



**Melodeo, Warner Music Group Sign First Global Agreement  
To Bring Full Track Downloads to Mobile Phones**

*Beginning with Spain's Telefónica, Melodeo's Mobile Music Solution Will Deliver Downloads from WMG's World-Renowned Labels and Artists to Wireless Subscribers*

**SEATTLE – (BUSINESS WIRE) – Dec. 15, 2004** – Melodeo, Inc. and Warner Music Group (WMG) today announced the signing of the first global agreement that will allow consumers to securely download entire tracks from WMG's rich music catalog directly to their mobile phones.

Melodeo, a Seattle-based company, provides music to wireless subscribers through a mobile-music solution that resides on the wireless phone allowing consumers to shop, preview, purchase, play and store full-length music tracks all from their wireless phone. Wireless operators also can deploy Melodeo technology on their networks that allows them to offer subscribers access to WMG's vast catalog. With the service, consumers can easily purchase and download full-length songs directly from their handsets, over the air to their wireless phone.

Concurrently, Telefónica, one of the world's leading telecommunications companies and a leading operator in Spanish and Portuguese markets, today announced that it will include the Melodeo mobile-music solution allowing the company to provide secure digital music to Telefónica wireless subscribers in Spain. Telefónica, the sixth largest operator in the world in terms of market capitalization, offers the service to subscribers under the brand name Mplay.

"The companies believe that enabling full-length downloads directly to mobile phones will have a very significant impact on the music and wireless industries," explained Bill Valenti, Melodeo CEO. "Melodeo has developed an integrated, turn-key solution that delivers a very user-friendly experience."

Select U.S. mobile phone operators will begin implementing the Melodeo mobile music solution in 2005.

"With the global penetration of the wireless platform and the dramatic expansion of mobile phones' functionality, our agreement with Melodeo positions us to take advantage of a dramatic next step for consuming music," offered Michael Nash, senior vice president Internet Strategy and Business Development at Warner Music Group. "We are excited about the prospect of offering our vast catalog to millions of mobile phone users in markets around the world."

Bill Valenti went on to explain another reason the major record companies are enthusiastic about Melodeo's solution has to do with digital rights management (DRM). "In an age where DRM is top-of-mind, Melodeo offers not only a superior technological solution, but it has taken great care to secure and protect digital media rights."

Looking forward, Valenti said, "there's no denying the market potential for music delivered to mobile phones. In 2003, there were approximately 526 million wireless phones sold. Nearly everyone carries a mobile device. It is the one device that is always with you and music is largely an impulse buy. We know consumer interest in downloadable music, as demonstrated by the popularity of the iPod and other digital music players, is tremendous. But because of the ubiquity of cell phones, the potential for music delivery to wireless phones is phenomenal, and will go far beyond the simple download of ring tones."

"A couple of holiday seasons ago it was the camera phone. As we approach this holiday season, it is clear 2005 will ring in with music, and that surely will be a love song to subscribers and mobile operators alike. Putting music on a mobile phone combines what have been two separate, yet instinctive and natural lifestyles, into one powerful package that everyone carries with them," says Bob Egan, President of Mobile Competency. "Great music combined with a great personalized user experience while protecting content rights are the signatures of leadership in this market. Melodeo appears to have the right stuff."

Melodeo's 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, which offers stereo capabilities and music-store connectivity, over the air, or the software can be built into the handset at the point of manufacture. While phone memory varies by 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 a 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 music the subscriber will like.

#### About Melodeo

Melodeo is entirely focused on the music mobile phone market. Melodeo, Inc. is a privately held company in Seattle, Washington, dedicated to creating software and services to bring music to mobile phones. The Melodeo mobile music solution provides wireless operators and phone handset manufacturers the means to provide secure digital music to wireless 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 Warner Music Group

Warner Music Group, with its broad roster of new stars and legendary artists, is the world's largest privately held independent music company. The company is home to a collection of the best-known record labels in the music industry including Atlantic, Elektra, Lava, Maverick, Nonesuch, Reprise, Rhino, Sire, Warner Bros. and Word. Warner Music International, a leading company in national and international repertoire operates through 37 affiliates and numerous licensees in more than 50 countries. Warner Music Group also includes Warner/Chappell Music, one of the world's leading music publishers, with a catalog of more than one million copyrights worldwide. For more information about Warner Music Group, visit our corporate website at <http://www.wmg.com>.

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CONTACT: Communique Public Relations  
Jennifer Gehrt, 206-282-4923 (Press only)  
Mobile: 206-419-3203  
[jennifer@communiquepr.com](mailto:jennifer@communiquepr.com)

or

Warner Music Group  
Amanda Collins, 212-275-2213 (Press only)  
[amanda.collins@wmg.com](mailto:amanda.collins@wmg.com)