



The True Nature of Sound

THE MARKET

Sound is an integral part of our daily life. For nearly a century, imagination and feelings have been captured through improved methods of experiencing, recording, tuning, sharing, and enjoying sound. Whether it's music, television, or film, the art of producing natural, immersive, and HD-quality audio stands as the great differentiator between hearing and experiencing. In today's digital age and with the advent of powerful, highly mobile consumer electronics devices, people have been liberated from the constraints of living rooms or local movie theaters and can now enjoy audio and video content anywhere and anytime. Yet, regardless of how pristine and clear the video is, the entertainment experience is not complete without equally impressive sound.

ACHIEVEMENTS

As the industry leader in audio postprocessing, SRS Labs is focused on developing and licensing class-leading audio enhancement, voice processing, and surround-sound solutions for many of the world's leading original equipment manufacturers, semiconductor companies, software providers, and content aggregators.

Today, SRS audio solutions principally focus on the home entertainment, personal computer, mobile media devices, personal telecommunication, and automotive markets. SRS is recognized worldwide for its remarkable surround-sound processing technologies, which take into account the principles of how the human brain perceives and processes sound — also known as the science of psychoacoustics.

Since the beginning, SRS has relentlessly pursued the goal of delivering the true nature of sound by providing for an audio experience that's much closer to the real thing, regardless of the playback device. At the core, SRS audio solutions are designed to effectively and naturally restore the original audio quality of music and movies, so people can hear every detail and enjoy the content the way it was intended to sound.

NUMBERS DON'T LIE.
When it comes to audio quality, **9 out of 10** consumers prefer SRS!



SRS occupies a distinctive position in the consumer electronics industry as the de facto TV audio standard. Since 2001 nearly 300 million SRS-enabled HDTVs have shipped worldwide, and more than one out of three TVs today feature at least one SRS technology. The company's technologies are also widely used in PCs, mobile phones, and automobiles. To date, more than 2 billion consumer electronics devices worldwide deliver great audio, thanks to SRS.

HISTORY

SRS stands for Sound Retrieval System, a technology that was originally developed by one of the pioneers of the science of psychoacoustics, Arnold Klayman, to retrieve the lost essence of recorded sound. Klayman, known best as the inventor of the popular BIC Venturi Loud Speakers of the 1970s, began working on voice intelligibility and audio enhancement technologies in the mid-1980s while employed as a scientist at the Hughes Aircraft Company. In 1993 SRS Labs was established as an independent corporation, and Klayman continued his passionate work at SRS until his retirement in 2006. In August 1996 SRS completed its initial public offering and became an active NASDAQ company under the symbol SRS.L. Since then, SRS

has maintained its unwavering commitment to developing solutions that improve how people hear and perceive sound, regardless of the listening environment, the device, or even the source.

THE PRODUCT

SRS holds a vast portfolio of advanced audio enhancement, voice processing, and surround-sound technologies, providing a wide range of class-leading audio solutions that restore audio to how it was meant to sound. Patented SRS technology solutions and the company's years of experience and know-how are able

to enhance sound in mono, stereo, and multi-channel surround formats.

SRS technologies are categorized into five key segments: Surround Sound, Volume Boost and Leveling, Bass Enhancement, Dialog Clarity, and Voice Management. Within each category, SRS offers multiple component technologies and solution suites, allowing partners to apply the most effective mix of technologies to address the audio- and voice-related challenges of their products. SRS also offers a range of complementary engineering and marketing services, allowing partners to benefit from SRS's unique know-how in designing products with improved audio and voice performance, while treating audio and voice features as critical product differentiators.

Home entertainment has evolved exponentially since the days of the CRT television. The transition to flat-panel displays and the relentless drive to make them thinner, lighter, and more stylish have dramatically reduced the space for built-in speakers, negatively impacting audio performance. SRS successfully addresses



these design and hardware constraints through multiple patented solutions engineered to deliver surround sound, deeper bass, improved dialog clarity, louder output, and the eradication of volume fluctuations.

The goal for PCs, media tablets, and smartphones is much the same. SRS solutions help mobile-device users experience a remarkably richer and notably more fulfilling audio experience using tiny built-in speakers or through headphones and earbuds. The audio challenges for mobile devices are similar, if not worse, than those of HDTVs, especially given the expectation of consumers to experience HD-quality video and audio no matter where they go.

Additionally, within the mobile space, SRS has mastered the art of delivering premium-quality voice communication by drastically improving voice intelligibility in noisy environments, boosting dialog clarity, adding deeper bass and warmth to spoken words, and allowing users to enjoy better, more fulfilling voice and VoIP communications on the go.

RECENT DEVELOPMENTS

With over 150 granted and pending audio processing patents, SRS is unquestionably the most experienced and innovative audio company in the market, capable of addressing the challenges associated with delivering a superior, HD-quality audio experience for the new breed of consumer electronics products focused on HD-quality performance.

In 2011 SRS's new, revolutionary way of capturing, transmitting, and rendering audio in multidimensional space began to take shape and introduced the company to remarkable new opportunities, not just in its traditional markets focused on the playback of audio, but new markets engaged in creating and transmitting content. Referred to as Multi-Dimensional Audio (MDA), this new approach to treating audio in

discovered psychoacoustic principles to propel SRS audio technologies beyond those offered by its competitors. Throughout 2011 the press heralded SRS as a company dedicated to revolutionizing the way audio is created, transmitted, and rendered by calling MDA a “game changer” and SRS a “company to watch for,” just to quote a couple of the leading journalists who experienced the proof of concept demo for MDA and watched feature-film clips enhanced with Circle-Cinema 3D technology.

PROMOTION

To complement its successful branding campaigns, which began in 2008 with print ads and TV commercials, SRS has begun to devote time and effort to enhance consumer mind-share and brand awareness by sponsoring key events and charities focused on music and entertainment. Accordingly, the company became the lead presenter of the 2011 Angels Summer Concert Series featuring Grammy Award-winning artists. Additionally, SRS sponsored multiple celebrity events, among them the 2011

Billboard Music Awards backstage celebrity gift retreat and the Academy of Arts and Motion Picture Sciences' College Emmys. The company also participated in national programs designed to assist musicians and artists in their time of need through the MusiCares® charity and promoted new artists through its dedicated Facebook Fan Spotlight page.

By taking advantage of the independent third-party surveys certifying SRS's popularity among

consumers, SRS also took on a series of print ads in several trade publications promoting the remarkable fact that 9 out of 10 consumers prefer their entertainment experience powered by SRS.

Supporting the company's successful launch of a new line of audio enhancement accessories, primarily designed for Apple iOS devices, SRS initiated a product- and lifestyle-focused ad campaign to promote the iWOW 3D™ audio enhancement adaptor through leading consumer publications such as *Sound & Vision*, *Home Theater*, *E-Gear*, *iPhone Life*, and *MacLife*, successfully capturing the attention and imagination of consumers worldwide.

BRAND VALUES

In today's world obsessed with high-definition content and instant gratification, SRS is committed to providing consumers an immersive, truly satisfying HD-quality audio experience across the four screens: TV, PC, mobile, and automotive. The SRS brand logo on consumer electronic products stands for innovation and ingenuity, and a guarantee that the audio or voice experience

is the best possible. Finally, to its manufacturing partners, the SRS brand stands for reliability, performance, and unmatched service and



support. No wonder that SRS has been and continues to be the audio partner of choice for more than 200 consumer electronics and technology companies worldwide.



three-dimensional space is the first comprehensive, open-standard, object-based audio format in the world.

From a product innovation perspective, SRS has already begun benefiting from the research and efforts aimed at getting MDA off the ground, notably with its latest technology, CircleCinema 3D™. This advanced audio post-processing system takes on a fresh, far more sophisticated approach in utilizing newly

THINGS YOU DIDN'T KNOW ABOUT SRS LABS

- SRS stands for “Sound Retrieval System.”
- Over one-third of TVs sold worldwide are equipped with SRS.
- SRS automotive solutions are used by nearly every Japanese car maker.
- More than 2 billion CE products have shipped featuring SRS audio solutions.
- One out of every four humans on Earth have experienced an SRS technology.
- SRS WOW® has been a standard feature in every Windows PC since 2000.
- SRS TruVolume is the most popular volume-leveling solution in the world.
- Sony was the first SRS licensee.