

TOKYO--Toshiba Corporation today announced that it has undertaken a thorough review of its overall strategy for HD DVD and has decided it will no longer develop, manufacture and market HD DVD players and recorders. This decision has been made following recent major changes in the market. Toshiba will continue, however, to provide full product support and after-sales service for all owners of Toshiba HD DVD products.

HD DVD was developed to offer consumers access at an affordable price to high-quality, high definition content and prepare them for the digital convergence of tomorrow where the fusion of consumer electronics and IT will continue to progress.

"We carefully assessed the long-term impact of continuing the so-called 'next-generation format war' and concluded that a swift decision will best help the market develop," said Atsutoshi Nishida, President and CEO of Toshiba Corporation. "While we are disappointed for the company and more importantly, for the consumer, the real mass market opportunity for high definition content remains untapped and Toshiba is both able and determined to use our talent, technology and intellectual property to make digital convergence a reality."

Toshiba will continue to lead innovation, in a wide range of technologies that will drive mass market access to high definition content. These include high capacity NAND flash memory, small form factor hard disk drives, next generation CPUs, visual processing, and wireless and encryption technologies. The company expects to make forthcoming announcements around strategic progress in these convergence technologies.

Toshiba will begin to reduce shipments of HD DVD players and recorders to retail channels, aiming for cessation of these businesses by the end of March 2008. Toshiba also plans to end volume production of HD DVD disk drives for such applications as PCs and games in the same timeframe, yet will continue to make efforts to meet customer requirements. The company will continue to assess the position of notebook PCs with integrated HD DVD drives within the overall PC business relative to future market demand.

This decision will not impact on Toshiba's commitment to standard DVD, and the company will continue to market conventional DVD players and recorders. Toshiba intends to continue to contribute to the development of the DVD industry, as a member of the DVD Forum, an international organization with some 200 member companies, committed to the discussion and defining of optimum optical disc formats for the consumer and the related industries.

Toshiba also intends to maintain collaborative relations with the companies who joined with Toshiba in working to build up the HD DVD market, including Universal Studios, Paramount Pictures, and DreamWorks Animation and major Japanese and European content providers on the entertainment side, as well as leaders in the IT industry, including Microsoft, Intel, and HP. Toshiba will study possible collaboration with these companies for future business opportunities, utilizing the many assets generated through the development of HD DVD.