



DEG YEAR-END 2008 HOME ENTERTAINMENT SALES FIGURES

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U.S. HOME ENTERTAINMENT SPENDING TOPS \$22 BILLION FOR SIXTH STRAIGHT YEAR

SPENDING ON BLU-RAY DISC SOFTWARE GROWS FOURFOLD TO \$750 MILLION

NEARLY 10 MILLION BLU-RAY PLAYBACK DEVICES SOLD

LAS VEGAS (Jan. 8, 2009) – The home entertainment market proved stable in 2008, reaching \$22.4 billion in U.S. consumer spending on DVD and Blu-ray software sales. This and other home entertainment year-end sales figures were announced today by DEG: The Digital Entertainment Group at the International Consumer Electronics Show (CES).

U.S. CONSUMER HOME ENTERTAINMENT RENTAL & SELL THROUGH SPENDING (in billions)

Year	VHS/UMD	DVD	BD/Hi-Def	TOTAL
1999	\$12.5	\$0.8	\$0.00	\$13.3
2000	\$11.8	\$2.5	\$0.00	\$14.3
2001	\$11.1	\$6.8	\$0.00	\$17.9
2002	\$9.1	\$11.6	\$0.00	\$20.7
2003	\$6.1	\$16.1	\$0.00	\$22.2
2004	\$3.7	\$21.2	\$0.00	\$24.9
2005	\$1.6	\$22.8	\$0.00	\$24.4
2006	\$0.4	\$24.1	\$0.00	\$24.5
2007	\$0.1	\$23.3	\$0.27	\$23.7
2008	\$0.0	\$21.6	\$0.75	\$22.4

DEG: The Digital Entertainment Group

The Blu-ray Disc format was the bright spot in the home entertainment category and proved popular among consumers spending on software growing fourfold to nearly \$750 million. According to the DEG, 250 percent more Blu-ray discs shipped to retail in 2008 versus the previous year. According to the Hollywood-based trade group, with input from all major motion picture studios, combined DVD and Blu-ray Disc sales remained resilient, with consumer spending in excess of \$22 billion for the year.

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While U.S. DVD sales were off by 9 percent at \$14.5 billion, rental transactions (including kiosks) were flat at \$7.5 billion. The growth in Blu-ray helped offset the maturing DVD market bringing the overall category to a single digit drop of 5.5 percent in total consumer spending.

This stability underscores that the buying and renting of packaged media remains a core spending choice for consumers who have grown accustomed to the enhanced experience and convenience the medium provides.

BLU-RAY DISC SOFTWARE SHIPMENTS IN U.S. & CANADA (in millions)

Q	2006	2007	2008
1Q		1.694	9.220
2Q		3.542	12.616
3Q		3.214	12.718
4Q	1.262	9.540	28.600
YEARLY TOTAL	1.262	17.99	63.154
TOTAL (since launch)	1.262	19.252	82.406

Figures compiled by Swicker & Associates on behalf of DEG: The Digital Entertainment Group

U.S. BLU-RAY DISC PLAYER SALES APPROACH 10 MILLION UNITS

Sales of Blu-ray Disc playback devices – including set-top box and game consoles – sold through almost 10 million units since launch. Three million devices sold in the fourth quarter alone, bringing total units sold to 9.654 million in calendar 2008, according to numbers compiled by the DEG with input from retail tracking sources.

The DEG estimates that more than 50 million HDTV sets have sold to consumers bringing the number of HDTV households to nearly 40 million. The DEG further estimates that 22 percent of these households have more than one set. The analog shut-off date in February 2009 is also helping to spur sales of HDTV and encourage consumers to embrace high def platforms, such as Blu-ray. An HDTV provides the ideal medium for consumers to enjoy their Blu-ray players and get the best HD experience.

The Blu-ray players are available at more than 10,000 storefronts and are marketed from leading manufacturers. There are nearly 80 Blu-ray playback devices available, with set-top models from as low as \$149 (manufacturers' suggested retail price – street prices may vary).

DVD U.S. HOUSEHOLDS TOPS 92 MILLION

According to figures compiled by the DEG based on data from Consumer Electronics Association (CEA) retailers and manufacturers, an estimated 25 million DVD players were sold to U.S. consumers in 2008.

Since launch in spring 1997, some 264 million DVD players, including set-top and portable DVD players, Home-Theater-in-a-Box systems, TV/DVD and DVD/VCR combination players, have sold to consumers, bringing the number of DVD households to approximately 92 million (adjusting for households with more than one player). The DEG estimates that 63.5 percent of DVD owners have more than one player.

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DVD HARDWARE SALES IN U.S. (in millions)

Q	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1Q	.030	.094	.358	1.350	2.220	3.565	4.858	6.855	7.741	7.852	8.350	6.01
2Q	.079	.149	.611	1.435	2.404	3.750	5.506	6.057	6.006	6.676	6.396	4.98
3Q	.077	.244	.880	1.550	2.537	4.740	6.470	6.593	6.250	6.831	6.139	5.39
4Q	.119	.459	1.701	5.542	9.501	13.058	16.900	17.621	14.343	12.512	12.633	8.85
YEARLY TOTAL	.305	.946	3.550	9.877	16.662	25.113	33.734	37.126	34.340	33.871	33.518	25.23
TOTAL (since launch)												264.262

Includes set-top and portable DVD players, Home-Theater-in-a-Box systems, TV/DVD and DVD/VCR combination players

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DVD U.S. SOFTWARE SHIPMENTS EXCEED 10 BILLION UNITS SINCE LAUNCH

In the fourth quarter 2008, some 453 million DVDs shipped to retail, according to figures compiled by Swicker & Associates on behalf of the DEG. More than 1.4 billion software units shipped throughout 2008 and more than 10 billion discs have shipped since the DVD format launched in 1997.

DVD-VIDEO SOFTWARE SHIPMENTS IN U.S. & CANADA (in millions)

Q	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
1Q	N/A	3.3	11.1	29.0	69.2	120.1	231.7	332.2	403.0	395.8	372.0	344.7
2Q	N/A	4.1	13.9	33.2	81.7	152.2	195.5	316.8	369.1	346.1	297.1	315.8
3Q	2.3	5.9	29.0	42.7	75.9	153.3	214.6	340.9	347.9	343.3	314.7	293.0
4Q	3.2	11.8	44.0	77.5	137.6	259.4	381.5	528.4	536.7	571.4	662.2	453.6
YEARLY TOTAL	5.5	25.1	98.0	182.4	364.4	685.0	1,023.3	1,518.3	1,656.7	1,656.6	1,646.0	1,407.1
TOTAL (since launch)		30.6	128.6	311.0	675.4	1,360.4	2,383.7	3,902.0	5,558.7	7,215.3	8,861.3	10,268.4

Figures compiled by Swicker & Associates on behalf of DEG: The Digital Entertainment Group

DEG: The Digital Entertainment Group is a Los Angeles-based, industry-funded nonprofit corporation that advocates and promotes the many benefits associated with physical and digital entertainment while providing updated information to both the media and the retail trade. The DEG offers a forum for member companies to engage in ongoing discussions concerning various opportunities, which relate to other new digital technologies, the environment and other emerging topics.

The DEG membership is comprised of: 3ality Digital, AGI Media, AGI Polymatrix, Anchor Bay Entertainment, Arvato Digital Services, Ascent Media/Blink Digital, Bertelsmann Direct North America, Blockbuster, Capgemini, CinemaNow, Cinram, Cryptography Research, D&M Holdings, Deluxe Digital, Digeo, Dolby Laboratories, DTS Entertainment, DV&A, HBO Home Entertainment, Hewlett-Packard, Image Entertainment, Ingram Entertainment, JVC Company of America, JVC Disc America, LG Electronics, Lionsgate, Macrovision, Media Control GfK, Memory-Tech, Meridian, MGM Home Entertainment, Microsoft, MOD Systems, Monster Cable, MPI Media Group, Netflix, Nielsen Entertainment, NPD Group, Panasonic Consumer Electronics, Panasonic North America, PaperFoam, Paramount Home Entertainment, Philips Electronics, Pioneer Electronics (USA), Polar Frog Digital, RCDB, Redbox, ScreenPlay, Sharp Electronics, Sonic Solutions, Sony DADC, Sony Electronics, Sony Music Entertainment, Sony Pictures Home Entertainment, Summit Entertainment, Technicolor, Teradata, THX, Toshiba America Consumer Products, Twentieth Century Fox Home Entertainment, Universal Operations Group, Universal Studios Home Entertainment, Walt Disney Studios Home Entertainment, Warner Home Video and Wynalda Litho.

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