

EXHIBIT 57

RealNetworks, Inc.

November 7, 2006

3Q Results Good, Outlook Less So--Reiterate Neutral

NEUTRAL

RNWK - NASDAQ	\$10.87
PRICE TARGET	NA
52-WEEK RANGE	\$11.81-\$7.20
MARKET CAPITALIZATION	\$1,741.6mm
SHARES OUTSTANDING	160.2mm
FLOAT	117.1mm
BOOK VALUE/SHARE	\$5.07
DEBT/TOTAL CAP. (%)	17%
DIVIDEND/YIELD	NA/NM
AVG. DAILY VOLUME	1,852,695



RealNetworks is a leading distributor of digital media content on the Internet, including audio, video, and games. The company also provides a set of software and services enabling third parties' distribution of media over the Internet and to Internet-connected devices.

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Summary: We reiterate our Neutral rating on RNWK. The company reported good 3Q results, above our top- and bottom-line estimates by \$1mm and \$0.01, respectively. However, sluggish growth in new music subscribers adds risk to segment estimates, in our view. Games growth continues to show strength with recent acquisitions. We are decreasing our EPS estimates for 4Q, and raising marginally for 2007 due to the acquisition of WiderThan.

Reports good 3Q results. The company reported revenue of \$94mm, above our estimate of \$93mm (guidance: \$91mm to \$94mm, consensus: \$93mm), and EPS of \$0.24 ahead of our estimate of \$0.22 (guidance: \$0.20 to \$0.22, consensus: \$0.22). EPS was helped by certain sales & marketing expenses that were delayed until 4Q, as well as R&D nearly \$1mm lower than we had projected.

Music segment growth slows further. The company added roughly 25,000 music subscribers in 3Q (and only 50,000 in 2Q) vs. an average of 150,000 new subscribers for the previous four quarters (total paid subscriber count was up 50,000 QoQ). We estimate that ARPU in the music business dropped in the quarter as well. We believe the slowdown may indicate a lasting market preference for both music-as-a-download as well as end-to-end systems such as Apple's (AAPL, \$79.71, Not Covered) iPod. Microsoft's (MSFT, \$28.84, Not Covered) Zune is expected to launch November 14.

Rhapsody DNA launched. The technology platform enables the integration of Rhapsody into other manufacturer's products. While this should help RNWK to some degree, we are bearish on the music subscription business.

On the acquisition of WiderThan, we are adjusting our 4Q and 2007 revenue and EPS estimates, though EPS will likely be up only marginally next year.

- **For 4Q,** we are raising our revenue estimate from \$99mm to \$120mm (guidance: \$117mm to \$123mm, prior consensus: \$100mm) and lowering EPS from \$0.22 to \$0.20 (guidance: \$0.18 to \$0.21, prior consensus: \$0.23). Removing \$2.7mm of charges related to the acquisition would increase EPS by \$0.01. Net-net, we still estimate 2006 at \$0.80.
- **For full-year 2007,** we are raising our revenue estimate from \$426mm to \$572mm (prior consensus: \$427mm) but only increasing EPS from \$0.33 to \$0.34 (prior consensus: \$0.37).

Fiscal Year	Earnings Per Share Estimates (US\$)										P/E
	1Q (Mar)		2Q (Jun)		3Q (Sep)		4Q (Dec)		Year		
	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current	
2005A	--	0.00	--	0.03	--	0.06	--	1.61	--	1.70	6.4x
2006E	--	0.14A	--	0.22A	0.22	0.24A	0.22	0.20	--	0.80	13.6x
2007E	0.25	0.23	--	0.03	0.03	0.04	0.03	0.05	0.33	0.34	32.0x
2008E	--	--	--	--	--	--	--	--	0.23	0.25	43.5x

GAAP EPS

What we find bullish:

- **Increasing estimates.** Due to the acquisition of WiderThan, we are raising our revenue estimates significantly. Estimated 4Q revenue goes from \$99mm to \$120mm (guidance: \$117mm to \$123mm, prior consensus: \$100mm), while 2007 revenue shoots up from \$426mm to \$572mm.
- **Net growth of overall subscriptions.** After pausing in 2Q at 2.4mm, total subscriptions rose in 3Q by 50,000. Total subscriptions are up 11% YoY.
- **Greater international footprint.** From 23% a year ago, international revenue has grown to 26% of total revenues. The acquisition of WiderThan will only serve to accelerate this positive trend, in our view.

What we find bearish:

- **Ongoing competition.** The digital music business is a fiercely competitive one. Microsoft is a formidable opponent, and they are likely to grow stronger in this area over time. While not currently much of a threat to RNWK, we believe that Yahoo! (YHOO, \$26.59, Neutral) is likely to improve its performance in this area as well.
- **Decreased numbers of added music subscriptions.** Music subscriptions grew only 25,000 in the quarter. While management seems to consider it to be attributable to a temporary focus on other areas, we see a negative trend developing. Furthermore, we anticipate ARPUs will continue to fall.
- **Cautious about RBT (ringback tones) outlook.** While the acquired WiderThan will drive revenues significantly, it will also pull down margins. Gross margins at the acquired company are approximately 60%, compared to 81% in RNWK's technology segment, where results will be reported.

What is otherwise of interest:

- **Purchased 200,000 shares for \$1.9mm.** The company bought back 200,000 shares at an average price of approximately \$9.50. We believe the company has roughly \$80mm outstanding in its share buyback authorization.

Our financial model follows:

**RealNetworks
Income Statement (GAAP)**

Figures in \$000 except per share data

FY December	Year	Q1	Q2	Q3	Q4E	Year	Q1	Q2	Q3	Q4	Year	Year
	2005	3/06	6/06	9/06	12/06	2006E	3/07	6/07	9/07	12/07	2007E	2008E
Total revenues	325,059	86,602	89,409	93,676	120,061	389,748	134,547	140,549	146,207	151,002	572,306	657,281
Cost of revenues	98,249	26,753	26,646	28,389	37,594	119,382	42,259	44,165	43,952	44,015	174,390	200,985
Loss on content agreement	-	-	-	-	-	-	-	-	-	-	-	-
Gross profit	226,810	59,849	62,763	65,287	82,466	270,365	92,288	96,384	102,255	106,988	397,915	456,296
R & D	70,631	18,099	18,684	18,344	23,157	78,284	24,860	25,368	25,865	26,382	102,465	112,161
Sales & marketing	130,515	36,083	37,961	37,560	48,119	159,723	51,816	52,852	53,909	54,987	213,565	236,579
General & administrative	50,669	13,226	14,317	14,043	18,579	60,165	19,451	19,657	19,865	20,076	79,049	84,760
Goodwill amortization	-	-	-	-	-	-	-	-	-	-	-	-
Antitrust litigation	(422,500)	(39,835)	(57,858)	(61,861)	(61,250)	(220,804)	(61,250)	(500)	-	-	(61,750)	-
Loss on excess office facilities	-	738	-	-	-	738	-	-	-	-	-	-
Personnel reduction, restructuring, and related charges	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	128	-	-	-	-	-	-	-	-	-	-	-
Non-recurring acquisition charges	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	(422,372)	(39,097)	(57,858)	(61,861)	(61,250)	(220,066)	(61,250)	(500)	-	-	(61,750)	-
Total operating expenses	(170,557)	26,311	13,104	8,086	28,605	78,106	34,877	97,367	99,639	101,446	333,329	433,500
Operating income	397,367	31,538	49,659	57,201	53,861	192,259	57,411	(903)	2,616	5,542	64,587	22,796
Interest income	14,511	7,979	9,381	10,618	8,448	36,426	11,465	12,230	12,317	12,436	48,447	53,213
Equity in net loss of MusicNet	(1,068)	-	-	-	-	-	-	-	-	-	-	-
Impairment of equity investments	19,064	-	2,286	-	-	2,286	-	-	-	-	-	-
Other, net	(331)	117	73	242	(3,610)	(3,178)	(3,614)	(3,618)	(3,622)	(3,626)	(14,479)	(3,636)
Total other income (expense), net	32,176	8,096	11,740	10,860	4,838	35,534	7,851	8,612	8,695	8,810	33,968	49,577
Pretax income	429,543	39,634	61,399	68,061	58,700	227,794	65,263	7,629	11,311	14,352	98,555	72,373
Taxes	117,198	14,751	22,521	25,908	21,954	85,134	24,408	2,851	4,230	5,364	36,854	27,048
Net income	312,345	24,883	38,878	42,153	36,746	142,660	40,854	4,778	7,081	8,988	61,701	45,325
EPS (basic)	1.84	0.15	0.24	0.26	0.23	0.89	0.25	0.03	0.04	0.06	0.38	0.28
EPS (diluted)	1.70	0.14	0.22	0.24	0.20	0.80	0.23	0.03	0.04	0.05	0.34	0.25
Shares (basic)	170,178	160,887	159,938	160,578	161,218	160,655	161,418	161,618	161,818	162,018	161,455	162,255
Shares	184,161	176,923	177,337	178,913	180,489	178,416	180,689	180,889	181,089	181,289	180,989	181,789
GAAP Net income (loss)	312,345	24,883	38,878	42,153	36,746	142,660	40,854	4,778	7,081	8,988	61,701	45,325
Interest income, net	(14,511)	(7,979)	(9,381)	(10,618)	(8,448)	(36,426)	(11,465)	(12,230)	(12,317)	(12,436)	(48,447)	(53,213)
Taxes	117,198	14,751	22,521	25,908	21,954	85,134	24,408	2,851	4,230	5,364	36,854	27,048
Depreciation, amortization and stock compens	16,371	7,890	7,640	9,292	9,599	34,411	9,465	9,734	10,012	10,298	39,510	36,653
EBITDA	431,403	39,545	59,658	66,725	59,851	225,779	63,263	5,134	9,007	12,214	89,618	55,013
Antitrust litigation	(422,500)	(39,835)	(57,858)	(61,861)	(61,250)	(220,804)	(61,250)	(500)	-	-	(61,750)	-
Expenses from antitrust litigation	-	971	997	1,000	1,000	3,968	1,000	-	-	-	1,000	-
Loss on content agreement	-	-	-	-	-	-	-	-	-	-	-	-
EBITDA excluding antitrust litigation and I	8,903	681	2,797	5,864	(399)	8,943	3,013	4,634	9,007	12,214	28,868	55,013

Source: Company reports & Oppenheimer & Co. estimates.

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Other companies mentioned in this report: AAPL, MSFT, YHOO



All price targets displayed in the chart above are for a 12-month period. Prior to March 30, 2004, Oppenheimer & Co. Inc. used 6-, 12-, 12- to 18-, and 12- to 24-month price targets and ranges. For more information about target price histories, please write to Oppenheimer & Co. Inc., 125 Broad St., 16th Fl., New York, NY 10004, Attention: Research Disclosure.

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Distribution of Ratings/IB Services Firmwide and by Sector									
					TECHNOLOGY				
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			Count	Percent				Count	Percent
BUY [B]	167	47.31	28	16.77	BUY [B]	28	48.28	4	14.29
HOLD [N]	175	49.58	20	11.43	HOLD [N]	28	48.28	1	3.57
SELL [S]	11	3.12	1	9.09	SELL [S]	2	3.45	0	0.00

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