Subj: **CD Build of AOI 3.0 with IE 3.0/IE 4.0**
Date: 8/14/97 2.58·07 AM
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Sent on. MAPI Transport v2.0

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
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Laura -

Here is the one pager that I promised for you to prep Barry with This should outline the business justification behind why we want to do this and clarify the costs and exposure if we do/do not do it. Please let me know if you need any additional info.

Jon.

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Givens/Assumptions
1) We are in the position of having to provide "value to Microsoft in our bid to gain a spot as a "platinum" top level channel on the Active Desktop Channel Bar.
2) AOL Marketing is already shipping millions of CD's per month of AOL 3.0 with IE 3.0 and will continue to do so until AOL 4.0 comes out.
3) AOL 4.0 will not be released on CD (for business reasons) until January at the earliest. We will be forced to ship it by March 1 (due to contractual obligations to MS under this agreement).
4) IE 4.0 is expected to GM by 9/15.
5) AOL 3.0 is being beta tested now with IE 4 for bundling in Memphis with no catastrophic results.

Summary
* We would like to commit to MS to bundle AOL 3.0 with IE 4.0 (or IE 3.0 in cases of low machine performance) for the interim period between the time that IE 4 ships (9/15) and Casablanca ships (early '98).

Scope of Work
* We need to update the existing AOI 3.0 w/ IE 3.0 installer to offer both the IE 3.0 and the IE 4.0 browser. The actual browser installed will depend on machine performance specifications Janine Smith is currently drafting the MRD to cover this.

Value to MS
* This is of substantial value to MS in that it gets them significant additional distribution at little "real cost". They normally do not pay a lot to distribute a free product through the direct mail channes.

Value to AOL
* This will enable AOL to get on the Active Desktop as a platinum channel which is expected to be extremely valuable as an acquisition opportunity for the millions of new Windows 98 users that will be making ISP purchase decisions over the next couple of years.

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Exposure to AOL
* AOL 3.0 is already a well tested client. The limit of the new exposure is in the integration of IE 4. This exposure will already be out there because we will have already shipped AOL 3.0 with IE 4 0 on Memphis. This should be no incremental exposure.
* In fact, by having early distribution of AOL 3.0 with IE 4 0, we are more likely to catch any IE 4 related bugs that we missed with the Memphis build, so that we can be ready when the Memphis machines hit the streets in April or May.
* Other than the development resources, this should be of no additional cost to AOL. Marketing would be shipping these CD's anyway, except that now they will ship with IE 4 instead of IE 3.

Actual Language
1. IE4 for New AOL Users: AOL shall commence distribution of AOL3 and IE4 for Win32 within sixty (60) days following Microsoft's release to manufacturing (RTM) of IE4.0 for Win32, which is targeted for 9/15/97. AOL shall integrate point releases forty-five (45) days following Microsoft's delivery to AOL of such releases, and AOL shall slipstream distribution into Web sites and manufacturing. AOL shall phase Win16/Mac IE4 into AOL3 distributions within ninety (90) days of Microsoft's RTM of such

browsers. Distribution of CDs containing Win32/IE4 shall be at least 3MM units per month, or 75% of AOL CDROM distributions, whichever is greater. 1 00% of AOL CDs shall include IE4 (with either AOL3 or AOL4) by March 1, 1998.

2. Win/32 IE4 for Current AOL users: By no later than March 1, 1998, AOL shall commence distribution of AOL4/IE4 to at least [6MM] then-current AOL users (or 100% of AOL's "active" Win32 base, whichever is smaller). CDs shall include updated/enhanced email client with OE functionality. Enhanced email shall be made available for download (and aggressively promoted) to existing client base starting at the same date.

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Quality Criteria for Acceptance of IE4

Browser must pass typical AOL QA test and beta cycles

Browser working set must be under the following on each platform:
Win16: 6MB
Win32: 8MB
Mac: 4MB

The embedded browser's Web viewing performance must be within 5% of the fastest available browser with comparable features on the same platform for the following minimum configurations. The test pages must include JavaScript and Java applets and must typify AOL members' browsing.
Win16: 100MHz 486 with 12MB RAM
Win32: 100MHz 486 with 16MB RAM
Mac: 68030 with 8MB RAM, not using virtual memory

Browser setup program must have a completely silent mode which presents no messages or dialogs and which returns a meaningful exit code to the operating system.

Browser setup must not generate a system restart if no relevant code modules are in memory at the time that the setup program is run.

Browser must work well with all popular Web sites in both embedded and standalone versions.

Embedded browser must exhibit clean shutdown behavior when client application is closed.

Browser has been in public distribution for 150 days with no major software bugs.

Embedded browser user experience is at least as good as the IE3 embedded browser.

Browser must be completely and successfully uninstallable via standard uninstall methods for the given platform.

Browser must support switching to HTTP 1.0 support within the AOL process. In particular, HTTP requests will specify "HTTP/1.0" in the request line.

HTTP 1.0 should support "Proxy: connection-keepalive".

Browser will wend the "Pragma: No-Cache" ONLY on "hard reloads" (e.g., reloads generated by the user holding down a special key like CTRL while hitting the reload button.

The HTTP header "Accept: image/x-jg" should be sent for all requests.

Browser must support the PNG image format.

The user-agent string sent by the browser in HTTP headers must include the word "JAVA" and the alphabetic case must not change.

The size of the HTTP headers sent by the browser must not be excessive.

The browser's SSL proxy configuration must be changeable programatically at run-time.

When making SSL connections through the proxy, the browser must use the "CONNECT" method.

The embedded browsers must work with AOL Partners' Active/X controls and plugins.

Microsoft must supply a complete parts list and update file version numbers whenever browser changes occur.

Microsoft must notify AOL at least 2 weeks before they announce a new browser release or patch.

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