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VM LABS' NUON™ TECHNOLOGY ENDOWS NEXT GENERATION OF DVD PRODUCTS WITH INTERACTIVITY

Consumer Electronics Show/Las Vegas, NV -- For those consumers that are waiting for their VHS players to give out before they adopt the DVD format, a Silicon Valley start-up is providing a reason to make the transition. VM Labs, Inc. has developed a technology called NUON™ that transforms passive digital video products such as DVD players, digital satellite receivers and digital set-top boxes into complete interactive video entertainment systems. Standard DVD movies will not only run on NUON enhanced players, but will benefit by vastly improved movie-viewing features. NUON enhanced DVD players will also be able to play entertainment and educational software as well as bring audio CDs to life with stunning visual effects modes.

The all-in-one DVD entertainment center for the whole family to enjoy is now a reality because of the NUON technology," states Richard Miller, VM Labs CEO. "NUON's compelling features will achieve mass market appeal and help drive sales for the overall DVD platform over the next few years."

In preliminary presentations, Mass Market retailers have been very impressed by the open format, advanced technology and interactivity that make NUON a compelling all-in-one DVD platform. As OEMs unveil their new generation NUON-Enhanced DVD players, retailers have made it clear they are anxious to work with manufacturers, software publishers and peripheral suppliers to catapult DVD to the next NUON-based interactive level. NUON allows hardware manufacturers to replace their current processors with a faster and more efficient NUON device. Motorola was the first to incorporate NUON in a product with its Streamaster™ set-top box and has indicated that its NUON-based Streamaster™ platform will unify video entertainment, video communications, and intelligent web access into one "future proof" platform.

NUON technology gives Motorola's Streamaster™ the capability to provide consumers with 3D games, edutainment software, movies, enhanced audio and high-speed Internet access all in one product for the living room. "Advanced features such as 3D gaming and advanced video modes provided by NUON technology enhance the many options in the Streamaster™ platform," said Roger Kozlowski, Director of Strategic Alliances for Motorola's Media Processing and Platforms Division. "Digital DNA from Motorola, the PowerPC, is at the heart of the Streamaster™ platform, and coupled with the NUON Processor, will provide OEMs with the home entertainment options wanted by consumers."

In addition to the Streamaster™ OEM relationship, VM Labs has granted Motorola a non-exclusive license to manufacture and sell NUON media processors on a worldwide commercial basis. Well known DVD manufacturers like Toshiba, Samsung and Raite have already announced intentions to produce NUON enhanced DVD players. The first Samsung NUON enhanced DVD model expected to be available to consumers this spring. Additional DVD manufacturers are anticipated to add their support later this year, making NUON a standard for the next generation of DVD players.

NUON software titles will be aimed primarily at the family market, with the following titles expected to be available upon or shortly after release of the first NUON enhanced DVD players: Jeff Minter's Tempest 3000, a classic arcade game; Miracle Design's Merlin Karting, a 3D racing game featuring King Arthur and Merlin operating go karts; Eclipse Software Design's Iron Soldier, a first person simulator game; Total Arkade Software's Freefall 3050 A.D., a futuristic law enforcement game; Cyan's Myst, a surreal



photo-realistic graphic adventure, which will be ported from the PC platform; and Fungus Amungus' aMaze, a engaging board game featuring a variety of mazes.

A wide variety of software developers and publishers have also previously announced support of the NUON enhanced DVD platform and a wide range of games are under consideration for development. VM Labs is also working with InterActual Technologies and Panasonic Disc Services to fine-tune authoring tools and replication services that will enable movie studios to easily expand DVD movie disc content with interactive features. MGM and New Line are among the studios that have expressed keen interest in NUON developments.

A number of leading peripheral manufacturers of controllers and accessories in the multimedia home entertainment industry have also announced support for the Nuon enhanced DVD platform including Nyko Technologies, HotProductsInc.com, Eleven Engineering and Kensington Advanced Technology Group (Gravis). Products planned for launch by these companies will allow users to enjoy high performance video games, educational and reference applications directly on a NUON enhanced DVD Player. VM Labs has embraced third party peripheral companies as partners with the open NUON enhanced DVD format and expects additional peripheral companies to opt to join in and develop products as the installed base for NUON enhanced DVD players grows dramatically.

NUON has the speed and power to transform a DVD player into an interactive fun-center that will entertain the whole family. NUON enhanced digital video devices bring the television to life with interactivity in the form of games, educational software, interactive movie content and more. Future NUON enhanced features include Internet connectivity and web-enabled movie experiences. The NUON media processing technology replaces the MPEG decoder chip currently found in digital video products. Analysts predict that digital video will supersede the current analog method over the next few years, and NUON is poised to become the new standard for interactive digital home entertainment. VM Labs Inc. is based in Mountain View, CA.

NUON™ is a trademark of VM Labs, Inc.

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