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EMI and Bertelsmann end talks

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After intensive exploratory talks, Britain's EMI Group plc and Bertelsmann AG have decided not to continue the negotiations about merging their music businesses. The companies have mutually concluded that the regulatory hurdles Brussels and Washington would most likely impose on an EMI/Bertelsmann Music Group (BMG) merger would require a complicated, lengthy investigation and approval procedure. Also, preliminary talks indicated that there would be significant stipulations, which might have called the project's economic viability into question.

"Our companies will now continue along their respective paths", Bertelsmann Chairman & CEO Thomas Middelhoff said. "BMG's status as a magnet for entrepreneurial and creative talent and our cutting-edge distribution concepts put us in a good position in the music business."

Over the past months, Bertelsmann has vastly improved its position in the music sector. With its new management team and a forward-looking corporate structure, the Bertelsmann Music Group, which unites more than 200 labels - featuring superstars like Christina Aguilera, Whitney Houston and Santana - is in an excellent position for future growth. Bertelsmann is already the global leader in direct-to-customer music distribution with its newly created corporate unit BeMusic, comprised of the leading online music retailer CDNow and the world's largest music club BMG Music Service. In digital music distribution, Bertelsmann has become the industry standard-bearer: both its establishment of the online platform MusicNet - set up jointly with AOL Time Warner, EMI and RealNetworks - and its support of Napster's efforts to become a fully lawful music subscription service give the company a wealth of new distribution channels. Customers get the music they want, whenever they want it, from wherever, and in whichever form they prefer.

Said Middelhoff: "The music industry has really gotten going. It is finally building digital services that are user-friendly, convenient, fast and mobile. In these stormy times, there exists a particularly high demand for the core competence of music companies like the Bertelsmann Music Group: the ability to work creatively with artists, foster new talent and carry out effective promotion. BMG is sure to have new opportunities for cooperation soon."

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