FORMER APPLE MULTIMEDIA PIONEERS UNVEIL WEBTV; New Company Brings Internet to Television Viewers

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Body

A shared vision to bring the Internet to mainstream television consumers inspired three former Apple technologists to establish a new company: WebTV Networks, Inc. The founders -- Steve Perlman, Bruce Leak and Phil Goldman -- have combined their extensive experience in graphics, sound, video, communications, and user interface technologies to make high-quality, affordable Internet access and services available to television audiences worldwide.

"WebTV's mission is to make the Internet as comfortable and engaging for consumers as the TV itself. This means our approach must be simple, useful, and affordable," said Steve Perlman, president and CEO of WebTV Networks, Inc. "We accomplish this by working with business partners in consumer electronics, content development and communications to leverage the televisions and telephone lines, already installed in virtually every household. Fifty years ago, TV brought the world into our homes. This fall, WebTV will connect our homes to the world."

PALO ALTO, Calif., June 12

The WebTV(TM) Network is comprised of two elements which work together to provide an integrated, TV-based Internet offering:

* The WebTV Reference Design, a suite of patent-pending, standards-compliant enabling technologies and guidelines for the design of set-top boxes and integrated devices that can be priced aggressively for the consumer market;

* A subscription-based WebTV online service that makes it possible for set-top box customers to use, their televisions to easily browse existing and future Internet content, as well as communicate through electronic mail.

The first consumer electronics companies to license the WebTV Reference Design for development of set-top boxes and future products are expected to announce their intentions within the next month.

"WebTV has impressive technology, and they've developed the kind of relationships you absolutely need to get such new technology into the,

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homes of consumers," said Gene DeRose, president of Jupiter Communications, a New York-based research, consulting and publishing firm specializing in consumer online and interactive technologies. "We are very bullish on the prospects for Web-based television to create entire new categories of interactive content and commerce."

Addressing Consumer Needs Through Breakthrough Technologies

The WebTV set-top box and Internet service is targeted at millions of families who desire quick access to reference information, and are seeking new ways to learn and play together. Early applications for WebTV are expected to span a broad range of functions, from shopping and financial services to education and entertainment. WebTV products and services have been in trial throughout the U.S. for the last two months. Results from these trials, combined with extensive consumer studies and countless focus groups, have shaped WebTV's offering.

"WebTV has made it easy for consumers to browse the Web on the average TV set," said David Coursey, a widely-quoted columnist for several PC and Internet publications. "The image quality is really amazing -- I never thought a Web page could look this good on a television."

Central to WebTV's technology foundation are sophisticated image enhancement techniques that enable all types of televisions to display Web pages with unprecedented quality. Because Internet content is designed for display on computer monitors, prior attempts to display Web pages on conventional TVs -- essentially a 1940s technology -- have resulted in fuzzy, flickering images. WebTV's patent-pending digital image processing technology literally reshapes the video signal in real time, making the Internet content appear to the TV as if it had originated from a 1940s vacuum-tube TV camera. The result is an image of stunning clarity and stability. Web pages become, easy to read-even from across a living room.

The Management Team

Founded in June of 1995, WebTV Networks, Inc. has been secretly

developing its Internet TV network capabilities under the fictitious business name Artemis Research in the garage of a former automobile dealership in Palo Alto, Calif. With the guidance of its management team, the company has built an extensive portfolio of patent-pending technologies relating to its core strengths in computer graphics, digital signal processing, networking and telecommunications. Each of the founders has contributed specific expertise:

President, CEO and CTO Steve Perlman, age 35, has broad experience in video, graphics, multimedia, and communications technologies. Most recently he was co-founder and CTO at Catapult Entertainment, Inc. and previously was managing director of Advanced Products at General Magic, Inc. A principal scientist at Apple Computer, Inc. for six years, he designed much of the underlying video, graphics, and multimedia technology in Macintosh(R) computers.

Bruce Leak, COO and EVP of Engineering, has an extensive background in multimedia, graphics and operating system software. Responsible for creating Apple's 32-bit Color QuickDraw(TM) and the industry-standard QuickTime(R) multimedia software, Leak, age 32, was also the VP of Engineering at Rocket Science Games.

The third founder, Phil Goldman, serves as SVP of Engineering. Goldman, age 31, most recently was director of Communicator Products for General Magic, Inc. and prior to that worked as a key system software engineer for Apple Computer, Inc. where he created Multifinder, the heart of the Macintosh operating system.

The company is backed by a group of respected investors, including Brentwood Associates, Paul Allen's Vulcan Ventures, Marvin Davis' Davis Internet, and Asia Pacific Ventures. The Board of Directors includes Randy Komisar, president and CEO of Crystal Dynamics; Jeff Brody, Brentwood Associates; G. Kevin Doren, Vulcan Ventures; and R. Rudolph Reinfrank, Davis Internet, and WebTV's three founders.

Business and Customer Contact:

For information about WebTV technologies, products or services, contact WebTV by telephone at 415-614-5566, or by electronic mail at *pr@webtv.net. The* WebTV Networks home page is located on the World Wide

Web at: *http://webtv.net*.

NOTE: WebTV is a trademark of WebTV Networks, Inc. Macintosh and QuickTime are registered trademarks and QuickDraw is a trademark of

Apple Computer, Inc.

WebTV, please refer to the attached list. Also note that photos of the

WebTV founders and the company logo are available immediately from the Wieck Photo Database by calling 214-392-0888.

WEBTV NETWORKS, INC.
INDUSTRY ANALYST REFERENCES

The following analysts have been briefed by WebTV Networks, and are

available to contact for references on the company and its product concept:

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