

Activated Content, Inc. Licenses Microsoft Technology

To Enhance Audio Watermarking Efforts

Innovative technology from Microsoft's Redmond Research Lab to help local company advance the audio watermarking industry

REDMOND, Wash. — August 15, 2007 — Microsoft Corp. announced today that it is licensing the audio watermarking technology developed by its Redmond research lab to Activated Content Corporation, a leading digital technology and application services company in the audio watermarking market, based in Seattle, Washington. Concurrent with licensing this technology from Microsoft, Activated Content will expand its offerings within the fast growing area of audio watermarking in the entertainment, advertising and telephony industries.

Microsoft's audio watermarking technology consists of digital audio software tools that will allow Activated Content to insert and extract non-secure data into audio files that they can use to offer additional services to the audio file end users.

This agreement is another example of Microsoft's continuing efforts to provide companies, start-ups and local businesses access to cutting-edge technologies developed in Microsoft Research labs. As well, this type of collaboration adds value to a healthy IT ecosystem and helps create local economic development opportunities.

"We are excited about this agreement with Activated Content because they are uniquely positioned to extend this audio watermarking technology to new emerging applications and we feel great about supporting the development of a company based in our own backyard," said Louis Carbonneau, general manager for the Intellectual Property Licensing Group of Microsoft "Microsoft is committed to licensing its intellectual property portfolio to benefit customers and the IT ecosystem as a whole. Agreements like this allow companies to access our rich R&D and

patent portfolio and create cutting edge technologies that benefit their value proposition to customers.”

“Because of this collaboration with Microsoft, we will be able to rapidly deploy innovative solutions and create new applications for the audio watermarking market” said Eric Silberstein, CEO for Activated Content. “Working with Microsoft and being able to combine our existing assets with their innovative technologies and vast intellectual property portfolio was a unique opportunity for us, and one that we believe will benefit us in the short and long-term. Their licensing program is second to none and we’re very excited about our new relationship. Activated Content can now be in the forefront, providing a digital link in the multi-billion dollar mobile advertising marketplace and enabling aggregators to link advertising and consumers with User Generated Content (UGC).”

Activated Content is already a recognized leader in digital audio watermarking with their own patented technology they have developed over the years. They launched the industry’s first comprehensive and practical watermarking solution for encoding identifiable, robust, inaudible and unique codes into digital audio. At the core of each of its products is their proprietary, “Golden Ear” approved, and field proven audio watermark. Activated Content’s technology has already been deployed by major and independent record labels, recording studios, mastering studios, duplication houses, cable television channels and online content distribution services worldwide.

This agreement enables Activated Content to increase their value proposition to customers by offering interoperability. It will also now be available to both traditional content owners and those creating UGC.

Prior to this agreement, Activated Content's products have been based on its own proprietary technology. The licensing agreement entered with Microsoft covers Microsoft's cutting edge watermarking technology and the associated patents created by Microsoft Research. It will add to Activated Content's own IP portfolio and strengthen the company's position as having best of breed watermarking technology to offer to the broadest possible markets.

Microsoft's Commitment to Licensing Technology

This licensing agreement demonstrates the important role intellectual property plays in ensuring a healthy and vibrant IT ecosystem. Since Microsoft launched its IP licensing program in December 2003, they have entered into more than 200 licensing agreements. The program was developed to open up access to Microsoft's significant R&D investments and its growing, rich patent and IP portfolio. For more info about Microsoft's licensing programs, visit www.microsoft.com/ip.

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

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