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KEY DIGITAL SYSTEMS WINS THREE INNOVATION AWARDS AT 2004 INTERNATIONAL CES

*Consumer Electronics Association Buzzes Over Extraordinary New Product Line by
Manufacturer of HDTV Home Theater Technology*

Riverdale, NY– Key Digital Systems, Inc. (KEY DIDITAL SYSTEMS) is pleased to announce it has been awarded an impressive three (3) *Innovation 2004* Awards by the Consumer Electronics Association for its new products to be on display at the industry’s renowned trade show and exhibition – the 2004 International CES, January 8-11, 2004, in Las Vegas, Nevada, USA. Key Digital Systems, already a winner of 5 CES awards in 2002, is a leading developer of Home Theater video processing technology.

Key Digital System’s award-winning products hit the right thematic chord by providing the home theater and video markets with video processing, switching, integration, and digital connectivity solutions.

Award-winning *Innovation 2004* products by KEY DIDITAL SYSTEMS include: **HD Hanna**

(KD-FIRE1080P), an exciting new integration box that includes combines a digital Set Top Box and video processor and switcher with Firewire/5C and DVI; **Digital Blaster** (KD-SDI1080P), a unique SDI-to-DVI converter with built-in video scaling; and **Digital Magic** (KD-DH12), the world’s only combination ATSC Set Top Box that distributes to up to 12 displays and scales to your display’s native resolution.

Innovations 2004 Design and Engineering Showcase Honorees

- **HD Hanna** (KEY DIDITAL SYSTEMS Model # KD-FIRE1080P),
MSRP \$2,999

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HD Hanna (Model # KD-FIRE1080P) by Key Digital Systems is a very versatile “integration box” solution with all-in-one ATSC/NTSC Set Top Box and Video Scaler functionality that receives, decodes, and scales the video program to match your display’s native resolution. *HD Hanna* enhances Key Digital System’s video processing product line and hits the “sweet spot” for the Home Theater market, by introducing Firewire/5C and DVI, Toslink audio output, and HD Set-top Box functionality along with high-quality scaling all in one product solution.

HD Hanna is more than a digital Set Top Box and scaler – it is a unique “one-stop shopping” home theater I/O backbone and switcher/integration box solution, offering just what home theater buffs and installers are looking for. It is the ideal solution when you need the Input/Output flexibility to decode off-the-air or Cable (RF) ATSC & NTSC, Firewire/5C, or select 480i baseband (YPbPr, CVBS Composite and S-Video) input signals, and scale them to the native resolution of your display. Home Theater buffs will be delighted with *HD Hanna*, because it offers so much quality, versatility, and value all in one economical unit, including: video decoding (including ATSC and NTSC); high-quality scaling to SD and HD resolutions; flexible I/O with all world formats accepted in composite and S-Video, and HD RGBHV and DVI/HDCP out; two IEEE 1394 Firewire I/O ports with 5C, capable of HDTV and SDTV; user-friendly on-screen-display, and a programmable IR remote with hot buttons, as well as working with all control systems; firmware upgrades over the Internet; and it is rack-mountable, has no fan noise, and is easy to install and integrate.

HD Hanna accepts all world formats at its inputs. Pristine picture quality is afforded by the True Digital Path and Key Digital Systems’ renowned scaler equipped with the advanced, motion-assisted de-interlacing algorithm "Clear Matrix". For those applications demanding 3-D comb filtering, DVI-D inputs, and HD scaling, optional plug-in cards are available. *HD Hanna* scales to output formats of 1080 interlaced and progressive, 720 and 768 progressive, 540 progressive, and 480 interlaced and progressive; 60 Hz and 50 Hz output refresh rates; and in/out aspect ratios of 16:9 and 4:3. *HD Hanna* also handles your audio requirements, with four analog (Left & Right stereo pairs) or digital PCM audio supported at the input. The audio output provides for analog (Left & Right stereo pairs), digital PCM audio, and Toslink optical audio.

With its user-friendly On-Screen-Display (OSD), programmable IR Remote with “Hot” buttons (discrete IR commands are available), and user-selectable output resolutions and aspect ratios, *HD Hanna* is easy to control and operate. The RS-232C port is equipped with discrete command protocol compatible with all control systems (like Crestron, AMX, CNMSX-PRO), and is designed to allow customers to upgrade firmware over the Internet.

Pricing and Availability

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Key Digital Systems' (KEY DIDITAL SYSTEMS) state-of-the-art *HD Hanna* (Model # **KD-FIRE1080P**) Digital-In to Digital-Out Set Top Box and scaler with Firewire/5C will be available starting February 2004, at an MSRP of **\$2,499**.

- **Digital Blaster** (KEY DIDITAL SYSTEMS Model # **KD-SDI1080P**), MSRP \$2,499

Digital Blaster (Model # KD-SDI1080P) complements Key Digital System's video processing and video adapter product lines, by incorporating 480i and 1080i input SDI-to-DVI conversion and high-quality scaling all in one convenient and economical package. *Digital Blaster* is the solution you've been looking for, providing digital connectivity of your products with SDI out to your DVI input displays. But like all Key Digital innovative solutions, *Digital Blaster* offers much more – not only is it an SDI-to-DVI adapter, it also has a high-quality scaler built-in, to perform an entire array of format conversions. What's more is that *Digital Blaster* supports DVI with HDCP, so truly all of your SDI signals can now drive your DVI displays.

All-digital interconnectivity is here today with the *Digital Blaster* by KEY DIDITAL SYSTEMS! With *Digital Blaster* there is no need to convert to analog, because all-digital, crystal-clear picture quality is now affordable. By starting with the high-quality SDI (Serial-Digital Interface) studio standard at 270 Mb/s, you have the cleanest form of video. For example, an SDI-output DVD player delivers unprocessed 480i video off the DVD. And with SDI, there are no restrictions with copy protection. Even DVI requires 480p, so you are stuck with the scaler built into your DVD player, and HDCP copy protection restraints. *Digital Blaster* lets you take that pure digital video, scale it with its own high-quality scaler, and provide DVI digital video out for your display. *Digital Blaster* accepts SDI cable runs of at least 100 feet for HD and 300 feet for SD inputs, and the following HD and SD input video formats: 720x480p, 1280x720p, and 1920x1080i.

More and more you'll deal with equipment supporting "DVI" in home theater installations. Key Digital Systems has DVI ports on many of our state-of-the-art products, like *HD Leeza*, *HD Hanna*, and *Digital Blaster*. DVI is a "Digital Visual Interface" standard used for all-digital interconnections to digital displays, such as Plasma, LCD flat panel monitors, DLP, and LCD projectors. With DVI, there is no need to convert your video to analog and then back to digital for display, a process which degrades the video image quality. You'll also see "HDCP" associated with High Definition DVI interfaces – the picture

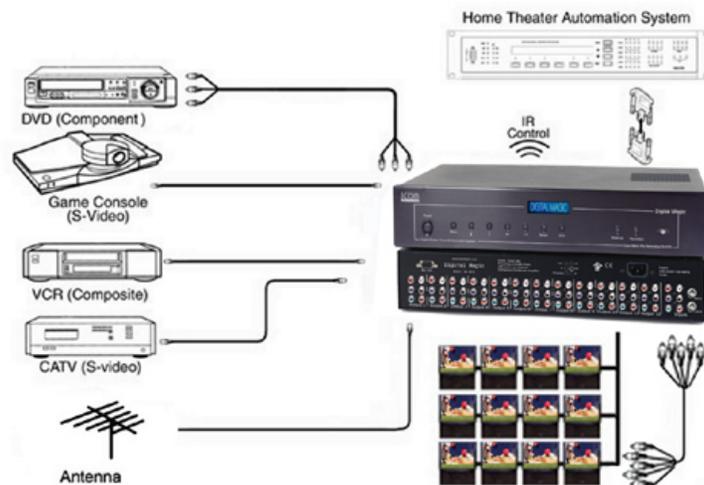
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quality can be so high across a DVI connection, HDCP is the specification developed to protect digital entertainment content from piracy across the DVI interface. *Digital Blaster* provides user-selectable DVI output resolutions with LED status indicator for the following HD and SD resolutions: for 16:9 aspect ratio -- 720x480p, 1280x720p, 1280x768p, 1920x1080i, and 1920x1080p; for 4:3 aspect ratios -- 800x600p, 1024x768p, and 1280x1024p.

Pricing and Availability

Key Digital Systems' (KEY DIDITAL SYSTEMS) state-of-the-art *Digital Blaster* (Model # **KD-SDI1080P**) SDI In / DVI (with HDCP) Out video adapter with built-in video scaling will be available starting January 2004, at an MSRP of **\$2,499**.

- **Digital Magic** (KEY DIDITAL SYSTEMS Model # KD-DH12),
MSRP \$2,499



Digital Magic (Model # KD-DH12) by Key Digital Systems is the world's only all-in-one Scaler and Tuner with RF (analog and 8 VSB) inputs, that also has a built-in Distribution Amplifier with 12 separate YPbPr or Composite Video (CV), Left and Right analog audio, and PCM digital audio outputs. It is a convenient, high-quality solution for applications with RF inputs that need to be decoded, scaled, and distributed to an array of displays. *Digital Magic* offers just what the retail outlets, hotels, casinos, and even high-end custom home theater installers are looking for -- a unique "one-stop shopping" solution for applications where you need to decode off-the-air or Cable (RF) ATSC & NTSC, or 480i baseband (YPbPr & CVBS

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Composite Video) input signals, scale them to your display's native resolution, and then distribute them to up to 12 displays.

It's pure "Digital Magic." By combining so many capabilities into one box, *Digital Magic* offers so many advantages for your custom video applications. Since it is a Set Top Box that decodes ATSC and NTSC, you can route just ONE RF off-the-air or Cable feed run throughout your facility, and input it directly to *Digital Magic*. *Digital Magic* then takes over as an ATSC/NTSC decoder, and can even scale the source to match the native resolution of your display. For example, *Digital Magic* can down-convert your 1080i input video to 480i, or up-convert your 480i inputs to 1080i or 720p. The high-quality scaler, equipped with Key Digital Systems' advanced, motion-assisted de-interlacing algorithm called "Clear Matrix", lets you up-, down-, and cross-convert the input to your display's native resolutions. *Digital Magic* supports output formats of 1080 interlaced, 720 progressive, and 480 interlaced and progressive; 60 Hz output refresh rates; and aspect ratios in and out of 16:9 and 4:3.

Digital Magic by KEY DIDITAL SYSTEMS has 12 discrete Distribution Amplifier (DA) outputs selectable between YPbPr Component Video or Composite Video (CV). It also handles your audio requirements, with analog (Left & Right stereo pairs) and digital PCM audio supported at the input, and distributed to the discrete outputs. You can literally run just one RF/Cable feed into *Digital Magic*, and then drive an entire array of displays. Since *Digital Magic* has a front-end tuner, you can have multiple programs even on your internal cable network, and feed several *Digital Magic* units tuned to their respective channel. For example, for retailer demo room applications, you can readily add channels without the need for additional wiring. And there is no need to route YPbPr cables, except from the very output of the built-in *Digital Magic* DA to your actual display devices. All of this adds up to convenience, economy, and only the best of video quality.

One look at its Input/Output panel, and you'll see the flexibility and convenience that *Digital Magic* has to offer. On the input side, there are two F-type RF tuner inputs, both capable of ATSC (8 VSB) and analog TV (NTSC); color-coded RCA input connectors for one Component Video (YPbPr) or one Composite Video (CV) inputs; and one Analog Audio (standard line-type stereo Left & Right pairs) and one Digital PCM Audio inputs are also supported. On the output side, there are 12 Output Groups, and each Output Group consists of separate color-coded RCA output connectors for Component Video (YPbPr) or Composite Video (CV) out; one Analog Audio (standard line-type stereo Left & Right pairs) and one Digital PCM Audio outputs are also supported per Output Group.

With its user-friendly on-screen-display, programmable IR remote with "hot" buttons (discrete IR commands are available), and user-selectable output resolutions and aspect ratios, *Digital Magic* is easy to

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control and operate. It is rack-mountable (2RU), has no fan noise, and is easy to install and integrate into your system. The RS232 port is equipped with discrete command protocol compatible with all control systems (like Crestron, AMX, CNMSX-PRO), and is even designed to allow customers to upgrade firmware over the Internet.

Pricing and Availability

Key Digital Systems' (KEY DIDITAL SYSTEMS) state-of-the-art *Digital Magic* (Model # KD-DH12) combination ATSC Set Top Box that scales to your display's native resolution and distributes to up to 12 displays is currently available since Summer 2003, at an MSRP of **\$2,499**.

About Key Digital Systems

Key Digital Systems (KEY DIDITAL SYSTEMS) has emerged as a CES award-winning developer of leading-edge technology supporting HDTV custom installers, consumers, home theater retailers, corporations, and broadcasters. Founded in 2000 by HDTV industry pioneer Mike Tsinberg, KEY DIDITAL SYSTEMS has established itself as a company uniquely capable of identifying and creating product solutions that enable seemingly incompatible products to work together. The company manufactures a wide range of engineering solutions in the area of digital video processing and distribution, marketed broadly to the HDTV community. Key Digital System's wide range of products includes Scalers, Switchers, Distribution Amplifiers, and Video Adapters/Transcoders which effectively and economically link HDTV components manufactured to diverging specifications. By uniquely enabling non-compatible equipment to "talk" to each other, Key Digital Systems has established itself as an intelligent resource in the evolving HDTV marketplace. Products by Key Digital Systems are available nationwide in leading retail outlets as well as via an extensive dealer network. For more information please visit the corporate website at www.keydigital.com. For trade press, visit <http://www.keydigital.com/tradepress.htm>.

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