



Single Touch Systems, Inc. Company Overview

October 2008

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Company Overview



Founded in 2002, Single Touch Systems (SITO.OB) is a mobile infrastructure provider whose mission is to create innovative mobile commerce solutions for carriers, brands and retailers.

Using our award winning Abbreviated Dial Code (ADC) platform for multiple data distribution programs has resulted in high consumer response and download conversion rates.

With experience in the wireless and retail industries, the Single Touch team delivers unique relationships and innovative technology enabling a retailer or brand to drive adoption of its mobile strategy.

Investment Highlights



- \$25 Billion Mobile Data Industry with forecasts to grow to \$44 Billion by 2011(iSuppli 2007)



- Our Abbreviated Dial Code platform is a proven, effective distribution tool that accesses mobile consumers on a mass scale, downloads content and provides other mobile services



- More than 100 ADC's in the pipeline
- Yahoo has chosen Single Touch's Mobile Coupon Platform



- Walmart has chosen Single Touch's mobile marketing platform to drive their mobile initiatives



- Nextel Mexico has chosen Single Touch to manage their data services and billing platform
- ATT Long Distance has chosen Single Touch to sell ADCs



- Strong Wireless Carrier Relationships include AT&T, Verizon, T-Mobile and Sprint
- Strong IP position

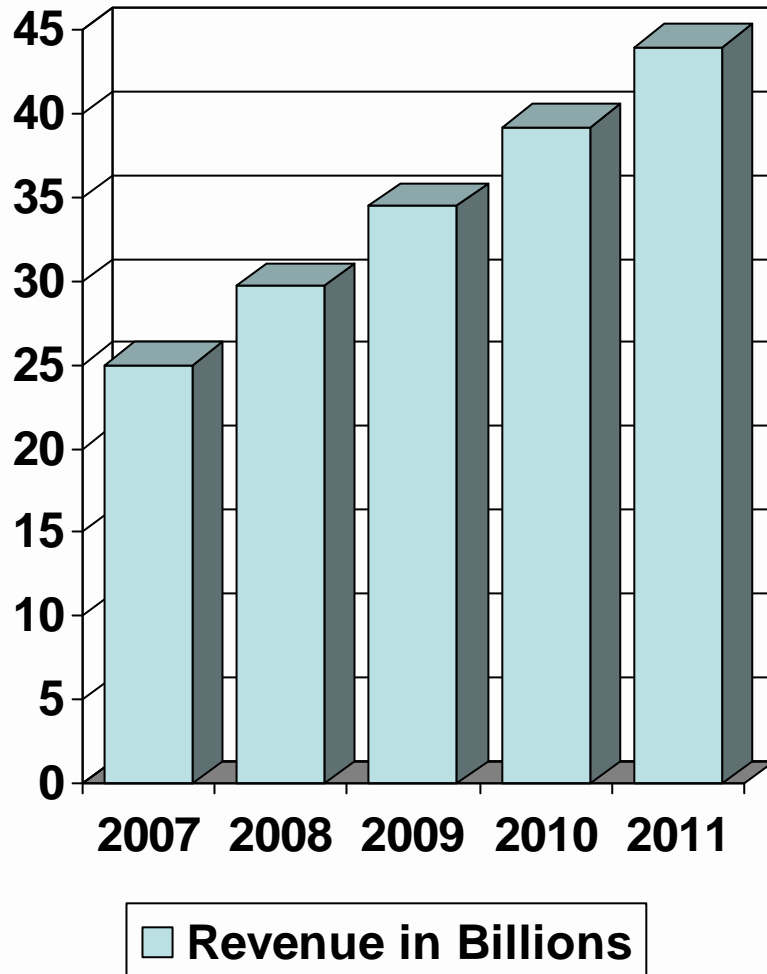
Management Team



- **Anthony Macaluso** - Founder, Chairman & CEO
 - Is the inventor of many of the company's proprietary technologies. With more than 30 patents issued and pending, Tony is a technology visionary with a well honed instinct for seizing market opportunities
- **Richard Siber** – Board Member
 - More than 24 years in wireless previously a partner in Accenture, where he led their wireless practice. Board member for inCode (aquired by Verisign), DigitWireless, and JumpTap
- **Chris Black** – President, Data Services
 - More than 14 years in wireless, most recently Director of Mobile Marketing and Interactive Media at AT&T
- **James Darcey** – S.V.P., Carrier Relations
 - More than 9 years at Alltel Communications and now with Single Touch for 4 years
- **Tom Hovasse** – E.V.P., Product Management
 - Involved in all aspects of product launch and operation at Single Touch since 2002
- **Donovan Gordon** – S.V.P., Sales
 - More than 20 year in the media industry with companies like HBO, Showtime and BET

Mobile Data Market

US Mobile Content Revenue



- US mobile content market
 - 2007: \$25 billion
 - 2011: projected to be \$44 billion (iSuppli 2007)
- Carriers view data as the driver to increase ARPU (Average Revenue Per User)
 - Data now accounts for 20% of revenue for the top 20 international carriers (iSuppli 2007)
 - Data now accounts for more than 23% of revenue for top 2 US carriers.

Featured Platform Programs



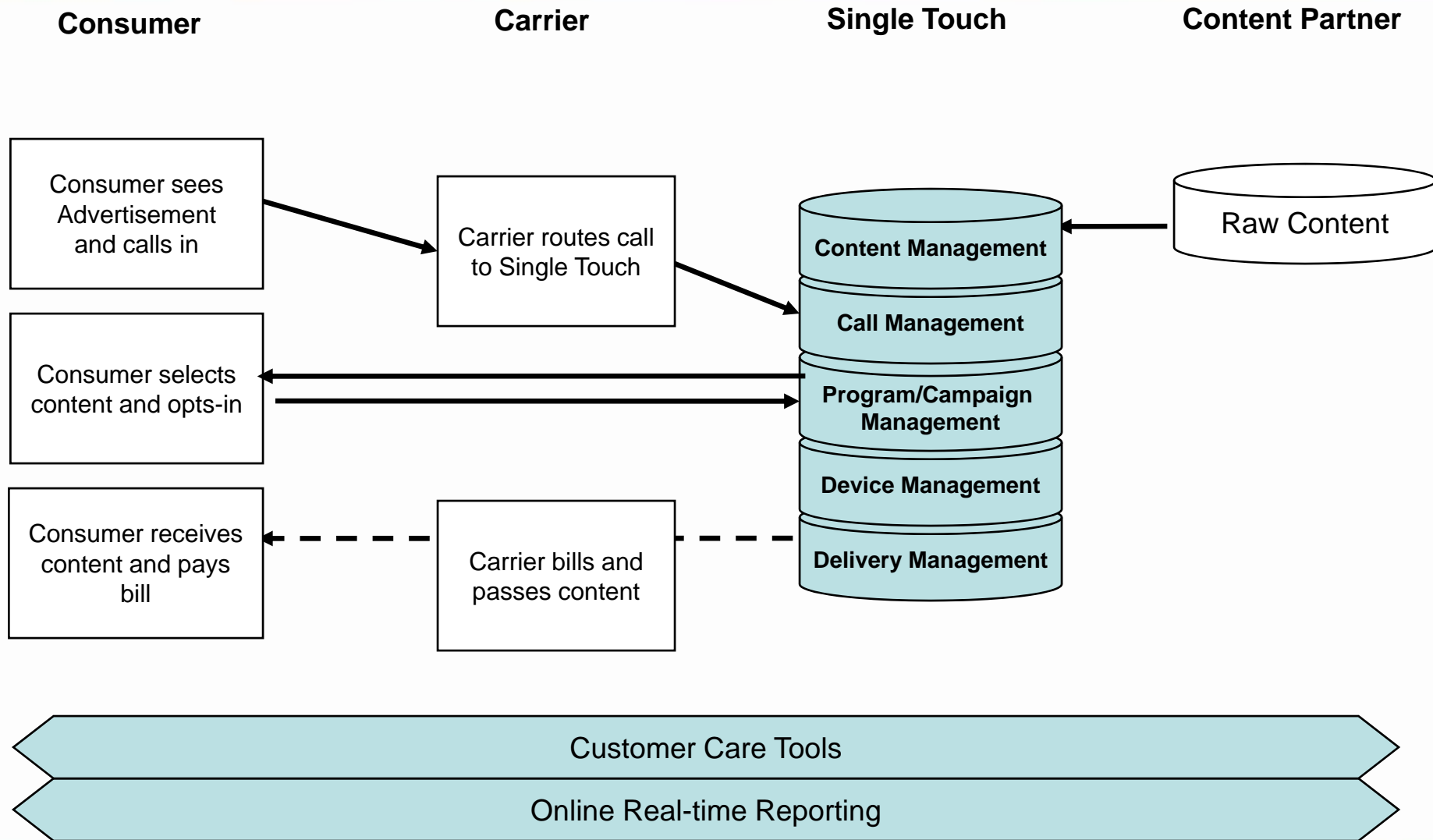
- **Abbreviated Dial Code (ADC) Platform**
 - Mobile handset based data distribution channel with natural voice interface that can invoke SMS, MMS, application downloads, or voice programs
 - Scalable platform is the basis of our multiple data distribution programs
- **Retail Mobile Marketing Platform**
 - Retailer initiated program and mobile solution to access consumers on a mass scale
 - Lead generation programs, marketing incentives and loyalty programs
 - Robust campaign management platform
- **Mobile Digital Coupon Solution**
 - Consumer friendly end-to-end solution to provide coupons, discounts and brand marketing material to a mobile device
- **Carrier Data and Billing Platform**
 - Carrier grade platform for on and off deck content distribution
 - Platform provides expansion basis for Latin America

ADC Platform Overview and Features



- An Abbreviated Dial Code (ADC) is any phone number beginning with a '#' or '*' plus a 3 to 6 digit branded number such as #SEARS
- Abbreviated Dial Codes (ADC) are being used as a handset based data distribution channel
- ADC's (vanity numbers) make it easy to remember how to access and enroll in mobile campaigns such as #MEALS
- Delivering successful commercial programs on multiple carriers in the U.S.
- A high percentage of those purchasing content through ADCs are buying wireless data for the first time and approximately 30% of callers purchase content versus a much smaller % for SMS mobile programs
- ADC's provide more features than SMS:
 - Downloadable content – brand incentives, coupons, ringtone, wallpaper, applications and video
 - Interactive TV, Content, voting, polling and trivia
 - Marketing and advertising campaigns
 - User generated content – dedicate and send a song directly to a friend's phone

ADC Program Patent Pending Technology



How the ADC Program Works



DIAL #MTV
\$2.99/mo

Go to mobile.mtv.com for more info. \$2.99/mo subscription service. AT&T/ Sprint/Verizon Wireless/ Cellular One customers. Charges will be billed on the customer's wireless phone bill or deducted from their prepaid balance. Standard message rates apply.

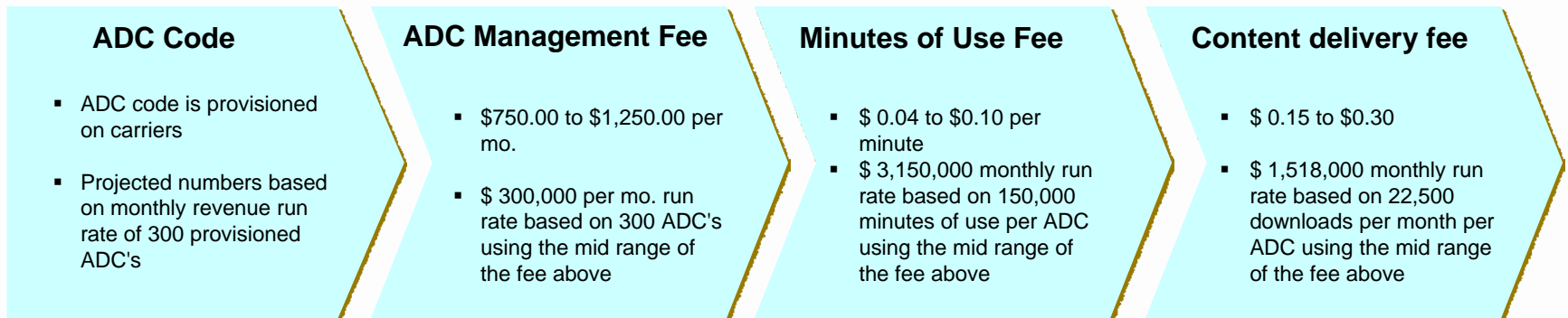


MTV Case study

- Consumer sees ad
 - “To download 'the Pretender' by Foo Fighters as your ringtone call #MTV, on you wireless phone”
- Consumer dials # MTV (#688)
- Carrier routes 'ADC' to Single Touch
- Single Touch picks-up call and gathers information
 - Consumer selects and confirms content through voice prompts
 - Authorizes charge to bill by pressing keys
- Content is delivered to phone
- Billing is completed on carrier bill

ADC Marketing Program

- AT&T's long distance sales force is selling ADCs for Single Touch
 - New product for sales team to provide to their existing toll free customers
 - Toll free business is \$14.9b (Frost & Sullivan)
 - Signed major clients such as Walmart, Chase, Hertz
 - ADC's are valuable assets like URL's
 - ADC's are the next evolution of phone numbers
 - Standard dial number: 760-438-XXXX
 - Toll free number: 877-784-XXXX
 - Vanity toll free number: 800-XXX-APPS
 - ADC = #Hertz (brand name)



Total projected annual revenue base for all ADC's in Dec. 2010 on the above run rate is approximately \$ 60,000,000

ADC Codes

Live Programs



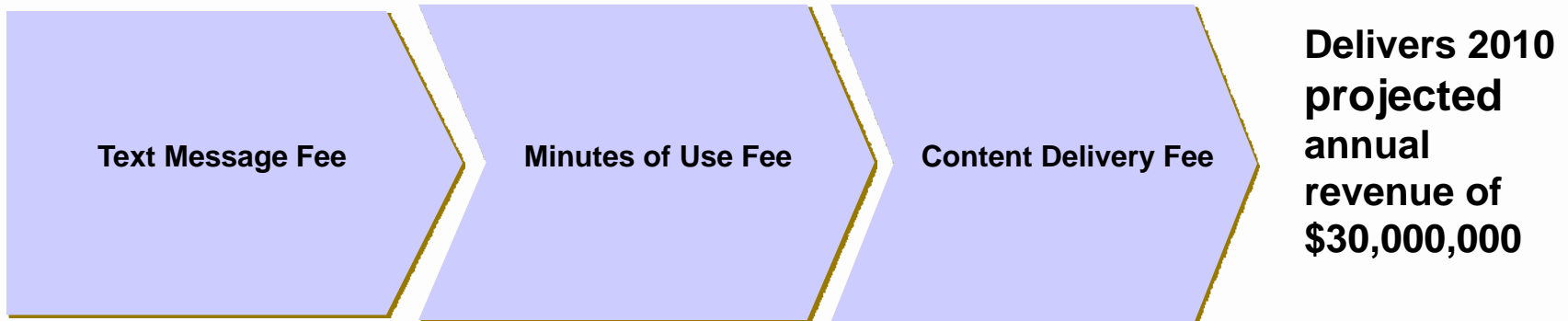
Programs Being Provisioned



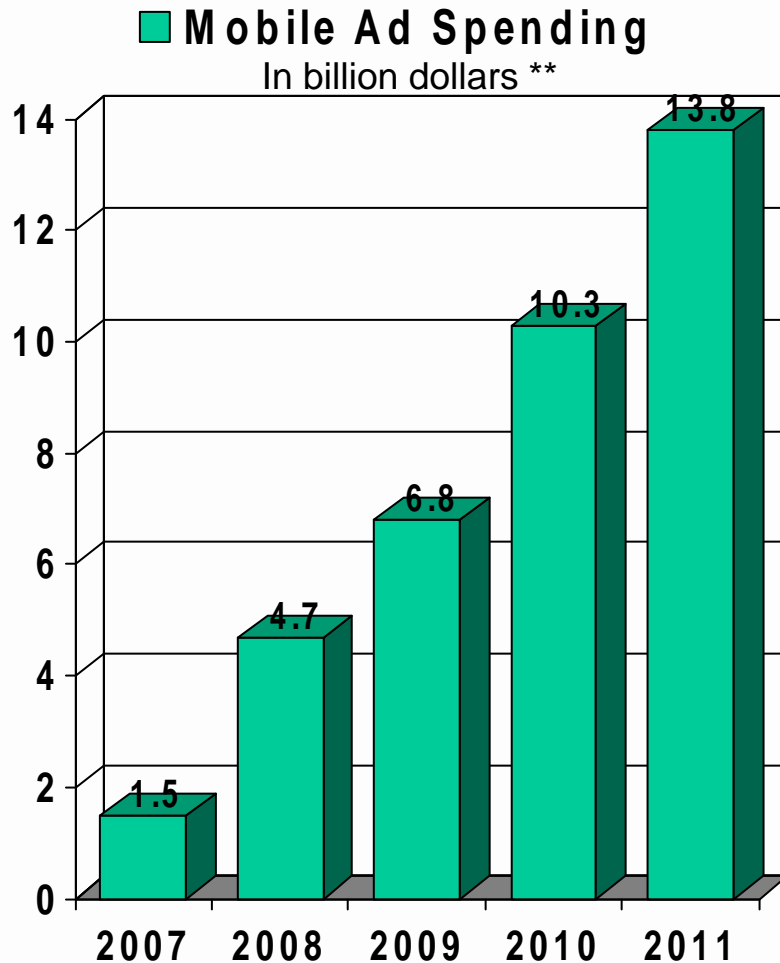
Walmart going Mobile with Single Touch

We have been selected to provide mobile messaging for Walmart and are in the process of installing 2 new data facilities in order to transmit messaging for their customers. The new Single Touch Data Centers are located in Los Angeles and Chicago and are capable of transmitting in excess of 6 billion messages annually and capable of supporting multiple programs. Some of the programs include the following:

- #MEALS is a program in conjunction with Kraft Foods which delivers recipes and shopping lists on a daily basis to customers who have opted in.
- New Innovative programs ready to go in Q4.



Mobile Marketing Platform



- Mobile Coupon Platform
 - Mobile solution to provide coupons, discounts and loyalty programs at retail
 - Mobile coupon platform requires little change in consumer or retailer check-out behavior
- Lead Generation Programs
 - Simplifies the process in obtaining name, address and other information via mobile phone
- Campaign Management on “Anywhere Platform”
 - Carrier grade platform for creating, managing and detailed reporting of marketing campaigns

**Source – eMarketer 7/17/2007

Coupon Industry Opportunity



- Paper coupon is a multi-billion dollar annual business
 - 300 billion coupons distributed in 2006 (NYT 2006)
 - Estimated 1% of coupons are redeemed (AP 2008)
 - Coupon fraud estimate at \$500 million per year (Consumer Information Corporation - www.cents-off.com/fraud.htm)
 - Manual process, slow and laborious for consumer and retailer at check out
 - Expensive print advertising for Brand and not environmentally friendly
 - Study indicates “shame stigma” associated to customer paper coupon redemption (CBC News 9/17/2008)
- Juniper Research estimates that almost 3 billion mobile coupons will be issued to mobile users by 2011, with just under \$7 billion of discounts redeemed
- Current mobile coupon programs...
 - Include application downloads or bar codes that are delivered to mobile phones
 - Are difficult for consumers - finding the coupon image is a challenge and time consuming
 - Images can be stored in different areas depending on carrier, handset and how image is sent to phone
 - Require new POS equipment, others require manual entry into POS

Mobile/Digital Coupon Platform

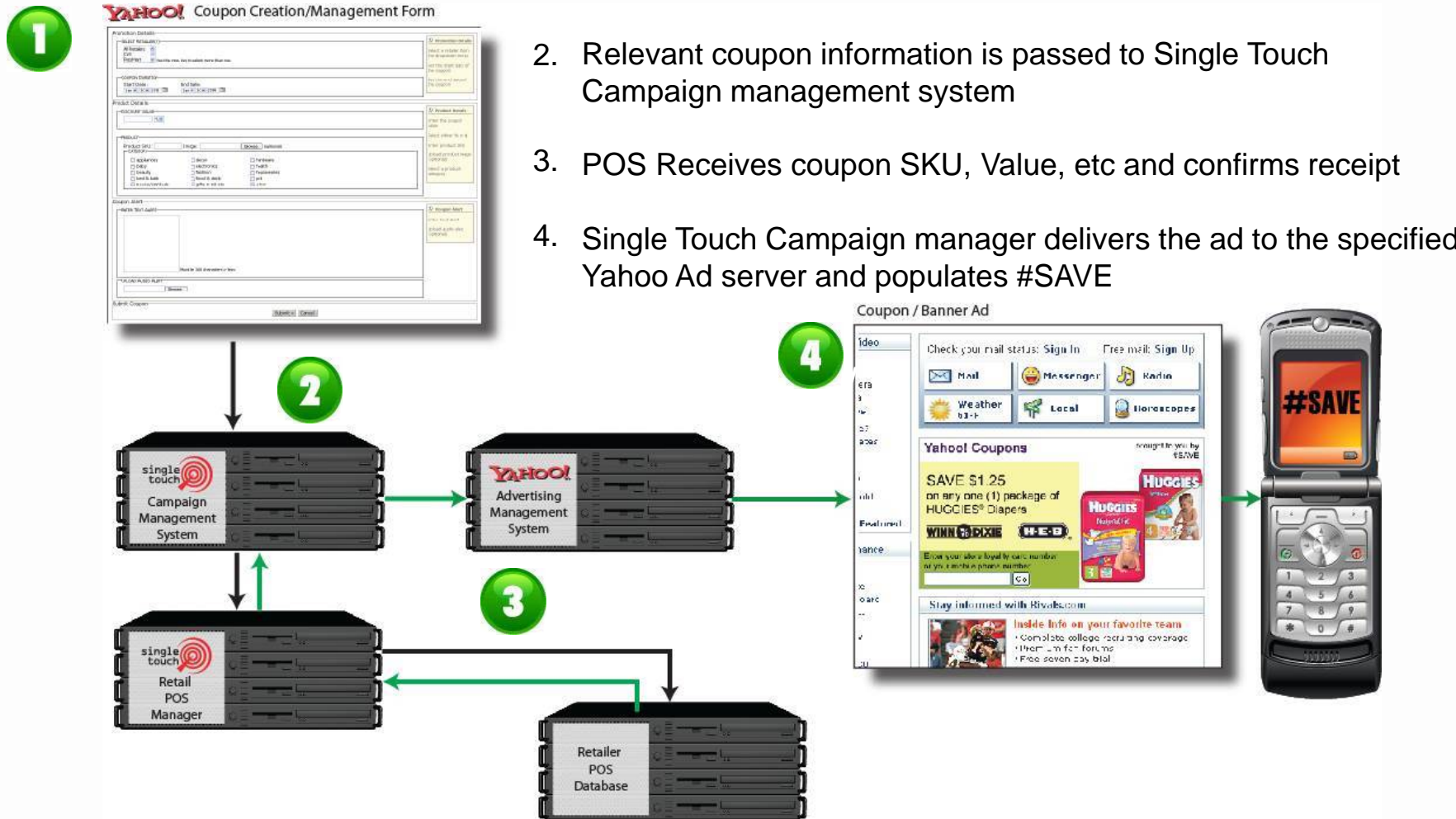
Single Touch mobile/digital coupon solution:

- Ties coupon/discount to mobile phone number
- Provides little change in retailer or customer check-out behavior
- Requires no new hardware at retail that leads to easy integration
- Provides promotions and results in relevancy to the consumer, real transactions and superior customer engagement
- Can be promoted via multiple channels:
 - Yahoo's website's interface with 140 million unique U.S. users (Yahoo 10Q)
 - Banner Ads
 - Shopping Portal
 - Mobile phone via # code
 - At retail via shelf talkers and other promotions
- Partners and Participants
 - Yahoo! - Web interface for brands and consumers
 - P&G Product participant
- Revenue from the mobile couponing initiatives will primarily consist of a percentage earned of the face value of each coupon redeemed



Coupon Data Flow

1. Yahoo provides Single Touch Platform interface to Consumer Product Group/Brand
2. Relevant coupon information is passed to Single Touch Campaign management system
3. POS Receives coupon SKU, Value, etc and confirms receipt
4. Single Touch Campaign manager delivers the ad to the specified Yahoo Ad server and populates #SAVE



Call to Action

5. Ad is resident online accessed by clicking on the ad or for example, dialing #SAVE from a mobile phone, the mobile number is then captured



Coupon Redemption

6



7



8



6. Mobile Number is entered at POS by the customer upon checkout
7. The mobile phone number is validated in real-time at POS
8. Batch information is sent to Single Touch from POS containing all purchases and then matched to coupons clipped
9. Information is parsed and Yahoo is sent relevant data to be delivered to CPG



9

Nextel Mexico Data Platform

- Single Touch to provide operation of content management , distribution and billing program to Nextel Mexico
- Single Touch receives 70% of the gross revenue of each completed transaction
- Single Touch services will include:
 - Both on and off-deck content
 - On-deck = Carriers own content offering
 - Off-deck = any third party selling content to carriers consumers
 - ADC programs
 - Billing intermediary for all content sold
 - Conduit for data delivery
 - Pass SMS messages
 - Video/television
 - Alternative payments, such as Paypal
 - Advertising
 - Search
 - Coupons
 - Content rating/filtering
 - Database of record and registration tool for CSC and ADC's

Nextel Mexico customer initiates download of content at \$1.00




Single Touch retains \$0.70 (70%) and Nextel Mexico retains \$0.30 (30%) of completed transactions.

Nextel Mexico generated \$1.8 billion in overall revenue in 2007 and year to date is on a 27% growth rate.

At 10% of ARPU for data download revenue. STI would collect \$126,000,000 in annual revenue.

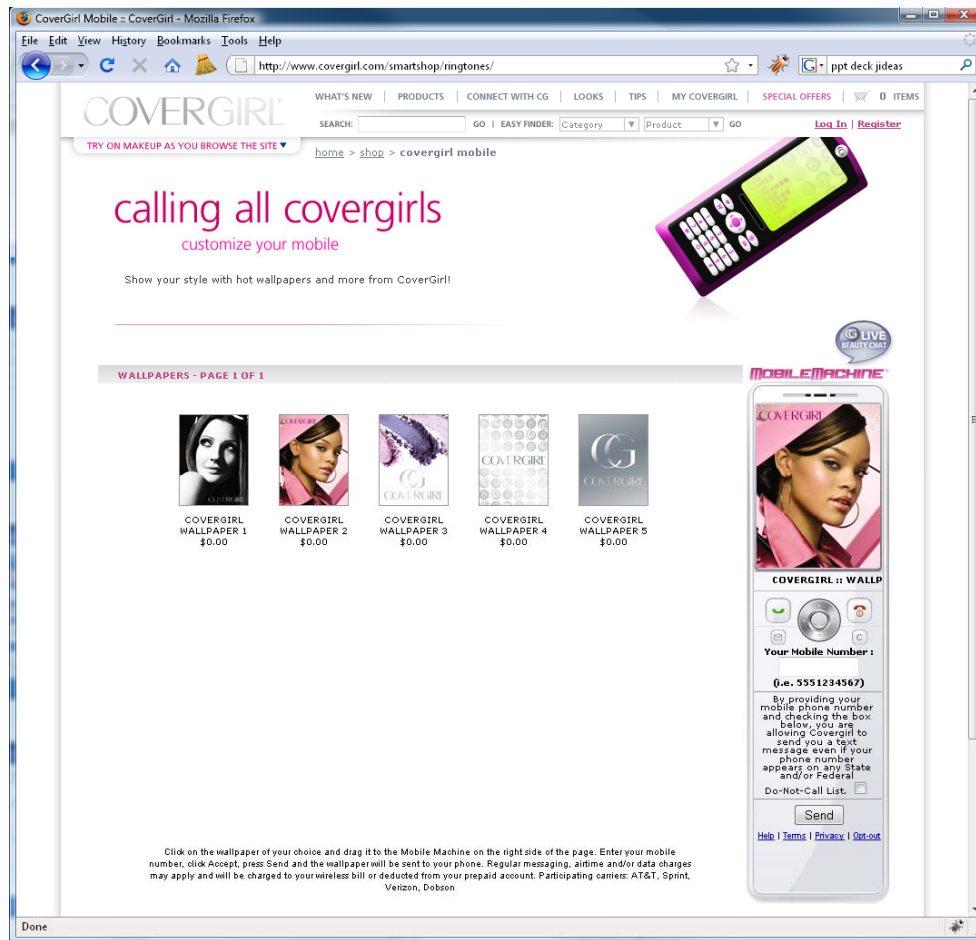
Nextel Mexico Data Platform

- Nextel Mexico
 - 3rd largest carrier in Mexico
 - 2.2 million subscribers
 - \$ 1.8b in annual revenue
 - Highest ARPU (\$ 68) in Latin America
 - One of the fastest growing carriers in Mexico
 - Nextel Mexico demographics are more affluent

	Total Revenue	Data Revenue	Data as a % of Total ARPU
	\$43b ARPU \$ 51.00	\$ 8B Data ARPU \$ 10.01	19.60%
	\$44b ARPU \$ 52.00	\$ 7.4b ARPU \$ 11.00	21.10%
	\$1.8b ARPU \$ 68.00	NA	@ 10% = \$ 180m opportunity @ 20% = \$ 360m opportunity

The above figures are based on year end 2007 results

Mobile Machine – Content Delivery Technology



- Web to phone content delivery
- Drag-and-drop interface: taking the headache out of mobile content delivery
- Simply enter mobile number to download
- Custom text message can be added
- Send-to-friend – very viral
- Presently deployed with Covergirl and Univision

<http://www.covergirl.com/smartshop/ringtones>

Campaign Management

Single Touch Systems, Inc. **Anywhere** 2.0 09.22.2008 04:48:35 PM

[Campaigns](#) [List Builder](#) [Messenger](#) [Interactive](#) [Profile](#)

Active
Archived
[View / Edit Campaign](#)

View / Edit Campaign

Campaign Details

Campaign Name:	New Season Promotion
Campaign Started:	July 27, 2005 9:06am US Pacific
Campaign Creator:	Dan Flanagan
Description:	This is a promotion for a the new season.

Non-Interactive Messages [create new]		Segmentations [create new]	
Reference	Last Send	Reference	Last Send
test message	[no sends]	No segmentations exist for this campaign.	
[All Campaign Messages]		[All Campaign Segmentations]	

Responder Groups [create new]		Interactive Polls [create new]	
Group Name	Num Responders	Poll Name	Num Questions
No interactive groups exist for this campaign.		No polls exist for this campaign.	
[All Campaign Responder Groups]		[All Campaign Polls]	

campaign notes

February 14, 2006 11:40am US Pacific	Campaign archived.	-Patrick Lerandeau
May 23, 2006 8:18am US Pacific	Campaign Unarchived.	-Dan Flanagan

[Edit Details / Add Notes](#)

[Archive Campaign](#)

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- Manage campaigns on ADC, SMS, WAP and Web
- Create campaigns, simple to complex interactions
- Collects rich, actionable user data for analysis & ongoing consumer dialogue
- Flexible, real-time media measurement
- Subscriber profiling and personalized messaging
- Manufacturer, retailer can monitor campaigns real- time via Web interface

Patent Position

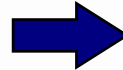
- Twenty two patent applications filed beginning in late 2002 including:
 - Over-the-Air Provisioning of Mobile Device Settings
 - Advertising on Mobile Devices
 - Downloading Data to a Mobile Device
 - Transferring Mobile Device Data
 - Searching For Mobile Content
 - Buying Advisor
 - Rewards Program
 - Mobile Machine
 - Automatic Provisioning of Abbreviated Dial Codes
 - Pushing Coupon Values
- Filed by Fish and Richardson P.C.

Investment Opportunities

Features

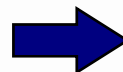
Example

PIPE



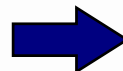
\$2.5M to \$10M Min/Max capital round at \$2.50 per share. Detailed term sheet available upon request.

Shares Outstanding



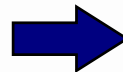
Shares outstanding – 59,505,540
Shares outstanding (fully diluted) - 105,793,498

Warrants



All investors in PIPE receive 50% warrant coverage at \$3.50 per share.

Strong Investor Appeal



Limited number of public mobile companies enables clear market differentiation and immediate demand for shares

Single Touch Is Seeking \$10M

Use of Proceeds

Use of Proceeds	Minimum Offering	Maximum Offering
Capital Expenditures	\$1,000,000	\$2,000,000
Human Resources	\$100,000	\$500,000
Research & Development	\$100,000	\$500,000
Repayment of Related Party Debt	\$710,000	\$710,000
Working Capital	\$290,000	\$5,390,000
Total	\$2,200,000	\$9,100,000

STI Forecast

	2008	2009	2010
Total Revenue	\$6,203,381	\$88,987,157	\$213,783,687
COGS	\$4,401,856	\$60,197,344	\$151,280,507
Gross Profit	\$1,801,425	\$28,789,813	\$62,503,180
OPEX	\$8,844,550	\$9,366,558	\$18,475,434
Operating Income/EBIT	(\$7,043,124)	\$19,423,255	\$44,027,746
Net Income	(\$8,169,213)	\$13,217,552	\$30,164,641
Gross Margin	29.0%	32.4%	29.2%
Operating Margin	NA	21.8%	20.6%
Net Margin	NA	14.9%	14.1%

Growth Drivers

- Continued momentum for Abbreviated Dial Code's
 - Existing ADC's initiating multiple new programs
 - Growth in new ADC's
 - Pipeline holds more than 100 ADC's
 - AT&T Sales Team have innovative new product to provide to their existing toll free customers
- Mobile Coupon launch
 - Expand retail locations and coupons offered
 - Yahoo! promotes to existing Web visitors
- Nextel Mexico launch
 - Introduce data content offering to Nextel Mexico subscribers
 - Drive adoption across subscriber base
- Walmart launch of multiple mobile programs in the pipeline