

Microsoft and CableLabs® Announce Agreement to Enable High Definition Digital Cable Programming on Windows-based PCs

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Future Versions of Media Center PCs to Receive Digital Cable Programming without the need for a Cable Set-Top Box

Redmond, Washington, and Louisville, Colorado, November 16, 2005—Microsoft Corp. and Cable Television Laboratories Inc. (CableLabs®) today announced they have reached an agreement that will allow Microsoft and PC manufacturers to bring to market digital-cable-ready Windows® Media Center-based PCs in the holiday 2006 time frame.

These Media Center PCs, capable of supporting a CableCARD™ module, will allow consumers to enjoy one-way cable programming, including premium high-definition cable content, on their personal computer and throughout the home on compliant network-connected devices, such as Xbox 360™, while protecting cable operators' investments in high-value content in a digital environment. Microsoft is working closely with CableLabs to document final approval of Windows Media® Digital Rights Management (DRM) as a content protection technology for OpenCable™ products that receive one-way cable content under the terms of this agreement.

“This agreement is an important milestone for our customers who want access to high-definition digital cable content on their PCs and a major step toward enabling a solution for the delivery of that content,” said Joe Belfiore, corporate vice president of the Windows eHome Division at Microsoft.

“The cable industry is very interested in having the PC serve as another means to allow consumers to enjoy cable programming,” said Richard R. Green, president and CEO of CableLabs. “By working with Microsoft and the IT industry, we have come up with a solution to enable consumers to enjoy the wide range of entertainment options they want.”

“This agreement carefully balances the need to preserve the flexibility of the personal computer for consumers with the need for cable operators to be confident that the hardware and software shipped with compliant Media Center PCs will function like a CableCARD-enabled digital television,” said Glenn Britt, chairman of CableLabs and chairman and CEO of Time Warner Cable.

The agreement is the culmination of more than two years of extensive evaluation and technical reviews performed by the two entities under the CableLabs OpenCable process to develop specifications and test suites for the new solution.

The specified OpenCable architecture allows for multiple DRM systems to be used in the device and ensures content providers of protected delivery of content to the PC. Microsoft® Windows Media Digital Rights Management is the first major DRM system to complete the due diligence

necessary for approval by CableLabs.

The OpenCable project will continue to play an important role as the new agreement moves forward, allowing the cable industry to work closely with the consumer electronics and IT industries to innovate rapidly on the new specifications developed by Microsoft and CableLabs.

CableLabs will host interoperability events to enable vendors working on products based on these specifications to test products in CableLabs facilities and conduct more formalized certification testing. More information about the OpenCable project is available at www.opencable.com.

Media Center PCs deliver advanced computing and easy-to-use integrated digital entertainment experiences. To date, Microsoft has sold more than 4 million Windows XP Media Center Edition licenses, and more than 130 PC manufacturers are offering Media Center PCs around the world. The cable industry supports more than 370 models of digital televisions manufactured by 22 companies that display one-way cable content via CableCARDs.

About Microsoft

Founded in 1975, Microsoft (Nasdaq “MSFT”) is the worldwide leader in software, services and Internet technologies for personal and business computing. The company offers a wide range of products and services designed to empower people through great software—any time, any place and on any device.

About CableLabs

Founded in 1988 by members of the cable television industry, Cable Television Laboratories is a non-profit research and development consortium that is dedicated to pursuing new cable telecommunications technologies and to helping its cable operator members integrate those advancements into their business objectives. Cable operators from around the world are members. CableLabs maintains web sites at www.cablelabs.com; www.packetcable.com; www.cablemodem.com; www.cablenet.org; www.opencable.com; and www.tru2way.com.

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Founded in 1988 by members of the cable television industry, Cable Television Laboratories is a non-profit research and development consortium that is dedicated to pursuing new cable telecommunications technologies and to helping its cable operator members integrate those advancements into their business objectives. Cable operators from around the world are members. CableLabs maintains web sites at www.cablelabs.com; www.packetcable.com; www.cablemodem.com; www.cablenet.org; www.opencable.com; and www.tru2way.com.

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