

An audio feed of the America Online/Time Warner press conference at 11 am EST Monday, January 10, 2000 will be available to the media by calling 888-469-1386 (US) or 1-712-271-0747 (international) - Password: AOL.

Webcasts of the press conference will be available at <http://www.corp.aol.com/cgi/announce.html> and <http://www.timewarner.com>

A live satellite feed will begin Monday at 6:45 am EST with logos and b-roll of both companies being broadcast until approximately 11:00 am EST. At that time, live coverage of the press conference including the question-and-answer session will begin. After the live broadcast, the companies' logos and b-roll, as well as selected highlights of the press conference, will be re-broadcast (1:00-3:00 pm EST).

Satellite Coordinates: Galaxy 7, Transponder 2, C-Band Downlink Frequency 3740 Vertical.

This release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The forward-looking statements in this release address the following subjects: expected date of closing the merger; future financial and operating results; and timing and benefits of the merger.

The following factors, among others, could cause actual results to differ materially from those described in the forward-looking statements: the risk that the America Online's and Time Warner's businesses will not be integrated successfully; costs related to the merger; failure of the America Online or Time Warner stockholders to approve the merger; inability to obtain, or meet conditions imposed for, governmental approvals for the merger; inability to further identify, develop and achieve commercial success for new products, services and technologies; increased competition and its effects on pricing, spending, third-party relationships, the subscriber base and revenues; inability to establish and maintain relationships with commerce, advertising, marketing, technology and content providers; risk of accepting warrants in certain agreements; risks of new and changing regulation in the U.S. and internationally.

For a detailed discussion of these and other cautionary statements, please refer to America Online's filings with the Securities and Exchange Commission, especially in the "Forward-Looking Statements" section of the Management's Discussion and Analysis section of the Company's Form 10-K for the fiscal year ended June 30, 1999 and the Risk Factors section of the Company's S-3 filing that became effective in November 1999, and Time Warner's filings with the Securities and Exchange Commission, including the section titled "Caution Concerning Forward-Looking Statements" of the Management's

-- FIRST CALL --

Subj: **swimsuit**  
Date: Thursday, February 17, 2000 10:29:30 PM  
From: Stefanie\_McDonald@timeinc.com  
To: WBpeople@aol.com

interesting...

**AOL-Time Warner in the swim  
with Sports Illustrated**

**NEW YORK, Feb 17 (Reuters) - Call it bikini synergy, or beach blanket convergence -- but America Online and Time Warner Inc. announced the first concrete result of their \$167 billion merger on Thursday.**

**Under an agreement with Time Warner, AOL's more than 21 million members will get a peek at the cover of this year's Sports Illustrated Swimsuit Issue next Monday and a chance to chat with the glamorous models who grace the magazine.**

**Sports Illustrated, whose biggest-selling issue is always the one featuring beachwear models in exotic locales, jealously guards the identity of its cover model until publication.**

**The magazine, which claims to have 23 million weekly readers, is published by Time Inc., a subsidiary of huge media and entertainment group Time Warner, which last month announced it was merging with online services leader AOL. The merger, worth an estimated \$167**

billion in stock when it was announced, is expected to close at the end of the year after shareholder and regulatory approval.

"People around the world are looking forward to the release of this year's

Sports Illustrated Swimsuit Issue," said Jonathan Sacks, Senior Vice President and General Manager of AOL Interactive Services.

"So we are thrilled to be joining with Sports Illustrated to give AOL members not only the very first look at what is probably the most anticipated magazine cover of the year, but also the opportunity to chat with some of the Sports Illustrated swimsuit models."

Michael Klingensmith, President of Sports Illustrated said: "With the series of model chats available this year, fans of the Sports Illustrated Swimsuit Issue will be able to interact with them more than ever. Plus, AOL members will be the first to enjoy one of the magazine industry's most exciting annual events."

AOL Live, AOL's chat and live event destination, will host online chats throughout next week with this year's Sports Illustrated swimsuit models, including an exclusive AOL chat with the cover model, on Feb 21 at 8 p.m. EST (Keyword: Swimsuit).

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----- Headers -----

Return-Path: <Stefanie\_McDonald@timeinc.com>

Received: from rly-yd03.mx.aol.com (rly-yd03.mail.aol.com  
[172.18.150.3]) by air-yd05.mail.aol.com (v67\_b1.24) with ESMTP; Thu, 17  
Feb 2000 22:29:30 1900

Received: from tinysmtp1.timeinc.com (tinysmtp1.timeinc.com  
[12.27.104.171]) by rly-yd03.mx.aol.com (v67\_b1.24) with ESMTP; Thu, 17  
Feb 2000 22:29:10 -0500

X-Server-Uuid: d75cfbfd-cb78-11d2-b1b4-0008c74cfe74

X-Lotus-FromDomain: TIME\_INC

From: Stefanie\_McDonald@timeinc.com

To: WBpeople@aol.com

Message-ID: <85256889.00133EC4.00@mime.timeinc.com>

Date: Thu, 17 Feb 2000 22:27:52 -0500

Subject: swimsuit

MIME-Version: 1.0

X-WSS-ID: 14B263DE62625-14-02

Content-Type: multipart/mixed;

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Content-Disposition: inline

ELEKTRA ENTERTAINMENT GROUP AND AMERICA ONLINE'S SPINNER.COM  
TO HOST WORLD PREMIERE OF THE CURE'S 20th ALBUM

*Spinner.com To Kick Off Exclusive Online Promotion  
With Official Debut Of The Cure's New Single "Maybe Someday"*

NEW YORK AND SAN FRANCISCO -- February 2, 2000 - Elektra Entertainment Group today announced that it will join forces with America Online, Inc.'s Spinner.com, the first and largest Internet music service, to debut music from the newest and long-awaited release, Bloodflowers, by alternative rock group The Cure.

Highlighted by the debut of the band's new single, "Maybe Someday," on February 3, the promotion will also feature band frontman Robert Smith and bandmembers as guest DJs on one of Spinner.com's more than \_\_\_# music channels.

Following tomorrow's exclusive broadcast of "Maybe Someday," Spinner.com will feature the world premiere of "\_\_\_\_\_" and "\_\_\_\_\_" as well as other songs from Bloodflowers. Smith and bandmembers will support the promotion by going online and creating a playlist of more than 150 songs, including rare Cure gems (like eighties chart-toppers "Just Like Heaven" and "Why Can't I Be You") and other songs that have influenced the band throughout its twenty-year career.

"These initiatives are yet another example of the tremendous opportunities created for our artists by online music broadcasting," explains Sylvia Rhone, Chairman and CEO of the Elektra Entertainment Group. "Our alliance with AOL offers loyal Cure fans all over the world the opportunity to join in the excitement of the new Cure album, creating a worldwide Cure community. We are very excited about Spinner.com's and Winamp's ability to continue to provide groundbreaking promotional vehicles and we look forward to expanding our relationship with these pivotal music services."

"We're thrilled to have The Cure embrace Internet radio as the best way to showcase their new music to fans," said Josh Feltzer, President of Spinner.com. "This is a perfect example of how online music broadcasting can create communities specifically targeted to artists and their fans. And the bonus is having Robert Smith volunteering to serve as cyber DJ. What Cure fan wouldn't love the chance to hear the songs that inspired Robert Smith and what he considers his favorite recordings?"

Under the agreement, AOL's Spinner and Winamp brands will offer a secure digital download timed out at the release of the new Cure album. Spinner.com will also feature prominent links to retail outlets where consumers can pre-order the new Cure album. To listen in to The Cure, fans can tune in to at [www.spinner.com](http://www.spinner.com) or by visiting Keywords: Entertainment or Music on America Online.

Founded by 17-year-old Robert Smith and schoolmates in 1976. Their album Pornography was the first Cure album to break into the UK Top 10 at #9 in 1982. In 1992, the band's single "Wish" went straight to #1 in the UK and #2 in the USA. The 1996 release "Wild Mood Swings" went straight to almost every Top Ten around the world. Bloodflowers is the twentieth album for the Cure, who have sold more than 27 million albums worldwide.

ABOUT ELEKTRA ENTERTAINMENT GROUP

Elektra records is celebrating its 50th year as one of the music industry's most cutting edge labels. Home to such legendary and diverse artists as The Doors, AC/DC, Linda Ronstadt, Third Eye Blind, Busta Rhymes, Metallica, Missy Elliott and more, Elektra is a Warner Music Group company.

ABOUT SPINNER.COM

Spinner.com is the first and largest Internet music service with a database of 175,000 digitized songs delivered on 125+ highly specialized music channels. Covering an unprecedented depth and breadth of music programming -- with channels such as 90's Rock, Bluegrass, British Invasion, Chicago Blues, Top Pop, Great Guitar, Jungle and Latin -- Spinner.com reaches 1.3 million unique listeners per month, broadcasting two million songs per day. The Spinner.com music players -- the stand-alone Internet application Spinner Plus and the Web-based Spinner -- display song information as music is played, while providing dynamic links that enable online purchasing and real-time listener feedback. The company has partnerships with industry leaders including Real Networks, Amazon.com, @Home Network, as well as 350 record labels. Spinner.com was acquired by America Online, Inc. (NYSE: AOL), in May 1999, and merged with Nullsoft, Inc. Spinner.com and Nullsoft now reside in San Francisco's Audio Alley. They are an integral part of AOL's Interactive Properties Group. New listeners can visit Spinner.com and download a free player at [www.spinner.com](http://www.spinner.com).

###

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# Born to Web.

Click Here

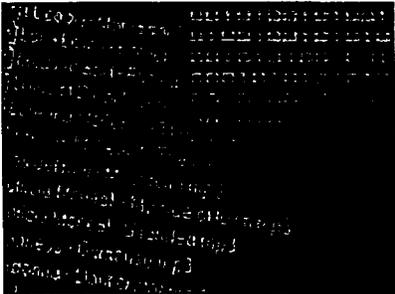
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## AOL-Time Warner deal could spur online delivery of popular songs

January 13, 2000  
Web posted at: 12:34 p.m. EST (1734 GMT)



NEW YORK (AP) -- To music aficionados, downloading songs off the Internet is something akin to dining at a greasy spoon: The fare may be inexpensive, but the selection stinks.

The combination of America Online Inc. and Time Warner Inc. -- CNN.com's parent company -- could help change that, hastening the day when customers can snatch popular albums directly off the Web.

Most music now available for downloading off the Internet onto personal computers or digital players is either by relatively unknown artists or is bootlegged in violation of copyrights.

"One of the main barriers to consumers adopting online music has been the low volume of major label music that's available on a legitimate basis," said Aram Sinnreich, an analyst with the Internet research firm Jupiter Communications Inc., on Wednesday. "AOL Time Warner has the power to change that."

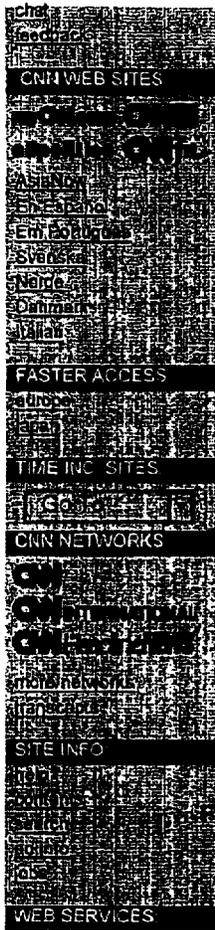
Time Warner owns one of the world's largest music businesses, with rights to top artists like Alanis Morissette, Madonna, Phil Collins and R.E.M. as well as a cable-TV network ideal for high-speed transmission of music.

AOL has a ready online audience of 22 million users and a coveted team of software developers. It also owns Spinner.com, one of the biggest sites for letting users listen to songs on their computer. This site allows people to pay just pennies for each song they hear, but while major artists are available, users aren't able to record and keep the music on portable digital players.



### Honing the edge

By owning all the pieces to supplying online music on a broad scale, AOL



online music on a broad scale, AOL Time Warner gains a ready edge over other companies that need to forge partnerships.

The promise of online music is compelling: Sales of downloaded online music are expected to grow from \$1 million last year to \$1.1 billion by 2004, making up about 6 percent of all music sales, according to Forrester Research.

AOL's Spinner.com allows users to hear and purchase digital music over their computer

Despite the online potential, the recording industry thus far has refused to release its songs over the Internet until a secure method is widely adopted for making sure they get paid royalties for songs.

Time Warner chief executive Gerald Levin, at a news conference Monday, named online music a top priority for AOL Time Warner. While Time Warner also is a big film producer, movies are more difficult to distribute online because even with high-speed Internet hookups, they can take hours to download, and video can appear jerky and inconsistent.

While executives at America Online and Time Warner were vague about plans, speculation is rife.

The combined company, analysts say, may initially step up promotion of Time Warner's music to AOL's online users through ads as well as through links to Web sites where people can buy CDs through the mail.

In a second stage, Time Warner could transmit its music across existing slow-speed Internet connections to AOL users who pay an extra fee above its \$21.95 monthly subscription fee.

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**RELATED STORIES:**

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January 12, 2000
- [Merger may allow more users to taste fruits of broadband](#)  
January 10, 2000
- [AOL and Time Warner to merge](#)  
January 10, 2000

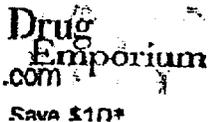
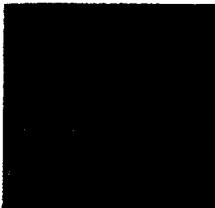
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- [AOL](#)
- [Time Warner](#)
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**Note:** Pages will open in a new browser window  
External sites are not endorsed by CNN Interactive.

**MORE MUSIC NEWS:**

[For Garbage, the world of Bond is not enough](#)



Good summary of AOL-TV. We need to be on the platform.

America Online - 11 February 2000

cc: Jim Walker  
Dissie Herz  
Michel Gelman  
Steve Robinson

Ken Fuchs  
Hart Hooton  
Dann Lewis  
Jay Tots...



## ■ AOL TV: What It Is and Isn't

AOL TV is not America Online on television (which would be boring). It is also not AOL getting too big for its interactive britches and producing sitcoms and dramas (which would probably be a disaster). The best description of AOL TV is "enhanced television," or more directly, "better TV"

AOL TV has three main features:

1. **An electronic program guide (EPG)**, similar to the kind found on DirectTV, that allows the user to "surf" the television and change channels by clicking on words and graphics, rather than scrolling through channels numerically. The beta interface demonstrated last night was significantly slicker and easier to use than other EPGs we have seen.
2. **AOL interactive features** that can be used while the user is watching TV—buddy lists, chat, email, calendar, etc. AOL has taken care to make sure that these features don't dominate the television programming; the buddy lists, for example, are translucent, and fade when the user is inactive.
3. **Enhanced programming features** that combine data and video feeds to allow users to interact with certain shows. On Larry King, for example, users might be asked to vote on a particular political issue while the guest is being interviewed about it and the results might be relayed to the guest for his/her reaction (similar to the "ask the audience" feature on "Who Wants To Be A Millionaire?"—which could now become "ask the viewers").

The service is provided through the installation of a special AOL TV box between the cable or satellite tuner and the television (the first boxes will be made by Phillips). The "inputs" to the box are the cable or satellite feed, which provide the TV programming, and for now, a telephone line, which provides the data feed (the connection to AOL). The box combines the two feeds into a single service that plugs into any normal television set through the cable/antenna port. The user interacts with the service using a special remote control and wireless keyboard (both of which come with the box). As high-speed DSL and cable-modem services become prevalent, the box will accept these instead of the telephone line as the data feeds.

When AOL TV is running but the user is just watching TV, the only evidence of the service is the familiar AOL triangle in the upper left-hand corner of the screen (similar to the network logos that usually appear in the lower right-hand corner—which will still appear with AOL TV). To change the channel, the user either punches the channel number into the remote control or scrolls through the EPG. The EPG re-organizes and re-numbers all the channels so that similar channels are grouped together (i.e., news channels are 100-199, sports channels are 200-299, etc.), which makes navigation easy. The EPG will interact with the VCR, so if the user sees a show he or she wants to

record, he/she can just highlight it and click on a separate "record" button. Importantly, the EPG will also be accessible through the regular AOL service, so if the user is away from the television, he or she can still select shows to be recorded. Similarly, the user can highlight a show and click a "Remind" button—and the show's information will automatically be entered in the user's AOL calendar, which is accessible from anywhere.

While the user is watching TV, he or she can write email, during which the TV show is reduced to a quarter-screen in the upper right hand corner, chat with others watching the same show (same quarter-screen shot), or send instant messages to through the buddy list, which hangs in the corner over a full screen shot. The user can also surf the web through the television, eliminating the picture entirely (although this is probably the least interesting feature of the product). Special programming (interactive polling, games, shopping) will also be created to complement TV shows.

## ■ AOL TV: When and How.

The company expects to start shipping the boxes in early summer (if the rollout is late, it won't change our forecast). The primary channel of distribution will be the AOL service: interactive pop-ups marketing the service to people who already understand interactivity and like AOL. Importantly, this marketing channel will cost AOL nothing and will allow AOL to preach only to the converted—far easier than trying to convince consumers to go out and buy interactive televisions when they have no idea why they might want to interact with a television. The company will also have retail partners that will sell the boxes in stores.

Pricing for the service has not been established, and multiple plans will probably be available. The user will likely be able to buy the box for \$199-\$399 and then pay a \$5-\$10 monthly fee in addition to the regular AOL subscription fee, or just pay a higher monthly subscription fee and get the box for free.

We believe the main driver of adoption will be children in families in which AOL is already a central activity (lots of kids come home from school these days and fire up AOL instead of reaching for the telephone; they then chat with their friends over AOL while watching TV—something that can now be done through the TV itself).

## ■ AOL TV: Why It's Important

In our opinion, AOL TV represents a profoundly important new step in the development of both the medium and AOL. The three key points, in our opinion, are:

1. **Increased revenue per household.** AOL currently generates about \$25 a month in revenue from each of its 21 million households (\$20 subscription and \$5 advertising and commerce). If the service is priced at \$10 a month and 10% of AOL households buy it, this will generate an incremental \$250 million in annual revenue. If the company can generate an additional \$2

(Continued)

a month per AOL TV household in advertising and commerce revenue, anchor tenancies, and shopping royalties, this will contribute another \$50 million. Because the service is layered onto AOL's existing infrastructure, it won't cost that much to provide, so perhaps \$200 million of the \$300 million might fall to the bottom line, contributing \$0.08 a share (\$0.05 fully taxed). We would estimate, moreover, that as many as 30%-50% of AOL households might ultimately sign up for AOL TV.

2. **Increased member lock-in, increased share of "media time."** The more ways a subscriber interacts with AOL, in our opinion, the less likely the subscriber will be to pull up the stakes and go with a different provider—especially when the entire family has programmed the service with individual buddy lists, calendars, and email accounts. Once an AOL user can interact with AOL on devices besides the computer, moreover, we believe it is likely that the user will increase the amount of time he or she spends using AOL—which should lead to increased revenue opportunities for AOL and, consequently, decreased opportunities for other media companies. The average AOL user currently spends about an hour a day on the service. The average household currently watches TV for seven hours a day. We believe that AOL TV will ultimately help AOL capture some of the value created by the seven hours spent in front of the television.

3. **The next big step toward becoming the "operating system for consumer interactivity."** We believe that consumers will ultimately access online services through multiple devices, including computers, TVs, cell phones, PDAs, stereos, and radios. *Importantly, we believe that consumers will not want to access a different online service through each device but instead will want to access a single online service through multiple devices.* The type of data and features used on each device will obviously be different (for example, mobile devices might feature easy instant messaging and maps, but users probably won't be reading too many newspapers through them), but the convenience to the consumer is much greater if the basic service provider is the same. This "hub and spokes" concept, in our opinion, makes interactivity much more convenient for the consumer than the need to maintain multiple accounts that don't interact with one another (the programming-your-calendar-and-VCR-from-the-office example above, for instance, would be impossible with a separate enhanced TV service). What this means for AOL long-term, in our opinion, is that the company is in a good position to become the dominant consumer interface to interactivity across all devices. If the company were to achieve this position, we would regard it as analogous to Microsoft's control of the PC operating system—and we would expect that the market would value the company accordingly.

(AOL) MLPFS was a manager of the most recent public offering of securities of the company within the last three years.  
 Opinion Key (1-4-B-C): Investment Risk Rating (A - Low, B - Average, C - Above Average, D - High, Approximate Potential Rating (in 12 mo.; 24 mo.; 36 mo.); 1 - Buy, 2 - Accumulate, 3 - Neutral, 4 - Hold, 5 - Sell, 6 - No Rating, Income Rating (1 - Stable, 2 - Stable/High, 3 - Stable/Low, 4 - No Cash Dividend).  
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**From:** Stengel, Christian  
**Sent:** Tuesday, February 01, 2000 6:43 PM  
**To:** Kalra, Milan  
**Subject:** AOL TV

Per Deborah's request, about a month's worth of the more "significant" **AOL TV** stories to pop up. Looked back a month prior to that, without much luck. (Just not too much in depth info. Mostly speculation, etc.) Did include one older story that had some interesting numbers. References to **AOL TV** should be in bold. Sorted reverse chronologically.

Chris

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Daily Variety

January 24, 2000

**SECTION:** SPECIAL SECTION1; Pg. 9

**LENGTH:** 1075 words

**HEADLINE:** AOL TV leads race in interactive interfaces

**BYLINE:** MARC GRASER

**BODY:**

Analysts have had a field day forecasting what the marriage of of America Online and Time Warner will bring, and if there's one thing they do agree on, it's that interactive TV's fuzzy future looks a little clearer now. It may have also given it a face.

Just what interactive TV will look like has been plaguing developers of the new space ever since Time Warner's Full Service Network trials in Orlando in 1994 were deemed a failure.

Considered the first public test of a television system that offered users Internet-like shopping (including a post office to buy stamps), videogames and full motion video features, the end result was declared too expensive to roll out.

Now with more developed technologies and strategies and a stronger consumer interest in the Internet, **AOL TV**, along with a flurry of other services, is using what was learned from the trials to try again.

One of the most important factors in wooing auds to interactive TV will be the graphic format through which they interact with content: the interface. Details that will effect the interfaces being developed include: The use of colors (white doesn't come out well on TV), fonts, screen layouts (thin lines don't work) and cross fades between changing screens. Because most interactive TV systems cannot access Web pages using a mouse, new browsing functions must also be developed --- arrows on wireless

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keyboards, touchpads.

So far **AOL TV's** demo unveiled at the Consumer Electronics Show (CES) in Las Vegas earlier this has garnered positive reviews for its choices. With **AOL TV** skedded to officially bow in the spring and deploy using Time Warner's cable holdings as a distribution platform, many observers are expecting it quickly to become the sector's leader, besting competitors Microsoft's WebTV, TiVo, Replay and OpenTV, among others.

As the probable leader, analysts expect **AOL TV's** cable set-top box-bundled interface --- packed with instant messaging, chat, e-mail and Web browsing features in flashy translucent overlays --- to shape the look and feel of other emerging systems as the service of choice among consumers. (Nearly 22 million subscribers have already turned AOL into the leading Internet service provider.)

Through a joint deal with TiVo Inc. and Liberate Technologies Inc., the service is adding digital video recording capabilities. Already a staple among TiVo Inc. and ReplayTV, the service enables users to digitally record shows without a tape, as well as pause, rewind and then fast-forward in live programming.

Liberate, which builds software for delivering content through TV sets and other devices, will provide the software platform for **AOL TV** and TiVo will provide the digital video recorder, while AOL makes final decisions on which of its online services it wants to cross over to television.

Like other Liberate clients, AOL will decide whether it will use Liberate's template interface (with built-in e-mail, chat and Internet browsing functions) or create its own for the look of the final **AOL TV** product. The interface shown at CES was a demo only, execs say.

Although others such as USWeb opted merely to change the corporate colors of Liberate's interface for its own system, AOL will likely create its own design.

"We offer the interactive TV client the default interface right out of the box and leave it up to them to decide what they want to do with it," says Liberate's Charlie Tritschler, veep of marketing. "Sometimes they use it, most times they don't."

AOL's decision to rely on TiVo and Liberate to provide the interactive tools for its service is expected to become a trend among the new interactive TV service providers ---companies will depend on the best in the business to supply key services. Already Wink Communications and San Francisco-based RespondTV (which gave away over 100 free Domino's pizzas through their interactive TV service last year) are being tapped to set up e-commerce operations in the convergence space; Liberate the platforms; TiVo the recording capabilities.

Whether **AOL TV** will become a hit among consumers or stumble like WebTV will depend on whether AOL learned the lesson from Time Warner's past mistakes:

n Standards: Interactive TV set-top box manufacturers have chosen HTML and Java as the systems on which to design their interfaces, making it easier to upgrade with new features. TiVo uses the free Linux system, a competitor to Microsoft's operating systems

"AOL releases a new version of its software every 15 minutes," Tritschler says. "It's been very successful for them because they use a standard."

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n Ease: Too many screens to view when making choices can lose viewers. TiVo and ReplayTV's one-button access to instant replays, pausing and fast-forwarding live programming makes them easier to use than a traditional VCR.

Despite its low points, WebTV has been praised for its program guide, which enables viewers to surf, viewing six channels on a screen at once. The colors selected for the service also work, critics say.

n Speed: ReplayTV takes two seconds to change channels, making channel surfing an annoyance. WebTV's slow Internet access rate makes switching Web pages a drag.

n Purpose: Too many features can complicate the interactive experience for viewers.

"Companies have to maintain the mentality that it's about TV, stupid," says Tritschler. "Never forget you're designing for the TV and not the computer screen. All of the interfaces have to be straight forward and created with TV in mind."

"Sometimes it can be improved simply by leaving off some of the less important features of a service," says Hunter Ochs, creative lead at Internet consulting shop Viant, instructor at California Institute of the Arts and the Art Center in Pasadena, as well as a participant in the Full Service Network trials.

"Ultimately, an interface is too complicated if the product is too complicated," he says.

Too many functions can also confuse the user. WebTV is positioned as an Internet device that enables users to surf the 'Net through their televisions at the press of a button.

TiVo and Replay, on the other hand, are confusing buyers. Is it a glorified VCR or not?

"There is a widespread tendency to overestimate the consumer's technical inclination," Ochs says. "That's because corporate employees are not representative of U.S. residents in terms of Web experience. So interface problems are not necessarily interface problems."

**LANGUAGE: ENGLISH**

**LOAD-DATE: January 24, 2000**

Consumer Electronics

**January 17, 2000, Monday**

**SECTION: THIS WEEK'S NEWS**

**LENGTH: 361 words**

**HEADLINE: TIME WARNER-AOL DBS IMPACT**

**BODY:**

AOL's investment in DirecTV and its planned **AOLTV** satellite service isn't likely to be affected by Internet company's proposed merger with cable giant Time Warner (TW), industry sources said.

While combined company would give AOL Time Warner foot in rival satellite and cable industries,

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**LOAD-DATE:** January 20, 2000

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SATELLITE WEEK

**January 17, 2000, Monday**

**SECTION:** THIS WEEK'S NEWS

**LENGTH:** 352 words

**HEADLINE:** AOLTV TO START SERVICE IN 2ND QUARTER, AS EXPECTED

**BODY:**

AOL's investment in DirecTV and its planned AOLTV satellite service isn't likely to be affected by Internet company's proposed merger with cable giant Time Warner (TW), industry sources said.

While combined company would give AOL Time Warner foot in rival satellite and cable industries, TW's programming ties to DirecTV are likely to forestall any changes, sources said. AOL purchased \$1.5 billion (slightly less than 5% stake) in DirecTV parent Hughes Electronics last year and is expected to start satellite-based service in 2nd quarter. TW's Warner Bros. film studio, HBO and Turner Bcstg. are major program suppliers for DirecTV. While proposed AOLTV service is expected to offer AOL staples such as e-mail and Instant Messaging, merger with Time Warner will open it to wide range of programming.

"Time Warner Cable probably wished there was no DBS, but DBS is very important to HBO and other Time Warner program providers so we have been able to find a way to work with all cable and DBS suppliers," senior TW official said.

Indeed, while TW Cable has 13 million subscribers, DirecTV has more than 8 million and sources close to DBS service said they didn't expect relationship with AOL to change. AOL said it made investment in Hughes to ensure access to broadband network that includes both DirecTV and planned Spaceway Internet-based satellite service that's expected to begin in 2002. Merger also will give AOL access to Roadrunner cable modem business.

"All Time-Warner is interested in is attracting more eyeballs and whether that's through cable or satellite I don't think they really care," source close to DirecTV said. TW has had ties to satellite industry in past, including investment in Primestar, whose assets were acquired by DirecTV last year. It also was said to be among potential buyers of U.S. Satellite Bcstg. (USSB), which DirecTV also acquired in 1999.

"I think the combined company benefits more by AOL doing well and garnering those extra customers more than Time Warner loses by having to compete with satellite," PaineWebber analyst Thomas Eagan said.

**LANGUAGE:** ENGLISH

**LOAD-DATE:** January 18, 2000

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Time

**January 17, 2000**

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**SECTION:** PERSONAL TIME/YOUR TECHNOLOGY; Pg. 102

**LENGTH:** 702 words

**HEADLINE:** Geek Gadgets Galore;  
Technophiles got a double dose of high-tech wizardry at two of the year's biggest trade shows

**BYLINE:** Maryanne Murray Buechner/Las Vegas and Owen Thomas/San Francisco

AOL FOR COUCH POTATOES WebTV still hasn't caught fire, but that didn't stop America Online from pursuing its own dream of PC-TV convergence. At CES, the world's largest Internet service provider quietly unveiled **AOLTV**, an interactive TV service via set-top box that will introduce Instant Messages, buddy lists and AOL-style Web browsing to the boob tube by year's end. Hughes Network Systems showed a new form of its DirecTV digital satellite receiver complete with the **AOLTV** service, and Philips demoed a cable version. Prices were not announced, but current AOL members will probably get a discount.

**GRAPHIC:** COLOR PHOTO: AP, SIX COLOR PHOTOS

**LANGUAGE:** ENGLISH

**LOAD-DATE:** January 11, 2000

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Variety

January 17, 2000 - January 23, 2000

**SECTION:** NEWS; Pg. 46

**LENGTH:** 699 words

**HEADLINE:** AOL's new TV picture

**BYLINE:** MARC GRASER and JOSEF ADALIAN

**BODY:**

**HOLLYWOOD** If the merger between behemoths AOL and Time Warner does nothing else, it should at least help clear up interactive TV's fuzzy future.

While analysts have had a field day speculating on long-term effects of the merger --- management reshuffling and corporate culture clashes --- several changes should quickly become apparent.

Expect interactive **AOL TV**, Internet arm Road Runner, portal Entertaindom and Warner Bros. TV to all undergo rapid merger metamorphoses.

Going up against Microsoft's WebTV, **AOL TV** this spring plans to offer paying subscribers some of the same features available on its Internet service --- e-mail, instant messaging, Web access, a TV

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program guide --- through the traditional TV set.

The company hopes to make **AOL TV** the new must-see TV once it bows in the spring.

AOL has partnered with TiVo and Liberate Technologies to add digital video recording capabilities to the service, enabling viewers to record programming without a tape, as well as pause, rewind and fast forward live shows.

Microsoft's WebTV does the same. But what it doesn't have is the power of a cable giant on its side.

Once merged, **AOL TV** is counting on Time Warner's pipeline of cable services and its 13 million subscribers to make **AOL TV** into a household brand. TW shouldn't object. AOL now attracts 22 million subscribers, a number that could only translate to more customers for its own cable and high-speed Internet services, creating a powerhouse indeed.

Together, the combined 35 million (and counting) subscribers should only serve as another blow to WebTV. It has helplessly stood by as its subscribership has stalled at the 800,000 mark.

AOL should also provide the shot in the arm to Time Warner's 50% stake in Road Runner, the high-speed service that connects users to the Internet using cable lines.

Road Runner competes with close but leading rival Excite@Home, with over 1 million subs. (The MediaOne Group owns the rest of Road Runner, which would go to AT&T once their proposed merger is completed in a few months.)

With just 550,000 customers, Road Runner should only benefit from AOL's strong brand, content deals and marketing prowess. The Road Runner discs are already in the mail.

But whether Time Warner will maintain its stake in Road Runner is still in question. AT&T also holds a large stake in Excite@Home, which is surely expected to bring the Justice Dept. and Federal Trade Commission's anti-trust hounds calling.

Meanwhile, under the guidance of Richard Bressler, chairman of Time Warner Digital Media Group, the conglom has already made a major web push via Entertaindom.com, one of three planned hubs to push the Time Warner brand online. With the promotional and technical muscle of AOL now behind it, Entertaindom has a far better chance to break through as a must-surf destination.

With the Internet in mind, another area of the Time Warner empire sure to be impacted by the merger is primetime production arm Warner Bros. Television.

Currently one of the industry's leading suppliers of network programming, some observers are betting WBTV could end up a powerhouse in the emerging field of Internet-only production.

The studio could leverage its clout with a producer or thesp associated with a WBTV hit such as "ER" or "Friends" to help jump-start an Internet-only production.

Even before last week's megamerger, WBTV execs had recognized the potential of the Internet.

A simultaneous broadcast/Webcast of the studio's "Drew Carey Show" last November drew one of the

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largest online auds ever --- and boosted the aud for the ABC telecast to boot.

"We all raised our eyebrows after that and said, 'This could be something big,' " says one Time Warner insider. "It galvanized and incentivized us into doing more."

Indeed, WBTV recently decided to take a well-regarded pilot project from last development season and shift it into a Web-based program. Show could bow as early as June.

Such decisions may become easier to make post-merger, since WBTV will have a guaranteed outlet on which to place its projects: **AOL TV**.

"We're less concerned now about distribution, and more focused on content," the Time Warner exec says.

**LANGUAGE:** ENGLISH

**LOAD-DATE:** January 17, 2000

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The New York Times

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**January 13, 2000, Thursday, Late Edition - Final**

**SECTION:** Section G; Page 1; Column 1; Circuits

**LENGTH:** 1536 words

**HEADLINE:** STATE OF THE ART;  
Video, Audio and **AOL TV**

**BYLINE:** By Peter H. Lewis

**BODY:**

EACH year at the Consumer Electronics Show in Las Vegas, hundreds of companies show the new products they plan to offer in the coming year, and tell lies about when the products will be available, how well they will work and how they will magically transform our lives.

Occasionally, new products emerge that really do have the potential to change the electronics landscape for the better. Recent examples include DVD players, high-definition television and a device that jams and blocks cell phone calls in restaurants and movie theaters. (Tragically, it is not yet available in this country.)

At this year's show, which ended Sunday, the most important products were evolutionary rather than revolutionary. Small devices like cameras and cell phones got smaller, big devices like television sets got bigger and cheaper, and nearly everything in between, including computers and VCR's, was offered in a choice of colors. Oh, and AOL, soon the proud owner of Time Warner, offered a glimpse of its version of the future of television.

Digital was the key word. There were digital televisions, cameras, video recorders, music players and books. There was even a digital Hula Hoop that played tunes with a bit of pelvic persuasion.

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A few products and technologies stood out from the crowd. Most of them were shown as prototypes, and some will not appear in stores until late this year.

TiVo, one of the creators last year -- along with Replay Networks -- of the exciting new category of digital video recorders, announced new alliances with Sony and Blockbuster that promise to further change how people watch television. With its Sony alliance, TiVo gets another brand-name maker of TiVo recorders, which allow customers to automatically search TV listings for interesting shows, create customized channels based on their preferences, record up to 30 hours of programming on a hard disk drive, pause live programming and otherwise take nearly full control of the broadcast schedule. For its part, Sony could conceivably add TiVo recording technology to its television sets, DVD players, set-top controller boxes and other devices.

Details of the Blockbuster alliance were not divulged, but one can easily imagine the giant video rental company offering its many thousands of movie and game titles online through the TiVo program guides, creating the first widespread video-on-demand system.

One might click on the Blockbuster channel, scan the Blockbuster catalog and rent a classic or new-release movie that would be downloaded to the TiVo recorder over a high-speed cable or digital subscriber line Internet connection. Again, TiVo and Blockbuster declined to elaborate, but the technology exists to permit movies to be rented, downloaded, locked or erased after the rental period is up, or purchased outright using a credit card.

While TiVo was touting its new Blockbuster alliance, the company's archrival Replay Networks was also showing the Blockbuster logo on its demonstrations at the show. Replay is in a "quiet period" in advance of a planned initial public stock offering on Wall Street, but the Blockbuster insignia in Replay's booth suggests that "video on demand" may be a common feature in living rooms sooner than we think.

The actress Pamela Anderson Lee was in Replay's booth touting its product. TiVo boasted of an endorsement by Howard Stern. The dueling bad girl, bad boy celebrity endorsements may be significant, but I can't imagine why.

For many, the wide-screen digital television receivers incited the greatest lust.

The good news is that prices have fallen sharply for HDTV-ready receivers. Thomson showed one that will cost \$3,999 when it reaches the market this summer, half the cost of similar sets last year.

The not-so-good news is that digital televisions are still more confusing and much more expensive than analog sets, and many of them still require a separate decoder box for receiving the handful of available HDTV programs. But the major satellite television services -- DirecTV and the DiSH Network -- announced that they will be transmitting more high-definition movies this year, which means that many people will not have to wait for local broadcast stations to switch to digital.

Meanwhile, the chairman of the Federal Communications Commission, William E. Kennard, warned cable television companies at the show that they have until April to stop their bickering and figure out a standard way to provide digital programming to their subscribers.

All of the digital sets on display at the show were impressive, compared with analog sets, but a prototype by Sharp Electronics topped them all with a 64-inch display that incorporated a new

technology, called continuous grain silicon, that made other digital TV sets -- even HDTV units -- appear drab in comparison. Of course, its \$50,000 price tag was as breathtaking as the pictures. The good news is that the new continuous grain technology will find its way down to more affordable sets.

Dolby Laboratories demonstrated a new technology, Dolby Headphone, that creates the audio illusion of full surround sound in any set of headphones. Unlike traditional stereo headphones that resolve left and right channels and create sound that seems to emanate from a center channel between the user's ears, Dolby Headphone creates the impression of sound coming from forward left, center and right, and rear left and right by using sound principles called psychoacoustics. Researchers study how the brain processes sounds, then modify the electronics to fool the brain into perceiving more sonic information than is actually being delivered.

Dolby Headphone, which works with any stereo headphones, is expected to be a feature on selected DVD players, receivers, personal computers and video game consoles later this year.

In a similar way, Microsoft is using psychovisual techniques with a technology called ClearType, which is being incorporated into software called Microsoft Reader. Reader, which was demonstrated at the show, works with laptop PC's, pocket computers and other electronic book devices.

Researchers have determined that text on a computer screen approaches the appearance of text on a printed page at a resolution, or sharpness, greater than 300 dots per inch. But the typical liquid crystal displays found on the new class of consumer e-books typically have resolutions of less than 100 dots per inch. The result is that electronic text can appear jagged or fuzzy, and the reader's eye spends so much time resolving the jagged edges that reading on a computer screen is unpleasant.

With ClearType, text on the electronic screen appears almost as sharp as text on a paper page. That is a major advance and will contribute significantly to the adoption of versatile reader devices, including hand-held units and larger tablet displays that have many technical advantages over printed books.

Microsoft also announced an alliance with the Barnes & Noble bookstore chain last week that will enable users of ClearType-enabled reading devices to download thousands of books from the Internet.

Just as Microsoft wants to change the way people use books, America Online wants to change the way people use television. And now that AOL has announced plans to acquire Time Warner and become the world's largest media company, not to mention a major force in cable television, the idea of **AOLTV** suddenly makes sense.

AOL gave a sneak peek at the new television services it plans to offer nationwide later this year. The key is a set-top box that will connect the television receiver to a satellite or cable TV connection and to the Internet at the same time (the box shown at the show had a 56K modem and came with a wireless keyboard and remote control). AOL will superimpose a menu bar and notification bar on the television screen, alerting the user whenever a new e-mail or instant message arrives.

Without changing the television channel, the AOL subscriber can participate in chat sessions about the show, check stock quotes, browse Web sites, participate in instant Time magazine polls and maybe shop for Sylvester and Tweety T-shirts online while listening to streaming audio from the Warner Brothers music catalog.

The rumble you hear in the distance is Microsoft preparing for battle with the new AOL Time Warner,

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but this time as an underdog. Microsoft operates MSN, which is one-tenth the size of AOL; it has WebTV, which is now challenged by AOLTv, and it too has been binge-buying cable television systems.

The battle will be epic, and you'll want to take pictures. One option is Canon's pocket-size, 3.1-megapixel Powershot S20, which is expected to go on sale in the United States before summer. The price has not been set.

At its highest-resolution setting of 2,048-by-1,536 pixels, this may be the first consumer digital camera to seriously rival the picture sharpness of traditional 35-millimeter film cameras, even when producing 8-by-10-inch photographic prints. The prototype on display worked with I.B.M.'s matchbook-size 340-megabyte microdrive, which will be a coveted option for a camera that creates picture files as large as 9 MB.

<http://www.nytimes.com>

**GRAPHIC:** Drawing (Stuart Goldenberg)

**LANGUAGE:** ENGLISH

**LOAD-DATE:** January 13, 2000

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San Jose Mercury News

January 12, 2000, Wednesday

**KR-ACC-NO:** SJ-AOL-TIME

**LENGTH:** 1106 words

**HEADLINE:** AOL-Time Warner Merger Will Blend Web, Airwaves

**BYLINE:** By Jon Healey

**BODY:**

Say you're watching a movie trailer on TV one night and the film looks like the best thing since "Something About Mary." So you click your remote at the screen and a new clip pops up, presenting an interview with the star and the director. Another click cuts to a music video for a song from the soundtrack.

A few more waves of the wand and you've bought tickets for tonight's screening, downloaded the song to play later or ordered an inflatable version of the canine co-star.

That kind of interactivity is one of the things America Online is exploring as it prepares to become the king of all media, old and new.

The world's largest Internet service provider, AOL remains focused on making things convenient for consumers, officials say. But AOL's planned purchase of "old media" powerhouse Time Warner, combined with a host of technology alliances, will let the company bring consumers new forms of

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interactivity that blur the line between what's on the Web and what's on the airwaves.

Interactive online commercials are one example. So are easier ways to find and record the TV programs that you like, view movies on demand or send instant messages to or from mobile phones and two-way pagers.

One thing AOL is not planning to do anytime soon is make Time Warner's library of movies, including such classics as "The Wizard of Oz" and "Doctor Zhivago," available online.

"We don't really believe right now the experience of watching a movie can be very much improved by interactive technology," said Jonathan Sacks, a senior AOL vice president and general manager of the AOL service.

A top-of-the-line computer monitor can deliver an excellent picture, Sacks said, but "it's not a mass-market consumer product right now. And until we get there, it's just a better experience to experience video on the TV."

Still, AOL sees a way to bring interactivity to other video experiences, if not to the programs themselves.

A good example is the deal AOL announced Tuesday with San Francisco-based Veon Inc., which makes software that can make online video streams interactive. Programmers can embed triggers into a video that, when clicked on by a viewer, launch another video stream, an animation, a picture or a music file, said Joanna Shields, the company's chief executive.

AOL intends to incorporate Veon into its as-yet unreleased high-speed Internet service, called AOL Plus. It will be up to the companies that broadcast video online to decide whether to use the Veon tools to make their clips or commercials interactive.

Veon's software is expected to be employed primarily by advertisers, who can use it to customize commercials for online sales. But Shields said it also could be used to set up interactive storytelling, with the twists and turns of a plot being determined by how a viewer steers the characters on screen.

The main hurdle for a service like Veon's is the need for a high-speed, or "broadband," connection, which only about 2 percent of all American homes have. "We think broadband matters, and we think that we're all going to get there, but we don't think we're all going to get there this year," Sacks said.

With that in mind, AOL is focusing on other new venues for its service, such as wireless phones, pagers and, particularly, TV sets. "What we're in business to do," Sacks said, is "bring people convenience applications wherever they are, whenever they need them." This year it expects to launch **AOL TV**, a service that uses a customized set-top box to let subscribers add elements of **AOL to their TV** viewing. The service features a searchable on-screen program guide that can remind viewers when their favorite shows are on, as well as simplifying the process of taping shows.

"We think we can improve the process of getting to and finding what you want," Sacks said.

**AOL TV** is also designed to integrate online activities with broadcasts, displaying them side by side on the screen or layer one atop the other. Viewers can write electronic messages to their pals in translucent type, read e-mail or browse AOL's online channels of information while they watch TV.

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That kind of integration can extend to the on-screen program guide and menus as well, said Charlie Tritschler, vice president of marketing at San Carlos-based Liberate Technologies, which makes software for the **AOL TV** set-top boxes.

"One of the metaphors we've looked at is, What if everything (online or on the air) is a channel? That is completely doable," Tritschler said.

Fitting into the notion of convenience, AOL also has a deal with Sunnyvale-based TiVo Inc. to add personal TV recording capability to some **AOL TV** boxes. TiVo's technology enables viewers to pause, rewind and replay shows as they are broadcast, as well as to record programs based on their likes and dislikes.

The goal, said TiVo Chief Executive Michael Ramsay, is to make TiVo an optional feature built into every **AOL TV** box, so consumers could obtain the service without having to buy more equipment. Today, Philips sells a basic version of the box for \$ 499, plus \$ 10 per month for the programming service.

"We intend to be a part of wherever they want to take their new strategy, if they'll let us," Ramsay said. He expects the first combination of **AOL TV** and TiVo to be ready late this year or early next year.

Time Warner owns a raft of television and movie programming that TiVo can't record because it's not on the air. There may be other ways to deliver that programming to consumers, however, such as storing it on Time Warner's cable networks in powerful computers that could transmit it to individual subscribers on command.

"If we were to combine interactive technologies and the kind of assets that a Time Warner has, you could obviously think that there would be great video-on-demand opportunities," Sacks said. But that's purely speculative, he said -- the one thing AOL knows for sure that consumers want from interactivity is convenience.

"I think it looks pretty clear to us that, in the entertainment space, music is going to be the first thing that emerges as an application," he said. "It is all about convenience. Anytime you can really change the convenience aspect for consumers you win."

AOL has a deal with Palo Alto-based Riffage.com Inc. to supply personalized music to its subscribers, a feature that Riffage chief executive Ken Wirt expects to be implemented later this year.

Knight Ridder, parent company of the Mercury News, is an investor in America Online Inc.

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To see more of the San Jose Mercury News, or to subscribe to the newspaper, go to <http://www.sjmercury.com>

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**LANGUAGE:** ENGLISH

**JOURNAL-CODE:** SJ

**LOAD-DATE:** January 12, 2000

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Daily News (New York)

**January 10, 2000, Monday SPORTS FINAL EDITION**

**SECTION:** BUSINESS; Pg. 26

**LENGTH:** 315 words

**HEADLINE:** AOL GETS WITH PROGRAM FOR TV CONNECTION

**BYLINE:** By CHRIS ALLBRITTON DAILY NEWS STAFF WRITER

**BODY:**

LAS VEGAS - With America Online's newest push, an online rendezvous might go something like, "Meet me at 10 p.m. at 'Ally McBeal.' "

That's because AOL is finally rolling out a long-anticipated television box called **AOLTV** that will let subscribers check their E-mail, surf the Web, chat with other AOL subscribers, shop and keep up with TV listings.

"This allows you to marry Internet and television," said My-Chau Nguyen, AOL vice president of marketing.

Introduced at the Consumer Electronics Show that just wrapped up, Nguyen wouldn't specify the price, although he said it would be competitive, and said it would be available sometime this summer.

Like its competitor, Microsoft's WebTV, **AOLTV** is designed for people who don't want the complexity of a personal computer.

It uses a cable-like box, manufactured by Philips and Hughes Network Systems, and a wireless keyboard. Net surfers will be able to use their existing AOL accounts.

When it starts up, a blue menu floats over the TV signal, including such choices as E-mail, shopping, chatting, pictures, and most other services offered by the traditional AOL service.

Also, a TV guide will look up users' local listings and hook into a VCR so they can have one-button taping. Through all this, the TV signal remains on screen, sometimes shrinking into a smaller picture within the larger screen.

Also, certain programs, such as music videos on MTV, have links to the service that allows users to buy the video or album using the credit card information already stored in their AOL accounts.

Other plans pushing AOL beyond the PC include one that would enable E-mail to be read over the phone and another that lets subscribers get their E-mail on palm-sized devices.

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Pricing for the phone service was not disclosed, but the software for receiving AOL E-mail is free, available on AOL's service via keyword anywhere.

**LOAD-DATE:** January 17, 2000

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The Record (Bergen County, NJ)

**January 10, 2000, MONDAY; ALL EDITIONS**

**SECTION:** BUSINESS; Pg. H12

**LENGTH:** 313 words

**HEADLINE:** AOL TO OFFER ITS OWN VERSION OF WEB TELEVISION

**SOURCE:** Wire services

**BYLINE:** The Associated Press

**DATELINE:** LAS VEGAS, Nev.

**BODY:**

America Online Inc. will offer a service that lets people use the Internet on their television sets, challenging Microsoft Corp.'s Web TV and other rivals seeking to build interactive television businesses.

The new service, called **AOLTV**, would be transmitted through cable set-top boxes made by Philips Electronics and Hughes Electronics Corp.'s DirectTV satellite television.

AOL did not provide specifics on when the service would be available or how much it would cost monthly, nor did it give pricing for the equipment.

**AOLTV** would allow users to exchange and view e-mail and instant messages and browse the Internet. The company said Friday that it would tell more about the service, including television programming, at a later date.

The Dulles, Va.-based company has been moving aggressively to bolster 1 NEW3 its "AOL Anywhere" strategy to extend its reach beyond the personal computer. In December, it bought MapQuest, a leading provider of maps on the Internet that helps users look up directions and can be used with hand-held computers. The company also has developed software to adapt its interactive calendar and other features such as e-mailing to portable devices.

Analysts say AOL has two goals with its AOL Anywhere program, to be among the first to take advantage of consumers desire to be connected on the go and to encourage subscribers to stay on line longer, which

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