

Microsoft Launches ActiMates Early Learning System At Toy Fair

Unique Realimation Animation Technology Makes Interactive Barney Ideal Learning Partner

NEW YORK - Feb. 7, 1997 - - Have you ever seen a toy that says "good job!" when your child picks the right shape while playing a PC game? Or one that encourages your child to count along when an animated character begins to count in a video? You're about to. Microsoft Corp. today unveiled its ActiMates™ early learning system, a dramatic advance in technology that will help preschoolers learn.

The Microsoft® ActiMates early learning system is an innovative combination of products that work with the personal computer or the VCR. The system focuses on learning readiness and early learning skills to make learning both fun and fascinating for preschoolers. Microsoft, through a licensing agreement with The Lyons Group, an entertainment unit of Texas-based Lyrick Studios, presents the preschool star Barney® as the first ActiMates interactive character.

"Barney was a perfect choice to launch this product line because he's a classic character and kids adore him," said Rick Thompson, vice president of the hardware division at Microsoft. "In addition, Barney products are tremendously popular."

Microsoft developed the ActiMates system in conjunction with early learning specialists and experts in technology and electronic learning, and extensively tested the line with parents and kids. The result is a system comprised of three products, each acquired separately:

- A talking and moving plush ActiMates Interactive Barney
- A TV Pack with an RF transmitter that plugs into a VCR and operates specially encoded VHS videotapes
- A PC Pack with a CD-ROM game and an RF transmitter that plugs into the game port on the PC
- Plus a growing library of PC software and VHS tapes

Parents or grandparents can choose to start with the ActiMates Barney character and then add accessories as needed to enhance the fun and educational ActiMates experience. Once the PC or TV accessory is added, parents can give new life to the child's experience with additional CD-ROMs and VHS tapes.

KIDS LEARN THROUGH PLAY WITH ACTIMATES INTERACTIVE BARNEY

"The ActiMates early learning system represents a dramatic advance in self-directed learning opportunities for young children," said Erik Strommen, Ph.D., developmental psychology, and lead

consultant in developing the ActiMates early learning system for Microsoft. "Young children learn through play. While playing with the ActiMates system, the child is encouraged to explore and discover the curriculum that's built into the software programs, videotapes and the games available in the character itself. The full system gives parents a library of information from learning experts on children's growth and development, and suggested activities to enhance the child's mastery of important skills."

The unique Microsoft Realimation™ animation technology makes the ActiMates early learning system like no other early learning experience available. The wireless, plush, cuddly ActiMates Barney interacts with a child running ActiMates software programs or watching specially encoded ActiMates videos. Children also will enjoy playing with Interactive Barney all by himself.

Barney, whose top-rated TV show is aired on six continents, has been called "the Elvis of the preschool set." His popularity has extended to videos, books, albums, and toys, a stage show tour and a feature-length movie in the works.

"Barney encourages children to use their imaginations, and this new technology is a wonderful way to let them do that," said Sheryl Leach, creator of Barney and executive producer of Barney programming. "We're delighted to be working with Microsoft to help make learning fun for children."

ActiMates Interactive Barney as a Stand-Alone Playmate

Through sensors in his eyes, feet and hands, the plush 16-inch ActiMates Interactive Barney is able to respond to a child's touch and, with a 2,000 word vocabulary, can talk a child through a wide variety of learning-oriented activities - always with an emphasis on fun. Squeeze his foot and he'll sing one of 17 songs such as "Alphabet Song," "Head, Shoulders, Knees and Toes" and his signature "I Love You." Squeeze his hand and he'll engage the child in one of 12 activities including counting, rhymes and ABCs. Cover his eyes and he'll play peek-a-boo.

ActiMates Interactive Barney and the VCR/TV

Parents can transform passive television watching into active learning with the ActiMates TV Pack and the accompanying specially encoded videotape. As the plush character watches the videotape with the child, Barney utilizes a 4,000 word vocabulary to comment on what's happening on screen, ask questions and reinforce key themes and activities on the tape to enhance the child's learning experience. Additional Realimation encoded tapes from the extensive Barney video library will be available separately.

In addition to the Barney videotape library, Microsoft is working with PBS National Datacast, Inc. to extend the interactive technology to the daily broadcast of the "Barney and Friends" TV show. "We're very excited about the potential for this break-through," said Jacqueline Weiss, CEO of PBS National Datacast, Inc. "Early technical testing is complete, and both of our companies hope to announce the interactivity later this year."

ActiMates Interactive Barney and the PC

By plugging the ActiMates PC Pack transmitter into the PC's game port and inserting the accompanying Fun on Imagination Island CD-ROM, parents open up a world of fun activities for their child. With the plush character sitting alongside the PC, the child can play games and activities on screen. At the same time, a 14,000 word vocabulary enables the character to support and encourage the child with visual directives ("Watch what they do!"), cognitive prompts ("Let's count along!") or friendship phrases ("You did a great job!"). Three additional PC software titles - Barney Under the Sea, Fun on the Farm With Barney and Barney Goes to the Circus - all designed for the Windows 95 operating system and marketed by Microsoft, can be acquired separately.

To develop the rich content of the ActiMates PC software, Microsoft worked with 7th Level and its educational subsidiary Kids' World™, Inc. Kids' World is recognized for its outstanding character and curriculum development, animation quality and proprietary authoring technology demonstrated in such award-winning education products as the Great Adventure™ series, The Universe According to Virgil Reality™ and Kids' World Online.

The ActiMates early learning system, designed for children ages 2 to 5, is scheduled to be widely available through leading toy, mass merchant, consumer electronic and computer stores beginning September 1997. ActiMates Interactive Barney will have an estimated retail price of US\$109.95. The ActiMates TV Pack and ActiMates PC Pack will be approximately US\$64.95 each. Estimated retail price for PC software titles will be approximately US\$34.95 each, and US\$14.95 each for videotapes.

Lyrick Studios, a privately held company based in Richardson, Texas, produces and distributes quality family entertainment.

7th Level Inc. (NASDAQ: SEVL) blends world-class engineers and proprietary production technology with top-notch animators and producers to deliver state-of-the-art multimedia products. 7th Level's award-winning education products include The Great Adventure Series, TuneLand™, The Universe According to Virgil Reality and Kids' World™ Online.

Founded in 1975, Microsoft (NASDAQ "MSFT") is the worldwide leader in software for personal computers. The company offers a wide range of products and services for business and personal use, each designed with the mission of making it easier and more enjoyable for people to take advantage of the full power of personal computing everyday.

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