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FOR MORE INFORMATION:**RIAA Ex. C-113-DP**

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ILLEGAL PEER-TO-PEER MUSIC FILE DECLINES AFTER SUPREME COURT GROKSTER DECISION

Eleven percent fewer U.S. households downloaded music illegally from P2P services between June and October 2005

PORT WASHINGTON, NEW YORK, December 14, 2005 – On June 27, 2005, the U.S. Supreme Court decided in favor of the major record companies and motion picture studios in their case against Grokster by ruling that providers of file-sharing technology may be held liable for their users' actions. In the wake of this decision, the RIAA reportedly issued cease-and-desist letters in September to several of the top peer-to-peer services. According to The NPD Group, from the time of the Supreme Court decision in June through October 2005, the number of U.S. households that downloaded at least one song from an illegal P2P service declined by 11 percent (from 6.4 million households in June to 5.7 million in October).

Prior to the Supreme Court's decision, NPD had noted an upward trend in the use of file sharing services to download music throughout 2004 and 2005, but that pattern reversed after the decision was handed down and some P2P sites began to close or shift marketing and business tactics. The subsequent decline in P2P activity was the most obvious result of an anti-piracy action, since the initial RIAA lawsuits caused the number of households acquiring files to drop by 35 percent between April and September 2003.

" Last year's fourth quarter was a peak period for music file sharing, as users ended summer activities, returned to school, or were consuming the latest music releases ," said Russ Crupnick, music industry analyst for The NPD Group. "It wasn't until the the Grokster decision that substantial reductions in the number of households downloading music occurred. If this trend continues throughout the remainder of the fourth quarter 2005 and into next year, it would signify a solid victory in the music industry's efforts against illegal music file sharing in the U.S."

Source: NPD MusicWatch Digital information is collected continuously from the PCs of 11,000 online households balanced to represent the online population of PC users.

About The NPD Group, Inc.

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