> -----Original Message-----
> From: Will Poole
> Sent: Thursday, April 09, 1998 9:57 AM
> Cc: Will Poole; Bill Spencer; Jen Cooper; Terry Quan; Curtis Beck; Brad Chase
> Subject: Notice to Microsoft Premier ICP Partners
>
> Microsoft Confidential - Provided Pursuant to Confidentiality Agreement
>
> We think you will be pleased to know that, effective immediately, Microsoft is amending its agreements with independent content providers ("ICPs") whose content is included in the Channel Bar feature of the Active Desktop in Windows 95. These amendments will apply to each ICP worldwide, and any affiliates or co-signatories to such agreements. In addition, this letter alerts you to changes we will be making to the user interface for the next version of Internet Explorer technologies and how OEMs will be able to configure such technologies in Windows 98.
>
>
> Marketing Agreement Amendment
>
> Microsoft is amending these agreements in order to set aside any lingering questions regarding the business relationship between Microsoft and its ICPs and Internet Service Providers ("ISPs") for Windows 95. The agreements signed between ISPs and ICPs and Microsoft are short term, cross-promotional marketing and distribution agreements which are typical in the software and other industries. While such agreements are entirely lawful, they have become the focus of unproductive attention by competitors who are seeking to further their own political and business agendas. We are voluntarily eliminating certain restrictions to eliminate the controversy over these secondary issues and return the focus to where it belongs - protecting the ability of every company to innovate and continually improve its products.
>
> Microsoft soon will provide formal amendments specific to each of our

GOVERNMENT EXHIBIT 872

> Active Channel ICP partners worldwide, however this letter will serve as
> an effective waiver of the following provisions:
>
> * If and to the extent that a particular ICP agreement includes
> endorsement and/or promotional provisions which prefer Internet Explorer
browser technology over competing browser technology, Microsoft hereby
waives those preferences, requiring only that Internet Explorer technology
be endorsed and/or promoted in a manner at least equal to the ICP's
> promotion of competing browser technologies.
>
> * If and to the extent that a particular ICP agreement includes
> distribution provisions which prefer Internet Explorer browser technology
> over competing browser technology, or which require distribution of
> Internet Explorer technology, Microsoft hereby waives those provisions.
>
> * If and to the extent that a particular ICP has agreed not to enter into
> competitive promotional arrangements, Microsoft hereby waives that ICP's
> compliance with such provisions.
>
> Again, while these provisions represent only a small part of the overall
> contract, they have been misrepresented by our competitors in an attempt
> to damage Microsoft's reputation, despite the fact that our contract
> provisions are completely legal and actually rather commonplace in many
> industries. As you know, our contracts are focused on getting great
> content developed with innovative new technologies and on making that
> content available to users. We have never attempted to prevent content
> providers who are featured on our Channel Bar from also providing their
> content to Netscape users, or to users of any other technology.
>
> These changes for ICPs are in line with those recently announced for ISPs
> who are part of Microsoft's Referral Server program for Windows 95. The
> concepts in the ISP and ICP agreement amendments will carry over for
> Windows 98, and you can expect that our marketing plans for any web or
> other distribution of Active Desktop and related technologies, including
Internet Explorer technology, will be consistent with the amended terms of
these agreements.
>
>
> Current Distribution of Active Channels
>
> As you know, Microsoft and most Microsoft OEMs have been shipping Internet
> Explorer technologies in Windows 95 since Q4 CY97. These shipments all
> include links to Active Channels via the desktop Channel Bar feature, as
> well as via the "channels" and "favorites" menus within the Internet
> Explorer window. For those OEMs that distribute Internet Explorer
> technologies with Windows 95, they have the choice of making the Active
> Desktop the default interface or not, but in either case a desktop Channel
> Bar is generally visible to the user, when versions of Windows 95
> configured with Internet Explorer 4 technology start up. Tens of millions
> of units have been shipped with these features to date; Windows 95 and
> standalone distributions of Internet Explorer technologies version 4.0
> will continue to ship with these same capabilities.
>
>
> Changes Anticipated in the Next Version of Internet Explorer
>
> Based upon extensive usability testing for the next version of Internet
> Explorer, and upon in-depth feedback from customers running Windows 95
> upgraded to the version 4.0 level of functionality of Internet Explorer
> technologies, we have decided to simplify the interface going forward.
> The next version of Internet Explorer, which is expected to ship later
> this year, will have an improved user interface to streamline access to
frequently used web sites. It will combine the "channels" and "favorites"
concepts and will not include the desktop Channel Bar. This approach will
also be rolled out in interim OEM service releases of Windows. However,
> the underlying webcasting technology for Active Channels will continue to
> work with existing content, and will be improved in a number of areas.
> We've been careful to protect the investments made by content providers,
> corporations, ISPs, and OEMs in the Active Channels they have built and

> deployed. Microsoft is committed to enhancement of Active Channel
> webcasting and offline reading technologies. Additionally, users who like
> the desktop Channel Bar interface will be able to continue to use it after
> they upgrade to the next version of Internet Explorer.
>

Changes to OEM Configuration Options in Windows 98

>
> In preparation for this change to the user interface Internet Explorer
> technologies later this year, we are offering OEMs the *option* of either
> enabling or disabling the desktop Channel Bar in their new systems which
> are based on Windows 98. We believe that giving OEMs the flexibility in
> configuring this part of the Windows user interface to have continuity
> between current and future versions of the Internet Explorer interfaces
> will enable them to offer better overall support for Windows 98.
> Regardless of the OEMs' choice on using the desktop Channel Bar interface,
> our premier ICP Active Channel partners' content will still be included
> with the Windows 95 and 98 distributions at least until the next version
> of Internet Explorer is released. Also, ICPs' Active Channel icons will
> continue to be available within the "channels" features of the Internet
> Explorer 4 window. Finally, this OEM option will not affect Microsoft's
> web distributions of Internet Explorer 4 or of the retail Windows 98
> upgrade product that includes Internet Explorer 4 technologies, or of
> previously released OEM Windows Product such as Windows 95 OSR2.5 that
> contain Internet Explorer 4 technologies. All of these distributions will
> include the desktop Channel Bar pre-configured with ICP channels.
>
> We hope that you find the actions described in this document to be a
> positive step forward and that you've found your marketing relationship
> with Microsoft to be beneficial. We look forward to continuing to extend
> our business relationship to bring the most innovative content and
> technologies to our respective customers, worldwide.
>
> Your Microsoft business development manager will be contacting you today
to answer any questions you may have about this notice.

> Regards,
>
> Will Poole
> Sr. Director Business Development
> Microsoft Corp.
>