

Press Release**Columbia Music Entertainment, Inc.****Columbia Music Entertainment Releases Consolidated Results  
for the Full Fiscal Year Ending March 2008**

Columbia Music Entertainment Inc. (hereinafter CME; Head Office: Minato-ku, Tokyo; Chief Executive Officer (CEO): Sadahiko Hirose, Chairman: Strauss Zelnick) has today issued its consolidated business results indicating the Company's overall performance for the fiscal year under review ending March 31, 2008 (April 1, 2007 ~ March 31, 2008).

Following its return to profitability in FY 2004 (ending March 31, 2005) after 14 consecutive years of losses, Columbia Music Entertainment remained profitable in terms of both operating profit and ordinary profit through FY 2006 (ending March 31, 2007).

However, because of continuing declines in the sales of packaged products such as CDs and DVDs, the Company is booking consolidated operating and ordinary losses for FY2007.

As a result, Columbia Music Entertainment has taken aggressive measures to enable the Company to operate profitably, including the implementation of the "Second Career Program", increased focus of management resources on promising artists and drastically reducing the scale of the international department. As a part of these actions, the Company has already conducted a review of the artist lineup in the J-Pop/J-Rock Department and has radically scaled back the unprofitable International Department, including the cancelling its license contract with the British rock V2 Music Group.

The Company implemented the "Second Career Program" under which 119 employees have applied to take voluntary early retirement as of the end of March 2008. The Company also transferred some employees engaged in its package sales business into the overall Music Entertainment Business, which is now expanding.

During the fiscal year under review, the Company's consolidated sales totaled 19,214 million yen, a decrease of 34.5% compared with the previous fiscal year. The main factors behind this result were a reduction in sales of 6,626 million yen associated with a change in the accounting procedure for sales in the P&D Business.

Excluding the impact of the accounting change, sales decreased by approximately 15% due to a decline in sales of J-Pop titles of 2,323 million yen. In the previous fiscal year, Yo Hitoto enjoyed strong sales of the album BESTYO, which sold nearly a million copies. This year, by contrast, the absence of major titles following the most recent original albums by Yo Hitoto and Kaela Kimura and a decline in sales of CD singles combined to produce a significant decrease in

revenue. However, in the Enka/Kayokyoku, Animation, and Education Departments, sales exceeded those of the previous fiscal year.

For the full fiscal year, CME recorded an operating loss of 737 million yen, compared with an operating profit of 778 million yen for the previous fiscal year, and an ordinary loss of 870 million yen, compared with an operating profit of 619 million yen for the previous fiscal year. The favorable results of the overseas music production subsidiary and the new subsidiary, Creative Core, were offset by a decline in sales of in-house produced titles. In addition, the Company booked extraordinary expenses associated with the implementation of the “Second Career Program”, the cancellation loss on the contract with the V2 Music Group, and a loss on liquidation of foreign business. As a result, the Company recorded a consolidated net loss for the fiscal year of 2,415 million yen, compared with a net profit of 561 million yen for the previous fiscal year.

In the in-house Music Entertainment Business, the Company’s strategy includes further reinforcing its earnings potential through even greater branding and support of hit artists such as Kiyoshi Hikawa, Yo Hitoto, Kaela Kimura, and Ryuichi Kawamura. In addition, the Company will further strengthen the production capabilities of the Enka/Kayokyoku, Animation, and Education Departments, which continue to perform strongly. And the Company will further concentrate its management resources on the most promising artists in the J-Pop/J-Rock Department, which remains core to the Company’s continuing growth.

By making effective use of the Company’s abundant music assets, which number approximately 160,000 titles, the Company plans to strengthen its product lineup for middle-aged adults from whom the Company expects increasing demand in future, and will thoroughly pursue the multi-use of its music assets. CME will also attempt to further promote the expansion of the Music Entertainment Business not only through conventional music production but also by providing a total package of services including concert management and merchandizing through cooperation with music agents and artists, all of which should create new revenue streams and improve margins.

Digital music sales continue to contribute meaningfully to CME’s revenue and the company remains very much a leader in this area. Currently, over 70,000 CME tunes are available for digital distribution, out of which 9,000 are available through various mobile and PC download distributors. The company will continue to aggressively implement its digital initiatives in order to further fuel the growth of its industry-leading digital business.

In addition, in the next fiscal year, the business performance of Creative Core, which was purchased and consolidated into the Columbia Group in November 2007, will make a contribution to the Company’s consolidated performance throughout the full fiscal year. The Company is developing measures to further improve the various synergy effects between the businesses of CME and Creative Core, which continues to generate consistent profitability.

## &lt;Full Year Business Result Forecast for Fiscal Year Ending March 31, 2009&gt;

For next fiscal year, the Company's consolidated forecast at the present time is for total sales of 21 billion yen. Since the Company expects a decline in fixed costs and an increase in sales in the Customs Sales Business, which has high profit margins, the current forecast is for an operating profit of 250 million yen, an ordinary profit of 150 million yen, and net income for the current fiscal year of 100 million yen.

## - Artists and Titles Making Major Contributions to Sales-

## &lt; Music Software &gt;

## • Enka/Kayokyoku Dept.

Kiyoshi Hikawa— *Enka Meikyoku Collection 7 ~ Abayo—Kiyoshi no Soran Bushi, Kiyoshi no Soran Bushi/Kibo to Iu Na no Saishu Ressha, Genkai Funauta/Hokushu*

Eisaku Okawa— *Kaze Minato/Meoto Michi*

Harumi Miyako— *Miyako Harumi Zenkyokushu, Hotaru no Yado*

Miki Matsukawa— *Onna Hamauta/Tsugaru Onago Bushi*

## • J-Pop/J-Rock Dept.

Kaela Kimura— +1, Samantha/Honey B~Mitsubachi Dansu, Yellow/No Reason Why, Jasper/Dive Into Shallow

Yo Hitoto— *Key, BESTYO, Tsunaide Te/Domino/Sasayaki Namiki, Tadaima/Donden Gaeshi/Hitori de ni, Ukeirete/Kuchu Buranko/Megumu*

Ryuichi Kawamura— *Evergreen Anniversary Edition, ORANGE, Dare no Tame demo naku...Kimi ni/Flow*

Kirinji— *7-seven-*

Clammbon— *Musical*

## • Educational Dept.

Wanwan, Kotochan, Uutan— *Inai Inai Baa! Series*  
*2007 Pop Hit March*  
*2007 Anime & Kids' Hit March*

## • Animation Dept.

*THE IDOM@STER Series*  
*Ultraman Series 40th Anniversary Ultraman Shudaika Daizenshu*

## • Hogaku Dept.

Shinosuke Tatekawa— *Shinosuke Rakugo BOX*

Koji Kikuhara— *Kikuhara Koji Jiuta Sokyoku no Sekai*

## • J-Jazz/Classic Dept.

Saori Yano— *Yano Saori BEST ~ Jazz Kaiki ~, Little Tiny*

Minako Honda— *Classical Best ~ Ten ni Hibiku Uta ~*

• Catalogue Products

Hibari Misora— *Misora Hibari Special Best*  
*Duet Dai Hit Dai Zenshu*  
*CD Twin Minna Doyo*

• Visual Software

Wanwan, Kotochan, Uutan— *Inai Inai Baa! Series*  
Kaela Kimura— *LIVE Scratch ~ Agattemasutteba TOUR@Budokan*  
Kiyoshi Hikawa— *Hikawa Kiyoshi Special Concerts 2007 Kiyoshi Kono Yoru Vo.*  
*7*  
*Rudorufu Akahana noTonakai (Rudolf the Red-nosed Reindeer)*

• Mail Order Business

Naomi Chiaki— *Chiaki Naomi Showa Kokorouta*  
Hibari Misora— *Misora Hibari Showa o Utau*  
Kazuo Funaki— *Funaki Kazuo Omoide Album*

• PC/Mobile Phone Incoming Call Melodies

Kaela Kimura— *Jasper, Yellow, Samantha*  
Yo Hitoto— *Tadaima, Tsunaide Te, Hanamizuki*  
Hironobu Kageyama— *CHA-LA HEAD-CHA-LA*

• P&D (Production & Distribution) Business

YOSHIMOTO R and C CO., LTD.  
Downtown— *Downtown no Gaki no Tsukai ya Arahende!! Series*  
Hitoshi Matsumoto & others— *Hitoshi Matsumoto no Suberanai Hanashi*  
Video Arts Music Inc.  
Queen— *Rock Montreal & Live Aid*  
Toto— *Falling in Between Live*

■ Columbia Music Entertainment Inc.

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Representative: Representative Director and CEO Sadahiko Hirose  
Business contents: Production, advertising and sales of music software, etc., and music artist management  
Paid-in capital: ¥1,000,000,000  
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