



306 West Depot Road, Ste. 100
Knoxville, TN 37917
1-865-909-9200 voice
1-865-909-9245 fax

<http://www.waves.com>
waves@waves.com

Press Contact: Alan Weinkrantz
Alan Weinkrantz and Company
alan@weinkrantz.com
1-210-820-3070 x 103 voice
1-210-820-3070 fax

Drive It, Carry It, Play It™ MaxxBass® Technology Enables Innovative New Audio Products

MaxxBass technology is poised to revolutionize the consumer electronics industry by enabling a huge range of innovative new automotive, portable, and consumer home electronic products.

INTERNATIONAL CES, LAS VEGAS, NV, January 8, 2003 — WAVES LTD., a leading provider of audio signal processing solutions, announced today that several leading consumer electronic companies have adopted MaxxBass® to enable innovative new audio-based products. Waves believes that these products will establish new industry standards of performance in their respective product categories. Waves will be demonstrating these MaxxBass enabled products from January 8-11 in Booth #19307 at International CES, the world's largest annual tradeshow for consumer technology.

“MaxxBass will revolutionize the consumer electronics industry by allowing manufacturers to deliver products with dramatically improved bass response, the most discernable measure of sound quality for consumers,” said Gilad Keren, President and CEO of Waves. “Waves has been working closely with a select group of top manufacturers to develop MaxxBass enabled products, each of which can create a new standard of performance in their respective markets.”

More Bass. Less Space.™

Waves has developed a new market message emphasizing the ability of MaxxBass enabled products to deliver More Bass. Less Space™ in various applications. The new marketing slogan of Drive It, Carry It, Play It™ emphasizes how MaxxBass is enabling dramatic performance improvements in automotive, portable, and home audio electronics. At the

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International CES, Waves is exhibiting and demonstrating MaxxBass enabled products in each of these categories.

Drive It.

The automotive system highlighted is the Directed Electronics' MaxxBass Processor, which will be sold under the Precision Powered Inc. and Orion brand names. This product, which was co-developed by Waves and Directed Electronics, allows subwoofer performance levels to be obtained from standard automotive door woofers without higher power or speaker excursion. This product is the first automotive MaxxBass product, which Waves believes will become a feature on the majority of aftermarket and OEM automotive products in the next few years.

Carry It.

The portable system highlighted is the Altec Lansing inMotion™, which is a portable loudspeaker system for the Apple iPod™. Only slightly larger than a paperback book and running on only four AA batteries, the inMotion combines MaxxBass with innovative digital amplification and neodymium speaker design. The size and power efficiency of the inMotion is expected to make traditional portable loudspeaker systems obsolete.

Play It.

The home audio system highlighted is the Xbox® 5.1 multimedia speaker system. Spherex Inc, a wholly owned subsidiary of Audio Products International has signed a licensing agreement with Microsoft to develop and market this product, as well as distribute it through Microsoft's Xbox dealers. The Xbox 5.1 will establish a new quality standard in audio systems for video game applications. The Xbox 5.1 includes MaxxBass on all six channels, and many of the new video games have been optimized specifically for this audio system.

Psychoacoustic Technology

MaxxBass works by extending the lower end of bass frequency response up to one-and-a-half octaves without distortion, delivering deeper, richer, more natural bass. MaxxBass is **not** a bass boost technology, but instead utilizes a psychoacoustic phenomenon called the Missing Fundamental effect, which takes advantage of the way the ear and mind are wired to improve the quality of sound perceived. MaxxBass generates a precise harmonic content so your ear believes it is hearing lower frequency sounds than are physically present.

For more information on the benefits and products available using MaxxBass technology, visit www.maxxbass.com or call the toll-free number 866-MaxxBass.

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About Waves Ltd:

Waves is the world's leading provider of audio signal processing tools for professionals. Its processors are used to improve sound quality in the creation of practically all the world's most popular music, movie soundtrack and multimedia titles. Waves offers both award-winning embedded software for digital audio workstations and various hardware products tools to the world's most successful and demanding audio professionals. www.waves.com

With more than a decade of leadership in the development of psychoacoustic signal processor algorithms, Waves now offers a variety of solutions under the Maxx® brand to manufacturers of consumer electronics to dramatically improve performance or reduce system costs. These solutions include custom semiconductor devices and licensing Waves proprietary algorithms to DSP and computer platforms. Its Maxx solutions are rapidly being adopted by firms such as Altec Lansing, Audio Products International, Directed Electronics, Samsung, Sanyo, Sony, Samsung and many other top consumer electronic firms. www.maxx.com

Drive It, Carry It, Play It; MaxxBass; and More Bass. Less Space. are trademarks of Waves Ltd. All other trade names mentioned herein are believed to be the property of their respective owners.

Waves Contacts:

North America Offices:

Waves, Inc., 306 West Depot Avenue, Suite 100, Knoxville, TN 37917;

Tel: 865-909-9200, Fax: 865-909-9245, Email: info@waves.com, Web: www.waves.com

Corporate Headquarters Israel

Waves Ltd., Azrieli Center, The Round Tower, 21st Floor, Tel-Aviv 67011, Israel;

Tel: 972-3-608-4800, Fax: 972-3-608-4056, Email: info@waves.com, Web: www.waves.com

Waves Public Relations

Alan Weinkrantz And Company, 3737 Broadway, Suite 280, San Antonio, TX 78209

Tel: 210-820-3070, Fax: 210-820-3080, Email: alan@weinkrantz.com,

Web: www.weinkrantz.com

Waves is exhibiting at Booth #19307 during International CES in Las Vegas, NV.

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