Microsoft / Intuit
Internet Explorer 4.0 & Platinum Channel Distribution
Discussion Points

April 15, 1997

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
868

Microsoft Objectives

1) Work with Intuit to develop an Intuit Channel that offer users a unique experience, providing a distinct and valuable reason for Internet users to trial and adopt IE4.
2) Increase Intuit's usage of Microsoft's client and server Internet technologies in ways that benefit its business and its customers, initially by integrating component versions of IE3 and IE4 with Intuit products.

Intuit Objectives

1) Deliver a best-of-breed Channel, "QFN" (or other name determined by Intuit), to end users that
   - Delivers timely and relevant content to users,
   - builds traffic on Intuit's web sites, and
   - increases Intuit's revenues via advertising opportunities, etc.
2) Gain premier exposure of the Intuit Channel to millions of Internet Explorer 4.0 users.
3) Participate in Microsoft's launch, distribution, and ongoing promotional efforts around IE4.
4) Obtain rights to distribute Internet Explorer 3.x and 4.x as integral components of Intuit's products in order to increase web integration of such products and to deliver convenient Internet access to Intuit's customers.

Proposed Agreement Terms

1. Intuit creates an IE4-optimized Channel which

- Delivers at least daily-updated content from QFN and/or other sources. Content shall be relevant to all Internet users with interests in the personal finance area (no more than 10% of the Content shall be Intuit product-specific or sales information). Content may include advertising and/or links to Intuit web site and/or links to other web sites.
- Provides both browsable and screen-saver oriented content
- Uses latest Microsoft technologies (Dynamic HTML, Active X, etc.) to optimize presentation as defined further in the *Platinum ICP Technical Requirements* document
- Provides free, valuable, and engaging content to end users, and may also include additional premium content that is not free.
- Except for the foregoing commitments, Intuit shall have sole control over the Content.

2. Microsoft commits to promote Intuit Channel and support Intuit's work with IE

- Include Intuit Channel as one of approximately 25 third party ICP Channels on the Internet Explorer Active Desktop in US/English and Canada/English [Canada still TBD] versions of Internet Explorer distributed by Microsoft and by Microsoft's U.S. and Canadian OEM partners, excluding those OEM partners which do not bundle Channels and Introductory Content from any party including Microsoft. One megabyte of Intuit-supplied "Introductory Content" will be included in Microsoft CDROM and OEM hard disk distributions of IE4. Intuit Channel icon shall be placed in a category, named by Microsoft (currently planned to be "News"), that is accessed from the IE4 Active Desktop user interface. A Microsoft Investor icon shall be placed in the same category along with approximately 8 additional Channels.
- The Intuit channel will generally be promoted in a manner similar to the other ICP ("Platinum") Channels (e.g. with similar exposures, screen-saver mode rotations, etc.).
- Include Intuit Channel icon in the IE4 Channel Guide, with rotating promotions and placement above other non-partner third party Channels. The Channel Guide will be promoted in the default IE4 user interface, from the www.microsoft.com/ie web site, and via various online promotions. Intuit's Channel shall be promoted in the US/English Channel Guide and shall be listed in Microsoft's world-wide Channel Guide.
- Promote Intuit Channel as one of the Platinum Partner sites to be included in Microsoft's multi-million dollar Internet Explorer 4.0 launch events and online promotions.
- Provide early IE technical information, technology access, and high level technical support to Intuit, including:
  - Including Intuit in appropriate design reviews for IE4 and successors.

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- Supporting Intuit's use of Microsoft's componentized Win16 versions of IE3 and IE4. The capabilities of these componentized versions will be mutually agreed and specified in the contract, and the disk-size for distribution will not exceed 2.0 megabytes. Microsoft shall be responsible for architecture and behavior of Win16 IE components and shall provide appropriate documented interfaces to Intuit for access to such components.
- Microsoft shall seek Intuit's input into requirements for the component interface for Win16 IE4.
- Microsoft will provide developer support to insure successful integration of the various IE technologies with Intuit products, such support not to exceed 300 developer hours during the Term.← WP to propose alternative

3. Intuit Increases integration, distribution, and promotion of Microsoft technologies

- Intuit will have the right to distribute and/or integrate current IE products and their successors with any Intuit product or service worldwide at no charge during the Term and for a period of two years thereafter. After the Term Intuit shall have the right to place its QFN (or successor) Channel in a comparable location to the placement said Channel had during the Term. Intuit commits to include IE with at least the following products during the Term:
  1. Domestic Quicken 98 for Windows (Fall 97 release) and successors to integrate with and include IE3.x on Win16 and Win32 in all CDROM product; floppy distribution as covered below
  2. TurboTax Personal 1040 for Windows (Q1 1998 release) and successors to integrate with and include IE4.x on Win32 (and on Win16, schedules permitting; IE3 as fallback) in all CDROM product; floppy distribution as covered below.
  3. Domestic QuickBooks for Windows (Q1 1998 release) and successors to integrate with and include IE4.x on Win32 (and on Win16, schedules permitting; IE3 as fallback) in all CDROM product; floppy distribution as covered below.
  4. Any Macintosh CDROM versions of above products will be shipped with IE3/4 but not integrated unless Intuit product plans change to include web integration.
- No "Other Browser" shall, by or for Intuit, be integrated or distributed with any and/or all new and "major" releases of all Intuit products during the Term,, but Intuit shall do nothing to preclude separate use of Other Browsers by end users nor be precluded in any way from making their products and services accessible by and compatible with Other Browsers nor allowing its customers to use Other Browsers with its products or services. "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 or a reasonable and neutral successor site making comparable measurements.
- During the Term, Intuit shall, exclusive of Other Browsers, promote IE within all Intuit Web Sites and shall display an IE logo such as "Best viewed by IE" on the home page of Intuit Web Sites and any other pages where similar promotions are placed. The sole exceptions to the foregoing exclusivity obligation shall be that Intuit shall not be restricted in Intuit Web Sites with respect to (i) paid advertising (excluding promotions or sponsorships) from companies that produce Other Browsers, (ii) news and editorial Content concerning such Other Browsers, provided that it is produced independently from companies which produce Other Browsers, and their Affiliates; and (iii) general support features (such as help or FAQ files) for Other browsers, provided that such features are not promoted through use of any icons or links to applicable download sites.
- , Intuit agrees that neither it nor its Affiliates will enter into any "Content Promotion Agreements." A "Content Promotion Agreement" is an agreement with (i) a company which produces Other Browsers or their Affiliates or (ii) an agreement with any third party in which the economic and other benefits are passed through materially unchanged to a company which produces Other Browsers and in which the third party performs no substantive function with respect to the agreement except to be a pass-through entity ("Pass-Through Agreements"), which agreement is to exchange money or other material and valuable consideration (such as the promotion, marketing or distribution of Other Browsers) in return for distribution, transmission, marketing or promotion in the Territory of Intuit Content or logos during the Term In the event the Territory is extended beyond its initial scope as defined above, Intuit and its Affiliates shall not be deemed to be in violation of the foregoing restrictions with respect to any agreements entered into in areas added to the Territory before the date of such Territory extension. The Territory shall be the U.S. and Canada , except that Intuit shall have

the right to integrate and/or distribute domestic and international versions of IE worldwide. Nothing in this paragraph shall restrict Intuit from (a) entering into agreements with third parties which have agreements and/or working relationships with companies which produce Other Browsers, provided such agreements are not Pass-Through Agreements.

- An "Affiliate" means any entity in which a company has greater than 19.99% [open issue] voting control at the time of the signing.
- Intuit's CDROM distributions that include IE4 shall also include of "Introductory Content" from other Platinum ICPs that Microsoft typically ships with its CDROM versions of IE4, excluding Introductory Content (and Channel icons) from MSN Investor, subject to an overall limit of 50 megabytes of space on the CDROM for IE plus the Introductory Content and subject to the Introductory Content being available in time for Intuit's product development schedules.
- Intuit requests that Microsoft provide ~500k CDROM copies of IE for inclusion in floppy-only Win32 SKUs of TurboTax in Q1 1998 and floppy-only QuickBooks in 1998. Microsoft shall do so at its option; however, if Microsoft elects not to provide such CDROMs, Intuit shall not ship any Other Browser in its place. Intuit will have the right to distribute IE and/or IE components electronically to Intuit software users.

- Intuit shall announce a "Very Public Alignment" with Microsoft technologies
  - Issue a joint press release to announce plans to use and deploy products with significant use of Active X, specifically addressing security issues with mutually agreeable messages
  - Promote and use IE4 as Intuit's primary platform for delivery of QFN webcast content.
  - Participate in Microsoft announcements of Dynamic HTML and other technologies relevant to Intuit's Internet businesses.
  - Create "differentiated content" area(s) on QFN and/or Intuit sites that provide notable and easily described content that exploits unique IE features to enhance the content, and that is available only to IE3/4 users. Notwithstanding the Intuit's restriction from shipping other browsers, nothing shall preclude Intuit from utilizing non-Microsoft protocols, technologies and products, including protocols, technologies and products developed by companies which produce Other Browsers, in its products and services (including channels),.

- Promote Intuit Channel and IE4 in appropriate web and general media promotions, including:
  - Place IE4 download/add-channel button on Intuit's primary web site and QFN site.
  - Include Microsoft-provided toll free number on primary web site for users to call to get a CD with IE4
  - Not offer downloads of Other Browsers on Intuit's web sites.
  - Include Intuit Channel / IE4 promotion in TBD web, direct mail, or other marketing campaigns, as determined by Intuit

4. Channel Development Schedule; Term of Proposed Agreement

- Intuit should make initial Channel available by the IE4 beta release scheduled for June 1997.
- Final Channel must be complete before four weeks prior to IE4 launch (September 97 target).
- Term of agreement shall be from signing until the later of (i) twelve months following IE4 consumer launch and (ii) October 15, 1998.. Intuit's obligations in Section 3 shall end 30 days prior to the end of the Term. Mutual channel promotions are to begin when Intuit's Channel is available for IE4 Beta use..

From: Cameron Myhrvold
Sent: Wednesday, April 23, 1997 9:38 AM
To: Rick Segal (Exchange); Ajay Sikka; Jeff Lum; Brad Chase; Yusuf Mehdi; Will Poole
Cc: Laura Torina; William Vablais; Brad Silverberg
Subject: RE: Lycos

This is fucking great! Talk about pulling one out of the fire... 49 million IE-only CDs - you got to love that! AT&T told me before they expected a 5% hit rate from the Blockbuster promotion, which would be something like 2.5M IE users from this!!!

Brad, Will, FINALLY I can send you some **GOOD news**! I sure hope we can accomodate Lycos on the channel guide.

Cam

-----Original Message-----
From: Ajay Sikka
Sent: Tuesday, April 22, 1997 3:59 PM
To: Rick Segal (Exchange); Jeff Lum
Cc: Laura Torina; William Vablais; Cameron Myhrvold
Subject: RE: Lycos
Importance: High

5 very important things -

1. Lycos helps us in shipping 49 million IE disks (NSCP gets 1 million) as part of the Blockbuster deal - highlighted in Lycos CEO's mail down below..
2. Lycos helps in moving Macmillan to IE
3. Lycos is moving MCIS to production this week
4. They drop the NSCP relationship next year
5. They convert Bertelsmann to IE (something AOL has not done for us).

ACTION : I think it would be extremely important to recognize this effort that Lycos has put in, and give them a significant reward. They are very interested in developing the IE 4.0 channel guide for us.....should we recommend to Bradc's team that they give it to Lycos ????

-----Original Message-----
From: William Vablais
Sent: Monday, April 21, 1997 8:13 PM
To: Laura Torina; Rick Segal (Exchange)
Cc: Jeff Lum; Ken Goetsch
Subject: TR: Lycos

WHO: Bob Davis - CEO
David Andre - Director of Technology
Mark Simmer - VP online publishing
Ajay Sikka

WHERE: Lycos corporate office - Boston

SUMMARY:
Since we have engaged with Lycos at the MCIS level, there has been a steady flow of initiatives which are expanding our ability to move IE into general use and acceptance and BackOffice MCIS implementations on one of the largest online dB on the internet.

Their future vision is simple: Move towards using MCIS,NT and Microsoft...drop Netscape and Unix over the next year or when appropriate. They are using some serious UNIX machines (64bit address space, 2-3Gb RAM; 500Gb disk) They are currently spidering 7M new pages per day onto a catalog builder. They also use 2x DS3 connections provided by MCI and Uunet and are expecting a 3rd provided by SPRINT.

Bob is in the final process of completing a deal with Macmillan Publishing to co-develop and publish ALL (CD based) books that Macmillan currently create. What this means in hard numbers is some 20M books into the channel per year (see below). There is a possibility that we could have the IE browser as well as other "lite" versions of product added to the CDs (if appropriate). Included is an e-mail that was sent to Anthony Bay and Will Poole

Ken's e-mail today about GTE picking IE was great since it shows that ISPs (hardened to Netscape) are now moving to IE with ICPs pushing for this decision from behind the scenes.

I think that Lycos will provide MS with unique feedback on performance and scalability. They are very pro MS and we should work with them on our own projects: channel guide, MSN search engine etc...

ACTIONS: see if a high level meeting may be appropriate and arrange for Bob Davis and Cameron to expand on the affinity deals in the works.

Lycos need a couple of copies of internet studio
They neet to talk to someone in the "text search" development/research group.
Also need an org chart of MS (it was helpful for Ajay to go though our current org)

-----Original Message-----

From: **Bob Davis [SMTP:bdavis@lycos.com] <mailto:[SMTP:bdavis@lycos.com]>**
Sent: Monday, April 21, 1997 11:10 AM
To: William Vablais
Subject: Lycos

It was nice speaking with you today. Attached is the note we discussed. As a minor point of clarification, the Blockbuster CD's that include IE do not hit the stores until June. I look forward to continuing to work together.

Bob

Thanks for the time this morning. I appreciate the candor and fairness with

>which both you and Paul have treated all of our discussions and opportunities.
>
>I assure you that the full resources of this company are committed to
>expanding the Lycos/Microsoft partnership. It is very important to our
>company and we will do everything necessary to make it work. As I mentioned
>on the phone, we have been working hard behind the scenes to demonstrate our
>ability to perform as a Microsoft partner. As requested, I have listed
below a sample of

>the initiatives that are either complete or underway. I would be
>appreciative if those listed as underway be treated as Lycos/Microsoft
>confidential.
>
>Completed
>
>1. Lycos Press, A Viacom imprint - Simon and Schuster's Macmillan Computer
>Publishing group will ship over 1 Million copies of various Lycos Press
>books during 1997. The first of 20 books for 97 distribution included a
>Netscape browser at the decision of Macmillan. Lycos, then exercised its
>veto right as it pertains to the CD enclosures and, as a result, all
>remaining books have/will be shipping with MSIE.
>
>2. Blockbuster Entertainment, A Viacom Company - Lycos reached agreement
>with Blockbuster in 1996 to manage its internet presence as it pertains to
>CD-ROM's distributed in the 3,200 company owned stores to over 50 Million
>members. The initial group of less than 1 million CD's included a Netscape
>browser (feel free to visit the site at www-blockbuster@lycos.com). We have
>since obtained Blockbuster's agreement to ship the remaining CD's with MSIE.
>2.5 Million of these are presently in Blockbuster stores with the remaining
47 Million

>to follow.
>
>3. GTE - As a very strategic Lycos partner we have completed a number of
>projects with GTE. Separate from this success, GTE's internet access
>business has been shipping Netscape browsers exclusively. We recently
>reached agreement with GTE, however, to ship, for the first time, an MSIE

>browser with their access product. Under separate cover I have sent you a
>copy of the Lycos Find Machine (a Windows 95 application) that includes MSIE
>with GTE access.
>
>4. Microsoft products - Lycos has aggressively endorsed MCIS, ActiveX, and
>MSIE for our own development efforts. We presently offer products that
>utilize your personalization server (Lycos Top 5%, as demonstrated at
>Microsoft's Internet World exhibit), Office 97 suite (which include active
>search from word, excel or powerpoint), and numerous other Microsoft technologies.

>Each of these is available in the market and is specified as required product to

>our licensing base of over 25 partners. For instance, we managed a project for Compuserve

>which converted components of their shop to NT for the purposes of operating Lycos services.

>
>
>
>Underway
>
>"Company Confidential"
>
>1. Lycos is in the final stages of negotiation with MacMillan Computer
>Publishing to replace Netscape with MSIE on each of the 20 Million CD ROMS's
>that they include with their books sold each year. MacMillan is the largest computer

>book publisher in the world and this agreement is for 100% of their distribution.
>
>2. Lycos is in the final stages of an agreement with Bertelsmann's Telemedia
>Division (Bertelsmann is our German partner and the 3rd largest media
>company in the world - their site can be visited on www.lycos.de) to replace
>Netscape with MSIE (on the server and browser fronts) in their widely
>publicized Internet Commerce Center. This will include the distribution of
>over 30 Million copies of MSIE throughout Europe (during the next 6 months)
>from Bertelsmann's BMG group.
>
>The above represents some of the highlights of our activities. There are
>many others that are in various stages of development. If you should find it
>of value, I would be happy to accompany you or the appropriate Microsoft
>personnel on a visit to any of these partners. In total they represent over
>100 Million Browsers in 1997 alone. Again, we are committed to Microsoft in
>every way and will continue to work hard in demonstrating this dedication.
>
>Please give me a call if you would like any further detail.
>
>Thanks
>
>Bob
>
>

Bob Davis
President and CEO
Lycos, Inc.
500 Old Connecticut Path
Framingham, Massachusetts, 01701
Phone: 508-424-0400 x. 407
FAX: 508-820-4499
Email: bdavis@lycos.com

From: Suzan Fine
Sent: Friday, April 25, 1997 4:08 PM
To: Brad Silverberg
Subject: Lotus proposal

I think that we should propose the following to Lotus if they agree to distribute IE as the only browser with all of their products:

- We will give them a version of the IEAK which will allow them customization of IE including customization of all the channels on the channel bar. This way they can build a targetted experience for their customers, as well as include their own channels. We don't give this ability to anyone except online services today, so this is great functionality.
- We will put their channels in the channel guide. That way users can find Lotus information from IE 4 if they so desire.

I think it's this simple. We can discuss calendaring standards etc together or separately--I'd suggest separately as that isn't a contractual issue. We probably need to give them a good demo of what this means, but it should be compelling. Let me know if you need me on a call with them or to discuss further with someone.

-Suzan

suzanf@microsoft.com
(206)936-4013

From: Paul Maritz
Sent: Friday, May 02, 1997 2:04 PM
To: Brad Silverberg; Jim Allchin (Exchange); Brad Chase
Subject: FW: Lotus and IE (Papows discussion)

Importance: High
Sensitivity: Confidential

While we should be careful to write the agreement that limits what they can do with code, and we will have to think carefully what we do/do not put into IE going forward, I think we should be very open to doing this deal.

-----Original Message-----
From: **Suzan Fine**
Sent: Friday, May 02, 1997 1:23 PM
To: Brad Silverberg; Paul Maritz
Cc: John Ludwig; David Cole; Brian MacDonald (Exchange); Brad Chase; Will Poole
Subject: Lotus and IE (Papows discussion)
Importance: High
Sensitivity: Confidential

Bradsi, Will and I had a conference call with Jeff Papows this morning to discuss the possibility of Lotus shipping IE as their only browser (with all products, worldwide). Papows has been open to this idea given his frustration with NS. If we agree, Lotus would be willing to be a very vocal supporter of IE. We have a good shot at coming to agreement, but here are the open issues that need further discussion:

1) They want an OS/2 version of IE. IBM would build it all if we give them code base to start from and support. This would likely involve OLE code, so we would need to restrict anything we give them just for use in IE. This could help us in corporate accounts, and would win significant Lotus/IBM backing. It's not clear that this would be a deal breaker either.

Action: Paul and Brad need to address if this is possible. David or John, can you give me a contact for someone who can help define what pieces we would need to give them if we decide to pursue further?

2. They want to have rights to ship NetMeeting. They haven't even seen 2.0 yet, so their fascination came from 1.0. Given current IEAK licensing, they can ship NetMeeting now anyway, and it is the plan of record to allow the same for the IE 4 IEAK. We could restrict any customization if it is critical for our own battle vs Notes.

Action: John and Brian to provide feedback

3. Brad offered them the possibility of using Outlook Express and their low end POP3/SMTP client. They may be willing to use this if we allow them to re-brand.

Action: Suzan to send them a copy.

4. Calendaring API standards. Jeff is more than willing to do whatever it takes for us to develop a mutually agreeable standard. We agree that we should quickly resolve and move the standard forward publically.

Action: Bradsi to send email to engage discussion between the right groups.

5. Develop a clear marketing and PR plan for announcing that we are strong partners on internet client technology and standards.

Action: Suzanf to develop a proposal

I need to take a crack and an MOU to send them next week. I'll put together a first draft of terms on Monday. Papows would like to block other NS efforts to close relationships with IBM, so we need to move quickly. If I could get feedback on these issues ASAP I would appreciate it. Let me know if you have any questions.

-Suzan

suzanf@microsoft.com
(206)936-4013

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From: Brad Chase
Sent: Thursday, May 08, 1997 6:07 PM
To: Bill Gates
Cc: Suzan Fine Delbene; Peter Neupert; Pete Higgins; Paul Maritz; Brad Silverberg; Brad Chase
Subject: RE: Time Warner Update

Hi Bill. Need you to weigh in on the issue below.

We originally agreed that we would not do a channel deal with CNN. We have been telling them no. However, Time Warner has been pushing very hard and is willing to commit that CNN will exclusively promote IE if they are in the news category.

Pete is appropriately concerned about the impact on the relationship with NBC and on the MSNBC channel/site. We are helping CNN get valuable distribution.

I contend that Microsoft's is better off if we let them in. Here is why:

- We are sending CNN to Netscape if we say No. with abc and cnn we give Netscape a more powerful position.
- Getting CNN means they are taking advantage of our technology. It also means exclusive promotion. They could do content for Netscape or someone else but the only browser/channel they promote is ours. they would show only IE on CNN. they would only promote IE and/or their IE channel on their site. We can shoot for the ideas that peter suggests below.
- Even if CNN did a Netscape channel on top of ours, we have the advantage that CNN would be promoting our solution. It would make it hard for Netscape to promote a CNN channel b/c in essence they would be sending customers to a site that promoted our solution.
- CNN is a part of Poincast anyway. So saying no to CNN does not eliminate their content. saying yes means we get their branding and promotion on our terms.

Remember, even if you agree we can go for CNN, they are under the news category and not as visible as MSNBC. More details in the thread below. *I need an answer from you on this ASAP.*

FYI the other targets for the News Category are: Time, NY Times, The Weather Channel. We may need to combine News & Technology into one category b/c of UI space. The tech sites (zdnet, cnet, hotwired, cmpnet) are our targets for technology.

thanks

-----Original Message-----
From: Peter Neupert
Sent: Tuesday, May 06, 1997 6:00 PM
To: Pete Higgins
Cc: Suzan Fine; Brad Chase
Subject: FW: Time Warner Update

I spoke with Brad and Suzan on this today, at their request. I told them they had to close with you.

The issue I think is as follows:

- Will CNN do enough on air and on site promotion to make a real difference to IE? Brad and Suzan believe if given the option to put CNN under the news category they can.
- Given that - what does MSNBC get out of it? - I requested also being placed under sports. They can do this. Business remains open - since Investor is in that. I also asked for 'extra' promotion for MSNBC as part of the IE overall ad campaign efforts.

Both sides agree that they can probably get a WB deal done without solving the CNN problem and that in time CNN will do an IE 4 channel. So the new benefit to MS overall is the amount of on air promotion from the CNN platform.

If they can get IE 4 logos and looks best with in all the on air bumpers for CNN Interactive on all the CNN channels (CNN, HL News, CNNSI and Airport) - for 6-12 months -- this would be a lot of promotional value.

-----Original Message-----
From: **Brad Chase**
Sent: Friday, May 02, 1997 4:43 PM
To: Peter Neupert; Pete Higgins
Cc: Paul Maritz; Brad Silverberg; Brad Chase; Suzan Fine
Subject: FW: Time Warner Update

OK gang it is time to make the big decision on CNN. We need to get into detailed discussions with Time Warner and CNN is a key

player in the discussion keeping us from getting there. We might be able to close a deal without CNN but I think it makes alot more sense for both of our divisions if we get CNN to do a channel with us. Here is my rationale:

- We are sending CNN to Netscape if we say No. with abc and cnn we give them a more powerful position.
- Getting CNN means they are taking advantage of our technology. It also means exclusive promotion. They could do content for Netscape or someone else but the only browser/channel they promote is ours. they would show only IE on CNN. they would only promote IE and/or their IE channel on their site. That would help us attract more customers and give us a stronger line-up. Yet, they are under the news category and not as visible as MSNBC
- Even if CNN did a Netscape channel on top of ours, we have the advantage that CNN would be promoting our solution. It would make it hard for Netscape to promote a CNN channel b/c in essence they would be sending customers to a site that promoted our solution.
- CNN is a part of Poincast anyway. So saying no to CNN does not eliminate their content. saying yes means we get their branding and prmotion on our terms and it gives you the opportunity to use your content and placement to get people to check out msnbc. saying no means we have cnn content and cnn aligned with netscape.

We are losing momentum and time on this so we need to decide and move forward. Are you ok with cnn under news?

-----Original Message----
From: Suzan Fine
Sent: Thursday, May 01, 1997 8:49 AM
To: Brad Chase
Cc: Will Poole
Subject: Time Warner Update

Just got mail back from the entire TW team. They are willing to give us the following channels--with exclusive promotion for IE:

Warner Bros (we still need to understand what we are going to put under here besides Bugs)
News: Time, CNN
Business: Fortune, CNNfn
Sports: CNN/SI (all SI is being moved to this, so it's the same thing)
Entertainment: People or Entertainment Weekly (People is a bigger name, but I think EW is a better web site)

We can work through promotional stuff. This is a big commitment on their part--they would potentially make 9 channels for us (3 for WB). CNN would be a huge win I think and would be excellent PR. Brad, are you willing to discuss with Peter more? We could probably work this without them, but having them be exclusive for IE would be one of the biggest values we could get. Let me know what you think. I want to close the list and get to the details of promotion for each. I will need to move it very quickly if we want to announce in 2 weeks. If I get a yes on CNN I think I have a good chance of doing that.

-s

suzanf@microsoft.com
(206)936-4013

From: Suzan Fine Delbene
Sent: Monday, May 12, 1997 5:09 PM
To: Brad Silverberg; John Ludwig; David Cole
Cc: Brad Chase; Will Poole
Subject: Lotus Terms and Status

Here are the terms that we are proceeding on with Lotus:

Lotus Obligations:
- Lotus will ship IE 4.0 with all of their products, and no other browser during the term of the agreement.
- Lotus will supply Microsoft with detailed documentation describing the interaction of the Notes client with the Notes server.

Microsoft Obligations:
- Provide Lotus with the IE 4.0 IEAK with the ability to customize all of the channels on the channel bar prior to shipment
- Provide Lotus/IBM with code necessary to develop an OS/2 version of IE 4.0. Any code supplied by Microsoft would be used only in the development of the OS/2 version of IE 4.0 and could not be used in any other Lotus or IBM products.
- Provide Lotus with the ability to distribute NetMeeting with all of their products. (Johnlu/Blake/Brian will discuss parameters to this tomorrow)
- Microsoft will provide Lotus with documentation describing the interaction between Outlook and Exchange that is equivalent in breadth to the Lotus documentation of Notes' client and server interaction.

If Lotus is interested:
- Microsoft will supply Lotus with a version of Outlook Express that they can rebrand and distribute with their products. (lotus has the preview. No feedback yet from them)

Please let me know if you have an issue with any of the terms. I'm will be discussing the terms more generally with Lotus later in the week, with the hopes of having a legal agreement drafted and reviewed by them for next week.

Billbl says that the calendaring discussions are going well. I don't see any reason to include this in the agreement.

Big issue is the documentation of Notes. Right now we have this together in one deal, but the Notes/Outlook documentation is contentious and will make the IE distribution harder to close. I have the letter that Papows sent to Jimall, and as far as I know, discussion of these terms would be the first formal response since he sent the letter. Since we are willing to give on the OS/2 front we might be ok here, but Bradsi, you should be prepared for a potential call from Papows on that part of it. I'll give you a heads up if this is the case.

Thanks,
Suzan

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