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 chnology.

nanks

-----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

PENGAD-Bayonne, N. J.
GOVERNMENT EXHIBIT
868D

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

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