

## The Epitome of a Flagship Product

### A Breakthrough of 1.5 Million Users

**Virus Security**  
After just one and a half of its release on the market in November 2003, "Virus Security" reached an astounding 1.5 million users. Not only is it anti-virus software, it is also an integrated system with functions that protect personal data, prevent phishing and spam-mail, and includes automatic installation that makes operation easier than ever before. These features are what make "Virus Security" so popular. Winner of the Proregi Security Software of the Year Award in 2004.



### World-Class Integrated Software in the New Lineup

**StarSuite 8**  
The latest version of the world-class integrated software that has word processing, spreadsheet, and presentation features compatible with Word, Excel, and PowerPoint, and even allows its files to be converted into PDF files.



#### BCN The Mobile Phone Sector GfK Mobile Software No.1 in Unit Sales



**The "KEIKAI Phone" Series**  
"KEIKAI Phone" is software that allows data in mobile phones such as addresses and emails to be transferred to PCs to be stored and edited. Also compatible with FOMA and camera-equipped mobile phones. It has received the Highest BCN Award for five consecutive years from 2000 to 2004.

#### BCN Training Software Sector GfK Keyboard Software No.1 in Unit Sales



**The "TOKUUCHI" Series**  
The "TOKUUCHI" series, which was introduced in 1997, defying the common belief that typing practice had to be dull and becoming a smash hit. The wide lineup includes products that popular characters are in, contents that make it suitable to be fit in curriculums, those specializing in business needs, and more.

#### BCN Utility Software Sector GfK Utility Software No.1 in Unit Sales



**The "KYOUSOKU" Series**  
Utility software that increases speed in various PC operations without the bothersome settings and manipulations. This is a new genre created by SOURCENEXT. The wide lineup which meets various requirements and their packaging, the "SOKU Pack" is gaining much popularity.

#### BCN The Education / Learning Sector No.1 in Unit Sales



**The "MEKI-MEKI" Series**  
SOURCENEXT has been focusing efforts on educational software from the start. Widely talked about in the media, the "MEKISUU" has been known for improving numerical skills to the point that users can master book-length calculation drills in just thirty minutes (Korean version also available). The "MEKI-MEKI" Series, which strengthens basic academic abilities, comes in many more subjects and is gaining wide popularity.

#### BCN LAN/Internet Software Sector GfK Homepage Software No.1 in Unit Sales



**IBM Homepage Builder V9**  
The SOURCENEXT Selection, which offers specially selected products, is proud to release the "Homepage Builder", by IBM Japan, Ltd. It boasts the greatest share by far in homepage software.

#### BCN The Document Management Software Sector No.1 in Unit Sales



**The "IKINARI PDF" ("PDF Creator") Series**  
The "IKINARI PDF" series, which made PDF creating software that used to cost tens of thousands of yen affordable and easier to use, has not only been a big hit but has also broadened a new PDF software market.

#### BCN MAP/Navigation Software Section GfK Map/Traffic Guide Software No.1 in Unit Sales



**ZENRIN DataCom Digital Nationwide Map**  
A map for PCs that employs the map data of ZENRIN CO.,LTD., the No.1 map maker. With its revolutionary price that map software up to now can't compare with, it has shown explosive sales records during its release and has discovered a completely new class of users.

#### BCN The Home Software Sector No.1 in Unit Sales



**The "OROYOURI JOUZU" Series**  
Not only does it record recipes, it is cooking software with videos that teach basic methods in preparing meals such as how to clean fish. It is a popular product utilizing the features of PCs to help plan dishes with the items in your refrigerator and consider nutritional balance at the same time.

#### BCN Video-Related Software Sector GfK Video Editing/DVD-Related Software No.1 in Unit Sales



**The "CyberLink Power" Series**  
CyberLink, which is highly recognized for their video editing software and DVD playing software, is offering various products from their "Power" series at 1,980 yen, which are becoming more and more popular.

#### GfK OCRs/ Translation Software No.1 in Unit Sales



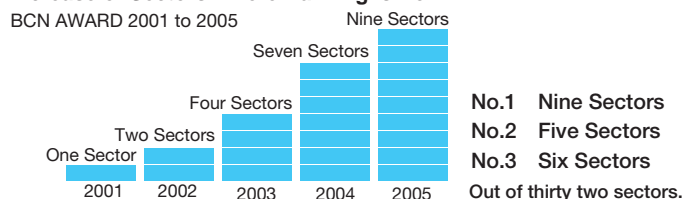
**The "HONKAKU" Series**  
The "HONKAKU HONYAKU" (Authentic Translation) is software that is equipped with a top-class translation engine in the industry by NEC and a fundamental dictionary that includes 3.13 million entries. The "HONKAKU YOMITORI" (Authentic OCR) is a high-performance software product that incorporates the image recognition technology of Panasonic Solution Technologies Co., Ltd. Both products are popular for their superior cost performance.

#### GfK Font Software No.1 in Unit Sales



**A "Source of Excitement" Series DynaFont 50**  
Fifty choice fonts at just 1,980 yen. It immediately reached No.1 in unit sales. This is a product that precisely meets user needs.

#### Sectoral Unit Sales Ranking of PC Software in Electronics Stores Increase of Sectors Where Ranking is No. 1



SOURCENEXT

SOURCENEXT CORPORATION  
Company Brochure

S O U R C E N E X T  
<http://www.sourcenext.com>



Exciting Software for Everyone

SOURCENEXT CORPORATION

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6-10-1 Roppongi, Minato-ku, Tokyo 106-6115

tel. 03-5786-7203 (information)  
fax. 03-5786-7204

<http://www.sourcenext.com>

# No.1

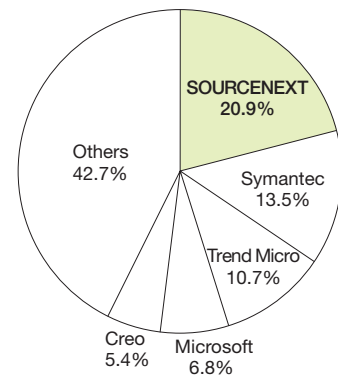
In Domestic  
PC Software Sales



No. 1 in PC Software Unit Sales Market Shares  
for Two Years in a Row No. 1 in Electronics Stores.  
According to Surveys of 3,500 Outlets in GfK Japan Studies of 2003 and 2004

Thanks to all of our customers,  
SOURCENEXT was able to reach  
No.1 in PC software unit sales  
market shares in both 2003 and  
2004. Our dream is to spread  
happiness and excitement to as  
many people as we can through  
PC software. That is why we  
take great pride in being No.1  
in unit sales.

**2004  
Unit Sales Shares**  
Sales Performance of 3,500 Outlets of Electronics Stores  
According to GfK Japan Studies



1,980 Yen  
(=Approx. =\$19)  
300 Titles  
25,000 Stores

携帯電話  
驚速  
特打

### Easier to Understand

In the market where there are many products with Western names, SOURCENEXT has been intentionally introducing products with Japanese names, such as "TOKUUCHI", "KYOUSOKU", and "KEIKAI Phone" since the start. Understandability is the first step toward bringing PC Software closer to people. This belief remains unchanged to this day.



A scene from "TOKUUCHI"

The TOKUUCHI television commercial that won the ACC Silver Award.



### More Affordable

Although PCs are selling better as they are getting more affordable, this will not be the case with PC software products if they continue to cost over ten thousand yen. Since SOURCENEXT believes that the greatest reason why software doesn't sell well is because of their prices, we have taken the initiative by setting the cost of most products in the lineup at 4,900 yen in 2001. Furthermore, we have put the "commoditizing" (of daily articles) strategy into effect in 2003. The prices of most products handled were changed to 1,980 yen. Concurrently, slimmer packages were introduced along with the expansion of new sales outlets, resulting in our being No.1 in unit sales shares for PC software products. Through activities such as these, SOURCENEXT was awarded the "2003 Nikkei Superior Products and Services Awards, Nikkei Marketing Journal Awards for Superiority".

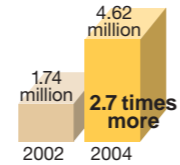


2003 Nikkei Superior Products and Services Awards  
Nikkei Marketing Journal Awards for Superiority

Excellent Quality for Low Prices  
The "Quality 1980" Logo



Increase of Unit Sales  
Unit sales have risen to 2.7 times more due to commoditizing. Much support was received from the market.



### Smaller

In 2003, the "Slim Package" in a plastic case, which is the same size as DVD packages, went into promotion. Furthermore, the only drawback of miniaturizing, which was the lack of product information, was compensated for through the introduction of the exterior case which contained sufficient product information, and it was well-received. We have made a breakthrough in PC software packaging.

### Innovative Packaging

**The Slim Package**  
Including the Exterior Package  
The product information space is about 1.5 times that of paper packages and 3 times that of the Slim Package (February 2005)



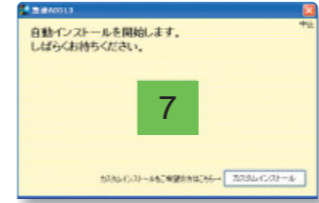
**Slim Package**  
1/2 the area and 1/5 the volume (March 2003)



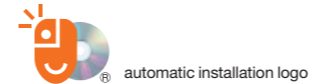
**Large Paper Packages up to Now**

### Easier to operate

Compared to music CDs and DVDs, what's difficult about PC software is to install programs. In 2004, SOURCENEXT developed a now very popular "Automatic Installer" that allows users to complete installation just by simply inserting the CD.



All it takes is inserting the CD which will automatically start installation in fifteen seconds (Patent pending).



### More Enjoyable

2004 saw the release of comics that could be read by PCs, and PC games were later released in 2005. Comics, games, music, imagery. SOURCENEXT defines PC software as "Everything that can be enjoyed by PCs should be incorporated into software", and is putting the utmost effort into providing contents that make PCs even more enjoyable.



### Closer to You

In order to really bring PC software products closer to you, they must be available everywhere. For this, SOURCENEXT has expanded the number of distribution channels through bookstores, supermarkets, convenience stores, home improvement stores, stationary stores, and more, which has proven effective. We are doing our best to bring PC software closer to you even through products by providing "KEIKAI Phone" in special packages that feature



### Enhanced User Service

**Safe Service**  
"Safe Service" started in 2001 and is the first refund system of its kind in the PC software industry. It has gained attention as it allows refunds of software products that can be reproduced. Buyers can now buy products worry-free because software can be refunded in case it doesn't operate normally after installation.

**"Mileage" Service**  
It is a service where "miles", which can later be used for participating in competitions for prizes, downloading software, etc., are added each time upon the purchasing of products. With the catch phrase "Smiles with Miles", it is making shopping for PC software more enjoyable.

**Product Support**  
In 2004, SOURCENEXT has begun product support services from phone calls to the Internet and e-mails. Instead of just enhancing the Q&A page (FAQ page), inquiries can now be made via e-mails. The rate of responses within 24 hours is over 90%.



# Software for Everyone

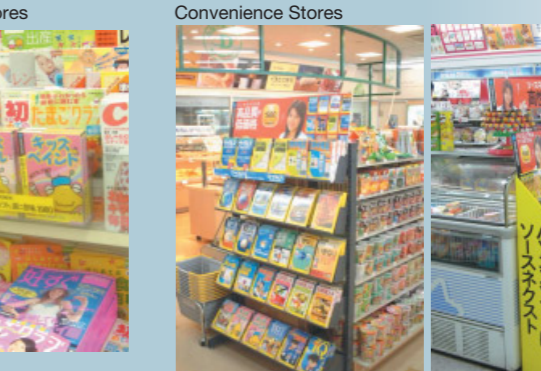
### SOURCENEXT's Commoditizing Strategy

(From February 2003)



### Storefront Emphasis Policy

In order to bring PC software closer to users, it is necessary for us to be right by the customers. That is why SOURCENEXT has been focusing on what goes on within the stores from the beginning. The stores are where the customers actually choose and purchase the products. With this in mind, the utmost care is to put into every single item from the contents of the packages, to promotional goods, etc. Furthermore, advertising/publicity activities are expanding to invite more and more customers.



### Home Improvement Stores



### Bookstores



### Convenience Stores



Karaoke Studios

# SOURCENEXT in Progress

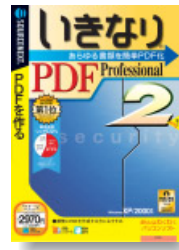
## PC Software is Stationary 1,980 Yen for Companies

Not only are SOURCENEXT's PC software products for personal use, but they can be of great help to companies, too. The "IKINARI PDF" ("PDF Creator") which was released in March 2004 is especially gaining much support as it allows purchasing at an affordable price as if it were an ordinary stationary product. As it is inexpensive and can simply be used as just writing material, it is bringing a whole new perspective to document formatting. Over a thousand large corporations and public offices have incorporated it in about a year.



ソフトは文具  
1,980円  
Quality  
イチキュッパ

Software is Stationary  
1,980 Yen  
Quality 1,980 Logo



## Collaborations

The "SOURCENEXT Selection" series, which provides excellent software through collaborations with other companies, also provides products in a wide variety of prices. A more vigorous market is aimed at through the development of various corporate collaborations, including the release of ultra small USB IP phones in the summer of 2005.



## For the Tomorrow of Japan's PC Software

In July 2004, SOURCENEXT released the Java Integrated Development Environment, "Oracle JDveloper 10g 1YearLimited" sponsored by ORACLE CORPORATION at 1,980 yen. Although it is valid for only one year, it provided the exact same environment of the standard versions, which cost over 100,000 yen. It is a collaboration that was brought to life through the same vision that both companies had; that the more reasonable tools for programming become, the more people who make programs will increase, thus contributing to the future of software. Since then, the lineup of tools for developers has



## Beyond the Bounds of Operating Systems

SOURCENEXT released "Turbolinux Personal" and "Turbolinux Multimedia" in August 2005. It was the first time that OS was released and at 1,980 yen. Furthermore, a move toward research and development on applications for Linux such as "TOKUUCHI" and "KEIKAI Phone" was made. Fifty titles of software for Linux and a hundred titles for Macintosh are planned to be released by the year 2008. This is an "All-Round Commoditizing" strategy taken one step further beyond the former commoditizing strategy.



## 3.06 Billion Yen in Annual Sales, No.17 in Japan. 1.5 Million Mail News Readers.

SOURCENEXT opens the "SOURCENEXT eSHOP" on the web in June 2000, providing online shopping. Aside from SOURCENEXT's own products, a wide range of products and services are being expanded to make digital life centering on PCs more enjoyable and more convenient, and will continue to do so through the expansion of further breakthroughs. According to the October 20th, 2004 edition of the Nikkei Marketing Journal, the SOURCENEXT eSHOP was reported No.17 in the EC site ranking of all industries. And of course was No.1 in software-related sites.

## SOURCENEXT eSHOP



## Corporate Outline

Company Name	SOURCENEXT CORPORATION
Founded	August 1996
Capital	716.8 Million Yen
Employee Number	105(as of April 1st, 2005)
Sales Volume	9.2 Billion Yen (March 2005 Term End Results)
Directors	President Noriyuki Matsuda Senior Managing Director Satomi Matsuda Director Kiyooki Morimoto Director Kousuke Fujimoto Director Yukio Aotani Director Fumihiko Aoyama Full-Time Auditor Shozaburo Takano Auditor Hideaki Kubori Auditor Takayoshi Yamakawa
Description of Business	Planning, development, and distribution of software and hardware products.
Business Office	Roppongi Hills Mori Tower 15F 6-10-1, Roppongi, Minato-ku, Tokyo
Average Age	29.5 years old (as of April 1st, 2005)

## Main Product Partner Companies

### Overseas Companies (in alphabetical order)

- Buena Vista Games, Inc. (USA)
- Giant Interactive Entertainment (UK)
- HanbitSoft, Inc. (Korea)
- Jupitermedia Corporation (USA)
- K7 Computing Private Limited (India)
- Macromedia Inc. (USA)
- muvee Technologies Pte. Ltd. (Singapore)
- Sun Microsystems, Inc. (USA)

### Domestic Companies (in Japanese order)

- AGENDA Co., Ltd.
- Antenna House, Inc.
- Impress Corporation
- Walt Disney Japan
- NRI SecureTechnologies, Ltd.
- Ekitan & Co., Ltd.
- CAPCOM CO., LTD
- KOEI Co., Ltd.
- CyberLinkTransDigital CO., LTD.
- Shogakukan Production Co., Ltd.
- ZENRIN DataCom CO., LTD.
- Sony Communication Network Corporation
- Turbolinux, Inc.
- DesignEXchange Co., Ltd.
- The Tokyo Star Bank, Limited
- NIFTY Corporation
- IBM Japan, Ltd.
- NEC Corporation
- Nova Corporation
- Panasonic Solution Technologies Co., Ltd.
- BANDAI VISUAL CO., LTD.
- Hitachi Systems & Services, Ltd.
- PROTON CO., LTD.

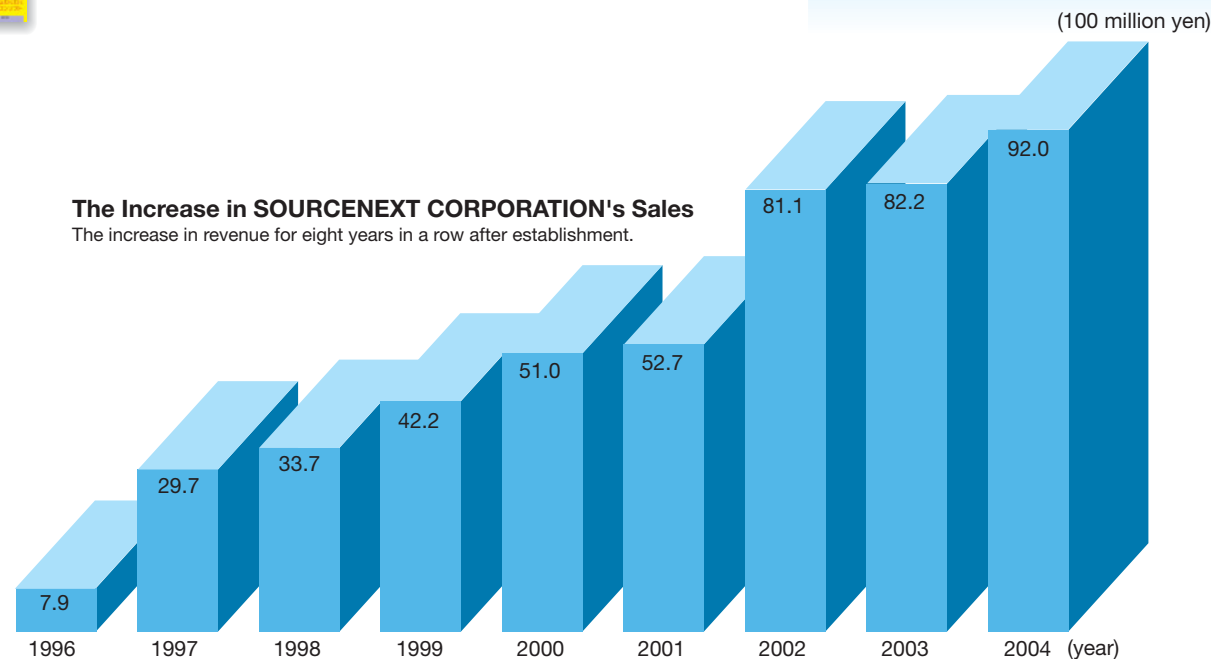


## History

1996	August	SOURCE CORPORATION is founded.
	December	The high-speed utility software "KYOUSOKU95" is released.
1997	June	The typing software, "TOKUUCHI" is released.
1998	October	Is awarded for the best PC Software in the "Educational Entertainment Sector" by 1,400,000 Nikkei Business Publications readers in the publication's 11th survey.
	December	The "KEIKAI Phone", which allows data in mobile phones such to be transferred.
1999	October	The company name is changed to SOURCENEXT CORPORATION.
2000	March	The first "Mileage Service" in the PC software industry is introduced.
	April	The Osaka branch office is established.
	July	The "SOURCENEXT eSHOP" is opened
	November	The television commercial "Muay Thai Version" wins the Silver Award at the 40th ACC CM FESTIVAL.
2001	February	The first refund system of its kind in the PC software industry, "Safe Service" is initiated.
2002	June	Signs a contract with Sun Microsystems, Inc. in the United States for domestic retail sales of "StarSuite 6.0".
	November	Releases IBM Japan's "Homepage Builder" as a part of the SOURCENEXTselection.
2003	January	Receives Highest BCN AWARDS in four sectors.
	February	The "Commoditizing Strategy" is started with core products priced at 1,980 yen.
	March	The "IKINARI PDF" for creating PDF files is released at 1,980 yen.
	March	The "Automatic Installation Feature" is incorporated.
	March	Products appear in bookstores.
	April	Slim packages are introduced.
	May	The map software, "ZENRIN DataCom Digital Nationwide Map" is released at 1,980 yen.
	June	Products appear in convenience stores.
	June	Bob Sapp featured as the image character for the 1,980 yen series.
	September	The head office is relocated to Roppongi, in Tokyo's Minato Ward.
	November	The integrated security software, "Virus Security" is released at 1,980 yen.
2004	January	Receives Highest BCN AWARDS in seven sectors.
	January	Norika Fujiwara is featured as the image character.
	February	Ranks No.1 in 2003's PC unit sales.
	June	(No.1 in 2003's PC software according to GfK Japan studies)
	July	The "2003 Nikkei Superior Products and Services Awards, Nikkei Marketing Journal Awards for Saperiority" is awarded
	December	The number of stores reaches 25,000.
	December	Enters the corporate license market with "Software is Stationary" as a catchphrase. The popular game software by KOEI joins "Quality1980" series.
2005	January	Receives Highest BCN AWARDS in nine sectors.
	January	Highest "GfK Certified" AWARDS in seven sectors, and ranks No.1 in 2004's PC unit sales. (No.1 in 2004's PC software according to GfK Japan studies)
	January	"Virus Security" is awarded "2004's Proregi of the Year Award Security Sector Award".
	February	The Slim Package with the exterior package containing product information is introduced.
	June	Nao Matsushita is featured as the image character.
	August	The OS, "Turbolinux Personal" is released at 1,980 yen.
	August	Total number of shipments after starting the commoditizing strategy exceeds 10 million units
	September	Strategic alliance with Capcom, a major game house starts.

## The Increase in SOURCENEXT CORPORATION's Sales

The increase in revenue for eight years in a row after establishment.



## Corporate Philosophies

### SOURCENEXT CORPORATION's Chief Strategy

Reason for Being

As a corporation that offers products.

Action Guideline

To be faithful to the "SOURCE" in "SOURCENEXT".

Business Goal

By spreading happiness and excitement to people all around the globe through excellent products...

Corporate Goal

Becoming the most exciting corporation in the world.

### SOURCE for SOURCENEXT

#### Speed

Speedy Solutions, Speedy Performance, Speedy Reactions, Speedy Commercialization.

#### Originality

Original Services, Uniqueness, Assertion.

#### Universality

Wide Acceptance, World-Class Excellence, Global Views.

#### Reliability

Having an Understanding (Win-Win) Approach, Accurateness, Commitment.

#### Challenge

Independence, A Positive Approach, Breakthroughs over Status Quo.

#### Efficiency

Efficiency in Time and Cost. Goal Awareness and Flexibility in Measures to Reach Goals.