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AOL Time Warner, Bertelsmann, EMI and Realnetworks create new platform for online music subscription services

New York (ots) -

New venture, MusicNet, to offer consumers extensive collection of secure downloadable and streaming music

Realnetworks and america online each to launch consumer subscription services powered by MusicNet

AOL Time Warner Inc., Bertelsmann AG, EMI Group plc, and RealNetworks, Inc. today announced a venture which will create a breakthrough platform for online music subscription services. This platform - MusicNet - will combine an extensive collection of downloadable and streaming music with advanced technology. The end result will greatly accelerate the roll-out of online music subscription services for consumers across multiple distribution networks, including RealNetworks and the America Online family of interactive brands later this year.

Under the agreement, EMI, Bertelsmann, and AOL Time Warner will each own a minority stake in MusicNet. The companies' music subsidiaries - EMI Recorded Music, BMG Entertainment, and Warner Music Group - will each separately license their music to MusicNet on a non-exclusive basis. RealNetworks will also own a minority stake in MusicNet and will contribute its industry-leading Internet media delivery technology. MusicNet will operate as a standalone independent company.

MusicNet, as both a technology provider and a music clearinghouse, will license its "private-label" platform to companies seeking to sell music subscription services under their own brands. The company's goal is to distribute music profitably to as many outlets as possible. MusicNet will initially license its platform to America Online and RealNetworks, each of which plans to launch branded online subscription services later this year. MusicNet will also license its platform to other distribution outlets, including Napster, provided such outlets satisfy legal, copyright and security concerns.

This marks the first time a majority of the major record companies has licensed music to a venture whose goal is mass subscription distribution over the Internet. MusicNet will offer distributors an extensive collection of popular music content over one platform, and will benefit recording artists by providing new opportunities to reach fans and other consumers with their music in a secure and protected fashion.

The depth of the music companies' catalogues will enable the MusicNet platform to feature a rich array of music across all genres. The artist rosters of the companies participating in MusicNet include: Christina Aguilera, Bjork, Brandy, The Corrs, Eric Clapton, Dandy Warhols, D'Angelo, Everclear, Ben Harper, Faith Hill, Whitney Houston, Madonna, matchbox twenty, Dave Matthews, Brad Paisley, Red Hot Chili Peppers, Carlos Santana, Vitamin C, and Robbie Williams, in addition to leading classical, jazz, opera and world-music releases.

MusicNet will also seek to license music from other record companies - major record labels as well as independents - in order to provide consumers with the widest possible diversity of music. The content licenses to MusicNet from EMI Recorded Music, Warner Music Group, and BMG Entertainment are non-exclusive and each company intends to continue to offer their music to other online subscription and other platforms in the future. In addition, the licensing

agreement between America Online and MusicNet is non-exclusive, and America Online plans to provide its members with additional subscription services along with other online music offerings.

The MusicNet platform will, for the first time ever, unite a majority of the major record labels behind a single digital distribution technology, providing affiliates with ready-to-sell subscription offerings. MusicNet takes advantage of the unmatched scalability, reliability and security of RealSystem iQ, and it supports the broadest range of media formats.

Rob Glaser, Chairman and interim CEO of MusicNet, and also the Chairman and CEO of RealNetworks, said: "The launch of MusicNet will catalyze an exciting new era in digital music distribution. MusicNet will offer consumers an easy, simple way to get the highest-quality music while also protecting the intellectual property of record companies and artists. This marriage of great technology, incredible content, and worldwide reach is going to be music to a lot of people's ears. Looking ahead, we hope that all the major and independent labels will join MusicNet to create one-stop music subscription offerings with unbeatable consumer momentum. We look forward to working with the entire industry to make music subscription services a reality."

EMI Group Chairman Eric Nicoli said: "We are dedicated to giving fans the greatest possible access to our artists' music. In pursuit of that mission, throughout our history, we have been keen to embrace new technologies. New media opportunities abound and we are especially excited by those which provide fast, easy and legal distribution of music. This MusicNet alliance fulfils those criteria and represents a major step forward for EMI and our partners in this compelling new venture."

Bertelsmann Chairman and CEO Thomas Middelhoff said: "We are committed to making online distribution platforms such as MusicNet a significant part of our business. As the first company to address important issues surrounding media distribution, such as peer-to-peer file-sharing, Bertelsmann is the leader in charting a course for the future of digital distribution. We give consumers the content they want, how and when they want it, through accessible and easy-to-use technology of which MusicNet will play a leading role."

AOL Time Warner Co-Chief Operating Officer Dick Parsons said: "This agreement ushers in the era of secure, convenient, interactive mass music distribution. It will transform how consumers discover and experience music in their everyday lives, and is an important step in our strategy to use the Internet to give music consumers significantly more choice, convenience and flexibility. By licensing the Warner Music catalogue to MusicNet, we create new outlets for our artists and their work, and by distributing a MusicNet-powered subscription service on AOL as part of AOL's overall music strategy, we advance our goal of creating the best interactive music experience for our online members. AOL Time Warner is developing numerous innovative ways for fans to discover, experience and own music across our various properties, and our relationship with MusicNet will be a part of this effort."

About The Partners

RealNetworks, Inc. (NASDAQ: RNWK) is the global leader in Internet media delivery. It develops and markets software products and services designed to enable users of personal computers and consumer electronic devices to send and receive audio, video, games and other multimedia services using the Web. Consumers can access and experience audio/video programming and download RealNetworks consumer software on the Internet at <http://www.real.com>. RealNetworks' systems and corporate information is located on the Internet at <http://www.realnetworks.com>.

EMI Recorded Music, the third-largest record company in the world,

is an international music company with a presence in nearly 70 countries. Its sister company, EMI Music Publishing, is the world's largest music publisher. EMI Recorded Music includes important local and international artists, including some of the biggest names in the recorded music industry. EMI has artists in every leading music genre, including pop, rock, jazz, classical, Latin, Christian, country, rap/urban and dance. The world-famous labels include Capitol, Angel, Blue Note, EMI, Priority and Virgin. Its current roster includes approximately 1,500 artists, and it releases over 1,000 albums each year. AOL Time Warner Inc. (NYSE: AOL) is the world's first Internet-powered media and communications company, whose industry-leading businesses include interactive services, cable systems, publishing, music, cable networks and filmed entertainment.

Bertelsmann AG (www.bertelsmann.com) is the world's most international media company. Bertelsmann commands leading positions in the global media and entertainment industries. The Bertelsmann Group consists of publishing and music companies, book and music clubs, magazines and newspapers, television and radio stations, print and media service providers, multimedia and professional information companies represented by such brands as Random House, BMG, Gruner + Jahr and RTL. Bertelsmann is the world's largest general-interest publisher and the biggest English-language publishing house worldwide. Bertelsmann book and music clubs are number one worldwide with 41 million members. Through RTL Group and Gruner + Jahr, the company ranks first in the European broadcasting and magazine sectors, respectively. Bertelsmann is the worldwide leading media company in the internet, and top ranking in its peer market in e-commerce with BOL in Europe and barnesandnoble.com in the US. The organization currently employs 81,000 people in 58 countries and posted 16.5 billion Euro in total revenues in the 1999/2000 financial year ended June 30, 2000.

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