From: Bill Snyder
Sent: Tuesday, July 09, 1996 6:21 PM
To: Steve Ballmer; Brad Chase; Russell Stockdale; Paul Maritz; Cameron Myhrvold; Brad Silverberg
Cc: Ken Moore; Ted Hannum
Subject: RE: Netcom has agreed to our ISP referral server deal!

Short answer. netcom will continue to distribute navigator but they risk getting pulled from the IE Phonebook if they distribute <50% IE (reduced from 75% in the "std" agreement). Their OEM and Affinity channels are considered "demand driven" so we need to mobilize to influence demand in these areas. We're already working on Acer through OEM and on a number of affinity deals, including a very interesting bundle with Merisel.

Longer Answer: Netcom currently distributes about 75% navigator. Balance is mainly their own netcruiser product. Their current distribution channel break out is in the attached spreadsheet. "Retail" is their shrinkwrap product. "Personal" is inbound call to their 800 number. They feel they can control the channels on the left to a large extent. Channels on the right are demand driven and in many cases are brought to netcom by netscape. We agreed on a 50% floor based on assumtions of 90% IE in controlled channels and 20% in demand driven channels. When we reduced the IE floor to 50% we also reduced the term of the agreement to one year. netcom can automatically extend to 2 years by being at 75% IE by the end of the initial term. To do that they'll need to be at over 60% IE in demand driven channels.

browser ship xls

From: Brad Silverberg
Sent: Tuesday, July 02, 1996 5:13 PM
To: Steve Ballmer; Brad Chase; Russell Stockdale; Paul Maritz; Cameron Myhrvold
Cc: Bill Snyder; Ken Moore
Subject: RE: Netcom has agreed to our ISP referral server deal!

where did we end up with them on IE? will they only distribute IE? they have deals with netscape today (including one that's being worked with acer) -- how are they affected, if at all?

From: Cameron Myhrvold
Sent: Tuesday,July 02,1996 5:10 PM
To: Steve Ballmer; Brad Silverberg; Brad Chase; Russell Stockdale; Paul Maritz
Cc: Bill Snyder; Ken Moore
Subject: Netcom has agreed to our ISP referral server deal!
Importance: High

Netcom has (finally) agreed to our ISP referral server deal. Netcom is the largest IAP in the U.S. (depending on whether you count MSN as an IAP) with some 450K subscribers in the U.S. and about 230 POPs.

They'll pay a bounty of $50-20 on a sliding scale gauged to volume and "good behavior" (hosting on NTS, supporting active-X, FrontPage extensions).

Kudos to Bill Snyder who has dogged this one daily for many weeks and put up with a lot of hounding from me!!!

We've now closed a total of 3 ISP referral server deals (World Online, Asia Info and Netcom).

I want to announce the Netcom deal in a very high profile way. I think it will do a lot to speed up our other negotations!

Cam

From: Jim Hogan[SMTP:jh@ix.netcom.com]
Sent: Tuesday, July 02, 1996 2:57 PM
To: Cameron Myhrvold; Bill Snyder; Ken Moore
Cc: John Zeisler; Doug McLean
Subject: Done Deal!

-- [From: Jim Hogan * EMC.Ver #3.0] --

Gentlemen,

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
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On behalf of NETCOM, I'm pleased to confirm that we have reached agreement on the terms for
IE distribution. Thanks for your effort. We look forward to receiving the finals post haste.

Jim Hogan

Jim
408-556-3556

	Controlled				Customer Driven		
21%	Retail	90%	0.189	28%	OEM	20%	0.056
21%	Personal	90%	0.189	14%	Affinity	20%	0.028
3%	Tradeshow	90%	0.027	4%	Bus Svc	20%	0.008
3%	Other	90%	0.027	6%	Education	20%	0.012
			0.432				0.104
	Net		0.536				

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