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**MERIDIAN AUDIO LTD AND MUSE INVESTMENT GROUP ENTER INTO
FINANCIAL AND BRANDING ALLIANCE**

New partners enable audio/video manufacturer to expand product development and marketing capabilities, enabling broader customer demographic in luxury markets

Cambridge, England – Meridian Audio Limited, the UK-based manufacturer of high-end audio and video home entertainment systems, today announced that the Muse SA group, a Luxembourg-based consortium of investors, has purchased a minority holding in the company. The investment allows Meridian Audio to expand its already-successful product operations into new areas, strengthen its development as a world-class marketing organization and further leverage the brand as one of the consumer electronics industry's most highly-regarded high-end luxury manufacturers.

2007 marks the thirtieth anniversary of the founding of Meridian by Bob Stuart and Allen Boothroyd. The company briefly became part of the KEF/AGI group in the mid-1980s, but since 1992 it has been an independent, family-owned business; funding has been provided by the Taylor family, originally co-founders of the Boston Globe. Muse SA has taken a shareholding in Meridian and holds four seats on the Meridian Board of Directors; the Taylor family will continue to retain a significant shareholding and three seats on the board.

The Muse group is a consortium assembled by movie producer Arnon Milchan of Regency Entertainment and includes Richemont subsidiary Columbus Venture Capital and the principals of Consolidated Press Holdings Limited and Triam Fund Management.

"Meridian has been 'the industry's best-kept secret' for too long," said Arnon Milchan, Founder of Regency Entertainment. "We recognize the enormous growth potential of the company and can easily envision how the unique palette of expertise and support from the Muse group will strengthen Meridian's brand, create significant fiscal growth and reinforce Meridian's core values of superb performance, exceptional quality and innovative design. We wanted to be Meridian's partners and are excited to be working with them."

"Meridian has a thirty-year history of successfully developing advanced and highly-regarded audio and video products and technologies," said Bob Stuart, Meridian co-founder and Chairman. "The Muse approach is a fantastic next step for our enterprise," he went on. "As we discussed the formation of the partnership, we found strong shared values, complementary areas of expertise and unique opportunities to further develop our brand. We are honoured that such a uniquely talented and powerful group of individuals perceived the special qualities of Meridian and wanted to support our activities."

"I really admire the quality of Meridian's products and the dedication of their management and workforce to produce only the very best in terms of audio and video equipment. The company is associated with innovative technology, superior performance and a high level of service," says Executive Chairman of Compagnie Financière Richemont, Johann Rupert. "These factors, combined with the Muse Group's business experience on a global basis, result in an intriguing business venture. I look forward to this exciting opportunity of working with the Muse consortium partners in building the Meridian brand."

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Meridian has a long history of partnerships. As the inventor of Meridian Lossless Packing, the technology used to achieve super-quality audio with a longer playing time on high-resolution discs like HD-DVD, Blu-ray Disc and DVD-Audio, the company has partnered with Dolby Laboratories for many years. In 2005, Meridian signed an agreement with Genesis Microchip Inc to license, develop, manufacture and distribute video products under the Faroudja brand name. In addition, Meridian has bi-directional two-way OEM activity with JVC. Most recently, Meridian was approached by performance car manufacturer Ferrari to create jointly-branded audio products.

About Meridian Audio Limited

Meridian is based in Huntingdon, near Cambridge, UK, and was founded in 1977 by Allen Boothroyd and Bob Stuart. With a 30-year history of innovation and development of the highest quality consumer audio systems, the award-winning company is widely recognised as a world leader in digital and analogue audio reproduction. Meridian developed the world's first audiophile CD player, the world's first consumer digital surround controller, developed the MLP lossless packing systems mandated for use in DVD-Audio, HD-DVD and Blu-ray Disc, and is the only UK audio hardware manufacturer to be a member of the DVD Forum. The company's optical disc players, DSP-based loudspeakers and Digital Theatre systems are unique in the industry, maintaining a super-quality digital audio signal throughout the path from the source to the amplifier, and using digital signal processing to generate advanced crossover characteristics that would be impossible with conventional passive analogue systems. Meridian is also the exclusive manufacturer and distributor of Faroudja High-Definition video processors and projectors.

Meridian products are available through an extensive international network of distributors and dealers. In the United States, the company maintains a wholly-owned subsidiary, Meridian America Inc, which handles US sales, marketing and distribution.

About Regency Entertainment

Regency Entertainment is engaged in the production and distribution of motion pictures and television through strategic alliances with media and entertainment companies. Regency was founded by Arnon Milchan, one of the most prolific and successful independent film producers of the past 30 years. Since its inception, the company has developed into an entertainment powerhouse that focuses on synergy between its different divisions, including New Regency Productions and Regency Television.

In motion pictures, New Regency Productions, which was founded in 1991, has become Hollywood's largest independent film studio, having produced such high-profile films as *Pretty Woman*, *L.A. Confidential* and *Mr & Mrs Smith*. In addition to its film interests, Regency Entertainment, via its wholly-owned subsidiary Regency Ventures invests in global consumer brands.

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