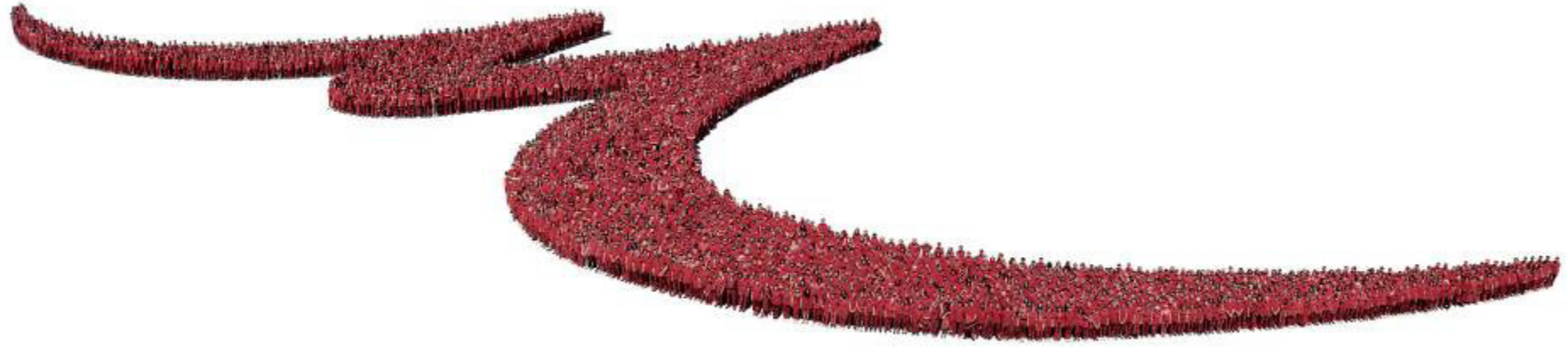




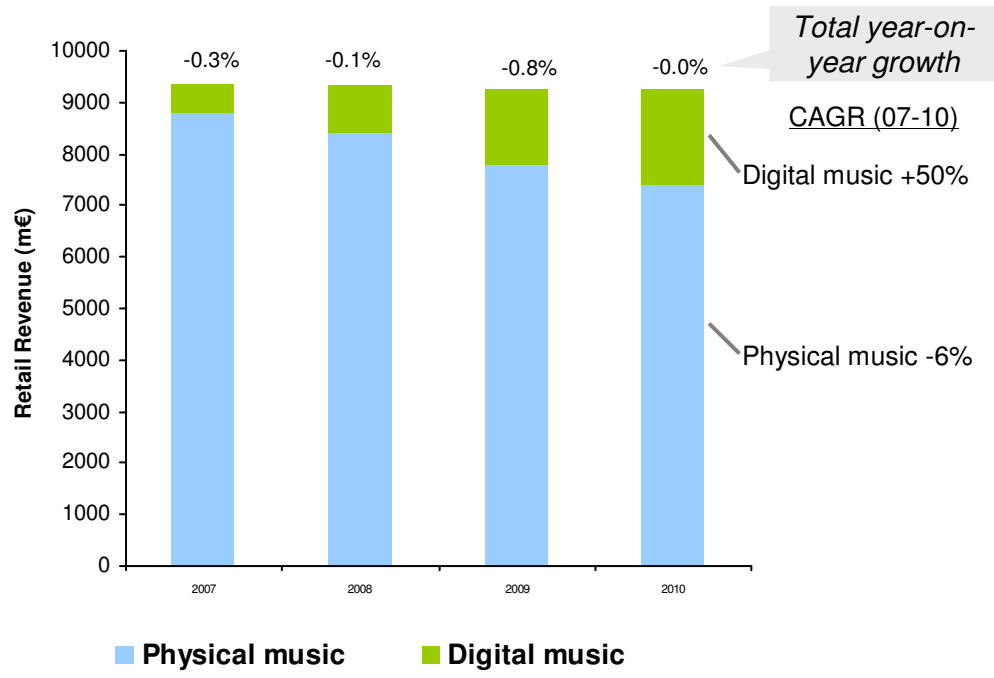
Vodafone live!

**Mobile Music Stage
Concept**



■ □ ■ □ **Music industry as a whole in W Europe**

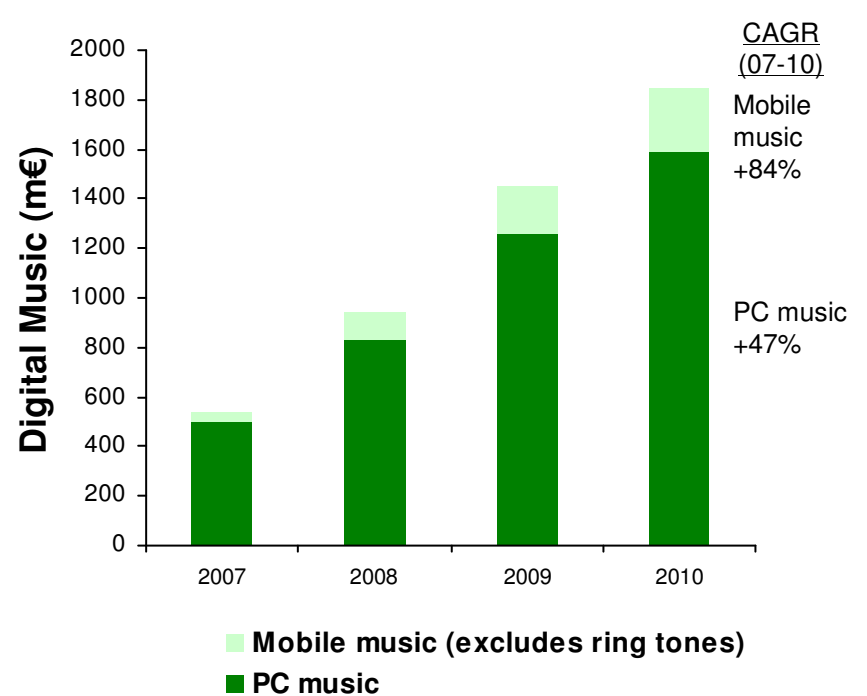
Projected recorded music industry in W Europe (m€)



The recorded music industry is declining as a whole mainly due to piracy and this is not being compensated by the growth of digital music.

Source: Understanding & Solutions, Forrester, Greenwich Institute

Projected digital music market in W Europe (m€)



... mobile music download is expected to have strong growth

Source: Understanding & Solutions, Forrester, Greenwich Institute



Music services are an important revenue generator in Vodafone OpCos

Music Services generated Euro 46M in revenues last year

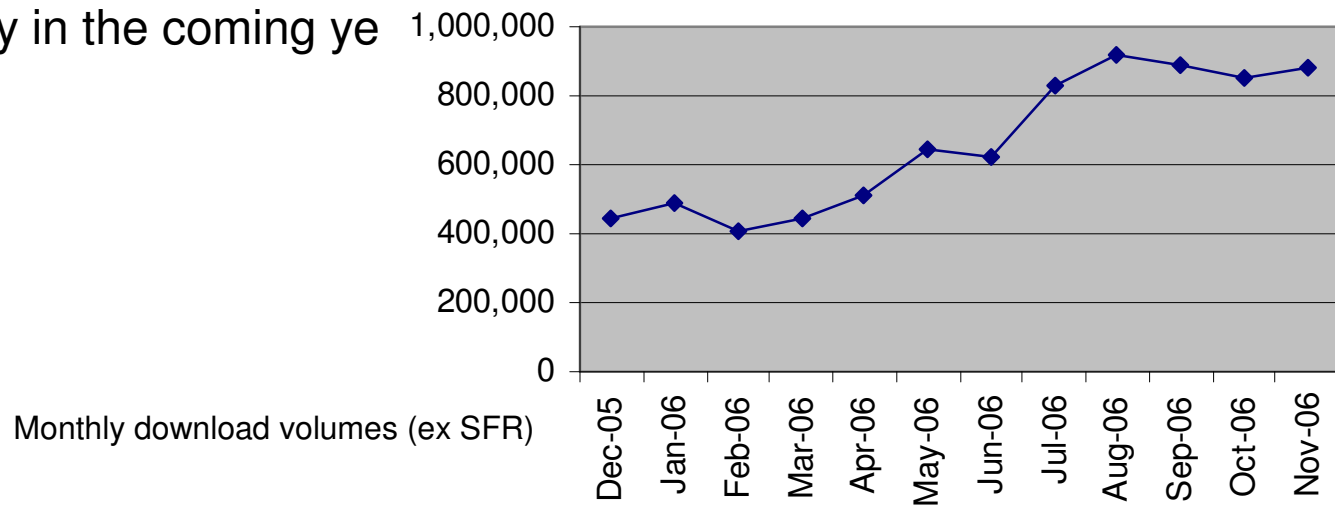
Vodafone has approx 11% of European digital retail market

Realtones is the most important music content category

Full Track and Video are likely to grow strongly in the coming ye

➤ Market Performances in Digital Music Space

- VF Spain are #1 in the digital market with market share of more than 60%
- VF Germany #3 in the digital market (# 1 in mobile)



■ □ ■ □ **Music – VF Best practice sharing**

Vodafone Spain and SBMG launch the first Virtual Record Label in Spain

More than 1.200 songs published 10 days before closing the reception period



➤ **SV MUSIC will commercialize talents coming from the Vodafone UGC platform and will test new artists using Vodafone live!**

Backstage

➤ **SV MUSIC made Vodafone Spain one of the leading music producers in the country and #1 in the digital music market**

■ □ ■ □ **Bulgarian Music Market – Overview**

Key music challenges:

Huge illegal market

- It's very difficult to make money from selling legal digital music.

Partnerships

- Missing cooperation between local music companies and the artists.
- High price levels of music propositions – high revenue share percentages and minimum guarantees for the international catalogues.

The key to success is to make a well integrated, easy to use service, offer it competitively and promote it extensively



■ □ ■ □ **Mobile Music Stage – Main Goals**

Goals that will be achieved:

- Complete portfolio of Music products in Vodafone live!
- Drive legal music sales and avoid the piracy downloads
- Stimulate and encourages BG Music business
- Strengthen the M-Tel brand positioning in the music area
- Increase Vodafone live! Revenue
- Develop user generated content community
- Announce the first-of-its-kind mobile talent competition



■ □ ■ □ **Mobile Music Stage – Main Tasks**

Scope of **Vodafone live! Music Stage** :

- Promote the mobile as distribution channel of legal music
- Create several years long term program that will produce new BG artists
- Increase and Establish VFL brand awareness
- Generate VFL interests and use project as a good start event for building communities
- Keeping the interest by creating events on a regular periods





Mobile Music Stage – Summary

Project duration	minimum 2 years
Seasons	1 year
Genres	4 genres - Folk&Pop Folk, Hip-Hop R&B, Pop&Dance, Rock&Alternative
Participants	Artists with author music
Voters	All VFL users
Ranking	Once per quarter based on usage – top 4 in each Genre (total 64 songs)
Awards	<p>Club concerts each quarter</p> <p>One big open air event</p> <p>8 CDs recordings (two per genre per year)</p> <p>16 video clips – the 16 winners from the quarter rankings</p>



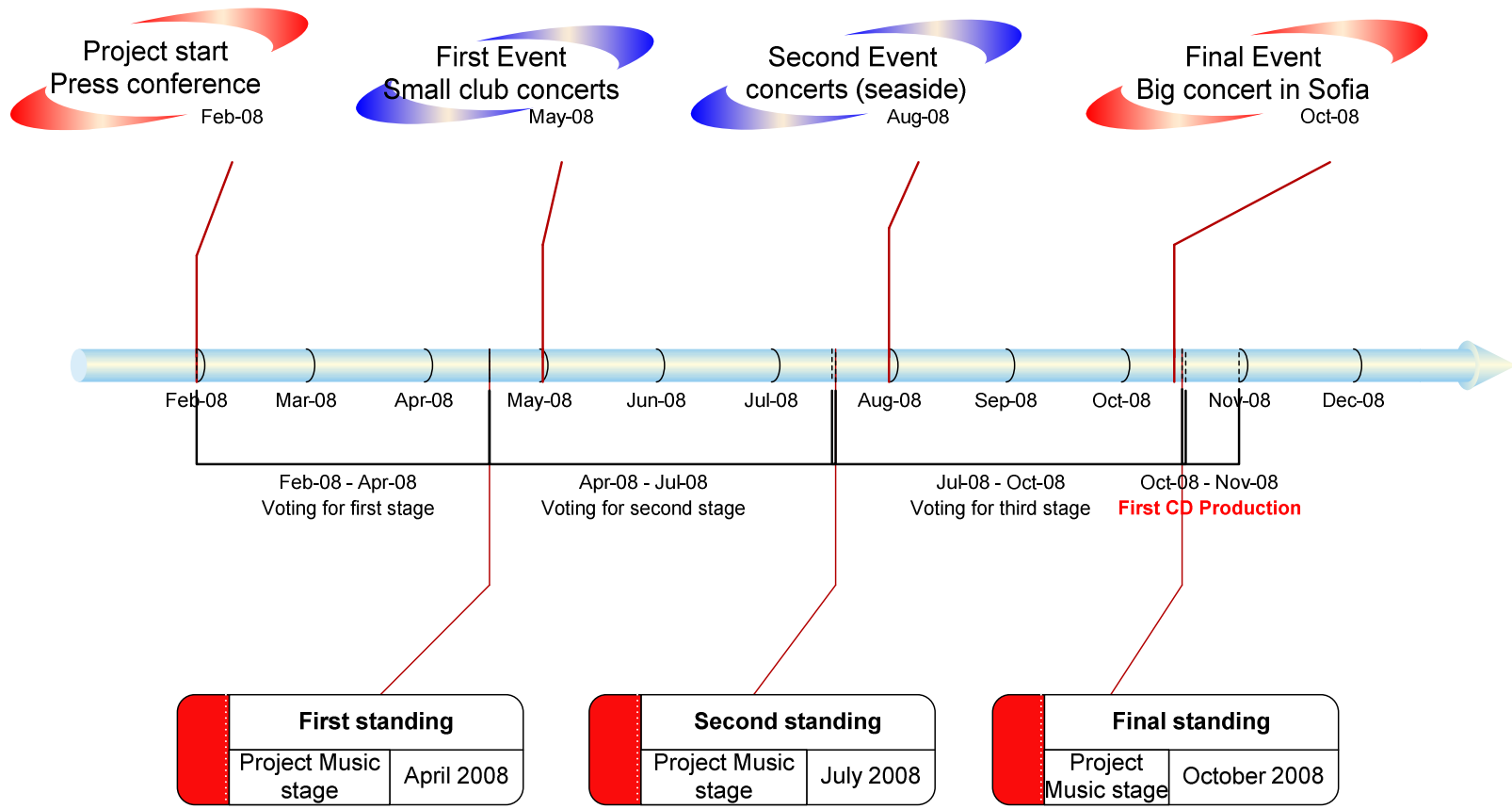
■ □ ■ □ **Factors affecting Project**

Pros	Cons
<ul style="list-style-type: none"> ➤ Create several years long term program that will produce new BG artists ➤ Promote the mobile as distribution channel of legal music ➤ Increase and Establish VFL brand awareness ➤ Brand positioning in terms of music ➤ Keeping the interest by creating events on a regular periods 	<ul style="list-style-type: none"> ➤ The Project is strongly addressed only to M-Tel customers ➤ Missing adequate music devices base ➤ Lack of educated customers and established data usage habits ➤ Music piracy - piratical distribution of digital music ➤ Lack of enough success of Music Idol and Stars Academy





Mobile Music Stage – Timeline 2008



■ □ ■ □ **Expected Revenue streams**

The revenue could be generated from:

- Music tracks downloads
- Streaming of music tracks
- Prima pack with CD
- Event tickets
- Community based services



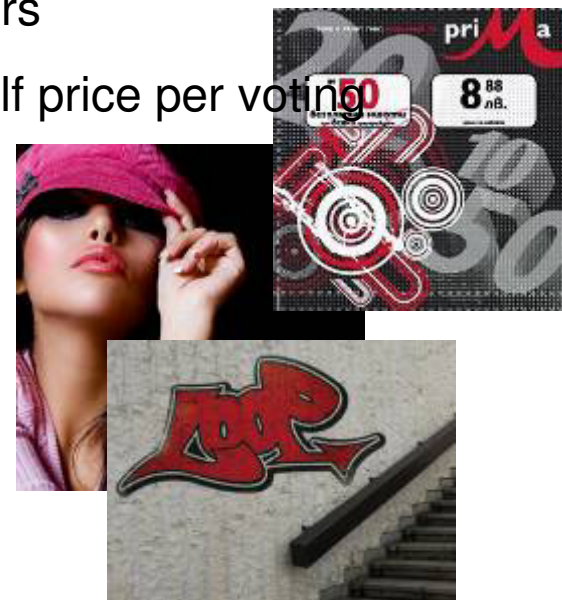
■ □ ■ □ **Relations with other M-Tel products / projects**

➤ **Prima:**

- Bundling Prima vouchers with CD gift
- Redesign vouchers with contest winner's faces
- Special promotions for Prima tops up

➤ **Loop:**

- Co-branded live concert
- Free access to club event for active Loop users
- Special offers during for new Loop users – half price per voting
- Bundling Loop TP proposals



■ □ ■ □ **Mobile Music Stage – Possible Partnerships**

*Co-promotional activities with **Handsets Vendors***
Initial talks with Sony Ericsson for special Walkman series



Build long-term public initiatives
 Music magazines publications
 BG Music televisions or Radio stations



Building community based services
Toxity Records



Music Shops
Dynacord
 Gift voucher for winners




Ticket Stream
 Free tickets for most active voters



Next steps and open issues

- Approve project proposal
- Prepare Business Case
- WEB site preparation
- Negotiation with sponsors
- Prepare and approved communication plan
- Prepare terms of contest
- Rules for participations definition

