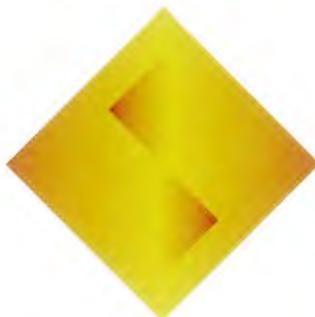


SONY



COMPUTER ENTERTAINMENT™



THE MARKET

The video games industry has grown immensely since its launch in Australia approximately 30 years ago. Once regarded as niche, the industry is now one of the major forms of home entertainment, competing with home video/DVD, Internet and music.

The demographics have also changed dramatically with a much broader range of people enjoying games. The key demographic remains 18–29 year old males however the true age demographic would be 6–60. In addition, the once male dominated games market has seen a dramatic growth in female players.

Included in this market are home console hardware and software, hand-held software and hardware and PC games software. Sony Computer Entertainment (SCE Aust.) is positioned in the home console sector with the PlayStation® (now PSone™) games console and the PlayStation®2 computer entertainment system. SCE Aust. is also responsible for the sales, distribution and marketing of software titles and peripherals for both these products.

ACHIEVEMENTS

When it comes to achievements, the sales speak for themselves. The PlayStation®2 was launched in Japan in early 2000 and the rest of the world later that year.

Globally, in excess of twenty million PlayStation®2 computer entertainment systems have now been sold with over 300,000 of those

sold in Australia.

The figures are equally impressive for PlayStation®/PSone™ which was first launched in Japan in 1994. Over 85 million consoles have been sold globally with over 2.5 million in Australia. (NB: Sales figures as at December 2001)

These figures reflect Sony Computer Entertainment's market leadership in the industry, a great achievement over such a short period of time.

HISTORY

It all started when Sony developed the CD-ROM based architecture for games. They needed a machine on which to use this technology. Sony then developed the CD based games console. The goal was to create the most powerful video game system

ever – so powerful that it would leave the competition behind for years to come. PlayStation® was first seen in Japan in December 1994 and rolled out to all other major markets over the next year.

Following the success of the PlayStation®, SCE embarked on another ambitious campaign, to create a product that not only was state of the art in design and functionality, but was in fact ahead of its time – the PlayStation®2. Also that year, the re-designed PSone™ was launched.

THE PRODUCT

PlayStation®2

With the launch of PlayStation®2, consumers now have true convergence in their entertainment. PlayStation®2 has successfully fused video gaming with a range of other entertainment options including DVD video, music CDs and in the future, Internet access for on-line gaming.

The machine itself is the first to offer DVD or Digital Versatile Disc technology. Versatility is the key – just as CDs revolutionised the way we listen

to music, DVD has transformed video and music entertainment into a more inclusive, interactive experience.

PlayStation®2 offers Dolby Digital 5.1 sound which delivers staggeringly-real sound effects and mood defining music. Players can truly feel the game.

The Central Processing Unit (Emotion Engine) of PlayStation®2 enables it to cross into a new universe of digital interactivity. PlayStation®2 introduces the revolutionary ability to generate entire worlds, populations of characters and completely accurate physical simulations. Fire, snow, water and other real life materials can now be authentically recreated. Players will enjoy a fully realistic re-creation, not only of the appearance of characters and objects in the game, but also how they think, act and behave.

PSone™

The PSone™ offers “state of the art” CD-based technology. It transports the player into a realistic virtual world with amazing graphics and sound. It also delivers full motion video, allowing games to feature amazing cinematic introductions and video scenes between game levels.

In October 2000 the PlayStation® was re-launched as the PSone™, a new compact design with the same features. The aim was to provide consumers broader access to the gaming experience through the increased portability of this new model, and in the future via the mobile telephone network.

Peripherals

To further enhance the PlayStation® experience, there is also a wide variety of peripherals and accessories such as the memory card, allowing players to save their progress and the Multitap, a device that allows up to eight controllers for multi-player gaming.

PlayStation®2 also offers an i-LINK port, used for linking numerous machines together for the ultimate in arcade style action and a USB port to allow other digital devices to be connected. Also



available for PlayStation®2 is a DVD remote control to allow consumers to take advantage of the DVD functionality.

Software

There is a huge existing library of games available for PSone™ and PlayStation®2 which continues to grow every month. Many more are currently in development for launch throughout 2002. This library includes many blockbuster titles with the stand-out being the amazing Gran Turismo 3 for PlayStation®2. Other games include Jak & Daxter, Final Fantasy, World Rally Championship, Airblade, Metal Gear Solid and Devil May Cry. Other titles such as Tomb Raider have transformed video game characters like Lara Croft into household names, and more recently, taken a step into the world of movies.

RECENT DEVELOPMENTS

Heralding a new age of digital entertainment, SCE Aust. last year launched its revolutionary computer entertainment system, PlayStation®2.

With PlayStation®2, Sony Computer Entertainment's mission was to create "a new form of entertainment beyond games," via the integration of innovative computer technology with digital AV technology.

Supporting both the audio CD and DVD-Video formats, PlayStation®2 offers consumers a wide range of music and video entertainment options. The fusion of interactive entertainment with music and video opened the door to new entertainment encounters in the home.

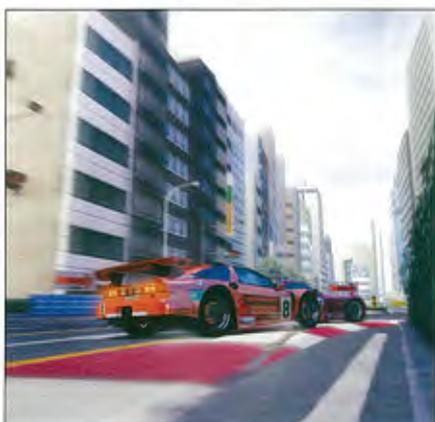
The real achievement of PlayStation®2 is not just its inclusion of current needs for entertainment, but its preparation for things to come. USB and i-LINK technology have been incorporated into the PlayStation®2 design in anticipation of digital interconnectivity where networking plays a key role in the future. Applications through connection to



computer and AV technology such as digital cameras, microphones and printers offer the development community the opportunity to flex their imagination and deliver an altogether new interactive encounter. USB also allows for other peripherals including force feedback steering wheels, snowboards and the popular G-Con arcade gun, to be

connected to enhance the users' gaming experience

The PSone™ has not been forgotten with the development of a high resolution 5 inch LCD screen which will launch in 2002. It can be attached to the console or purchased with a PSone™. This screen will result in the PSone™ being more portable. It features two speakers, picture and sound controls. Also available will be an AV connector to allow connection to camcorders and VCRs.



PROMOTION

One of the key reasons for the success of PlayStation® and PlayStation®2 is Sony Computer Entertainment's focus on marketing. The

company devotes major resources to creating innovative marketing and promotional strategies, aimed at generating both interest and intrigue amongst the consumer.

Key marketing areas include:

Advertising & Promotions

SCE Aust. advertises through all forms of media. There is also a constant search for exciting new media such as the Internet and Interactive TV. SCE Aust. has been recognised via various awards for marketing campaigns using new media.

Major Sponsorships

The business of sponsorship is an integral part of the company's overall marketing strategy, with PlayStation® sponsorships spreading from the snow fields to race tracks, and from football fields to Australian pools and beaches.

PR & Publicity

SCE Aust. utilises the electronic and print media extensively. A key example of this is the Official PlayStation® Magazine. Printed monthly, the magazine contains news, previews and reviews of all the latest PlayStation® and PlayStation®2 games. It also contains a demo disc allowing consumers to sample the latest games. The magazine is the ultimate resource for PlayStation®

gamers and a direct channel to the end user. Product Sampling

This is an essential tool in the marketing of PlayStation®. Demo Discs are available to consumers through many different sources including inside the console box, inside selected software titles, sold with the Official PlayStation® Magazine and sent directly to registered PlayStation® owners. In-store demonstration units allow consumers to sample the games prior to purchase.

Internet Activity

PlayStation.com (www.au.playstation.com) is the official website in Australia. The website contains product information on the range of PlayStation® and PlayStation®2 products (hardware and software) and also has an online shopping environment where consumers can shop directly, and have products shipped to their homes. The website has been live since November 2000, and has been very popular due to the wealth of games content available in the form of news, previews, reviews, downloads and video clips. With the new DVD capabilities of the PlayStation®2, the site also offers information and reviews on an exciting range of DVD movies. Moving forward, PlayStation.com will become the one-stop-shop for all games, movie, and music entertainment needs of the community.

BRAND VALUES

PlayStation® is now one of Australia's key brands, and is recognised universally across all ages and genders. Key to this recognition are the core brand values of the product which include:

Exciting - PlayStation® is designed to stimulate the human senses.

Irreverent - PlayStation® does not respect convention. It questions the status quo.

Liberating - PlayStation® allows you to escape your current world, and explore another.

Disruptive - PlayStation® is non-linear and unpredictable.

Inspirational - PlayStation® allows you to self-actualise and to be all you can be.

Anarchic - PlayStation® breaks the bounds of reality. Your normal rules no longer apply.

Omnipotent - PlayStation® is everywhere. Its spirit surrounds everyone.

THINGS YOU DIDN'T KNOW ABOUT PLAYSTATION®

- According to the latest Guinness Book of Records PlayStation®2 was the fastest selling video game console ever with a record 980,000 units sold in the 48 hours after its Japanese launch. That is more than 10 times the sales of the original PlayStation® console over the same period.
- Also according to Guinness, Gran Turismo 3 sold a record 7 million units worldwide and is the best selling driving simulator released on any format.
- Many international race car drivers use PlayStation® racing games to help them learn the tracks they are about to drive and hone their driving skills.

