

Press Release

Bertelsmann launches new music rights business

- **BMG Rights Management positions itself as a modern service provider for artists**
- **Forward-looking business model with an established brand, experienced management and valuable corporate network**

Berlin, October 14, 2008 – Bertelsmann has begun to build a new music rights business under the well-known BMG brand, in response to the strong music industry trend toward autonomous, service-oriented artists. BMG Rights Management, headquartered in Berlin, plans to offer custom-tailored services for songwriters and performers who want competent support in the creation, marketing and licensing, collection and accounting as well as advance financing of their music repertoire.

“We are focusing precisely on that area of the music industry which promises growth,” explained Hartwig Masuch, CEO of BMG Rights Management, at the presentation of his company’s innovative business model and strategy. “Music is being used more intensively and exploited more comprehensively than ever before – beyond the traditional distribution of recorded music: on a growing number of online and mobile platforms, in productions of movies, TV programs and commercials, on radio and TV broadcast, in concerts and in video games. Today, a music writer or performer can derive significantly more income from the rights to his work than before. This is where we want to position ourselves with customized, flexible services as well as transparent accounting.” A full market entry is scheduled for 2009; at present, the organizational, legal and staff groundwork is being laid.

BMG Rights Management launches with a selection of European music catalogs which the company retained from the portfolio of the former Sony BMG joint venture (now Sony Music Entertainment Inc.). These catalogs, which encompass the recordings of more than 200 artists, provide BMG Rights Management with a positive result and a relevant market position from the outset. The rights portfolio will rapidly be expanded to include other European artists, and eventually beyond Europe. The new company’s core competency will be in advising songwriters and performers in building their repertoire, supporting them with marketing and licensing services, and providing transparent coverage of all their rights management needs. It will also provide appropriate advance financing during the rights-building process.

“BMG Rights Management can work inexpensively and efficiently,” explained Masuch. The company not only offers artists and writers autonomy and guidance in an increasingly fragmented market, but also a share of the income that is in most cases higher. “We want our partners to be more involved in a meaningful use of the budgets, and hence in efficient, cost-conscious processes. This includes giving them more say in the choice of marketing paths,” so Masuch. “We want to create a significant added value for authors, artists and other rights owners based on deeply responsible partnerships with our clients.”

BMG Rights Management launches with the building blocks in place: an established brand, strong catalogs, a respected management with a wide-ranging network and experience in music publishing spanning two decades, and the advantage of being part of an international media company. The Group it is part of represents financial soundness and capacity to invest, as well as a direct link to other subsidiaries with relevant businesses. For instance, RTL Group’s production and broadcasting business makes it one of the foremost owners and users of music rights in Europe. Arvato, meanwhile, is one of the world’s leading service providers to the music industry in terms of CD and DVD replication and the distribution of recorded music.

“In five years time, BMG Rights Management will have become established as one of the first ports of call for artists in Europe who want to ensure competent, transparent, comprehensive and efficient management of their rights,” declared Masuch.

About Bertelsmann AG

Bertelsmann is an international media company encompassing television (RTL Group), book publishing (Random House), magazine publishing (Gruner + Jahr), media services (Arvato), and media clubs (Direct Group) in more than 50 countries. Bertelsmann’s claim is to inspire people around the world with first-class media and communications offerings – entertainment, information and services – and occupy leading positions in its respective markets. The foundation of Bertelsmann’s success is a corporate culture based on partnership, entrepreneurial spirit, creativity, and corporate responsibility. The company strives to bring creative new ideas to market and create value.

For further questions, please contact:

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