

Melodeo Announces \$7.9 Million in New Funding to Drive Growth of Online and Mobile Music

Funding Received from Voyager Capital and Ignition Partners

SEATTLE – Oct. 18, 2007 – Melodeo Inc., a leader in delivering music and other media via mobile phones and the web, today announced it closed a new preferred funding round of \$7.9 million. Ignition Partners and Voyager Capital led the round.

The company said the investment will be used to advance Melodeo's flagship product, nuTsie™. nuTsie is a free online and mobile music service that allows anyone to listen to their iTunes music and playlists in hi-fi quality on their PC or mobile, explore other users' playlists and share music with friends.

This investment follows closely on the heels of a licensing deal with Korean Telecom Freetel (KTF), a leading wireless service operator in South Korea. This agreement, announced in September, gives KTF the rights to distribute Melodeo Inc.'s industry-leading synchronized web and mobile entertainment technology throughout Korea.

"With this new funding, the KTF licensing fee and the revenue generated through our distribution deals with several wireless carriers, we've created enough runway to grow nuTsie into a substantial player in the music delivery arena," said Olin Nichols, Melodeo's Chief Financial Officer.

"It's not news that the music industry is in the midst of a major change. That's driven by what music listeners want — an easier and more entertaining way to search, discover, enjoy, and shop for music on line," said Bill McAleer, Managing Director of Voyager Capital. "We believe Melodeo is positioned well to take advantage of this market change with the introduction of nuTsie."

Melodeo technology also is distributed through a joint venture affiliation with Access Co. Ltd., Sony BMG Music Entertainment, Warner Music Group and Motorola delivering mobile music and multimedia entertainment to wireless customers throughout China and other Asia Pacific markets. For example, China Unicom will use Melodeo's mobile technology to offer customers the ability to download full-length songs from Universal, Sony BMG Music Entertainment, Warner Music Group and EMI to their mobile phones.

Melodeo also operates Mobilcast, the leading mobile podcasting service that provides wireless customers with on-demand access to more than 150,000 music and entertainment programs. nuTsie and Mobilcast are both built on Melodeo's commercially proven, low-bandwidth mobile streaming technology, which means consumers never have to hassle with synching their phone to a computer, downloading music and podcasts, or a limited selection of music due to lack of storage capacity on their phone.

About Melodeo, Inc.

Melodeo Inc., a leader in delivering music and other media, is dedicated to bringing consumers the best selection of on-demand music, radio, podcast and video programs for the Web and mobile phone. Melodeo combines powerful content, a simple user interface and access from any device, making it easy to enjoy and share entertainment with family and friends anytime and anywhere. For information, visit <http://www.melodeo.com>.

Contact (press only):

- Erica Chandler | MWW Group | 206.505.8351 | echandler@mww.com