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CREATIVE UNVEILS NEXT GENERATION PORTABLE DIGITAL AUDIO PLAYER

NOMAD II Offers Host of New Features Including USB Connectivity and Multiple Codec Support

MILPITAS, Calif. - October 6, 1999 - Creative Technology Ltd. (Nasdaq: CREA), the leading provider of multimedia solutions for personal entertainment, today introduced the next-generation Creative NOMAD II portable digital audio player at the 1999 Fall Internet World convention in New York. The NOMAD II is one of the exciting new devices that make up Creative's Personal Digital Entertainment (PDE) Internet solutions.

A key feature at the core of the NOMAD II is its programmability, designed to be virtually future-proof. By incorporating this upgradeable feature, the NOMAD II can be programmed to support multiple digital audio formats such as MP3 and Microsoft Windows Media or software extensions that will be made available on <http://www.nomadworld.com>. In addition, NOMAD II is designed to enable consumers to download support for future digital rights management technology, including future SDMI compliance requirements, enabling the NOMAD II to play digital music in secure formats.

The NOMAD II is designed for the active consumer, with features that emphasize quick setup and mobility. The new NOMAD II comes equipped with a Universal Serial Bus (USB) connection for faster transfer rates and hot-plugging connectivity, a wired remote for accessing the playback controls while on the move, a high-quality

backlit LCD, and SSFDC (Solid State Floppy Disk Card) compliant flash memory card support in all configurations. And like the current NOMAD, the next-generation NOMAD II features a built-in FM tuner, MP3 playback and voice recording capability. Creative will, for the first time, include built-in support for the secure CD-quality audio of Windows Media in its next-generation NOMAD II.

"Our goal at Creative is to continue leveraging our expertise in digital audio to offer the best solutions for the ever-changing audio market," said Hock Leow, chief technology officer at Creative. "We are committed to incorporating the most cutting-edge features and to providing access to the widest variety of audio content utilizing popular formats such as MP3 and Windows Media Audio. This next generation NOMAD digital audio player offers consumers flexibility, mobility and programmability - which is similar to the programmable nature of the highly acclaimed EMU10K1 audio processor on Sound Blaster Live! It is a product that will change as the industry continues to evolve."

"We commend Creative for designing the next-generation NOMAD II with built-in Windows Media support," said Will Poole, general manager, Marketing and Business Development, Streaming Media Division, Microsoft Corp. ""This support gives consumers a great listening experience by providing CD-quality digital audio, double the music storage capacity on NOMAD II devices, and access to downloadable secure music from top labels."

Key features not currently found in other portable players include:

- **Programmable Portable Audio Platform:** Upgradeable firmware via the Internet designed to permit future compatibility with multiple digital audio formats or software extensions.
- **Universal Serial Bus (USB) Connection:** Offers faster transfer rates and "hot-plugging" ability for quick connectivity and setup to the PC.
- **Memory:** The NOMAD II continues to support the flash memory card standard in a variety of configurations to match any lifestyle or activity. NOMAD II memory cards will be SSFDC compliant, allowing consumers the flexibility to exchange their memory cards with other devices such as digital cameras without the burden of reformatting for each use. The NOMAD II will come bundled with a 64MB flash memory

card.

- **FM Tuner:** A popular feature among consumers now stores up to 20 preset stations.
- **Voice Recording:** Allows users to conveniently record voice-quality audio and upload voice recordings to the PC for easy storage and archiving.
- **Design:** A stylish, high-tech look with a contoured finish for easy button access and with a shape designed to easily fit in the palm of one's hand. Strengthened plastic casing and reinforced LCD screen allows for optimum durability.

Additional feature support found in the NOMAD II includes:

- **Optional Docking Stations:** Optional docking stations provide the flexibility to recharge batteries and cable-free connectivity.
- **Icon-based LCD:** Large screen and backlighting allows consumers high-quality LCD viewing in any environment.
- **Remote Control:** A custom designed wired remote gives quick access to the playback controls.
- **Bass-Enhanced Stereo Backphones:** Bundled with bass-enhanced stereo backphones that are contoured to fit the back of the head and optimized for high-quality sound during all activities.
- **NOMAD Manager Software: Lets users easily download MP3 and Windows Media files from their PC to the NOMAD II in a matter of seconds.**
- **The Creative Digital Audio Center by MusicMatch:** Allows users to encode, decode and archive high-quality MP3 files and Windows Media files, as well as convert an *unlimited* number of CD tracks from personal CD collections and catalog them according to preference. When used with Sound Blaster Live!, Creative Digital Audio Center allows MP3 content to be enhanced with Environmental Audio. Such enhanced content can be downloaded and enjoyed on the portable player.

Industry Support

Creative supports the Recording Industry Association of America (RIAA) and its Secure Digital Music Initiative (SDMI). The company has been an active member of SDMI since its inception in December 1998. Creative is working with SDMI to help develop and implement the recommendations of SDMI and create a standard for digital audio distribution that is acceptable to the recording industry as well as the PC industry and Internet community.

Creative's overall focus is to satisfy current consumer demand by adapting to the changing industry. As new digital audio formats are introduced to the market, Creative will evaluate and consider them for updating its line of digital audio players.

Pricing and Availability

The Creative NOMAD II will begin shipping in volume in Q1 2000. It will be available at under US\$400.00.

Personal Digital Entertainment (PDE) Internet Solutions

Creative's new PDE Internet Solutions category is comprised of Internet devices, Internet applications and Internet services.

Creative's PDE Internet Solutions leverage the power of the PC to create enhanced audio and video entertainment experiences.

Creative's NOMAD, NOMAD II, WebCam Go, and LAVA! MusicVideo Player (see separate news releases announced today) are all key components of Creative's PDE Internet solutions geared towards PC and Internet enthusiasts. Creative's family of PDE Internet solutions consists of:

- **PDE Internet Devices:** Products that enhance the PC Internet experience and can function when detached from the PC
- **PDE Internet Applications:** Software entertainment solutions like the LAVA! Player that enhance the entertainment experience when used in combination with Creative's Internet devices
- **PDE Internet Services:** Creative plans to offer Internet services that complement both its PDE Internet Devices and applications

This announcement relates to products whose launch are in the United States of America. The product names, contents, prices and availability may differ elsewhere in the world according to local factors and requirements.

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