ACTIVE DESKTOP MARKETING AND DISTRIBUTION AGREEMENT

This Active Desktop Marketing and Distribution Agreement (the "Agreement") is entered into and effective as of July 3, 1997 (the "Effective Date") by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft"), and DISNEY ONLINE, a California corporation ("Disney").

RECITALS

Microsoft is the owner and/or authorized licensor of the Windows 95 and Windows NT operating systems, as well as of certain Internet-related technology, including "browsing" software known as "Internet Explorer" for the Windows 95, Windows NT, Windows 3.xx, Apple Macintosh, and Unix operating systems.

Forthcoming versions of Internet Explorer will have a feature expected to be known as "Active Desktop," which will enable users to choose pre-selected, and/or create their own, categories of "streaming" content which is automatically and periodically downloaded or "pushed" to the user via the World Wide Web (the "Web").

Disney operates various online content sites and services whereby it owns or licenses content and advertisements which can be made available to users of Active Desktop.

Disney desires to develop and distribute customized client software incorporating portions of Internet Explorer for its forthcoming Disney Online Service.

Microsoft and Disney wish to enter into a strategic marketing and distribution agreement whereby the parties will promote and assist each other's efforts in developing the "push" content business on Microsoft platform technology, and whereby Disney will develop customized client software based on Internet Explorer. Disney is willing to market, distribute and promote Microsoft's Internet Explorer and related Microsoft Internet technology as its primary browser platform for its business, and Microsoft is willing to include Disney as a first tier independent content provider on Active Desktop and provide broad distribution of Disney's icons associated with relevant content.

The parties hereby agree as follows:

AGREEMENT

1. DEFINITIONS

1.1. "Active Desktop" means the Channel Client feature of Microsoft's Internet Explorer, which feature provides, among other things, facilities to support, all via the Web, "scheduled pull," "push" or "broadcast" of Channel Content, and Content Rotation.

1.2. "Active Platform" means Microsoft's line of client, server and development tools and technologies based on Internet standards, including: Internet Explorer, Dyna... ActiveX, ActiveX Controls, Visual Basic, Jscript, Active Desktop, Internet Inform... and Active Server Pages.

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1.3. "Affiliate" means, with respect to any legally recognizable entity, any other such entity directly or indirectly Controlling, Controlled by, or under common "Control" with such entity. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a legally recognizable entity, whether through the ownership of voting shares, by contract, or otherwise. Where such entity is a partnership, limited liability company, corporation, or similar entity and has partners, members, or shareholders with equal ownership interests or equal control interests, by contract or otherwise, then each such partner, member, or shareholder will be deemed to possess, directly or indirectly, the power to direct or cause the direction of the management and policies of that entity.

1.4. "Channel" means an aggregation of one or more genres of Content and advertising (if any) that is displayed and/or played, or available to be selected by a user for display and/or play, by means of a Channel Client, and which may be further divided into sub-Channels. For example, MSN is anticipated to be a Channel that will contain a sub-Channel entitled "Slate."

1.5. "Channel Icon" means an icon or button which has an identifying logo and/or trademark and an associated pointer/URL included in the "Channel Bar" control of Active Desktop's user interface such that a user, upon first starting up or using the Active Desktop, will (if already connected to the Web) be directly linked via a single click to an associated Channel. A Channel Icon will be no smaller than 16 pixels by 16 pixels and will be in a file format reasonably documented and provided by Microsoft.

1.6. "Channel Client" means software that enables an End User to select and receive Channels in one or more display and/or audio elements, including software that is: (i) an interactive application (such as a Web browser) that displays and/or plays Content within an application (or similar) window or directly upon an operating system desktop; (ii) an animated and network-interactive screen saver application; and/or (iii) a scrolling ticker application.

1.7. "Confidential Information" means: (i) any trade secrets relating to either party's product or service plans, designs, costs, prices and names, finances, marketing plans, business opportunities, personnel, research, development or know-how; and (ii) the specific terms and conditions of this Agreement. "Confidential Information" will not include information that: (i) is or becomes generally known or available, whether by publication, commercial use or otherwise, without restriction on disclosure and through no fault of the receiving party; (ii) is known and has been reduced to tangible form by the receiving party at the time of disclosure and is not subject to restriction; (iii) is independently developed or learned by the receiving party without reference to any Confidential Information of the disclosing party; or (iv) is lawfully obtained from a Third Party that has the right to make such disclosure.

1.8. "Consumer Versions" means all retail, OEM, and downloaded versions of Active Desktop that are specifically targeted to the consumer market in the Territories. In the event Microsoft releases only one version of Active Desktop for Win32 during the Term, such version shall be deemed to be a Consumer Version.

1.9. "Content" means data, text, audio, video, graphics, photographs, artwork or other materials provided for use on Channels or Web sites or services such as Disney.com, Disney Online Service, MSN, MSNBC and the like.

1.10. "Content Rotation" means the presentation, within a Channel Client, of Content from one or more different Channels within sequential time segments managed by such Channel Client during which the Content and associated advertising (if any) are displayed and/or played on the End User's computer system.

1.11. "DisneyCast" means the (i) Disney branded daily Internet service currently known as "Disney's Daily Blast," and successors or replacements thereof, which will be offered to users as a subscription service and through Internet Access Providers; and (ii) the subscription portion of the parent-oriented site currently know as "Family.com." whose current address is: www.family.com, and successors or replacements thereof.

1.12. "Disney Channel" means Disney Content delivered to End Users who click on the Disney Channel Icon in Active Desktop, and, solely for purposes of Exhibit A, shall be limited to all Disney Content which is referenced in the Disney Channel site map or similar feature of Active Desktop which describes the Content available through a Channel Icon.

1.13. "Disney.com" means the Web site that is The Walt Disney Company's primary "Disney"-branded marketing Web site and is currently available for free to users of all Web browsers. Its current Internet address is "www.disney.com".

1.14. "Disney Content" means any Content incorporated in any of the Disney Web Sites, DisneyCast, the Disney Online Service, or the Disney Channel, but excluding Content from ESPN or ABC other than ESPN or ABC Content specifically targeted at kids and included as part of DisneyCast.

1.15. "Disney Online Service" means the Disney-branded premium fee-based subscription Internet service designed for kids, which will be distributed by or for Disney to users, and will include customized client software.

1.16. "Disney Properties" means any fanciful characters or designs of The Walt Disney Company or any of its Affiliates.

1.17. "Disney Web Sites" means (i) the Disney.com home page and the Web pages directly linked to Disney.com over which Disney exerts financial and editorial control (i.e., funding is provided primarily by Disney and creative direction is at Disney's primary discretion), other than "ESPN" or "ABC"-branded Web pages and/or sites; such pages and/or sites include as of the Effective Date the Disney.com navigation bar; Star Watch and associated pages featuring various Disney Properties; Directory; Find; Enter to Win; Help; Email; Register; Table of Contents; the Disney Store Online; and certain portions of the free area of Family.com; and (ii) all other Web pages and/or sites over which Disney exerts financial and editorial control that are branded with any trademark or trade name incorporating a Disney Property or the name "Disney" and are or will be targeted for children and/or parents in their roles as parents. As of the Effective Date, the following sites do not qualify as Disney Web Sites: DisneyCast, Walt Disney Pictures, Walt Disney World, Walt Disney Home Video, Disneyland, Disney Interactive, Walt Disney Records, The Disney Channel, Walt Disney Publishing, Walt Disney Television and the Disney Online Service.

1.18. "End User" means a Third Party, including corporate and similar direct customers, which views and/or plays Content by means of a Channel Client for such Third Party's use and not for further sub-license or distribution.

1.19. "First Tier Active Platform Support" means using and promoting Active Platform technology as described in Exhibit A.

1.20. "First Tier ICP" means an ICP whose Channel Icon is given pre-configured "first tier" status on Active Desktop as further described in Section 3.1.

1.21. "ICP" or "independent content provider" means an entity that produces its own Content and/or that aggregates and distributes Content from other producers for inclusion in a Pre-Configured Channel.

1.22. "IEAK" means the Microsoft Internet Explorer Administration Kit version 4.x and updates and successors thereto.

1.23. "Intellectual Property" means any and all (by whatever name or term known or designated) tangible or intangible and now known or hereafter existing (a) rights associated with works of authorship throughout the universe, including but not limited to copyrights, moral rights, and mask-works, (b) trademark and trade name rights and similar rights, (c) trade secret rights, (d) patents, designs, and other industrial property rights, (e) all other intellectual and industrial property rights of every kind and nature throughout the universe, and however designated, including without limitation logos, character rights, "rental" rights, and rights to remuneration, whether arising by operation of law, contract, license or otherwise, and (f) all registrations, applications, renewals, extensions, continuations, divisions or reissues of any of the forgoing now or hereafter in force throughout the universe (including without limitation rights in any of the foregoing).

1.24. "Internet Access Provider" or "IAP" means a vendor of dial-up or leased-line Internet connectivity, such as America Online, AT&T and Netcom.

1.25. "Internet Connection Wizard" or "ICW" means the Microsoft Internet Connection Wizard client software that enables a user to select an IAP.

1.26. "Internet Explorer" or "IE" means Microsoft Internet Explorer 4.x and successors thereto which are commercially released during the Term, and which have features competitive and similar to those available in IE 3.0, including the Internet/Web browser, news, and email clients.

1.27. "License Period" means the period beginning on the Effective Date and ending on the earlier of (i) three (3) years after the first post-beta commercial release of the Disney Online Service and (ii) January 1, 2001.

1.28. "Licensed Materials" means the Disney Content described in Section 3.1(c), all associated ActiveX controls, and any other software code required to use such Disney Content in Active Desktop as provided by Disney provided that Licensed Materials shall not include any Third Party advertisements. In no event shall the Licensed Materials exceed 1 MB in size, unless as otherwise agreed in a formal written amendment to this Agreement between the parties.

1.29. "MSN" means The Microsoft Network online information service.

1.30. "Non-consumer Versions" means retail, OEM and downloaded versions of Active Desktop that are targeted to business or other non-consumer users in the Territories.

1.31. "Other Browsers" means Third Party software and related technology for any Platform that (i) is designed to view, render, browse, hear or otherwise interact with Content on the Internet, the Web and/or other public networks now existing or hereafter created (a "browser"); and (ii) ranks in the top two (exclusive of Internet Explorer) most widely used browsers, as such use is measured by Browserwatch (http://browserwatch.internet.com/stats/stats.html) as of the Effective Date.

1.32 "Other Kids and Family Media Properties" means any Content, Web site or online service or a majority portion thereof that (i) is specifically targeted to children and/or parents in their roles as parents and (ii) can be reasonably interpreted as being competitive to Content as a whole

contained in DisneyCast, Disney Online Service, or Disney Web Sites as DisneyCast, Disney Online Service and Disney Web Sites exist at any time within nine (9) months of the beginning of the Term.

1.33. "Other Walt Disney Company Web Sites" means the "Disney"-branded Web sites which are linked to the home page and/or navigation bar of Disney.com but which are not Disney Web Sites. As of the Effective Date, Other Walt Disney Company Web Sites include but are not limited to Walt Disney Pictures, Walt Disney World, Walt Disney Home Video, Disneyland, Disney Interactive, Walt Disney Records, The Disney Channel, Walt Disney Publishing, and Walt Disney Television.

1.34. "Platform" means any and all computer operating systems, such as Win32, Win 3.x, Macintosh Operating System, Unix, etc.

1.35. "Second Tier ICP" means an ICP whose Channel Icon is pre-configured such that it is less prominent than any First Tier ICP Icon on the Active Desktop. Second Tier ICP Channel Icons will be distributed as part of Active Desktop on all retail, OEM, and downloaded versions.

1.36. "Term" means the period beginning on the Effective Date and ending twelve (12) months after the first post-beta commercial release of IE version 4.0.

1.37. "Territories" means the United States of America and Canada.

1.38. "Third Party" means a person or entity which is not an Affiliate of either party to this Agreement.

1.39. "Win32" means, collectively, (i) Windows 95 and all successor versions of such operating system which are released for commercial distribution during the Term (including without limitation the planned major release currently code-named by Microsoft as "Memphis" and any successor updates or major releases which are released for commercial distribution during the Term), known collectively as "Windows 95," and (ii) Windows NT Workstation version 4.x and any updates of such Platform which are released for commercial distribution during the Term under the same product number (i.e., there is no change to the units digit of the product number ([x].xx) or the year designator such as 97 or 1997).

1.40. "Win32 Versions" means Internet Explorer version 4.x and any other version of Internet Explorer, or any successor product which includes a feature equivalent to Active Desktop and which contains pre-configured equivalents to Channel Icons for MSN and/or MSNBC, and which is distributed during the Term in conjunction with any Win32 Platform. Win32 Versions may but will not necessarily include both Consumer Win32 Versions and Non-Consumer Win32 Versions for any or all applicable Platforms.

2. DISNEY OBLIGATIONS

2.1. Distribution of Disney Content. Disney will distribute Disney Content from Disney Web Sites and, provided that Other Walt Disney Company Web Sites comply with the provisions of Section 2.4(c) herein, the Other Walt Disney Company Web Sites and/or, at Disney's option, other Disney Content, via the Disney Channel on Active Desktop and Internet Explorer during the License Period as follows:

(a) Disney will provide Disney Content for the Disney Channel, which Content:

(1) Is targeted at kids and parents (in their role as parents) and provides programming based on the Disney Content and an experience similar to the then-current Disney Web Sites;

(2) Is comprised of no more than thirty percent (30%) Third Party advertising as measured by the amount of screen area used by such advertising;

(3) Is customized to take advantage of the Active Desktop and Active Platform technologies and capabilities, in accordance with the further Channel requirements set forth in Exhibit A, to the extent Microsoft has delivered to Disney technology needed to create such customization;

(4) Is updated by Disney at least five (5) times per week; and

(5) Is free to Active Desktop users for the Term and is free for the entire License Period to Active Desktop users who are accessing the Disney Channel as of the end of Term.

(6) Complies with the additional specifications set forth in Exhibit D.

(b) Disney acknowledges receipt on March 5, 1997 of the first Microsoft Active Desktop Software Developers Kit, and Disney agrees to make reasonable commercial efforts to provide Disney Content to the Disney Channel on Active Desktop by the later of July 7, 1997 or the second beta release of Internet Explorer. In addition, Disney shall begin operating a trial version of the Disney Channel by no later than Microsoft's second beta release of Active Desktop in order to provide Microsoft with a Channel for use in connection with testing such beta release.

(c) Disney will bear all costs associated with the creation, management, and updating of the Disney Channel (including without limitation pursuant to its obligations under 2.1(a)(4)) and with the distribution of Disney Content pursuant to this Section 2.1. The parties agree that Disney will control in its sole discretion all Disney Content distributed in connection with the Disney Channel. Notwithstanding the preceding sentence, Disney will comply with all obligations with respect to such Disney Content as are further described in this Agreement.

(d) Disney will confer with Microsoft at no charge, as available and in the event Microsoft so requests, with respect to the design of the first screen of the user interface for Active Desktop.

(e) Disney will assign a producer who will be responsible for producing the Disney Channel.

2.2. Distribution of Internet Explorer; Use of Microsoft Technology. During the Term, Disney will distribute Active Desktop together with Internet Explorer and use related Microsoft technologies as follows:

(a) Disney will distribute, without Microsoft's distribution assistance, Disney Online Service client software that incorporates a customized version of IE to be developed by Disney with the assistance of Microsoft as stated in Section 3.3(a), provided that such Disney obligation will apply only to the Win32, Windows 3.x, and Macintosh Operating Systems and any additional Platforms for which a version of IE exists.

(b) Disney will promote and encourage downloads of IE from (i) Disney Web Sites as further described in Sections 2.3(a)(4) and 2.3(d)(2), and (ii) DisneyCast as further described in Section 2.3(d)(2).

(c) Disney will make commercially reasonable efforts to create an easily described and highly visible "Active Platform Experience Area" (final name to include "Internet Explorer" and be mutually agreed upon) accessible via a link on the home page of each Disney Web Site and in the appropriate category linked directly off of the home page of DisneyCast. The Active Platform Experience Area will take advantage of features and functionality that are unique to IE and distinguish it from Other Browsers, to the extent such unique features or functionality exist. Disney, working with Microsoft, will make commercially reasonable efforts to create an area that will be interesting to a broad range of users. The Active Platform Experience Area will be updated on a regular but reasonable basis at Disney's sole discretion.

(d) Disney will make commercially reasonable efforts to: (i) provide First Tier Active Platform Support on the Disney Channel, the appropriate areas of Disney Web Sites and Other Walt Disney Company Web Sites, and the Active Platform Experience Areas, as further described in Exhibit A. Exhibit A may be amended from time to time in writing at Microsoft's request to Disney, subject to the approval of Disney of any such amendment, which approval shall not be unreasonably withheld or delayed.

2.3. Promotion of Active Desktop and Internet Explorer. During the Term, Disney will promote Disney's use of Active Platform and Internet Explorer as follows:

(a) Disney will engage in joint marketing with Microsoft for Active Desktop and IE, including through the following:

(1) Disney will announce its support, with (i) a joint press and (ii) a public case study of all those components of Active Platform technology implemented by Disney;

(2) Disney will promote Active Desktop and IE in the launch of the Disney Online Service, in accordance with a promotional plan to be mutually agreed upon by the parties;

(3) At Disney's discretion, Disney will give Active Desktop users free unique previews of DisneyCast and the Disney Online Service;

(4) Disney will promote downloading of IE (defined for purposes of this Section 2.3(a)(4) to be the then-current post-beta commercial version of Internet Explorer, either version 3.x or later) to Non-IE users of Disney Web Sites and to Non-IE potential subscribers to DisneyCast via the free "Preview" site (but not

behind the subscription barrier) via a two (2)- to four (4)-week online promotion within six (6) weeks of Effective Date and every six (6) months during the Term, up to a maximum of five (5) such two (2) to four (4)-week periods, using a new promotional program each time; and

(5) The parties agree that the intent of Disney's promotion of IE under this Section 2.3(a) is to encourage Disney Web Site and DisneyCast users to download IE.

(b) Disney will include an IE logo such as: "Using Microsoft Internet Explorer," "Including Microsoft Internet Explorer" or "Built on Microsoft Internet Explorer" (i) on all Disney Online Service packaging over which Disney exerts financial and editorial control (i.e., funding is provided primarily by Disney and creative direction is at Disney's primary discretion) other than any non-"Disney"-branded packaging, and (ii) in a start up screen of the Disney Online Service. Such IE logo shall be used in a suitable way as created and developed by Disney and reviewed and approved by Microsoft, which approval will not be unreasonably withheld or delayed. Disney will also display such an IE logo on appropriate print marketing, consumer brochures, print advertisements and other marketing and promotional materials for the Disney Online Service, in a suitable way as mutually agreed to by the parties from time to time.

(c) Disney will include, in the Disney Online Service client components which are built on Internet Connection Wizard, an attribution such as: "Using Microsoft Internet Connection Wizard," "Including Microsoft Internet Connection Wizard" or "Built on Microsoft Internet Connection Wizard," including in all Disney Online Service packaging over which Disney exerts financial and editorial control (i.e., funding is provided primarily by Disney and creative direction is at Disney's primary discretion) and in a start up screen in a suitable way mutually agreed to by the parties, unless such components already reference Microsoft in a manner visible to users such as by incorporating an IE logo as described in Section 2.3(b).

(d) Disney will promote IE (and no Other Browser) as the client browser software of choice for users of Disney Content by:

(1) Designing the Disney Online Service so that it requires the use of Disney's client, which includes a customized version of IE as an integral part of such service, behind the subscription barrier (although such Disney client may not be needed to view areas of DisneyCast controlled by Third Party IAPs or previews of the Disney Online Service freely available for IE users and for users of Other Browsers), provided that such obligation will apply only to the Win32, Windows 3.x, and Macintosh Operating Systems and any additional Platforms for which a version of IE exists.

(2) Displaying an IE logo such as further described in Exhibit E attached hereto.

(3) Making commercially reasonable efforts to (i) display an IE logo such as "Best Viewed by IE" on the home pages of Other Walt Disney Company Web Sites and (ii) to include Other Walt Disney Company Web Sites when selecting the fifteen (15) most frequently visited pages on which to place the IE Logo as described in Exhibit E.

(e) Disney will promote the availability of the Disney Channel and Disney Content on the Active Desktop and Internet Explorer on Disney Web Sites, and as appropriate and at Disney's sole discretion, on Other Walt Disney Company Web Sites.

For purposes of clarification, the parties acknowledge and agree that Disney's rights and obligations under this Section 2.3 will not apply to: (a) any advertising sold or displayed on the Disney Web Sites which are linked to the Disney Channel, or areas of any Disney Web Site or the Disney Online Service controlled by Third Party IAPs which are distributing DisneyCast; (b) any non-North American English Disney Web Sites or any Disney Web Sites and/or versions of DisneyCast targeted or distributed primarily to users outside the Territories, provided that such sites are not linked to the Disney Channel; or (c) any Web sites over which Disney does not exert financial and editorial control (i.e., funding is provided primarily by Disney and creative direction is at Disney's primary discretion) and which are not linked to the Disney Channel.

2.4. Exclusive Obligations Regarding Disney Content and Logos. During the Term:

(a) Disney will promote IE and no Other Browser on Disney Web Sites and the Disney Online Service. Without limiting the generality of the foregoing, Disney shall not display a logo, a clickable link or other promotional mention of any Other Browser for any Platform on any Disney Web Site or the Disney Online Service.

(b) Disney will not market, promote, or license for distribution any Disney Content or Disney logo in connection with promotion of Other Browsers. Disney agrees that it will not enter into or announce any "Content Promotion Agreement" or "Pass Through Agreements." "Content Promotion Agreement" is an agreement with a company (or its Affiliates) which produces Other Browsers, which agreement is to pay or receive money or other material and valuable consideration in exchange for, during the Term, distribution, transmission, marketing or promotion in the Territory of any Disney Content or Disney logo (provided that provision of a text-only link to Disney Content shall not be deemed to be material and valuable consideration). A "Pass-Through Agreement" is an agreement by Disney (or any entity in privity of contract with Disney) with any Third Party in which: (i) the economic and other benefits are passed through materially unchanged to a company (or its Affiliates) which produces Other Browsers; (ii) the Third Party performs no substantive function with respect to the agreement except to be a pass-through entity; or (iii) the purpose of the agreement is the same as a Content Promotion Agreement.

(c) Disney will not distribute any Content from the Disney Online Service, any Disney Web Site or any Other Walt Disney Company Web Sites via the Disney Channel on the Active Desktop if such Web site or service promotes Other Browsers (including but not limited to via a logo, a clickable link or other promotional mention).

(d) If, after the post-beta commercial release of IE, in the event that more than twenty-five percent (25%) of the Other Walt Disney Company Web Sites promote Other Browsers (via a logo, a clickable link or other promotional mention), Microsoft may, as its sole and exclusive remedy, terminate this Agreement as provided in Section 11.2.

(e) Disney will make reasonable commercial efforts in the normal course of business to encourage its Affiliates whose names include either the "Disney" name or any fanciful character historically associated with The Walt Disney Company (hereinafter a "Core Disney Property") to not engage in publicity using the "Disney" name or a Core Disney Property with producers or vendors of an Other Browser which may be reasonably interpreted as being for such Other Browser. Where despite these efforts, in the event that Disney, an Affiliate whose name includes the "Disney" name or a Core Disney Property, or a producer or vendor of an Other Browser engages in publicity using the "Disney" name or a Core Disney Property with an Other Browser except as set forth in

Section 2.5, then Microsoft may, as its sole and exclusive remedy, terminate this Agreement as provided in Section 11.2.

2.5. Limitations on and Clarifications of Disney Obligations.

(a) With respect to the restrictions regarding Other Browsers contained in Sections 2.3 and 2.4(b) through 2.4(e) herein:

(1) Such restrictions shall not apply to or on Platforms for which a version of IE (with Active Desktop that includes the Disney Channel and has functionality similar to Win32 Versions) does not exist. Microsoft shall be deemed to make Active Desktop available for a given Platform if upon written request from Disney, Microsoft notifies Disney that it will deliver a post beta, commercial version for a given Platform within three (3) months from the date of request by Disney and then actually does deliver such version within three (3) months from the date of request. Disney will make no written requests regarding the Platforms for which there is currently no version of Internet Explorer (with Active Desktop that includes the Disney Channel and has functionality similar to Win32 Versions) until seven (7) months after the Effective Date.

(2) Such restrictions shall not apply to America Online, WebTV nor to any IAP or content aggregators who may be using or producing but not licensing or selling (as a standalone product to End Users) Other Browsers, unless any such company either owns (to the extent of at least a 10% ownership or controlling interest) or is itself owned (to the extent of at least a 10% ownership or controlling interest) by a company producing and licensing to end users or selling an Other Browser. With respect to restrictions regarding Other Browsers, the parties agree that version 3.0 and preceding versions of America Online's client software shall not be deemed to be Other Browsers.

(b) The restrictions set forth in Section 2.4(a) shall not apply to any Platform for which a version of the Disney Online Service (i) is commercially available, and (ii) has no less functionality than a Win32 version of the Disney Online Service client.

(c) Nothing in Section 2.4 shall be deemed to prevent Disney from (i) accepting paid advertising from any vendor of Other Browsers; or (ii) entering into and performing under an agreement to create a Channel that is branded with the "Disney" name or a Core Disney Property and that is compatible with Other Browsers or Channel Clients developed as part of or for Other Browsers (e.g., Netscape Communications Corporation's ("Netscape") "Netcaster" technology) provided that the only forms of promotional mention or other promotional arrangements that Disney may enter into with companies developing or distributing Other Browsers or Channel Clients with respect to such "Disney"- or Core Disney Property- branded Channel, including without limitation as part of an agreement authorized herein, are to grant the right to (x) include a text-only reference to such Channel when listing all Third Party Channel providers or partners; and (y) distribute screen shots of a standard configuration showing Other Browsers and associated Channel Clients which include the text-only reference to such Channel (but no other Disney Content) along with other ICPs' Channels in the normal course of advertisement and promotion for Other Browsers and Channel Clients.

(d) The Parties further agree that (i) Disney may (x) enter into agreements with Third Parties which have agreements and/or working relationships with companies which produce or distribute Other Browsers; and (y) enter into agreements to license or use software or technology from companies which produce or distribute Other Browsers, including

agreements which include valuable consideration, provided no agreement Disney enters into pursuant to this Section 2.5(d)(i) is a Pass-Through Agreement or a Content Promotion Agreement; and (ii) Disney may enter into and perform under an agreement with International Business Machines Corporation ("IBM") with respect to distribution of DisneyCast and/or Disney Online Service software in conjunction with IBM hardware, even if such agreement qualifies as a Content Promotion Agreement.

2.6. Platform Compatibility. During the Term, End Users accessing Disney Content via the Internet will be able to view Disney Content that is available on Disney Web Sites, DisneyCast and the Disney Online Service using IE 3.x and successors provided that IE and its successors have features and functionality similar to those available in IE 3.x (e.g., supports Java and other non-proprietary technology standards). Notwithstanding the foregoing, Microsoft acknowledges that DisneyCast for the Macintosh is not currently viewable with IE and Disney and Microsoft agree to address such incompatibility as specified in Section 4.9. For purposes of clarification, the parties acknowledge and agree that nothing in this Agreement will prohibit Disney from making the Disney Web Sites and DisneyCast (excluding the Active Platform Experience Area) viewable with a satisfactory user experience by using Other Browsers.

2.7. Disney Online Internet Pavilion. Disney will provide Microsoft an opportunity to obtain a presence at the Disney Online Internet Pavilion at Walt Disney World in exchange for participation fees or other consideration to which the parties mutually agree. Specific opportunities to be offered to Microsoft hereunder may include:

(a) All Disney Online Internet Pavilion PCs accessing the Internet will use Active Desktop and IE, as applicable;

(b) Disney will script a presentation to visitors which references Microsoft, Active Desktop and IE;

(c) Disney will distribute, at Disney's expense, Disney software which will include IE and Disney's customized client software based on IE as take-aways;

(d) Signage opportunities as determined by Disney in its discretion; and

(e) Microsoft becoming either a title or secondary sponsor of Internet Pavilion.

(f) Disney will make commercially reasonable efforts to provide that Microsoft will receive at least as favorable promotion, subject to Microsoft's approval of specific promotional activities, as any other Third Party technology provider with regard to the activities described above.

2.8. Release of Disney Online Service. By January 31, 1998, Disney will distribute to retail channels a minimum of one hundred thousand (100,000) units of a Disney-branded Internet starter kit which includes Disney Content, a trial subscription to DisneyCast, a trial subscription to Internet access, and Internet Explorer 3.x or the then most current commercial version of IE provided such version is available no less than 8 weeks prior to the gold master date of such Internet starter kit. IE will be such Internet starter kit's only browser and will be installed as part of the default installation. Disney will release the Disney Online Service by April 1, 1998; provided, however, that if Disney, in its sole discretion, does not release the Disney Online Service by such date, Microsoft's sole and exclusive remedy will be termination of this Agreement as provided in Section 11.2, and provided that Microsoft shall not be entitled to exercise such termination right described in this Section 2.8 after Disney has delivered to its OEMs or manufacturing operations

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agreements which include valuable consideration, provided no agreement Disney enters into pursuant to this Section 2.5(d)(i) is a Pass-Through Agreement or a Content Promotion Agreement; and (ii) Disney may enter into and perform under an agreement with Apple Computer Corporation ("Apple") with respect to distribution of DisneyCast and/or Disney Online Service software in conjunction with Apple hardware, even if such agreement qualifies as a Content Promotion Agreement.

2.6. Platform Compatibility. During the Term, End Users accessing Disney Content via the Internet will be able to view Disney Content that is available on Disney Web Sites, DisneyCast and the Disney Online Service using IE 3.x and successors provided that IE and its successors have features and functionality similar to those available in IE 3.x (e.g., supports Java and other non-proprietary technology standards). Notwithstanding the foregoing, Microsoft acknowledges that DisneyCast for the Macintosh is not currently viewable with IE and Disney and Microsoft agree to address such incompatibility as specified in Section 4.9. For purposes of clarification, the parties acknowledge and agree that nothing in this Agreement will prohibit Disney from making the Disney Web Sites and DisneyCast (excluding the Active Platform Experience Area) viewable with a satisfactory user experience by using Other Browsers.

2.7. Disney Online Internet Pavilion. Disney will provide Microsoft an opportunity to obtain a presence at the Disney Online Internet Pavilion at Walt Disney World in exchange for participation fees or other consideration to which the parties mutually agree. Specific opportunities to be offered to Microsoft hereunder may include:

(a) All Disney Online Internet Pavilion PCs accessing the Internet will use Active Desktop and IE, as applicable;

(b) Disney will script a presentation to visitors which references Microsoft, Active Desktop and IE;

(c) Disney will distribute, at Disney's expense, Disney software which will include IE and Disney's customized client software based on IE as take-aways;

(d) Signage opportunities as determined by Disney in its discretion; and

(e) Microsoft becoming either a title or secondary sponsor of Internet Pavilion.

(f) Disney will make commercially reasonable efforts to provide that Microsoft will receive at least as favorable promotion, subject to Microsoft's approval of specific promotional activities, as any other Third Party technology provider with regard to the activities described above.

2.8. Release of Disney Online Service. By January 31, 1998, Disney will distribute to retail channels a minimum of one hundred thousand (100,000) units of a Disney-branded Internet starter kit which includes Disney Content, a trial subscription to DisneyCast, a trial subscription to Internet access, and Internet Explorer 3.x or the then most current commercial version of IE provided such version is available no less than 8 weeks prior to the gold master date of such Internet starter kit. IE will be such Internet starter kit's only browser and will be installed as part of the default installation of DisneyCast. Disney will release the Disney Online Service by April 1, 1998; provided, however, that if Disney, in its sole discretion, does not release the Disney Online Service by such date, Microsoft's sole and exclusive remedy will be termination of this Agreement as provided in Section 11.2, and provided that Microsoft shall not be entitled to exercise such termination right described in this Section 2.8 after Disney has delivered to its

a post-beta commercial release version of the Disney Online Service client which includes IE 4.0 or higher.

2.9. IAP Relationships. Disney shall be solely responsible for establishing relationships with IAPs for inclusion in any Disney version of Internet Connection Wizard.

2.10. Schedule. Notwithstanding anything to the contrary herein, Disney's obligations under this Section 2 shall commence according to the Schedule below:

Section	Date of Commencement (not later than)
2.1	Later of July 7, 1997 or the date required of all First Tier ICPs to provide beta channels before the second beta release of IE 4.0
2.2(a)	The date of the beta launch of the Disney Online Service
2.2(c)	The date of the post-beta commercial launch of IE 4.0
2.2(d)	The date of the post-beta commercial launch of IE 4.0
2.3(a) 1	At such time as mutually agreed between the parties, provided that the joint press release shall take place before the second beta release of IE 4.0
2.3(a) 2	At such time as mutually agreed between the parties
2.3(a) 4	Within six (6) weeks from the Effective Date
2.3 (b)	The date of the beta launch of the Disney Online Service
2.3 (c)	The date of the beta launch of the Disney Online Service
2.3 (d) 1	Effective Date
2.3(d) 2	DisneyCast - Within six (6) weeks of the Effective Date Disney Web Sites - The date of the post-beta commercial launch of IE 4.0
2.3(d) 3	The date of the post-beta commercial launch of IE 4.0
2.3 (e)	The date of the second beta release of IE 4.0
2.4	Effective Date

TWDC#0716

2.5	Effective Date
2.6	At such time as mutually agreed between the parties

3. MICROSOFT OBLIGATIONS

3.1. Inclusion of Disney as ICP. By no later than the second beta release of IE, Microsoft will include Disney Channel Icons in pre-configured ICP positions within Active Desktop during the Term as follows:

(a) Microsoft will provide Disney with a Channel Icon in a pre-configured First Tier ICP position in all North American English Consumer Win32 Versions distributed in the Territories. Microsoft plans to distribute such versions to between 5 million and 20 million users. Pursuant to the foregoing, Microsoft will:

(1) Give the Disney Channel Icon (along with those of other First Tier ICPs) comparable placement and no less favorable treatment on applicable versions of Active Desktop to Channel Icons for Microsoft's and Microsoft Affiliates' Channels.

(2) Include Disney's Channel Icon (along with those of other First Tier ICPs) in applicable copies of Active Desktop distributed in all media (including Web distribution, OEM, and retail).

(3) Provide Disney with a Channel Icon position on the Consumer Win32 Versions that will appear "above the fold" (i.e., on the first list of First Tier ICPs which is visible without scrolling to End Users in the Active Desktop user interface), if such "fold" exists on the Active Desktop initial welcome and navigational page (i.e., the "start-up page").

(4) Provide the Disney Channel (along with those of other First Tier ICPs) no less favorable treatment with respect to Content Rotation than it gives to Channels of Microsoft and its Affiliates on applicable versions of Active Desktop.

(5) In the event Microsoft distributes only one English language Consumer Win32 Version, such version shall be deemed to be a North American English version for purposes of Microsoft's obligations under this Agreement.

(6) Display the Channel Bar with the Disney Channel Icon so that it is visible as a default setting on Active Desktop to the End User at least upon system setup and/or using Active Desktop for the first time if the End User has installed Internet Explorer with shell integration and is using a PC with a then-current standard PC hardware configuration, and thereafter, unless an End User has configured Active Desktop otherwise, such that when an End User subsequently views or runs Active Desktop, the Disney Channel Icon is clearly displayed to the End User as a default setting of Active Desktop. Additionally, unless configured otherwise by the End User, the End User can access the Channel Bar by a single click from the IE user interface. Such End Users will be able to reconfigure the Channel Icons of Microsoft and Microsoft Affiliate Channels in

TWDC#0717

substantially the same manner and with exactly the same amount of difficulty as the Disney Channel Icon.

(7) Microsoft will configure Internet Explorer installed without shell integration such that an End User can access the Disney Channel Icon through one or more of the following, the choice of which shall be at Microsoft's discretion: (i) click on the Channel Bar icon in the Active Desktop task bar; (ii) click on the Start-Channels command in Start menu; (iii) click on Favorites-Channels command in the Internet Explorer command menu; or (iv) launch the Channel Bar applet.

(b) Microsoft will provide Disney with a Channel Icon in a pre-configured Second Tier ICP position in all North American English Non-consumer Win32 Versions (if such exist) distributed in the Territories. Disney acknowledges that users, retailers, and OEMs may be able to choose which version of Active Desktop (*i.e.*, Consumer Win32 Version or Non-consumer Win32 Version), they install, distribute or use.

(c) Microsoft will include up to 1MB of Licensed Materials designed to interest users in the Disney Channel on Microsoft's retail CD-ROM and OEM distributions of all US English Consumer Versions distributed in the Territories. Inclusion of any additional Licensed Materials shall be subject to mutual agreement of the parties. Disney will provide Microsoft with a reasonable opportunity to review and comment on Licensed Materials proposed by Disney for inclusion in Active Desktop, provided, however, that final decisions regarding all aspects of such Licensed Materials (other than inclusion of Third Party advertisements and size) will remain solely within the discretion of Disney. Microsoft's obligations under this Section 3.1(c) are contingent on Disney's providing Licensed Materials which comply with the reasonable setup and installation specifications and schedule requirements that Microsoft requires for all Third Party First Tier ICPs, as further described in Exhibit F attached hereto.

(d) Microsoft agrees that there will be no more than ten (10) Third Party ICPs and no more than fifteen (15) total ICPs classified as First Tier ICPs in the North American English Consumer Win32 Versions of the Active Desktop distributed in the Territories during the first twelve (12) months after initial post-beta commercial release of Internet Explorer version 4.0.

(e) In the event that, after expiration of the initial twelve (12) month period following the first post-beta commercial release of Internet Explorer version 4.0, Microsoft includes more than thirty (30) total ICPs classified as First Tier ICPs, in the North American English Consumer Win32 Versions of Active Desktop distributed in the Territories, Disney will be released from its exclusivity obligations with regard to Other Browsers under Section 2.4 or Disney may terminate this Agreement as provided in Section 11.2.

(f) If (i) Microsoft includes icons or other links as an alternative to the Channel Icons described in this Agreement in order to promote or distribute ICPs' Content or related services within North American English Consumer Win32 Versions of Active Desktop or Internet Explorer, and (ii) upon system set-up and/or first use, such icons or links are displayed more prominently than the Disney Channel Icon on applicable versions of Active Desktop, then Microsoft agrees that it will include the Disney Channel Icon or a comparable link (with such alternative to be consistent with the relevant ICP link and subject to Disney approval) in such additional means of promoting and distributing Content and related services within applicable versions of Active Desktop at least as prominently as any ICP's link is included therein. The foregoing is with respect solely to relevant version of Internet Explorer and Active Desktop and does not in any way restrict

Microsoft's ability to include Content, links, icons, and other Content representations in any other product, including, but not limited to applications and operating system products.

(g) Prior to finalizing the first screen of the user interface of Active Desktop, Microsoft will review the positioning of the Disney Channel Icon with Disney, provided, however, that final decisions regarding the user interface of the Active Desktop will remain solely with the discretion of Microsoft.

(h) For purposes of clarification, Disney and Microsoft acknowledge and agree that:

(1) Channel Icons for Other Kids and Family Media Properties may be included in pre-configured First Tier ICP positions, Second Tier ICP positions, and Other Kids and Family Media Properties may be included as sub-Channels to Channels of First Tier ICPs, in North American English Consumer Win32 Versions distributed in the Territories.

(2) Microsoft plans to include a similar feature to Active Desktop, with no less favorable treatment for First Tier ICPs including Disney, in versions of Internet Explorer developed for the Macintosh and Windows 3.1x Platforms. Macintosh and Windows 3.1x versions of Internet Explorer may have significant feature differences, including with respect to Active Desktop, from Win32 Versions.

(3) Microsoft may, notwithstanding anything to the contrary in this Section 3.1, (i) authorize OEM distributors of Active Desktop to include, as an addition to existing Channel Icons or as provided in Section 3.1(h)(4) below, their own pre-configured Channel Icons in copies of Active Desktop which they distribute, and to place their Channel Icons in any position within Active Desktop, including a position that would be at least equivalent to being a First Tier ICP; and (ii) authorize IAPs and IEAK licensees to distribute copies of Active Desktop from which such IAPs or IEAK licensees have deleted the pre-configured Channel Icons of some or all ICPs, including any which are First Tier ICPs.

(4) Microsoft will exercise commercially reasonable efforts to require its OEM licensees to include the Disney Channel Icon in applicable versions of Active Desktop which they distribute, and in no event shall Microsoft authorize an OEM licensee to delete the Disney Channel Icon but not any Microsoft or Microsoft Affiliate Channel Icons from applicable versions of Active Desktop. Where despite such efforts, it is determined that computer systems comprising twenty five percent (25%) or greater of the US Consumer PC market (as defined by IDC's Quarterly PC Tracker Survey) fail to include the Disney Channel Icon in the Consumer Version on the OEM licenses of Windows 95, then Disney may, as its sole and exclusive remedy, terminate this Agreement as provided in Section 11.2.

(5) Active Desktop users and IEAK users will be able to re-configure Channels for End Users, themselves and for others in their organization, including scheduling when Content is downloaded from the URL, adding, moving and/or deleting Channels and Channel Icons, and customizing Channels or the Content featured therein. Such users will be able to reconfigure the Channel Icons of Microsoft and Microsoft Affiliate Channels in substantially the same manner and with exactly the same amount of difficulty as the Disney Channel Icon.

(6) Microsoft will exercise commercially reasonable efforts to encourage its IAP and IEAK licensees to include the Disney Channel Icon in applicable versions of Active Desktop which such licensees distribute. Where despite such efforts, it is determined by an "End User Survey", as defined below, that forty nine percent (49%) or greater of the Surveyed Users do not have access to the Disney Channel Icon in a First Tier ICP position as described in Section 3.1(a) and do not recall moving or deleting such icon, then Disney may, as its sole and exclusive remedy, terminate this Agreement as provided in Section 11.2 and in which case Microsoft shall bear the expense of the most recent End User Survey. The End User Survey may be conducted at Disney's expense every three (3) months, starting three months following Microsoft's first post-beta commercial release of Internet Explorer 4.0, as follows:

A. PC Meter or a mutually agreeable vendor shall be used to conduct the survey.

B. Qualifications for "Surveyed Users" being eligible for the survey are (i) that they use the Internet at least once per week; (ii) they currently use Internet Explorer; (iii) they personally own the computer concerning which they are answering the End User Survey; and (iv) they use such computer primarily from home or home office.

C. At least 500 eligible Surveyed Users shall be selected at random from the US population of PC and Macintosh users.

D. Microsoft shall have the right to review the End User Survey questionnaire and methodology prior to implementation of the End User Survey, and Disney shall incorporate Microsoft's reasonable comments.

E. Microsoft shall be provided with full results of each End User Survey.

F. The primary purpose of each End User Survey shall be to determine compliance with this Section 3.1(h)6, provided that such questions shall be the first section on the End User Survey.

3.2. Promotion of Disney Content and Services. During the Term, Microsoft will promote Disney's Internet and online activities as follows:

(a) Microsoft will feature Disney, at least as favorably as any other Third Party First Tier ICP, in all launch marketing and promotion that includes Third Party First Tier ICPs (including launch events, trade show activities, PR activities, and advertising campaigns) of North American English Consumer Win32 Versions distributed in the Territories, provided, however, that such activities shall be subject to Disney's approval and that Microsoft shall not be deemed to breach this clause if it excludes Disney from a launch activity that includes Third Party First Tier ICPs in which Disney has chosen not to participate.

(b) Microsoft will include promotion, at Disney's discretion and subject to Disney's approval, of the Disney Web Sites, DisneyCast and Disney Online Services in all appropriate marketing and promotional activities for Consumer Win32 Versions (including Disney logo on IE box, advertising campaigns for First Tier ICPs, *etc.*). In the event Disney unreasonably delays its response to a Microsoft request for approval under this Section, Microsoft shall not be deemed to have breached its obligations hereunder by excluding Disney from the applicable marketing or promotional activity.

(c) Microsoft will provide Disney with opportunities for marketing and promotion at least as favorable as those provided to any Third Party First Tier ICP with regard to the activities described above.

3.3. Support for Disney Implementation of Active Platform. During the Term, Microsoft will support Disney's use of Active Platform as follows:

(a) Microsoft will work closely with Disney to enable Disney to fully exploit the Active Platform, including but not limited to, providing at Microsoft's expense a reasonable number of copies of all client-side developer tools needed and reasonable direct engineering support of Disney's obligations under Sections 2.1(a)(1), 2.1(a)(4), 2.1(b), 2.2, 2.3, 2.6, 4.1 and 4.9.

(b) Microsoft will authorize Disney to customize Active Desktop and IE (including its ICW component) in order to create versions that: (a) Disney distributes as an integral part of Disney Online Service client software; and (b) Disney may at its option distribute separately from the Disney Online Service. Pursuant to the foregoing obligation, Microsoft and Disney agree to enter into the royalty free license set forth in Exhibit B with respect to customization and distribution by Disney of Internet Explorer. Disney acknowledges and agrees that Microsoft may, consistent with the terms of this Agreement, develop an advanced Internet client separate from Internet Explorer in which Active Desktop may be included but which would not be subject to any of the licenses granted by Microsoft to Disney in Exhibit B with respect to IE.

3.4. Limitation on Microsoft Obligations. During the Term, the obligations on Microsoft in this Agreement, including without limitation all obligations set forth in Sections 3.1 and 4, shall not apply to the Microsoft Interactive Media Group ("IMG"), and its successors. For example and not by way of limitation, the foregoing sentence means that this Agreement shall not be deemed to restrict IMG from distributing North American English Consumer Win32 Versions of Active Desktop which do not comply with the requirements of Section 3.1. However, said obligations on Microsoft do apply to North American English Consumer Win32 Versions of Internet Explorer currently available on www.microsoft.com/ie and on any other www.microsoft.com Web sites, with the exception of Web sites whose primary purpose is to promote or distribute IMG's products or services.

3.5. Launch of IE 4.0. Microsoft acknowledges and agrees that the date of the post-beta commercial launch of IE 4.0 will be no later than December 31, 1997; provided, however, that if Microsoft, in its sole discretion, does not release the post-beta commercial launch of IE 4.0 by December 31, 1997, Disney's sole and exclusive remedy will be termination of this Agreement as provided in Section 11.2, and provided that Disney shall not be entitled to exercise such termination right as described in this Section 3.5 after Microsoft has delivered to its OEMs or manufacturing operations a post-beta commercial release version of IE 4.0 which includes the Disney Licensed Materials.

4. JOINT OBLIGATIONS

During the Term:

4.1. Use of Technology Features. The parties will work together in good faith to make the Disney Web Sites, Disney Cast and the Disney Online Service demonstrably superior examples of the Microsoft Active Platform, and to ensure proper functionality of links between the Active Desktop and the Disney Channel, provided that implementation of the applicable features and functions shall be subject to Disney's sole control. Appropriate technical, business, and executive representatives will meet quarterly or more frequently at the mutual agreement of the parties.

4.2. User Support. Each party will provide all user support for the products and services that it operates or distributes.

4.3. Promotional Planning. The parties will meet to begin establishing a plan to implement the promotional activities described in Sections 2.3 and 3.2 within four (4) weeks of the Effective Date.

4.4. Use of Name, Logo, or Content of a Party. Any promotional activities related to this Agreement which use a party's name, logo or Content must have the approval of the party supplying such name, logo or Content. The parties will cooperate to develop and implement guidelines (separate from the guidelines referenced in Section 6) for marketing and other activities related to their agreement in order to minimize required approval cycles as much as possible. Neither party shall be deemed to have breached any marketing or promotional obligation under this Agreement in the event that the other party unreasonably delays its response to a request for approval of an otherwise obligatory marketing or promotional activity hereunder.

4.5. Coordination. Each party will appoint a representative to coordinate marketing plans, advertising guidelines, and other promotional messages to be used by the respective parties in their promotions of one another, and the parties will work together to understand how users are using Active Desktop, IE, and the Disney Channel.

4.6. Possible Expansion Beyond Territories. Microsoft and Disney will consider efforts to expand the Agreement beyond the Territories to other areas where Disney provides localized Content, subject to agreement by Microsoft subsidiaries and mutual agreement between the parties with respect to the specific terms of any such expansion.

4.7. Possible Extension of Term. Microsoft and Disney will begin discussions by June 30, 1998 on a second period of Active Desktop participation in which Microsoft may provide favorable pricing and placement to Disney Channel and in which Disney may provide favorable promotion and favorable pricing for such promotion of Microsoft technologies; provided, however, that nothing in this Agreement shall be deemed to obligate the parties to agree to any renewal or extension of this Agreement. Microsoft further agrees that before finalizing any agreement under which Microsoft would grant to any Third Party Other Kids and Family Media Property exclusive First Tier ICP status following the Term in North American English Consumer Win32 Versions of Active Desktop distributed in the Territories, Microsoft shall notify Disney in writing of such a possible agreement and Microsoft shall negotiate in good faith with Disney for thirty (30) days following such notice concerning the possible extension or renewal of Disney's right under this Agreement to serve as such a First Tier ICP. At the conclusion of such thirty (30) day period, if Microsoft and Disney have not reached a final agreement on such an extension or renewal, Microsoft may elect to enter into an agreement granting a Third Party Other Kids and Family Media Property exclusive First Tier ICP status as described above.

4.8. Back-End Support for Internet Connection Wizard. The parties will negotiate in good faith for Disney's right to use Microsoft's back-end support for the Internet Connection Wizard. Any resulting license agreement will be included in a separate written agreement and may include a license fee and/or other consideration.

4.9 DisneyCast Content Enablement. The parties shall each use reasonable commercial efforts to enable all Disney Content developed after October 1, 1997 which is to be included in DisneyCast to be usable with Internet Explorer 3.x and 4.x and successors for the Macintosh by January 1, 1998.

4.10. Term Extension Election. The parties agree to extend the Term for an additional six (6) months provided Disney, in its sole discretion, notifies Microsoft of Disney's election to extend the Term by no earlier than April 2, 1998 and no later than April 15, 1998 prior to the end of the Term.

5. RIGHTS AND LICENSES

5.1. Intellectual Property License to Microsoft. With respect to the Licensed Materials only, Disney hereby grants to Microsoft, under all Disney Intellectual Property, a nonexclusive, irrevocable during the License Period, royalty-free, fully paid up, worldwide right and license, for the License Period only, to reproduce, license, rent, lease or otherwise distribute, and have reproduced, licensed, rented, leased or otherwise distributed, to and by Third Parties, the Licensed Materials solely in conjunction with Internet Explorer.

5.2. Patent Non-Assertion. If Disney Online (a) sues or (b) brings, prosecutes, assists or participates in any judicial, administrative or other proceedings of any kind against Microsoft or its licensees (including without limitation OEM customers and end users) for infringement of any Disney Patents which occurs during the Term on account of the manufacture, use, sale or distribution of technology contained in Active Desktop, Microsoft may terminate this Agreement as provided in Section 11.2. As used herein, "Disney Patents" means any and all patents (other than design patents or the equivalent), or the inventions, ideas or applications therefor, worldwide, whether currently existing, or later developed, applied for, issued prior to the Term, or issuing during the Term, and under which patents (or the inventions, ideas or applications therefor) Disney, or any of its Affiliates, now has, or obtains during the Term, the ability or right to license or grant immunity from suit; and (ii) all extensions, divisionals, continuations, continuations-in-part, re-examinations and reissue patents of such patents, as well as patent applications thereof, to the extent rights attach to such applications.

5.3. Other Rights Reserved. Neither party grants any license in this Agreement under its Intellectual Property or Confidential Information except as expressly provided in this Agreement. Without limiting the generality of the foregoing, nothing in this Agreement shall be deemed to transfer any ownership of the Disney Content and the Disney Channel, the Intellectual Property developed by Disney for Active Desktop, Internet Explorer or Active Desktop. Disney will be entitled to exercise ultimate control over all uses of Disney Content. Notwithstanding the preceding sentence, Disney will comply with all obligations with respect to Disney Content as are further described in this Agreement.

6. TRADEMARKS

6.1. Microsoft Trademarks. Disney is hereby granted a non-exclusive license to use the Microsoft Internet Explorer Logo and the Microsoft trademark as part of the Microsoft Internet Explorer name under Microsoft's standard terms as listed in Exhibit A of the document set forth at http://www.microsoft.com/ie/ieak./iesl.htm in connection with Disney's performing its obligations under Section 2 and for as long as such logo and terms remain generally in effect with respect to promotion and distribution of IE by Third Parties. If Microsoft establishes a revised logo or logos, or revised terms governing use of the Microsoft Internet Explorer Logo, it will provide commercially reasonable advance written notice to Disney of such changes and Disney shall notify Microsoft in writing within fifteen (15) days of such notice as to whether Disney agrees to use any such revised logo(s) and comply with any revised terms governing the applicable logo(s). Disney and Microsoft acknowledge that Microsoft does not intend to issue any revised logos or logo guidelines during the Term which would be unduly burdensome for its logo program participants. In the event Disney agrees to all applicable revisions proposed by

Microsoft, Disney's license rights under the first sentence of this paragraph shall apply, subject to the revised terms, for as long as such revised terms remain generally in effect with respect to promotion and distribution of IE by Third Parties. Microsoft and Disney will engage in the foregoing review and approval process with respect to any further revisions to Microsoft's Internet Explorer logo program during the Term. In the event Disney does not agree to any revision proposed by Microsoft pursuant to its then-current general Internet Explorer logo program, then notwithstanding anything to the contrary in this Agreement, Disney shall not be entitled to exercise any license rights to updated or modified versions of IE which are subject to such then-current general Internet Explorer logo program. By way of example, in the event Microsoft develops a revised general Internet Explorer logo program in conjunction with Internet Explorer v. 4.2, and Disney does not accept all of the terms of such program, then Disney shall not be entitled to exercise any license rights to Internet Explorer v. 4.2. In all cases, Disney and its distributors will have the right to deplete or have depleted in the ordinary course of their business existing and contractually committed for versions of products and materials which may not be in compliance with Microsoft's revised Internet Explorer logo program and will have a reasonable transition period in which to implement compliance.

6.2. Disney Trademarks. Microsoft is hereby granted a non-exclusive license during the License Period to use those Disney trademarks relating to the Disney Content, listed in Exhibit C, in Active Desktop (including as Channel Icons) and any advertising, marketing, technical or other materials related thereto which are distributed, transmitted or promoted by Microsoft or its distributors for the purpose of furthering distribution of Disney Content under this Agreement. Such use will be in accordance with the trademark guidelines set forth in Exhibit C. If Disney establishes revised trademarks or logos which are applicable to the Disney Content and/or the Disney Channel Icon, or revised terms governing use of the Disney trademarks licensed hereunder, it will provide commercially reasonable advance written notice to Microsoft of such changes and Microsoft shall notify Disney in writing within fifteen (15) days of such notice as to whether Microsoft agrees to use any such revised trademarks or logo(s) and comply with any revised terms governing the applicable trademarks. Disney and Microsoft acknowledge that Disney does not intend to issue any revised trademarks, logos or use guidelines during the Term which would be unduly burdensome for Microsoft to comply with. In the event Microsoft agrees to all applicable revisions proposed by Disney, Microsoft's license rights under the first sentence of this paragraph shall apply, subject to the revised terms, for as long as such revised terms remain generally in effect with respect to use of the applicable trademarks or logos by Third Parties. Microsoft and Disney will engage in the foregoing review and approval process with respect to any further revisions to Disney's trademarks, logos or use guidelines during the Term. In the event Microsoft does not agree to any revision proposed by Disney pursuant to this paragraph, then notwithstanding anything to the contrary in this Agreement, Microsoft shall not be entitled to exercise any license rights to updated or modified versions of the Disney trademarks licensed hereunder. By way of example, in the event Disney develops a revised general logo program, and Microsoft does not accept all of the terms of such program, then Microsoft shall not be entitled to exercise any license rights to modified versions of the Disney logo created pursuant to such general logo program. In all cases, Microsoft and its distributors will have the right to deplete or have depleted in the ordinary course of their businesses existing and contractually committed versions of products and materials which may not be in compliance with the amended guidelines or modified/added Disney trademarks and will have a reasonable transition period in which to implement compliance. Microsoft agrees never to register any Disney trademarks without Disney's express prior written consent. Disney will promptly notify Microsoft of any finding of infringement or invalidity of any Disney trademarks in any jurisdiction to the extent applicable to Microsoft's activities under this Agreement. Nothing herein will require Microsoft to use any Disney trademark in any manner, except as expressly provided in Section 3.

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7. CONFIDENTIALITY

Each party will protect the other's Confidential Information pursuant to the terms of the Mutual Nondisclosure Agreement between the parties dated as of December 19, 1996.

8. WARRANTIES

8.1. Disney. Disney warrants, represents and covenants that:

(a) It has the full power and all necessary rights to enter into and perform according to the terms of this Agreement;

(b) It has the full right to grant Microsoft the licenses granted herein to use the trademarks, logos, trade names, and firm names licensed under this Agreement, and that it is aware of no claims by any Third Parties adverse to any of such trademarks, logos, trade names, and firm names;

(c) To the best of its knowledge, the Licensed Materials and Disney Content do not, and Disney will ensure that the Disney Content and Licensed Materials will not, to the best of its knowledge: (i) contain defamatory or libelous material or material which discloses private or personal matters concerning any person, without such person's consent; or (ii) permit to appear or be uploaded any messages, data, images or programs which are, by law, obscene, profane or pornographic; and

(d) The representations, warranties, and covenants contained in this Section 8.1 are continuous in nature and will be deemed to have been given by Disney at execution of this Agreement and at each stage of performance hereunder. These representations, warranties, and covenants will survive termination or expiration of this Agreement.

8.2. Microsoft. Microsoft warrants, represents and covenants that:

(a) It has the full power to enter into this Agreement and grant the license rights set forth herein;

(b) It has the full right to grant Disney the licenses granted herein to use the trademarks, logos, trade names, and firm names licensed under this Agreement, and that it is aware of no claims by any Third Parties adverse to any of such trademarks, logos, trade names, and firm names; and

(c) The representations, warranties, and covenants contained in this Section 8.2 are continuous in nature and will be deemed to have been given by Microsoft at execution of this Agreement and at each stage of performance hereunder.

9. DISCLAIMER OF FURTHER WARRANTIES

9.1. EXCEPT AS EXPRESSLY WARRANTED IN SECTION 8.1, ALL DISNEY TECHNOLOGY, SOFTWARE OR TRADEMARKS LICENSED UNDER THIS AGREEMENT AND DISNEY CONFIDENTIAL INFORMATION ARE PROVIDED TO MICROSOFT "AS IS" WITHOUT FURTHER WARRANTY OF ANY KIND. WITH THE EXCEPTION OF THE EXPRESS WARRANTIES SET FORTH IN SECTION 8.1, DISNEY DISCLAIMS ALL FURTHER

WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT.

9.2. EXCEPT AS EXPRESSLY WARRANTED IN SECTION 8.2, INTERNET EXPLORER AND THE MICROSOFT CONFIDENTIAL INFORMATION ARE PROVIDED TO DISNEY "AS IS" WITHOUT FURTHER WARRANTY OF ANY KIND. WITH THE EXCEPTION OF THE EXPRESS WARRANTIES SET FORTH IN SECTION 8.2, MICROSOFT DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT.

10. INDEMNITY

10.1. Indemnity by Disney.

(a) Disney will, at its expense and Microsoft's request, defend any claim or action brought against Microsoft, or Microsoft's Affiliates, directors, officers, employees, agents and independent contractors, to the extent it is based upon a claim (i) that the Licensed Materials or any Disney Content infringes or violates any U.S. or Canadian: patent, copyright, trademark, trade secret, right of publicity, or other Intellectual Property, proprietary or contractual right of a Third Party or (ii) which, if true, would constitute a breach of any warranty or covenant of Disney in Section 8.1 (collectively, "Disney Claims"), and Disney will indemnify and hold Microsoft harmless from and against any costs, damages and fees reasonably incurred by Microsoft, including but not limited to fees of attorneys and other professionals, that are attributable to such Disney Claims. Microsoft will: (i) provide Disney reasonably prompt notice in writing of any such Disney Claims and permit Disney, through counsel chosen by Disney and reasonably acceptable to Microsoft, to answer and defend such Disney Claims; and (ii) provide Disney information, assistance and authority, at Disney's expense, to help Disney to defend such Disney Claims. Disney will not be responsible for any settlement made by Microsoft without Disney's written permission, which permission will not be unreasonably withheld or delayed.

(b) Unless Disney obtains for Microsoft a complete release of all Disney Claims thereunder, Disney may not settle any Disney Claim under this Section 10.1 on Microsoft's behalf without first obtaining Microsoft's written permission, which permission will not be unreasonably withheld or delayed. In the event Microsoft and Disney agree to settle a Disney Claim, Disney agrees not to publicize the settlement without first obtaining Microsoft's written permission, which permission will not be unreasonably withheld or delayed.

10.2. Indemnity by Microsoft.

(a) Microsoft will, at its expense and Disney's request, defend any claim or action brought against Disney, or Disney's Affiliates, directors, officers, employees, agents and independent contractors, to the extent it is based upon a claim (i) that Active Desktop or Internet Explorer infringes or violates any U.S. or Canadian: patent, copyright, trademark, trade secret, right of publicity, or other Intellectual Property, proprietary or contractual right of a Third Party, or (ii) which, if true, would constitute a breach of any warranty or covenant by Microsoft in Section 8.2 (collectively, "Microsoft Claims"), and Microsoft will indemnify and hold Disney harmless from and against any costs, damages and fees reasonably incurred by Disney, including but not limited to fees of attorneys and

other professionals, that are attributable to such Microsoft Claims. Disney will: (i) provide Microsoft reasonably prompt notice in writing of any such Microsoft Claims and permit Microsoft, through counsel chosen by Microsoft and reasonably acceptable to Disney, to answer and defend such Microsoft Claims; and (ii) provide Microsoft information, assistance and authority, at Microsoft's expense, to help Microsoft to defend such Microsoft Claims. Microsoft will not be responsible for any settlement made by Disney without Microsoft's written permission, which permission will not be unreasonably withheld or delayed.

(b) Unless Microsoft obtains for Disney a complete release of all Microsoft Claims thereunder Microsoft may not settle any Microsoft Claim under this Section 10.2 on Disney's behalf without first obtaining Disney's written permission, which permission will not be unreasonably withheld or delayed. In the event Disney and Microsoft agree to settle a Microsoft Claim, Microsoft agrees not to publicize the settlement without first obtaining Disney's written permission, which permission will not be unreasonably withheld or delayed.

11. TERMINATION

11.1. Term. This Agreement will commence upon the Effective Date and continue in full force and effect until the earlier of (i) termination for cause as set forth in Section 11.3, and (ii) expiration of the Term.

11.2 Dispute Resolution. Prior to any termination for cause of any part of this Agreement, except as provided below, the parties shall submit any dispute to structured negotiation as follows:

(a) Other than actual or imminent material breaches of Section 7, any dispute between the parties with respect to this Agreement shall be submitted for structured negotiation. The commencement, and any resolution reached as a result, of any dispute resolution under this Section 11.2 shall be considered Confidential Information and protected under Section 7.

(b) Either party may invoke the structured negotiation procedure by giving written notice to the other party designating a corporate officer with appropriate authority to be its representative in negotiations relating to the dispute. Upon receipt of such notice, the other party shall, within five (5) business days, designate a corporate officer with similar authority to be its representative. The designated officers shall, following whatever investigation each deems appropriate, but in no event later than twenty (20) business days after the original notice is received, enter into discussions concerning the dispute. If within an additional thirty (30) business days of their initial meeting, the representatives do not resolve the dispute, either party may take whatever steps it deems necessary, at law or in equity, to protect its rights under the Agreement.

11.3. Termination By Either Party For Cause. Subject to the requirements of Section 11.2, either party may suspend performance and/or terminate this Agreement immediately upon written notice at any time if:

(a) The other party is in material breach of any material warranty, term, condition or covenant of this Agreement, other than those contained in Section 7, and has failed to cure that breach within thirty (30) days after written notice thereof (which notice shall be deemed to have been given in the event either party invokes the procedures of Section 11.2); or

(b) The other party is in material breach of Section 7.

11.4. Effect of Termination. Neither party will be liable to the other for damages of any sort resulting solely from terminating this Agreement in accordance with its terms.

11.5. Survival. In the event of termination of this Agreement for any reason, Microsoft's license rights under Sections 5.1 and Section 6.2, and Disney's license rights under Sections 6.1 and in the license agreement referenced in Section 3.3(b), shall survive termination and expire at the end of the License Period except as otherwise specified in Exhibit B to this Agreement. Upon expiration or termination of this Agreement, the parties will work together to ensure that joint users have a satisfactory experience during the portion of the License Period succeeding the Term while the parties work down inventory promoting each other's products or including each other's licensed Intellectual Property. Sections 1, 5.3, 7, 8, 9, 10, 11, 12, and 13 shall survive any termination or expiration of this Agreement and the License Period.

12. LIMITATION OF LIABILITIES

IN NO EVENT WILL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR OTHER RELATED OR SIMILAR DAMAGES (BUT NOT INCLUDING DIRECT DAMAGES) WHATSOEVER, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, AND THE LIKE FOR A BREACH OF THIS AGREEMENT, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS SECTION WILL HAVE NO APPLICATION TO SECTION 7.

13. GENERAL PROVISIONS

13.1. Notices. All notices and requests in connection with this Agreement will be deemed given as of the day they are received by the party to whom they are addressed, either by messenger, delivery service, or in the United States of America mails, postage prepaid, certified or registered, return receipt requested, and addressed as indicated as follows in this Section 13.1 or to such other address as a party may designate pursuant to this notice provision:

To Disney: Disney Online

500 S. Buena Vista Blvd.
Burbank, CA 91521-7690
Attention: Vice President,
Business and Legal Affairs

Phone: (818) 623-3200

Fax: (818) 623-3562

To Microsoft:

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
Attention: Director of Business Development, Internet Division

Phone: (425) 936-8080

Fax: (425) 936-7329

Copy to:
Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
Attention: Law & Corporate Affairs

TWDC#0728

Fax: (425) 936-7409

13.2. Independent Parties. Nothing in this Agreement will be construed as creating an employer-employee or agency relationship, a partnership, or a joint venture between the parties.

13.3. Governing Law; Venue. This Agreement will be governed by the laws of the State of California as though entered into between California residents and to be performed entirely within the State of California. With respect to any legal action brought by Disney in connection with this Agreement, the parties agree that the sole and exclusive venue for such actions shall be in the state or federal courts sitting in King County, Washington. With respect to any legal action brought by Microsoft in connection with this Agreement, the parties agree that the sole and exclusive venue for such actions shall be in the state or federal courts sitting in Los Angeles, California.

13.4. Attorneys' Fees. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party will be entitled to recover its costs, including reasonable attorneys' fees.

13.5. Assignment. This Agreement will be binding upon and inure to the benefit of each party's respective successors and lawful assigns; provided, however, that neither party may assign this Agreement, in whole or in part, other than to an entity which qualifies as an Affiliate of such party as of the Effective Date, without the prior written approval of the other party. For purposes of this Agreement, a merger, consolidation, or other corporate reorganization, or a transfer or sale of any or all of a party's stock, or of all or substantially all of its assets will be deemed to be an assignment.

13.6. Construction. If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement will continue in full force and effect. Failure by either party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision. This Agreement has been negotiated by the parties and their respective counsel and will be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either party.

13.7. Entire Agreement. This Agreement does not constitute an offer by Microsoft and it will not be effective until signed by both parties. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It will not be modified except by a written agreement subsequent to the date of this Agreement and signed on behalf of Disney and Microsoft by their respective duly authorized representatives.

EXHIBIT A
TO
ACTIVE DESKTOP MARKETING & DISTRIBUTION AGREEMENT

FIRST TIER ACTIVE PLATFORM SUPPORT

First Tier Active Platform Support means using Active Platform technology to make the Disney Channel, Active Platform Experience Area and Disney Web Sites demonstrably superior examples of Active Platform technology. Exactly how this is done, however, is at Disney's sole discretion. Disney will make commercially reasonable efforts to incorporate the following technical requirements in the Disney Channel, the Active Platform Experience Area, and the home pages of Disney Web Sites and at least 15 other most visited Disney Web Site pages, each as further described below.

Channel Requirements – for Disney Channel

1) Support for IE presentation
   - Logo to fit on Channel bar button
   - Full screen view (theatrical view)
   - Support for screen saver functions
2) Create WebCollections to categorize content for download and offline reading
3) Update WebCollections and support notification for new Content
4) Support Ratings (as defined below)
5) Optimize the Channel for download:
   - Author content to meet reasonable download size guidelines (based on our testing)
   - Go beyond that limit after notifying user
   - Offer personalization to select relevant content
6) Content must be updated at least 5 times per week

7) Support for eight (8) of the following Microsoft technologies (as defined below):
   - Inclusion of COM objects
   - Use of Scripting (VB Script or Jscript)
   - Dynamic HTML Styles
   - Dynamic HTML Positioning
   - Dynamic HTML Content
   - Dynamic HTML Multimedia Animation Effects
   - Dynamic HTML Transition Effects
   - Data Binding / Data Awareness
   - Dynamic HTML Multimedia Filters Effects
   - NetShow

Active Platform Experience Area Requirements - for Active Platform Experience Area

1) Create WebCollections to categorize content for download and offline reading
2) Update WebCollections and support notification for new Content
3) Support Ratings (as defined below)

4) Support for eight (8) of the following Microsoft technologies (as defined below):
   - Inclusion of COM objects
   - Use of Scripting (VB Script or Jscript)
   - Dynamic HTML Styles
   - Dynamic HTML Positioning
   - Dynamic HTML Content
   - Dynamic HTML Multimedia Animation Effects
   - Dynamic HTML Transition Effects
   - Data Binding / Data Awareness

TWDC#073

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the Effective Date written above.

MICROSOFT CORPORATION ("Microsoft")

By (Sign)

Brad Chase

Name (Print)

Vice President A.I.C.G

Title

July 1, 1997

Date

DISNEY ONLINE ("Disney")

By (Sign)

Jane Wineburn

Name (Print)

President

Title

July 3, 1997

Date

TWDC#0731

- Dynamic HTML Multimedia Filters Effects
- NetShow

Web Sites Requirements - for Disney Web Sites and, as applicable, Other Walt Disney Company Web Sites

On the home page of Disney Web Sites and at least 15 other most visited Disney Web Site pages:

1. Track browser market share based on appropriate user agent strings and report to Microsoft
2. Create WebCollections to categorize content for download and offline reading
3. Update WebCollections and support notification for new Content
4. Support Ratings (as defined below)
5. Support five (5) of the following Microsoft technologies (as defined below):
   - Inclusion of COM objects
   - Use of Scripting (VB Script or Jscript)
   - Dynamic HTML Styles
   - Dynamic HTML Positioning
   - Dynamic HTML Content
   - Dynamic HTML Multimedia Animation Effects
   - Dynamic HTML Transition Effects
   - Data Binding / Data Awareness
   - Dynamic HTML Multimedia Filters Effects
   - NetShow

Definitions of Microsoft Technologies

1 COM Objects: Inclusion of COM Objects (ActiveX Controls, or Java Applets) - COM objects are self-contained pieces of code that bring unique interactivity to sites not possible with HTML-only pages. COM objects can be written in many languages, such as C/C++ or Java. Web Site must use at least one such control on at least one of its top 5 most visited pages.

2 Scripting: Use of Scripting (VB Script, or Javascript) - Scripts are pieces of code written inline within HTML to automate general purpose COM objects, or to make objects interact with one another, in a Web page. Scripts can be written in many languages, such as VB Script or Javascript. Web Site must use at least some such scripting to automate one or more controls.

3 HTML 3.2: Utilization of at least 2 of the following 3 IE3 and HTML 3.2 standard capabilities:

- Style Sheets - A style sheet is a description of the layout of a document. Style sheets allow page authors to cleanly split structure and Content away from a page's form and appearance. Just as HTML is the language to describe structure and Content, so form and appearance will be described by a style sheet language such as Cascading Style Sheets.
- Frame Sets - Frames allow you to divide a Web page into separate regions that can display Content independently. A side benefit of frames is that clicking a link can now launch a new window. Borderless frames give you all the power of frames pages with the added benefit of a seamless look. Borderless frames can be also separated with a custom color or background picture. Floating frames are a revolutionary new feature in IE 3.0.
- Other Key HTML Extensions - IE 3.0 supports several HTML 3.0 table features, including selectable rules and borders, row and column grouping, and aligning text in adjacent cells by baseline. It also supports the ability to put background images in individual table cells. IE 3.0 also supports .BMP and animated .GIF formats. There are additional HTML extensions supported by IE 3.0 that can also be implemented.

TWDC#07

4 Ratings - Ratings are a mechanism to inform users of the appropriateness of Web site Content for their preferences. Rating a site is a simple process of going up on the official ratings site and registering the Web site.

5 Dynamic HTML: An extension to HTML which provides a rich HTML object model that enables programmable access to any element and any attribute on a Web page. See related Dynamic HTML specification submitted to the WWWC and described on www.microsoft.com/standards.

6 Animation: Include controls that leverage IE 4.0's support for animation in the controls to add compelling effects to the page such as alpha biending and transparency.

7 Outlining: Provide an outline or simple outlining model. This can be done as simply as having a one line event routine that changes the Display property of the inline style of the nested area to either "" (it is visible) or "none" (it is not).

8 Visual Transition Effects: Use of visual transition effects coupled with the Dynamic HTML such that changes to either the properties of OBJECT's or controls (INPUT, SELECT, and TEXTAREA) or APPLET's or to the actual text of the page is shown through the transition effects. For example, in a "news" section that has a cycle control next to it. Cycling will cause the news section to cycle from one HTML element to another using Dynamic HTML and the transition effects will cause the new HTML to fade in or zoom in or rotate in.

9 Data Awareness / Data Binding: Support Data Binding where ads or the news story example described above could be coming out of a local cache downloaded asynchronously from the site.

10 Dynamic HTML Multimedia Controls - Microsoft will provide a set of multimedia controls that enhance and expose the capabilities of Internet Explorer 4.0 to support extremely rich, low bandwidth pages. All of these controls are transparent, windowless controls that can be seamlessly integrated with the rest of a Web page. Examples of these controls include:

- Path - lets the author easily move objects across a two-dimensional path.
- Mixer - lets the author mix multiple wave files together dynamically.
- Effects - allows the Web author to alter the appearance of any item on a Web page by applying a graphic filter, such as lights and blurs.
- Transitions -- lets the author provide visual transitions from one element to another, such as box-ins and wipes.
- Structured Graphics -- lets the author draw movable, scalable, rotatable vector graphics on the page
- Sequencer -- lets the author coordinate timing of scripts and manipulation of DynamicHTML elements, for example to create multimedia enhanced pages

11 NetShow – Microsoft NetShow is the software platform for one-to-many multimedia communications and information distribution. NetShow includes two features, NetShow On-Demand and NetShow Live. NetShow On-Demand allows users to stream audio, illustrated audio and video over networks. NetShow Live allows users to multicast audio over their corporate networks.

12 WebCollections – WebCollections is a simple mechanism for storing meta-data about different objects: Web pages, people, or anything else. Its initial use will be to provide meta-data for Web pages, allowing for a new level of granularity between a Web page and a Web site. IE4 will be using Collections as the storage/transport format for describing channels/subscriptions and offline reading properties. IE4 may also use Collections to handle group printing of documents, transport

TWDC#0733

of favorites, and HTMLHelp. In the future, WebCollections will be used for more generic uses and for transferring other types of meta-data: electronic business cards, configuration management, DAV, Interface templates, calendaring and scheduling, etc. Since Web Collections provide a generic and extensible architecture, new uses can be created simply by defining a new profile for the specific properties desired. WebCollections is an application of the emerging W3C standard for XML. See related Channel Definition Format specification submitted to the WWWC and described on www.microsoft.com/standards.

13 Dynamic HTML Styles: this is the next version of Cascading Style Sheets as defined in HTML 3.2 above.

14 Dynamic HTML Positioning: this enables control over the X and Y coordinates and Z order layout of HTML elements and objects.

15 Dynamic HTML Content – instantaneous or interactive response to user events (e.g. mouse movements and or/clicks) making changes to properties or text of HTML elements.

EXHIBIT B TO
ACTIVE DESKTOP MARKETING & DISTRIBUTION AGREEMENT

INTERNET EXPLORER
SOURCE LICENSE & DISTRIBUTION AGREEMENT

This Internet Explorer Source License & Distribution Agreement (the "Source Agreement") is entered into and effective as of July 3, 1997 (the "Effective Date") by and between MICROSOFT CORPORATION, a Washington corporation ("Microsoft") and DISNEY ONLINE, a California corporation ("Disney").

Recitals

Microsoft is the owner and/or licensee of certain Internet "browsing" software known as the "Internet Explorer."

Under a separate Active Desktop Marketing & Distribution Agreement of even date ("Active Desktop Agreement"), the parties have agreed to certain promotions and licenses with respect to Internet Explorer, including a license to use Internet Explorer source code and distribute Internet Explorer object code.

Disney wishes to receive a source and distribution license to Internet Explorer under the terms and conditions of this Source Agreement.

Agreement

1. DEFINITIONS

Capitalized terms used in this Source Agreement shall have the meanings ascribed to them in the Active Desktop Agreement. In addition, the following defined terms are used in this Source Agreement:

1.1 "Changes" means modifications, extensions, translations or other Derivative Technology of the Licensed Software created through Use of such software.

1.2 "Deliverables" means the physical Licensed Software deliverables, as more fully described in Attachment A.

1.3 "Derivative Technology" means: (i) for copyrightable or copyrighted material, any translation (including localization into foreign languages or translation into other computer languages), portation, modification, correction, addition, extension, upgrade, improvement, compilation, abridgment or other form in which an existing work may be recast, transformed or adapted; (ii) for patentable or patented material, any improvement thereon; and (iii) for material which is protected by trade secret, any new material derived from such existing trade secret material, including new material which may be protected by copyright, patent and/or trade secret.

1.4 "Disney Personnel" means Disney employees and independent contractors who, with respect to the Licensed Software, are under written agreement consistent with the terms and conditions of this Source Agreement (including, but not limited to, the terms and conditions of Sections 2, 3 and 8).

1.5 "Disney Product(s)" means (i) client software for the Disney Online Service that incorporates Internet Explorer, or (ii) a version of Internet Explorer for which Disney has customized Active Desktop.

TWDC#0735

1.6 "IE Code" means all object and source versions of Internet Explorer versions 3.x and above for Windows 95 and successor versions of such operating system, and for the Apple Macintosh, which versions of Internet Explorer are separately released by Microsoft as a browser product during the Term. In the event Microsoft incorporates such code into the code of a Platform, "IE Code" shall be deemed to include only the source code for the browser functionality (including its Active Desktop functionality), and not any additional operating system or other source code. IE Code is further defined in Attachment A.

1.7 "IE Tools" means Microsoft software development tools, test scripts, bug lists, sample code and knowledge-based information which assist with the development and support of the IE Code and modified versions of the IE Code, as more fully described in Attachment A. "IE Tools" includes the client side developer tools described in Section 3.3(a) of the Active Desktop Agreement.

1.8 "Licensed Software" means the IE Code and the IE Tools.

1.9 "Support Services" means support of the Licensed Software provided to Disney by Microsoft, as specified in Attachment B.

1.10 "Use" means to use, copy, edit, format, modify, translate and otherwise create Derivative Technology of software.

2. RIGHTS

2.1 Source License Grant. During the Term, Microsoft hereby grants to Disney a royalty-free, non-exclusive, personal, non-transferable, non-assignable, right and license, to Use and make Changes to the source code and object code versions of the Licensed Software solely for purposes of developing and supporting versions of the IE Code for the Disney Product(s). Disney's rights under this Section 2.1 are expressly subject to the following restrictions:

(a) Disney may make Changes to the Licensed Software solely as set forth in Section 3;

(b) Only those Disney Personnel having a need to access the source code version of the Licensed Software will be permitted such access, and

(c) Access to the source code version of the Licensed Software shall be only at secure Disney facilities in the United States where Disney takes steps to protect the security and the confidentiality of source code version of the Licensed Software of the same sort it takes to protect its own Confidential Information.

2.2 Distribution of IE Code in Object Code Form. During the License Period, Microsoft hereby grants to Disney a royalty-free, non-exclusive, personal, non-transferable, non-assignable, worldwide right and license to reproduce, license, sublicense, publicly display, perform or otherwise distribute, and have reproduced, licensed, sublicensed, publicly displayed, performed or otherwise distributed, to and by Third Parties, object code versions of the IE Code, and object code versions of any Changes to the IE Code created by or for Disney under Section 2.1, solely as part of or for use with the Disney Product(s).

2.3 Ownership.

(a) *Licensed Software*. Except as expressly licensed to Disney in this Section 2, Microsoft retains all right, title and interest in and to the Licensed Software.

(b) *Changes*. Disney shall own any Changes to the Licensed Software whether created by or for Disney and Disney hereby grants Microsoft a royalty-free, non-exclusive, perpetual, irrevocable, personal, non-transferable, non-assignable, right and license, to Use and make

TWDC#0736

Changes to the source code and object code versions of any Changes to the Licensed Software created by or on behalf of Disney; provided, however, that such license shall not extend to any Changes to the Licensed Software created by or for Disney which includes any Disney trademarks, Disney copyrighted characters and/or any data representing such Disney trademarks or copyrighted characters ("Disney Copyrights"). The parties agree that Disney shall retain all right, title and interest in and to such Disney Copyrights. Nothing herein shall limit Microsoft's right to develop Derivative Technology or Changes to the Licensed Software.

(c) *Confidential Information*. The source code and pre-release object code versions of the Licensed Software and any Changes thereof shall be Microsoft Confidential Information.

2.4 No Other Rights. Except as expressly granted in this Source Agreement, Disney shall have no other rights in the Licensed Software. Under no circumstances will anything in this Source Agreement be construed as granting to Disney, by implication, estoppel or otherwise, a license to any Microsoft technology other than the Licensed Software.

3. CHANGES & REQUESTED CHANGES TO SOURCE

3.1 Intent; New Versions. It is both parties' intent that Disney's distributed version of the IE Code be fully compatible with the version of the IE Code distributed by Microsoft, while giving Disney the ability to differentiate its version by adding value with respect to the Disney Product(s). Disney and Microsoft wish to ensure that Microsoft's underlying code base in the IE Code remains functionally intact, subject to this Section 3, yet Disney is able to add value. Accordingly, unless otherwise agreed to by the parties, Disney will use all reasonable efforts to integrate new versions of the IE Code supplied by Microsoft as soon as commercially practicable following their delivery by Microsoft to Disney in commercial release form.

3.2 Changes by Disney. For any Changes to the IE Code desired by Disney, Disney must comply with the following procedures:

(a) *Allowed Changes*. Disney may make Changes in the IE Code which constitute: (i) additions or extensions to the IE Code; (ii) modifications, enhancements, or subtractions of code but solely where such modifications, enhancements, or subtractions are for the purpose of modifying any aspect of the IE Code to make the Disney version of the IE Code customized for the Disney Product(s) while still maintaining compatibility as intended by the parties under Section 3.1; or (iii) modifications, enhancements or subtractions of code where such Changes are for the purpose of ensuring backward compatibility with prior allowed Disney Changes.

(b) *Restrictions*. Except as expressly provided in this Section 3.2(a), Disney shall not make any Changes in the IE Code which would subtract or modify the IE Code base and/or unduly hinder or eliminate compatibility with the Microsoft-distributed version of the IE Code.

(c) *Requested Changes*. Whether permitted to be made by Disney or not under this Section 3.2, Disney may submit, in writing or by e-mail, any reasonable Changes to Microsoft for implementation by Microsoft. Microsoft may decide to implement such Changes within a reasonable time period on behalf of Disney and Microsoft's other licensees. If Microsoft reasonably refuses to implement such requested Changes, Disney may implement such Changes only as otherwise permitted under this Section 3.2.

3.3 Changes by Microsoft.

(a) Microsoft shall, as soon as reasonably known but at least on a quarterly or other periodic basis as mutually agreed to by the parties, share with Disney future plans for Internet Explorer.

(b) Microsoft shall provide Disney, on an on-going basis during the development process, code drops of pre-release versions of the IE Code, provided that Microsoft's obligation to deliver such code shall not be deemed to require Microsoft to in any way alter or disrupt its ongoing development activities as carried out in the ordinary course of its business.

4. FURTHER OBLIGATIONS

4.1 Branding. The license grant in Section 2 is expressly conditioned upon Disney giving Microsoft attribution as set forth in Attachment C with respect to all Disney Products, and further upon Disney's compliance with the requirements of Section 2.3(c) of the Active Desktop Agreement with respect to the Disney Online Service client software.

4.2 Deliverables. Microsoft shall deliver the Deliverables to Disney as set forth in Attachment A.

4.3 Support Services. During the Term, Microsoft shall provide Support Services as set forth in Attachment B.

5. NONEXCLUSIVE

Nothing in this Source Agreement will be construed as restricting Microsoft's ability to license, develop, sub-license, manufacture or distribute the Licensed Software, for itself or for any Third Party, nor as restricting Disney's ability to license, develop, sublicense, manufacture or distribute any software other than the Licensed Software for itself or any Third Party.

6. WARRANTIES

6.1. Disney. Disney warrants, represents and covenants that:

(a) It has the full power and all necessary rights to enter into and perform according to the terms of this Agreement; and

(b) The representations, warranties, and covenants contained in this Section 6.1 are continuous in nature and will be deemed to have been given by Disney at execution of this Agreement and at each stage of performance hereunder. These representations, warranties, and covenants will survive termination or expiration of this Agreement.

6.2. Microsoft. Microsoft warrants, represents and covenants that:

(a) It has the full power to enter into this Agreement and grant the license rights set forth herein; and

(b) The representations, warranties, and covenants contained in this Section 6.2 are continuous in nature and will be deemed to have been given by Microsoft at execution of this Agreement and at each stage of performance hereunder.

7. DISCLAIMER OF FURTHER WARRANTIES

7.1. WITH THE EXCEPTION OF THE EXPRESS WARRANTIES SET FORTH IN SECTION 6.1, DISNEY DISCLAIMS ALL FURTHER WARRANTIES, EITHER EXPRESS OR IMPLIED,

TWDC#0738

INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT.

7.2. EXCEPT AS EXPRESSLY WARRANTED IN SECTION 6.2, THE LICENSED SOFTWARE IS PROVIDED TO DISNEY "AS IS" WITHOUT FURTHER WARRANTY OF ANY KIND. WITH THE EXCEPTION OF THE EXPRESS WARRANTIES SET FORTH IN SECTION 6.2, MICROSOFT DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE AND NONINFRINGEMENT.

8. INDEMNITY

8.1 Indemnity by Disney.

(a) Disney will, at its expense and Microsoft's request, defend any claim or action brought against Microsoft, or Microsoft's Affiliates, directors, officers, employees, agents and independent contractors, to the extent it is based upon a claim which, if true, would constitute a breach of any warranty or covenant of Disney in Section 6.1 (collectively, "Disney Claims"), and Disney will indemnify and hold Microsoft harmless from and against any costs, damages and fees reasonably incurred by Microsoft, including but not limited to fees of attorneys and other professionals, that are attributable to such Disney Claims. Microsoft will: (i) provide Disney reasonably prompt notice in writing of any such Disney Claims and permit Disney, through counsel chosen by Disney and reasonably acceptable to Microsoft, to answer and defend such Disney Claims; and (ii) provide Disney information, assistance and authority, at Disney's expense, to help Disney to defend such Disney Claims. Disney will not be responsible for any settlement made by Microsoft without Disney's written permission, which permission will not be unreasonably withheld or delayed.

(b) Unless Disney obtains for Microsoft a complete release of all Disney Claims thereunder, Disney may not settle any Disney Claim under this Section 8.1 on Microsoft's behalf without first obtaining Microsoft's written permission, which permission will not be unreasonably withheld or delayed. In the event Microsoft and Disney agree to settle a Disney Claim, Disney agrees not to publicize the settlement without first obtaining Microsoft's written permission, which permission will not be unreasonably withheld or delayed.

8.2. Indemnity by Microsoft.

(a) Microsoft will, at its expense and Disney's request, defend any claim or action brought against Disney, or Disney's Affiliates, directors, officers, employees, agents and independent contractors, to the extent it is based upon a claim (i) that the Licensed Software infringes or violates any U.S. or Canadian: patent, copyright, trademark, trade secret, right of publicity, or other Intellectual Property, proprietary or contractual right of a Third Party, or (ii) which, if true, would constitute a breach of any warranty or covenant by Microsoft in Section 6.2 (collectively, "Microsoft Claims"), and Microsoft will indemnify and hold Disney harmless from and against any costs, damages and fees reasonably incurred by Disney, including but not limited to fees of attorneys and other professionals, that are attributable to such Microsoft Claims. Disney will: (i) provide Microsoft reasonably prompt notice in writing of any such Microsoft Claims and permit Microsoft, through counsel chosen by Microsoft and reasonably acceptable to Disney, to answer and defend such Microsoft Claims; and (ii) provide Microsoft information, assistance and authority, at Microsoft's expense, to help Microsoft to defend such

TWDC#0739

Microsoft Claims. Microsoft will not be responsible for any settlement made by Disney without Microsoft's written permission, which permission will not be unreasonably withheld or delayed.

(b) Unless Microsoft obtains for Disney a complete release of all Microsoft Claims thereunder Microsoft may not settle any Microsoft Claim under this Section 8.2 on Disney's behalf without first obtaining Disney's written permission, which permission will not be unreasonably withheld or delayed. In the event Disney and Microsoft agree to settle a Microsoft Claim, Microsoft agrees not to publicize the settlement without first obtaining Disney's written permission, which permission will not be unreasonably withheld or delayed.

9. TERMINATION

9.1 Termination By Either Party For Cause. Either party may suspend performance and/or terminate this Source Agreement immediately upon written notice at any time if:

(a) The other party is in material breach of any material warranty, term, condition or covenant of this Source Agreement, other than those contained in Section 7 of the Active Desktop Agreement with respect to the Licensed Software, and fails to cure that breach within thirty (30) days after written notice thereof; or

(b) The other party is in material breach of Section 7 of the Active Desktop Agreement with respect to the Licensed Software.

9.2 Additional Termination Rights. In addition to its termination rights under Section 9.1, Microsoft may suspend performance and/or terminate this Source Agreement immediately upon written notice at any time if:

(a) The Active Desktop Agreement is terminated for any reason; or

(b) Disney does not release the Disney Online Service by January 1, 1998.

9.3 Effect of Termination.

(a) Neither party shall be liable to the other for damages of any sort resulting solely from terminating this Source Agreement in accordance with its terms.

(b) Should this Source Agreement be terminated by either Microsoft or Disney for any reason, (i) Disney's license grant under Section 2.1 shall terminate immediately; and (ii) Disney's license grant under Section 2.2 as to IE Code delivered by Microsoft on or before the effective date of termination shall survive termination for the remainder of the License Period.

(c) Any licenses or sublicenses to the IE Code already validly granted by Disney under this Source Agreement shall not be affected by any termination of this Source Agreement and shall remain in full force and effect. Disney may retain one (1) copy of the Licensed Software which it may use solely for purposes of supporting existing licensees. Microsoft shall have no obligation to provide Support Services following termination of this Source Agreement or (if earlier) expiration of the Term.

9.4 Survival. In the event of termination or expiration of this Source Agreement for any reason, Sections 5, 6, 7, 8, 9, 10 and 11 shall survive termination.

10. LIMITATION OF LIABILITIES

IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR SIMILAR DAMAGES (BUT NOT INCLUDING DIRECT DAMAGES) WHATSOEVER, INCLUDING WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, AND THE LIKE, ARISING OUT OF THIS SOURCE AGREEMENT OR THE USE OF OR INABILITY TO USE THE LICENSED SOFTWARE, THE DISNEY CHANGES, OR THE CONFIDENTIAL INFORMATION, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THIS SECTION WILL HAVE NO APPLICATION TO BREACHES OF SECTION 7 OF THE ACTIVE DESKTOP AGREEMENT.

11. GENERAL

11.1 Notices. All notices and requests in connection with this Source Agreement shall be deemed given as of the day they are received either by messenger, delivery service, or in the United States of America mails, postage prepaid, certified or registered, return receipt requested, and addressed as follows:

To Disney:

Disney OnLine
500 S. Buena Vista Blvd.
Burbank, CA 91521-7690
Attention: Vice President,
Business and Legal Affairs

Phone: (818) 623-3200

Fax: (818) 623-3562

To Microsoft:

Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
Attention: Director of Business
Development, Internet Division

Phone: (425) 936-8080

Fax: (425) 936-7329

Copy to:
Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399
Attention: Law & Corporate Affairs

Fax: (425) 936-7409

or to such other address as a party may designate pursuant to this notice provision.

11.2 Independent Parties. Nothing in this Agreement will be construed as creating an employer-employee or agency relationship, a partnership, or a joint venture between the parties.

11.3 Governing Law; Venue. This Agreement will be governed by the laws of the State of California as though entered into between California residents and to be performed entirely within the State of California. With respect to any legal action brought by Disney in connection with this Agreement, the parties agree that the sole and exclusive venue for such actions shall be in the state or federal courts sitting in King County, Washington. With respect to any legal action brought by Microsoft in connection with this Agreement, the parties agree that the sole and exclusive venue for such actions shall be in the state or federal courts sitting in Los Angeles, California.

TWDC#0741

11.4 Attorneys' Fees. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party will be entitled to recover its costs, including reasonable attorneys' fees.

11.5 Assignment. This Agreement will be binding upon and inure to the benefit of each party's respective successors and lawful assigns; provided, however, that neither party may assign this Agreement, in whole or in part, other than to an entity which qualifies as an Affiliate of such party as of the Effective Date, without the prior written approval of the other party. For purposes of this Agreement, a merger, consolidation, or other corporate reorganization, or a transfer or sale of any or all of a party's stock, or of all or substantially all of its assets will be deemed to be an assignment.

11.6 Construction. If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement will continue in full force and effect. Failure by either party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision. This Agreement has been negotiated by the parties and their respective counsel and will be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either party.

11.7 Entire Source Agreement. This Source Agreement does not constitute an offer by Microsoft and it shall not be effective until signed by both parties. This Source Agreement together with the Active Desktop Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It shall not be modified except by a written agreement dated subsequent to the date of this Source Agreement and signed on behalf of Disney and Microsoft by their respective duly authorized representatives.

IN WITNESS WHEREOF, the parties have entered into this Source Agreement as of the Effective Date written above.

MICROSOFT CORPORATION	DISNEY ONLINE
By (Sign)	By (Sign)
Brad Chase	Jayne Winebaum
Name (Print)	Name (Print)
Vice President A.I.C.G	President
Title	Title
July 1, 1997	July 3, 1997
Date	Date

TWDC#0742

SOURCE AGREEMENT ATTACHMENT A

DESCRIPTION OF INTERNET EXPLORER CODE, INTERNET EXPLORER TOOLS & DELIVERABLES

I. Internet Explorer Code.

The source code for IE Code shall include source code for:

- Active Desktop
- Browser
- Mail and News
- Chat
- Internet Connection Wizard.
- including, code which enables development, compilation and integration for clients and controls

II. Internet Explorer Tools.

Testing Tools:

Disney will receive a list of all testing tools used by Microsoft in developing any elements of the Internet Explorer. Testing tools include but are not limited to software and hardware components necessary to perform performance, user interface, compatibility, functional regression, component test, alpha and beta test. Microsoft will deliver only those testing tools that are not readily available as commercial products and which Disney requests based on the list provided by Microsoft. Delivery of each such tool will consist of (i) all source and supporting files necessary to compile, link and build the tool; (ii) documentation necessary for installing and configuring the tool as available and on as "AS IS" basis; and (iii) all relevant test suites (unit, subsystem and system level tests).

Specific deliverables unique to Microsoft's Internet Explorer test tools include:

1) A current list of known bugs and running list of fixed bugs since last release.

2) Internet Explorer browser test cases - a snapshot of the HTTP server that hosts our browser test cases.

3) International test tools and checklists that we use to verify dialogs, setup, build verification, and country setup sensitivities.

Development Tools

Disney will receive a list of all development tools used by Microsoft in developing any elements of Internet Explorer. Microsoft will deliver only those development tools that are not readily available as commercial products and which Disney requests based on the list provided by Microsoft. (As Microsoft is running a special version of VC, it will provide a drop of its build environment). Delivery of each such tool will consist of (i) all source and supporting files necessary to compile, link and build the tool; (ii) documentation necessary for installing, configuring and using the tool as available and on an "AS IS" basis; and (iii) Functional and Design specifications for each tool as available and on an "AS IS" basis.

TWDC#0743

THE FOREGOING ATTACHMENT A TO THE SOURCE AGREEMENT IS AGREED TO AND ACCEPTED BY THE PARTIES:

MICROSOFT CORPORATION	DISNEY ONLINE
Brad Chase	
By (Sign)	By (Sign)
Brad Chase	Jane Winebaum
Name (Print)	Name (Print)
Vice President A.I.C.G.	President
Title	Title
July 1, 1997	July 3, 1997
Date	Date

TWDC#0744

SOURCE AGREEMENT ATTACHMENT B

DESCRIPTION OF SUPPORT SERVICES

Microsoft agrees to:

Assign a dedicated PSS liaison to provide Disney premium support.

Support Disney's development and integration efforts by answering questions and providing resources to assist in the technology transfer effort.

Provide Disney with on-site access to Microsoft's Internet Explorer development group.

TWDC#0745

SOURCE AGREEMENT ATTACHMENT C

BRANDING & ATTRIBUTION REQUIREMENTS

On all Disney branded product which includes Internet Explorer or Disney's version of the Internet Explorer, packaging, and promotional materials, Disney shall give appropriate attribution to Microsoft as the source of the IE Code, and in that connection shall also use the Microsoft Internet Explorer name and logo pursuant to Microsoft's standard trademark policies.

Disney agrees to use the appropriate trademark, product descriptor and trademark symbol and clearly indicate Microsoft's ownership of its trademark(s) whenever the trademarks are first mentioned in any advertisement, brochure or in any other manner in connection with Microsoft Internet Explorer.

Disney will include Microsoft's copyright notice in the Help About box in all distributed product based upon the IE Code.

Disney shall comply with the further requirements concerning the Disney Online Service client as set forth in Section 2.3(c) of the Active Desktop Agreement.

TWDC#0746

EXHIBIT C

DISNEY ONLINE GUIDELINES FOR PROPER ICON AND TRADEMARK USAGE

1. USAGE

- The Disney Channel Icon (the "Icon"), provided herewith in the accompanying Graphic Image File (GIF), is to be used solely as a Channel Icon in connection with Microsoft's Active Desktop Technology and pursuant to Sections 3.1 (a), (b) and 6.2 of the Active Desktop Marketing and Distribution Agreement (the "Agreement"). The current use of the Icon within the Channel Bar (other than the order of its placement within the Channel Bar) is illustrated in Attachment 1 hereto. From time to time, Disney may also supply logos or other identifying Marks (as defined below) which may be used pursuant to Section 6.2 of the Agreement.

- The Icon must be displayed pursuant to Section 3.1 of the Agreement. The Icon and the Marks may not be used for any purpose other than for the purposes defined in the Agreement. The Icon or the Marks must not be used to imply Disney's sponsorship or endorsement of Microsoft's products or services.

- The Icon and the Marks must not be used to disparage Disney's products or services, or for promotional goods or products which may diminish or otherwise damage Disney's goodwill in the Icon and Marks, including but not limited to uses which could be deemed to be obscene, pornographic, excessively violent, or otherwise in poor taste or unlawful, or the purpose of which is to encourage unlawful activities. Similarly, imitation of Disney's product packaging or the Icon or Marks in any way is prohibited in any of Microsoft's materials, including advertising, product packaging, and promotional materials.

- Always reproduce the Icon as described in this Exhibit C. The Icon and/or Marks must never be altered in any way other than converting media (e.g .GIF to .ICO).

2. ARTWORK

Artwork

The Icon and the Marks may not be used as a feature or design element of any other logo.

Size

The Icon will be used for at least three purposes at the user's option: in the Channel Bar, as a system shortcut, and in the Start menu. The Icon in the Channel Bar will be the same size for all First Tier ICPs and must be at least 32 x 80 (height by width) pixels in size. The Icon which is used as a system shortcut will be 32 x 32 pixels in size. The Icon which is used in the Start menu will be 16 x 16 pixels in size. The Icon cannot be reduced in size beyond what has been provided by Disney and must be placed in accordance with the Agreement. Redraws, distortions, or other alterations of the Icon are not permitted.

3. PROPER PRESENTATION OF DISNEY TRADEMARKS IN COPY OR TEXT

- All Disney trademarks and service marks ("Marks") should be distinguished in print from other words and appear in a distinctive manner. A Mark should always be off-

TWDC#0747

set from the words surrounding it by using upper case capital letters, italics, bold, icontype, quotation marks or color. For purposes of clarification, the Icon shall not be deemed a Mark.

- Disney Marks are proper adjectives and should be accompanied by the common descriptive name of the product.

- Never use Disney Marks as verbs, nouns, geographic locations, or in the possessive or plural form.

- Use Disney Marks in a consistent manner, spelled correctly and exactly as registered. Never hyphenate the Disney Mark with another word. Disney Marks may not be incorporated into another company's name, product or service.

- Use of the Icon or Disney names and Marks must not be more prominent than Microsoft's names, Icons and Marks.

The following provisions shall apply to Microsoft's use of the Marks:

3.1 Guidelines For Broadcast Media (Radio/Television/Video)

Audio

The first (header) and last (trailer) reference of the audio must use the Mark as a proper adjective followed by the noun (e.g. DISNEY ONLINE SERVICES).

Middle reference to the Mark may be used without a noun due to time and economic considerations. If the audio copy only contains one reference to the Mark, it must be used in the adjective form followed by a noun.

Visual

The first (header) and last (trailer) reference of the visual copy must similarly use the Mark as a proper adjective followed by a noun (e.g. DISNEY ONLINE SERVICES). If the visual copy only contains one Mark reference, it must use the Mark in the adjective form followed by a noun.

Note: At minimum, both the Audio and Visual must use the Mark at least once in the adjective form followed by the noun.

3.2 Guidelines For Print Media/Materials

Print

For small pieces (1 to 3 pages), the Marks must be presented in the proper format, i.e., the Mark followed by a noun in the beginning and at the end of the piece. In large pieces (3 or more pages), the Marks must be properly presented in the beginning and at the end of the piece and used occasionally throughout the piece.

4. NOTICES & ACKNOWLEDGEMENTS

Except in the Internet Explorer and Active Desktop interface, the current proposed version of which is illustrated on Attachment 1 hereto, and in Disney approved use on www.microsoft.com:

- The following acknowledgment must be used to identify a Mark as a Mark of Disney Enterprises, Inc.:

TWDC#0748

The [Mark] is a trademark and service mark of Disney Enterprises, Inc.

- When using other Disney names and Marks, the following additional acknowledgment must be used:

  All Disney names and marks are trademarks and service marks of Disney Enterprises, Inc.

- A copyright notice must appear in the form of © Disney.
- The copyright notice will be affixed in the Mark.
- The trademark and copyright notices must be clearly legible and not hidden.

5. CONSEQUENCES OF NON-ADHERENCE TO GUIDELINES

Disney reserves the right to review use of the Icon and the Marks by Microsoft. Disregard for these Usage Guidelines may result in a breach of the Agreement or these guidelines. Any use of the Icon or the Marks that is not consistent with these guidelines is strictly prohibited.

Third parties improperly using the Icon or Marks must correct any deficiencies in their use of the Icon and/or in the quality of the product used in conjunction with the Icon upon reasonable notice from Disney. Refusal to correct such deficiencies may result in breach of the Agreement or these guidelines.

TWDC#0750

My Computer
Channel Guide
Entertainment
Business
Sports
Technology
Acme Computer

TWDC#0751

EXHIBIT D
TO
ACTIVE DESKTOP MARKETING & DISTRIBUTION AGREEMENT

Specification for Disney Channel

The parties agree the intent of Agreement is that the primary focus of the Disney Channel will be high quality Content that is interesting to an End User in and by itself, provided that the parties acknowledge that such Content may not have the depth and breadth of Content contained in DisneyCast and the Disney Online Service and that such Content may be derived from Content which is pre-existing and has been previously distributed through Disney Web Sites and the free area of Family.com. The parties further acknowledge that the secondary intent of the Disney Channel is to promote and encourage End Users to visit Disney Web Sites and to subscribe to DisneyCast and the Disney Online Service.

The Disney Channel will include:

- Free Content and promotional information which preserves the best Content for DisneyCast and Disney Online Service and other premium services
- a combination of traditional and original Disney Properties, as appropriate and at Disney's discretion
- Content that includes, on a limited, rotating basis, games, stories, comics, activities, and sports and news targeted towards children.
- on a limited basis, creative new applications like Disney Digital Toys, also known as D-Toys™, which will be available from time to time and which, at Disney's discretion, can be downloaded onto a users' hard drive to be played and traded locally, off-line
- Content from Family.com

The parties agree that Disney will control in its sole discretion all Disney Content distributed in connection with the Disney Channel. Notwithstanding the preceding sentence, Disney will comply with all obligations with respect to such Disney Content as are further described in this Agreement.

EXHIBIT E
TO
ACTIVE DESKTOP MARKETING & DISTRIBUTION AGREEMENT

Display of IE Logo by Disney

Disney's display of an IE Logo such as "Best Viewed by IE" in compliance with Sections 2.3(d) and 6.1 will be as follows. If the IE Logo is "below the fold," it will include the recommended text in the IE Logo requirements referenced in Section 6.1, such as "This site is best experienced with." If the IE Logo is "above the fold," it will comply with the IE Logo requirements referenced in Section 6.1, but may not include the recommended text.

Disney will display an IE Logo such as "Best Viewed by IE" (i) in the lower portion of the Disney.com home page (www.disney.com) and the lower portion of the Navigation Bar of Disney Web Sites; (ii) on the lower portion of the Navigation Bar of Family.com; (iii) on the lower portion of the Navigation Bar of DisneyCast and "above the fold" on the "Welcome" screen of DisneyCast; (iv) within the "Set-Up" pages of the DisneyCast preview site; (v) within the Active Platform Experience Area; and (vi) as appropriate, on the Disney Online Service. Disney also agrees to explore placing the IE logo "above the fold" on the home pages of Disney.com and Family.com at its sole discretion. In addition, Disney will make commercially reasonable efforts to display the IE Logo on another fifteen (15) of the most frequently visited pages of the Disney Web Sites. Disney will be entitled to choose the pages on which the IE logo will be displayed, provided that Disney shall use good faith efforts to maintain the IE logo on the most frequently visited Disney Web Site pages subject to a reasonable schedule consistent with Disney's normal page update schedule.

For purposes of this Exhibit E, "Navigation Bar" means an HTML control displayed to all End Users as such End Users browse pages of a Web site to assist the End Users in navigating the site.

TWDC#0753

EXHIBIT F

SET UP & INSTALLATION

The following materials should be provided to Microsoft prior to the final release of Internet Explorer 4.0. Exact dates will be provided to Disney at least 10 days prior to the first deadline. A) Images

- Branded Logo
  - Size: 80 x 32 (wxh) pixels
  - Pallette: Windows half-tone pallette, 256-colors
  - Format: GIF
  - Important Notes:
    - The Channel Bar will display the exact 80 x 32 logo provided by Disney. Therefore, the Disney brand name will appear only if it is included in the bitmap itself.
    - Users can adjust the width of the Channel Pane beyond 80 pixels. When this happens, the Channel Bar fills in the background with the same color as the top left pixel in the bitmap.
- Large Icon
  - Size: 32x32 pixels
  - Palette: Windows 16 color halftone palette, 16 color
  - Format: ICO format
- Small Icon
  - Size: 16x16 pixels
  - Palette: Windows 16 color halftone palette, 16 color
  - Format: ICO format

B) URL for Introduction/Setup Page (see below)

The URL for the Channel introduction Web page to be included in the Channel package with the logos.

C) Channel Name

Disney should include a "friendly" name that the Desktop Channel Bar will use in the icon views and the Windows name space. This name must match the name of the actual Channel.

Deliverables Mounted on Disney's Server

A) Channel Introduction / Setup Page

Description: Disney must have one Web page mounted on a externally accessible server that introduces the Channel. This is the Channel Introduction/Setup Page to which users are taken to when they click on Disney's icon in the default Channel Bar or subscribing from a Web page.

URL: As specified in the deliverables above.

Size: The page should be designed to look good at all standard PC screen resolutions: 640x480, 800x600, and 1024x768. The page should be optimized for a width of 640 pixels.

Content: The page must include:

- a description or preview of the Channel's content once subscribed
- a Subscribe button which links to the Channel's CDF so the user can begin the setup process (see SDK for details). Graphic for Subscribe Button is TBD.

This Introduction Page can refer to additional pages which more full describe the Channel's offerings, ask for demographic information from the user, or offer personalization. Each supplemental page, however, must link back to the standard Introductory Page, from which users can subscribe to the Channel

B) Channel Definition Format File

The CDF must be prepared as described in the SDK.

C) Channel Home Page

TWDC#0754

The Channel described by the CDF should have at least one page, the Channel's Home Page, mounted on an externally accessible server.

Operational Channel Site Mounted on Disney's Server

The Microsoft Internet Explorer testing group will verify that it is possible to subscribe to the Channel, and that the Channel's Introduction Page and Channel Home Page are viewable in IE4.0. This means all content for all URLs referenced in the Channel's CDF should be available on an externally accessible server. This includes:

(a) Pages to be displayed in Full Screen View
(b) Pages to be displayed in the Internet Explorer Screen Saver
(c) Pages to be displayed within Desktop Components on the Active Desktop.

At this time, content must conform to the standards established in Exhibit A

Pre-Cached Web Pages

Disney agrees that the Pre-cached Web Site will adhere to the following criteria:

(a) All cached pages and links to other cached pages must use Short File Names (8.3)
(b) All Links must be functional (ie no broken links)
(c) No external HTTP links, but if there are external links to the pre-cached pages, they must be blocked out with a message saying "You can only access this site if you are actually connected to the Internet - this is a demo only..."
(d) No CGI Scripting
(e) No Server-side Scripting
(f) No Server-side Image Maps
(g) Should not exceed a resolution greater than 800x600

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