



*A Production Technology Initiative for
Blu-ray Dual Layer Disc (BD50)*

On stage:

- ❖ **Ed Gehrich, Director Engineering, Sony DADC**
- ❖ **Stefan A. Baustert, CEO, Singulus Technologies**
- ❖ **Hans Ebinger, VP, Head of Optical Disc, Oerlikon Balzers Coating**

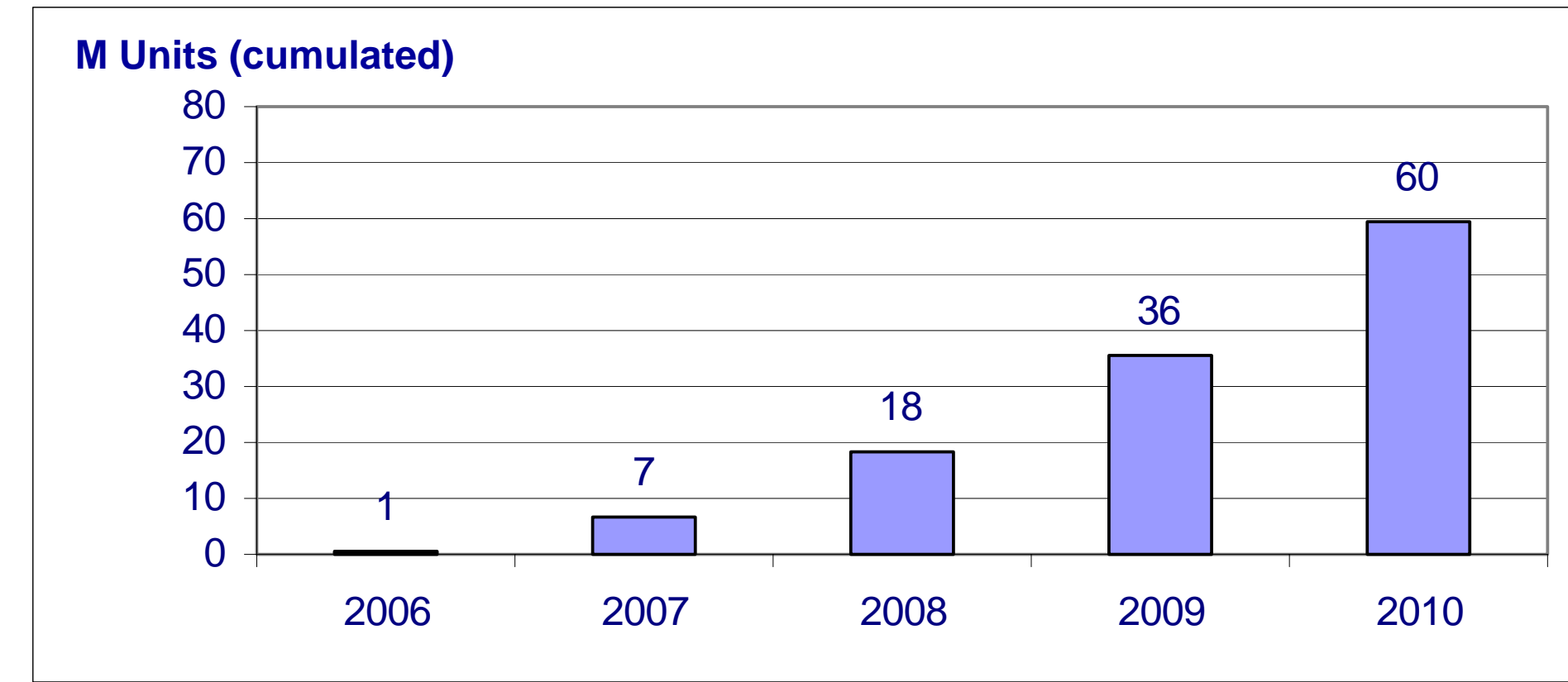
Agenda

- ❖ **Sony DADC BD50 Cooperation update**
- ❖ **Statement of Singulus**
- ❖ **Statement of Oerlikon**

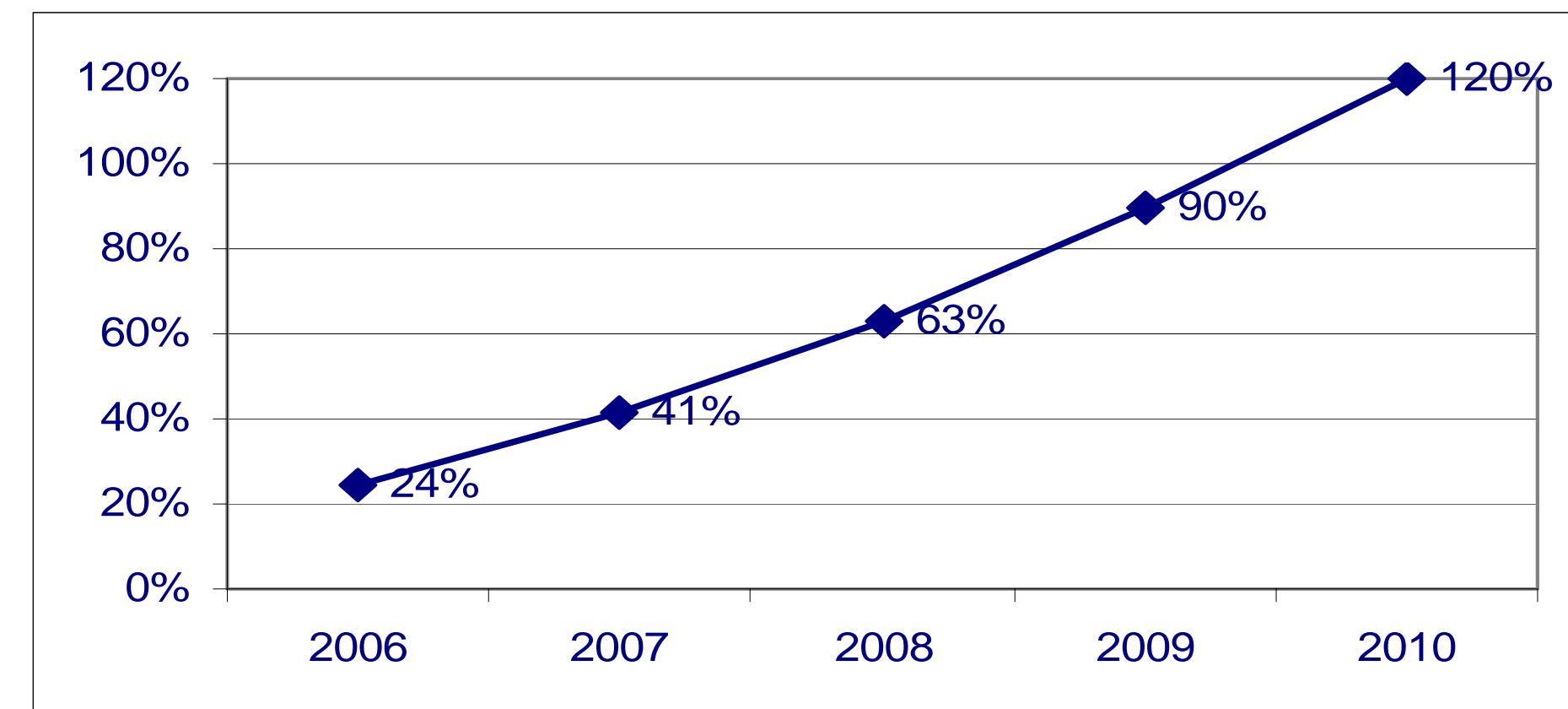
Blu-ray hardware sales growing strongly in the US with PS3 consoles as major driver

- Blu-ray play-back hardware sales are increasing – 7 million hardware units in US are expected until December 2007
- BD players by e.g. Samsung, Panasonic, Sony, Philips and Pioneer are available in the market – BD players for less than \$500 available in the market and will drop further
- PS3 consoles, equipped with Blu-ray drives, are available from \$499 and will be a major driver for Blu-ray
- Penetration with HD Ready screens is also growing rapidly and by 2009 most of US households will be equipped with a HD Ready screen

US: Blu-ray Play-back Hardware availability



US: % of households with HD Ready Screens

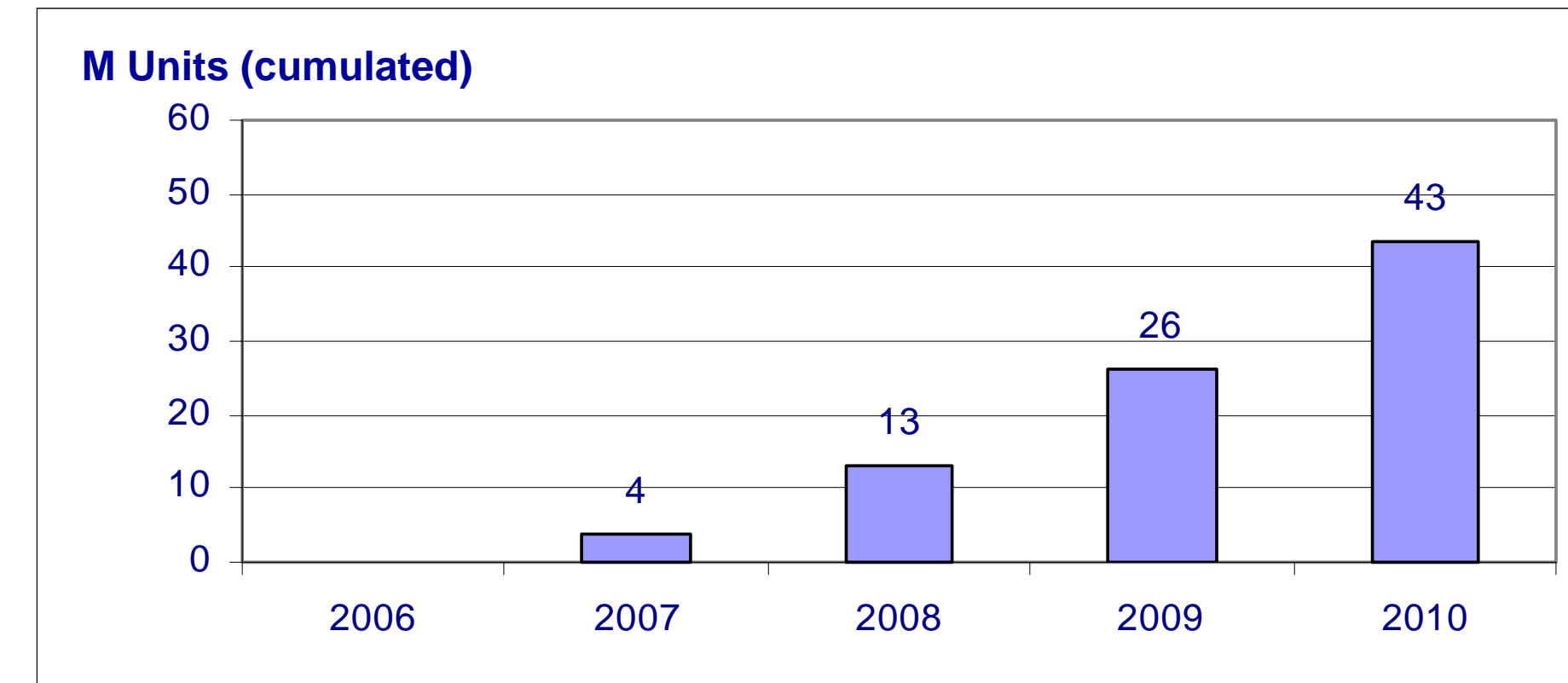


Source: Understanding & Solutions, 2007

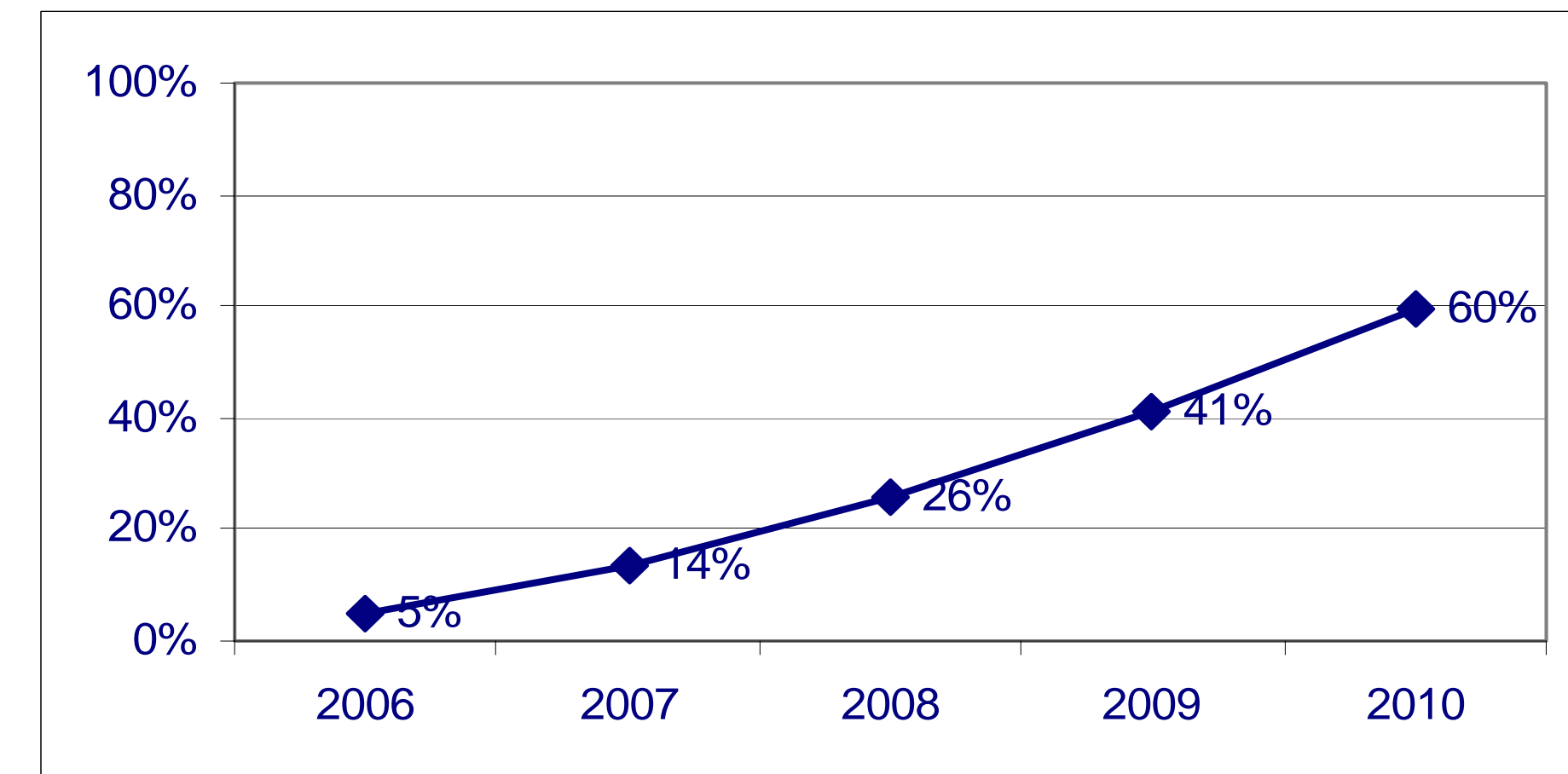
Similar trend of Blu-ray hardware sales can be observed in Europe

- Blu-ray hardware sales in Europe are increasing to 4 million units until December 2007
- PS3 was launched in Europe on March 23rd – approx. 1 million PS3 consoles have been sold
- BD players by e.g. Samsung, Panasonic, Sony, Philips and Pioneer are available in the market
- HD Ready screens will see strong growth in Europe, with penetration increasing to 41% in 2009

Europe: Blu-ray Play-back Hardware availability



Europe: % of households with HD Ready Screens

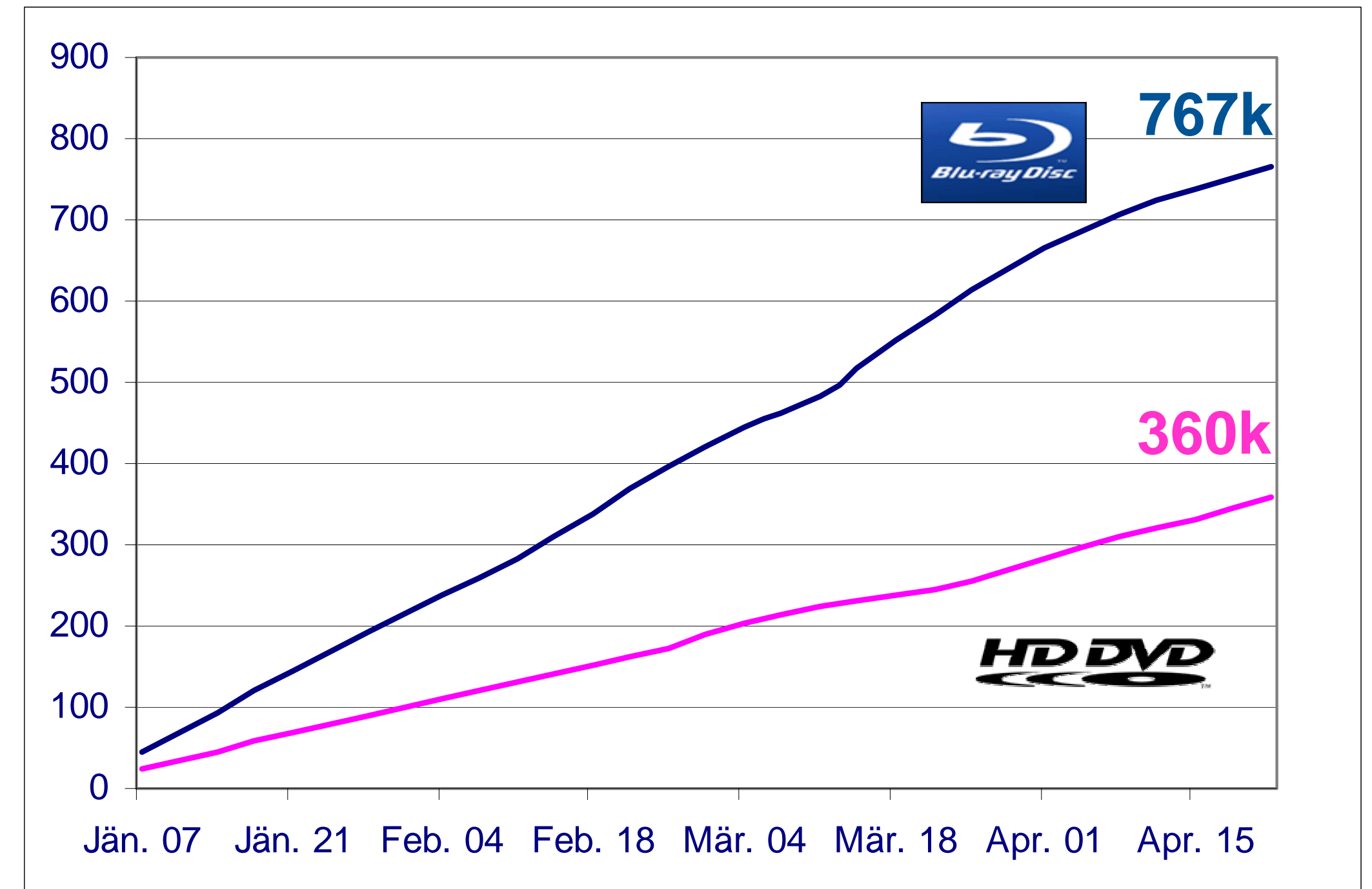


Source: Understanding & Solutions, 2007

Blu-ray dominates the market – BD50 share over 50% and growing

- Retail sales of BD discs significantly outperform HD-DVD sales in US since mid December
- In 2007, sales of Blu-ray more than doubled sales of HD-DVD in US
 - 767k Blu-ray discs sold in 2007 in US
 - 360k HD-DVD discs sold in 2007 in US
- 8 of the 10 top selling high definition titles in Q1 2007 were on Blu-ray discs
- Share of BD50 discs is increasing – today more than 50% of Sony DADC's Blu-ray video orders are BD50

US: Blu-ray vs. HD-DVD sales in FY07 ('000 Units)

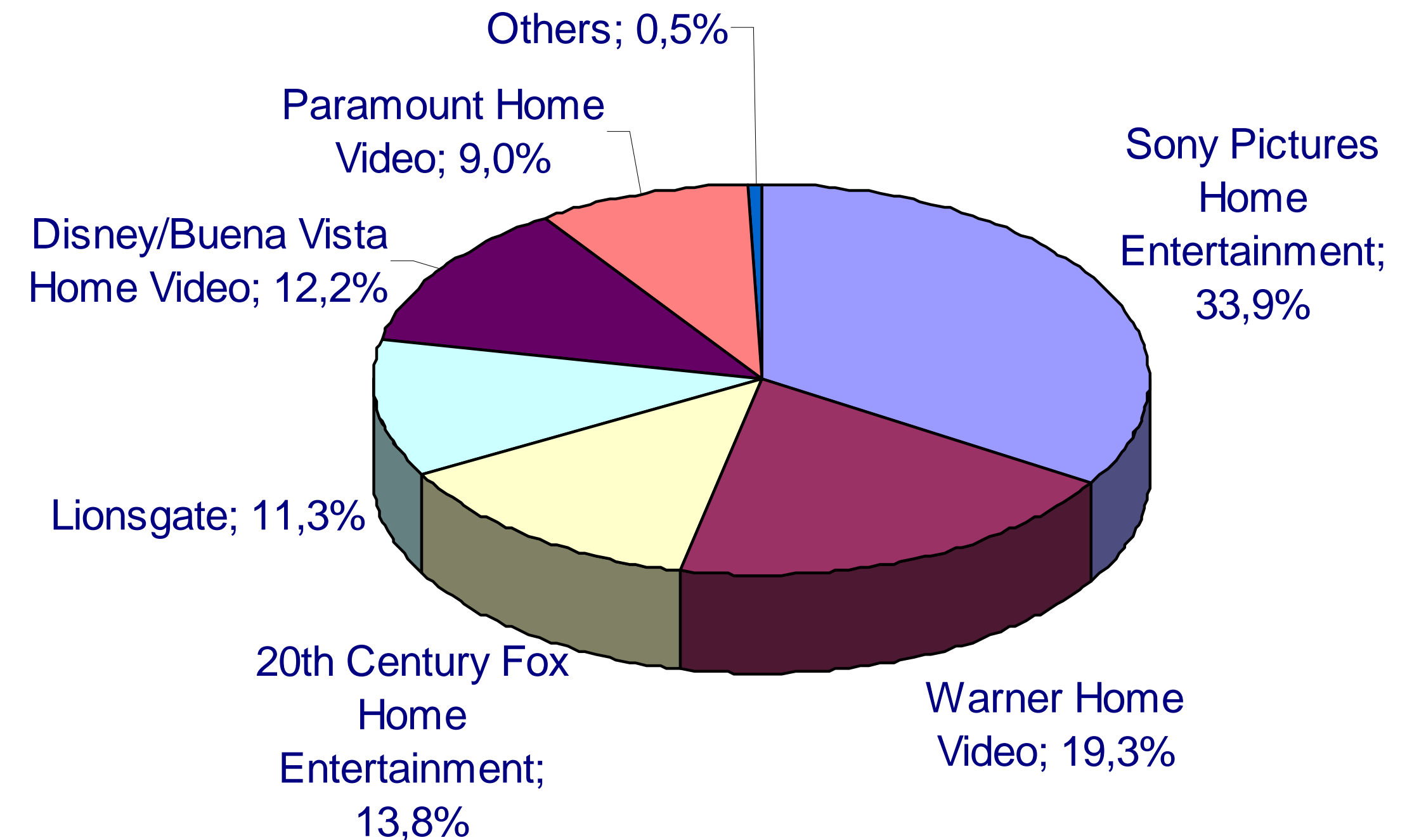


Source: ACNielsen, 04/2007, POS Sales

Blu-ray format is supported by major studios

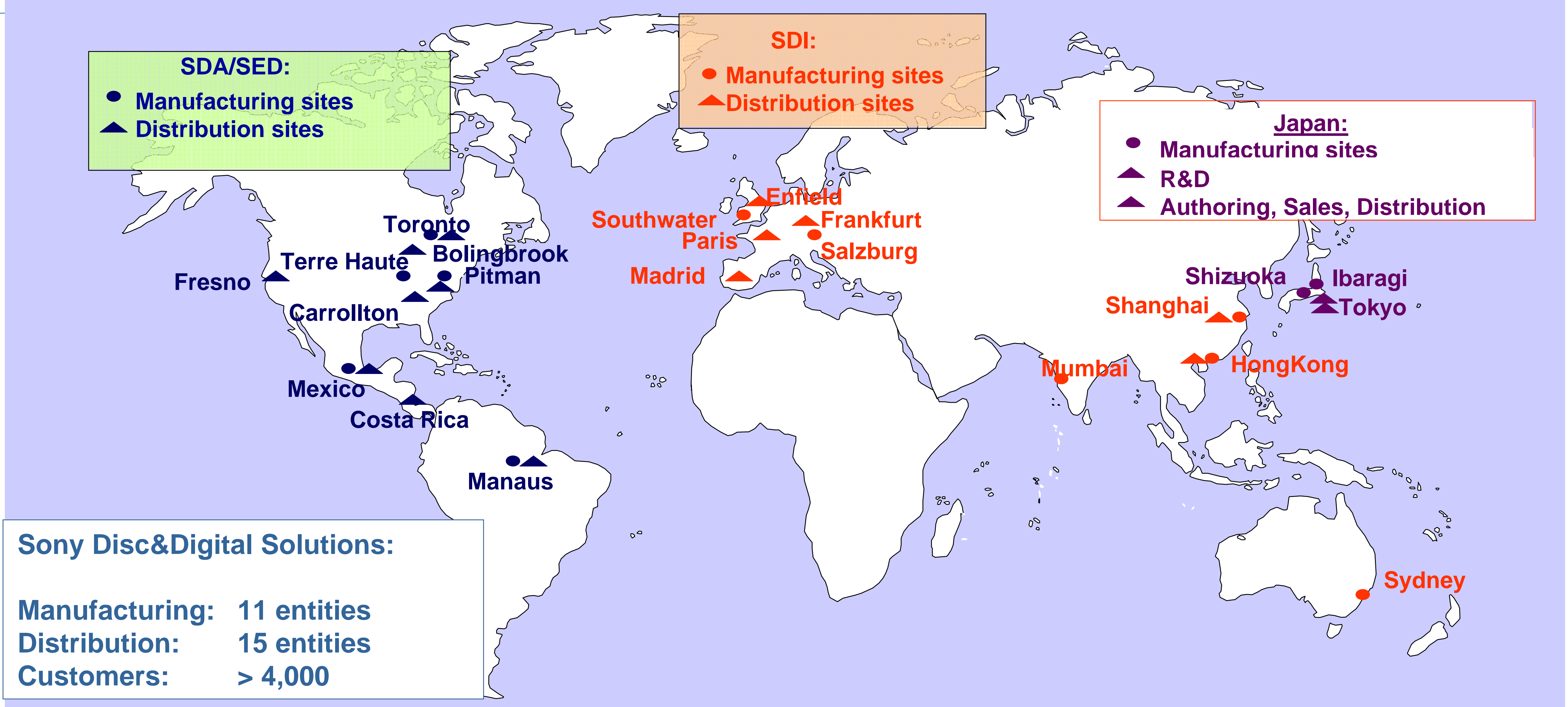
- Blu-ray standard is supported by almost all major studios, e.g. SPHE, Warner Home Video, Disney/Buena Vista, Lionsgate
- Major titles have already been released on Blu-ray, e.g.
 - Casino Royale, 5th Element, Underworld Evolution by SPHE
 - Departed, Superman returns by WHVE
 - X-Man, Ice Age by Fox
- Studios announced further BD releases, e.g.
 - Fox: 5-10 Blu-ray titles per month
 - LionsGate: 40-50 Blu-ray titles in 2007
 - Sony Pictures: 90-100 Blu-ray titles in 2007
 - Paramount started with „Mission Impossible 3“ and plans to release all major titles on Blu-ray

**US: Studio market share Blu-ray video disc sales
Start to April 22nd, 2007**



Source: ACNielsen, 04/2007

Sony DADC is Sony's global disc and service unit

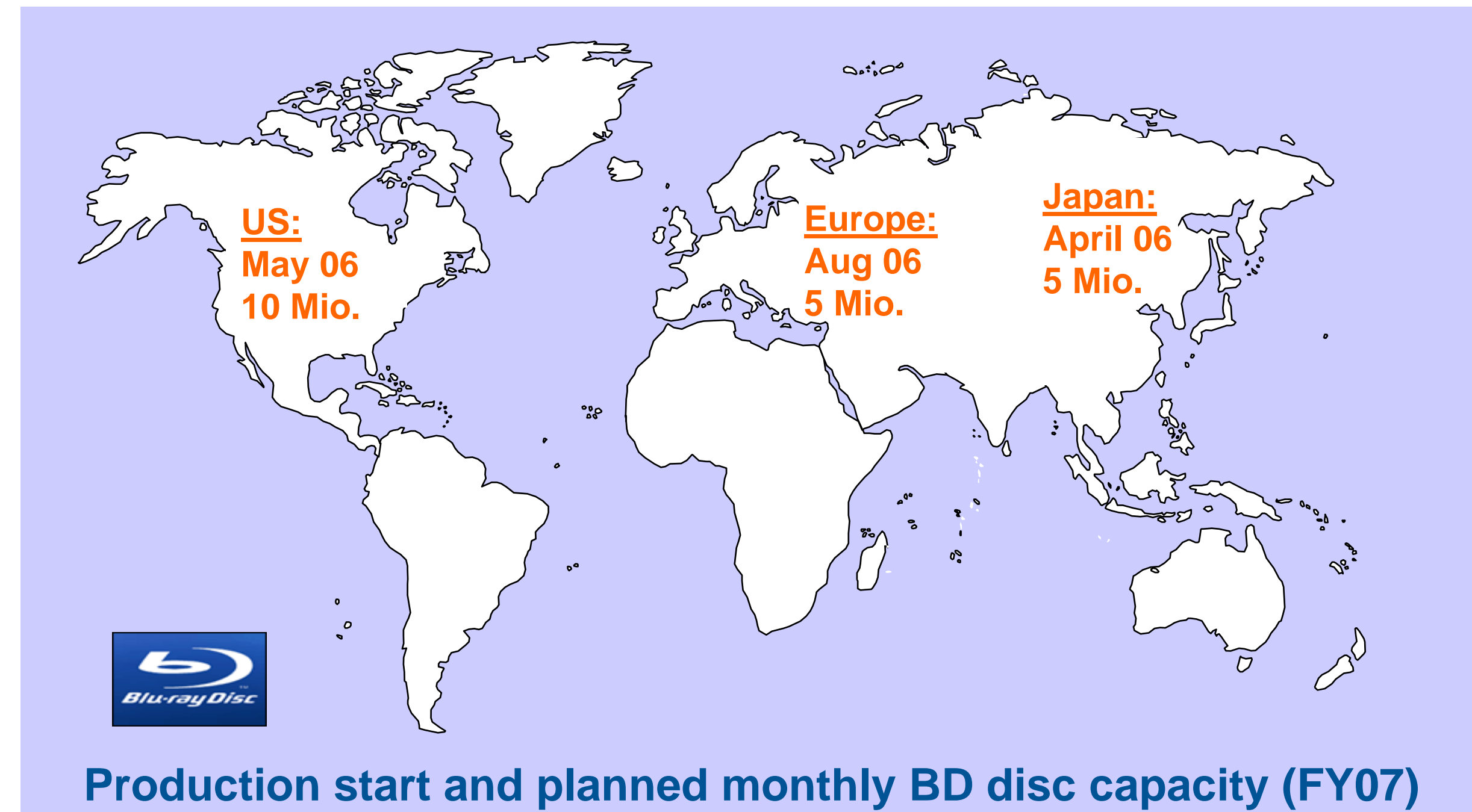


Sony Disc&Digital Solutions:

Manufacturing: 11 entities
 Distribution: 15 entities
 Customers: > 4,000

Sony DADC has 12 months BD50 production experience

- Sony DADC has developed a BD production process and proprietary replication equipment since 2004
- Sony DADC first launched BD25 film lines in fall 2005
- Developed and introduced spin process/lines in 1H 2006
- Launched BD50 embossing process in Japan, US and Europe from spring 2006
- Worldwide production of Sony DADC (to date):
 - 700 titles
 - 27 million BD25 discs
 - 5 million BD50 discs



To further promote BD50 success, a BD50 production technology initiative has been formed in January 2007

- Non-exclusive alliance for BD50 embossing process development has been formed by Sony DADC with both Singulus Technologies and Oerlikon Balzers Coatings in January 2007
- Sony DADC will disclose experience and know-how about BD50 production process
- The alliance agreement includes:
 - Disclosure of process technology for manufacturing BD50 disc
 - Disclosure of methodology and settings for physical defect inspection
- The aim of the alliance is to accelerate the introduction of the BD50 format and to enable replicators to produce BD50 discs
- The companies have closely cooperated for three months now and achieved great progress in development of BD50 production machines