

6 June 2006

Dear Sirs,

Further to the recent information regarding the market investigation I am writing as principal of a UK based record company - **Defected Records Ltd** and **ITH Limited**.

I am taking this opportunity to ask you to include non-food items in your investigation with particular regard to music CDs and DVDs.

The four large supermarket chains now account for 28% of the UK retail music market (and 48% of chart album sales). The range of music they carry is small, comprising mainly the Top 30 album titles. They sell music cheaply and as a loss-leader in many cases and as a result making it hard for specialist music shops such as HMV, Virgin and independents to compete. If we lose music specialist retailers on the High Street the choice of music available to consumers on the high street will be much reduced. We already - as providers of music - find the marketplace extremely difficult to operate in. I therefore urge you to investigate whether the supermarkets are competing fairly in this area.

If you require any further information please do not hesitate to contact me on the number below or direct on 07798 878888 or via email hector@defected.com.

Kind regards

Hector Dewar
Managing Director