

Dean DeWhitt

From: James Feely
Sent: Monday, April 06, 1998 7:09 PM
To: bobch@microsoft.com
Cc: Dean DeWhitt
Subject: Works Money Encarta

Hi Bob,

Just thought I would follow up on our conversation from last week.

First, thanks for all your help. Pricing and contracts are never fun but this time seemed relatively painless and I know you had a lot to do with it.

After going over all the various scenarios that are possible with our preload we seem to have arrived at a mix that works.

We would like to confirm the price model we discussed last week of \$7/\$6 for Works/Money/Encarta and \$4/\$3 for Works/Money. I believe you indicated this would be retroactive to April 1st.

Looking over my notes I see that this reduction was balanced with either an increase commitment from Acer or a per system royalty structure. We do not believe that a Per System basis would work for us currently, but we could increase our minimum commitment to 200-250K. Please let me know if this would work.

We would also be willing to extend our current contract to the year 2000, but we would need to maintain the current timing and structure of the out clauses.

If you would like to go over these issue I can give you a call and discuss them with you. I realize that the first part of this week is extremely busy for you so please let me know what a good time is.

Final issue (I hope). We had a talk concerning the possibility of using Encarta across the product line. Unfortunately do to a prior commitment we are still in a situation where the financials will prevent us from leveraging Encarta on the lowend systems. I do not think we have anything to gain from trying, at this time, to get a further reduction in the Works/Money/Encarta pricing given this situation.

Thanks again for all your time and effort.

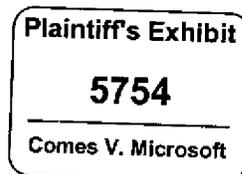
Regards

James Feely

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