

OFFICIAL TRANSCRIPT PROCEEDING

FEDERAL TRADE COMMISSION

MATTER NO. 9723162

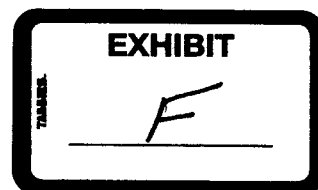
TITLE WEB TV NETWORKS, INC.

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PAGES 1 THROUGH 39

WEBTV DOCUMERCIAL

**FOR THE RECORD, INC.
603 POST OFFICE ROAD, SUITE 309
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FEDERAL TRADE COMMISSION

I N D E X

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WITNESS:

EXAMINATION:

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Documercial with

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Wil Shriner

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<u>EXHIBITS</u>	<u>FOR ID</u>	<u>IN EVID</u>	<u>IN CAMERA</u>	<u>DESCRIPTION</u>
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None.

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FEDERAL TRADE COMMISSION

In the Matter of:)
WebTV Networks, Inc.) File No. 9723162
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August 21, 1997

**DOCUMERCIAL WITH
WIL SHRINER OF WEBTV NETWORKS, INC.**

APPEARANCES:

ON BEHALF OF THE FEDERAL TRADE COMMISSION:

No investigator named.

1 P R O C E E D I N G S

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3 [ANNOUNCER (Unidentified)]: The following is a
4 paid presentation for WebTV Networks, Incorporated.

5 [Visual disclosure (large)]: WebTV.

6 [ANNOUNCER (Wil Shriner)]: Hi, I'm Wil Shriner,
7 coming to you from living rooms all across the country.
8 Why? Because this and this and this and this is where
9 people, just like you and me, surf the worldwide web
10 with the WebTV Network. With what? WebTV Networks, the
11 company that brings your TV to life with the internet.

12 You know, the internet, where you can
13 communicate with people you know and make friends with
14 people you'd never meet otherwise. You have heard of
15 e-mail? That's electronic mail that lets you send and
16 receive messages anywhere in the world without the
17 hassle of stamps or the cost of long distance calls.

18 And you know what else you can do on your TV and
19 WebTV? Get up-to-the-minute news, sports and financial
20 information; check out all sorts of entertainment, like
21 celebrity sites of your favorite stars; take care of
22 personal business, like making travel plans, banking or
23 buying movie tickets right from your television. You
24 get the idea.

25 [Visual disclosure (large)]: WebTV.

1 [ANNOUNCER (Wil Shriner)]: With the WebTV
2 Network, your television set becomes more than just a
3 place to watch your favorite shows. It's a place to
4 customize your program and a place to check out whatever
5 you're into from your favorite room with your family and
6 friends.

7 So, why do you need the WebTV Network on your
8 television? Because with WebTV, the worldwide web
9 becomes your personalized TV channel. Hey, millions of
10 people are on the internet, and if you're not one of
11 them, you're missing out, but the great news is with the
12 WebTV Network, the internet is now showing on your TV.
13 Yes, the TV you're watching right now.

14 And if you can use a remote control, you can use
15 WebTV. It's fun, it's easy and affordable, and you
16 don't need a computer to watch it, you don't need a
17 Ph.D. to work it and you don't need a stock portfolio to
18 afford it. Hey, you've got interests, you've got
19 ambitions, you've got dreams. You can use the WebTV
20 Network to get closer to all of them.

21 Think of the incredible people you can meet, the
22 places you can go and the things you can buy and the
23 stuff you can get done all on your television.

24 [CONSUMER (Unidentified Male)]: I love my WebTV
25 to do my home banking, to do investment research on

1 line. I also travel quite a bit out of town, so I use
2 it to find out the best air fares and the best
3 restaurants.

4 [CONSUMER (Unidentified Female)]: I use my
5 WebTV for searching all of the garden sites.

6 [CONSUMER (Unidentified Male)]: I hold a black
7 belt in Tae Kwan Do right now, and I like to go on the
8 WebTV and look at different styles.

9 [CONSUMER (Unidentified Female)]: I especially
10 like to look at a lot of fashion magazines on the WebTV,
11 because that way I don't have to go out and buy them.

12 [CONSUMER (Unidentified Male)]: I have been
13 able to travel to other countries, Spain, in Costa Rica,
14 in some of the Caribbean Islands.

15 [CONSUMER (Unidentified Female)]: I like the
16 feature from WebTV for the live camera for the St. Louis
17 home page, because it shows the arch and everything. It
18 doesn't make me feel so much homesick.

19 [CONSUMER (Unidentified Male)]: It's opened up
20 a new world to me, a world I didn't even know exist,
21 honestly.

22 [ANNOUNCER (Wil Shriner)]: It's WebTV, easy to
23 use, affordable and the most dependable way to surf the
24 net. All you need is your television and your current
25 phone line. Then you buy this little box called an

1 internet terminal made by Philips Magnavox or Sony.
2 Then you sign up for the WebTV Network, and boom, in
3 seconds, you're surfing the web.

4 It's the best way to the internet, and it's
5 playing on TVs all over the country. But what do you do
6 with WebTV? You want to see? You want to go inside
7 other people's living rooms, check out with what they do
8 with their WebTV, see how it's changing their lives?
9 Well, okay, America, show us your WebTV.

10 This is Anita and Joe's house. I'll get the
11 mail for 'em. Hi, Anita, Wil from WebTV.

12 [CONSUMERS (Anita and Joe)] [Anita]: Hi, Wil,
13 how are you?

14 [SHRINER]: I've got your mail. I see there's a
15 number of overdue bills here, but -- sorry.

16 May I come in and talk to you about how you're
17 using WebTV?

18 [CONSUMERS (Anita and Joe) [Anita]:: Yes, sure.

19 [SHRINER]: So, Anita, you're a little like
20 Columbus, you like to do some exploring.

21 [CONSUMERS (Anita and Joe)] [Anita]: Yes, I do.
22 That was one of the first things I noticed on the home
23 page. It gives you topics, so whatever you are into,
24 it's there. There was one on the community, there's a
25 financial section, entertainment, sports, health, mind

1 and body and on and on. I mean, whatever you felt like
2 looking at, it was so easy to get to.

3 [SHRINER]: What convinced you to get WebTV?

4 [CONSUMERS (Anita and Joe) [Joe]: I think the
5 main thing is, is that we didn't have to get a
6 computer.

7 [CONSUMERS (Anita and Joe) [Anita]: When you
8 get home, I don't want to get on my computer. It's much
9 more comfortable to sit on the couch and to be able to
10 play with WebTV. It's just -- it's -- it's more fun.

11 [CONSUMERS (Anita and Joe) [Joe]: It's just
12 another way of using the TV that I think is very
13 comfortable.

14 [SHRINER]: Tony, how do you fit into this?

15 [CONSUMERS (Anita, Joe and Tony) [Tony]:
16 Anita's my daughter.

17 [SHRINER]: Your daughter. How do you guys use
18 WebTV?

19 [CONSUMERS (Anita, Joe and Tony) [Tony]: Well,
20 I have six children and ten grandchildren, so it keeps
21 me in touch with the kids, their birthdays and the
22 little parties they are having, but the e-mail back and
23 forth between the children and myself is really a great
24 communications tool.

25 [SHRINER]: Now, when you send an e-mail for

1 their birthday, do you still enclose a couple of bucks
2 in the card?

3 Tony, what else do you like about WebTV?

4 [CONSUMERS (Anita, Joe and Tony)][Tony]: I
5 travel a lot, so I get home at the end of the week and I
6 always feel like I'm behind on current events. So,
7 WebTV to me is like a catcher's mitt. It helps me to
8 catch up to the events that were going on while I was
9 away.

10 I am no longer intimidated by it, you know, I --
11 I always felt the computer market went beyond me, but
12 WebTV makes me feel like technology caught up with me.

13 [SHRINER]: What have you found to explore with
14 the kids?

15 [CONSUMERS (Anita, Joe and Tony)][Anita]: PBS
16 Online was great. They loved that, because they are so
17 familiar with all those morning shows, and there are a
18 lot of really fun sites for kids to look at. For them,
19 they are going to grow up with the TV being very
20 interactive for them rather than just something that you
21 sit in front of, and I like that, too, because I think
22 it -- it seems to be more educational.

23 [SHRINER]: Let's just check out and see if
24 these folks know about the SurfWatch feature, they have
25 got kids.

1 Have you tried SurfWatch, Joe, Anita?

2 [CONSUMERS (Anita, Joe and Tony)] [Joe]: Yeah,
3 we have. It's a good way to protect, you know, what our
4 kids are watching.

5 [CONSUMERS (Anita, Joe and Tony)] [Anita]: Makes
6 you feel comfortable, the fact that there are things on
7 the internet that we don't want them getting access to.

8 [SHRINER]: Now, do you have SurfWatch for
9 grandpa?

10 [CONSUMERS (Anita, Joe and Tony)] [Anita]: We
11 should. A lot of things you shouldn't be looking at.
12 We love WebTV.

13 [SHRINER]: No, come on, really.

14 [CONSUMERS (Anita, Joe and Tony)] [Anita]:
15 Really, it is -- there is so much value. You have no
16 idea what you're getting until you start playing with
17 it. I mean, it's like taking your favorite magazine,
18 your favorite newspapers and half a library and
19 combining it all together, and that's only the
20 beginning.

21 [SHRINER]: A family that stays in touch through
22 WebTV.

23 [CONSUMERS (Anita, Joe and Tony)] [Anita]: We
24 love our WebTV.

25 [CONSUMERS (Anita, Joe and Tony)] [Tony]: We

1 love it.

2 [CONSUMERS (Anita, Joe and Tony)] [Joe]: We love
3 it.

4 [ANNOUNCER (Wil Shriner)]: Well, as you've
5 seen, once you've experienced WebTV, you'll wonder how
6 you ever got along without it. There is so much to see,
7 so much to do. So, if your TV is not connected to the
8 WebTV Network, you're missing out on the worldwide web.

9 [Visual disclosure (large)]: WebTV.

10 [ANNOUNCER (Wil Shriner)]: Hey, Terrence?
11 Terrence, you home?

12 [CONSUMER (Terrence)] [TERRENCE]: Yeah, I'm
13 home.

14 [SHRINER]: Hi, man, Wil from WebTV.

15 [TERRENCE]: Hey, how you doing, man?

16 [SHRINER]: Good. We thought we would check out
17 how you're using your WebTV.

18 [TERRENCE]: All right, man, come on.

19 [SHRINER]: Okay. I like your door, it's like
20 that Mr. Ed house.

21 All right, so, let's see the room where you
22 watch WebTV.

23 [TERRENCE]: This is it right here, man, this is
24 where it all happens.

25 [SHRINER]: All right, got your home page off

1 and running.

2 [TERRENCE]: : Go ahead, grab a seat.

3 [SHRINER]: Why did you pick WebTV?

4 [TERRENCE]: I knew I wanted to get on the
5 internet, and I didn't want to go through the expense of
6 getting a computer, and so I went with WebTV, because it
7 was so simple. You hook it up in about five minutes,
8 ten minutes you're rolling. It's just very simple.

9 [SHRINER]: What kind of stuff do you like to
10 do?

11 [TERRENCE]: Basically what I like to do is I
12 like to just jump in and get on the sports page.

13 [SHRINER]: Do you find yourself going back and
14 forth between regular TV sports and then WebTV?

15 [TERRENCE]: Absolutely, dude, I mean, you know,
16 you are watching the game, and at any time, you can just
17 stop. You can click from WebTV. You can get additional
18 information from players, games, scores and highlights
19 from the sports page, any kind of fact that you want you
20 can get right there while it's fresh in your mind with
21 the click of a button. So, you have more control over
22 what you actually watch.

23 [SHRINER]: There is a spot for favorite sites.
24 What have you got on your favorite sites?

25 [TERRENCE]: My favorite sites, I have -- I have

1 Wheel of Fortune on there, you can actually play the
2 game. Your board comes up, you can see it. They will
3 actually show you the letters you have already used,
4 just like the regular game. You can actually play with
5 people who are playing on WebTV around the world.

6 [SHRINER]: So, you are playing in real time
7 against real opponents.

8 [TERRENCE]: Absolutely.

9 [SHRINER]: All right, Terrence, well, I know we
10 have taken a little time away from your game. I'll let
11 you get back to your game. Good to see you.

12 [TERRENCE]: Thanks.

13 [ANNOUNCER (Wil Shriner)]: Are you still just
14 watching sports on television? Well, with the WebTV
15 Network, you can play armchair quarterback, you can
16 check stats, you can even chat with other sports
17 enthusiasts. With WebTV, there's something for
18 everyone. You can tune into whatever you're into.

19 [Visual disclosure (large)]: WebTV.

20 [ANNOUNCER (Wil Shriner)]: Oh, hey, Karen, I'm
21 Wil.

22 [CONSUMER (Karen) [KAREN]: Wil, nice to meet
23 you.

24 [SHRINER]: Nice to meet you. Is it okay if we
25 come in? We came to see how you're using WebTV. We

1 want to find out how it's changed your life.

2 [KAREN]: Oh, it's changed my life quite a bit.

3 [SHRINER]: Sit down and find out how you're
4 using WebTV.

5 So, Karen, I understand the biggest influence
6 WebTV has had on your life is e-mail.

7 [KAREN]: The e-mail is phenomenal. I -- that
8 is basically what led me into getting WebTV. My best
9 friend, we met in nursing school, and she lives in
10 Charleston, South Carolina, and now we have a
11 relationship where we talk every day. I come home --
12 it's real exciting, you come home, the red light's on,
13 you go, "Mail!"

14 [SHRINER]: Oh, look, you've got an e-mail here
15 from your friend. "Congratulations on your new sports
16 car." Let's write her back. Just scroll down and hit
17 "reply." Just going to type in a little note here.
18 "I'm with my new best friend Wil Shriner." Isn't it
19 easy to send e-mail with WebTV?

20 [KAREN]: It's great.

21 [SHRINER]: Now, I'll just hit "send," and it's
22 off to your friend.

23 You know, the old ways of sending a letter was
24 kind of like snail mail. Let's just recreate the old
25 way you used to send a letter.

1 You have got to go through your desk. What are
2 you looking for? Stationery. You write a little
3 letter.

4 [KAREN]: And I'll write it to Brian.

5 [SHRINER]: Dear Brian. How's your
6 handwriting?

7 [KAREN]: Perfect.

8 [SHRINER]: You would never be a doctor.

9 So, do you have any stamps in there?

10 [KAREN]: I thought I did. Let me check. No, I
11 don't see any.

12 [SHRINER]: No stamps? Oh, we have got to go to
13 the post office.

14 All right, we will buy some stamps, Karen, let's
15 let WebTV pay for these. It's a hassle, isn't it?

16 Okay, B-4. There we go. There's your stamps.

17 [KAREN]: Thank you.

18 [SHRINER]: And stamped mail, there we go.

19 Boy, was that a hassle, wasn't it?

20 [KAREN]: Sure was. Much easier to just sit on
21 your couch.

22 [SHRINER]: Send e-mail.

23 [KAREN]: Definitely.

24 [SHRINER]: All right, let's get out of here.

25 [Visual disclosure (large)]: WebTV.

1 [ANNOUNCER (Unidentified)]: TV just got better
2 with WebTV. It's so easy.

3 (Visual disclosure (fine print, no corresponding
4 audio)): This is a paid ad for WebTV Networks, Inc.

5 [CONSUMER (Theresa)][THERESA]: So simple to
6 use. If you can use a remote, you can use WebTV.

7 [ANNOUNCER (Unidentified)]: Fast.

8 [Visual disclosure (large)]: WebTV.

9 [CONSUMER (Terrence)][TERRENCE]: You hook it up
10 in five minutes, ten minutes, you're rolling.

11 [ANNOUNCER (Unidentified)]: Fun way to surf the
12 net.

13 [Visual disclosure (large)]: WebTV.

14 [CONSUMER (Young Female)][YOUNG FEMALE]: Just
15 like getting an education with fun.

16 [ANNOUNCER (Unidentified)]: And you don't need
17 a computer. WebTV works with your TV and current phone
18 line. Whether it's entertainment, communication or
19 education, it's all on WebTV. Beginning with the WebTV
20 home page, your starting point for WebTV's exclusive
21 services, like WebTV e-mail, where you can send and
22 receive messages virtually anywhere in the world.

23 And WebTV's Explore, an exclusive directory of
24 amazing places to go on the internet, covering every
25 topic imaginable; or WebTV's Search, so you can find

1 places to go by subject matter in a flash. Then, when
2 you find a site you like, stash it in your WebTV
3 favorites.

4 [Visual disclosure (fine print, no corresponding
5 audio)]: AroundTown is not available in all cities.

6 [ANNOUNCER (Unidentified)]: Click on Around
7 Town for the five-day weather forecast in your city or
8 in any city you choose. Find a restaurant or check for
9 starting movie times at a theater near you. WebTV even
10 comes with SurfWatch, so you can control what sites and
11 e-mail are seen by your kids.

12 With WebTV, you can receive phone calls while
13 you're surfing.

14 [Visual disclosure (large)]: Coming Soon!
15 Optional Printer Adapter and Printer.

16 [ANNOUNCER (Unidentified)]: And soon you'll be
17 able to print e-mail messages or web sites, and you
18 control everything right from your remote. Or, if you
19 want to send lots of e-mail to friends and family, an
20 optional wireless keyboard is available.

21 [Visual disclosure (large)]: Optional Keyboard.
22 Call Now. Only \$249.

23 [ANNOUNCER (Unidentified)]: WebTV takes your TV
24 to a whole new level. All you need to get started is a
25 WebTV internet terminal made by Philips Magnavox or Sony

1 for a fraction of the cost of a computer.

2 [Visual disclosure (large)]: Only \$19.95 a
3 month.

4 [ANNOUNCER (Unidentified)]: Then, get hooked up
5 to the WebTV Network and surf all you want for only
6 \$19.95 a month.

7 [Visual disclosure (fine print, no corresponding
8 audio)]: WebTV Network Service is not available as a
9 local call everywhere. Toll charges may apply.

10 [CONSUMER (Pete) [PETE]: You can literally get
11 connected to anybody in the world.

12 [CONSUMER (Anita) [ANITA]: Whatever you're into,
13 it's there.

14 [CONSUMER (Theresa) [THERESA]: There is no
15 reason not to get WebTV.

16 [Visual disclosure (large)]: Free Video.

17 [ANNOUNCER (Unidentified)]: Call now and we'll
18 rush you a free video that will show you how easy and
19 affordable it is to get WebTV in your home right away
20 and how you could win \$10,000 in the instant-win
21 sweepstakes.

22 [Visual disclosure (large)]: \$10,000 Grand
23 Prize, call for details.

24 [ANNOUNCER (Unidentified)]: So, call the
25 toll-free number on your screen right now and bring your

1 television to a whole new level. Go on, make your TV a
2 WebTV.

3 [Visual disclosure (large)]: 30 Day/Money Back
4 Guarantee on WebTV Network Service.

5 [CONSUMER (Unidentified Male) [MALE]: With WebTV
6 I'm able to travel better by selecting the seat --
7 actual diagram on WebTV, I can look at and see exactly
8 where on the plane I'd like to sit, I'm able to book
9 on-line, and my seat is waiting for me when I get to the
10 airport. I probably saved at least a thousand dollars
11 on air fare alone.

12 [CONSUMER (Unidentified Male) [MALE]: We wanted
13 to get a swing set for the kids, and I typed in swing
14 set and got back from the search pages, you know, every
15 possible variation on swings, and we found this company
16 from Maine.

17 [CONSUMER (Unidentified Female) [FEMALE]: I am
18 so glad he did. It was great just to be able to decide
19 we wanted to find out some information right then and
20 there, and get on WebTV and there it was.

21 [CONSUMER (Young Female) [YOUNG FEMALE]: One of
22 the things I put in my favorites box was Xena, Warrior
23 Princess. Right after I watched the show, I'd go on to
24 search, and I know what's more behind the scenes of
25 Xena.

1 [CONSUMER (Unidentified Male) [MALE]: Our TV has
2 a picture-in-picture function on it. So, we are able to
3 watch the games and we will be checking out the
4 statistics as they are -- as the game is in progress and
5 maybe as other games are in progress.

6 [CONSUMER (Unidentified Female) [FEMALE]: It's
7 definitely had an impact on the family. Now we're
8 sitting together, not just, like, couch potatoes in
9 front of the television letting it entertain us, but we
10 are actually working together as a group.

11 [ANNOUNCER (Wil Shriner)]: Hey, welcome back.

12 Now, you see these TVs behind me? They used to
13 be regular TVs, but they are something much more,
14 because they are connected to the WebTV Network. Now,
15 if you're just joining us, the future is here, and the
16 buzz in homes all over the country is WebTV, the easy,
17 fast, fun way for everyone to get on the internet.

18 I am joined by a delightful woman who is 90
19 years young. This is Evelyn, but that's not her real
20 name. Her real name is Cyber-Gram. Is that right?

21 [CONSUMER (Evelyn) [EVELYN]: Yes.

22 [SHRINER]: How do you like WebTV so far?

23 [EVELYN]: I just love WebTV. It has just
24 opened a whole wide world for me that has been
25 marvelous.

1 [SHRINER]: You e-mail post cards with WebTV?

2 [EVELYN]: Yes. I have a lot more friends. I
3 have friends in Canada now, and I have some friends in
4 Holland now that I didn't have before, and I'm a lot
5 closer to my family than I've ever been, because I say
6 good night to them every night.

7 [SHRINER]: I understand you e-mailed the
8 president of WebTV?

9 [EVELYN]: Yes, I did. He told me to, so I
10 did.

11 [SHRINER]: Would you like to read it for us?

12 [EVELYN]: Okay. "At 90 I am enjoying searching
13 the web. It is the most exciting thing to happen to me
14 for a long time. I could not see how a 90-year-old
15 could use a computer. Now I am hooked. Thanks.
16 Cyber-Gram."

17 [Visual disclosure (large)]: Dr. Pamela Wendt,
18 USC Andrus Gerontology.

19 [MS. WENDT]: I have a research project teaching
20 seniors to use the internet. We have found that as our
21 seniors learn to use WebTV, their lives have taken on a
22 whole new meaning. People have been -- I don't really
23 know the word, but have just been warmed by the fact
24 that they get regular e-mail from grandchildren.

25 Getting connected to the internet using WebTV

1 has just made such a difference in people's lives,
2 because it has allowed them to be at home where their
3 body needs to be but let their mind find the world once
4 again.

5 [ANNOUNCER (Wil Shriner)]: Are you still
6 wondering what all those "www.somethings" are? Well,
7 with the WebTV Network, they become places to go, things
8 to do, stuff to buy, people to meet.

9 [Visual disclosure (large)]: WebTV.

10 [ANNOUNCER (Wil Shriner)]: We thought we'd
11 check with a typical teenager and see how she's using
12 her WebTV.

13 Hi, Christina, Wil with WebTV.

14 [CONSUMER (Christina)] [CHRISTINA]: Hi, come on
15 in.

16 [SHRINER]: Great.

17 So, Christina, you know, one of the things I
18 like to do is chat. You can go on and you can find
19 anything you want to talk about, any subject matter, you
20 go into a chat room. I understand you like that, as
21 well.

22 [CHRISTINA]: Yeah, I do, because it saves a lot
23 of money on phone bills. I call up my friend in
24 Washington, talk for about a minute or two and tell him
25 to go downstairs in his dorm, go online, and we start

1 chatting.

2 [SHRINER]: Tell me about some of your favorite
3 TV shows.

4 [CHRISTINA]: Well, I like looking up Star
5 Trek. There's a lot of -- there's an official and then
6 there's a lot of unofficial sites.

7 [SHRINER]: What other TV show web sites do you
8 like to visit?

9 [CHRISTINA]: Well, there is X-Files, which is a
10 very great show, I love that show, and the official site
11 has the reviews for the episodes, what they are about,
12 pictures, just everything you need to know. Sometimes I
13 miss the episode, and I'm -- I would be totally lost if
14 I missed an episode. So, I can just find out what the
15 episode was about in detail.

16 [SHRINER]: Let's show people how -- how easy it
17 is to research something. What do you think? Let's
18 pick a topic. What are you into? Are you into art?

19 [CHRISTINA]: Yeah.

20 [SHRINER]: Let's pick a painter, say Earl
21 Scheib. No, how about Monet?

22 CHRISTINA: Monet, okay.

23 [SHRINER]: Click up to search.

24 [CHRISTINA]: And just type in Monet.

25 [SHRINER]: M O N E T, right.

1 [CHRISTINA]: Monet.

2 [SHRINER]: Pronounced Monet.

3 Wow, look at all these web sites we found. Hey,
4 look at this, there are paintings and -- well, his
5 biography, let's take a look.

6 Let's see, there he is. He could use a little
7 trim on that beard, I think. All right, let's check out
8 some of his paintings. Go to, say, "Women in the
9 Garden." Okay, there's women in a garden. Oh, yeah,
10 yeah, the famous "Waterlilies," right there.

11 This is so easy. Could you imagine doing it the
12 old-fashioned way?

13 [CHRISTINA]: No.

14 [SHRINER]: I mean, having WebTV is like having
15 a huge resource library, the internet, the worldwide
16 web, all of that is available for you right now. Let's
17 just for kicks do it the old-fashioned way.

18 [CHRISTINA]: Do we have to?

19 [SHRINER]: Yeah, come on.

20 So, we go to the library, and we look up Monet
21 on the computer. Then we have to hunt all over the
22 place for the book, better make sure we return it on
23 time. It is so much easier to get all the information
24 you need with WebTV.

25 [Visual disclosure (large)]: Steve Perlman,

1 President & CEO, WebTV Networks, Inc.

2 [MR. PERLMAN]: We have taken this wonderful
3 thing, the internet, which until now has really been
4 limited to kind of a very small percentage of the
5 population, that A, has a technical ability to make
6 their way through it, and B, can afford it, we have
7 taken this wonderful thing and brought it to the masses,
8 and I tell you, if I don't do anything else in life, I
9 can say that I have done this, and I think it really
10 makes a difference.

11 [Visual disclosure (large)]: WebTV.

12 [ANNOUNCER (Unidentified)]: TV just got better
13 with WebTV, the fast, easy, fun way to surf the net.

14 [Visual disclosure (fine print, no corresponding
15 audio)]: This is a paid ad for WebTV Network, Inc.

16 [CONSUMER (Anita)] [ANITA]: Whatever you are
17 into, it's there.

18 [CONSUMER (Terrence)] [TERRENCE]: You hook it up
19 in about five minutes, ten minutes you're rolling.

20 [CONSUMER (Theresa)] [THERESA]: It's so simple
21 to use.

22 [ANNOUNCER (Unidentified)]: WebTV works with
23 your TV and current phone line, and it's as simple to
24 use as your remote control. Whether it's entertainment,
25 communication or education, it's all on WebTV.

1 Beginning with the WebTV home page, where you can send
2 and receive e-mail messages virtually anywhere in the
3 world.

4 [Visual disclosure (fine print, no corresponding
5 audio)]: AroundTown is not available in all cities.

6 [ANNOUNCER (Unidentified)]: With Around Town,
7 you can check out the local scene in your neighborhood.
8 And WebTV comes with SurfWatch, so you can control what
9 sites and e-mail are seen by your kids.

10 [Visual disclosure (large)]: Optional Keyboard.

11 [ANNOUNCER (Unidentified)]: An optional
12 wireless keyboard makes it easy to send lots of e-mail,
13 and soon you'll be able to print e-mail messages or web
14 sites.

15 [Visual disclosure (large)]: Coming Soon!

16 Optional Printer Adapter and Printer.

17 [Visual disclosure (fine print, no corresponding
18 audio)]: Only \$19.95 a month. WebTV Network Service is
19 not available as a local call everywhere. Toll charges
20 may apply.

21 [ANNOUNCER (Unidentified)]: Get started with a
22 WebTV internet terminal, then get hooked up to the WebTV
23 service for only \$19.95 per month.

24 [Visual disclosure (large)]: Free Video.

25 [ANNOUNCER (Unidentified)]: Call now and we'll

1 rush you a free video that'll show you everything you
2 need to know about getting WebTV in your home right
3 away.

4 [Visual disclosure (large)]: 30 Day Money Back
5 Guarantee on WebTV Network Service.

6 [ANNOUNCER (Unidentified)]: So, call the
7 toll-free number on your screen right now and make your
8 TV a WebTV.

9 [ANNOUNCER (Wil Shriner): WebTV is, well, in a
10 word, simple. It brings the internet to your TV,
11 letting you switch between channel surfing and web
12 surfing without leaving your couch.

13 So, Pete and Cammi have an interesting story.
14 They knew each other, then they moved apart, and now
15 they have come back together to get married, all with
16 the help of WebTV.

17 [CONSUMERS (Pete and Cammi) [CAMMI]: That's
18 right.

19 [SHRINER]: So, you both have WebTV boxes. How
20 easy were they to hook up?

21 [CAMMI]: Extremely. In fact, we both hooked up
22 our own.

23 [CONSUMERS (Pete and Cammi) [PETE]: It takes
24 about 15 minutes. It's pretty easy. It's as easy as --
25 actually, it's easier than setting up a VCR, plug it

1 right in.

2 [CAMMI]: And they do offer a help line that you
3 can call. I'm proud to say I didn't need to call it,
4 but it's nice to know that it's there, that if you have
5 any problems, you can call it.

6 [SHRINER]: So, living 500 miles apart, does it
7 make you feel closer?

8 [CAMMI]: It's made it a lot easier. One of the
9 things that's so great for me and I think Pete would
10 agree is that just being able to e-mail back and forth,
11 it -- it makes us feel that much closer. We're, you
12 know, 500 miles away, and one of the nice things when I
13 get home at night and I flip on the TV, if he's been
14 good, my light's blinking and I have an e-mail, which
15 there is something really neat about that.

16 [SHRINER]: How much money do you think you have
17 saved on phone bills?

18 [CAMMI]: Oh, on our phone bill? Hundreds of
19 dollars.

20 [SHRINER]: So, you have been planning your
21 wedding with WebTV?

22 [CAMMI]: Right. What's great is that I get
23 home from work, I get in my comfy clothes, and I've been
24 able so far to find florists, wedding dress options,
25 musicians. For me, that's huge. That saves a ton of

1 time.

2 [SHRINER]: What about the honeymoon?

3 [CAMMI]: That's Pete's area.

4 [PETE]: That's my department.

5 [SHRINER]: So tell us, Pete.

6 [PETE]: Actually it was really helpful for our
7 honeymoon, because we are going to Africa. So, I used
8 the WebTV to send out an e-mail, basically I contacted
9 multiple safari companies out in Kenya, and I would wake
10 up in the morning and see the light blinking, and I'd
11 get information, and then I'd take that information and
12 forward it to Cammi.

13 [SHRINER]: So, you live in northern
14 California. Are you going to move up north? Have you
15 been looking for a place on the web?

16 [CAMMI]: We have been. We have actually been
17 looking for homes.

18 [PETE]: WebTV's helped, because I can just get
19 on there, look at the listings, and then we send e-mails
20 back and forth, and when she comes up on the weekend, we
21 can look at the houses.

22 [SHRINER]: When you guys move in and finally
23 settle down together, what are you going to do with the
24 extra box?

25 [CAMMI]: Oh, that's easy, mom and dad get it.

1 My dad is already on the internet, and I can't get my
2 mom on, and I think this will be the thing that will
3 keep us in touch.

4 [SHRINER]: What happens when the minister says
5 I now pronounce you man and wife?

6 [CAMMI]: This is what happens. (Kisses Pete).

7 [SHRINER]: The WebTV Network, it's the
8 evolution of your television from regular TV to WebTV.

9 [Visual disclosure (large)]: WebTV.

10 [CONSUMER (Ellis)] [ELLIS]: Hey, Wil, how are
11 you?

12 [SHRINER]: Ellis, good to see you.

13 [ELLIS]: Good to see you. I got the WebTV on
14 now. Come on in.

15 [SHRINER]: Hey, all right. Oh, look, I see you
16 have got your Around Town feature up to check out the
17 local weather, movies, restaurants.

18 So, Ellis, tell us, how do you like your WebTV?

19 [ELLIS]: It's just something so terrific.
20 Everything you want to think about, you can do with
21 this. I am watching regular TV, and then at the same
22 time I can go right to the internet, and I can find
23 additional things that you can't see on TV.

24 For instance, if I'm watching something on
25 sports, I get a ball game score, and then I get to

1 ESPN-Net or one of the other internet sites, and I get
2 the whole line score, everything that's going on play by
3 play, and it's easy. It's for people like myself who
4 know how to plug in a microwave. I mean, it's that
5 simple.

6 [SHRINER]: Okay, so, I notice you have landed
7 there on the TV Guide site.

8 [ELLIS]: TV Guide has become a whole different
9 thing to me. Normally it would be the little book you
10 would get in the check-out line. My TV has now become
11 something more to me, it's interactive. I can actually
12 program in, if I want see a favorite actor, actress, a
13 director, a genre type of movie, this tells me. It
14 feeds me through an e-mail and tells me when it's going
15 to be on.

16 [SHRINER]: Oh, so you are really sending a
17 request for information, and then they are dropping it
18 into your mailbox.

19 [ELLIS]: Right, and again, with my thumb on
20 this remote, it programs it, and it tells me if
21 something is going to be on this week, next week or
22 whatever.

23 [SHRINER]: How do you think WebTV, then, in the
24 big picture has changed your life?

25 [ELLIS]: Well, TV is not TV anymore. The TV

1 set as we knew it as we were growing up is different
2 now. This is interactive. You can do almost anything
3 your mind can think about.

4 [SHRINER]: All right, Ellis, good to see you.

5 [ELLIS]: Thank you. Thanks, Wil, nice to see
6 you today.

7 [SHRINER]: There you go, a happy user of
8 WebTV.

9 With one push of the button, you can go from
10 watching your favorite movie or TV program to visiting
11 the web site of your favorite star, and all you need is
12 the WebTV Network to make it happen.

13 [Visual disclosure (large)]: WebTV.

14 [ANNOUNCER (Wil Shriner)]: Hi, I'm Wil with
15 WebTV.

16 [CONSUMERS (Theresa with family) [THERESA]: Hi,
17 Wil, come on in.

18 [SHRINER]: You sure? So, Theresa, I understand
19 this is really a real WebTV family.

20 [THERESA]: Yeah, it is.

21 [SHRINER]: Who's the biggest fan of WebTV?

22 [THERESA'S SON]: I use WebTV a lot. I'm a
23 college-bound junior, and any time I need to research a
24 college or applications or anything, I go in through
25 WebTV.

1 [SHRINER]: What are you finding out about where
2 you want to go?

3 [THERESA'S SON]: The population, the diversity,
4 cost, housing, everything.

5 [SHRINER]: Bobby, what do you like to do on
6 WebTV?

7 [BOBBY]: I like to look up stuff for my
8 homework and everything.

9 [SHRINER]: Give me an example.

10 [THERESA]: He did a report on Cesar Chavez and
11 got an A-plus. All the research and everything was done
12 on WebTV.

13 [SHRINER]: Do you think this is where
14 everything is going?

15 [THERESA]: Oh, definitely, everything you turn
16 on, the newspaper, the radio, the TV, everything is
17 "ww.something." I mean, this is the wave of the
18 future, and with WebTV, you can get it now, it's
19 affordable, and it being on your TV screen instead of a
20 little 14-inch computer screen, it's easier to read,
21 it's easy to access. There's no reason not to get
22 WebTV.

23 [SHRINER]: Well, Theresa, I understand instead
24 of upgrading your old computer, you got WebTV. Tell me
25 why.

1 [THERESA]: Why? My brother is a computer
2 tech. He told me it would cost me \$800 just to upgrade
3 my computer to get on the internet, not including
4 software and hardware and all that other stuff that I
5 would have to buy. Well, for less than \$300, I'm on the
6 internet with WebTV. So, it's perfect.

7 [SHRINER]: Theresa, what kind of sites do the
8 kids like?

9 [THERESA]: Well, like Dr. Seuss, they can go
10 through the books, and there is games on there where
11 they can enter a contest, and it keeps them active, and
12 what helps a lot is they are reading it, so it's
13 improved their reading skills a great deal.

14 [SHRINER]: What do you think of WebTV is of
15 value?

16 [THERESA]: Their grades. These two have jumped
17 from Cs to As. Just that alone was worth it. They do
18 their homework. I don't have to cart them to the
19 library anymore. I've got half the neighborhood coming
20 over and doing their homework on my TV. Before I used
21 to tell them, turn off the TV and go do your homework.
22 Now it's turn on the TV and go do your homework.

23 [ANNOUNCER (Wil Shriner)]: As you can see,
24 WebTV isn't just a remarkable thing to happen to your
25 television. It's remarkable what happens to your life.

1 It gets even better. Everything's easier, from keeping
2 yourself and your family entertained to changing your
3 television from one-way monotony to interactive
4 excitement. Look, it's simple. I mean, the internet,
5 it really is simple with WebTV. It's accessible with
6 the push of a button on a remote.

7 WebTV is available today at consumer electronic
8 stores just like this, or you can call the WebTV
9 toll-free number and let them send you, free of charge,
10 a video that will explain everything from how to get the
11 WebTV internet terminal of your choice to how to
12 subscribe instantly and start surfing the net on your
13 TV. Go on, make your TV a WebTV.

14 [Visual disclosure (large)]: WebTV.

15 [ANNOUNCER (Unidentified)]: TV just got better
16 with WebTV. It's so easy.

17 [Visual disclosure (fine print, no corresponding
18 audio)]: This is a paid ad for WebTV Networks, Inc.

19 [CONSUMER (Theresa) [THERESA]: So simple to
20 use. If you can use a remote, you can use WebTV.

21 [Visual disclosure (large)]: WebTV.

22 [ANNOUNCER (Unidentified)]: Fast.

23 [CONSUMER (Terrence) [TERRENCE]: You hook it up
24 in about five minutes, ten minutes you're rolling.

25 [Visual disclosure (large)]: WebTV.

1 [ANNOUNCER (Unidentified)]: Fun way to surf the
2 net.

3 [CONSUMER (Young Female) [YOUNG FEMALE]: It's
4 just like getting an education with fun.

5 [ANNOUNCER (Unidentified)]: And you don't need
6 a computer. WebTV works with your TV and current phone
7 line. Whether it's entertainment, communication or
8 education, it's all on WebTV. Beginning with the WebTV
9 home page, your starting point for WebTV's exclusive
10 services, like WebTV e-mail, where you can send and
11 receive messages virtually anywhere in the world. And
12 WebTV's Explore, an exclusive directory of amazing
13 places to go on the internet, covering every topic
14 imaginable. Or WebTV Search, so you can find places to
15 go by subject matter in a flash.

16 Then, when you find a site you like, stash it in
17 your WebTV favorites.

18 [Visual disclosure (fine print, no corresponding
19 audio)]: AroundTown is not available in all cities.

20 [ANNOUNCER (Unidentified)]: Click on Around
21 Town for the five-day weather forecast in your city or
22 any city you choose. Find a restaurant or check for
23 starting movie times at a theater near you. WebTV even
24 comes with SurfWatch, so you can control what sites and
25 e-mail are seen by your kids.

1 [Visual disclosure (fine print, no corresponding
2 audio)]: Requires call waiting.

3 [ANNOUNCER (Unidentified)]: With WebTV, you can
4 receive phone calls while you're surfing.

5 [Visual disclosure (large)]: Optional Printer
6 Adapter and Printer.

7 [ANNOUNCER (Unidentified)]: And soon you'll be
8 able to print e-mail messages or web sites, and you
9 control everything right from your remote. Or, if you
10 want to send lots of e-mail to friends and family, an
11 optional wireless keyboard is available.

12 [Visual disclosure (large)]: Optional Keyboard.

13 [ANNOUNCER (Unidentified)]: WebTV takes your TV
14 to a whole new level.

15 [Visual disclosure (large)]: Call Now, Only
16 \$249.

17 [ANNOUNCER (Unidentified)]: All you need to get
18 started is a WebTV internet terminal made by Philips
19 Magnavox or Sony for a fraction of the cost of a
20 computer.

21 [Visual disclosure (fine print, no corresponding
22 audio)]: Only \$19.95 per month. WebTV Network Service
23 is not available as a local call everywhere. Toll
24 charges may apply.

25 [ANNOUNCER (Unidentified)]: Then get hooked up

1 to the WebTV Network and surf all you want for only
2 \$19.95 a month.

3 [CONSUMER (Pete) [PETE]: You can literally get
4 connected to anybody in the world.

5 [CONSUMER (Anita) [ANITA]: Whatever you're into,
6 it's there.

7 [CONSUMER (Theresa) [THERESA]: There is no
8 reason not to get WebTV.

9 [Visual disclosure (large)]: Free Video.

10 [ANNOUNCER (Unidentified)]: Call now and we'll
11 rush you a free video that will show you how easy and
12 affordable it is to get WebTV in your home right away
13 and how you could win \$10,000 in the instant-win
14 sweepstakes.

15 [Visual disclosure (large)]: \$10,000 Grand
16 Prize, call for details. 30 Day Money Back Guarantee on
17 WebTV Network Service.

18 [ANNOUNCER (Unidentified)]: So, call the
19 toll-free number on your screen right away and bring
20 your television to a whole new level. Go on, make your
21 TV a WebTV.

22 [Visual disclosure (large)]: The preceding has
23 been a paid announcement for WebTV Networks,
24 Incorporated.

25 [ANNOUNCER (Unidentified)]: The preceding has

1 been a paid announcement for WebTV Networks,
2 Incorporated.

3 **(Whereupon, the videotape was**
4 **concluded.)**

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1 C E R T I F I C A T I O N O F T Y P I S T

2

3 DOCKET/FILE NUMBER: 97231624 CASE TITLE: WEBTV NETWORKS, INC.5 TAPING DATE: AUGUST 21, 1997

6 I HEREBY CERTIFY that the transcript contained
7 herein is a full and accurate transcript of the tapes
8 transcribed by me on the above cause before the FEDERAL
9 TRADE COMMISSION to the best of my knowledge and belief.

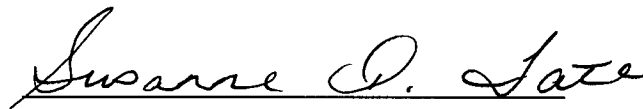
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DATED: 5/5/98

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14

SUSANNE Q. TATE

15


16 C E R T I F I C A T I O N O F P R O O F R E A D E R

17

18 I HEREBY CERTIFY that I proofread the transcript
19 for accuracy in spelling, hyphenation, punctuation and
20 format.

21

22



23

DIANE QUADE

24

25