



DivXNetworks Chooses mp3 Technologies from Thomson and Fraunhofer

Strategic Agreement Will Enable DivXNetworks Licensees to Create Rich Multimedia Solutions

Paris, France/Hanover, Germany—March 9, 2005—DivXNetworks, Inc., the company that created the patent-pending DivX® video compression technology, today announced a strategic licensing agreement with Fraunhofer Institute for Integrated Circuits IIS, inventors of mp3, and Thomson, co-inventors of mp3 and exclusive licensing representative for their mp3 patents and software. The agreement will enable DivXNetworks, Inc. to include mp3 and, in the future, mp3 SURROUND technology, in all DivX software and consumer electronics offerings, allowing over 160 million DivX users the opportunity to enjoy the small file size and the high audio quality of mp3 SURROUND with their video files. Additionally, DivXNetworks, Inc. will now offer licensees a complete video and audio Software Development Kit (SDK).

Together, DivX® and mp3 technology offer the largest device compatibility on the market, giving integrated circuit manufacturers, consumer electronics companies, PC manufacturers, content creators and software vendors around the world a complete solution for the creation and playback of rich, full-featured digital video.

mp3 technology, which helped create the market for digital audio, is currently supported in hundreds of millions of consumer electronics devices worldwide. In December 2004, Thomson and Fraunhofer IIS launched mp3 SURROUND, which will enable 5.1 channel surround-quality sound for a broad spectrum of applications including web-based music distribution, broadcasting systems, PC-related audiovisual or gaming applications, consumer electronics and automotive systems. mp3 SURROUND supports high-quality multi-channel sound at bit rates comparable to those currently used to encode stereo mp3 material, resulting in files half the size of common compressed surround formats while offering complete backward compatibility to existing mp3 software and hardware devices.

DivX technology, which enables the creation and playback of high-quality video files at a fraction of the size of competing technologies, in over 250 million DivX software downloads and is supported in more than 50 million DivX Certified chips powering a range of consumer electronics devices from the world's leading brands. The new DivX® Media™ Format, scheduled for release in the first quarter of 2005, is designed to enable the ultimate media experience with advanced new multimedia features including interactive video menus, powerful metadata and a balance of compression and visual quality superior to any other technology on the market.

“Adding mp3 SURROUND audio to the DivX® Media Format™ will improve the consumer experience throughout the connected home and ultimately help drive the distribution of secure premium content from the Internet to the living room,” said Jordan Greenhall, CEO and co-founder of DivXNetworks, Inc.. “This deal also has the potential to broaden the competitive technology options for video device manufacturers and premium content publishers, particularly in device categories such as digital still cameras, digital video cameras and recordable DVDs.”

“Thomson and DivXNetworks are making it easier for the entire digital video marketplace to provide the end consumer with a rich media experience,” said Henri Linde, Vice President, Growth Initiatives, Audio & mp3 program of the Intellectual Property and Licensing unit for Thomson. “With our recent addition of the surround capability, mp3 is the perfect match for video content distribution in DivX format. As mp3 helped create the market for digital audio, we believe that mp3, in conjunction with DivX technology, will accelerate the emergence of a digital video distribution market.”

“mp3 and DivX technology both have a long history of successful platform integrations. Together this enables an easy technology transition process for the industry, and an easy upgrade from stereo to surround sound in consumer's homes, thus improving the consumer experience with this highly portable and widely compatible video format,” said Harald Popp, Head of the Multimedia Realtime Systems Departments at Fraunhofer IIS. “We trust DivXNetworks, Inc. will integrate our mp3 technologies seamlessly to give the industry and the consumer an outstanding multimedia experience.”

For more information on DivX video technology, visit www.divx.com. To learn more about mp3 and mp3 SURROUND technology, see www.mp3surround-format.com.

About DivXNetworks, Inc.

About DivX DivX, Inc. is a consumer-focused video technology company positioned at the center of multimedia convergence.

The company's core offering is the DivX® video codec, among the world's most popular video compression technologies with over 250 million DivX software downloads. The patent-pending DivX video can achieve DVD-quality at a fraction of the size of MPEG-2/DVD files, enabling full-length films to easily fit on a CD or be delivered over broadband connections. DivX video technology powers a range of applications that span the convergence value chain, from a secure IP-based video-on-demand solution to next-generation consumer electronics products and video software applications. DivX, Inc. is headquartered in San Diego, California with satellite offices in Los Angeles and San Jose, Calif., Taipei, Taiwan, Tokyo, Japan, Guildford, England and Düsseldorf, Germany.

About Thomson

Partner to the Media & Entertainment Industries Thomson (Euronext Paris: 18453; NYSE: TMS) provides technology, systems and services to help its Media & Entertainment clients - content creators, content distributors and users of its technology - realize their business goals and optimise their performance in a rapidly changing technology environment. The Group intends to become the preferred partner to the Media & Entertainment industries through its Technicolor, Grass Valley, RCA and THOMSON brands. For more information: www.thomson.net/.

About Fraunhofer Institute for Integrated Circuits IIS

Founded in 1985 the Fraunhofer Institute for Integrated Circuits IIS in Erlangen, Germany - today with 450 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. For more information visit <http://www.iis.fraunhofer.de/>.

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