



Sony Music



The EMI Group

MAJOR RECORD COMPANIES AND IBM ANNOUNCE TRIAL TO TEST NEW DIGITAL DISTRIBUTION SYSTEM

Test Marks First Time Full-Length Albums Can Be Quickly Downloaded to Consumers' Homes With Protection From Piracy

New York City, February 8, 1999 – Five major record companies announced today that they are joining with IBM to conduct the first-ever market trial of a system that permits convenient and fast distribution of full-length, CD-quality albums to consumers in a highly secure form over the Internet. The five music companies are BMG, EMI, Sony Music, Universal Music, and Warner Music.

The trial will enable consumers to purchase and download music to their homes faster and with better quality than has ever been available before, while protecting legal rights. By using a broadband, cable modem delivery system, consumers in the test will be able to download a 60-minute album in less than 10 minutes. Over 2,000 albums will be available for download during the trial, which is expected to begin in the spring and last for more than six months. The trial will involve approximately 1,000 cable subscribers in San Diego who will be recruited for the test.

Initially, the trial will be limited to broadband cable modem delivery. A narrowband telephony modem test will also be conducted during the trial. The trial will allow the music companies and IBM to test a variety of technical issues such as compression and network delivery, as well as generate valuable consumer feedback.

The trial will be conducted using an IBM-developed delivery system based on an open architecture that includes a clearinghouse that authorizes and processes transactions. The system provides a highly secure rights management capability that allows online retailers to offer their customers music from record companies working with the clearinghouse. The clearinghouse is similar in concept to that used by major banks to assure that financial transactions are authorized.

Initially, consumers will select from approximately 1,000 albums and a selection of commercially available singles that will be offered through an online store created for the trial. New content will be added on a weekly basis, and it is anticipated that between 2,000 and 2,500 titles will be available by the end of the trial. After music is selected and credit card information is processed, participants will be able to download the music onto their PCs. The downloaded music can then be transferred to any recordable digital media or device which complies with the trial's copy control policies. In addition to downloading music, consumers will be able to download artwork for each release.

As has previously been reported, all companies participating in the trial support the recently announced Secure Digital Music Initiative (SDMI). SDMI is an initiative which seeks to create a forum to bring music and technology companies together to develop voluntary standards for digital security and interoperability. This trial will work toward SDMI's goal of developing ways for consumers to conveniently access music while protecting artists' intellectual property.

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