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BLEEM FIGHTS BACK: SONY FACES ANTITRUST COUNTERCLAIMS IN PLAYSTATION LAWSUIT

SAN FRANCISCO, CA December 13, 1999 — The ongoing court battle waged by Sony Computer Entertainment of America, Inc. against the makers of "bleem!", a software program which allows games designed for the Sony PlayStation to be played on personal computers, entered a new phase last Friday, following a series of rulings in favor of the tiny startup company. In the day's most notable decision, the Honorable Judge Charles A. Legge of the United States District Court for the Northern District of California granted Bleem's motion for leave to amend and assert counterclaims against the electronics giant.

Bleem claims Sony has unlawfully acquired, maintained, and extended its monopoly in the video game market through a combination of anti-competitive practices, including misuse of copyright, patents and other intellectual property. Bleem further asserts that the current lawsuit exemplifies these practices and is a "sham," brought in bad faith.

Further claims against Sony include combination or conspiracy in restraint of trade, intentional interference with contractual relations, defamation, and unfair competition with regard to Sony's well-publicized efforts to force show management to remove Bleem's booth from the E3 trade event last May.

In other matters before the Court, Sony's internal Legal and Business Affairs officers attempted to modify an existing protective order and gain access to Bleem's most confidential business data. The information in question includes detailed reseller information, source code for the bleem! software, identities of bleem! customers, and information relating to negotiations with third-party software and hardware companies.

Commenting from the bench that such protective orders serve to "protect David from Goliath," Judge Legge denied Sony's request to re-classify Bleem's confidential business information with respect to all but one narrow category of financial information. All other protected information will remain accessible only to outside legal counsel.

This decision came at the end of a week in which Sony stepped up its efforts against Bleem. On December 7, just four days after a discovery conference with Bleem's counsel and three days prior to Friday's hearing, Sony served subpoenas on 10 of Bleem's biggest customers, demanding detailed information regarding purchasing, sales, promotion and profits resulting from the bleem! product. Sony issued these subpoenas without adequate prior notice to Bleem, resulting in angry phone calls from unsuspecting retailers.

"What we have here is a pretty transparent attempt by Sony to intimidate the retailers into pulling bleem! from their shelves," said Jon Hangartner, lead attorney for Bleem. "Even if Sony's subpoenas weren't invalid on their face, the information they request is irrelevant to the lawsuit. These subpoenas have nothing to do with potential damages; they only serve to scare bleem!'s vendors into thinking they might be Sony's next target."

At the end of Friday's session, Judge Legge agreed to hear an expedited motion to quash the subpoenas. He also authorized Bleem to tell its retailers they need not do anything until he renders his decision. Bleem is expected to submit the necessary motion to the court early this week in order to protect the confidential information of their customers.

"I've been instructed to take every possible action in defense of Bleem's retail partners," said Hangartner. "Most of these stores keep their sales figures and arrangements in the strictest confidence, and Sony simply has no business demanding this kind of proprietary data from innocent third-parties, particularly when it has no bearing on the case whatsoever."

Since first filing suit against Bleem on April 2, 1999, Sony has brought three motions before the court in attempts to halt sales of the bleem! software, including two Temporary Restraining Orders and a Preliminary Injunction. All have failed. The original lawsuit, filed before bleem! was even released to the public, alleges a host of claims including copyright infringement and misappropriation of trade secrets in the development and sale of bleem! Bleem, LLC has consistently denied Sony's allegations in every respect.

With a suggested retail price of \$29.95, bleem! is a software program that lets gamers everywhere play hundreds of PlayStation games on Windows 95/98-based PCs, with higher resolutions than the original PlayStation and effects that rival next-generation game consoles. Initially released on the Internet, bleem! soon developed a strong following, selling over 20,000 copies in just a few months. A retail launch followed and in less than five months, another 150,000 copies have been sold worldwide. The bleem! website, www.bleem.com, receives over 70,000 visitors a day and offers free updates, compatibility info, and an active message-board community.

For more information, visit <http://www.bleem.com>, or contact Lauren Tascan at (212) 772-3900, or David Herpolsheimer, Bleem, LLC at (323) 822-0932