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VM LABS AND INTERACTUAL TECHNOLOGIES PROVIDE STUDIOS WITH INTERACTIVITY TOOLS

**Turnkey Solution Enables One Stop Development of Interactive Entertainment Content for the Computer
and NUON™ DVD platforms**

Consumer Electronics Show/Las Vegas, NV -- VM Labs, Inc. and InterActual Technologies, Inc. have reached an agreement that will expand the audience of web-enabled DVDs from the computer room into the living room. With the new agreement, InterActual will offer development tools that are a turnkey solution for the production of enhanced, interactive content intended for both computer and NUON™ enhanced DVD platforms. With these tools, film studios will be able to easily include NUON enhanced DVD movie disc content, adding such features as entire movie Web sites, customized user interfaces and 3D videogame software to DVD titles.

"Working with InterActual, we will make offering NUON interactive movie content extremely simple," commented Richard Miller, CEO of VM Labs. "For the consumer, the great thing is that they won't need to leave their comfortable chairs in front of the television to use the interactive entertainment content studios already provide for personal computers. That's really compelling added value that the studio can really leverage to get closer to the consumer."

NUON is VM Labs' technology that transforms passive digital video products such as DVD players, digital satellite receivers and digital set-top boxes into complete interactive video entertainment systems. NUON complements the open DVD standard, allowing access to a vast library of pre-existing film titles. Standard DVD movies will not only run on NUON enhanced players, but will benefit by significantly 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.

"By offering one development platform for both the computer and NUON DVD, we will provide our customers an integrated solution that quickly and easily enhances DVD content with advanced features for both the home office and the living room," said Todd Collart, President and CEO of InterActual Technologies, Inc. "This makes it a snap for any studio or music label that already uses InterActual's software or services to enhance their DVD products with NUON capability as well."

InterActual is a developer of software and tools for integrating DVD-Video and DVD-Audio with DVD-ROM capabilities, such as the web, E-commerce, interactive games, and other advanced, interactive features. InterActual's solution for PCFriendly™ DVDs is currently used on over 100 DVD products such as Austin Powers: The Spy Who Shagged Me (New Line Home Video), The Blair Witch Project (Artisan Entertainment), Ghostbusters (Columbia Tristar), The Matrix (Warner Home Video), and The Mummy (Universal Home Video). InterActual's development tools currently enable web-enhanced, PCFriendly™ DVDs, which offer bonus materials to computer users with DVD-ROMs.

Authoring tools provided by InterActual will make possible such NUON DVD movie experience enhancements as interactive browsing of a movie script and storyboards, unlocking of special movie content, and real-time access to Internet Web sites and live Web events. DVD content providers will be able to present interactive bonus materials to NUON DVD consumers as easily as they can now for computer users. Several Hollywood studios have already expressed strong interest in adding NUON enhanced content for upcoming DVD movies. It is believed that these interactive movie enhancements will be compelling to both sophisticated videophiles as well as the average home movie viewer, resulting



in additional movie purchases after initial rental. This is expected to create new revenue streams for savvy movie studios who take full advantage of the opportunities that NUON enhanced DVD movies provide.

InterActual Technologies, Inc. is a leading provider of software and services that enhances the playback of DVDs for personal computers and next-generation set-top players. InterActual offers comprehensive DVD technologies and services to both the entertainment industry and corporate markets for integrating broadcast-quality video with the Internet, E-commerce, interactive games, targeted push capability and advertising. Additional information about InterActual is available at <http://www.interactual.com>.

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.

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