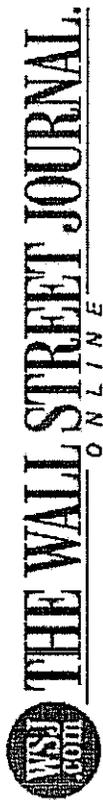


EXHIBIT 9



iPod, TheyPod: Rivals Imitate Apple's Success

By NICK WINGFIELD and ROBERT A. GUTH
September 18, 2006; Page B1

After years of watching Apple Computer Inc.'s success in digital music, rivals are ripping a page from the company's playbook.

RealNetworks Inc. on Monday announced a deal with SanDisk Corp. to sell a digital music device that's specifically designed to work with RealNetworks' online music service, Rhapsody. The move follows one made by Microsoft Corp., which will release a digital music player of its own design this holiday season that will be closely coupled with its own online music service. Korea's Samsung Electronics Co. is working on a similar plan.

The deals are an effort by Apple competitors to improve technological coordination between online song sellers and digital-device makers. Many consumers have been frustrated by hardware and software glitches when they try to download songs sold by one company onto a gadget made by another. The iTunes Store and iPods, by contrast, have long worked smoothly because they were both designed from the start by one company, Apple, to operate together. "That's something that Apple has played up very well," says Microsoft Vice President Bryan Lee. "One brand, one device, one service."

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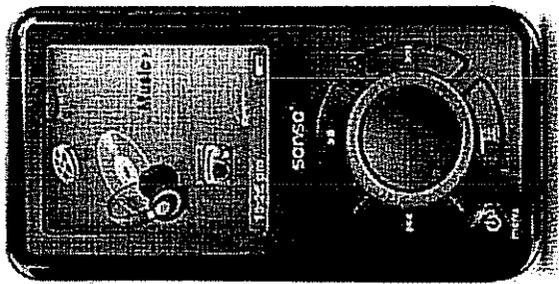
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The Sansa e200 will pair with Rhapsody.

In the five years since the Cupertino, Calif., company introduced the iPod, the device has turned into a market share and revenue juggernaut, nabbing more than 75% of U.S. retail sales of new digital music players in the second quarter. More than 60 million iPods have been sold since the product's introduction. Overall, the device accounted for about a third, or \$1.5 billion, of Apple's total \$4.37 billion in revenue in the quarter ended July 1.

An Apple spokesman had no comment.

"There's no mystery here that what they've done is worth copying and improving on," Eli Harari, chief executive of SanDisk, says of Apple's approach to digital music.

Despite Apple's imposing lead, its rivals believe they may be able to win over consumers -- including large numbers of people who haven't already bought digital music players -- by offering products with features that aren't currently available from Apple. For example, Microsoft's new digital music device, Zune, has the ability to wirelessly share music, something iPods don't currently do. RealNetworks, for its part, plans to load SanDisk players with 30 hours music from artists like Coldplay, Jay-Z and the Rolling Stones (the songs can be played for 30 days, or longer if users become paying customers of Rhapsody).

"You've got to come to the party with something pretty special," says Mike McGuire, an analyst at Gartner Inc., adding that it remains to be seen whether the rival offerings will make a dent in iPod and iTunes market share.

RealNetworks is shifting its strategy after years of frustrating efforts to get its Rhapsody service to work with a wide range of music gadgets from other companies. Like many other online music providers, the Seattle company initially designed Rhapsody to work with hardware products that used audio formats and copy-protection software from Microsoft. At one point, Redmond, Wash., Microsoft even tried to reassure consumers that music services and hardware from



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different companies would work well together by stamping such products with the tag line "Plays for sure."

But incompatibilities between devices and music services persisted, thwarting basic functions that the iPod and iTunes excelled at. For instance, transferring music from Rhapsody to supposedly compatible players could be glacially slow and not work at all in some cases, RealNetworks executives say. Rob Glaser, CEO of RealNetworks, jokes that the Microsoft slogan should be "Doesn't play for sure." Microsoft executives acknowledge that some of the music players haven't worked well with some of the services.

Because Rhapsody is a "subscription" music service in which consumers pay a flat monthly fee of \$9.99 to \$14.99 to effectively rent access to songs, users must attach their digital players to their PC once a month to verify that they're still paying subscribers to the service. In the past, though, Rhapsody music on some digital players would simply become unplayable without any warning to the user.

In the spring of 2005, Mr. Glaser got so fed up with the problems that a team of RealNetworks engineers began making prototypes of an iPod-like music player -- code-named Joey, after the baby kangaroos that live in the pockets of their mothers -- which RealNetworks planned to make itself. RealNetworks also flirted with the idea of buying a hardware maker.

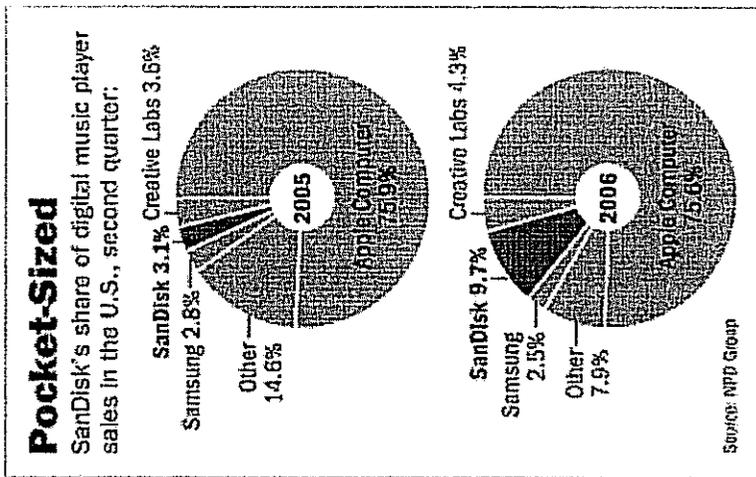
Eventually though, the company decided to partner with SanDisk, a Milpitas, Calif., company that has quietly captured nearly 10% of the U.S. market for digital music players as of the second quarter, up from 3.1% a year earlier. The company's performance suggests that there is room for competitors to grow in the Apple-dominated field of online music.

SanDisk has aggressively priced and distributed its family of music players; its products include the Sansa e200, which costs \$139 and \$249 for two gigabyte to eight gigabyte players. The Sansa Rhapsody, the new joint device from RealNetworks and SanDisk, will cost the same.

To ensure error-free compatibility between SanDisk players and Rhapsody, RealNetworks installed a layer of its

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well with some of the services.



own software, including copy-protection technology, on the new Sansa Rhapsody.

Songs from iTunes won't be playable on the revamped Sansa players and songs from Rhapsody can't be played on iPods -- unless, in either case, users go through a complex process of burning and recopying music. The Sansa Rhapsody player, however, will work with some other online music services like Napster, but without the benefit of the improvements made by RealNetworks. Mr. Glaser says RealNetworks plans to couple the Rhapsody service to devices by other manufacturers as well, a strategy he believes will create more choices for consumers than are currently available from Apple.

Microsoft's approach with Zune, its upcoming portable media player, is a divergence from a strategy that has guided the company during its 30-year history. The company has built its fortunes by licensing operating system software to personal computer makers, who handle the design and manufacturing of hardware products on their own. The company now acknowledges a similar strategy in the music-player market hasn't worked.

Part of Microsoft's change of tune came because the company's Xbox videogame division learned the benefits of having more control over hardware. Instead of licensing software to others, Microsoft followed videogame industry practice of making its own console, which allowed it to oversee design, manufacturing and coupling the hardware with its software -- a model closer to Apple's approach.

The success of the Xbox spurred executives in Microsoft, including CEO Steve Ballmer, to look for how to apply lessons in the Xbox group to other parts of Microsoft. Mr. Ballmer in the spring of last year was growing increasingly agitated over the unchallenged success of Apple's iPod, say people familiar with Mr. Ballmer's thinking. That helped to prompt a reorganization a year ago that put the control of Microsoft's music-player strategy under two key architects of the Xbox, J Allard and Mr. Lee.

The result of their efforts is Zune, which will be the first music player that Microsoft will sell under its own brand. Like Apple, the company oversaw the design of the player and the whole system around it. Critical to the plan is an online entertainment service called Zune Marketplace. Like Apple does with its iTunes music store, Microsoft will run the service itself, a plan executives expect will yield an easier-to-use and better experience for Zune users.

Like RealNetworks, Microsoft opted to use an outside manufacturer and is working closely with Toshiba Corp. The two companies earlier this year collaborated on the design of the device, Mr. Lee said, and now Toshiba is the sole manufacturer of Zune.

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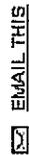
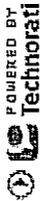
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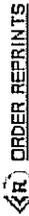
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