RealNetworks

Driving scale through bundling: Strategies for delivering mobile entertainment

St. Petersburg   November 2009
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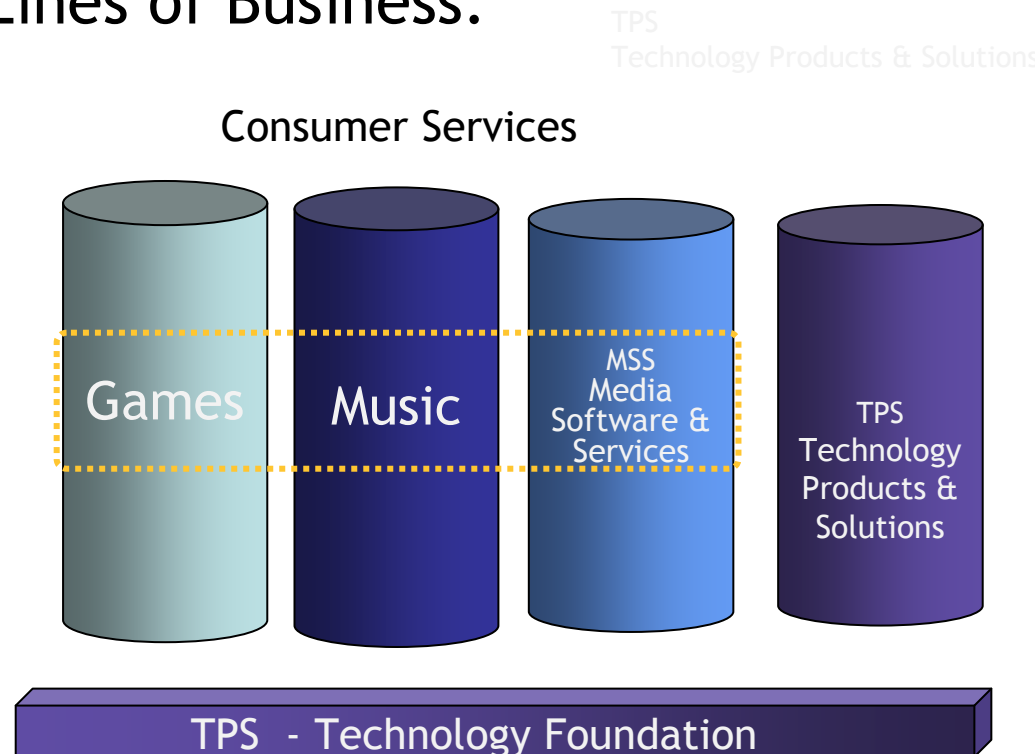# Introduction to RealNetworks

RealNetworks' mission

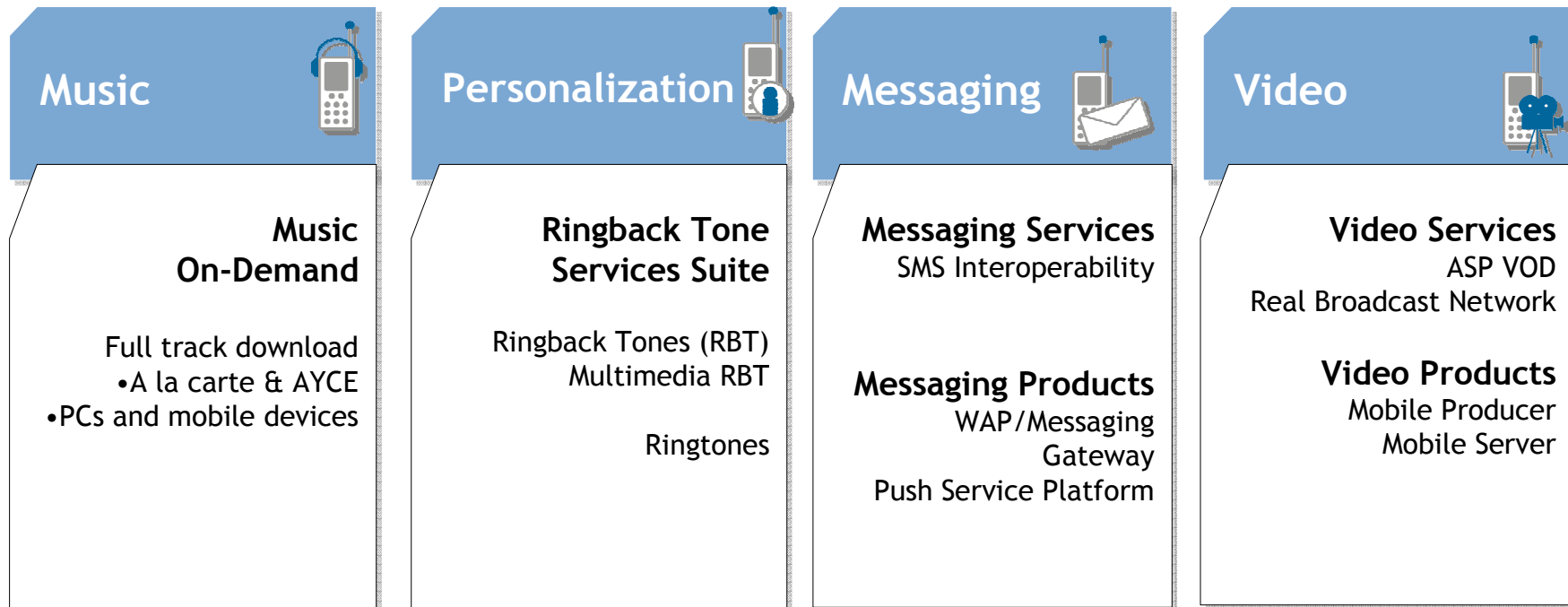To ***deliver*** digital entertainment wherever and whenever consumers want it.

RealNetworks at a Glance

- Revenue: 2008 - $604.2M
- Adjusted EBITDA: 2008 - $60.7M
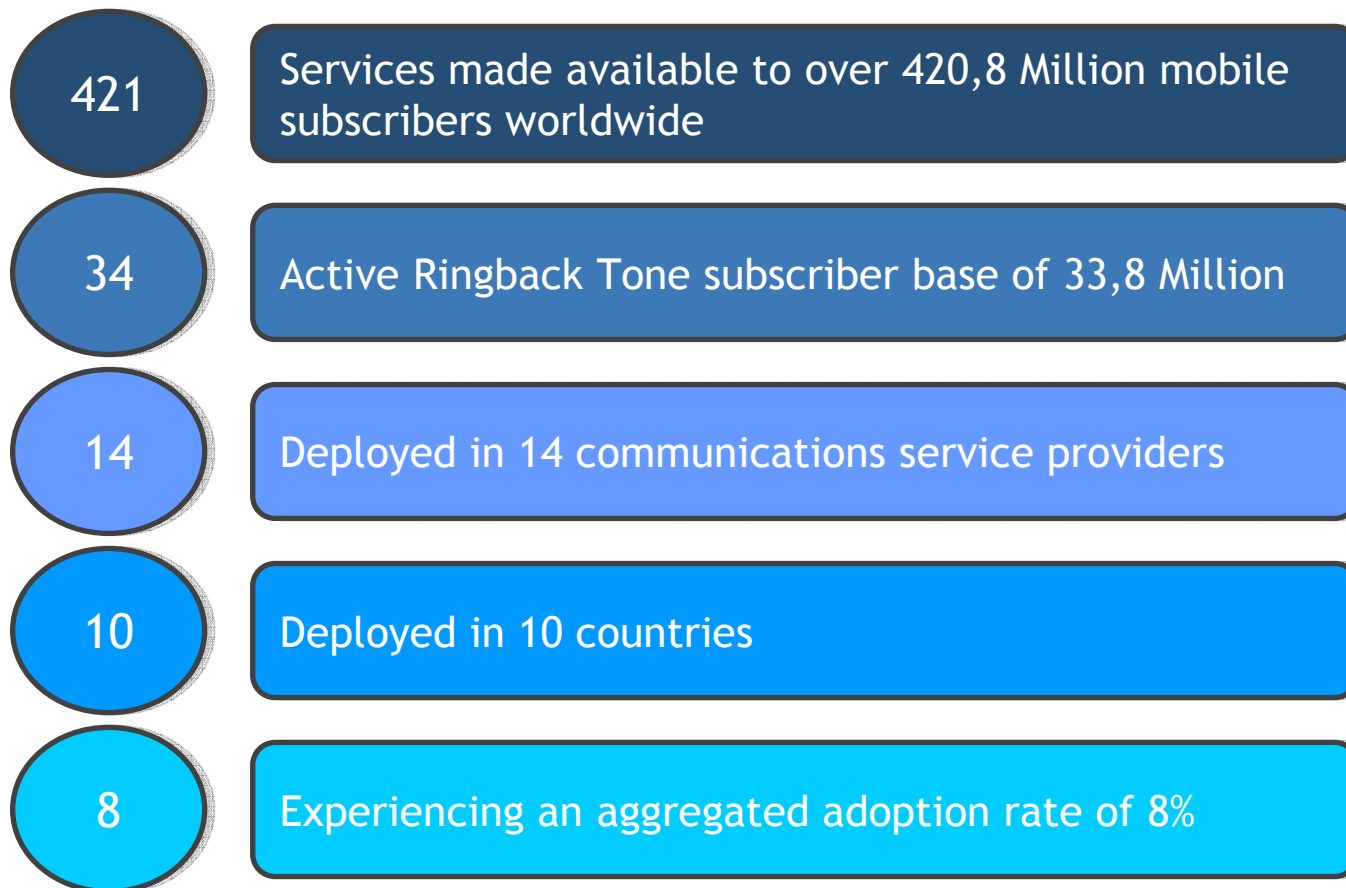- Strong balance sheet: $ 376M Cash & ST Inv. 6/30/09
- Four Lines of Business:

Consumer Services

| Games | Music | MSS Media Software & Services | TPS Technology Products & Solutions |

TPS - Technology Foundation

TPS: Mobile Products & Services

Music	Personalization	Messaging	Video
Music On-Demand Full track download •A la carte & AYCE •PCs and mobile devices	**Ringback Tone Services Suite** Ringback Tones (RBT) Multimedia RBT Ringtones	**Messaging Services** SMS Interoperability **Messaging Products** WAP/Messaging Gateway Push Service Platform	**Video Services** ASP VOD Real Broadcast Network **Video Products** Mobile Producer Mobile Server

- Enable mobile providers and media companies to deliver digital entertainment
- Our most global business – includes U.S., Korea, India, Europe
- 950M addressable subs, 36M subs under management

RBT by Real: Global Footprint (Q3)

421	Services made available to over 420,8 Million mobile subscribers worldwide
34	Active Ringback Tone subscriber base of 33,8 Million
14	Deployed in 14 communications service providers
10	Deployed in 10 countries
8	Experiencing an aggregated adoption rate of 8%

Music by Real: Global Footprint (Q3)

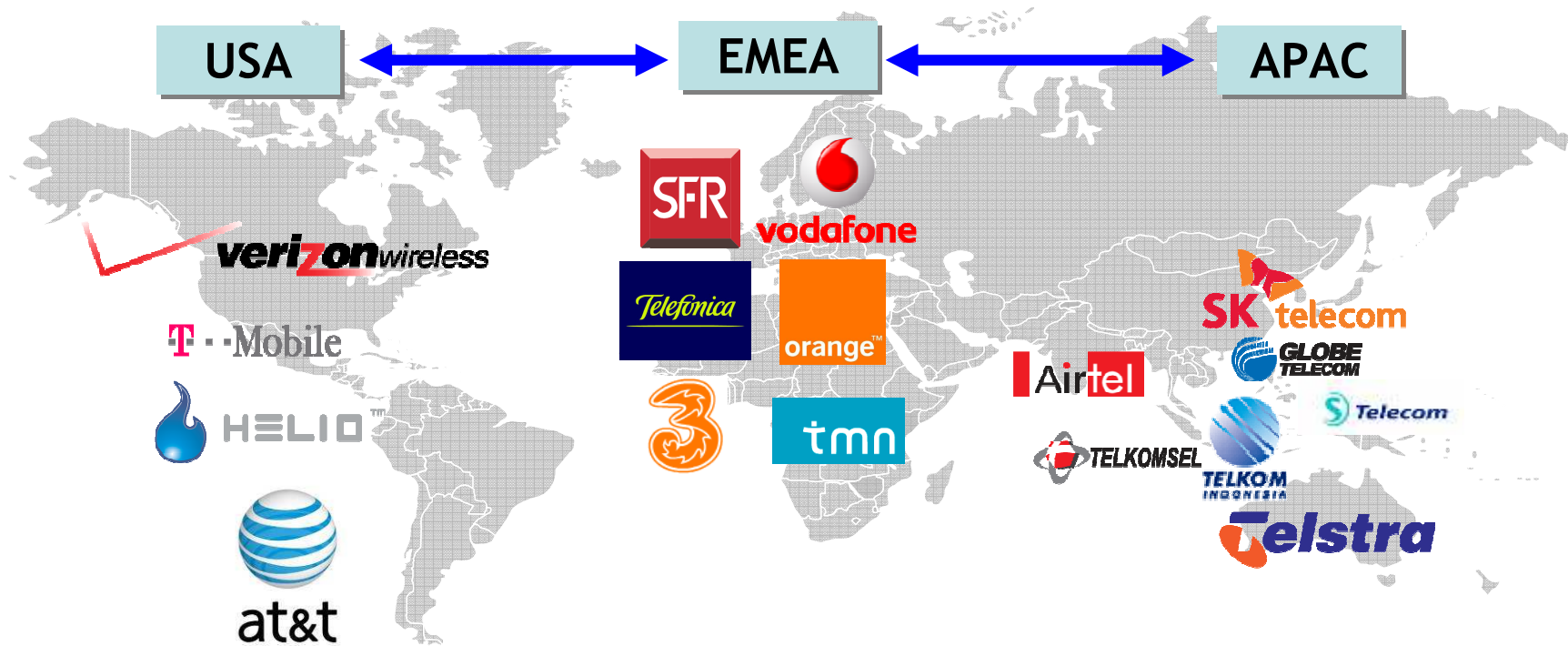|	
244	Services made available to over 243,6 Million mobile subscribers worldwide
9	Full track music downloads 8,7 Million
13	Deployed in 13 communications service providers
12	Deployed in 12 countries

Global Partners

Convergence and Bundling

Multiple Silos = Poor Customer Experience

Legacy of multiple storefronts hinders discovery process

Ringtones

Video

Ringbacks

Full-track Music

Simplify to a unified experience for all content types, whether on PC or Mobile storefronts

The Opportunity

Inefficient Operations
Managing multiple content providers, systems, vendors, storefronts and interfaces

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Missed Revenue
Search, discovery, and purchase processes are too complicated
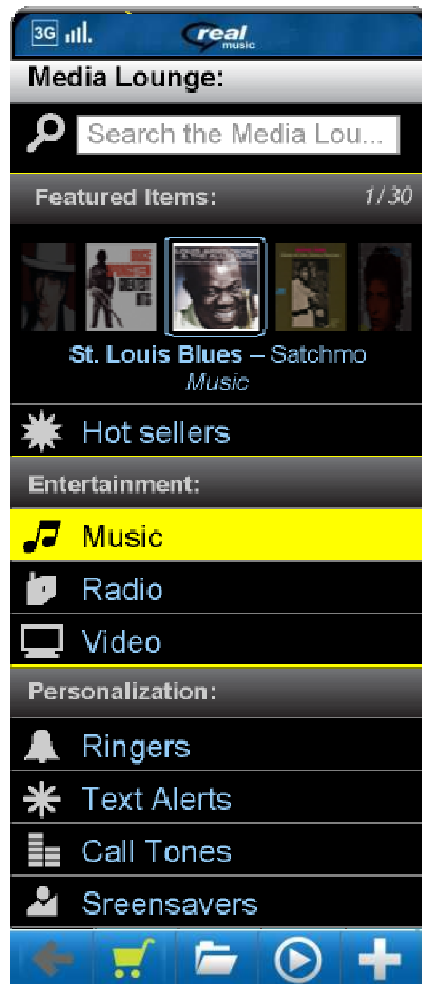
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Marketing Obstacles
Difficult to bundle, cross- and up-sell content, formats, media
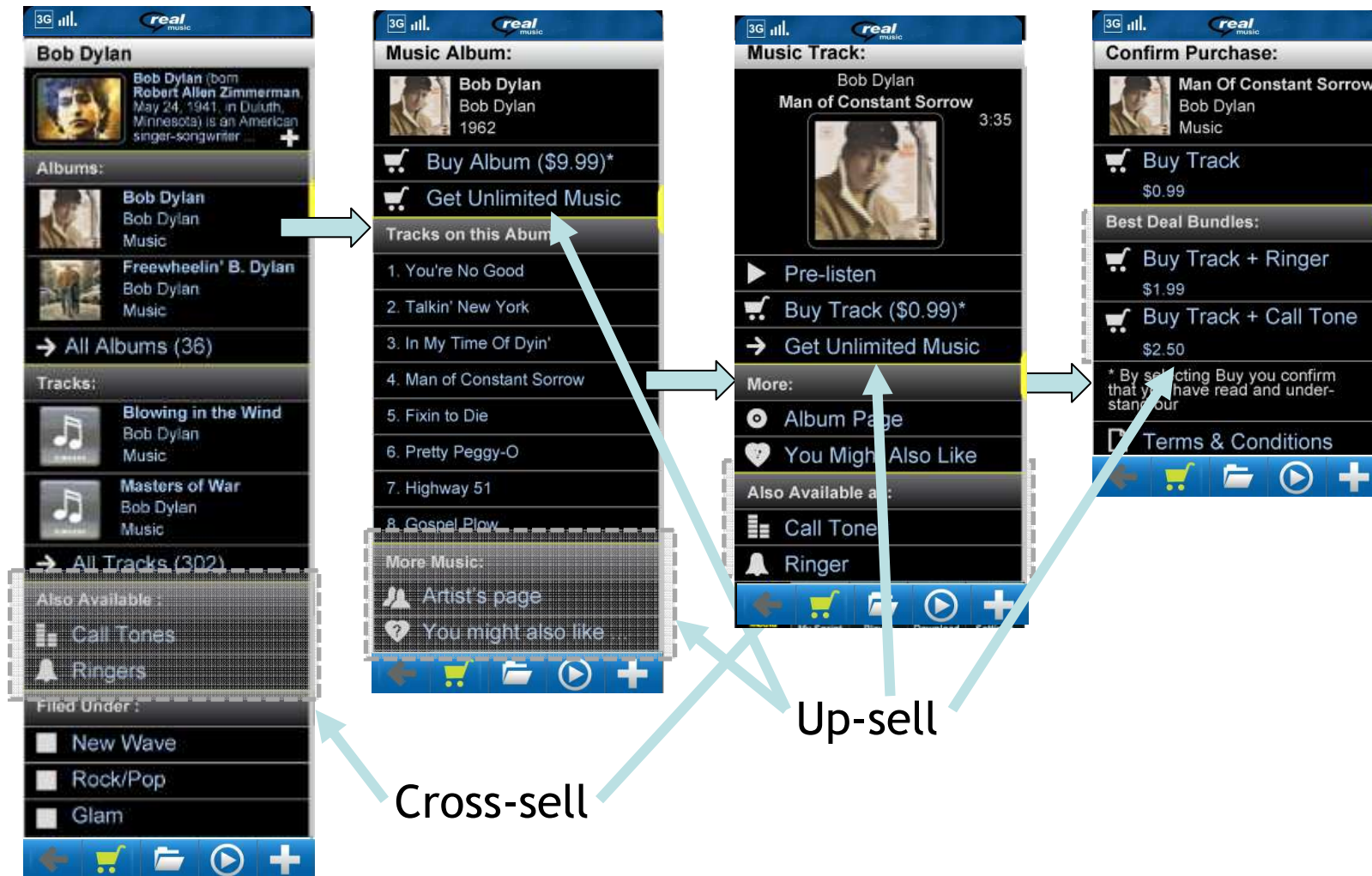
= OPPORTUNITY!

Unified Storefront - Home Page

Converged Browse & Search

Browse by Content Type

Primary Navigation bar

Music Purchase and Merchandising

Cross-sell

Up-sell

Convergence Proof Point

RealNetworks already introduced convergence in **2006** @ Verizon with the VZW Tones Deluxe downloadable BREW application

Immediate and significant sustained uplift in revenue from both services after release of converged application

Ringtones

Ringback Tones

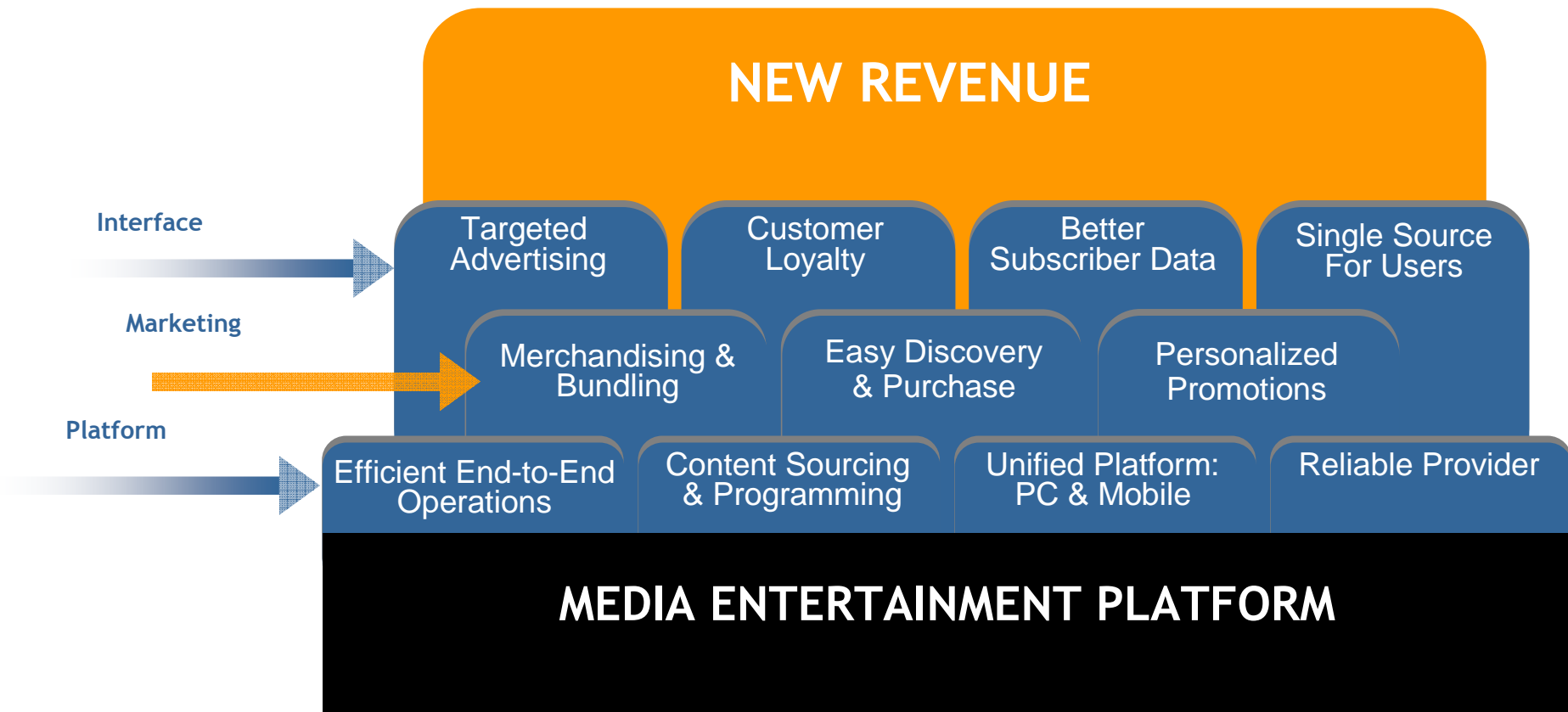Ringback
Ringtone

Before   After
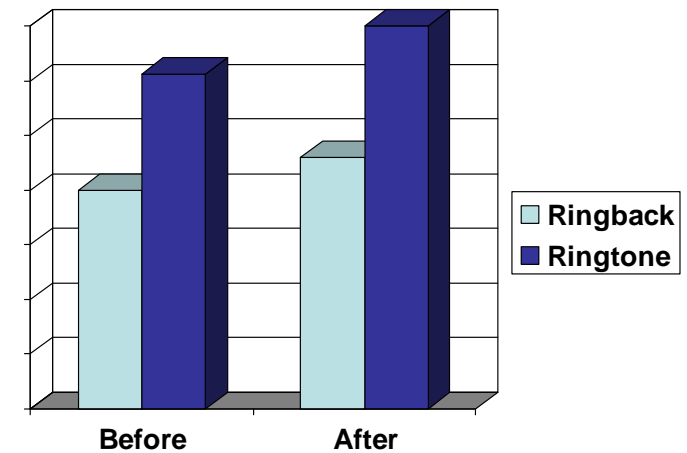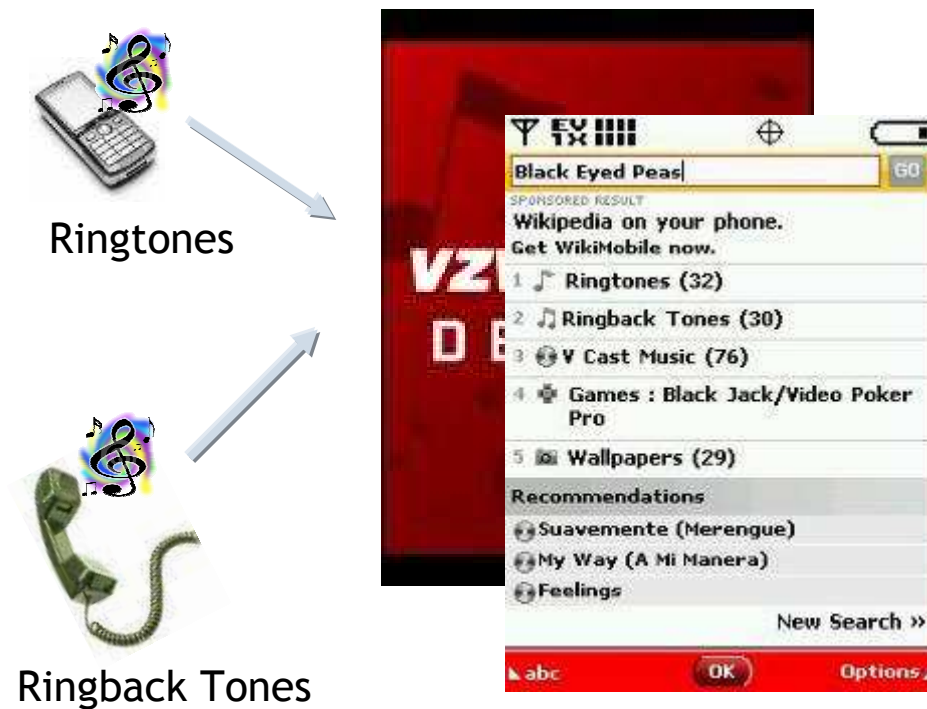
Bundling and upsell Examples

- A La Carte Store with single track purchase, track bundles (10, 15, 20 etc), PC & Mobile, dual delivery
- Unlimited PC Download Store with DRM Protection for DSL Subscribers – free with one genre, up-sell to all genres as add-on
- Ad-Supported Free Limited Radio Streaming (no skipping, limited skipping) with up-sell to On-Demand Streaming
- Tariff bundled Sub-Site with unlimited DRM Protected downloads from one or more Major Labels
- Customer Loyalty Programme Sub-Site with monthly update eg. 500 track selection for DRM-Free download
- Music Event Promotion Mini-Site with selected artists at rebate (eg. All artists 10% off during the month of the event)

Customers Want Simplicity

Real Media Entertainment Platform helps operators build a strong foundation as subscribers' single source for mobile entertainment

NEW REVENUE

Interface →

Targeted Advertising	Customer Loyalty	Better Subscriber Data	Single Source For Users

Marketing →

Merchandising & Bundling	Easy Discovery & Purchase	Personalized Promotions

Platform →

Efficient End-to-End Operations	Content Sourcing & Programming	Unified Platform: PC & Mobile	Reliable Provider

MEDIA ENTERTAINMENT PLATFORM

Thank You!   с п а с и б о !