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PF.MAGIC LEAPS TO NEW HEIGHTS WITH VIRTUAL PETZ LINE

Dogz and Catz dash past 1.5 million mark and establish brand as leader in category

SAN FRANCISCO, Calif., February 11, 1998 -- PF.Magic, creators of the world's first virtual Petz - Catz and Dogz, sinks its claws into the leadership position and redefines the burgeoning virtual pets category with record-setting sales figures for its computer desktop and plush toy products. Sales for virtual Petz, comprised of Catz, Dogz, Oddballz, Catz II and Dogz II, roared past the 1.5 million mark worldwide with 300,000 copies of Catz II and Dogz II sold in their first two months of release. The success of virtual Petz has created a ripple effect enabling PF.Magic to leverage the strength of the Dogz and Catz brand into the plush toy market. Distributed by Trendmasters, Dogz and Catz plush toys are the fourth top-selling plush toy at Toys 'R Us and mark one of the first attempts by a software company to cross marketing boundaries from computer desktops to the plush toy market.

"Our new litters of Petz continue to sprint out of their kennels and into consumers' homes meeting our wildest sales expectations in the process," said John Scull, managing director of PF.Magic. "We're very excited the Petz brand has become so well recognized and received, and we're amazed at how seamlessly it's leaped from computer desktops to the plush toy market."

Dogz and Catz sales have been enhanced by PF.Magic's innovative Web-based marketing campaigns, which account for a significant portion of the company's overall sales. More than 3-million visitors have logged onto PF.Magic's Web site (http://www.petz.com) since 1995, at a current rate of 150,000 visits per month. The Web site empowers animal lovers to download product demos, or "adoption kits," and take their favorite virtual Petz for a "test walk" before purchasing them. Curious consumers download adoption kits at a rate of more than 75,000 per month.

PF.Magic's online presence has given birth to a subculture of Petz enthusiasts. To spread the Petz gospel, hundreds of proud owners have created their own Web sites dedicated solely to sharing and showcasing their adopted Petz. To foster community, avid Petz lovers have even created Petz Clubz (go to http://www.petz.net/linkz/petzpals.htm for listing of clubz), which attract thousands of people from around the world. Additionally, thousands have participated in the Web site's online discussion forums on a weekly basis.

What's more, PF.Magic's strategic distribution partnership with Mindscape has extended the reach of virtual Petz to the far corners of the consumer market. Virtual Petz now have homes on the shelves of mass consumer outlets such as Walmart, Price/Costco and Target, as well as many drug and grocery stores.
About PF.Magic

PF.Magic's original virtual Petz, the world's first interactive virtual Petz, initially dashed onto computer desktops in the fall of 1995 with the release of Dogz, creating a worldwide craze for virtual Petz. Catz pounced onto the scene in the spring of 1996, followed by those wacky Oddballz in the fall of 1996. Virtual Petz II, Dogz II and Catz II, scampered onto computer desktops in 1997. Virtual Petz were the first interactive titles to combine artificial intelligence and 3-D animation to bring real life to computer desktops. To date, PF.Magic has sold more than 1.5-million copies of virtual Petz worldwide and won many awards for its pioneering work in the interactive virtual Petz market. Petz lovers continue to adopt and sample the original virtual Petz, Dogz, Catz and Oddballz, from the PF.Magic Web site at http://www.petz.com. Also in 1997, plush toy versions of Dogz and Catz were introduced into the toy market by Trendmasters, Inc. under a licensing agreement with PF.Magic.

From its toy and game-filled offices in San Francisco's "Multimedia Gulch," PF.Magic is known for its interactive living characters and innovative entertainment products. Since its beginning in 1991, the Company has developed several award-winning, character-based products in addition to the virtual Petz line. These include Ballz, the humorous 3-D fighting game on the Sega Genesis, SNES and 3DO, and Max Magic, the world's first electronic magic kit hosted by an intelligent 3-D character. PF.Magic is privately held.