidiaries consists primarily of minority interest in the RTL Group. The decrease compared with the previous year is mainly due to the acquisition of shares held by WAZ, the minority shareholder, in RTL Group. Minority interest in partnerships totaling €194 million was included as liabilities in the consolidated balance sheet at December 31, 2005.

19 Provisions for Pensions and Similar Obligations

in € millions	12/31/2005	12/31/2004
Defined benefit plans	1,482	1,717
Obligations similar to pensions	165	157
	1,647	1,874

The Bertelsmann group operates various forms of pension plans for current and former employees and their surviving dependants, which are determined by the legal, tax and economic situation of each country concerned. These company pension plans include both defined contribution and defined benefit schemes.

In the case of defined contribution plans, the company makes payments into an external fund or other welfare fund on a statutory, contractual or voluntary basis. Once the company has paid the contributions due, it is not obliged to provide any further benefits and hence no provision is recognized in the balance sheet. Defined contribution plan expenses for 2005 amounted to €22 million (2004: €21 million).

All other pension plans are defined benefit schemes. Some are funded via an external investment (plan assets), others are unfunded. Provisions are set aside for these plans, most of which are final salary plans.

The provisions are actuarially calculated in accordance with IAS 19. The amount of provisions depends on employees' periods of service with the company and their pensionable salary. Provisions are computed using the projected unit credit method, which, in contrast to the components-based method, assumes increasing salary costs over the period of service. The computation also involves using biometric calculations, prevailing long-term capital market interest rates and assumptions about future salary and pension increases. In Germany, the biometric calculations are based on the mortality tables 2005 G issued by Prof. Dr. Klaus Heubeck. The following actuarial assumptions have been used:

Actuarial Assumptions

	12/31/2005 Germany	12/31/2005 Foreign	12/31/2004 Germany	12/31/2004 Foreign
Discount rate	4.0%	2.0–5.75%	4.75%	2.0–6.25%
Expected return on plan assets	4.0%	2.5–8.25%	5.00%	2.5–8.25%
Rate of salary increase	2.5%	1.5–5.0%	2.50%	1.5–5.0%
Rate of pension increase	1.7%	1.0–2.7%	1.70%	1.0–3.0%
Fluctuation	Experience values		Experience values	

The corridor method is used to calculate provisions for defined benefit plans and related costs. This method does not take into account actuarial gains and losses resulting from the difference between actual amounts and the assumptions underlying the calculations unless they exceed 10 percent of either the amount of the defined benefit obligation or plan assets, whichever is the greater. The amount in excess of this corridor is spread over the employees' average remaining period of service.

Expenses related to defined benefit plans were €163 million (2004: €163 million). This amount is divided between €56 million (2004: €58 million) personnel costs and €107 million (2004: €105 million) other financial expenses. The amortization of actuarial gains and losses was included in other financial expenses. The expenses are made up as follows:

Expenses for Defined Benefit Plans

in € millions	2005	2004
Current service cost	61	56
Interest expenses	133	122
Expected return on plan assets	(38)	(28)
Amortization of actuarial gains/losses	12	11
Amortization of past service cost	(3)	1
Effect of curtailments or settlements	(2)	1
	163	163

Actual return on plan assets for the year amounted to €68 million (2004: €39 million).

The net pension liability reported on the balance sheet is made up as follows:

Net Pension Obligation Recognized

in € millions	12/31/2005	12/31/2004
Defined benefit obligation of unfunded plans	1,641	1,914
Defined benefit obligation of funded plans	1,412	625
Total defined benefit obligation	3,053	2,539
Fair value of plan assets	(969)	(452)
Actuarial gains/losses not yet recognized	(624)	(382)
Past service cost not yet recognized	(1)	–
Net liability recognized in the balance sheet	1,459	1,705

Under the terms of a Contractual Trust Arrangement (CTA), €360 million was transferred to the Bertelsmann Pension Trust e.V. in Germany in 2005 to partly fund pension obligations of Bertelsmann AG.

This results in a shift within defined benefit obligations to funded plans. The net pension liability is included in the following balance sheet items:

Net Pension Liability

in € millions	12/31/2005	12/31/2004
Provisions for pensions and similar obligations	1,482	1,717
Other assets	(23)	(12)
Net liability recognized in the balance sheet	1,459	1,705

Movements in net pension liability were as follows:

Movements in Net Pension Liability

in € millions	12/31/2005	12/31/2004
Net liability at the beginning of the year	1,705	1,597
Pension expense	163	163
Pension payments	(78)	(67)
Contributions to plan assets	(444)	(43)
Other effects	16	2
Changes in scope of consolidation	78	60
Currency differences	19	(7)
Net liability at the end of the year	**1,459**	**1,705**

The net liability is divided by geographic region as follows:

Breakdown on Net Pension Liability by Region

in € millions	12/31/2005	12/31/2004
Germany	1,233	1,501
U.S.	137	87
Other European countries	81	111
Other countries	8	6
Net liability recognized in the balance sheet	**1,459**	**1,705**

The U.S. subsidiaries' liabilities for their employees' healthcare costs once they have retired constitute defined benefit obligations and account for €93 million (2004: €66 million) of the provisions. They have been calculated according to the international standards described above.

Obligations similar to pensions include provisions for employees' long-service awards, old age part-time schemes, amounts due but not yet paid for defined contribution plans, and severance payments at dismissal or retirement ("Abfertigungen"). These severance payments become due when an employee leaves the company and are based on legal obligations, mainly in Italy and Austria. Provisions for employees' longservice awards and for severance pay at retirement are calculated in the same manner as liabilities for defined benefit plans, but without using the corridor method.

Employees in Germany who are at least 55 years old and have an unlimited employment contract with the company qualify for its old age part-time scheme. The part-time employment period lasts for between two and five years.

20 Other Provisions

in € millions	12/31/2004	Change in scope of consolidation	Other effects	Usage	Additions	Releases	12/31/2005
Provisions for taxes	21	–	(4)	(9)	12	(2)	18
Restructuring provisions	89	8	10	(107)	112	(10)	102
Other	510	73	29	(213)	329	(97)	631
	820	81	35	(329)	453	(109)	751

Other provisions are set up for probable contractually-related losses, indemnity risks and litigation costs. As an international group, Bertelsmann is also subject to several legal risks. This applies particularly to legal disputes in the U.S., where there are legal institutions unknown in Germany, such as class actions, punitive damages or pre-trial discovery. The outcomes of currently asserted or future unasserted lawsuits cannot be foreseen with any degree of certainty, nor can they be fully influenced.

Legal risks could arise from the following lawsuits: Various music publishers and record labels have filed complaints against Bertelsmann in a U.S. court in 2003. The plaintiffs base their purported claims on the allegation that Bertelsmann, by granting loans to the music file-sharing platform Napster (which has since gone bankrupt) enabled the service to survive longer than it would have done otherwise, and thereby contributed to copyright infringements by Napster and its users. The plaintiffs further contend that Bertelsmann had de facto taken over Napster in the fall of 2000, and had thus assumed control of Napster's day-to-day business. In 2005, the judge in San Francisco confirmed Bertelsmann's interpretation of the law that the mere listing of names of music titles on Napster's former server does not constitute a copyright violation. The pre-trial discovery, which began in the summer of 2004 and is still ongoing, has not to date yielded any evidence supporting plaintiffs' theories. Accordingly, Bertelsmann's view remains unchanged that the allegations and legal theories brought forth by the plaintiffs are untenable and completely without legal foundation. Therefore, Bertelsmann has only made provisions for expected legal fees on the balance sheet.

As set out in IAS 37, restructuring provisions include employee severance costs and other costs incurred in connection with the discontinuation of business activities. Total provisions of €102 million (2004: €89 million) were set aside for various restructuring programs within the Bertelsmann group.

Other provisions at December 31, 2005 include €33 million for the first time, relating to settlement obligations to Axel Springer AG arising from joint obligations to pensioners of the Ahrensburg printing works, which is part of the Prinovis print joint venture.

21 Profit Participation Capital

in € millions	12/31/2005	12/31/2004
Par value	516	516
Premium	190	190
	706	706

The profit participation capital is made up of profit participation certificates issued in 2001 (ISIN DE 000 522 9942, hereafter referred to as 2001 profit participation certificates) and profit participation certificates issued in 1992 (ISIN DE 000 522 9900, hereafter referred to as 1992 profit participation certificates). Whereas the 2001 profit participation certificates have a nominal value of €10, the 1992 profit participation certificates have a nominal value of €0.01. Nominal profit participation capital at December 31, 2005 was made up of €499 million for 2001 profit participation certificates and €17 million for 1992 profit participation certificates. Both the 1992 and 2001 profit participation certificates are admitted for trading on the stock exchange.

22 Financial Debt

Financial debt includes all of Bertelsmann group's interest-bearing liabilities to banks and capital markets at the balance sheet date. Carrying values are as follows:

	Current		Non-current			
	12/31/2005	12/31/2004	Remaining term in years		12/31/2005	12/31/2004
in € millions			1–5	> 5		
Bonds	–	156	1,040	833	1,873	1,326
Promissory notes	–	–	151	–	151	202
Syndicated loan facility	–	–	–	–	–	–
Liabilities to banks	135	87	45	12	57	31
Leasing liabilities	31	19	150	91	241	222
Other financial debt	13	2	37	76	113	99
	179	264	1,423	1,012	2,435	1,880

The amount of non-current financial debt recognized includes transaction costs, which are being amortized over the term of the debt instruments to which they relate. Liabilities in foreign currencies are translated into euros at rates ruling at the end of the year. The Bertelsmann group has access to floating-rate and fixed-interest funds through various contractual agreements. Financial debt is usually unsecured and has equal creditor ranking.

The contractual conditions of a syndicated credit line, agreed with an international consortium of banks in 2004, were revised in September 2005. The term of the credit line was prolonged to seven years. Amounts can be drawn down by Bertelsmann AG and its financing companies (Bertelsmann U.S. Finance, Inc., Bertelsmann Capital Corporation N.V.) in EUR, USD and GBP up to the equivalent of €1.2 billion. Depending on the currency, interest on amounts drawn down use EURIBOR (European Interbank Offered Rate) or LIBOR (London Interbank Offered Rate) as the reference rate. Additionally, the Bertelsmann group has bilateral loan agreements with international banks, involving Bertelsmann AG and Bertelsmann U.S. Finance, Inc. These credit lines can be utilized to draw down revolving floating rate loan facilities based on EURIBOR or LIBOR. The funding reserve from these credit lines, including the amounts not drawn down on the syndicated loan facility, totals some €1.7 billion and is freely available for use in the group's operating activities.

The remaining terms and amounts drawn down under these agreements at December 31, 2005 are set out in the table below:

Remaining Term

in € millions	Credit line 12/31/2005	Drawn down 12/31/2005	Available credit line 12/31/2005	Available credit line 12/31/2004
< 1 year	345	–	345	492
1 to 2 years	–	–	–	–
2 to 3 years	–	–	–	–
3 to 4 years	110	–	110	–
4 to 5 years	–	–	–	1,310
> 5 years	1,200	–	1,200	–
	1,655	–	1,655	1,802

There were stock-exchange traded bonds, private placements and promissory notes with a nominal volume of €2,025 million outstanding at December 31, 2005 (2004: €1,670 million). The increase was due to the issue of a €500 million benchmark bond by Bertelsmann AG. This bond, launched in September 2005, has a 3.625 percent coupon. This was partly offset by repayment on its due date of a €153 million bond and early repayment of a €50 million promissory note.

The differences between book values and fair values set out in the following table consist of transaction costs and fair value effects of establishing hedge relationships by entering into derivative transactions. Transaction costs are deducted from the book values of the bonds and promissory notes issued and the deferred amount was €10 million at December 31, 2005 (2004: €6 million). Changes in deferred transaction costs are included in interest expense over the remaining terms of the bonds and promissory notes concerned.

Bonds, Promissory Notes

in € millions	Due date	Effective interest rate in %	Book value 12/31/2005	Book value 12/31/2004
4.500% Bertelsmann U.S. Finance, Inc. (EUR 153 million bond) 98/05	11/25/2005	4.62	–	156
Floating rate Bertelsmann U.S. Finance, Inc. (EUR 50 million promissory note) 02/07	12/20/2007	–	–	50
4.70% Bertelsmann Capital Corp N.V. (EUR 50 million promissory note) 02/07	12/27/2007	4.91	51	51
4.40% Bertelsmann Capital Corp N.V. (EUR 50 million promissory note) 03/08	2/7/2008	4.56	50	51
4.48% Bertelsmann Capital Corp N.V. (EUR 50 million promissory note) 99/09	5/7/2009	4.49	50	50
4.375% Bertelsmann U.S. Finance, Inc. (EUR 200 million bond) 99/09	5/12/2009	4.53	199	199
4.69% Bertelsmann U.S. Finance, Inc. (USD 100 million U.S. private placement) 03/10	4/17/2010	4.83	84	73
4.625% Bertelsmann U.S. Finance, Inc. (EUR 750 million bond) 03/10	6/3/2010	4.70	757	762
5.23% Bertelsmann U.S. Finance, Inc. (USD 200 million U.S. private placement) 03/13	4/17/2013	5.38	169	146
5.33% Bertelsmann U.S. Finance, Inc. (USD 200 million U.S. private placement) 03/15	4/17/2015	5.46	169	146
3.625% Bertelsmann AG (EUR 500 million bond) 05/15	10/6/2015	3.74	495	–
			2,024	1,684

Documentation of the bonds is based on framework documentation in the form of a debt issuance program with a maximum issue volume of €3 billion, last updated in October 2004 and having an unchanged rating of BBB+ (Standard & Poor's) and Baa1 (Moody's).

The USD private placements and the promissory notes were agreed with institutional investors based on separate documentation. Bertelsmann U.S. Finance, Inc.'s EUR issues were hedged by USD currency swaps. Furthermore, original interest terms for some of these transactions were changed by entering into interest-rate swaps for some bond issues and loans. The hedge relationships between the underlying transaction and the corresponding derivative qualify as a hedge relationship as set out in IAS 39.

The table below sets out interest rates for bonds and promissory notes issued after reflecting existing interest-rate swaps:

Interest on Bonds and Promissory Notes

	Fair value at 12/31/2005			Fair value at 12/31/2004		
in € millions	Fixed interest	Floating rate	Total	Fixed interest	Floating rate	Total
Bonds	1,331	542	1,873	780	702	1,482
Promissory notes	50	101	151	100	102	202
	1,381	643	2,024	880	804	1,684

Finance lease obligations have the following maturities:

Minimum Lease Payments for Finance Leases

	12/31/2005			12/31/2004		
in € millions	Nominal value of lease payments	Discount amounts	Present value	Nominal value of lease payments	Discount amounts	Present value
Up to 1 year	38	7	31	27	8	19
1 to 5 years	205	55	150	132	41	91
Over 5 years	114	23	91	189	58	131
	357	85	272	348	107	241

23 Liabilities

in € millions	12/31/2005	12/31/2004
Non-current		
Trade accounts payable	130	75
Other liabilities	576	590
Current		
Trade accounts payable	4,022	3,610
Liabilities to participations	25	25
Tax liabilities	262	226
Derivative financial instruments	22	106
Social security contributions	113	102
Personnel-related liabilities	567	533
Payment in advance	62	67
Deferred income	313	291
Other	1,071	812
Other liabilities	2,435	2,162

Non-current trade accounts payable of €130 million (2004: €75 million) mainly relate to liabilities for fees and royalties. The other non-current liabilities amount to €576 million (2004: €590 million). These include put option rights of minority shareholders amounting to €225 million (2004: €33 million) and minority interest in partnerships of €194 million (2004: €111 million). The decrease in other non-current liabilities was due to a liability of €186 million to Five included at December 31, 2004 and no longer included at December 31, 2005, as Five has been fully consolidated in the 2005 financial statements.

The increase in other current liabilities is due to application of IAS 32 (revised). It includes put options of minority shareholders of €135 million (2004: €0 million). This caption also includes, as in 2004, delivery obligations, credit balances in accounts receivable and liabilities to third-parties.

Put options have been reclassified at their fair value. Minority interest in partnerships have been measured at nominal value, as their fair value cannot be determined.

Off-balance-sheet Commitments

24 Contingent Liabilities

in € millions	12/31/2005	12/31/2004
Guarantees	159	145
Warranties	–	–
	159	145

It is considered unlikely that the contingent liabilities listed will be used.

25 Other Financial Commitments

in € millions	12/31/2005	12/31/2004
Rental and leasing commitments	1,949	1,611
Other commitments	3,931	3,551
	5,880	5,162

Of the other commitments, €2,942 million (2004: €2,543 million) relates to RTL Group's supply agreements for rights, (co-) productions and programming, contracts for TV licenses and broadcasting rights, as well as other rights and services. Other commitments of Random House amount to €392 million (2004: €349 million) and represent the portion of commitments to authors for which no payments have yet been made and future payments depend on further events (such as delivery and acceptance of manuscripts).

There are the following payment obligations under all long-term rental commitments classified as operating leases:

Minimum Payments Under Operating Leases

in € millions	12/31/2005	12/31/2004
Nominal value		
Up to 1 year	360	294
1 to 5 years	1,062	947
Over 5 years	527	370
	1,949	1,611
Present value	1,583	1,347

These obligations essentially relate to long-term real estate tenancy agreements. These are partly offset by subleases with a nominal value of €111 million. The present values were computed taking country-specific interest rates into account. They show the net payout currently needed to cover the commitment.

Some program rights have been sold to a special purpose vehicle within RTL Group (Fremantle Media) and have been leased back (sale-and-lease-back) as a finance lease. The liquid funds received are maintained in a bank account with restricted access and are used to satisfy the corresponding lease payments. Outstanding commitments related to this arrangement at December 31, 2005 amounted to €129 million (2004: €132 million). The remaining lease term is twelve years.

26 Financial Instruments

Financial Risk Management

Because of its international activities, Bertelsmann group is exposed to a variety of financial risks, especially the effects of movements in foreign exchange and interest rates. The aim of the Bertelsmann group's risk management function is to mitigate these risks.

The Executive Board sets out overall risk management guidelines and stipulates the general procedures for hedging foreign exchange rate and interest rate risk and for the use of derivative financial instruments.

A treasury department located at corporate headquarters advises subsidiaries on operating risk and, where appropriate, hedges risks using derivatives. However, the subsidiaries are not obliged to use the services provided by this department for their operating risks. Certain subsidiaries, such as RTL Group, have their own treasury departments, but they must report their hedging activities to the treasury department located at corporate headquarters on a quarterly basis.

Exchange Rate Risk

Bertelsmann is exposed to exchange rate risk in various currencies. Its subsidiaries are advised, but not obliged, to hedge themselves against exchange rate risks in the local reporting currency by concluding forward agreements with banks of impeccable credit standing. Loans within the group which are subject to exchange rate risk are hedged by derivatives.

A number of subsidiaries operate outside the euro currency area. Management of the resulting translation risk is based on the relationship of financial debt to Operating EBITDA for significant currency areas. The objective is to achieve a reasonable relationship between financial debt and operating results for each major currency area in the long-term, whereby Bertelsmann uses the upper limits for leverage defined for the group as a target.

Interest Rate Risk

Interest rate risk is managed in accordance with the group's planned net financial debt and expected interest-rate movements. The proportion of fixed-interest financing increased compared with the previous year. This increase resulted from the issuance of a €500 million benchmark bond and repayment of financial debt during 2005.

Funds available are generally invested at floating rates for periods of less than one year.

Default Risk

The Bertelsmann group is exposed to default risks amounting to invested cash and cash equivalents, and the positive fair value of derivatives used. However, as financial transactions and instruments are only concluded with banks of impeccable credit standing, these risks are deemed to be low.

Accounting for Derivative Financial Instruments and Hedges

All derivatives are reported at their fair value. On the day a contract for a derivative is entered into, it is determined whether it is intended to be a fair value hedge or a cash flow hedge. However, some derivatives do not qualify as hedges despite the fact that they do economically represent a hedge.

Bertelsmann documents all relationships between hedging instruments and hedged positions as well as its risk management objectives and strategies in connection with the various hedges. This method includes linking all derivatives used for hedging purposes to the underlying assets, liabilities, firm commitments and foreseeable transactions. Furthermore, the Bertelsmann group assesses and documents, both when derivatives are concluded and on an ongoing basis, to what extent the derivatives used are either fair value hedges or cash flow hedges.

Financial Derivatives

The vast majority of financial derivatives used by the Bertelsmann group are derivatives which are not traded on an organized exchange ("OTC instruments"). These mainly consist of forward agreements, currency swaps, currency options and interest rate swaps, and are concluded with banks of impeccable credit standing. Central treasury department transactions are only made with banks approved by a member of the Executive Board. Nominal volumes are the total of all underlying buying and selling amounts.

The great majority of the financial derivatives serve as hedges against foreign currency and interest rate risks arising from existing financial debt (41.3 percent). Foreign exchange fluctuation risks on internal funding within the group are normally hedged by foreign currency forward transactions. The volume of such transactions is €1,512 million (35.6 percent). Additionally, subsidiaries use financial derivatives to hedge against current and future foreign currency risks arising from operating receivables or payables (23.1 percent). No financial derivatives are used for speculative purposes.

Nominal Amounts of Financial Derivatives

	Nominal amounts at 12/31/2005				Nominal amounts at 12/31/2004			
in € millions	< 1 year	1–5 years	> 5 years	Total	< 1 year	1–5 years	> 5 years	Total
Currency derivatives								
Forward contracts and currency swaps	2,165	1,228	–	3,393	2,359	587	655	3,601
Currency options	–	2	–	2	–	–	–	–
Interest rate derivatives								
Interest rate swaps	13	812	26	851	150	477	282	909
Other	–	–	–	–	–	7	–	7
	2,178	2,042	26	4,246	2,509	1,071	937	4,517

Determination of Fair Value

The fair value of traded financial derivatives is determined on the basis of published market prices at the balance sheet date.

In order to determine the fair values of derivatives that are not publicly traded, Bertelsmann group uses various financial-related economic models based on market conditions and risks prevailing at the balance sheet date.

Fair Value of Financial Derivatives

	Nominal amounts		Present value	
in € millions	12/31/2005	12/31/2004	12/31/2005	12/31/2004
Currency derivatives				
Forward contracts and currency swaps	3,393	3,601	53	177
Currency options	2	–	–	–
Interest rate derivatives				
Interest rate swaps	851	909	9	(2)
Other		7		3
	4,246	4,517	62	178

Factoring

In individual cases, Bertelsmann group sells receivables to banks. These exceptions are limited to agreements in which Bertelsmann grants financing to its customers in separate contracts. The volume of receivables sold is limited contractually to €431 million and amounted to €417 million at December 31, 2005 (2004: €373 million). The contractual conditions provide for transfer of the default and interest risks to the buyer of the receivables. Bertelsmann's remaining risk is limited, and the resulting risks are included in provisions. The carrying value of these risks at December 31, 2005 amounts to €18 million (2004: €13 million).

27 Cash Flow Statement

Bertelsmann's consolidated cash flow statement has been prepared in accordance with IAS 7. It is intended to assist the reader in assessing the group's ability to generate cash and cash equivalents. Cash flows are divided into those relating to operating, investing and financing activities. Cash flows from operating activities are shown using the indirect method, with EBIT adjusted for the effects of items not affecting cash flows. Income and expenses relating to cash flow from investing activities are also eliminated.

Bertelsmann Group monitors operating results based on Operating EBIT and thus excludes interest. Operating results and resulting cash flow from operating activities should thus be consistent and comparable. Hence, the net balance of interest paid and interest received during the year is shown in the cash flow statement as part of financing activities. The previous year's figures have been adjusted for comparability.

Payment to CTA is a cash outflow. This relates to a payment which cannot reasonably be allocated to any group of cash flows and which has therefore been shown separately as an item affecting cash and cash equivalents.

The change in pension provisions is made up of the balance of personnel expenses for service cost and pension payments (see note 19). Other payments to external pension funds (plan assets) of €84 million (2004: €43 million) are allocated to other effects.

The consolidated cash flow statement includes the effects of changes in foreign currencies and changes in companies included in the consolidated financial statements. Hence, the items in the consolidated cash flow statement cannot be compared with changes in items disclosed on the face of the consolidated balance sheets. Investing activities include investments for non-current assets and purchase price payments for investments acquired and proceeds from disposal of non-current assets. Purchase price payments for investments acquired include payments relating to the acquisitions described above. Significant proceeds from disposal of non-current assets are also described in more detail above. Financing activities include changes in shareholders' equity providing or using cash, changes in financial debt and net interest paid.

28 Segment Reporting

Segment reporting disclosures are made in accordance with IAS 14. The primary reporting format uses business segments of the Bertelsmann group. The secondary reporting format is broken down by the main geographical markets in which the Bertelsmann group operates.

Information on Segments

Segment reporting, comprising six operating segments, is based on the internal management and reporting structures applied within the Bertelsmann group. To the extent they reflect the financial management of the group, the segments are different from the group's legal structure.

Information on Segment Data

The definition of the various segment data is the same as that used for the group's management system. Segment data are reconciled to the relevant group figures in the "consolidation" column.

Intercompany revenues are recognized at normal market conditions, as applied to transactions with third parties.

A key performance indicator within the Bertelsmann group is Operating EBIT. Under normal business conditions, Operating EBIT represents normal operating earnings before interest and taxes. Hence, earnings before interest and taxes, or EBIT, are adjusted for special items which do not have operating characteristics, as they are non-recurring. These include income and expense items which, due to their size and frequency of occurrence, have an affect on the assessment of the results of operations of the operating segment and of the group. Elimination of these special items thus enables determination of a normalized result and hence simplifies forecasting and comparability. Special items include impairment of goodwill and depreciation of property, plant and equipment.

Depreciation, net of reversals of impairment write-downs, per segment includes depreciation of property, plant and equipment, amortization of intangible assets and write-downs of financial assets as set out in the statement of movements in non-current assets.

Investments consist of payments for ongoing capital investments and acquisitions of entities.

Segment assets constitute the operating assets for each segment. They consist of property, plant and equipment, intangible assets, including goodwill and investments. They also include current assets with the exception of cash and cash equivalents, tax receivables and other non operating assets.

Segment liabilities consist of operating liabilities and provisions. They therefore do not include provisions for pensions and similar obligations, tax liabilities, financial debt, or other non operating liabilities and provisions.

Each segment shows the earnings of, and investments in, associated companies, provided these companies can be clearly allocated to the segment concerned. Results of associated companies are shown before depreciation of goodwill.

In addition, the number of employees at balance sheet date and the average number of employees for the year are shown for the primary reporting format.

For the secondary reporting format, revenues are shown by customer location, while segment assets and segment investments are included by company location.

Reconciliation from the Primary Reporting Format to the Consolidated Financial Statements

in € millions	2005	2004
Operating EBIT	1,610	1,429
Special items	61	318
EBIT	1,671	1,747
Financial result	(386)	(312)
Income taxes	(244)	(263)
Net income	1,041	1,172

	12/31/2005	12/31/2004
Segment assets	20,856	17,772
Other assets (not allocated)	620	840
Cash and cash equivalents	1,036	2,092
Deferred tax assets	420	286
Total assets	22,932	20,990
Segment liabilities	7,411	6,589
Equity	9,170	8,722
Profit participation capital	706	706
Provisions for pensions and similar obligations	1,647	1,874
Financial debt	2,614	2,144
Other liabilities (not allocated)	1,111	747
Deferred tax liabilities	273	208
Total liabilities	22,932	20,990

29 Reconciliation to Operating EBITDA

Starting with Operating EBIT, Operating EBITDA is determined by adding other depreciation and amortization of non-current assets, less any reversals of impairment write-downs made in previous years.

Reconciliation to Operating EBITDA

in € millions	2005	2004
Operating EBIT	1,610	1,429
Impairment of goodwill	12	34
Amortization of intangible assets	280	269
Depreciation of property, plant and equipment	411	405
Impairments of other financial assets	8	15
Write-ups of property, plant and equipment	(12)	(28)
Impairments/Write-ups in special items	(35)	(12)
Operating EBITDA	2,274	2,112

Impairment of goodwill and proceeds from release of badwill amounting to €11 million, and €1 million for associated companies, has been eliminated, as it is included in special items and has thus not reduced Operating EBIT. This also applies to impairment write-downs of non-current assets of €23 million required in connection with restructuring activities.

30 Related Party Transactions

For the Bertelsmann group, related parties as defined in IAS 24 are those persons and entities controlled by the Bertelsmann group or over which it has a significant influence, as well as those persons or entities controlling, or having a significant influence over, the Bertelsmann group. Hence, members of the Mohn and Frère families, those entities above Bertelsmann AG controlled or significantly influenced by these families, members of the Executive Board and Supervisory Board of Bertelsmann AG and its subsidiaries, associated companies and joint ventures making up the Bertelsmann group, are defined as related parties.

Bertelsmann Verwaltungsgesellschaft mbH, Gütersloh, a non-operating holding company, exercises control over the Bertelsmann group. Johannes Mohn GmbH, GBL Verwaltungs S.A.R.L. and Reinhard Mohn Verwaltungsgesellschaft mbH have informed Bertelsmann AG that they each own more than one-quarter of its share capital.

In addition to the transactions between subsidiaries consolidated in the group financial statements, there were the following transactions with related persons and entities:

	2005	2004
Income Statement		
Revenues	159	73
Other operating income	26	19
Cost of materials	10	10
Personnel costs	44	35
Other operating expenses	7	6
Financial result	(1)	–
Balance sheet		
Other financial assets towards related parties	91	105
Accounts receivable towards related parties	60	78
Provision for pensions towards related parties	13	12
Liabilities towards related parties	37	60

Transactions with related parties and associated companies involve primarily delivery of goods and services and other financial assets. They are made at arm's length conditions. The resulting income and expenses are insignificant to the group.

The remuneration of members of the Supervisory Board for 2005 amounted to €1,359,250 plus value added tax. The remuneration of members of the Executive Board for 2005 totalled €39,635,105, of which €28,576,176 related to Bertelsmann AG. In previous years, a loan of USD5 million was granted to one member of the Executive Board. The loan currently bears interest at 5.06 percent p.a. and is repayable in one lump sum in 2010. There is no separate collateral for the loan. Former members of the Executive Board and their surviving relatives received pension payments from Bertelsmann AG totaling €2,614,193 in 2005. The provision for pensions payable to former members of the Executive Board by Bertelsmann AG amounted to €39,467,395. The members of the Executive Board and Supervisory Board are listed on pages 124–126.

31 Events After the Balance Sheet Date

Groupe Bruxelles Lambert announced on January 27, 2006 that its "Board of Directors decided to ask for, as from the end of May 2006, the implementation of the possibility that it is offered to list Bertelsmann if the market conditions are favourable."

In February, Rolf Schmidt-Holtz was appointed the new CEO of Sony BMG Music Entertainment and therefore resigned his seat on the Bertelsmann AG Executive Board. Thomas Rabe, Chief Financial Officer of Bertelsmann AG, has taken on the management of the BMG division.

32 Major Subsidiaries and Participations at December 31, 2005

RTL Group

Television			
GZSZ Vermarktungsgesellschaft GmbH, Cologne	Germany	90.13	v
IP Deutschland GmbH, Cologne	Germany	90.13	v
IP New Media GmbH, Cologne	Germany	90.13	v
N-TV Nachrichtenfernsehen GmbH & Co. KG, Berlin	Germany	45.07	q
RTL 2 Fernsehen GmbH & Co. KG, Munich	Germany	32.35	e
RTL Disney Fernsehen GmbH & Co. KG, Cologne	Germany	45.07	q
RTL New Media GmbH, Cologne	Germany	90.13	v
RTL Shop GmbH, Cologne	Germany	90.13	v
RTL Television GmbH, Cologne	Germany	90.13	v
S4M Solutions for Media GmbH, Cologne	Germany	90.13	v
Traumpartner TV GmbH, Cologne	Germany	90.13	v
Vox Film- und Fernseh GmbH & Co. KG, Cologne	Germany	89.86	v
Westdeutsche Universum-Film GmbH, Cologne	Germany	90.13	v
Antena 3 de Televisión S.A., Madrid	Spain	15.62	e
Bayard d'Antin S.A., Paris	France	90.13	v
Broadcasting Center Europe S.A., Luxembourg	Luxembourg	90.13	v
Channel 5 Broadcasting Ltd., London	U.K.	90.13	q
CLT-UFA S.A., Luxembourg	Luxembourg	90.13	v
Grupo Media Capital SGPS SA, Oeires	Portugal	29.84	e
IP Belgium S.A., Brussels	Belgium	59.49	v
IP France S.A., Paris	France	90.13	v
IP Luxembourg S.A.R.L., Luxembourg	Luxembourg	90.13	v
M6 Editions S.A., Neuilly sur Seine	France	44.16	v
M6 Films S.A., Neuilly sur Seine	France	44.16	v
M-RTL Rt (RTL Klub), Budapest	Hungary	44.12	e
OOO Ren-TV, Moscow	Russia	27.13	e
Paris Première S.A., Paris	France	44.16	v
RTL 9 S.A., Luxembourg	Luxembourg	31.54	e
RTL 4 Beheer B.V., Hilversum	Netherlands	90.13	v
RTL Nederland B.V., Hilversum	Netherlands	90.13	v
RTL Croatia d.o.o., Zagreb	Croatia	59.04	v
Télévision Indépendante (TVI) S.A., Brussels	Belgium	59.48	v
Télévision Par Satellite S.N.C., Issy les Moulineaux	France	15.02	q
Yorin FM B.V., Hilversum	Netherlands	90.13	v
Content			
CLT-UFA Multi Media GmbH, Hamburg	Germany	90.13	v
Grundy Light Entertainment GmbH, Hürth	Germany	90.42	v
Grundy-UFA TV-Produktions GmbH, Berlin	Germany	90.13	v
ISPR GmbH, Munich	Germany	22.53	e
Sportfive GmbH, Hamburg	Germany	22.53	e
Teamworx Television & Film GmbH, Berlin	Germany	90.13	v
UFA Entertainment GmbH, Berlin	Germany	90.13	v
UFA Fernsehproduktion GmbH, Berlin	Germany	90.13	v
UFA Film- und Fernseh GmbH, Cologne	Germany	90.13	v
Trebitsch Produktion Holding GmbH, Hamburg	Germany	90.13	v
Blu A/S, Copenhagen	Denmark	67.82	v
Fremantle Media Australia Pty Ltd., St. Leonard	Australia	90.42	v
Fremantle Media Ltd., London	U.K.	90.42	v
Fremantle Media North America, Inc., Wilmington	U.S.	90.42	v
Fremantle Productions Asia Ltd., Hong Kong	China	90.42	v
Grundy Productions Ltd., London	U.K.	90.42	v
Sportfive S.A., Paris	France	22.53	e
Talkback Productions Ltd., London	U.K.	90.42	v
Radio			
Antenne Mecklenburg-Vorpommern GmbH & Co. KG, Plate	Germany	22.93	e
AVE Gesellschaft für Hörfunkbeteiligungen mbH, Berlin	Germany	90.13	v
BB Radio Landeswelle Brandenburg GmbH & Co. KG, Berlin	Germany	38.05	e
Hitradio RTL Sachsen GmbH, Dresden	Germany	50.02	e
RTL Radio Deutschland GmbH, Berlin	Germany	90.13	v
Ediradio S.A., Paris	France	90.13	v
Contact S.A., Brussels	Belgium	44.97	e

Random House

Random House North America			
Content Link, Inc., Delaware	U.S.	100.00	v
Fodors LLC, New York	U.S.	100.00	v
Golden Treasurers, Inc., Delaware	U.S.	100.00	v
G24 NA LLC, Wilmington	U.S.	100.00	v
McClelland & Stewart Ltd., Toronto	Canada	25.00	e
Random House, Inc., New York	U.S.	100.00	v
Random House Direct, Inc., New Jersey	U.S.	100.00	v
Random House Films LLC, Delaware	U.S.	100.00	v
Random House of Canada Ltd., Toronto	Canada	100.00	v
Random House TPR, Inc., New York	U.S.	100.00	v
Random House Ventures LLC, New York	U.S.	100.00	v
Verlagsgruppe Random House			
Gütersloher Verlagshaus GmbH, Gütersloh	Germany	100.00	v
Verlag RM GmbH, Gütersloh	Germany	100.00	v
Verlagsgruppe Random House GmbH, Munich	Germany	100.00	v
Random House U.K., Australia, New Zealand, South Africa			
Mainstream Publishing Company Ltd., Edinburgh	U.K.	50.00	q
Random House (Proprietary) Ltd., Parktown (Johannesburg)	South Africa	75.00	v
Random House Australia Pty. Ltd., Melbourne	Australia	100.00	v
Random House New Zealand Ltd., Glenfield	New Zealand	100.00	v
Random House Publishers India Private Ltd., New Delhi	India	100.00	v
RHA Holdings Pty. Ltd., Melbourne	Australia	100.00	v
The Random House Group Ltd., London	U.K.	100.00	v
Random House Mondadori			
Editorial Lumen, S.A., Barcelona	Spain	50.00	q
Editorial Sudamericana, S.A., Buenos Aires	Argentina	50.00	q
Editorial Sudamericana Uruguaya, S.A., Montevideo	Uruguay	49.95	q
Grupo Editorial Random House Mondadori, S.L., Barcelona	Spain	50.00	q
Random House Mondadori S.A., Barcelona	Spain	50.00	q
Random House Mondadori S.A., Santiago de Chile	Chile	50.00	q
Random House Mondadori S.A. de C.V., Mexico City	Mexico	50.00	q
Random House Mondadori S.A., Bogotá	Colombia	50.00	q
Random House Mondadori S.A., Caracas	Venezuela	50.00	q
Random House Asia			
Random House JoongAng, Inc., Seoul	Korea	50.00	q
Random House Kodansha Co., Ltd., Tokyo	Japan	50.00	q

Gruner + Jahr

Magazines Germany			
Auto Szene Verlag GmbH, Stuttgart	Germany	20.88	q
Berlin Online Stadtportal GmbH & Co. KG, Berlin	Germany	33.71	e
Berliner Presse Vertrieb GmbH, Berlin	Germany	74.90	v
Börse Online Verlag GmbH & Co. KG, Munich	Germany	74.90	v
DPV Network GmbH (former IPV Inland Pressevertrieb GmbH), Hamburg	Germany	74.90	v
DPV Worldwide GmbH (former DPV Deutscher Pressevertrieb GmbH), Hamburg	Germany	74.90	v
Ehrlich & Sohn GmbH & Co. KG, Hamburg	Germany	74.90	v
G+J Corporate Media GmbH, Hamburg	Germany	74.90	v
G+J Electronic Media Sales GmbH, Hamburg	Germany	74.90	v
G+J Emotion Verlag GmbH, Munich	Germany	74.90	v
G+J Woman Verlag GmbH, Hamburg	Germany	74.90	v
G+J Women New Media GmbH, Hamburg	Germany	74.90	v
G+J Zeitschriften-Verlagsgesellschaft mbH, Hamburg	Germany	74.90	v
G+J/RBA GmbH & Co. KG, Hamburg	Germany	37.45	e
Gruner + Jahr AG & Co KG, Hamburg	Germany	74.90	v
Life & Health Verlagsgesellschaft mbH, Hamburg	Germany	74.90	v
Living at Home Multi Media GmbH, Hamburg	Germany	74.90	v
Motor Presse Stuttgart GmbH & Co.KG, Stuttgart	Germany	41.12	v
Neon Magazin GmbH, Hamburg	Germany	74.90	v
Norddeutsche Verlagsgesellschaft mbH, Hamburg	Germany	74.90	v
Park Avenue GmbH, Hamburg	Germany	74.90	v
„Picture Press" Bild- und Textagentur GmbH, Hamburg	Germany	74.90	v

Rodale-Motor Presse GmbH & Co. KG Verlagsgesellschaft, Stuttgart	Germany	20.58	q
Scholten Verlag GmbH, Stuttgart	Germany	41.12	v
Sport+Freizeit Verlag GmbH & Co. KG, Stuttgart	Germany	41.12	v
Stern.de GmbH, Hamburg	Germany	74.90	v
View Magazin GmbH, Hamburg	Germany	74.90	v
W.E. Saarbach GmbH, Cologne	Germany	18.65	e
Magazines France			
First Invest SA, Paris	France	74.90	v*
Lexa TV S.N.C., Paris	France	74.90	v
Motor Presse France, SAS, Issy-les-Moulineaux	France	41.12	v
NG France S.N.C., Paris	France	74.90	v
Orion S.N.C., Paris	France	74.90	v
Prisma Presse S.N.C., Paris	France	74.90	v
Société des Publications Modernes Spécialisées S.A.R.L., Issy-les-Moulineaux	France	41.12	v
Vivia S.N.C., Paris	France	74.90	v
VSD S.N.C., Paris	France	74.90	v
Magazines International			
Daphne Communications S.A., Athens	Greece	36.48	q
Gala Ediciones, S.L., Madrid	Spain	37.45	q
G+J CLIP (Beijing) Publishing Consulting Co., Ltd., Beijing	China	38.20	v
G+J Glamour C.V., Diemen	Netherlands	74.90	v
G+J RBA Sp. z o.o. & Co. Spolka komanditowa, Warsaw	Poland	74.90	v
G+J Uitgevers C.V., Diemen	Netherlands	74.90	v
G+J/RBA Publishing C.V. National Geografic Nederland, Amsterdam	Netherlands	74.90	v
Gruner + Jahr/Mondadori S.p.A., Milan	Italy	37.45	q
Gruner + Jahr Polska Sp. z o.o. & Co. Spolka Komandytowa, Wroclaw	Poland	74.90	v
Gruner + Jahr ZAO, Moscow	Russia	74.90	v
G y J España Ediciones, S.L., S. en C., Madrid	Spain	74.90	v
G y J Publicaciones Internacionales, S.L. y Cia., S. en C., Madrid	Spain	37.45	v
G y J Revistas y Comunicaciones, S.L., Sociedad Unipersonal, Madrid	Spain	74.90	v
Maxiediciones S.L., Madrid	Spain	41.12	v
Motor Press Argentina, S.A., Buenos Aires	Argentina	34.54	v
Motor Press Brasil Editora Ltda., São Paulo	Brazil	18.81	v
Motor Presse Budapest Lapkiadó Kft., Budapest	Hungary	41.12	
Motor Press Ibérica, S.A., Madrid	Spain	41.12	v
Motor Presse Polska Sp.zo.o., Wroclaw	Poland	41.12	v
Motor Press Lisboa S.A., Cruz Quebrada	Portugal	41.12	v
RBA Lexa Venture Polska Sp.zo.o., Warsaw	Poland	74.90	v
Shanghai G+J Consulting and Service Co., Ltd., Shanghai	China	74.90	v
Verlagsgruppe News Ges.m.b.H., Vienna	Austria	41.96	v
Newspapers			
Dresdner Druck- und Verlagshaus GmbH & Co. KG, Dresden	Germany	44.94	v
Dresdner Magazin Verlag GmbH, Dresden	Germany	44.94	v
Döbelner Verlags GmbH & Co. KG, Döbeln	Germany	22.47	v
Financial Times Deutschland GmbH & Co. KG, Hamburg	Germany	37.45	q
Morgenpost Sachsen GmbH, Dresden	Germany	44.94	v
MVD Medien Vertrieb Dresden GmbH, Dresden	Germany	44.94	v
Saxo-Phon GmbH, Dresden	Germany	44.94	v
WVD Mediengruppe GmbH, Chemnitz	Germany	22.47	v
Printing			
Prinovis Ahrensburg GmbH & Co. KG, Hamburg	Germany	28.05	v
Prinovis Dresden GmbH & Co. KG, Dresden	Germany	28.05	v
Prinovis Itzehoe GmbH & Co. KG, Hamburg	Germany	28.05	v
Prinovis Ltd. & Co. KG, Hamburg	Germany	28.05	v
Prinovis Nürnberg GmbH & Co. KG, Nuremberg	Germany	28.05	v
Brown Printing Company, Wesecs	U.S.	74.90	v
Corporate and Publishing Services			
Druck- und Verlagshaus Gruner + Jahr AG, Hamburg	Germany	74.90	v
Hamburger Journalistenschule Gruner + Jahr – Die Zeit GmbH, Hamburg	Germany	71.16	v
Manager Magazin Verlagsgesellschaft mbH, Hamburg	Germany	18.65	e
Spiegel-Verlag Rudolf Augstein GmbH & Co. KG, Hamburg	Germany	18.91	e
Gruner + Jahr Printing and Publishing Company, New York	U.S.	74.90	v

BMG

Sony BMG Music Entertainment

North America			
Arista Records, Delaware	U.S.	50.00	q
Columbia Records Corporation, New York	U.S.	50.00	q
Epic Records, New York	U.S.	50.00	q
J Records, New York	U.S.	50.00	q
La Face Records, New York	U.S.	50.00	q
Legacy Recordings – Sony BMG Catalog, New York	U.S.	50.00	q
Provident Music Group, Wilmington	U.S.	50.00	q
RCA Label Group, Nashville	U.S.	50.00	q
RCA Music Group, New York	U.S.	50.00	q
Sony BMG Canada, Toronto	Canada	50.00	q
Sony BMG Masterworks, New York	U.S.	50.00	q
Sony Music Nashville	U.S.	50.00	q
Sony Wonder, New York	U.S.	50.00	q
Zomba Records, Wilmington	U.S.	50.00	q
Europe			
Sony BMG Germany, Munich	Germany	50.00	q
Sony BMG Belgium, Brussels	Belgium	50.00	q
Sony BMG France , Paris	France	50.00	q
Sony BMG Italy, Milan	Italy	50.00	q
Sony BMG Netherlands, Hilversum	Netherlands	50.00	q
Sony BMG Spain, Madrid	Spain	50.00	q
Sony BMG Sweden, Stockholm	Sweden	50.00	q
Sony BMG UK & Ireland, London	U.K.	50.00	q
Latin America			
Sony BMG Argentina, Buenos Aires	Argentina	50.00	q
Sony BMG Brazil, Rio de Janeiro	Brazil	50.00	q
Sony BMG Chile, Santiago	Chile	50.00	q
Sony BMG Mexico, Mexico City	Mexico	50.00	q
Asia/Pacific			
BMG Funhouse, Tokyo	Japan	50.00	q
Sony BMG Africa, Johannesburg	South Africa	50.00	q
Sony BMG Australia, Sydney	Australia	50.00	q
Sony BMG Hong Kong, Hong Kong	China	50.00	q
Sony BMG Korea, Seoul	Korea	50.00	q
Sony BMG New Zealand, Auckland	New Zealand	50.00	q
Sony BMG Singapore, Singapore	Singapore	50.00	q
Sony BMG Taiwan, Taipeh	Taiwan	50.00	q

BMG Music Publishing

North America			
BMG Songs, Inc., Sacramento	U.S.	100.00	v
Zomba Enterprises, Inc., New York	U.S.	100.00	v
Europe			
Arabella Musikverlag GmbH, Munich	Germany	100.00	v
BMG Music Publishing B.V., Hilversum	Netherlands	100.00	v
BMG Music Publishing France SARL, Paris	France	100.00	v
BMG Music Publishing Ltd., London	U.K.	100.00	v
BMG Ricordi Music Publishing S.p.A., Milan	Italy	100.00	v
Cezame Argile Productions Editions S.A., Paris	France	100.00	v
Editions Durand S.A., Paris	France	100.00	v
Silvertone Records Ltd., London	U.K.	100.00	v
Zomba Music Publishers Ltd., London	U.K.	100.00	v
Latin America			
BMG Music Publishing, S.A. de C.V., Mexico City	Mexico	100.00	v
Asia/Pacific			
BMG Funhouse Music Publishing, Inc., Tokyo	Japan	100.00	v
Zomba Production Music (Australia), Pty Ltd., North Sydney	Australia	100.00	v

Arvato

Printing			
Deutscher Supplement Verlag GmbH, Nuremberg	Germany	75.00	v
Fernwärme GmbH, Gütersloh	Germany	51.00	v
GGP Media GmbH, Pößneck	Germany	100.00	v
MBS Nürnberg GmbH, Nuremberg	Germany	28.09	v
Medienfabrik Gütersloh GmbH, Gütersloh	Germany	90.00	v
Mohn Media Kalender & Promotion Service GmbH, Gütersloh	Germany	100.00	v
Mohn Media Mohndruck GmbH, Gütersloh	Germany	100.00	v
Prinovis Ahrensburg GmbH & Co. KG, Ahrensburg	Germany	28.09	v
Prinovis Dresden GmbH & Co. KG, Dresden	Germany	28.09	v
Prinovis Itzehoe GmbH & Co. KG, Itzehoe	Germany	28.09	v
Prinovis Itzehoe Service GmbH, Itzehoe	Germany	28.09	v
Prinovis Itzehoe Weiterverarbeitung und Logistik GmbH, Itzehoe	Germany	28.09	v
Prinovis Klebebindung GmbH, Nuremberg	Germany	28.09	v
Prinovis Ltd. & Co. KG, Hamburg	Germany	28.09	v
Prinovis Nürnberg GmbH & Co. KG, Nuremberg	Germany	28.09	v
Pro Bind Professional Binding GmbH, Gütersloh	Germany	95.00	v
TV Information Services GmbH, Nuremberg	Germany	75.00	v
Vogel Druck und Medienservice GmbH & Co. KG, Höchberg	Germany	49.00	v
Wahl Media GmbH, Munich	Germany	100.00	v
Arti Grafiche Johnson S.p.A., Seriate	Italy	99.86	v
Berryville Graphics, Inc., Wilmington	U.S.	100.00	v
Cobrhi, S.L., Madrid	Spain	100.00	v
Coral Graphic Services, Inc., Horsham	U.S.	95.10	v
Dynamic Graphic Finishing, Inc., Dauphin County	U.S.	95.10	v
Euro-Papier N.V., Temse	Belgium	28.09	v
Eurogravure S.p.A., Bergamo	Italy	69.90	v
Eurohueco, S.A., Castellbisbal (Barcelona)	Spain	75.00	v
Istituto Italiano d'Arti Grafiche S.p.A., Bergamo	Italy	99.86	v
Mohn Media France S.A.R.L., Villepinte	France	100.00	v
Nuovo Istituto Italiano d'Arti Grafiche S.p.A., Bergamo	Italy	98.86	v
OAO Jaroslawskij Poligraphitscheskij Kombinat, Jaroslawl	Russia	84.98	v
Offset Paperback MFRS., Inc., Dallas	U.S.	100.00	v
OOO Distribuziony zantr Bertelsmann, Jaroslawl	Russia	100.00	v
Prinovis Liverpool Ltd., London	U.K.	28.09	v
Printer Colombiana, S.A., Santa Fé de Bogotá	Colombia	50.00	v
Printer Indústria Gráfica S.A., Sant Vicenc dels Horts (Barcelona)	Spain	100.00	v
Printer Portuguesa-Indústria Gráfica, Limitada, Mem Martins (Algueirao)	Portugal	100.00	v
Rotedic, S.A., Madrid	Spain	100.00	v
Services			
1 18 18 Auskunft GmbH, Dortmund	Germany	100.00	v
Abis GmbH, Frankfurt am Main	Germany	18.52	q
Adress Research GmbH, Gütersloh	Germany	24.67	q
Arvato Direct Services Cottbus GmbH, Cottbus	Germany	100.00	v
Arvato Direct Services Dortmund GmbH, Dortmund	Germany	100.00	v
Arvato Direct Services Eiweiler GmbH, Heusweiler-Eiweiler	Germany	100.00	v
Arvato Direct Services GmbH, Gütersloh	Germany	100.00	v
Arvato Direct Services GmbH, Neckarsulm	Germany	100.00	v
Arvato Direct Services Gütersloh GmbH, Gütersloh	Germany	100.00	v
Arvato Direct Services Münster GmbH, Münster	Germany	100.00	v
Arvato Direct Services Nürnberg GmbH, Nuremberg	Germany	100.00	v
Arvato Direct Services Stuttgart GmbH, Kornwestheim	Germany	100.00	v
Arvato Direct Services Wilhelmshaven GmbH, Schortens	Germany	100.00	v
Arvato Direct Services Wuppertal GmbH, Wuppertal	Germany	100.00	v
Arvato Distribution GmbH, Harsewinkel	Germany	100.00	v
Arvato Logistics Services GmbH, Gütersloh	Germany	100.00	v
Arvato Media GmbH, Gütersloh	Germany	100.00	v
Arvato Services Healthcare Germany GmbH, Monheim	Germany	100.00	v
Arvato Services OWL GmbH, Gütersloh	Germany	100.00	v
Arvato Technology ELC GmbH, Düren	Germany	100.00	v
Arvato Technology GmbH, Gütersloh	Germany	100.00	v
Auskunftei Kämpfer GmbH, Nuremberg	Germany	63.00	v
AZ Direct GmbH, Gütersloh	Germany	100.00	v
Bedirect GmbH & Co. KG, Gütersloh	Germany	50.00	q
BFS Finance GmbH, Verl	Germany	63.00	v
BFS Finance Münster GmbH, Münster	Germany	63.00	v
BFS Health Finance GmbH, Hagen	Germany	63.00	v
BFS Risk & Collection GmbH, Verl	Germany	63.00	v
BFS Risk Management GmbH, Verl	Germany	63.00	v
Credidata – Gesellschaft für allgemeine Datenverarbeitung mit beschränkter Haftung, Baden-Baden	Germany	63.00	v
Cross Marketing Arvato Services GmbH, Munich	Germany	100.00	v
Deutsche Post Adress GmbH, Bonn	Germany	30.87	q
E-Score GmbH, Baden-Baden	Germany	63.00	v
IFS Beteiligungs GmbH, Baden-Baden	Germany	63.00	v
Infoscore Accounting Services GmbH, Baden-Baden	Germany	63.00	v
Infoscore Business Data GmbH, Baden-Baden	Germany	63.00	v
Infoscore Business Support GmbH, Baden-Baden	Germany	63.00	v
Infoscore Consumer Data GmbH, Baden-Baden	Germany	46.27	v
Infoscore Finance GmbH, Baden-Baden	Germany	63.00	v
Infoscore Forderungsmanagement GmbH, Baden-Baden	Germany	63.00	v
Infoscore Software Service GmbH, Baden-Baden	Germany	63.00	v
Inmedia One GmbH, Gütersloh	Germany	100.00	v
Isar Inkasso GmbH, Munich	Germany	63.00	v
Lambourne Productions GmbH, Herne	Germany	100.00	v
Media Log Spedition GmbH, Gütersloh	Germany	100.00	v
Nürnberger Inkasso GmbH, Nuremberg	Germany	63.00	v
Rough Trade Distribution GmbH, Herne	Germany	100.00	v
Süd-Westdeutsche Inkasso GmbH, Baden-Baden	Germany	63.00	v
Teleservice International Germany GmbH, Flensburg	Germany	100.00	v
Thomas Abeking Verlag für technische Dokumentation GmbH, Grefrath	Germany	100.00	v
Verlag Automobil Wirtschaft GmbH, Grefrath	Germany	100.00	v
Verlegerdienst München GmbH, Gilching	Germany	100.00	v
Webmiles GmbH, Munich	Germany	100.00	v
Alldirekt Telemarketing GmbH, Salzburg	Austria	100.00	v
Arvato Communication Services France S.A.R.L., Laxou	France	100.00	v
Arvato Customer Services N.V., Kontich	Belgium	80.00	v
Arvato Government Services Ltd., East Riding	U.K.	80.10	v
Arvato Government Services (ERYC) Ltd., Liverpool	U.K.	100.00	v
Arvato Logistics Services AG, Prattein	Switzerland	100.00	v
Arvato Media Services France SAS, Malakoff	France	100.00	v
Arvato Print and Mail Services N.V., Kontich	Belgium	80.00	v
Arvato Services Asia Pacific Pte. Ltd., Singapore	Singapore	100.00	v
Arvato Services Australia Pacific Pty. Ltd., Castle Hill (Sydney)	Australia	100.00	v
Arvato Services Belgium N.V., Antwerp	Belgium	80.00	v
Arvato Services Canada, Inc., Kitchener	Canada	100.00	v
Arvato Services France S.A.R.L., Noyelles sous Lens	France	100.00	v
Arvato Services Iberia, S.A., Barcelona	Spain	100.00	v
Arvato Services, Inc., Valencia	U.S.	100.00	v
Arvato Services Ltd., Liverpool	U.K.	100.00	v
Arvato Services Nederland B.V., Abcoude	Netherlands	80.00	v
Arvato Services Polska, Poznan	Poland*	100.00	v
Arvato Services S.A., Buenos Aires	Argentina	100.00	v
Arvato Telekomünikasyon Hizmetleri Anonim Sirketi, Istanbul	Turkey	100.00	v
Arvato Teleservice ApS, Padborg	Denmark	100.00	v
AZ Direct AG, Lucerne	Switzerland	63.00	v
Benefit Nation, Inc., Fairfax Station	U.S.	100.00	v
Bertelsmann Österreich GmbH, Vienna	Austria	100.00	v
BFS Finance Limited, Dublin	Ireland	100.00	v
Creditexpress Magyarorszag Penzügyi Szolgeltato Kft., Budapest	Hungary	32.13	q
DM Michelotti AG, Rotkreuz	Switzerland	63.00	v
Eurodirect Marketing Lettershop SAS, Gelspolsheim	France	100.00	v
Euromedia Group k.s., Bertelsmann Service Center, Prague	Czech Republic*	100.00	v
Eurodirect – Société Européenne de Routage S.A., Gelspolsheim	France	100.00	v
Europost SAS, Saulcy sur Meurthe	France	100.00	v
Gauntlet Entertainment Ltd., Orpington	U.K.	100.00	v
Inofscore France SARL, Strasbourg	France	63.00	v
Infoscore GmbH, Vienna	Austria	63.00	v

Infoscore Inkasso AG, Schlieren	Switzerland	60.97	v
Infoscore SOFTWARE SERVICES IRELAND Ltd., Kilkenny	Ireland	63.00	v
Phone Assistance, S.A, Casablanca	Marocco	59.49	v
Phone Group, S.A., Casablanca	Marocco	65.00	v
Phone Online S.A.R.L., Casablanca	Marocco	64.99	v
Phone Serviplus, S.A., Casablanca	Marocco	59.52	v
Pinnacle Entertainment Ltd., Orpington	U.K.	100.00	v
Pinnacle Software Ltd., Orpington	U.K.	100.00	v
Prosoft Scitechnology (Xiamen) Co., Ltd., Xiamen	China	100.00	v
Teleservice International Portugal, Limitada, Porto	Portugal	100.00	v
Teleservice International Switzerland GmbH, Oberägeri	Switzerland	100.00	v
Teleservice International Telefon Onarim ve Tic Ltd., Istanbul	Turkey	100.00	v
Teleservice Norway AS, Oslo	Norway	100.00	v
Total Distribución, S.A., Alcorcón (Madrid)	Spain	100.00	v
VAW CZ, s.r.o., Mladá Boleslav	Czech Republic	100.00	v
Verlag Automobil Wirtschaft GmbH do Brasil Ltda., São Paulo	Brazil	100.00	v
Verlag Automobil Wirtschaft (Pty.) Ltd., Port Elizabeth	South Africa	100.00	v
Verlag Automobil Wirtschaft, S.L., Barcelona	Spain	100.00	v
Verlagsservice für Bildungssysteme und Kunstobjekte GmbH & Co. KG, Vienna	Austria	75.00	v
Verlagsservice Süd AG, Glattbrugg	Switzerland	100.00	v
[illegible]			
Arvato Mobile GmbH, Hamburg	Germany	100.00	v
Arvato Systems GmbH, Gütersloh	Germany	100.00	v
Arvato Systems Technologies GmbH, Rostock	Germany	100.00	v
Compu Tel GmbH, Hamburg	Germany	100.00	v
Empolis GmbH, Gütersloh	Germany	100.00	v
Moconta GmbH, Gütersloh	Germany	100.00	v
Arvato Mobile UK Ltd., London	U.K.	100.00	v
Arvato Mobile Solucoes para Telefonia Móvel, Ltda., São Paulo	Brazil	100.00	v
Arvato Sysstems Malaysia Sdn. Bhd., Kuala Lumpur	Malaysia	100.00	v
Arvato Systems North America, Inc., Wilmington	U.S.	100.00	v
Arvato Systems (Shanghai) Co. Ltd., Shanghai	China	100.00	v
Arvato Systems (Thailand) Ltd., Bangkok	Thailand	49.00	v
Arvato Systems UK & Ireland Ltd., London	U.K.	100.00	v
Empolis Polska Spolka z ograniczone odpowiedzialnoscia, Warsaw	Poland	100.00	v
Movota Ltd., Witney	U.K.	79.25	v
OOO Arvato Mobile, Moscow	Rüesia	100.00	v
TJ.net S.p.A., Rome	Italy	100.00	v
Storage Media			
Arvato Storage Media GmbH, Gütersloh	Germany	100.00	v
Sonopress GmbH, Gütersloh	Germany	100.00	v
Topec Multimedia Print GmbH, Gütersloh	Germany	100.00	v
Arvato do Brasil Indústria e Servicos Gráficos, Logistica e Distribuidora Ltda., São Paulo	Brazil	100.00	v
OOO Sonopress, Jarosiawl	Rüesia	100.00	v
Sonopress France SAS, Paris	France	100.00	v
Sonopress Iber-Memory S.A., Coslada (Madrid)	Spain	51.00	v
Sonopress Ireland Ltd., Dublin	Ireland	100.00	v
Sonopress Italia S.r.l., Milan	Italy	100.00	v
Sonopress LLC, Wilmington	U.S.	100.00	v
Sonopress Pan Asia Ltd., Hong Kong	China	100.00	v
Sonopress Pan Asia Tokyo Co., Ltd., Tokyo	Japan	100.00	v
Sonopress Pty Ltd., Waterloo	Australia	100.00	v
Sonopress-Rimo Argentina, S.A., Buenos Aires	Argentina	52.00	v
Sonopress-Rimo Indústria e Comércio Fonográfica, São Paulo	Brazil	52.00	v
Sonopress Shanghai Multimedia Technology Co. Ltd., Shanghai	China	100.00	v
Sonopress Shenzhen Multimedia Technology Co., Ltd., Shenzhen	China	100.00	v
Sonopress Singapore Pte. Ltd., Singapore	Singapore	100.00	v
Sonopress South Africa (Proprietary) Ltd., Bromhof (Johannesburg)	South Africa	100.00	v
Sonopress (UK) Ltd., Wednesbury (Birmingham)	U.K.	100.00	v
Zhejiang Huehong Opto Electronics Group Co. Ltd., Zhejiang Province	China	30.00	•

Direct Group

Clubs Central and Eastern Europe			
FCB Freizeit-Club Betreuungs-GmbH & Co., Hamburg	Germany	50.00	q
Nionex GmbH, Gütersloh	Germany	100.00	v
RM Buch und Medien Vertrieb GmbH, Gütersloh	Germany	100.00	v
RTL Club GmbH, Rhada-Wiedenbrück	Germany	100.00	v
Wissen Madia Verlag GmbH, Gütersloh	Germany	100.00	v
Wissen.da GmbH Gesellschaft für Online-Information, Munich	Germany	100.00	v
Bertelsmann Media Moskau AO, Moscow	Rusela	100.00	v
Bertelsmann Media – Swiat Ksiazki, Warsaw	Poland	100.00	v
Bertelsmann Medien (Schweiz) AG, Zug	Switzerland	100.00	v
Book Club „Family Leisure Club" Ltd., Belgorod	Rußland	100.00	v
Book Club „Family Leisure Club" Ltd., Charkow	Ukraine	100.00	v
Buchgemeinschaft Donauland Kremayr & Scheriau, Vienna	Austria	75.00	v
Euromedia Group k.s., Prague	Czech Republic	100.00	v
Ikar a.s., Bratislava	Slovakia	100.00	v
Clubs/Direct Sales South-West Europe			
BOL Books On Line Italia S.p.A., Milan	Italy	50.00	•
Circulo de Lectores, S.A., Barcelona	Spain	100.00	v
Circulo de Leitores, S.A., Lisbon	Portugal	100.00	v
ECI voor Boeken en Platen B.V., Vianen	Netherlands	100.00	v
France Loisirs Belgique S.A., Ath	Belgium	100.00	v
France Loisirs (Suisse) S.A., Crissier	Switzerland	100.00	v
France Loisirs S.A.R.L., Paris	France	100.00	v
Le Grand Livre du Mois S.A., Paris	France	48.99	v
Le Groupe Librairies Privat, Librairies du Savoir S.A., Paris	France	100.00	v
Lexiculturel – Actividades Editoriais, Limitada, Bureca (Lisbon)	Portugal	100.00	v
Mondolibri S.p.A., Milen	Italy	50.00	q
Québec Loisirs Inc., Ville St. Laurent	Canada	100.00	v
Société Générale d'Edition et de Diffusion SGED, s.n.c. (i.L.), Paris	France	50.00	q
Clubs Asia			
Beijing 21st Century Book Chain Co., Ltd., Beijing	China	40.00	q
Bertelsmann Asia Publishing, Hong Kong	China	100.00	v
Daekyo Bertelsmann Co., Ltd., Seoul	Korea	25.00	•
Direct Sourcing (HK) Ltd., Hong Kong	China	100.00	v
Liaoning Bertelsmann Book Distribution Co., Ltd., Shenyang	China	49.00	q
Shanghai Bertelsmann Cultura Industry Co. Ltd., Shanghai	China	80.00	v
English-speaking Clubs			
BOL Ltd., London	U.K.	100.00	v
Book Club Associates, London	U.K.	100.00	v
Bookspan (Partnership), Delaware	U.S.	50.00	q
Doubleday Australia Pty. Ltd., Lane Cove (Sydney)	Australia	100.00	v
Doubleday Canada Ltd., Toronto	Canada	100.00	v
BMG Columbia House			
BMG Direct Marketing, Inc., Wilmington	U.S.	100.00	v
Columbia House Company Canada, Scarborough	Canada	100.00	v
Columbia House Holdings, Inc., Albany	U.S.	100.00	v
Others			
Bertelsmann Multimedia GmbH, Gütersloh	Germany	100.00	v
BOL.com AG, Gütersloh	Germany	100.00	v
Buch.de AG, Münster	Germany	26.70	•

[1] The company has availed of exemptions under section 17 of the Irish Companies' (Amendment) Act 1986 from publicly filing its financial statements.

As of December 31, 2005

Ownership of Group companies by percentage.

Consolidation method is defined as follows:

v = fully consolidated
q = proportionally consolidated
• = associated companies recognized at equity
* = operating department

33 Exemption for Domestic Companies from Preparing, Audit and Publication of Financial Statements

The following subsidiaries took advantage of the exemption regulations set out in § 264 para. 3 HGB relating to additional requirements for limited liability companies to prepare annual financial statements and a management report, as well as the requirements for audit of, and publication by, limited liability companies for the year ended December 31, 2005:

ADLER Immobilienverwaltungs GmbH	Gütersloh
Arabella Musikverlag GmbH	Munich
Arvato AG	Gütersloh
Arvato Direct Services Cottbus GmbH	Cottbus
Arvato Direct Services Dortmund GmbH	Dortmund
Arvato Direct Services Eiweiler GmbH	Heusweiler-Eiweiler
Arvato Direct Services GmbH	Gütersloh
Arvato Direct Services Gütersloh GmbH; main office	Gütersloh
Arvato Direct Services Gütersloh GmbH; branch office	Springe
Arvato Direct Services München GmbH	Gütersloh
Arvato Direct Services Münster GmbH	Münster
Arvato Direct Services Neckarsulm GmbH	Neckarsulm
Arvato Direct Services Nürnberg GmbH	Nuremberg
Arvato Direct Services Stuttgart GmbH	Kornwestheim
Arvato Direct Services Wilhelmshaven GmbH	Schortens
Arvato Direct Services Wuppertal GmbH	Wuppertal
Arvato Distribution GmbH	Harsewinkel
Arvato Infoscore GmbH	Baden-Baden
Arvato Logistics Services GmbH	Gütersloh
Arvato Media GmbH	Gütersloh
Arvato Middle East Sales GmbH	Gütersloh
Arvato Mobile GmbH	Hamburg
Arvato Services OWL GmbH	Gütersloh
Arvato Storage Media GmbH	Gütersloh
Arvato Systems GmbH	Gütersloh
Arvato Systems Technologies GmbH	Rostock
Arvato Technology ELC GmbH	Düren
Arvato Technology GmbH	Gütersloh
ASM Holding GmbH	Gütersloh
Auskunftei Kämpfer GmbH	Nuremberg
AZ Direct GmbH; main office	Gütersloh
AZ Direct GmbH; branch office	Garching
Bertelsmann Capital Holding GmbH	Hamburg
Bertelsmann Capital Ventures GmbH	Munich
Bertelsmann Immobilien GmbH	Gütersloh
Bertelsmann Korea Beteiligungs GmbH	Gütersloh
Bertelsmann Multimedia GmbH	Gütersloh
Bertelsmann Music Group GmbH; main office	Gütersloh
Bertelsmann Music Group GmbH; branch office	Munich
Bertelsmann Online Beteiligungsgesellschaft mbH	Gütersloh
Bertelsmann Online International GmbH	Gütersloh
Bertelsmann Treuhand- und Anlagegesellschaft mit beschränkter Haftung	Gütersloh
Bertelsmann TV Beteiligungs GmbH	Gütersloh
BFS Finance GmbH	Verl
BFS Finance Münster GmbH	Münster
BFS Health Finance GmbH	Dortmund
BFS Risk & Collection GmbH	Verl
BMG Deutschland GmbH; main office	Gütersloh
BMG Deutschland GmbH; branch office	Munich
BOL.com AG	Gütersloh
Credidata – Gesellschaft für allgemeine Datenverarbeitung mit beschränkter Haftung	Baden-Baden
Cross Marketing Arvato Services GmbH	Munich
Direct Group Bertelsmann GmbH	Gütersloh
Dreiklang-Dreimasken, Bühnen- und Musikverlag Gesellschaft mit beschränkter Haftung	Munich
ED Transfer GmbH Gesellschaft für Qualifizierung	Gütersloh
Empolis GmbH	Gütersloh
E-Score GmbH	Baden-Baden
GGP Media GmbH	Pößneck
Hotel & Gastronomie Gütersloh GmbH	Gütersloh
IFS Beteiligungs GmbH	Baden-Baden
Infoscore Business Data GmbH	Baden-Baden
Infoscore Business Support GmbH	Baden-Baden
Infoscore Datenmanagement Beteiligungs GmbH	Baden-Baden
Infoscore Forderungsmanagement GmbH	Baden-Baden
Infoscore Infodata Beteiligungs GmbH	Baden-Baden
Infoscore Software Service GmbH	Baden-Baden
Inmedia One GmbH	Gütersloh
Interworld Musik-Verlag Gesellschaft mit beschränkter Haftung	Munich
Isar-Inkasso-GmbH	Munich
JKL Beteiligungs GmbH	Gütersloh
Lambourne Productions GmbH	Herne
Media Log Spedition GmbH	Gütersloh
Medien Dr. phil. Egon Müller Service GmbH	Verl
Medienfabrik Gütersloh GmbH	Gütersloh
MNO Beteiligungs GmbH	Gütersloh
Moconta GmbH	Gütersloh
Mohn Media Bindery GmbH	Gütersloh
Mohn Media Energy GmbH	Gütersloh
Mohn Media Kalender & Promotion Service GmbH	Gütersloh
Mohn Media Print GmbH	Gütersloh
Mohn Media Sales GmbH	Gütersloh
Musik Edition Discoton, Gesellschaft mit beschränkter Haftung	Munich
Nürnberger Inkasso GmbH	Nuremberg
Pro Bind Professional Binding GmbH	Gütersloh
PSC Print Service Center GmbH	Oppurg
Reinhard Mohn GmbH	Gütersloh
RM Buch und Medien Vertrieb GmbH; main office	Gütersloh
RM Buch und Medien Vertrieb GmbH; branch office	Berlin
RM Club-Service GmbH	Rheda-Wiedenbrück
RM Customer Direct GmbH	Nordhorn
RM Erste Beteiligungsverwaltungs GmbH	Gütersloh
RM Filial-Vertrieb GmbH	Rheda-Wiedenbrück
RM Kunden-Service GmbH; main office	Gütersloh
RM Kunden-Service GmbH; branch office	Rheda-Wiedenbrück
RM Promotion GmbH	Gütersloh
Rough Trade Distribution GmbH	Herne
RTL Club GmbH	Rheda-Wiedenbrück
Süd-Westdeutsche Inkasso GmbH	Baden-Baden
Thomas Abeking Verlag für technische Dokumentation GmbH	Grefrath
UFA-Ton-Verlagsgesellschaft mit beschränkter Haftung	Munich
Verlag RM GmbH	Gütersloh
Verlagsgruppe Random House GmbH; main office	Gütersloh
Verlagsgruppe Random House GmbH – Random House Audio; branch office	Cologne
Verlagsgruppe Random House GmbH; branch office	Munich
Wahl Media GmbH	Munich
Wiener Bohème Verlag Gesellschaft mit beschränkter Haftung	Munich
Wissen Media Group GmbH	Munich
WOSCHEK Verlags GmbH	Mainz
„Young" Musikverlag GmbH	Munich
1 18 18 Auskunft GmbH	Dortmund

The exemption provisions set out in para. 264 b HGB were again used for the following companies for the year ended December 31, 2005:

Börse Online Verlag GmbH & Co. KG	Munich
Döbelner Verlag GmbH & Co. KG	Döbeln
Dresdner Druck- und Verlagshaus GmbH & Co. KG	Dresden
Ehrlich & Sohn GmbH & Co. KG	Hamburg
Gruner + Jahr AG & Co. KG	Hamburg
Motor Presse Stuttgart GmbH & Co. KG	Stuttgart
Motor Presse International Verlagsgesellschaft Holding mbH & Co. Betriebs-KG	Stuttgart
Prinovis Ahrensburg GmbH & Co. KG	Hamburg
Prinovis Dresden GmbH & Co. KG	Hamburg
Prinovis Itzehoe GmbH & Co. KG	Hamburg
Prinovis Ltd. & Co. KG	Hamburg
Prinovis Nürnberg GmbH & Co. KG	Nuremberg
SCW Media Vetriebs- GmbH & Co. KG	Stuttgart
Sport + Freizeit Verlag GmbH & Co. KG	Stuttgart
Verlegerdienst München Gesellschaft mit beschränkter Haftung & Co. KG	Gilching
Vogel Druck- und Medienservice GmbH & Co. KG	Höchberg

34 Recommendation on Appropriation of Retained Earnings

On May 23, 2006 and as provided by the statutes, €76 million will be distributed to the profit participation certificates out of Bertelsmann AG's retained earnings of €1,150 million. The Executive Board recommends to the General Meeting that the remaining retained earnings of €1,074 million be appropriated as follows:

	in € millions
Remaining retained earnings	1,074
Dividends to shareholders	(287)
Carryforward to new fiscal year	**787**

Bertelsmann AG's Executive Board approved the consolidated financial statements for issuance to the Supervisory Board on March 3, 2006. The Supervisory Board is responsible for reviewing the consolidated financial statements and stating whether it approves the consolidated financial statements.

Gütersloh, March 3, 2006

Bertelsmann AG
The Executive Board

Dr. Thielen Dr. Rabe Dr. Kundrun Olson

Ostrowski Dr. Walgenbach Zeiler

Supervisory Board

Reinhard Mohn
Honorary Chairman

Prof. Dr. Dieter H. Vogel
Chairman
Managing partner of
LGB & Vogel GmbH
- Gerling-Konzern Versicherungs-Beteiligungs AG (since 5/31/2005)
- Mobilcom AG (Chairman)
- Telunico Holding AG (since 12/14/2005)
- Wacker Construction Equipment AG (Chairman)
- WCM Beteiligungs- und Grundbesitz AG (Chairman)
- Gerling Beteiligungs-GmbH (until 5/31/2005)
- HSBC Trinkaus & Burkhardt KGaA
- Klöckner & Co GmbH (Chairman) (since 6/28/2005)

Prof. Dr. Jürgen Strube
Vice Chairman
Chairman of the Supervisory Board,
BASF AG
- Allianz Lebensversicherungs-AG
- BASF AG (Chairman)
- BMW AG
- Commerzbank AG
- Fuchs Petrolub AG (Chairman)
- Hapag-Lloyd AG
- Linde AG

Dr. Rolf-E. Breuer (until 5/18/2005)
Chairman of the Supervisory Board,
Deutsche Bank AG
- Deutsche Bank AG (Chairman)
- Deutsche Börse AG (Chairman) (until 10/10/2005)
- Eon AG
- Compagnie de Saint-Gobain S.A. (until 6/9/2005)
- Kreditanstalt für Wiederaufbau (until 4/9/2005)
- Landwirtschaftliche Rentenbank

André Desmarais
President and Co-Chief Executive
Officer, Power Corporation of Canada
- CITIC Pacific, Ltd.
- Gesca Ltée
- Great-West Lifeco, Inc.
- IGM Financial, Inc.
- Investors Group, Inc.
- Pargesa Holding S.A.
- Power Financial Corporation (Vice Chairman)
- Power Technology Investment Corporation
- The Great-West Life Assurance Company

Dr. Claus-Michael Dill
Chairman of the Executive Board,
DAMP Holding AG (since 1/1/2006)
Chairman of the Executive Board,
Axa Konzern AG and holder of seats
on various committees in the same
group (until 8/15/2005)
- Kölnische Rückversicherung AG (Vice Chairman)
- TÜV Rheinland Holding AG (Chairman)
- Deutsche Bank AG, Regionalbeirat West
- West LB (since 3/22/2005)

Sir Peter Job (until 5/18/2005)
Former Chief Executive Officer,
Reuters Group PLC
- Deutsche Bank AG
- Glaxo Smithkline PLC
- Instinet Group, Inc.
- Schroders PLC
- Shell Transport and Trading PLC
- Tibco Software, Inc.

John R. Joyce
Managing Director Silver Lake
Partners (since 7/19/2005)
Senior Vice President and Group
Executive, IBM Global Services
(until 7/15/2005)
- Gartner, Inc. (since 7/27/2005)
- Avago Technologies, Ltd. (since 12/1/2005)

Dr. Hans-Joachim Körber
Chairman of the Executive Board,
Metro AG
- Kaufhof Warenhaus AG (Chairman)
- Real Holding GmbH
- Loyalty Partner GmbH (until 1/24/2006)
- LP Holding GmbH (since 2/13/2006)
- Skandinaviska Enskilda Banken AB

Oswald Lexer
Vice Chairman of the Bertelsmann AG
Corporate Works Council

Prof. Dr.-Ing. Joachim Milberg
(since 5/18/2005)
Chairman of the Supervisory Board,
BMW AG
- Allianz Versicherungs-AG
- BMW AG (Chairman)
- Festo AG
- MAN AG (Vice Chairman)
- Deere & Company
- Leipziger Messe GmbH

Liz Mohn
Chairwoman of the Board of
Bertelsmann Verwaltungsgesellschaft
mbH (BVG),
Vice Chairwoman of the Bertelsmann
Stiftung Executive Board

Willi Pfannkuche
Member of the Bertelsmann AG
Corporate Works Council

Erich Ruppik
Chairman of the Bertelsmann AG
Corporate Works Council

Gilles Samyn
Managing Director, Frère-Bourgois, Managing Director and Vice Chairman, Compagnie Nationale à Portefeuille S.A.
- Groupe Bruxelles Lambert S.A.
- Groupe Taittinger S.A. (until 9/21/2005)
- Imerys S.A. (until 3/16/2005)
- Pargesa Holding S.A.
- Quick S.A. (until 3/16/2005)
- RTL Group S.A.
- Société du Louvre S.A. (until 9/21/2005)

Richard Sarnoff
Chairman of the Bertelsmann AG Management Representative Committee, President, Random House Corporate Development and Random House Ventures
- Activision, Inc. (since 8/1/2005)
- American Reading Company (since 4/1/2005)
- Audible, Inc.
- Classic Media
- Ebrary, Inc.
- Princeton Review, Inc.
- Xlibris, Inc.
- Vocel, Inc. (since 2/1/2005)

Lars Rebien Sørensen (since 5/18/2005)
President and CEO, Novo Nordisk A/S
- Scandinavian Airlines System AB
- Zymo Genetics, Inc.

Christian van Thillo
Chief Executive Officer, De Persgroep NV
- National Bank of Belgium (since 3/29/2005)

Committees of the Supervisory Board

Personnel Committee
Prof. Dr. Dieter H. Vogel (Chairman)
André Desmarais
Liz Mohn
Prof. Dr. Jürgen Strube

Audit and Finance Committee
Prof. Dr. Jürgen Strube (Chairman)
Dr. Claus-Michael Dill
John R. Joyce
Erich Ruppik
Gilles Samyn
Christian van Thillo

Strategy and Investment Committee
Prof. Dr. Dieter H. Vogel (Chairman)
André Desmarais
Dr. Hans-Joachim Körber
Prof. Dr.-Ing. Joachim Milberg
Gilles Samyn
Richard Sarnoff
Lars Rebien Sørensen

Working Group of Employee Representatives on the Supervisory Board
Liz Mohn (Chairwoman)
Oswald Lexer
Willi Pfannkuche
Erich Ruppik
Richard Sarnoff

- Membership of statutory domestic supervisory boards
- Membership of comparable domestic and foreign supervisory bodies of business enterprises

Executive Board

Dr. Gunter Thielen
Chairman and Chief Executive Officer
- Arvato AG (Chairman)
- Druck- und Verlagshaus Gruner + Jahr AG (Chairman)
- Bertelsmann, Inc. (Chairman)
- Leipziger Messe GmbH [1]
- RTL Group S.A.
- Sony BMG Management Co., LLC

Dr. Siegfried Luther
Vice Chairman and Chief Financial Officer (until 12/31/2005)
- Druck- und Verlagshaus Gruner + Jahr AG
- Bertelsmann, Inc. (until 12/312005)
- RTL Group S.A. (Chairman)
- Sony BMG Management Co., LLC (until 12/31/2005)

Dr. Bernd Kundrun
Chairman and Chief Executive Officer, Gruner + Jahr AG
- Gruner + Jahr USA Group, Inc.
- Prinovis, Ltd. (Chairman) (since 7/4/2005)
- Stern Magazine Corporation

Peter Olson, J.D./MBA
Chairman and Chief Executive Officer, Random House
- Bertelsmann, Inc.
- Grupo Editorial Random House Mondadori, S.L.
- Random House Direct, Inc.
- Random House Films LLC (since 4/28/2005)
- Random House JoongAng, Inc.
- Random House Kodansha Co., Ltd.
- Random House V.G., Inc.
- Random House Ventures LLC

[1] External mandates

- Membership of statutory domestic supervisory boards
- Membership of comparable domestic and foreign supervisory bodies of business enterprises

Hartmut Ostrowski
Chairman, Arvato AG
- Arvato Services Canada, Inc.
- Arvato Services, Inc.
- Bertelsmann Holding Spain S.A. (Chairman)
- Berryville Graphics, Inc.
- Coral Graphic Services of Kentucky, Inc.
- Coral Graphic Services, Inc.
- Coral Graphic Services of Virginia, Inc.
- Dynamic Graphic Finishing, Inc.
- Eurohueco S.A. (Chairman)
- Istituto Italiano d'Arti Grafiche S.p.A. (Chairman)
- Maul + co – Chr. Belser GmbH (Chairman)
- Media Finance Holding, S.L. (Chairman)
- Offset Paperback MFRS, Inc.
- Phone Assistance S.A.
- Phone Serviplus S.A.
- Printer Industria Grafica Newco, S.L. (Chairman)
- Stampers, Ltd.

Dr. Thomas Rabe
Chief Financial Officer (since 1/1/2006)
Head of Bertelsmann Music Group (BMG) (since 2/10/2006)
- Antena 3 de Television S.A. (until 1/1/2006)
- Audiomédia Investments S.A. (until 1/1/2006)
- Bertelsmann, Inc. (since 1/1/2006)
- BMG Music Publishing NA, Inc. (since 2/10/2006)
- Broadcasting Center Europe S.A. (Chairman) (until 1/1/2006)
- Channel 5 Television Group, Ltd. (until 1/27/2006)
- CLT-UFA S.A. (until 1/1/2006)
- Ediradio S.A. (Vice Chairman) (until 1/1/2006)
- Fremantle Media S.A. (until 1/1/2006)
- Media-Assurance S.A. (Chairman) (until 1/1/2006)
- Métropole Télévision M6
- Media Holding Ren-TV (until 2/10/2006)
- RTL Group Central & Eastern Europe S.A. (Chairman) (until 1/1/2006)
- RTL Group Germany S.A. (until 1/1/2006)
- RTL Group S.A. (since 1/1/2006)
- RTL Hrvatska d.o.o. za uslugue
- Sony BMG Management Co., LLC (since 1/1/2006)
- S5 SARL
- Sportfive S.A.
- TVI S.A.
- Zomba Enterprises, Inc. (since 2/10/2006)

Rolf Schmidt-Holtz
Chief Creative Officer, Bertelsmann AG (until 2/10/2006)
Chairman and Chief Executive Officer, Bertelsmann Music Group (BMG) (until 2/10/2006)
- Druck- und Verlagshaus Gruner + Jahr AG (until 2/10/2006)
- RTL Group S.A. (until 2/10/2006)
- Bertelsmann, Inc. (until 2/10/2006)
- BMG Music Publishing NA, Inc. (until 2/10/2006)
- Sony BMG Management Co., LLC (Chairman until 2/10/2006)
- The 25th Anniversary Foundation, Inc.
- Zomba Enterprises, Inc. (until 2/10/2006)

Dr. Ewald Walgenbach
Chief Executive Officer, Direct Group Bertelsmann
- BOL.com AG (Chairman)
- Bertelsmann Korea Co., Ltd. (until 3/31/2005)
- Bertelsmann Management (Shanghai) Co., Ltd.
- BOL Books Online Italia S.p.A. (Chairman) (since 4/15/2005)
- Bookspan
- FCB Freizeitclub GmbH & Co. KG
- Mondolibri S.p.A. (Chairman) (since 4/15/2005)
- RTL Group S.A.
- Shanghai Bertelsmann Culture Industry Co., Ltd.

Gerhard Zeiler (since 10/1/2005)
Chief Executive Officer, RTL Group
- Broadcasting Center Europe S.A. (Chairman) (since 1/30/2006)
- Channel 5 Television Group, Ltd. (Chairman) (since 1/27/2006)
- CLT-UFA S.A.
- Ediradio S.A.
- Fremantle Media S.A. (Chairman)
- Métropole Télévision M6
- M-RTL ZRT (Chairman) (since 8/26/2005)
- N-TV Nachrichtenfernsehen Beteiligungs GmbH
- RTL Hrvatska d.o.o. za uslugue (since 9/26/2005)
- RTL Television GmbH

Auditor's Report

We have audited the consolidated financial statements prepared by the Bertelsmann AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2005. The preparation of the consolidated financial statements and the group management report in accordance with IFRS as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit. In addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and full IFRS and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Bielefeld, March 6, 2006

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Reinke	Kämpf
Wirtschaftsprüfer	Wirtschaftsprüfer

Select Terms at a Glance

Contractual Trust Arrangement (CTA)
Concept of funding and insolvency protection of pension obligations by transfer of assets into a trustlike structure. Assets are classified as plan assets under IFRS and netted with pension liabilities of the company.

IFRS
International Financial Reporting Standards. Accounting standards intended to ensure internationally comparable accounting and reporting.

Impairment
Write-down of assets to their recoverable amount.

Joint Venture
An agreement to jointly operate, contribute capital to, supply know-how to, and divide profits from, an entity.

Operating EBIT
Earnings before interest, taxes and special items.

Operating EBITDA
Earnings before interest, taxes, depreciation, amortization and special items.

Rating
Expression of creditworthiness of a creditor or financial instrument by an agency specialized in creditworthiness analysis.

Syndicated credit line
Syndicated loan facility involving a consortium of banks.

Special items
Income and expense items which are distinguished by their nature, amount or frequency of occurrence and disclosure of which is relevant for assessing the earnings power of the entity or its segments in the period affected. IFRS requires these items to be separately disclosed. They include, for example, restructuring measures, impairments and gains or losses on disposals of participations.

Merger gain
The positive difference between total carrying values of the net assets of the transferring entity and the total consideration paid by the acquiring entity.

Financial Calendar

May 3, 2006
Announcement of figures for the first three months of 2006

May 23, 2006
Payout of dividends on Profit Participations Certificates for the 2005 fiscal year

September 6, 2006
Announcement of figures for the first half of 2006

November 8, 2006
Announcement of figures for the first nine months of 2006

Further Information

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www.bertelsmann.de
www.bertelsmann.com

The Annual Report is also available in German.

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