



SILVERWOOD PARTNERS

**SILVERWOOD PARTNERS ADVISES SONIC FOUNDRY (NASDAQ: SOFO) IN SALE OF
MEDIA SERVICES BUSINESS TO DELUXE MEDIA SERVICES,
A SUBSIDIARY OF RANK GROUP PLC (LSE: RNK)**

SHERBORN, MA – May 19, 2003 – Sonic Foundry today announced the sale of its Media Services Business to Deluxe Media Services, Inc. The second in a series of recently announced transactions nets Sonic Foundry an additional \$5.6 Million for debt pay-off and to help finance the next stage of the company's evolution. Silverwood Partners initiated this transaction and acted as exclusive financial advisor to Sonic Foundry.

Sonic Foundry[®], Inc. (Nasdaq: SOFO), a leading digital media software solutions company, today announced it has closed on the sale of assets comprising its entertainment industry-based business to Deluxe Media Services, Inc., a leader in motion picture capture and control, production facilities and services, for approximately \$5.6 million cash, including an estimate of net working capital. Sonic Foundry's entertainment business includes its digital media conversion, encoding and distribution products and services for companies in the television, motion picture and entertainment industry.

Together with the money it expects to receive from Sony Pictures Digital for the sale of its desktop software business (see release dated May 2, 2003), Sonic Foundry will use the approximate \$24 million proceeds to pay off debt and fund the company's operations moving forward. The sales mark the completion of the company's efforts to raise cash from the sale of business assets. All of the approximately 80 Sonic Foundry employees, currently working at the company's Toronto- and Los Angeles-based operations, will be impacted by the sale, although, the majority of them are expected to transition to Deluxe going forward.

Regarding the next chapter in Sonic Foundry's evolution, Chairman and CEO Rimas Buinevicius said, "The company's focus has been evolving to rich media content creation, management and distribution over the Internet with Web streaming and distribution solutions, such as our proven Mediasite Live[™] product." Mediasite Live is a Web presentation system Sonic Foundry introduced in 2002 that is used for a wide variety of enterprise communication applications, such as distance learning, corporate training and Webcasting. "We timed our transition to focus exclusively on the rich media enterprise market as we began to see greater applications for our advanced technologies," Buinevicius explained. "Our proprietary offerings and expertise in the areas of indexing, navigating and interpreting rich media content are the principal foundations that define the rich media database of the future. Products, like Mediasite Live, help create the content for these databases, while our follow-on offerings will focus on enhancing and improving the workflow consumption and interpretation of rich media." Buinevicius outlined further details regarding the company's go-forward strategy and direction with respect to its rich media focus in a separate announcement also released today (see release titled "Sonic Foundry Sets Sights...").

About Sonic Foundry

Founded in 1991, Sonic Foundry (Nasdaq:SOFO) is a provider of rich media communications technology for the enterprise. The company's high-performance Webcasting and Web presentation solutions are trusted by Fortune 500 companies, education institutions and government agencies for a variety of critical communication needs. Sonic Foundry is based in Madison, Wis. For more information about Sonic Foundry, visit the company's Web site at www.sonicfoundry.com.

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About Silverwood Partners

Silverwood Partners is a sector focused investment bank that provides M&A and private capital raising advisory services to information, communications, financial services, and digital imaging technology companies, and healthcare, industrial and consumer companies. Silverwood delivers acquisition, divestiture or corporate sale advisory, strategic-financial advisory and institutional financing services to companies in its targeted business sectors. For additional information, visit Silverwood's Website at www.silverwoodpartners.com.

Important Information

This release may include forward-looking statements, as defined by the Private Securities Litigation Reform Act of 1995, about the future performance of one or more public companies. There are a number of factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements, such as the competitive market in which any company operates, market acceptance of a public company's existing and new products, a public company's ability to anticipate customer needs and the other factors set forth under the caption "Certain Factors That May Affect Future Results," or similar, in a public company's filings with the Securities and Exchange Commission. In addition, any forward-looking statements contained herein represent an estimate only as of the date of such statement and should not be relied upon as representing an estimate as of any subsequent date.

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