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Press Release

Erlangen,
October 5, 2006

MPEG Surround at Audio Engineering Society AES 121: Standardization Finalized, Software for Evaluation and Development Available

**Visit us at
AES 121, Moscone Convention Center
San Francisco
Demonstration Room #258
October 6-8, 2006**

Inventors to demonstrate feature-rich surround sound technique at AES in San Francisco

San Francisco, October 5, 2006 – Agere Systems, Coding Technologies, Fraunhofer Institute for Integrated Circuits IIS and Philips, the inventors behind the new MPEG Surround audio compression technique, will showcase their technology at Audio Engineering Society AES 121 on October 6-8.

The event follows by two weeks finalization of the specifications under the MPEG-D standard on September 22. Only formal approval by the national bodies remains in the MPEG-D standards process.

MPEG Surround represents a feature-rich compression technique for multi-channel audio signals. Operating on top of a core audio codec, the system provides an unrivaled set of features such as full backward compatibility to stereo equipment and a wide scalability in terms of bit rate used for describing the surround sound image.

This compatibility enables an easy upgrade path for existing stereo broadcast systems to a more desirable surround sound listening experience. Advanced functionalities include an enhanced matrix surround mode, allowing generation of clean, stable and high-quality multi-channel audio based on a stereo signal; and a binaural mode, providing spatial rendering

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and reproduction of multi-channel audio on stereo playback devices such as headphones.

With the finalization of the MPEG Surround standard, software for evaluation and development is being made available to customers and other parties interested in capitalizing on the benefits of MPEG Surround.

The first independent tests of the new technology are expected to be ready at the end of this year.

MPEG Surround will be jointly demonstrated by all four parties at AES 121, October 6-8, Moscone Convention Center San Francisco, demonstration room #258.

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Agere Systems

Agere Systems is a global leader in semiconductors for storage, wireless data, and public and enterprise networks. The company's chips and software power a broad range of computing and communications applications, from cell phones, PCs, PDAs, hard disk drives and gaming devices to the world's most sophisticated wireless and wireline networks. Agere's customers include top manufacturers of consumer electronics, communications and computing equipment. Agere's products connect people to information and entertainment at home, at work and on the road—enabling the connected lifestyle.

More information about Agere Systems is available from its web site at <http://www.agere.com>.

Coding Technologies

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. Parametric Stereo from Coding Technologies and Philips again significantly increases the efficiency of audio codecs for stereo signals at low bit rates. Products from Coding Technologies are fundamental enablers of open standards such as 3GPP, 3GPP2, MPEG, DVB, Digital Radio Mondiale, HD Radio, and the DVD Forum.

Coding Technologies is a privately held company with offices in Sweden, Germany, China, and the USA. 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 America Online, EMP, iBiquity Digital,

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KDDI, O2, Nokia, Orange, RealNetworks, SK Telecom, Sprint, T-Mobile, Thomson, Texas Instruments, Vodafone, and XM Satellite Radio.
For more information, visit www.codingtechnologies.com.

Fraunhofer IIS

Founded in 1985 the Fraunhofer Institute for Integrated Circuits IIS in Erlangen, today with 470 staff members, ranks first among the Fraunhofer Institutes concerning headcount and revenues. With the development of the audio coding method MP3, Fraunhofer IIS has reached worldwide recognition.

It provides research services on contract basis and technology licensing.

The research topics are: Audio and video source coding, multimedia realtime systems, digital radio broadcasting and digital cinema systems, integrated circuits and sensor systems, design automation, wireless, wired and optical networks, localization and navigation, imaging systems and nanofocus X-ray technology, high-speed cameras, medical sensor solutions and communications technology in transport and logistics.

The budget of 58 million Euro is mainly financed by projects from industry, the service sector and public authorities. Less than 20 percent of the budget is subsidized by federal and state funds.

For more information, visit www.iis.fraunhofer.de/amm.

Royal Philips Electronics

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is a global leader in healthcare, lifestyle and technology, delivering products, services and solutions through the brand promise of "sense and simplicity". Headquartered in the Netherlands, Philips employs approximately 125,500 employees in more than 60 countries worldwide. With sales of EUR 30.4 billion in 2005, the company is a market leader in medical diagnostic imaging and patient monitoring systems, energy efficient lighting solutions, personal care and home appliances, as well as consumer electronics. News from Philips is located at www.philips.com/newscenter. Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is one of the world's biggest electronics companies and Europe's largest, with sales of \$37.7 billion (EUR 30.4 billion) in 2005. With activities in the three interlocking domains of healthcare, lifestyle and technology and 159,200 employees in more than 60 countries, it has market leadership positions in medical diagnostic imaging and patient monitoring, color television sets, electric shavers, lighting and silicon system solutions.

News from Philips is located at www.philips.com/newscenter.

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