From: Will Poole
Sent: Friday, April 10, 1998 9.37 AM
To: Lars Backhans
Subject: FW: Speaking points for ICPs calls

Importance: High

-----Original Message-----
From: Bill Spencer
Sent: Thursday, April 09, 1998 10:04 AM
To: Jen Cooper, Curtis Beck; Will Poole, Terry Quan
Cc: Will Poole's Direct Reports
Subject: Speaking points for ICPs calls
Importance: High

1. Opening pleasantries.

2. There has been some news the last 24 hours regarding how Microsoft works with content partners. So, I decided to call to discuss this directly with you. The fact is that we are modifying our deals with Premier Active Channel ICP partners world wide to remove controversial provisions, which I'll explain in a minute.

3. All this is confidential between company and MS

4. By this July, Microsoft expects it will have shipped over XX units of IE with your channel displayed in the channel bar by default. Some of our competitors have pointed to MS's agreements with Active Desktop channel bar ICPs, like you, as somehow unfair. Microsoft is heading off further political discussion of these deals by making 3 changes that effect section 2.3 and 2.4 of our Active Desktop agreement.

a) Microsoft will replace any preference for IE in marketing and promotion *with respect to other browsers* with a Most Favored Nation requirement. (Note to all: this does not release ICPs from any separate promotions like web banners, TV spots, etc. -- it only means that where we ask that IE be the "standard browser" we replace that specific term with "if you do promote other browsers, you promote us equally well" (section 2.3)

b) Microsoft will eliminate any requirement for IE in distribution (section 2.3)

c) Microsoft will eliminate any requirements as to how you can work with other browser companies (section 2.4 is eliminated).

I am pleased to tell you that this effectively releases you from many of your obligations to MS, five months before the deal ends. We hope you agree that this is good news for you as MS will continue to honor all its obligations through the end of term.

5. Similarly, Microsoft is helping OEMs prepare Windows 98 for the next version of IE. Specifically, Microsoft is providing OEMs with the choice of turning off the presentation of the Channel Bar as a default setting in Win98. This will make it easier for them to deliver training and support for Windows 98, which will have two different browser technologies in the first 6 months of its life. This does not mean the channel bar is coming out of Windows 98.

To review, MS ships your channel and content in 5 ways today: in IE 4.x on the web, IE 4.x retail, Win95 in OEM, Win98 in retail, and Win98 in OEM. It is only that last ship vehicle in which the presentation of the channel bar is effected by this change -- we don't know how many OEMs will use this option. (If you have to guess, don't -- we have no idea what will happen internationally w/ OEMs). And, given Win98's July release schedule, the Win98 OEM shipments will not be a significant percentage of total IE units until the last 2 months of our deal (which expires 12 months after first commercial release of IE4). And, even where the OEM turns of the channel bar by default, your channel icon and content will still ship and will still be available in 5 ways: from the Start menu, from the favorites menu, from the Channel Guide, and from the channel pane in the browser -- and the user can always reset the channel bar to appear on the desktop by default.

6. Microsoft is giving OEMs the option to ship Win98 with 4.x so that it is consistent to Win98 with the next version of IE. As you know, future versions of IE will not have the channel bar on the desktop by default, but that channel support and features will continue to be enhance and delivered as features of IE. Future versions will be fully content compatible with IE 4 x

7 OEMs cannot delete or change your content in any way They can only choose whether to present the channel bar on the desktop by default.

8 We look forward to working with you in the future on IE5, Netshow, IIS, and other technologies where we continue to do our best to promote your content and your brand.

PENGAD-Bayonne, N.J.
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