

From: Rich Lappenbusch
Sent: Wednesday, October 18, 2000 1:06 PM
To: Marcelo Ramos Negrini; Will Poole; Amir Majidmehr; DMD Strategy; Kurt Buecheler's Team; Windows Media Mktg - Extended Team
Cc: Jim Allchin; RealNetworks Competitive Review
Subject: RE: RNWK down by \$11

Any and all **concrete** competitive intelligence like this would be greatly appreciated as we prepare for our Dec. RealNetworks Competitive Review. Please send to RNWKSOT. More details on how you can participate by end of week.

thanks

rich

-----Original Message-----

From: Marcelo Ramos Negrini
Sent: Wednesday, October 18, 2000 9:00 AM
To: Will Poole; Amir Majidmehr; DMD Strategy; Kurt Buecheler's Team; Windows Media Mktg - Extended Team
Cc: Jim Allchin
Subject: RE: RNWK down by \$11

It is happening already. Globo is the biggest media group in Brazil. They were exclusively Real until some two months ago, and suddenly started being more sympathetic to Windows Media. The first explanation was we were gaining visibility on the market, so supporting us would make sense. And now several people inside Globo are saying us they are being hurt by Real cancelling all "courtesy" licenses. We already have several projects based in WMM in their megaportal, and the biggest properties (web radio, TV and music store) are already creating new sites with content parity. *The table is turning!*

-----Original Message-----

From: Will Poole
Sent: Wednesday, October 18, 2000 1:46 PM
To: Amir Majidmehr; DMD Strategy; Kurt Buecheler's Team; Windows Media Mktg - Extended Team
Cc: Jim Allchin
Subject: RE: RNWK down by \$11

They certainly are getting hammered, but it may not last, as they are not as bad off as others who depend entirely on advertising. Northwest Edition WSJ article this AM is pretty bullish, reminding us of their \$52M backlog in unrecognized revenue; an analyst estimate of s/w revenue growth from \$90M in 99 to \$153M in 2000 (70%), etc.

But there may be opportunities here. We've been hearing for a few months that Real is squeezing their existing software license customers for more \$, likely to compensate for their expected drop in ad revenue. These customers are not happy with the expense pressure, especially when streaming is not a profitable venture for them at all. There is no reason not to point out to our mutual customers that Real will continue to drive for higher returns from their software, given their market situation. This situation will highlight how real is triple-dipping, making money from the content providers once via the software license/hosting costs, and then again from the same providers for ads/placement; and then from consumers, based largely on value delivered by Real's hapless content provider customers. I think now would be an excellent time for us to step-up efforts to show customers the true value delivered by Windows 2000 streaming solutions, including scalability, reliability, and price/performance.

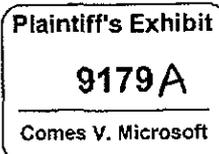
-----Original Message-----

From: Amir Majidmehr
Sent: Wednesday, October 18, 2000 7:00 AM
To: DMD Strategy
Subject: RNWK down by \$11
Importance: Low



The heading says it all. It is 8:45AM and RN is trading at just \$10 (52-week high is \$96)!!! Of course, some

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of this is due to market melting this morning (IBM opened down \$22). RNWK just met the street numbers yesterday with their earnings announce. They went on to warn about ad revenues dropping (kiss of death in this market). Keep your fingers cross for MSFT which is down a bit right now....

Amir