

Movie File-Sharing Booming: Study

Downloading Hollywood Movies is Not Perceived as a Serious Offense

Toronto (January 24, 2006) – As the movie industry is trying to find the right business model for Internet distribution for its first-run and catalogue content, a new research study shows that American consumers are increasingly viewing the movies they download or rip from DVDs on their PCs.

Among key highlights of the research:

- ▶ 32 million Americans aged 12+ (18% of the US online population) downloaded a full-length movie at some point in the past – 20 million of these are regulars, having downloaded in the last month.
 - A majority of movie downloaders (80%) only use peer-to-peer file-sharing sites. The population of regular file-sharing users doubled between 2005 and 2006.
 - A typical movie downloader from file-sharing sites is 29 years of age and has 16 titles stored on their PC – 63% are male and 37% are female.

- ▶ The PC is moving from a workhorse to a life-hub and video entertainment center.
 - 56% watched a DVD on a PC at some point and 29% viewed a DVD on a PC last month.
 - 25% watched a streaming TV show on their PCs.

- ▶ Unauthorized downloads of copyrighted movies are not perceived as a serious offense.
 - Only 40% believe downloading “copyrighted movies off the Internet” is a “very serious offense” – compared to the 78% who believe “taking a DVD from a store without paying” is a very serious offense. As another point of comparison, Americans are much more likely to believe that “parking in a fire lane” is a very serious offense (59%).

“There is a Robin Hood effect – most people perceive celebrities and studios to be rich already and as a result don’t think of movie downloading as a big deal,” commented Kaan Yigit, Study Director. “The current crop of ‘download to own’ movie services and the new ones coming into the market will need to offer greater flexibility of use, selection and low prices to convert the current users to their services – otherwise file-sharing will continue to thrive,” added Yigit.

This information comes from **Digital Life America**, a syndicated consumer trend study. Between June and late September 2006, the research covered nationally representative samples of over 2,600 Americans by telephone (1,016) and online (1,600). The results cited in this release are accurate to plus or minus 2.4 percent, 19 times out of 20.

To maintain an unbiased perspective, Solutions Research Group funds its own syndicated research. This is the first of a series of releases from Digital Life America.

David Ackerman dackerman@srgnet.com 1.866.358.5986 x 25
Kaan Yigit kyigit@srgnet.com 1.866.358.5986 x 22



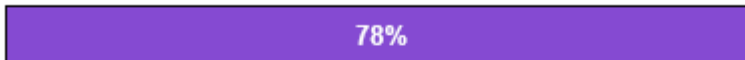
Comparative Attitudes Toward Intellectual Property

Note: May Not Be Reproduced Without Proper Attribution

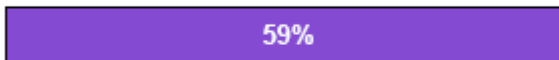
**Very Serious
Offence**

**Not Serious
At All**

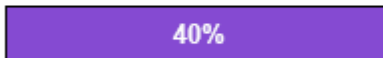
Taking a music CD or a DVD from a store without paying



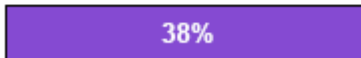
Parking in a fire lane



Downloading copyrighted movies off the Internet



Downloading copyrighted songs



Base: Total Online U.S. – September 2006 – Item Presentation Randomized