

Dean DeWhitt

From: Bob Chapman <bobch@MICROSOFT.com>
Sent: Tuesday, April 07, 1998 7:24 AM
To: James Feely
Cc: Dean DeWhitt
Subject: RE: Works Money Encarta

Thanks for the followup. Based on your comments, I don't think we have a workable deal here. The only way I can give you the royalty discounts you described below is if you increase your minimum commitment to 350K/yr or license per system for all Aspires, and eliminate the out clauses. Otherwise, the agreement is no better for MS than it is today.

Let me know if you have a change of heart, otherwise it looks like we'll just leave the license the way it is and look to renegotiate come Aspire 8 when there's an opportunity for Encarta on the lowend.

Thanks,
Bob

> -----Original Message-----
> From: James Feely [SMTP:jfeely@smtplink.acer.com]
> Sent: Monday, April 06, 1998 8:09 PM
> To: Bob Chapman
> Cc: ddewhitt@smtplink.acer.com
> 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

1

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> further reduction in the Works/Money/Encarta pricing given this
> situation.
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Thanks again for all your time and effort.

Regards

James Feely

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