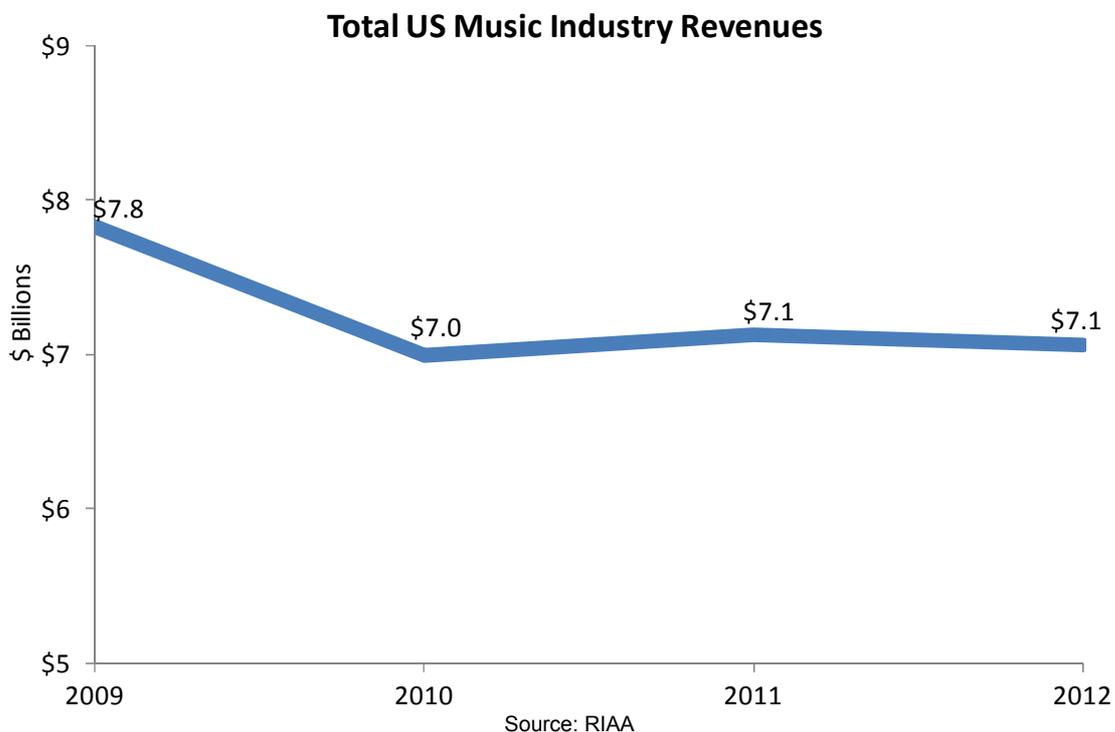


News and Notes on 2012 RIAA Music Industry Shipment and Revenue Statistics

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Though revenues are still well below the highs of over a decade ago, total US music industry revenues showed a second year of stabilization relative to the steep declines of prior years. Overall recorded music sales revenues for 2012 were \$7.1 billion, down 0.9%, after a slight increase from 2010 to 2011.

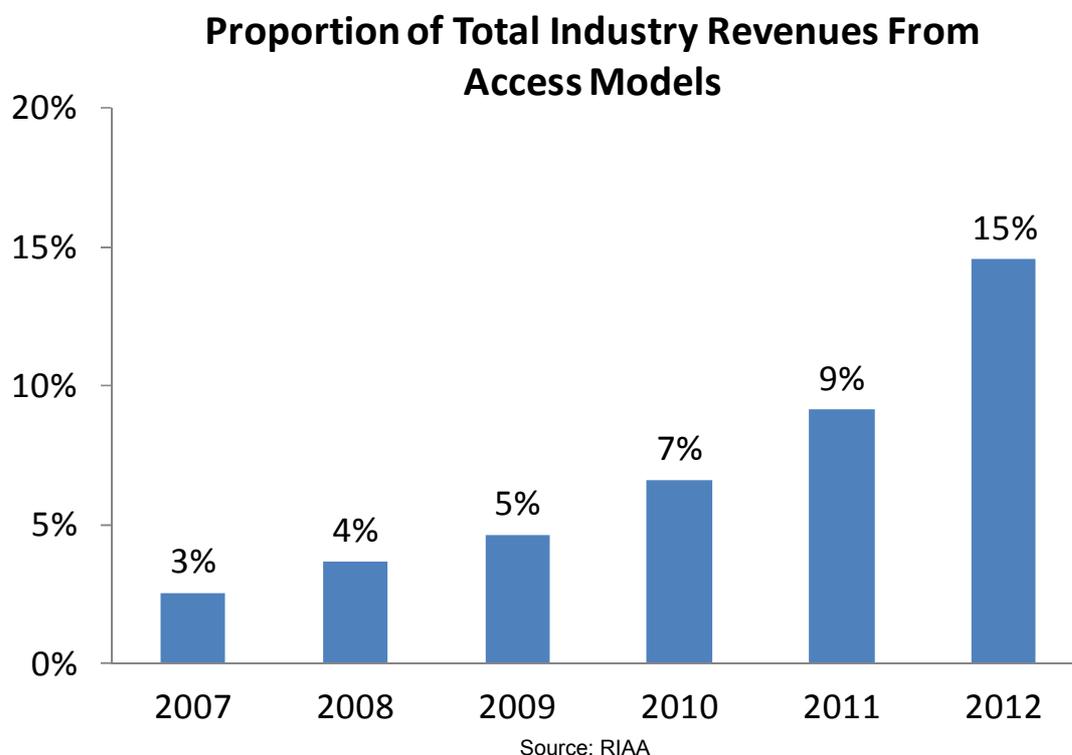
Figure 1



Industry revenues from digital formats continued to grow, and in 2012 surpassed \$4 billion for the first time ever, up 14.0% versus the prior year. Overall, digitally distributed formats comprised 59% of the total US market by dollar value in 2012, after crossing the 50% threshold for the first time in 2011.

Digital growth was driven by large increases in revenues through what can broadly be referred to as “access models”, where users can choose to listen from large libraries of music rather than purchasing individual songs or albums. This category includes revenues from subscription services (such as Rhapsody and paid versions of Spotify, among others), streaming radio service revenues that are distributed by SoundExchange (like Pandora, SiriusXM, and other Internet radio), and other non-subscription streaming services (such as YouTube, Vevo, and ad-supported Spotify, which this year are included for the first time in this report).

Figure 2



These types of services have quickly become significant revenue contributors for the industry. Collectively, they went from just 3% of total industry revenues in 2007 to 15% in 2012, totaling over \$1 billion for the year. Distributions for digital performance royalties from SoundExchange, which include payments to performers and copyright holders for webcasting, satellite radio, and other non-interactive digital music services, increased 58% to \$462 million in 2012.

Revenues from subscription services and streaming services that do not fall under a statutory license were \$570.8 million in 2012, up 58.9% from \$359.2 million in 2011. Note these figures include retail revenues for paid services, as well as wholesale revenues for services like ad-supported streaming that do not have a retail price. The number of digital subscribers to paid on-demand services also reached a new high at 3.4 million.

Digital downloads, including albums, single tracks, videos, and kiosk sales were up 8.6% by value, from \$2.6 billion in 2011 to \$2.9 billion in 2012. Digital albums continued to grow, from \$1.1 billion to \$1.2 billion (12.5%) in 2012. Digital album volume of 116.7 million marked the second year in which the total exceeded 100 million. Digital albums accounted for 35% of all album sales by volume, up from 30% in 2011. Digital tracks also grew but at a slower pace, up in total value 6.7% from \$1.5 billion in 2011 to \$1.6 billion.

After a more moderate decline in 2011, there was a significant decline in the physical market in 2012. Overall value was down 16.5%, from \$3.4 billion in 2011 to \$2.8 billion in 2012. Physical shipment volumes were down less at 11.7%, indicating a lower average price for music sales in

physical formats. Vinyl though continued to grow, up 36% in value to \$163 million in 2012, nearly equaling the total for ringtones, ringbacks, and other mobile products, but still only 2% of the overall market.

The 2012 music industry revenue results show a mix of a continuation of trends from previous years, along with the emergence of new developments. Overall revenues were relatively steady at \$7.1 billion. The mix of digitally distributed formats continued to increase, and the industry is now digital to a greater degree than ever before, with both new formats and permanent downloads contributing growth to a nearly 60% digital industry. The growth of access models show that formats where fans can listen from vast libraries rather than making individual purchases are gaining traction and making a significant contribution to the industry today.

Please note that the RIAA presents the most up-to-date information available in its annual industry revenue reports and subscription-only online statistics database (http://www.riaa.com/keystatistics.php?content_selector=riaa-shipment-database-log-in). Based on additional market research, historical data has been updated for 2011 as well.

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2012 Year-End Industry Shipment and Revenue Statistics

202-775-0101

United States Unit Shipments and Estimated Retail Dollar Value

(In Millions, net after returns)

Digital Permanent Download

	2011	2012	% CHANGE 2011-2012
(Units Shipped)			
Download Single	1,332.3	1,392.2	4.5%
(Dollar Value)	\$1,522.4	\$1,623.6	6.7%
Download Album	103.9	116.7	12.3%
	\$1,070.8	\$1,204.8	12.5%
Kiosk¹	1.3	2.0	55.9%
	\$2.7	\$3.7	36.6%
Music Video	16.3	10.5	-35.6%
	\$32.4	\$20.8	-35.6%
Mobile²	115.4	69.3	-40.0%
	\$276.2	\$166.9	-39.6%

Digital Subscription & Streaming

SoundExchange Distributions³	\$292.0	\$462.0	58.2%
Subscription & Streaming Not Distributed by SoundExchange⁴	1.8	3.4	86.3%
	\$359.2	\$570.8	58.9%

TOTAL DIGITAL VALUE

\$3,555.6	\$4,052.7	14.0%
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Synchronization Royalties⁵	\$196.5	\$190.6	-3.0%
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Physical

(Units Shipped)			
CD	240.8	210.9	-12.4%
(Dollar Value)	\$3,100.7	\$2,532.0	-18.3%
CD Single	1.3	1.1	-16.2%
	\$3.5	\$3.2	-7.6%
LP/EP	5.5	7.1	28.8%
	\$119.4	\$162.6	36.2%
Vinyl Single	0.4	0.4	6.6%
	\$4.6	\$4.7	3.0%
Music Video	7.7	6.2	-19.2%
	\$151.0	\$118.2	-21.7%
DVD Audio	0.0	0.0	-10.0%
	\$0.3	\$0.2	-31.5%
SACD	0.1	0.1	-13.3%
	\$1.5	\$1.3	-13.0%
Total Physical Units	255.7	225.8	-11.7%
Total Physical Value	\$3,381.1	\$2,822.2	-16.5%

Total Retail Units	222.0	182.9	-17.6%
Total Retail Value	\$3,170.9	\$2,584.3	-18.5%

TOTAL DIGITAL AND PHYSICAL

Total Units⁶	1,824.9	1,816.5	-0.5%
Total Value	\$7,133.1	\$7,065.5	-0.9%

% of Shipments ⁷	2011	2012
Physical	49%	41%
Digital	51%	59%

Retail Value is the value of shipments at recommended or estimated list price

Note: Historical data updated for 2011

¹ Includes Singles and Albums

² Includes Master Ringtunes, Ringbacks, Music Videos, Full Length Downloads, and Other Mobile

³ Estimated payments in dollars to performers and copyright holders for digital radio services under statutory licenses

⁴ Streaming, tethered, and other subscription and non-subscription audio and music video services (including ad-supported) not operating under statutory licenses. Services with no retail value equivalent included at wholesale value.

Volume is annual average number of subscribers for subscription services.

⁵ Includes fees and royalties from synchronization of sound recordings with other media

⁶ Units total includes both albums and singles, and does not include subscriptions or royalties

⁷ Synchronization Royalties excluded from calculation

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