

Company Name

*Slogan*



Name, CEO

Email

Company URL

Phone Number



# Company Mission

To be the premier enabler of digital music distribution including:

- **Mastering:** *compression and encryption*
- **Distribution:** *across digital networks and platforms*
- **Commerce:** *including rights reporting and security*
- **Consumer experience:** *including media rich browsing, purchase and home publishing*

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# Company Overview

- **Founded May, 1996**
  - Employees (December 31, 1997): 40
- **Products:**
  - Description
- **Partners**
  - **XXXX:** Joint technology and marketing partnership
  - **XXXX:** Codec exclusive for music distribution
  - Rights reporting: Agreements with **ASCAP, BMI, Harry Fox**
  - Infrastructure: Agreement with **Soundscan** to track downloads  
Partnership with **Billboard On-line.**

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# Team Experience

**NAME - Co-founder - CEO**

- Description of Background

**NAME - Co-founder - VP Engineering**

- Description of Background

**NAME - Co-founder - VP Business Development**

- Description of Background

**NAME - VP Marketing**

- » Description of Background Industry Opportunity

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# Flat music industry growth

- Shift from LP to CD format completed
- Industry looking for a new medium to increase sales
- Disappointing follow-up releases from popular artists
- Digital distribution enables profitable model
- **Singles sales are fastest growing segment**
  - Digital distribution enables profitable model
- **Retail infrastructure is overbuilt and overburdened**
- **Audience using Internet to connect directly with artists and their music**
- **Digital Databroadcasting further enhances music opportunity even beyond the internet**

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# Digital Distribution is Here Now

(AW note: this slide has the purpose of the time is now)

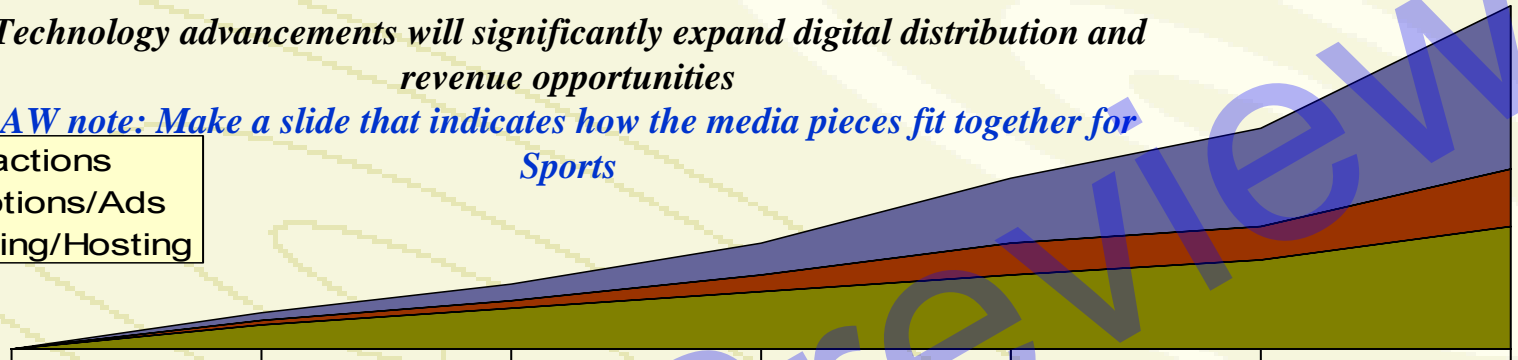
- **Technology and platforms a reality:**
  - Internet
  - Data broadcasting
  - PC and 'set top' box
- **Virtual inventory and unlimited "shelf space" model proven**
  - Amazon.com, Dell Computer and many others
- **Expanded offerings for record companies and customers**
  - Singles, compilations, backlist, collections
  - Content owners able to release individual tracks instead of album

# Market Drivers

*Technology advancements will significantly expand digital distribution and revenue opportunities*

*AW note: Make a slide that indicates how the media pieces fit together for Sports*

- Transactions
- Promotions/Ads
- Licensing/Hosting



	1997	1998	1999	2000	2001	2002
<b>Bandwidth</b>	28.8K	56K		Cable XDSL	Satellite	
<b>Access</b>	PC	Web TV		Set Top Box	Network Computers	Smart Household Devices
<b>Storage Medium</b>	CD-R Mini Disc		Flash		20-30 GB Hard Drive	
<b>Internet Users</b>	20 M	80 M	100 M	140 M	190 M	250 M
<b>Online Music Consumers</b>	1K	250K	1M	5 M	10 M	25 M
<b>New Markets</b>	Musicians Small Indies Pro Audio	Big Indies Broadcast Major Labels		Corporate		



# Company Focus

- Establish Liquid Audio as the technology standard for digital distribution of music across digital networks (e.g. Liquid Audio Inside)
- Establish Liquid Audio as the Music Industry's solution for digital rights management/reporting, anti-copy/anti-piracy, international financial clearinghouse
- Execute a rollout that aggressively establishes unassailable market share

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# Product Overview

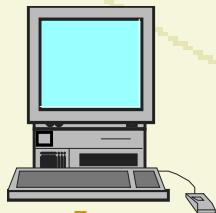
**First and only End-to-end solution for digital music delivery**

- Mastering (Studio use, Factory use)
- Distribution (Servers and Network Syndication)
- Rights reporting, commerce and security (Liquid Operations Center)
- Consumer experience (media rich browsing and purchase... home publishing to CD and MiniDisc)

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# Liquid Audio Music-On-Demand System

**Liquifier**  
*Internet  
Mastering &  
Encoding*



**Dolby®  
Digital**

Watermarking  
Anti-  
Piracy



Music File  
Encryption

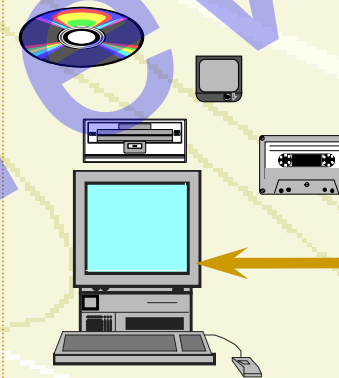


**Liquid Operations  
Center**

*Register MusicPlayers  
Manage Certificates  
Generate Public/Private Keys*

**Liquid  
MusicPlayer**

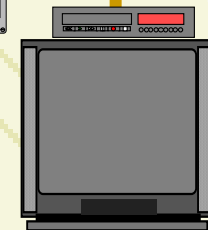
*Listen  
Purchase  
Output;  
CDs/MiniDisc's  
Flash Cassette*



Anti-copy



Music File  
Decryption



Set-Top Box, Direct PC, Cable Modem, WebTV

**Liquid MusicServer**

*Preview (Stream)  
Purchase (Download)*

Database  
Connectivity



Internet  
Commerce



Copyright  
Licensing &  
Encryption



Personal  
Watermarking  
Anti-  
Piracy





# Co-branded Player Technology

AW note: in this slide show our home page and several affiliate pages

Streaming "Electric Barbarella"

**LIQUID AUDIO** **DOLBY DIGITAL**

Liquid MusicPlayer CD™

**Electric Barbarella** 1.99  
Duran Duran  
© 1997 Capitol Records, Inc. 14.95

BUY DOWNLOAD  
BUY CD  
FREE SAMPLE  
OPEN

ART  
PROMO  
NOTES  
LYRICS  
CREDITS  
TRACKS

Playing at 28.8 modem 01:18/03:55

Untitled [No Music Loaded]

Fueled By **LIQUID AUDIO** **DOLBY DIGITAL**

**COLUMBIA HOUSE**

BUY MORE MUSIC  
Click Here

Fueled By **LIQUID AUDIO** **DOLBY DIGITAL**

**METALLICA**

Title: LOAD  
Artist: Metallica  
Copyright: 1996 Elektra

BUY DOWNLOAD  
BUY CD  
FREE SAMPLE  
OPEN

ART  
PROMO  
NOTES  
LYRICS  
CREDITS  
TRACKS

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# Liquid Music Network

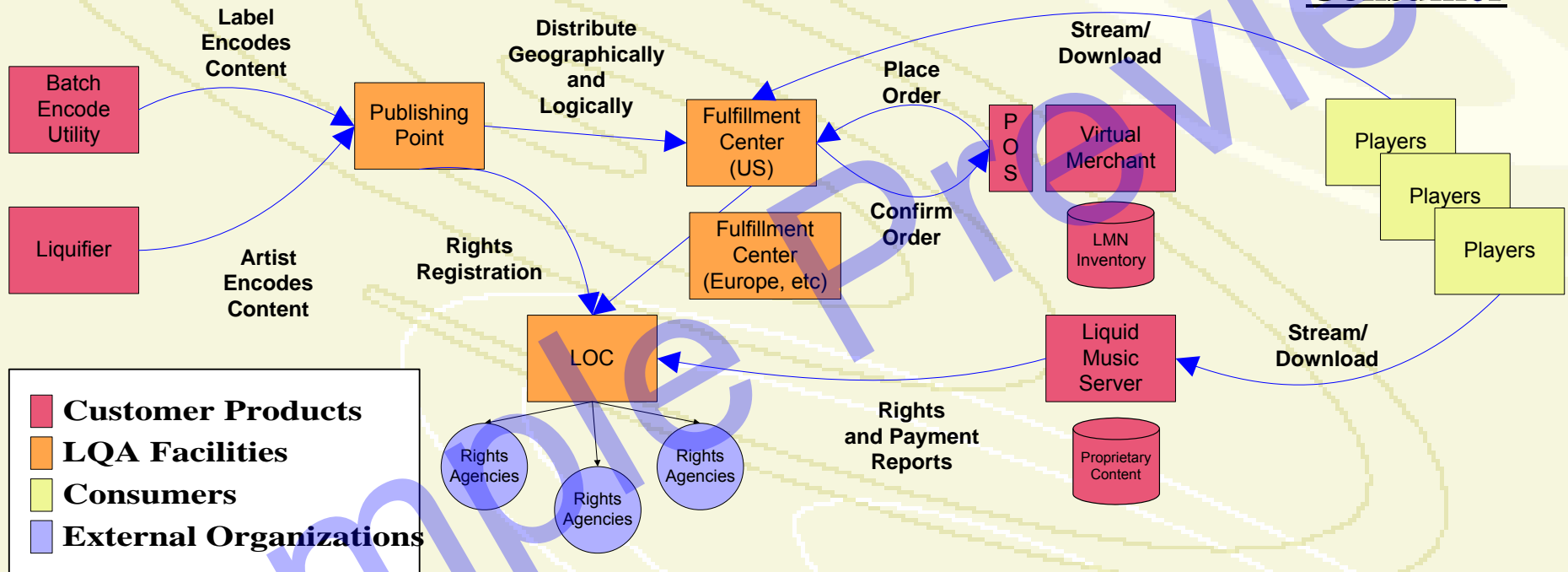
## Creation

## Distribution

## Syndication

## Retail

## Consumer



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## Liquid Audio Technology Foundation

AW note: in Rival's case this is not a technology play so I  
this slide show 'many partners: one database' somehow

### System Technologies

- Secure Music Client/Server
- Authoring Tool System
- Security Framework
- Commerce Integration
- Database Abstraction
- Transactional Watermarking
- Secure Systems Integration
- Rights Integration System
- Liquid Operations Center
- Hosted Publisher Reporting
- Syndication Network Infrastructure
- Consumer Electronics Integration

### Component Technologies

- AC-3 Codec Extension
- Transactional Watermarking
- CD-R Fingerprinting
- Advanced AAC Version
- Secure Music Format
- Secure CD-R Capability
- Creation Watermarking

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# 1998 Goals

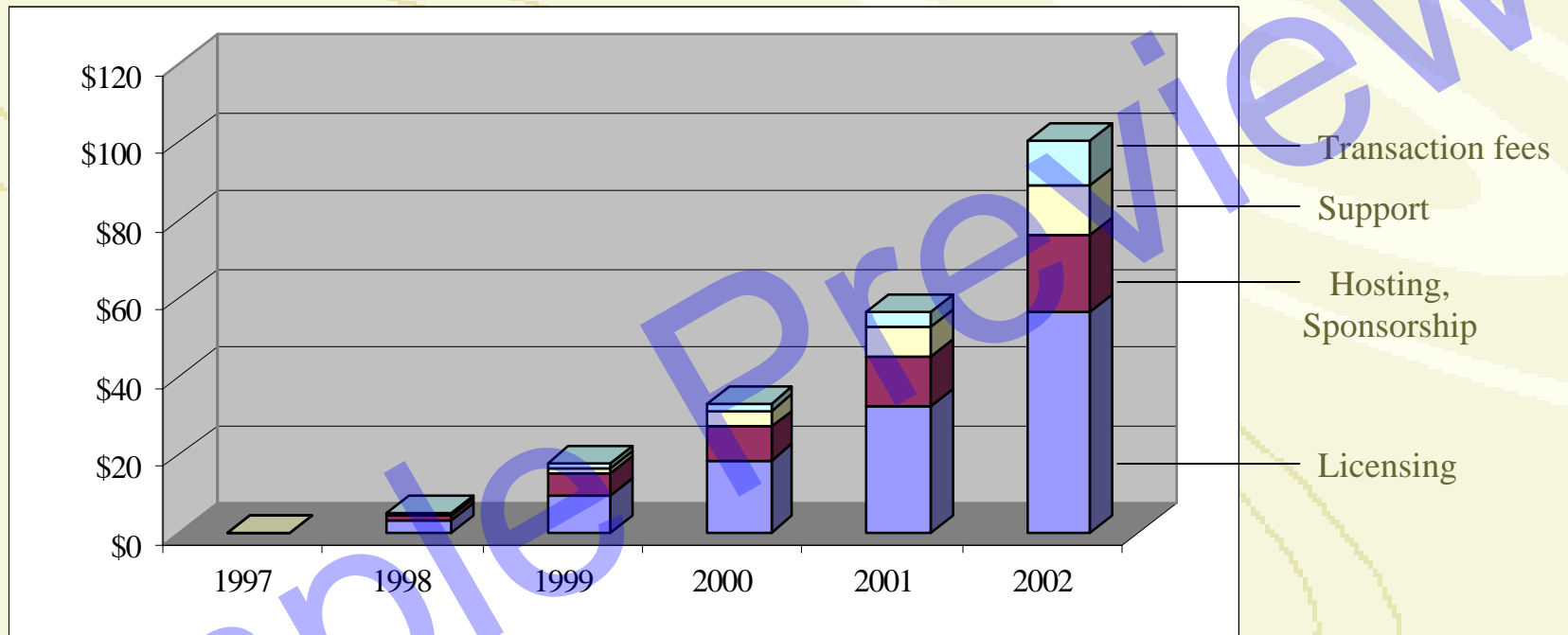
AW note: show 1999 -

- **Content Ubiquity**
  - 1,250,000 clips for preview
  - 100,000 tracks for digital download
- **Player Ubiquity**
  - 10,000,000 Liquid Music players
  - Co-branding technology
  - Leverage relationship with Microsoft
    - Netshow integration into Liquid Music Player/co-marketing
- **Exploit market leadership with Independent Labels**
  - Indie 1000 program-20% US Indie marketplace
  - Develop worldwide network and syndication services
    - Creates audience for Indie content
- **Establish marketing partnerships with Majors**
  - Singles promotions, sound track promos, break new bands, etc
  - Utilize the *Liquid Music Network* for digital distribution

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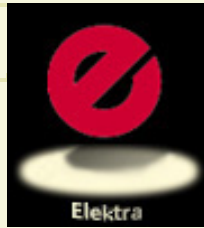
# Revenue Sources



	1997	1998	1999	2000	2001	2002
Licensing	\$0.3	\$3.5	\$9.7	\$18.5	\$32.3	\$56.5
Hosting, syndication	-	1.1	5.4	8.7	13.0	19.5
Support and maintenance	-	0.4	1.6	3.9	7.4	12.9
Transaction fees		0.2	0.9	1.9	3.7	11.2
<b>Total revenues</b>	<b>\$0.3</b>	<b>\$5.2</b>	<b>\$17.6</b>	<b>\$32.9</b>	<b>\$56.4</b>	<b>\$100.1</b>

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# Customers



- N2K (leading On-line Music Retailer)
- Warner Electra, Interscope, SubPop, Rounder, TwinTone, Ryko, EMI
- Indies (50+ Indies signed to Indie 1000 program)
- 1st Internet Single sold by major label - Capitol,
- Promotion deal with BMG



Indies 4 Japan



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# Financial Highlights

*Fiscal years ended December 31,*

Target Plan	1997	1998	1999	2000	2001	2002
Revenue	\$0.3	\$5.2	\$17.6	\$32.8	\$56.4	\$100.1
Operating Expense	\$5.8	\$9.9	\$14.4	\$26.2	\$40.5	\$69.8
Pre-tax income	(\$5.5)	(\$4.7)	\$3.2	\$6.6	\$15.9	\$30.3
Net income	(\$5.5)	(\$4.7)	\$2.9	\$5.9	\$9.5	\$18.2

- **Milestones:**

1997: Core products developed and delivered

1998: 20% US Share Indie Market

1999: 50% Market Share of content

2000: 80% Market Share of content

2001: Digital Distribution thru highspeed networks

2002: >10% of total revenues generated from transaction fees (add more)

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# Summary

- Investment Opportunity
  - Series Preferred: \$ Million
  - Target Close: , 1999
- Strategic Partners Financing

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Sample Preview

[www.liquidaudio.com](http://www.liquidaudio.com)

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