



**Telefónica Móviles España Announces Licensing Agreement  
With Melodeo to Offer Music to Mobile Phone Users**

*Melodeo Solution Lets Users Shop, Preview, Purchase, Download and Play Full-Length Music  
Tracks on their Mobile Phones*

*Innovative Launch Gets Major Music Label Support from Warner Music Group and Vale*

**MADRID, Spain – (BUSINESS WIRE) – Dec. 15, 2004** – Telefónica Móviles España, the leading operator in the Spanish market, today announced that it has licensed and launched a mobile music solution from Melodeo, a Seattle-based company, that allows Telefónica Móviles España to provide secure digital music to its mobile subscribers.

Following an extensive industry-wide analysis of current full track mobile solutions available, Melodeo was chosen for offering the strongest, most comprehensive and best user experience.

Melodeo is bringing music to Telefónica Móviles España's mobile subscribers through a solution that resides on their mobile phones. Telefónica Móviles España also has deployed Melodeo technology on their networks that offers subscribers access to a world of music, a significant step helping pave the way for mobile operators to become a dynamic music distribution channel. The hosted Melodeo mobile music service is offered to Telefónica subscribers under the brand name Mplay.

With the service, consumers can easily purchase and download songs directly to their handsets, over the air. They are able to shop, preview, purchase, play and store full-length music tracks on their mobile phones anytime, anywhere. Telefónica Móviles España offers the service on a growing selection of mid-tier and high-tier handsets, including the Nokia 6600.

"Our duty is to provide the customer with the best experiences within each content and service area. We have already done it in games, and the next step is music," says Luis Ezcurra, Market Development and Marketing General Manager of Telefónica Móviles España. "Today, the mobile phone becomes the best way to avoid piracy and build a sustainable market for the music industry. It also helps the user to enjoy buying music anywhere, anytime. With the mobile music solution from Melodeo, Telefónica Móviles has the opportunity to become the favorite channel for buying and listening to music for all our customers."

"We're very excited to be working with strong industry partners, Telefónica Móviles and Warner Music Group, to deliver music in such a revolutionary way," explains Melodeo CEO Bill Valenti. "The market potential for this kind of music delivery is huge. Nearly everyone carries a mobile phone. It is the one device that is always with you and music is largely an impulse buy. We've focused on making it really easy to find and download something that everyone loves -- music. This represents perhaps the biggest opportunity in mobile content for operators around the world."

Concurrently, Melodeo and the Warner Music Group announced the signing of the industry's first global licensing agreement for full-length music tracks that can be downloaded to mobile phones. This agreement allows Melodeo to bring the entire Warner music catalog to mobile phone users around the world, beginning with Telefónica Móviles subscribers. Warner Music Group is home to numerous music labels, including Atlantic, Elektra, Warner Bros., Word, and others.

In addition to offering Warner Music Group's music tracks, Melodeo also will provide Vale Music's content to Telefónica Móviles. Vale is the largest local music label in Spain and its music is extremely popular in that market. Additionally, Melodeo expects to be announcing agreements with other major global record labels soon.

"With the global popularity of mobile phones and the dramatic expansion of their functionality, our agreement with Melodeo is a potentially huge next step for digital music downloads," offered Mariano Perez, President, Warner Music Spain. "We believe offering music on the mobile phone will be another way to bring consumers back to the cash register to sell more music."

Melodeo is entirely focused on the music mobile phone market. Its software incorporates the most advanced audio codec aacPlus from Coding Technologies, which produces music files in the 500 to 750K range, significantly smaller than a typical MP3 file, in a solution that is downloaded, not streamed, saving valuable bandwidth.

Subscribers can download the Melodeo client software over the air, or their Telefónica Móviles handsets will be equipped with the Melodeo client software that offers stereo capabilities and music-store connectivity. While phone memory will vary by handset brand, users can expect to store roughly 75 to 125 tracks with 64MB of memory.

Melodeo's mobile music solution includes an extensive music catalog that resides on the phone and includes the patented "power-search" capability for finding songs or artists with just a few keystrokes. Consumers can also find music from recommendations, new releases, or select music off the charts. Finally, Melodeo has developed a solution for personalizing each individual's catalog of music based on his or her individual preferences. The Melodeo mobile music solution has intelligence that allows it to learn an individual's taste so it can serve up the music that the subscriber will like.

## About Melodeo

Melodeo, Inc. is a privately held company in Seattle, Washington, dedicated to creating software and services to bring music to mobile phones. Melodeo's mobile music solution provides wireless operators and handset manufacturers the means to provide secure digital music to mobile subscribers in an easy-to-use, dynamic user interface. Recognizing the growing market for wireless content, Melodeo offers its easy-to-use distribution model that at the same time supports the Digital Rights Management initiative, securing artist and label compensation. For more information, visit the company's website at <http://www.melodeo.com>, or send email to [info@melodeo.com](mailto:info@melodeo.com).

## About Telefónica Móviles España ([www.empresa.movistar.com](http://www.empresa.movistar.com))

Telefónica Móviles España ([www.empresa.movistar.com](http://www.empresa.movistar.com)) is the operator of Telefónica Móviles Group in the Spanish market, where it has 18.7 million customers and offers a comprehensive portfolio of data services and applications using the latest mobile technologies, including UMTS. Telefónica Móviles is one of the world's largest mobile operators and the leading cellular company in the Spanish- and Portuguese-speaking markets. At 30th September 2004, Telefónica Móviles' customer base reached 71.9 million managed clients in 16 countries, as a result of the agreement to acquire the cellular assets of BellSouth in Latin America. During 2003, Telefónica Móviles

obtained revenues of EUR 10,070 million, or 10.2% more than in 2002. EBITDA rose 19.5% to EUR 4,463 million, while net profit totaled EUR 1,608 million. Telefónica Móviles is a founding member of the FreeMove alliance of European mobile operators. The company's shares trade on the Spanish stock exchanges and the New York Stock Exchange under the ticker symbol TEM. For further information about TEM, please visit the group's website at [www.telefonicaMóviles.com](http://www.telefonicaMóviles.com)

## About Warner Music International

Warner Music International, a leading company in national and international repertoire, is headquartered in London and operates through 37 affiliates and numerous licenses in over 50 countries.

--30--

CONTACT: Telefónica Móviles España  
Press Office, +34 680 01 86 00 (Press only)  
[prensa@tsm.es](mailto:prensa@tsm.es)

or

Warner Music International  
Gia M. Rokeach, +44(0) 20 7368 2828 (direct) (Press only)  
+44(0) 7870 574426  
[Gia.rokeach@warnermusic.com](mailto:Gia.rokeach@warnermusic.com)

or

Communiqué PR for Melodeo  
Jennifer Gehrt, +1 206 419 3203 (Press only)  
jennifer@communiquepr.com