

Press Release

The force behind broadband TV



ICTV

⏪ Press Releases

FOR IMMEDIATE RELEASE

June 21, 2000

**Leading Cable TV Operators, Broadband, Interactive TV and Venture Capital Firms
Invest \$87 Million in ICTV**

**ACTV, Adelphia Communications, Lauder Partners, Liberty Digital,
Motorola, OpenTV, Shaw Communications, and TV Guide Invest
Millions in Broadband Internet TV Leader**

Los Gatos, CA -- ICTV, provider of the cable industry's most robust solution for delivery of broadband Internet TV services to digital set tops, today announced an \$87 million investment by industry leaders. New investors include ACTV (NASDAQ: IATV), Adelphia (NASDAQ: ADLAC), Liberty Digital (NASDAQ: LDIG), Motorola (NYSE: MOT), OpenTV (NASDAQ: OPTV), Shaw Communications (NYSE: SJR and TSE: SJR.B), and TV Guide (NASDAQ: TVGIA). They join early stage investors Cox (NYSE: COX) and Lauder Partners. Lauder Partners increased its investment in the company as part of the round.

Seven of the eight companies are new strategic investors in ICTV. Canadian cable operator Shaw Communications and leading interactive TV company Liberty Digital led the investment group. The investment marks a strong commitment to broadband interactive TV as a major growth sector in the U.S. economy and drives ICTV to the foreground among competitors seeking to provide broadband infrastructure to the cable industry.

"ICTV has migrated their business model to one that can work on the digital platform," said Lee Masters, CEO of Liberty Digital. "Given the potentially broad penetration of thin clients as primary and secondary set top boxes, ICTV offers an important interactive television solution to the MSO."

"The ICTV system can deliver a compelling array of new interactive services to virtually all of an MSO's digital households," said Jim Brown, CFO of Adelphia Communications Corporation. "ICTV's centralized approach offers an excellent combination of advanced content delivery power, limited capital outlays and a low cost approach to technology migration. Their open systems approach is a real plus for MSOs that seek flexibility in their broadband architecture."

ICTV's strategy and products reflect a vision for broadband Interactive TV (ITV) that is tools-based and open architecture. The primary infrastructure components or "tools" of the ITV future include digital cable plant, video on demand systems, enhanced TV software, and TV-based browsers. ICTV is focused on providing just this last element, the high-speed TV browser. Whereas competing approaches attempt to run the browser in a thick cable set top (those with fast processors, more memory and built-in cable modems), ICTV has developed a system that allows the browsing experience to be delivered from the headend to any set top - thick or thin.

This has significant implications. To date, a majority of the digital cable set tops that have been installed are considered thin. While the primary thick set top terminal, Motorola's DCT-5000+, will come on line in the coming months, momentum is building around thin and mid-range set top terminal, including Motorola's DCT-2000. ICTV's solution is ideally suited to the 2000-class set top terminal, which has sufficient processing power to support enhanced TV. As MSOs deploy this set top terminal either as a primary or second-set platform, the overall market opportunity for the ICTV platform will continue to grow.

Reflecting an open systems approach, ICTV will provide integrated solutions with Motorola and OpenTV. This provides cable operators with choice, fosters innovation through flexible and creative combination of tools and allows each of the technology providers to focus on productizing their core sources of value.

To enable rapid proliferation of compelling consumer products, ICTV also takes an open approach to content and applications such as TV Guide's electronic program guide and ACTV's HyperTV Enhanced Television solution. ICTV will integrate with and support such applications but does not engage in any sort of brokering or "middleman" activity. Cable operators negotiate directly with content and applications providers.

"The cable industry is looking for new consumer products to drive cash flow on the digital platform and compete with DBS," said ICTV CEO Robert B. Clasen. "ICTV's client-server approach is optimal for cable operators to deliver compelling, differentiated services while at the same time managing their technology costs for the short and long term. Our thin set top implementation enables us to

easily integrate with industry leaders in set top applications such as TV Guide, OpenTV, and ACTV. We're enthusiastic concerning these relationships. The founders, and especially Gary Lauder of Lauder Partners, stuck with this headend approach and should be commended for seeing it through."

"Since the beginning," said Gary Lauder, Managing Partner of Lauder Partners, "we believed that headend-centric, switched interactive services deliver the best user experience while also offering the best economics for immersive ITV like web browsing. The advent of digital delivery and the emergence of the Internet as a source of more and more content has provided ICTV with the right product at the right time. Few offerings leverage cable's massive bandwidth and speed as well as this one. DBS cannot do this. Looking to the future, this mode of delivery enables cable operators to be application service providers (ASP's), so the services can expand to encompass much of today's home computing. As the cable industry moves into the broadband interactive era, we believe ICTV will play a major role as a leading telecommunications infrastructure provider."

"We are thrilled that during a severe technology stock market downturn, these companies stayed together to make this investment possible. This is a ringing endorsement of our value to the cable operator and the industry," said Bill Zerella, CFO of ICTV.

ICTV will use the proceeds from these investments to fund product development, augment service and support operations for customer deployments and expand into global markets.

About ICTV

Headquartered in the heart of California's Silicon Valley, ICTV's new digital ITV delivery platform provides cable operators with a headend-based solution that enables delivery of broadband Internet, email, and Interactive TV applications to any digital set top. Using a single standard cable channel, the ICTV system supports up to 100 simultaneous online sessions. Since hybrid fiber coax architecture allows channel reuse across nodes, the system is fully scalable and is capable of supporting delivery of broadband interactive services to all digital subscribers on a single channel for the foreseeable future. The system does not require any sort of middleware application in the set top and is compatible with all grades of MPEG2 set tops from any manufacturer. All standard Internet content and applications will work on the ICTV system - including broadband content requiring large bandwidth or advanced plug-ins. The Company has 16 issued patents and 12 patents pending. ICTV can be found on the World Wide Web at <http://www.ictv.com>.

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Company Press Release

NEW LIBERTY MEDIA UNIT, LIBERTY LIVEWIRE, & ACTV FORM GLOBAL TV/WEB CONVERGENCE VENTURE

NEW YORK, NY - April 14, 2000 - ACTV, Inc. (NASDAQ: IATV) and Liberty Livewire LLC, a unit of Liberty Media Group (NYSE: LMG.A, LMG.B), today announced the creation of a new joint marketing venture: "HyperTV[®] with Livewire." "HyperTV with Livewire" will use ACTV's patented HyperTV convergence technology to combine the emotive power of television with the interactivity of the Internet.

"HyperTV with Livewire" will provide turnkey convergence services, including application hosting, web authoring services, data management, e-commerce and other value-added services for advertisers, television programmers, studios and networks. Liberty Livewire expects to begin offering "HyperTV with Livewire" to its clients in the feature film, long-form television, television advertising, and music video production businesses.

David Beddow, Liberty Media Vice President, noted that, "While providing for the eventual deployment of advanced digital cable set-tops is an important consideration, it is also apparent that a technology is needed to jump-start the process. The next generation of digital cable set-tops will begin deploying over the next several years. In the meantime, ACTV's HyperTV platform has the potential to create a major marketplace for interactive television services right now, prior to the 'one box, one screen' platform's broad availability."

Liberty Livewire plans to initially install convergence content authoring facilities in Los Angeles and New York to complement ACTV's existing HyperTV New York facility. Liberty Livewire intends to provide a scaleable hosting infrastructure for "HyperTV with Livewire" designed to accommodate large-scale audiences.

Bruce J. Crowley, President of ACTV's HyperTV Networks

subsidiary, said, " 'HyperTV with Livewire' combines ACTV's expertise in convergence with Liberty Livewire's creative expertise and deep customer relationships with Hollywood and the advertising industry. This venture should accelerate the rate at which convergence is adopted by the most creative people in television."

William C. Samuels, ACTV's Chairman and Chief Executive Officer, believes the combination of Liberty Livewire's post-production and distribution assets with HyperTV's patented technology was a natural fit.

Samuels commented, "We've believed for some time that HyperTV had the potential to re-define interactive television as that term has come to be understood. HyperTV's ability to involve the home computer in the television viewing experience is a feature that has been overlooked by many in the industry, but millions of consumers have already taken the necessary steps to enjoy interactive television."

Bruce J. Crowley, President of ACTV's HyperTV Networks subsidiary, and Bill Airy, Vice President of Interactive Services for Liberty Livewire, will jointly oversee the activities of "HyperTV with Livewire."

ACTV, Inc. was an early pioneer in interactive television technologies. Along with its method patents on HyperTV, ACTV holds patents on technologies that allow for the seamless switching between multiple video streams in a single MPEG multiplex. The company markets those technologies to the entertainment and advertising industries under the trade names "Individualized TV" and SpotOn™.

HyperTV's method patents cover the synchronized delivery of video programming with related Web content and chat. HyperTV enables TV networks, programmers and advertisers to automatically deliver compelling interactive Web content, Web-based advertising, e-commerce, and community chat features that are synchronized to live or pre-recorded TV programming (or any other video-based content). The only requirement to make it work is to have an Internet-connected computer and a TV set located in the same room. According to recent research conducted by The Gartner Group, some 27 million households, or one out of every four TV households in the U.S., have already done just that.

As more sophisticated and powerful digital set-top box technology proliferates, and as more companies offer high-speed Internet access, ACTV anticipates that viewers will enjoy HyperTV experiences with both video and synchronized Web content and functionality delivered simultaneously to their TV or their computer



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FOR IMMEDIATE RELEASE

BROADCAST, BROADBAND AND INTERNET LEADERS INVEST IN OPENTV

America Online, General Instrument, Liberty Digital, News Corporation and Time Warner Join Sun Microsystems and MIH Limited As Investors In Interactive Television Software Leader Sun Microsystems To Increase Its Investment

MOUNTAIN VIEW, Calif, October 24, 1999 – OpenTV, the worldwide leader in digital interactive television software, today announced investment in the company by six leading broadcast, broadband and Internet companies. The backing of this consortium will open doors for OpenTV to penetrate the U.S. market, and expand the range of interactive applications available for its platform around the world.

Five of the six companies are new strategic investors and partners in OpenTV, including America Online, General Instrument Corporation, Liberty Digital, News Corporation and Time Warner. Sun Microsystems, who was a founding shareholder in OpenTV in 1994, has increased its shareholding as part of this deal. The investment group of six companies, coordinated by Liberty Digital, has purchased \$31.25 million of Convertible Preferred Equity. MIH Limited remains the majority shareholder in OpenTV.

"We have proven our capability to host interactive television applications and generate revenues throughout Europe and other parts of the world," said Jan Steenkamp, CEO of OpenTV. "Now we are joining with these industry leaders to enhance our worldwide position and bring digital interactive television to the U.S."

OpenTV will use the proceeds from these investments to fund the development of its growing applications business, which will help networks provide enhanced programming, personal communications services, "t-commerce" (e-commerce on TV), interactive advertising, and more. In addition, OpenTV will continue the development of its set-top box software business and expand its worldwide sales and marketing efforts.

About OpenTV

OpenTV is the worldwide leader in interactive television software for the digital set-top box providing a complete end-to-end solution for the development and delivery of interactive services via digital satellite, cable, and terrestrial broadcast. OpenTV set-top box software has been shipped with, or installed in, more than 4.3 million digital set-top boxes worldwide. To date, OpenTV software solutions have been deployed

by 13 television networks worldwide, including British Sky Broadcasting (BSkyB) in the United Kingdom and TPS in France. EchoStar's DISH Network™ is scheduled to launch interactive services utilizing OpenTV software in the U.S. early next year.

OpenTV is a registered trademark of OpenTV, Inc. All rights reserved. Java and all Java-based trademarks and logos are trademarks or registered trademarks of Sun Microsystems, Inc. in the U.S. and other countries. All other trademarks are the property of their respective owners.

The OpenTV set-top box software is licensed to more than 20 digital set-top box manufacturers, and OpenTV's authoring tools are licensed to more than 100 independent developers and content and service providers. OpenTV is a member of the Digital Video Broadcasting (DVB) project, CableLabs OpenCable initiative, ATSC DASE, and JavaTV. OpenTV is a licensee of Personal Java™ from Sun Microsystems (NASDAQ:SUNW).

OpenTV is now supported by investments from seven leading Internet and broadcast companies including America Online (NYSE: AOL), General Instrument (NYSE: GIC), Liberty Digital (NASDAQ: LDIG), News Corporation (NYSE: NWS) and Time Warner (NYSE: TWX) in addition to Sun Microsystems and MIH Limited (NASDAQ: MIHL).

Worldwide headquarters for OpenTV is located in Mountain View, California, with European operations in Paris, France and offices in Seoul, South Korea and Beijing, China. Information on OpenTV is available at www.opentv.com.

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Briefs

The direct-broadcast satellite industry is stepping up the promotional pressure this summer with new offers designed to take subscribers away from cable.

EchoStar Communications Corp. earlier this month began a "Dish Network Rewards Refer-a-Friend" promotion, which gives current subscribers up to \$100 in free programming if they convince a friend or two to switch to the DBS service.

Cable is not standing still. AT&T Broadband, for one, has been offering \$200 in free programming for Denver-area satellite customers who switch back. Dish is devoting one of its own on-air channels to promoting the offer 24 hours per day, recommending that subscribers pitch the company's new "Digital Dynamite" lease model to their friends and relatives.

The company also hopes current customers will help to spread the word about Dish's free premium-movie promotion, which offers new customers who take expanded programming packages three free months of three premium-movie plexes.

Refer-a-Friend information is

past.

The Pegasus promotion runs through December. The company plans to start an ad campaign in support of the promotion soon, and it will also supply its dealers with in-store point-of-purchase materials.

DirecTV itself plans to keep up the promotional heat through the second half of the year, CEO Eddy Hartenstein said two weeks ago in a call with analysts.

The company currently supports a discounted installation offer at retail, and it plans to introduce a promotion tied to its popular "NFL Sunday Ticket" National Football League package early next month.

Although no details were given for the remainder of the year, the company is likely to bring back some variation of free programming and free installation offers that have been successful in the past.

DirecTV is also close to naming a new agency for its general-market advertising account. The short list has been narrowed down to Deutsch Advertising, D'Arcy Masius Benton & Bowles and San Francisco-based GMO, spokesman Robert Mercer said. **MCM**

The company would not disclose the amount of Liberty's investment. But a spokeswoman said RespondTV has raised \$29 million through its latest round of financing.

Recent investors also include AT&T Corp., Comcast Corp., GE Capital Corp., Showtime Networks Inc., Tribune Media Ventures and United Television Inc.

Liberty has invested in several interactive-television players, including ACTV Inc., ICTV Inc., OpenTV Corp., ReplayTV Inc. and TiVo Inc.

ENGLEWOOD, COLO. — Crown Media Holdings Inc. and German media company EM.TV & Merchandising AG said last Wednesday that Crown would exchange 5.4 million shares (8.2 percent) of its stock for EM.TV's stakes in Odyssey and The Kermit Channel. The deal was valued at \$89 million.

The two companies also agreed to create a branded block

SAN FRANCISCO — Enhanced-TV vendor **RespondTV Inc.** said last Wednesday that Liberty Digital Inc. made an investment in the company.

The company would not disclose the amount of Liberty's investment. But a spokeswoman said RespondTV has raised \$29 million through its latest round of financing.

Recent investors also include AT&T Corp., Comcast Corp., GE Capital Corp., Showtime Networks Inc., Tribune Media Ventures and United Television Inc.

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The two companies also agreed to create a branded block

of programming to air on Odyssey, Crown's U.S. cable network. EM.TV acquired 22.5 percent of Odyssey and 50 percent of Kermit, a pay TV channel in Asia, when it bought The Jim Henson Co. in February.

PRINCETON, N.J. — RCN Corp. passed the first major hurdle toward a franchise for San Francisco last week. The public utilities and deregulation subcommittee of the Board of Supervisors unanimously approved a plan for a 15-year franchise for the potential overbuilder.

RCN would compete directly with AT&T Broadband, which has been criticized for failing to swiftly upgrade the system it acquired from Viacom Cable.

RCN vowed to overbuild 91 percent of the city within the first eight years of existence.

Also last week, RCN gained approval to serve the Bergen County, N.J., community of Cliffside Park, adding to a cluster that includes nearby Bayonne, Hoboken and Jersey City in Hudson County. Another Hudson County franchise was approved in Guttenberg.

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of the St. Louis...
five other systems, with plans

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EXCITE@HOME AND LIBERATE TECHNOLOGIES TO ADVANCE INTERACTIVE TV TECHNOLOGIES AND SOLUTIONS

Excite@Home to be Part of Liberate's New PopTV Program

Redwood City, CA and San Carlos, CA (December 15, 1999) - Excite@Home and Liberate Technologies (Nasdaq: LBRT) announced today a strategic relationship to advance interactive television technologies and applications. Excite@Home and Liberate will leverage their complimentary strengths and leadership positions by working together to co-develop applications and services optimized for interactive television.

Enhanced television services will be supported on set-top boxes currently being deployed by the cable industry. Excite@Home and Liberate have been cooperating since the dawn of Interactive TV on the development of advanced TV services, such as TV Mail. These services will require the development and integration of application software and server technologies, and will be delivered and managed through broadband cable networks.

Liberate will provide the Liberate TV Navigator[®] client software and Liberate Connect[®] server software, which includes advanced set-top client software and network-based server technologies, and Excite@Home will focus on delivering advanced television services, content and client and web-based applications delivered through the world's most advanced broadband network. Both companies will work in partnership with the cable operators to deliver these integrated digital video and broadband interactive services to consumers.

Excite@Home already serves a rapidly growing cable modem subscriber base of over one million households, and numerous cable operators in North America already have an exclusive partnership with Excite@Home in the delivery of broadband data services using cable modems. Cable operators worldwide have chosen the Liberate platform for their advanced set-top box client software and server technologies.

Exemplifying this cooperative relationship, Excite@Home is a first round member of Liberate's PopTV Program[®], launched at the Western Cable Show. The PopTV Program is a developer and technology partner program designed to help bring complete interactive TV offerings to market sooner by providing end-to-end solutions. Rallying the necessary content, application and hardware vendors, Liberate will offer its network operator customers a simplified yet total solution that includes content, delivery and back-end components. Excite@Home will join other program members to work toward a reduced time-to-market and lower integration costs for enhanced TV solutions.

"We're pleased that Liberate and Excite@Home have been able to forge such a productive and cooperative relationship on the development of advanced TV solutions," said Adam Grosser, President Excite@Home Subscriber Services. "By keeping focused on what it is we do best, Excite@Home will be able to do for the television viewers what we've already done for cable modem subscribers who can now use their personal computers to access media-rich content, new applications and broadband services through the Web."

"Our mission at Liberate is to provide a solid software platform that will enable the adoption of a whole host of new information and entertainment services across a range of set top boxes and server infrastructure," said Charlie Tritschler, vice president, marketing, Liberate Technologies. "Our work with Excite@Home and the relationship we've announced today underscores the importance of cooperation between solution providers in order to fuel the enhanced TV market. Ensuring customers that Excite@Home's enhanced services and applications are optimized for the Liberate platform will mean a powerful choice for cable operators and a better experience for their customers."

About Excite@Home

Excite@Home (Nasdaq:ATHM) is a global media company offering media services through Excite (www.excite.com) and broadband subscription services through @Home (www.home.com) and @Work (www.work.home.net). MatchLogic (www.matchlogic.com) offers marketers industry leading digital advertising capabilities including rich media production, ad and email services, user profiling and targeting and database analysis and management all integrated into a complete solutions package. The company has a worldwide footprint of 72 million cable homes to deliver on its vision of bringing personalized content to consumers "All Band, All Device, All the Time." For more investor information about Excite@Home, please call our

<http://press.liberate.com/archives/1999/121599a.html>

stockholder services hotline at 1.888.924.9248.

About Liberate Technologies

Liberate Technologies (Nasdaq: LBRT) is a leading provider of a complete software platform for delivering Internet-enhanced content and applications to information appliances, such as television set-top boxes and game consoles. Liberate's Internet-based client and server software allows network operators, such as telecommunications companies, cable and satellite television operators and Internet service providers to provide consumers access to network operator-branded applications and services. Headquartered in San Carlos, California, the company has sales offices in the U.S. and the U.K.

Investors in Liberate include: Acer, America Online, Comcast, Cox Communications, General Instrument, Hambrecht & Quist, Lucent Technologies, MediaOne, Netscape, Nintendo, Oracle, Rogers Communications, Sega, Shaw Communications, Sony, and Sun Microsystems.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act 1995: Information in this release that involves Liberate Technologies' expectations, beliefs, hopes, plans, intentions or strategies regarding the future are forward-looking statements that involve risks and uncertainties. All forward-looking statements included in this release are based upon information available to Liberate Technologies as of the date of the release, and we assume no obligation to update any such forward-looking statement. These statements are not guarantees of future performance, and actual results could differ materially from our current expectations. Factors that could cause or contribute to such differences or risks associated with our business are discussed in the Company's registration statement on Form S-1 declared effective by the Securities and Exchange Commission ("SEC") on July 27, 1999, and in the other reports filed from time to time with the SEC.

Excite@Home, @Home, and the @ logo are trademarks of the AtHome Corporation and may be registered in certain jurisdictions. All other brands and products are trademarks of their respective companies.

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Company Press Release

ACTV, INC. & LIBERATE TECHNOLOGIES TO BRING POWERFUL NEW FUNCTIONALITY TO INTERACTIVE TV

NEW YORK, NY and SAN CARLOS, CA - May 8, 2000 - Liberate Technologies (NASDAQ: LBRT) and ACTV, Inc. (NASDAQ: IATV) today announced that the companies are working together through the Liberate PopTV™ Program to enable ACTV's applications for interactive digital TV and Enhanced TV to run on top of Liberate's leading interactive TV software platform.

ACTV is commercializing patented, software-based technologies known as Individualized TV and HyperTV®. ACTV will focus on making Individualized TV compatible with Liberate TV Navigator™. ACTV's Individualized TV enables viewers to instantly and seamlessly customize their viewing experiences. Using a standard digital set-top box and remote control, a viewer can switch between the regular network programming feed and a multitude of personal options and features. ACTV's Individualized TV software, which is a component of the set-top box in the home, remembers viewer commands and responses to on-screen prompts, enabling an unlimited number of viewers to individually-tailor the program or advertising they are watching.

"ACTV's applications can enhance a wide array of TV genres, such as sports, news, children's programming, game shows, and advertising," said Dave Limp, SVP of corporate development, Liberate Technologies. "We're glad to extend our portfolio of leading applications for interactive and Enhanced TV with a time-proven leader in our industry."

"Liberate has played a major role in making the wide-scale deployment of interactive and Enhanced TV a reality," said William C. Samuels, Chairman and CEO, ACTV Inc. "We're very pleased to partner with Liberate to bring to market the full potential of digital TV -

- driven by compelling content and innovative new services that can mutually benefit consumers, advertisers and our colleagues in the TV industry.”

For example, with ACTV's Individualized TV capabilities: prior to a car commercial, viewers can be asked to identify the models that most interest them and, based upon their answers, provide individualized information about the identified models; neighbors watching the same TV program can see entirely different advertisements based upon demographic information stored in their respective set-top boxes; the viewer of a national or international pay-per-view sporting event can select from features such as a different view of the action, video highlight packages, in-depth statistics or instant replays on demand; and a child viewing a program can engage a favorite television character in what seems to be a one-to-one dialogue.

Liberate TV Navigator is part of the Liberate TV Platform™, which includes a full range of client and server software products, tools and applications. Using open Internet and international broadcast standards, Liberate TV Navigator combines the best of both the Internet and television into one compelling, interactive medium -- Enhanced TV. The Liberate platform enables network operators and content providers to incorporate their own branded “look and feel.”

ABOUT LIBERATE

Liberate Technologies is a leading provider of a complete software platform for delivering Internet-enhanced content and applications to information appliances, such as television set-top boxes and game consoles. Liberate's Internet-based client and server software allows network operators, such as telecommunications companies, cable and satellite television operators, and Internet service providers, to provide consumers access to network operator-branded applications and services. Headquartered in San Carlos, California, the company has sales offices in the U.S., Canada and the U.K.

Early investors in Liberate include Acer, America Online, Comcast, Cox Communications, General Instrument, Hambrecht & Quist, Lucent Technologies, MediaOne, Netscape, Nintendo, Oracle, Rogers Communications, Sega, Shaw Communications, Sony, and Sun Microsystems.

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ABOUT ACTV, INC.

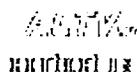
ACTV, Inc. (NASDAQ: IATV), with headquarters in New York City, has pioneered Enhanced TV programming with its patented HyperTV® software solution. The company also created interactive One to One digital television and One To One Television Advertising™ with its proprietary Individualized TV software and SpotOn™ advertising services. ACTV offers superior, practical solutions for television programmers, advertisers, cable operators, educators and consumers looking to leverage the emergence of digital television and the broadband delivery infrastructure.

ACTV has relationships with many of the dominant players in the Internet, television and digital technology fields, including key strategic relationships with Liberty Livewire LLC, Liberty Digital, Inc. (NASDAQ: LDIG) and Motorola's (NYSE: MOT) Broadband Communications Sector. For more information, visit ACTV's Web site at <http://www.actv.com> or visit <http://www.hypertv.com>.

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ACTV, INC.



Company Press Release

TBS SUPERSTATION & HYPERTV WITH LIVEWIRE TO OFFER FIRST REGULARLY SCHEDULED, ENHANCED TV PROGRAMMING BLOCK

**Every Wednesday Night, Three Consecutive Hours of
Enhanced TV for RIPLEY'S BELIEVE IT OR NOT!® and WCW
THUNDER,
Powered by HyperTV®**

ATLANTA, GA and NEW YORK, NY -- June 14, 2000 -- TBS Superstation and HyperTV with Livewire today announced that they will offer the first regularly scheduled, weekly programming block of enhanced TV convergence programming. TBS Superstation is cable's most-watched network, reaching 79.1 million households. HyperTV with Livewire is a joint venture between ACTV's (Nasdaq: IATV) HyperTV Networks and Liberty Livewire Corporation (Nasdaq: LWIRA).

Utilizing ACTV's HyperTV software, TBSsuperstation.com will deliver three consecutive hours of synchronized, real-time web-based activities, every Wednesday night from 8:00 PM - 11:00 PM (ET/PT), to enhance the network's airings of RIPLEY'S BELIEVE IT OR NOT! ® and WCW THUNDER. Additional details regarding the launch will be announced shortly.

RIPLEY'S BELIEVE IT OR NOT! ®, hosted by Dean Cain, currently airs Wednesdays at 8:00 PM (ET/PT), exclusively on TBS Superstation. Its premiere episodes rank it as basic cable's top series for the year to date among key adult demos (excluding sports), delivering an average of 1,772,000 adults 18-49 and 1,650,000 adults 25-54 during its first 10 episodes. When the series premiered on Wednesday, Jan. 12, it earned a 3.3 rating and delivered a record-breaking 2.6 million households, basic cable's largest household audience ever for an original series premiere (excluding sports). RIPLEY'S BELIEVE IT OR NOT! ® is followed

each week by TBS Superstation's signature wrestling program, WCW THUNDER, which airs Wednesdays at 9:00 PM (ET/PT).

"Based on our experience with past enhanced TV events, including TBS Superstation's Cyber Bond event, we know there is a substantial audience that wants to interact with their favorite TV programs," said Constance Barkley-Lewis, senior vice president of marketing for TBS Superstation. "We believe that this will be a powerful entertainment vehicle that strengthens our relationship with our viewers, offers new opportunities to our sponsors and advertisers, and better leverages the Web to reinforce our brand. HyperTV with Livewire is solely focused on delivering high quality enhanced TV content to large-scale audiences. We couldn't imagine undertaking this exciting new programming venture with anyone else."

Bruce J. Crowley, president of ACTV's HyperTV Networks, said: "We're thrilled to expand our relationship with Turner. TBS Superstation's Wednesday night block is among the highest rated cable programming on TV today. Both RIPLEY'S BELIEVE IT OR NOT! ® and WCW THUNDER appeal to a targeted demographic of viewers that are regularly creating their own convergence experiences. We believe this will be appointment programming for a significant audience that will offer new and exciting opportunities for viewers, the network, its sponsors and advertisers, while expanding the leading role of HyperTV in the convergence marketplace."

Bill Airy, vice president of Liberty Livewire Corporation's Interactive Services Division, said: "TBS Superstation is breaking new ground with its enhanced Wednesday night primetime lineup. Liberty Livewire Corporation is proud and pleased to be able to support this cutting-edge effort with our state-of-the-art hosting and distribution services."

To participate, viewers log-on to TBSsuperstation.com, register, and download the free HyperTV software plug-in. Viewers will receive and be able to interact, free of charge, with exclusive show-related Web content whose automated delivery will be synchronized to correspond with RIPLEY'S BELIEVE IT OR NOT! ® and WCW THUNDER as they air on TBS Superstation. In addition, viewers will be able to chat online with other viewers nationwide during the programs, and have the ability to purchase merchandise and participate in other real-time, online initiatives.

Viewers only need to have a television set with access to TBS Superstation via cable or satellite, and a computer with an Internet connection (minimum 28.8) located in the same room to enjoy the complete HyperTV experience.

According to a survey released in June 2000 by Dataquest, a unit of

Gartner Group, 44 million individuals in the U.S. watch TV and simultaneously surf the Web. By the beginning of 2001, the number is projected to reach 52 million U.S. consumers, up from 27 million consumers in 1999.

HyperTV with Livewire enables TV networks, programmers and advertisers to automatically deliver compelling interactive Web content, Web-based advertising, e-commerce, and community chat features that are synchronized to live or pre-recorded TV programming (or any other video-based content). The only requirement to experience a HyperTV event is to have an Internet-connected computer and a TV set located in the same room.

About TBS Superstation

TBS Superstation is the TV Haven for the Regular Guy. Turner Broadcasting System, Inc.'s flagship entertainment network, the Superstation reaches 79.1 million households and is cable's most-watched network, a position it has held for 23 consecutive years. TBS Superstation offers high-profile original movies and series, blockbuster movies, popular series and sports, all reflecting the attitudes, tastes, values and beliefs of the Regular Guy and the people in his life. The Superstation's Web site is located at TBSsuperstation.com.

About HyperTV with Livewire

HyperTV with Livewire provides turnkey convergence services, including application hosting, web authoring services, data management, e-commerce and other value-added services for advertisers, television programmers, studios and networks. The venture combines ACTV's patented convergence technologies with Liberty Livewire Corporation's worldwide leadership position in providing creative, post-production, and web hosting services to the entertainment and advertising industries.

About ACTV, Inc.

ACTV, Inc. (Nasdaq: IATV), with headquarters in New York City, pioneered Enhanced TV programming with its patented HyperTV® software solution. The company also created interactive one-to-one digital television with its proprietary One To One TV™ software and programming capabilities. ACTV offers superior, practical solutions for television programmers, advertisers, cable operators, educators and consumers looking to leverage the emergence of digital television and the broadband delivery infrastructure.

ACTV has relationships with many of the dominant players in the Internet, television and digital technology fields, including key

strategic relationships with Liberty Digital, Inc. (Nasdaq: LDIG), Motorola's (NYSE: MOT) Broadband Communications Sector, Liberty Livewire Corporation (Nasdaq: LWIRA), and OpenTV (Nasdaq and AEX: OPTV). For more information, visit ACTV's Web site at <http://www.actv.com> or <http://www.hypertv.com>.

About Liberty Livewire Corporation

Liberty Livewire Corporation (Nasdaq: LWIRA), with headquarters in Los Angeles, provides a wide range of audio and video post-production services to worldwide clients in the feature film, television, and advertising industries. Liberty Livewire has facilities located in Los Angeles, New York, London, San Francisco, Atlanta, Singapore, Madrid, and Munich. The company also plans to develop interactive television programming and advertising through its joint venture with ACTV's (Nasdaq: IATV) HyperTV® Networks subsidiary.

Liberty Livewire Corporation is a subsidiary of Liberty Media Corporation (NYSE: LMG.A), a subsidiary of AT&T Corporation (NYSE: T).

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Devaluing the Internet: "Killing the Goose that Laid the Golden Egg?"

Summary: TPG cautions investors that conventional wisdom incorrectly believes the government's "hands off the Internet" policy actually promotes its growth. That's overly simplistic. TPG believes **the lack of a vigilant national Internet/broadband policy is actually threatening to devalue the Internet** and risks "killing the goose that laid the golden egg." Industry lobbying has effectively undermined long-standing bipartisan policy that has fostered growth, competition, consumer choice, and innovation of the Internet. Specifically, the current state of schizophrenic infrastructure regulation (telecom vs cable) is leading to a breakdown of what makes the Internet valuable. For local telcos, the FCC has a hyper-regulatory policy, micromanaging most prices and product terms to achieve predetermined market outcomes. For cable operators, the FCC effectively has a "trust and don't verify" policy where even contemplating regulatory enforcement is taboo. Essentially, the FCC tacitly has picked cable technology as its broadband winner. However, exclusively encouraging cable deployment neglects the big picture: development of a BALANCED national broadband policy to ENHANCE THE VALUE of the Internet OVERALL. **The Internet is more valuable than the sum of its parts.** Policy neglect and industry-fueled partisanship devalues the Internet through fragmentation, cartelization, and politicization.

What's the Origin of the Internet's Value? The Internet has been a public commons that **no one owns**, but everyone can use freely. The Internet is **not the physical infrastructure**, but the **virtual world of communications and e-commerce** that rides on top of the various technologies. It's a collection of universal communications protocols, open network rules, and cooperative agreements. While largely unregulated and free of government micromanagement, the Internet is not a law enforcement-free zone as many imply. **The Internet is a fragile network and market dependent on government stewardship to protect the "public" attributes that make it so valuable.** AOL, Yahoo, E-Bay, Amazon, ISPs and dot.coms simply would not exist in their current form, if not for the government's long-standing, bipartisan, national policy. That policy promoted growth, competition, consumer choice, and innovation by ensuring: (a) nondiscriminatory access to the network; (b) open network architecture; (c) cheap online usage; (d) commercial development; and (e) minimal regulation.

What Makes the Internet Valuable? Why is the Internet the proverbial "goose that laid the golden egg?" (1) The Internet is **interconnected** – it brings everyone together. Metcalfe's Law says the value of a network increases exponentially with

the number of users connected to it. (2) The Internet is **interoperable**; it integrates otherwise incompatible technologies fueling phenomenal increases in productivity, convenience, and efficiency. (3) With few barriers to entry, the Internet **allows easy competitive entry** for new businesses; it's an open, competitive, high-growth marketplace. (4) The Internet is an **engine of growth and innovation**. It enables new business models and ways of doing business by decentralizing control of the network and empowering end users. (5) The Internet **increases consumer choice** and decreases suppliers' control over markets. In sum, these extraordinary Internet synergies, efficiencies, and network effects make **the Internet overall worth more than the breakup sum of its parts.**

The Devaluing of the Internet: The FCC's shift toward a "hands off" policy has eroded the "public" value of the Internet, and incited a corporate tug-of-war over the "goose that laid the golden egg." The risk is that this tug-of-war for corporate control of the Internet's *public attributes* could cripple or kill the proverbial "goose" so it cannot lay any more "golden eggs." (1) **Fragmentation:** Rather than ensuring the Internet grows in value by fostering interconnection and interoperability (sections 251a and 256 of the 1996 Telecom Act), a neglectful "hands off" government policy devalues the Internet. The government is allowing cable, the leading residential broadband facility going forward, to disconnect competitors from their underlying Internet infrastructure and to maintain proprietary "telecom" standards when every other telecom carrier must be interoperable by law. By not even bothering to ask whether cable broadband is a "telecom" common carrier service as the Ninth Circuit recently ruled, the FCC unwittingly has added to the investment uncertainty. (2) **Cartelization:** Rather than ensuring the Internet remains open and competitive, the FCC has acquiesced to cable's market power, permitted cable to erect multiple barriers to competitive entry, and tacitly promoted cable's first-mover advantage in a market where there is virtually no after-market customer switching. And four years after passage of the Telecom Act, which required "competitive availability of navigation devices" and telecom "interconnectivity," those procompetitive interoperability mandates have been unenforced by the FCC. (3) **Politicization:** After decades of bipartisanship promoting competition and innovation through open networks, industry has successfully driven a partisan wedge in Internet policy by making the government out to be the Internet "boogiemanager." A ridiculous charge given that the government developed, subsidized and commercialized the Internet and has a long suckled its growth through subsidies and minimal regulation.**

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PRESS RELEASE— Jul 20 2000

NET PERCEPTIONS AND ACTV, INC. TO ENHANCE INTERACTIVE TELEVISION AND ADVERTISING SERVICES

Net Perceptions and ACTV Pioneer Use of 1:1 Personalization for Television

Minneapolis and New York – July 20, 2000 – Net Perceptions (Nasdaq: NETP), a leading supplier of realtime, enterprise-wide personalization and precision marketing software and services, and ACTV, Inc. (Nasdaq: IATV), a leading digital media company commercializing proprietary technologies for interactive digital TV and Enhanced TV, today announced an agreement that will bring Net Perceptions' 1:1 personalization capabilities to the television landscape.

ACTV's Digital ADCO, Inc. subsidiary will integrate the Net Perceptions for E-Commerce and Net Perceptions Intelligence products into its SpotOn™ digital TV addressable advertising service. ACTV also plans to integrate Net Perceptions' products into its One To One TV™ digital TV programming capabilities.

Initially, ACTV will use Net Perceptions' personalization software to enhance SpotOn, a new service that offers advertisers the ability to deliver targeted TV ads to those individuals most likely to be interested in their products. ACTV will use Net Perceptions' technology in a manner similar to many online and offline marketers, e.g. "Thanks for purchasing your new compact disc.... Other people who enjoy that artist, also enjoy ...". For example, when SpotOn delivers a TV commercial for diapers to a targeted household, the Net Perceptions technology will enable SpotOn to immediately extend the advertiser's relationship with the consumer by making complementary offers for related products and promotions.

"Combining ACTV's and Net Perceptions' capabilities will help fully realize the investment in the digital TV and broadband infrastructure that the cable and satellite industries have made during the past few years," said Steve Larsen, Net Perceptions' senior vice president.

"With the addition of our technology, ACTV's clients will have a service that almost intuitively understands and delivers programming and advertising that will be most relevant to the consumer. With the myriad of programs and advertising currently available, this represents an extremely valuable service to the TV and advertising industries, and ultimately, to the consumer. We're excited to be aligned with an industry leader like ACTV to introduce our technology to television."

Said Gary Arlen, president, Arlen Communications, Inc., a Bethesda, Maryland, research firm, "The Net Perceptions- ACTV agreement fulfills the long-promised dream of personal television services. The combined expertise gives TV viewers a truly personalized programming, promotional and commerce experience -- a great formula for advancing the digital TV industry. The collaboration of these two companies opens the door for even more interactive services, tailored to individual viewing and transaction patterns."

"The unique ability of Net Perceptions' technologies to know, act, and report on an individual's preferences -- working in conjunction with the system technologies that are at the core of SpotOn -- will be a valuable addition to ACTV's industry-leading services and to the entire interactive TV sector," said Kevin Liga, Chief Technology Officer of ACTV, Inc. and iCEO of Digital ADCO. "We are thrilled to be working with Net Perceptions to be the first company to bring these capabilities to TV."

SpotOn is the only comprehensive, software-based and TV-centric system that enables the delivery and accounting of highly targeted and interactive advertising via digital cable, digital satellite, and digital broadcast television. SpotOn allows viewers to choose and interact with commercials; it empowers advertisers to deliver commercials to households most likely to respond to them (based on demographic or household-specific profiles); and it allows TV network operators to generate new TV commerce revenues.

SpotOn is expected to be compatible with all of the leading digital interactive platforms and digital set-top terminals. SpotOn services will be provided to MSOs, cable and satellite system providers, advertising interconnects, broadcast and cable television networks and programmers, and leading consumer product advertisers, advertising agencies, and media buyers.

Net Perceptions for E-commerce interacts with customers much like a company's best sales representative would. Working one-to-one in real-time, it gets to know an individual customer's wants, needs and

preferences, then makes specific recommendations to each individual customer based on that knowledge. In addition, the technology keeps learning more about each customer, and dynamically pools that knowledge with relevant learnings from other customers to make ever-smarter recommendations.

Net Perceptions Intelligence is a software program that collects and analyzes a wide array of retail data to help determine the most effective approach for promotional advertising. It identifies which featured items increased profits most; which ads drove traffic to stores; and which advertised items generated the greatest movement of higher-margin, non-advertised merchandise.

ABOUT ACTV, INC.

ACTV, Inc. (Nasdaq: IATV), with headquarters in New York City, pioneered Enhanced TV programming with its patented HyperTV® software solution. The company also created interactive one-to-one digital television with its proprietary One To One TV™ software and programming capabilities.

ACTV has relationships with many of the dominant players in the Internet, television and digital technology fields, including key strategic relationships with Liberty Digital, Inc. (Nasdaq: LDIG), Motorola's (NYSE: MOT) Broadband Communications Sector, Liberty Livewire Corporation (Nasdaq: LWIRA), and OpenTV (Nasdaq and AEX: OPTV). For more information, visit ACTV's Web site at [http:// www.actv.com](http://www.actv.com) or visit <http://www.hypertv.com>.

ABOUT DIGITAL ADCO, INC.

ACTV, Inc. (Nasdaq: IATV) created its Digital ADCO subsidiary in late 1999 with Motorola's (NYSE: MOT) Broadband Communications Sector to redefine and revolutionize traditional TV advertising. Digital ADCO's SpotOn service is founded on an array of system technologies, including ACTV's One to One TV™ software and Motorola's digital interactive platform.

ACTV, OpenTV (Nasdaq and AEX: OPTV) and Motorola Broadband Communications Sector announced in May 2000 plans to create a new subsidiary, named Digital ADCO International, for the worldwide deployment of SpotOn. According to the letter of intent, OpenTV will invest in Digital ADCO, Inc. and assist in porting ACTV's One to One TV™ software application (formerly "Individualized TV") onto OpenTV's

operating system, which has an installed base of more than 7.8 million digital set-top boxes worldwide.

ABOUT NET PERCEPTIONS

Net Perceptions is a leading provider of personalization and precision software solutions. Net Perceptions' software is designed to drive the earnings and revenues of its customers through a better understanding of its customers, employees and products, enabling businesses to optimize information and product assortments, prices and inventories and to offer the right product to the right customer at the right price. Net Perceptions' customers include many of the world's best-known brands including: Bertelsmann, CDNOW, The Children's Place, Egghead.com, Procter & Gamble, eToys.com, Fingerhut, Hudson's Bay Company, J.C. Penney, Tower Records, Walgreens and Williams-Sonoma,. The company has offices in Minneapolis; San Francisco; New York; Austin, Texas; Richardson, Texas; Berkshire, U.K.; Hong Kong; Singapore; Frankfurt, Germany and a joint venture operation in Japan. For more information about Net Perceptions products visit <http://www.netperceptions.com> or call 800-466-0711.

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Net Perceptions is a registered trademark of Net Perceptions. All other trademarks are the property of their respective owners.

This news release contains forward-looking statements that involve a number of risks and uncertainties. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are the company's limited operating history, delays in product development, development of the Internet market, changes in product pricing policies, competitive pressures, and the risk factors detailed from time to time in the company's periodic reports and registration statements filed with the Securities and Exchange Commission.

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1997 (the "Amended AT&T Broadband Contribution Agreement"), to provide, among other things, for AT&T Broadband to deliver, or cause certain of its subsidiaries to deliver, in lieu of AT&T Broadband's obligation to cause its affiliates to make contributions to Liberty Digital under the Amended AT&T Broadband Contribution Agreement, to Liberty Digital payments aggregating \$18 million, increased annually by the percentage increase, if any, in the CPI for the prior year, for a term of 20 years. Payments made by AT&T Broadband under the Contribution Agreement were approximately \$19.6 million in fiscal 1999.

Liberty Contribution Agreement. On September 9, 1999, pursuant to an agreement (the "Contribution Agreement"), Liberty contributed to the Company all of the outstanding stock of its wholly owned subsidiaries that were formed solely to hold some of Liberty's investments in interactive programming and content related assets (the "Contributed Subsidiaries"). In addition, Liberty assigned to the Company certain of its rights under an access agreement ("Access Agreement") between Liberty and AT&T entered into in connection with the AT&T merger regarding the provision of certain interactive video services over the cable television systems of AT&T and its controlled affiliates (the "AT&T Systems"). The Access Agreement establishes a framework to negotiate definitive agreements for digital channel capacity on the AT&T Systems equal to one six-megahertz channel (which, under current digital compression technology, will enable carriage of between 12 and 15 video channels) to be used for interactive, category specific channels providing entertainment, information and merchandise programming, subject to certain conditions ("Interactive Video Services"). In connection with the Contribution Agreement, the Board of Directors of Liberty adopted a policy that the Company will be the primary (but not exclusive) vehicle for the pursuit of corporate opportunities relating to interactive programming and content related services in the United States and Canada, subject to certain limitations. Liberty also contributed to the Company a combination of cash and notes payable to Liberty or one or more of its affiliates (which notes were assigned to Liberty prior to the closing of the transactions under the Contribution Agreement) by the Contributed Subsidiaries and the Company equal to \$150.0 million. Cash contributed retroactive to March 1, 1999 was \$121.3 million, net of notes payable assumed by Liberty. In addition, the Company adopted a Deferred Compensation and Stock Appreciation Rights Plan and entered into Deferred Compensation and Stock Appreciation Rights Agreements with Lee Masters, a director, President and Chief Executive Officer of the Company and Bruce W. Ravenel, then a director and Executive Vice President of the Company. The Deferred Compensation and Stock Appreciation Rights Plan is comprised of a deferred compensation component and stock appreciation rights. The deferred compensation component provides Messrs. Masters and Ravenel with the right to receive the appreciation in the Series A Common Stock (as reflected by its market price) over \$2.46 per share up to \$19.125; and the stock appreciation rights provide them with the appreciation in the market price of the Series A Common Stock above \$19.125. In consideration of the foregoing, the Company issued to Liberty (1) 109,450,167 shares of Series B Common Stock and (2) 150,000 shares of Series B Preferred Stock having an initial liquidation aggregate preference of \$150.0 million.

Affiliation Agreement. In connection with the Company's acquisition of DMX, effective as of July 1, 1997, DMX and Satellite Services, Inc. ("SSI"), a subsidiary of AT&T Broadband, entered into an Affiliation Agreement (the "Affiliation Agreement") pursuant to which DMX granted to SSI and certain of its affiliates the non-exclusive right to distribute and subdistribute the DMX Service to commercial and residential cable customers for a 10 year period in exchange for licensing fees paid by SSI to DMX.

Under the Affiliation Agreement, SSI will pay an annual fee to DMX of \$8.5 million for the initial three years, subject to adjustment annually (beginning July 1, 1998) by the percentage change in the CPI for the prior year and for changes in the number of subscribers as a result of divestiture or acquisition of cable systems. During the fourth through tenth years of the term of the Affiliation Agreement, the annual fee will be further adjusted on a monthly basis upward or downward, as the case may be, based on an increasing percentage of the increase or decrease in the actual number of subscribers above or below a specified number of residential and commercial subscribers, provided that such fees cannot be reduced below a specified minimum license fee, which minimum fee

except that the foregoing will not apply to:

- o any of the foregoing approved by the Liberty board by the affirmative vote described under "--Liberty Organizational Documents" above;

(continued)

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- o AT&T's issuance or sale of its own securities, other than indebtedness secured by any direct or indirect equity interest of AT&T in Liberty and other than any security convertible into or exercisable or exchangeable for, or any derivative instrument whose value is based on, any direct or indirect equity interest of AT&T in Liberty; or
- o AT&T's participation in any merger, consolidation, exchange of shares or other business combination transaction in which AT&T, or its successors, continues immediately following the transaction to hold the same interest in the business, assets and liabilities comprising the Liberty Media Group that it held immediately prior to the transaction, other than as a result of any action by Liberty or any other person included in the Liberty Media Group.

AT&T has also agreed that for so long as any AT&T Liberty Media Group tracking stock is outstanding, AT&T will not, and will not permit any member of the AT&T Common Stock Group to, intentionally take any action that AT&T knows would have the effect of deconsolidating Liberty from the AT&T consolidated group for federal income tax purposes. This restriction will not apply to certain dispositions or redemptions expressly contemplated by AT&T's amended certificate of incorporation or to a Covered Disposition approved by the separate class vote of the holders of AT&T Liberty Media Group tracking stock.

INTERCOMPANY AGREEMENT. In connection with the AT&T merger, AT&T, on behalf of itself and the members of the Common Stock Group, and Liberty, on behalf of itself and the members of the Liberty Media Group, entered into an Intercompany Agreement, the material provisions of which are described below.

Preferred Vendor Status. Liberty will be granted preferred vendor status with respect to access, timing and placement of new programming services. This means that AT&T will use its reasonable efforts to provide digital basic distribution of new services created by Liberty and its affiliates, on mutual "most favored nation" terms and conditions and otherwise consistent with industry practices, subject to the programming meeting standards that are consistent with the type, quality and character of AT&T's cable services as they may evolve over time.

Extension of Term of Affiliation Agreements. AT&T will agree to extend any existing affiliation agreement of Liberty and its affiliates that expires on or before March 9, 2004, to a date not before March 9, 2009, if most favored nation terms are offered and the arrangements are consistent with industry practice.

Interactive Video Services. AT&T will enter into arrangements with Liberty for interactive video services under one of the following two arrangements, which will be at the election of AT&T:

- o Pursuant to a five-year arrangement, renewable for an additional four-year period on then-current most favored nation terms, AT&T will make available to Liberty capacity equal to one 6 megahertz channel (in digital form and including interactive enablement, first screen access and hot links to relevant web sites--all to the extent implemented by AT&T cable systems) to be used for interactive, category-specific video channels that will provide entertainment, information and merchandising programming. The foregoing, however, will not compel AT&T to disrupt

other programming or other channel arrangements. The suite of services are to be accessible through advanced set-top devices or boxes deployed by AT&T, except that, unless specifically addressed in a mutually acceptable manner, AT&T will have no obligation to deploy set-top devices or boxes of a type, design or cost materially different from that it would otherwise have deployed. The content categories may include, among others, music, travel, health, sports, books, personal finance, automotive, home video sales and games; or

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- o AT&T may enter into one or more mutually agreeable ventures with Liberty for interactive, category-specific video channels that will provide entertainment, information and merchandising programming. Each venture will be structured as a 50/50 venture for a reasonable commercial term and provide that AT&T and Liberty will not provide interactive services in the category(s) of interactive video services provided through the venture for the duration of such term other than the joint venture services in the applicable categories. When the distribution of interactive video services occurs through a venture arrangement, AT&T will share in the revenue and expense of the provision of the interactive services pro rata to its ownership interest in lieu of the commercial arrangements described in the preceding paragraph. At the third anniversary of the formation of any such venture, AT&T may elect to purchase the ownership interest of Liberty in the venture at fair market value. The parties will endeavor to make any such transaction tax efficient to Liberty.

TAX SHARING AGREEMENT. Liberty, for itself and each member of the Liberty Media Group, is a party to a tax sharing agreement that provides, among other things, that:

- o to the extent that the inclusion of the Liberty Media Group within the consolidated U.S. federal income tax return (or any combined, consolidated or unitary tax return) filed by a member of the AT&T Common Stock Group increases tax liability for any period, the Liberty Media Group will be responsible for paying the AT&T Common Stock Group an amount equal to the increased tax liability; and
- o to the extent that the Liberty Media Group's inclusion within the consolidated U.S. federal income tax return (or any combined, consolidated or unitary tax return) filed by a member of the AT&T Common Stock Group reduces tax liability for any period, the AT&T Common Stock Group will be responsible for paying the Liberty Media Group an amount equal to the reduced tax liability.

The net operating loss for U.S. federal income tax purposes of the affiliated group of which TCI was the common parent at the time of the AT&T merger (the "TCI Affiliated Group") will be allocated to the Liberty Media Group (the "Allocated NOL") to offset any obligations it would otherwise incur under the tax sharing agreement for periods subsequent to March 9, 1999 (the date of the AT&T merger). If the Liberty Media Group is deconsolidated for U.S. federal income tax purposes from the affiliated group of which AT&T is the parent corporation, the AT&T Common Stock Group will be required to pay the Liberty Media Group an amount equal to the product of the amount of the Allocated NOL that has not been used as an offset to the Liberty Media Group's obligations under the tax sharing agreement, and that has been, or is reasonably expected to be, utilized by the AT&T Common Stock Group and 35%. Certain other tax carryovers of the TCI Affiliated Group will be allocated to the AT&T Common Stock Group to offset any obligations it would otherwise incur under the tax sharing agreement for periods subsequent to the AT&T merger on March 9, 1999. In general, with respect to the TCI Affiliated Group, for periods ending on or prior to March 9, 1999:

Starz Encore Group currently has access to approximately 5,700 movies through long-term library licensing agreements. In addition, it has licensed the exclusive rights to first-run output from Disney's Hollywood Pictures, Touchstone and Miramax, Universal Studios, New Line and Fine Line, Sony's Columbia Pictures and Sony Classics and other major studios. Starz Encore Group also has exclusive rights to first run output from four independent studios. The output agreements expire between 2003 and 2011. Unlike vertically integrated programmers, Starz Encore Group is not committed to or dependent on any one source of film productions. As a result, it has affiliations with every major Hollywood studio, through long-term output or library agreements. Additionally, Starz Encore Group is involved in several original programming productions.

PRAMER S.C.A.

Pramer S.C.A. is the largest owner and distributor of cable television programming services in Argentina. Pramer currently owns eight programming services and distributes them throughout Argentina. Pramer also distributes eight additional programming services in which it does not have an ownership interest, including two of Argentina's four terrestrial broadcast stations, throughout Argentina. Of the 16 programming services owned and/or distributed by Pramer, nine of them are distributed throughout Latin America. Pramer intends to continue to develop and acquire branded programming services and to further expand the carriage of its programming to distribution networks outside Argentina.

DISCOVERY COMMUNICATIONS, INC.

Discovery Communications, Inc. is the largest originator of documentary, nonfiction programming in the world. Since its 1985 launch of Discovery Channel, Discovery has grown into a global media enterprise with 1999 revenues of \$1.4 billion. It currently operates programming services reaching more than 160 million people across six continents.

Discovery's programming, products and services derive from the following three business units:

- o Discovery Networks, U.S., which is comprised of Discovery Channel, The Learning Channel, Animal Planet, The Travel Channel, Discovery Health Channel and a package of six digital services;
- o Discovery Networks International, which extends Discovery's programming globally and currently reaches more than 85 million subscribers in 147 foreign countries in 24 languages; and
- o Discovery Enterprises Worldwide, which includes Discovery's brand extension business in retail, online, video, multimedia, publishing, licensing and education.

Terms of Ownership. Discovery is organized as a close corporation managed by its stockholders rather than a board of directors. Generally, all actions to be taken by Discovery require the approval of the holders of a majority of Discovery's shares, subject to certain exceptions, including certain fundamental actions, which require the approval of the holders of at least 80% of Discovery's shares. The stockholders of Discovery have agreed that they will not be required to make additional capital contributions to Discovery unless they all consent. They have also agreed not to own another basic programming service carried by domestic cable systems that consists primarily of documentary science and nature programming, subject to certain exceptions.

Sky Latin America	Satellite delivered television platform currently servicing Mexico, Brazil, Chile and Columbia	10%
TCI Satellite Entertainment, Inc. (Nasdaq: TSATA)	Holds interests in certain communications assets including General Motors Class H stock (NYSE:GMH) which tracks the performance of Hughes Electronics Corp., owner of DirecTV	3% (19)
XM Satellite Radio, Inc. (Nasdaq: XMSR)	Plans to transmit up to 100 national audio channels of music, news, talk, sports and children's programming from two satellites directly to vehicle, home and portable radios	2%
TECHNOLOGY AND MANUFACTURING		
Antec Corporation (Nasdaq: ANTC)	Manufacturer of products for hybrid fiber/coaxial broadband networks	19%
Motorola, Inc. (NYSE: MOT)	Provider of integrated communications solutions and embedded electronic solutions	3%
TruePosition	Provider of wireless location technology and services	100%

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ENTITY	BUSINESS DESCRIPTION	ATTRIBUTED OWNERSHIP AT 3/1/00
INTERNET/INTERACTIVE TELEVISION SERVICES		
BroadbandNOW, Inc.	Provides high-speed Internet access and customized broadband content and applications to subscribers via a private IP network that can connect such subscribers via multiple broadband technologies, including DSL, cable modem, wireless and Ethernet	5%
Geocast Network Systems, Inc.	Building a new network that uses digital broadcast infrastructure to deliver rich media information and programming to the PC desktop	6%
Liberty Digital, Inc. (Nasdaq: LDIG)	A diversified new media company with investments in Internet content and infrastructure and interactive television	86%
OTHER		
Emmis Communications Corporation (Nasdaq: EMMI)	Emmis owns and operates 16 radio stations, including five in the markets of New York, Chicago and Los Angeles. Emmis also operates six television stations and six magazines.	12%
Cendant Corporation (NYSE: CO)	Cendant is a franchiser of hotels, rental car agencies, tax preparation services and real estate brokerage offices. In direct marketing, Cendant provides access to insurance, travel, shopping, auto and other services primarily through its buying clubs. Cendant also provides vacation time share services, mortgage services and employee relocation. It operates in over 100 countries.	7%

- (1) Number of subscribers to whom service is available.
- (2) Digital services.
- (3) Liberty's attributed ownership interest in this entity is listed under Jupiter Programming Co., Ltd. ("Jupiter") of which Liberty Media International, Inc. owns 50%.
- (4) LN - London Stock Exchange; ASX - Australian Stock Exchange.
- (5) Liberty's interest consists of shares of 30-year 9% preferred stock

2030, in the aggregate principal amount of \$1 billion. Liberty received net cash proceeds from this issuance of \$983 million. Pursuant to a registration rights agreement entered into with the purchasers of these debentures, Liberty is required to effect a registered exchange offer for the debentures which will provide tendering holders with identical securities "freely" transferable under the Securities Act of 1933.

On February 7, 2000, Liberty purchased 18 million shares of Cendant Corporation common stock and a warrant to purchase up to an additional approximate 29 million shares of common stock at an exercise price of \$23.00 per share (subject to anti-dilution adjustments), which resulted in Liberty having an approximate 6.5% ownership interest in Cendant. Liberty paid \$300 million in cash for the common stock and \$100 million in cash for the warrants. Cendant is primarily engaged in the consumer and business services industries, with its principal operations in travel related services, real estate related services and alliance marketing related services.

On February 10, 2000, Liberty issued its 3-3/4% Senior Exchangeable Debentures due 2030, in the aggregate principal amount of \$750 million. Liberty received net cash proceeds from this issuance of \$735 million. On March 8, 2000, Liberty issued an additional \$60 million principal amount of its 3-3/4% Senior Exchangeable Debentures due 2030. Liberty received net cash proceeds from this issuance of \$59 million. Pursuant to a registration rights agreement entered into with the purchasers of these debentures, Liberty is required to register the resale of these debentures under the Securities Act of 1933.

On February 27, 2000, Liberty entered into an agreement with ICG Communications, Inc. pursuant to which Liberty would purchase for \$500 million (a) 500,000 shares of ICG Communications convertible preferred stock, which are initially convertible into 17,857,142 shares of ICG Communications common stock, and (b) warrants to purchase 6,666,667 shares of ICG Communications common stock at an initial exercise price of \$34.00 per share. The transaction is subject to customary closing conditions.

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On February 29, 2000, Liberty commenced a cash tender offer for all of the outstanding common stock of Ascent Entertainment Group, Inc. at a price of \$15.25 per share. Pursuant to a merger agreement entered into with Ascent on February 22, 2000, if a majority of the outstanding shares of Ascent are tendered in the offer and the other conditions to the offer are satisfied or waived, Liberty will acquire control of Ascent and, as soon as practicable thereafter, will acquire the remaining Ascent shares by merging a subsidiary into Ascent. This transaction is subject to approval of Ascent's shareholders, as well as other customary closing conditions. If the merger is effected, Liberty expects to pay approximately \$460 million for the Ascent stock. In addition, Ascent will have approximately \$295 million in indebtedness outstanding immediately after the merger. Ascent's principal business is providing pay-per-view entertainment and information services through its majority owned subsidiary, On Command Corporation. Ascent also provides satellite service to the NBC television network and owns the National Basketball Association's Denver Nuggets, the National Hockey League's Colorado Avalanche and the Pepsi Center, Denver's new entertainment facility which is home to both the Nuggets and the Avalanche. If it acquires Ascent, Liberty intends to seek a buyer for the sports teams and the Pepsi Center.

On March 16, 2000 Liberty purchased shares of cumulative preferred stock in TCI Satellite Entertainment, Inc. ("TSAT") in exchange for Liberty's economic interest in 5,084,745 shares of Sprint Corporation PCS common stock, valued at \$300 million. Liberty received 150,000 shares of TSAT Series A 12% Cumulative Preferred Stock and 150,000 shares of TSAT Series B 8% Cumulative Convertible Voting Preferred Stock. The Series A preferred stock does not have

voting rights, while the Series B preferred stock gives Liberty approximately 85% of the voting power of TSAT. Liberty and TSAT also formed a joint venture named Liberty Satellite, LLC to hold and manage interests in entities engaged globally in the distribution of internet data and other content via satellite and related businesses. As part of this transaction, Liberty contributed its interests in XM Satellite Radio Holdings, Inc., iSKY, Inc., Astrolink International LLC and Sky Latin America in exchange for an approximately 89% interest in the joint venture. TSAT contributed its interest in JATO Communications Corp. and General Motors Class H Common Stock in exchange for an approximately 11% interest in the joint venture which will be managed by TSAT. In a related transaction, TSAT paid Liberty \$60 million in the form of an unsecured promissory note in exchange for an approximately 14% interest in a limited liability company with holdings in Astrolink International LLC. The remaining 86% of the limited liability company is held by Liberty Satellite, LLC.

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Certain statements in this Annual Report on Form 10-K constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, some of the statements contained under the captions "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," are forward-looking. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Liberty (or entities in which Liberty has interests), or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors as to both Liberty and the entities in which Liberty has an interest, include, among others: general economic and business conditions and industry trends; the regulatory and competitive environment of the industries in which Liberty, and the entities in which Liberty has interests, operate; uncertainties inherent in new business strategies; uncertainties inherent in the changeover to the year 2000, including Liberty's projected state of readiness, the projected costs of remediation, the expected date of completion of each program or phase, the projected worst case scenarios, and the expected contingency plans associated with such worst case scenarios of Liberty and the entities in which Liberty has an interest; new product launches and development plans; rapid technological changes; the acquisition, development and/or financing of telecommunications networks and services; the development and provision of programming for new television and telecommunications technologies; future financial performance, including availability, terms and deployment of capital; the ability of vendors to deliver required equipment, software and services; availability of qualified personnel; changes in, or failure or inability to comply with, government regulations, including, without limitation, regulations of the Federal Communications Commission ("FCC"), and adverse outcomes from regulatory proceedings; changes in the nature of key strategic relationships with partners and joint venturers; competitor responses to Liberty's products and services, and the products and services of the entities in which Liberty has interests, and the overall market acceptance of such products and services; and other factors. These forward-looking statements (and such risks, uncertainties and other factors) speak only as of the date of this Report, and Liberty expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in Liberty's expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based. Any statement contained within Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-K related to the changeover to the year 2000 are

exchange for News Corp. ADRs with an aggregate value at April 1, 1999 of approximately \$100 million plus an additional number of ADRs representing the aggregate number of News Corp. shares which could have been purchased by reinvesting in ADRs each cash dividend declared on such number of shares between the closing of the sale of Liberty's interest in Fox/Liberty Networks and the sale of the International Interests. Between the closing of the sale of Liberty's interest in Fox/Liberty Networks and the sale of the International Interests, Liberty has further agreed to make capital contributions in respect of the International Interests in the amount of \$100 million, as and when requested by News Corp.

Terms of Ownership. In connection with the acquisition by News Corp. of Liberty's interest in Fox/Liberty Networks, certain agreements were entered into regarding Liberty's ability to transfer News Corp. shares and other matters. Under these agreements, the ADRs and the underlying News Corp. shares issued to Liberty are subject to a lock-up of either two years (as to 51.8 million ADRs) or nine months (as to 28.1 million ADRs), subject to certain exceptions. Liberty is entitled to certain registration rights with respect to its News Corp. shares. In addition, Liberty has agreed that it will not engage, directly or indirectly, in any sports programming service in the United States and its territories (excluding Puerto Rico) or in Canada, subject to certain exceptions, until July 2004.

QVC INC.

QVC Inc. is one of the two largest home shopping companies in the United States. QVC markets and sells a wide variety of consumer products and accessories primarily by means of televised shopping programs on the QVC network and via the Internet through iQVC. QVC also operates shopping networks in Germany, the United Kingdom and Ireland. QVC purchases, or obtains on consignment, products from domestic and foreign manufacturers and wholesalers, often on favorable terms based on the volume of the transactions. QVC does not depend upon any one particular supplier for any significant portion of its inventory.

QVC distributes its television programs, via satellite, to affiliated video program distributors for retransmission to subscribers. In return for carrying QVC, each domestic programming distributor receives an allocated portion, based upon market share, of up to 5% of the net sales of merchandise sold to customers located in the programming distributor's service area.

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Terms of Ownership. Liberty owns approximately 43% of QVC, and Comcast owns the remaining 57%. QVC is managed on a day-to-day basis by Comcast and Comcast has the right to appoint all of the members of the QVC board of directors. Liberty's interests are represented by two members on QVC's five-member management committee. Generally, QVC's management committee votes on every matter submitted, or required to be submitted, to a vote of the QVC board, and Liberty and Comcast are required to use their best efforts to cause QVC to follow the direction of any resolution of the management committee. Liberty also has veto rights with respect to certain fundamental actions proposed to be taken by QVC.

Liberty has been granted a tag-along right that will apply if Comcast proposes to transfer control of QVC and Comcast may require Liberty to sell its QVC stock as part of the transaction, under certain circumstances and subject to certain conditions. In addition, under certain circumstances, Liberty has the right to initiate a put/call procedure with Comcast in respect of Liberty's interest in QVC.

Liberty and Comcast have certain mutual rights of first refusal and