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Microsoft

August 8, 1997

Mal Ransom
Packard Bell NEC Corp.
1 Packard Bell Way
Sacramento, CA 95828

Memorandum of Understanding ("MOU") re: Internet Explorer 4.0

Dear Mal,

The following is an overview of joint marketing activities that Microsoft Corporation ("MS") and Packard Bell NEC Corporation ("PB/NEC") have agreed to undertake in connection with the Microsoft® Internet Explorer 4.0 Launch Partner Program ("Program"). This MOU is not a license for Microsoft Internet Explorer 4.0 ("IE4"). IE4 will be licensed to Packard Bell NEC Corp. ("PB/NEC") as a "Supplement" to Windows 95 pursuant to PB/NEC's existing OEM license agreement for Windows 95.

MS's objectives

- PB/NEC to endorse IE4 through various marketing mechanisms (i.e., PR efforts, advertising, direct mail, etc.)
- PB/NEC to ship IE4 at launch or upon engineering qualification, whichever is later.
- PB/NEC to deliver branded channel/content by launch
- PB/NEC to engage in joint business planning
- PB/NEC will diligently pursue engineering qualifications

PB/NEC's objectives

Incorporate IE4 technology into PB/NEC's Internet strategy in order to:

- Enhance customer intimacy
- Increase customer loyalty/build relationships
- Be an industry leader in customer service and post-sale support
- Reduce PB/NEC support costs and customer TCO
- Up-sell/cross-sell
- Differentiate PB/NEC as Internet leader
- Capitalize on MS's IE 4 launch

IE4 provides PB/NEC the following benefits:

- Differentiate PB/NEC products
- Reduce TCO and overall support costs
- Get closer to PB/NEC customers
- Create revenue opportunities

MS's responsibilities

MS shall:

- On request, introduce PB/NEC to Internet Content Providers featured on IE4 web site
- Offer technical assistance and limited design assistance to help build Channel and Active Desktop. At a minimum, this will include two levels of support:
  1. *On-site Support:* MS will provide an MSP or MCS to help PB/NEC with overall IE4 project planning/management as well as for technical assistance (design, channel/content development process, etc.). In addition, PB/NEC may also use resources from Ark Interface. Total MS contribution will not exceed $135,000 plus an additional 70 hours from an MSP or MCS (see "Packard Bell / NEC IE4.0 Project Plan" for details on work to be completed and budget).

Microsoft Corporation is an equal opportunity employer.

2. *Internet Support*: A secure web site will be provided to Launch Partners to provide answers to IE4 questions (technical and functional), the latest code, tools, and SDKs. MS will make commercially reasonable efforts to respond to all questions within two business days.

- As IE4 Launch Partner, PB/NEC will be offered participation in the IE4 product launch event. Level of participation to be determined as launch event is defined.
- PB/NEC will be named in IE4 press release / press kit.
- PB/NEC will be featured on the www.microsoft.com IE4 Partners web site.
- MS will cover PB/NEC's cost of APM COGS at a standard rate for the IE4 CD for 3–4 languages until sixty (60) days after Windows 98 OPK is available for Windows 95 based systems.
- Co-finance IE4 marketing programs as specifically outlined in this MOU, but not to exceed $359,000, unless mutually agreed upon by PB/NEC and MS.

PB/NEC's responsibilities:

PB/NEC shall:

A. DRIVE CONTENT

- Present six (6) months development plan for PB/NEC's IE4 channel and Active Desktop content production no later than 2 months before IE4 launch.
- Have a beta PB/NEC channel up and running by 8/15/97.
- At IE4 launch, have IE4 PB/NEC channel available with content for distribution in North America. Within three (6) months after IE4 launch or until launch of Windows 98, have PB/NEC IE4 Channel available for distribution in United Kingdom, France, and Germany.
- Showcase at launch three (3) implementation design wins using Dynamic HTML technology to enhance the end user experience on both www.packardbell.com & www.nec-computers.com (location TBD, but at least 1 must be present on each respective brand's homepage).
- Demonstrate PB/NEC Active Desktop and channels/content that will be shown in the launch by 9/1/97.

B. SECURE CUSTOMER INTIMACY

- At IE4 launch, include PB/NEC specific IE4 channel & sub-channels, PB/NEC branded IE4 Active Desktop, min. one (1) PB/NEC Active Desktop component as part of OOBE (out of box experience) and additional min. one (1) non-OOBE Active Desktop component with IE4 shipments (as specified in the "Packard Bell / NEC IE4.0 Project Plan").
  Suggestion: The OOBE Active Desktop component could be a video of a PB/NEC executive (i.e. Beny Alagem or Mal Ransom) thanking the customer for their purchase, explaining that the PC is IE4 optimized and what that means, offering advice to first time PC users, and providing answers to the top 10 questions.
- At launch of IE4, offer for download the PB/NEC customized version of IE4 (includes: PB/NEC specific IE4 channel & sub-channels, PB/NEC branded IE4 Active Desktop, min. one (1) PB/NEC Active Desktop component as part of OOBE (out of box experience) and additional min. two (2) non-OOBE Active Desktop components) for download from www.packardbell.com & www.nec-computers.com websites for a period of min. six (6) month after IE4 launch.
- At launch, have one (1) web enabled folder on the local hard drive that is optimized for WebView.
- Display IE4 logo on www.packardbell.com & www.nec-computers.com with link to MS IE4 web site for articles and related information.
- At IE4 launch install "browser identifier" on www.packardbell.com & www.nec-computers.com web sites that suggests PB/NEC's version of IE4 and PB/NEC's IE4 channel to users not using IE4 for a period of min. six (6) month after IE4 launch.
- Use NetShow at least once for a PB/NEC customer on line event within ninety (90) days after IE4 launch. MS will assist with necessary training for the event.
- Advertise and promote IE4 as PB/NEC's "preferred" or "recommended" browser for a twelve (12) month period after the IE4 launch event.

- At IE4 launch and for a six (6) month period after IE4 launch, integrate IE4 messaging into marketing deliverables for all PB/NEC Win95 and NTW 4.0 desktop and portable PC models as follows:
  - OOBE (Out of Box Experience) material:
    - Include IE4 as a step in PB/NEC's box topper until PB/NEC customized version of IE4 is preinstalled on PC harddrive: (call to action: Install IE4 from enclosed CD and launch it).
    - Include IE4 Violator sticker on PC box until PB/NEC customized version of IE4 is preinstalled on PC harddrive. (call to action: Install IE4 from enclosed CD and launch it).
  - Motivate retailers to include IE4 in all PB/NEC related activities:
    - Leverage existing retail partner programs, including the Promotion Program, Advertising Support Materials, and supplemental kits to leverage retailers' existing PB/NEC product: print ads, Broadcast ads (Radio/TV), newsletters, on-line/Internet ads, etc. This may be accomplished by including the following IE4 pieces:
      - A letter from a PB/NEC executive announcing PB/NEC's support of IE4 and what it means to the PB/NEC customer
      - IE4 messaging/copy
      - IE4 Artwork (including: PB/NEC Active Desktop screen images, channels, and IE4 logo)
      - URL to PB/NEC's version of IE4
      - Any other relevant IE4 content
      - Include on-line IE4 training materials to all PB/NEC retailers for training of retail sales personnel
    - Provide a supplemental Merchandising Mailing kit to retailers with the following IE4 merchandising and sales materials to be installed/used with in-store demo units (qty=66k in North America
      - IE4 POP Labels
      - Add-On Cards
      - IE4 Autodemo
      - Pocket Training Guide for use by retail sales personnel
  - Leverage PB/NEC newspaper print ad insert planned for November (qty=16 million) by including IE4 messaging, PB/NEC Active Desktop or channel screen image in at least one (1) computer monitor viewing area (if applicable), and URL to PB/NEC's version of IE4 on respective web sites. In addition, integrate IE4 messaging into the following PB/NEC ads where possible:
    - Broadcast ads (Radio/TV)
    - On-line ads (Search Engine banner ads, 3rd party web site ads, etc.)
  - Press releases
    - Actively support MS PR message as launch partner though launch period of IE4
    - At launch, PB/NEC to issue an IE4 press release w/supporting MS quote
    - Include IE4 block copy in PB/NEC PC product press releases that are Internet centric
- Optional – Promote PB/NEC's customized version of IE4 in online Banner ads on 3rd party web sites (e.g. www.cnet.com and search engines, such as www.yahoo.com) for a 3 month period after IE4 launch sponsored on a 50-50 basis. MS investment not to exceed a predetermined amount.

C. INCREASE USE OF IE4 IN BUSINESS OPERATIONS.

- Before IE4 launch, communicate to retailers and end users, PB/NEC's commitment to IE4 as primary browser for PB/NEC's internal use on PC platform.
- Perform internal PB/NEC launch of IE4 End User beta in August as part of the IE4 project and by launch date perform broad internal sales representative field training in North America and Europe about IE4 as MS's Internet Strategy. Sales tools include:
  - Add IE4 training content to existing training materials
  - Create unique IE4 training materials, including:
    - PowerPoint slides for PB/NEC sales force

- Mini white papers
- Pocket Training Guide for internal use/sales force
- Others (TBD)

Results Tracking – PB/NEC will provide MS on a monthly basis with data regarding number of downloads of IE4 from www.packardbell.com & www.nec-computers.com. As the marketing programs listed above are defined, success criteria will be identified and reported on a monthly basis.

Use of PB/NEC Logo – PB/NEC agrees to allow MS to include PB/NEC's logo on promotional materials related to IE4. PB/NEC warrants that any logos, images and other materials provided to MS for use in the promotion do not infringe any intellectual property rights or rights of privacy and/or publicity of third parties, and PB/NEC shall defend, indemnify and hold MS harmless from and against any liabilities, damages, costs and attorneys' fees arising from any claims or demands of such infringement.

Termination of MOU – In the event that a party (defaulting party) fails to perform as indicated above , then as the non-defaulting party's sole and exclusive remedy, the non-defaulting party may terminate this MOU without further obligation to the defaulting party, except for amounts owed by MS for PB/NEC's satisfactory completion of activities set forth above and performed by PB/NEC prior to termination.

Non-Disclosure – The parties agree that the contents of this MOU and the fact of its execution shall not be disclosed to any third party without the prior written consent of the other party. In particular, neither party shall make or authorize any press releases or other such disclosures regarding this MOU.

Relationship – This MOU creates no relationship of joint venture, partnership, or agency between the parties, and the parties acknowledge that no other facts or circumstances exist that would create any such relationship.

I look forward to the implementation of this program designed to support our joint marketing objectives of creating a better Windows user experience and stronger dialog between PB/NEC and your customers.

Please sign the original of this letter to indicate your acceptance of the above terms. Return the original, and retain a copy for your records.

Sincerely,

Gregg Smith
Account Marketing Manager
WW OEM Sales & Marketing Division
Microsoft Corporation

x: Mal Ransom
Date: 8-15-97

Name: Mal Ransom
Title: Sr. VP of Marketing
Company: Packard Bell NEC

x:
Date: 8-22-97

Name: Don Hardwick
Title: OEM Group Manager
Company: Microsoft Corp.