

August 16, 2007

## PHILIPS CELEBRATES 25th ANNIVERSARY OF THE COMPACT DISC

- World's first CD manufactured at Philips factory near Hanover, Germany, on August 17, 1982
- Philips and Sony co-developed CD – over 200 billion CDs sold in last 25 years
- CD ushered in shift from analogue to digital in the music industry, spawned new digital technologies, including CD-Rom and DVD

Amsterdam, The Netherlands – Exactly 25 years ago tomorrow, on August 17, 1982, Royal Philips Electronics (NYSE:PHG, AEX:PHI) manufactured the world's first compact disc at a Philips factory in Langenhagen, just outside of Hanover, Germany. The invention of the CD ushered in a technological revolution in the music industry as CDs – with their superior sound quality and scratch free durability – marked the beginning of the shift from analogue to digital music technology. The CD became a catalyst for further innovation in digital entertainment, helping pave the way for the launch of DVD and the current introduction of Blu-ray optical media. Having played a key role in the innovation of digital music, at home and on the move, consumers continue to witness huge advances in entertainment and lifestyle technologies.

The Philips factory in Germany, where the world's first CD was pressed, belonged to Polygram – the recording company, which Philips owned at the time. The first CD to be manufactured at the plant was “The Visitors” by ABBA. By the time CDs were introduced on the market in November 1982, a catalogue of around 150 titles – mainly classical music – had been produced. The first CDs and CD players – including Philips' CD100 – were introduced in Japan in November, followed by a US and European market introduction in March of 1983.

Philips and Sony partnered to develop CD – collaboration based on open innovation helped position CD as standard for the music industry. As early as 1979, Philips and Sony set up a joint task force of engineers to design the new digital audio disc. Many decisions were made in the year to follow – such as the disc diameter. The original target storage capacity for a CD was one hour of audio content, and a disc diameter of 115 mm was sufficient for this, however both parties extended the capacity to 74 minutes to accommodate a complete performance of Beethoven's 9th Symphony. In June 1980, the new standard was proposed by Philips and Sony as the “Red Book” containing all the technical specification for all CD and CD-Rom standards.

Piet Kramer, who at the time was a member of the optical group at Philips that made a significant contribution to the CD technology, commented on Philips' and Sony's collaborative work: “When Philips teamed up with Sony to develop the CD, our first target was to win over the world for the CD. We did this by collaborating openly to agree on a new standard. For Philips, this open innovation was a new approach – and it paid off. In the late 70s and early 80s, we never imagined that one day the computing and entertainment industries would also opt for the digital CD for storing the growing volume of data for computer programs and movies.”

In 1985, Philips and Dire Straits team up to promote the Compact Disc

As music industry sales of CDs started to take off in 1983, more than 1000 different titles were on the market. In 1985, one of the most famous bands in the world, Dire Straits, adopted the CD. The infamous album "Brothers in Arms", as one of the first fully digital recording (DDD) to be brought to market, went on to become the top selling CD at the time, and the third greatest selling CD of the decade. The joint collaboration with Philips entailed Philips and Dire Straits jointly promoting the sound quality of the CD to consumers, making "Brothers in Arms" the first album to sell over one million copies in this new format, marking the success of the CD as the emerging format of choice for music quality.

"The Compact Disc has proven its significance in bringing the highest quality of music to consumers who wish to enjoy scratch free music. The enormous success of the CD over the last twenty-five years has opened many new opportunities for consumers to make the most of their music at home and on the move," said Lucas Covers, Senior Vice President & Chief Marketing Officer, Philips Consumer Electronics. "It has played a pivotal role in the shift from analogue music to digital, not least for the DVD as well in music, though moreover in helping lay the foundation for even new technologies such as Blu-ray quality today," he added.

Over 200 billion CDs have been sold worldwide over the past 25 years. The Compact Disc, is the forefather of today's extensive family of optical discs for a wide range of applications such as CD-Rom, CD-R and CD-RW, DVD, DVD R, DVD RW and Blu-ray. Philips estimates that over the past 25 years, since the first CD was pressed at the Philips factory near Hanover, Germany, over 200 billion CDs have been sold worldwide. Even though a single CD is only 1.2 mm thick, if all CDs ever produced were piled up, the stack of CDs would circle the earth six times. The compact disc, as well as the DVD disc, remain a very popular music/ video carrier, because of their digital quality, portability, and resilience to damage, and remain a very popular gift.

For further information on the 25th anniversary of the Compact Disc, please visit:  
[www.philips.com/newscenter](http://www.philips.com/newscenter)

For more information:

Jayson Otke

Philips Corporate Communications

Tel: +31 20 5977215

Email: [jayson.otke@philips.com](mailto:jayson.otke@philips.com)

Andre Manning

Philips Corporate Communications North America

Tel: +1 646 508 4545

Email: [andre.manning@philips.com](mailto:andre.manning@philips.com)

Sajin Varghese

Philips Electronics Asia Pacific

Tel. +852 2821 5463

Email: [sajin.varghese@philips.com](mailto:sajin.varghese@philips.com)

#### About Royal Philips Electronics

Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) is a global leader in healthcare, lifestyle and technology, delivering products, services and solutions through the brand promise of “sense and simplicity”. Headquartered in the Netherlands, Philips employs approximately 125,800 employees in more than 60 countries worldwide. With sales of EUR 27 billion in 2006, the company is a market leader in medical diagnostic imaging and patient monitoring systems, energy efficient lighting solutions, personal care and home appliances, as well as consumer electronics. News from Philips is located at [www.philips.com/newscenter](http://www.philips.com/newscenter).

--

To modify/cancel your subscription to receive Philips' corporate press releases by e-mail, go to <http://mailinglist.philips.com/>