

3201 Oak Grove Dr.
Grand Oaks, IL 23410
703/555-2000

Contacts: Gerry A. Simone
703/555-4478 (Media)

John C. Taylor
703/555-4401 (Investors)

FOR IMMEDIATE RELEASE

Philips - Magnavox to Launch Web-TV™; Bringing the Internet to Your TV for Less than \$200

Grand Oaks, IL—Philips - Magnavox (NASDAQ: PHG), a leading provider of entertainment technology, announced today that it will start shipping Web-TV™ to stores nation-wide on the first week of April 1997. Web-TV™ allows easy access to the Internet's World Wide Web with only a television set and a standard phone line. Philips - Magnavox is first to offer this cutting-edge technology at an affordable price, thereby opening the doors to the Internet for the general public.

The unit, slightly smaller than a video recorder, comes with a detachable keyboard and a pointing device. To get on-line, the user simply dials his Internet service provider, and the Web-TV™ will display a user-friendly web-browser on the television set. Users experienced with Netscape's Web-browser will find the interface very similar to what they are used to.

"For the consumer, this is certainly a money-saver," Vice President of Marketing Roy N. Adams said. He emphasized that, "Earlier, access to the Internet was only possible for people with expensive computer equipment. Now, we are

able to offer an affordable, easy to use product which targets a group of consumers as large as the television market."

Web-TV™ will be introduced at a suggested retail price of \$199. Similar products with less advanced features have been selling for over \$350.

Philips - Magnavox has designed Web-TV™ to be easily upgraded when new plug-ins (a small program designed for a specific task, such as showing animations, video clips and synthesizing speech) are developed. The plug-in is simply downloaded over the Internet and stored on an on-board microchip, which stores data much the same way as a hard drive in a personal computer.

Commenting on future prospects, Philips - Magnavox Chief Executive Officer Brian Thompson said, "The potential for this product will ultimately increase Philips - Magnavox's margins." He also pointed out that its recent innovation "is expected to bring in a decent profit for years to come, adding to the already solid income statement."

Philips - Magnavox plans to introduce a version of Web-TV™ later this year, which connects to the Internet through the existing cable television network, thereby eliminating the use of a phone line. Philips - Magnavox announced earlier this week its intention to enter a strategic alliance with the cable network VIACOM. Through this agreement VIACOM will offer Web-TV™ to its customers at a significantly reduced price when their customers sign up for a one-year subscription to the Internet through VIACOM's own cable network.

Philips and Magnavox merged in August 1995 to form Philips - Magnavox. The strategic merger has enabled the company to develop a more diversified line

of products, targeting new markets in the Americas, Europe and Japan. While most of the television sets are still manufactured in Hilversum, the Netherlands, the new line of Internet products has been developed and manufactured in Grand Oaks, IL.

Philips - Magnavox's television products division has the second largest market share in USA, which is currently at an all-time high of 23%. It has also the highest revenue growth for the third consecutive year, exceeding \$80 billion in the North American market alone.

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