

Exhibit No.1

Narrative statement describing the development

- A) Program of development and experimentation – WebTV Networks is developing Set Top Box's with wireless LANs in the 2.4GHz ISM band, and the newly allocated UNII bands at 5 GHz. These products with wireless LAN capability will be sold for use in businesses and homes. The equipment will support a broad range of services including voice, video, and data. A similarly broad range of data rates from less than 1 Mb/s to over 100Mb/s will be used. WebTV Networks will construct the equipment from a mixture of standard components and custom integrated circuits designed by wireless LAN component suppliers. A number of different communication techniques will be tested, including OFDM, CDMA, and direct sequence spread spectrum modulation formats.
- B) The objective of this experimentation is to develop and commercialize very high performance digital video/audio systems that can be built for mass markets. This high performance must be maintained in a variety of environments including homes and large and small offices. In order to insure good performance in these environments, experimentation will be required in a large number of homes and offices in and about the city of Mountain View California.
- C) This work will result in low cost digital video/audio implementations, appropriate for use by consumers, which provide very high performance in a wide variety of indoor physical environments. Current implementations of wireless LANs are too slow (limited to 11Mb/s) and too expensive. This work will extend data rates to at least 54Mb/s and reduce cost.