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For Immediate Release

Interact-TV Begins Shipping Telly MC1000 Digital Entertainment Centers

**First Linux-based, Fully Customizable / Expandable
Home Digital System; First System Built Specifically
for Entertainment—Not a Desktop Computer Retread**

Westminster, Colo., July 7, 2003 – Interact-TV™, a leading innovator in home entertainment technology, today began shipping the Telly™ MC1000 Digital Entertainment Center throughout the country—the first fully customizable and expandable digital entertainment system.

Telly enables users to access virtually every form of digital entertainment. In a single multi-function unit, Telly brings together broadband Internet, cable and satellite television, digital audio and video entertainment, and digital home networking.

Based on the open-architecture Linux operating system, Telly is the first home system that consumers can augment and upgrade with off-the-shelf computer hardware. It is the first home digital system specifically built for family entertainment—not a desktop computer retread.

Telly users have the digital entertainment world at their fingertips. They can make digital video recordings of TV broadcasts/cablecasts, supported by a subscription-free electronic program guide. They can listen to CDs, then rip and burn their favorite music aided by a powerful music jukebox library. They can alternately watch DVDs, digital photo album slide shows, and Internet information including weather, financial and movie listings.

All these capabilities can be controlled from Telly's infrared remote and keyboard (included), or any networked PC. Telly's web site provides easy-to-use tools for sharing media and information with other computers in the home.

Easy customization or expansion is a unique Telly feature. Consumers seeking to install a bigger hard drive or a second drive for more media storage, more memory or a rewriteable DVD drive can purchase these and other off-the-shelf parts at any computer

store, and install them with minimal assistance. The unit is also compact: Telly is roughly the size of a standard stereo component.

“Telly is the beginning of a new wave of digital entertainment solutions that will forever change how people interact with digital media,” said Ken Fuhrman, CEO of Interact-TV. “We’ve always felt that the productivity centered computers on our desktops are not designed for enjoying entertainment. With the explosion of digital media in our homes, we saw the need for a new kind of computerized equipment designed specifically to manage and deliver entertainment, unencumbered by traditional ‘computer’ thinking. The Telly MC1000 is the first product that delivers our vision.”

New features and software updates are automatically sent directly from Interact-TV’s web site. “Because our platform is based on an open system,” Fuhrman added, “developers and enthusiasts worldwide can create additional applications for this product, making it even better as we move forward. This makes Telly a ‘future proof’ investment for our customers.”

The editors of PC World Magazine selected Telly as an entry in their “What’s Hot in 2003” January 2003 edition. The Telly MC1000 Digital Entertainment Center is selling for \$899 (MSRP). Units are now available directly from the manufacturer’s web site and will soon be offered at retail outlets.

Telly - A Technological Overview

Telly is built on Interact-TV’s EOS™ Media Platform, providing a full set of features to acquire, manage and store digital media. Because it is Linux-based, EOS is free from constraints imposed by manufacturers of other entertainment solutions and can grow to accept new hardware and software via an open API (available to third-party software developers).

EOS uses the VIA EPIA-M series mainboards, which have an x86 C3 processor with an enhanced Nehemiah CPU core, 2D/3D graphics acceleration, six-channel audio, video output, built-in MPEG-2 decoding, DDR266 SDRAM and an ATA 133 hard disk interface. The VIA mainboard provides Telly with a low-noise, ultra-compact form-factor and ensures the high performance levels required for digital media applications.

Other key specifications include:

Operating System: Linux 2.4.18 with EOS media platform

Processor: VIA C3™ 933-Mhz x86 processor

System Memory: 256 MB PC2100 DDR SDRAM (expandable to 1.0 GB)

Hard Drive: 80 GB Ultra DMA

Graphics: Integrated 2D/3D graphics with MPEG decoder

Audio: 6-channel AC97 stereo analog and 5.1 digital audio output

Video Output: S-video and NTSC composite video

Video Input: S-video, composite, coaxial (RF)

Video Resolution: 640 x 480 (NTSC)

TV Tuner: NTSC standard

Input Peripherals: IR trackball and keyboard
Optional IR Adapter
Optional Wireless Remote & Keyboard

Networking: 10/100 base-T broadband ready

Front I/O: 2 USB-2 ports, 1394 port, analog line output, mic Input, IR receiver

Rear I/O: 2 USB-2 ports, 1394 connector (included for use with a PCI slot),
PS-2 mouse and keyboard inputs; S-video, component video outputs;
S-VGA, serial and parallel ports; 10/100 Ethernet port (RJ45)
Audio ports (analog line output, mic input, analog line input)

Expansion slots: 5.25" slot for optical disc
3.5" slots for HDD
Floppy slot

Size: 16.92" x 5.6" x 17.8"

About Interact-TV, Inc.

Interact-TV Inc. develops innovative software and products that support and enhance home digital entertainment. Interact-TV products blend digital media, broadband, and home networking, then bring these entertainment and information media to end users in a manageable, controllable environment. The company has exceptional skills and talents to accomplish this mission through its engineering, sales and marketing personnel, intellectual properties, software development expertise, and extensive broadcast and cable television technology experience. Headquarters for Interact-TV are in Westminster, Colo., and can be found on the Internet at www.interact-tv.com. Phone number is (303) 657-3133.

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