Press Release

CODING TECHNOLOGIES AND BEIJING E-WORLD TECHNOLOGY FORM AUDIO CODEC JOINT VENTURE IN CHINA

New Company, Beijing Media Works, will Create and License Audio Codec for use in new Chinese standard for EVD

Stockholm, Sweden and Beijing, China, November 18, 2003 — Coding Technologies, the leading provider of audio compression for mobile, digital broadcasting and the Internet, in concert with Beijing E-World Technology, the government and industry sponsored company responsible for creating the new Chinese Enhanced Versatile Disc (EVD) format, announced today that they are establishing a joint venture, Beijing Media Works, to create and license a new audio codec. This new SBR enhanced codec, EAC 2.0, is already specified in the EVD format and will also be targeted for use in other Chinese applications.

Leveraging Coding Technologies' Spectral Band Replication (SBR) technology, the joint venture is creating an SBR enhanced version of Beijing E-World Technology's EAC audio codec. The new combination, licensing Coding Technologies SBR and incorporating EAC, has double the performance, making it an industry leading audio codec with a wide field of use.

"The EVD format will lead the industry for quality, resolution, and capacity," said Hao Chieh, President of Beijing E-World Technology. "Through this joint venture, we will ensure that EVD audio quality and compression will be best of breed."

"SBR's versatility is just beginning to be realized," said Martin Dietz, President and CEO of Coding Technologies. "Together with Beijing E-World Technology, we will increase the reach of SBR into China and enable the development of a whole new suite of applications."

Beijing Media Works is based in Beijing, with additional engineering facilities in Nuremberg, Germany. This selection of office locations will allow for close business and engineering collaboration between the joint venture and both parent companies.

SBR enhanced EAC will be licensed exclusively in Greater China by the joint venture and in the rest of the world by Coding Technologies.

About Spectral Band Replication (SBR)
SBR is a unique bandwidth extension technique, which enables audio codecs to deliver the same quality at half the bit rate. In practice, SBR is wrapped around a core perceptual audio codec to enhance its efficiency in a backward and forward compatible way. Based on the principle that the high and low frequencies of an audio signal are highly correlated, SBR coupled codecs use the core to only encode the low frequencies and use the SBR to encode the high frequencies with very low overhead. The EBU credits SBR technology as the most significant improvement in audio codec performance since 2000.

About Enhanced Audio Codec (EAC)
EAC is an enhanced audio codec developed and owned by Beijing E-World, that uses a unique perceptual model to compress the audio signal by utilizing the redundancy as well as the relevancy. The EAC codec supports mono, stereo and 5.1 surround sound modes for encoding and decoding. EAC is part of the EVD system specification.

***Beijing E-World Co., Ltd**, is defining the new Enhanced Versatile Disc (EVD) format for content distribution. EVD provides increased storage capacity, five times the video resolution of DVD, including support for HDTV, and enhanced audio quality. With more than 100 highly educated employees, Beijing E-World is sponsored by the Chinese Ministry of Information Industry and is backed by major Chinese DVD manufacturers and other consumer electronic manufacturers.*
For more information, visit http://www.davworld.net

***Coding Technologies** provides the best audio compression for mobile, broadcasting, and Internet. SBR™ (Spectral Band Replication) from Coding Technologies is a backward and forward compatible method to enhance the efficiency of any audio codec; putting the "PRO" in mp3PRO and the "Plus" in aacPlus. SBR is a fundamental enabler of the Digital Radio Mondiale open standard and is a core component of MPEG-4 High Efficiency AAC.*

Coding Technologies is a privately held company with offices in Sweden, Germany, and Silicon Valley. Founded in 1997 in Stockholm, the company later merged with a spin-off of the renowned Fraunhofer Institute in Germany, the inventor of MP3. Coding Technologies' customers include XM Satellite Radio, iBiquity Digital, SK Telecom, mmO2, Thomson, and Texas Instruments.

For more information, visit http://www.codingtechnologies.com/.

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