

Microsoft/AOL  
Amendment to III Promotional Agreement, Dated 12/19/96

1. *Amendment* This Amendment shall revise the AOL Access Software Advertising and Promotions Agreement by and between Microsoft Corporation ("Microsoft") and America Online, Inc. ("AOL"), dated October 28, 1996 (the "Agreement"). The purpose of this Amendment is to set forth revised and additional commitments by the parties with respect to promotion and advertising. All defined terms in this Amendment shall have the same meaning as in the Agreement.

2. *Upgrade to Internet Explorer.*

2.1 AOL shall use its best efforts to Upgrade (as defined in Section 3.2 of the Agreement) AOL Subscribers to Internet Explorer to at least the following target levels:

- (a) Two Million (2,000,000) Subscribers by March 31, 1997; and
- (b) Three Million Two Hundred Fifty Thousand (3,250,000) additional Subscribers by July 15, 1997.

(Subscribers who initially subscribe to AOL using Access Software, which already includes an integrated version of Internet Explorer, will not be deemed Upgraded.)

2.2 To the extent that the number of Upgrades in subsection (2.1a) does not meet the target set forth above by March 31, 1997, AOL shall continue to use its best efforts to provide the agreed upon Upgrades no later than April 15, 1997. If AOL does not provide the number of Upgrades set forth in subsection (2.1a) by April 15, 1997, AOL shall continue to use its best efforts to fulfill its commitments pursuant to this Amendment, and Microsoft shall not be obligated to make any payments under Section 6 of this Amendment until AOL has fulfilled the target set forth under subsection (2.1 a) above.

3. *Promotion of Internet Explorer.* From the date of this Amendment through December 31, 1997, AOL agrees to promote exclusively, subject to Section 7 of the Agreement, the Internet Explorer browser as follows:

(a) AOL shall place the Internet Explorer logo on the chrome of the Internet Explorer browser for AOL 3.0 clients and above. The Internet Explorer logo will be placed on the chrome of the browser as soon as possible, but in no event later than June 30, 1997. AOL will allow Microsoft the right to approve the look and use of their trademarked materials.

(b) After the depletion of current inventory (but no later than July 1, 1997), AOL Partner Marketing will begin bundling CDs (rather than floppy disks) on all modem-related pack-ins, which pack-ins shall also include the Internet Explorer browser and shall include Internet Explorer branding.

(c) AOL Direct Marketing shall include Internet Explorer branding on at least 25% of the client CDs that AOL ships.

(d) AOL shall include Internet Explorer branding on AOL version 4.0 (Casablanca) materials, including downloads and physical media.

4. *Advertising of Internet Explorer.* From the date of this Amendment until the earlier of (i) AOL achieving the targets set forth above under Section 2, and (ii) July 15, 1997 (the "Promotion Period"), an advertisement or promotion for Internet Explorer will be displayed on average for 25% of online sign-ins to the AOL Service by AOL Subscribers who do not have Internet Explorer. Such advertisements or promotions may include the following:

- (a) Welcome screen promotion of Internet Explorer to non-Internet Explorer clients;
- (b) Advertisement on inside-out AOL.com web site for non-Internet Explorer clients;
- (c) Advertisement in Chat Area of AOL for non-Internet Explorer clients;
- (d) Advertisement on browser chrome for non-Internet Explorer clients;
- (e) Advertisement for Internet Explorer on the Internet spoke.



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5. **Right to Unsold Inventory.** Microsoft shall have the right to place further advertisements on up to \$1,000,000 of unsold advertising inventory from the date of this Amendment through December 31, 1997, priced at the lesser of (a) AOL's partners' rate - the rate AOL charges its preferred partners or customers (b) the current applicable rate (but no greater than rate card). The parties understand that such inventory may be used by Microsoft to promote their launch of Internet Explorer 4.0 within ninety (90) days of such launch, but in no event later than March 31, 1998. Microsoft may allow its partners to utilize such inventory. Microsoft will supply AOL a list of partners with whom Microsoft may share such inventory, and any such partners will be subject to the approval of AOL. All such advertising shall be subject AOL's standard advertising guidelines.

6. **Payment Terms.** In consideration of the foregoing, Microsoft agrees to make the following payments to AOL in accordance with the effectiveness of such activities, measured as follows:

- (a) the fees in subsection (i) and (ii) below will become payable and non-refundable upon AOL's fulfillment of its obligations under Section 2(a):
  - (i) Five Hundred Thousand Dollars (US\$500,000) for services provided pursuant to Section 2(u); and
  - (ii) Two Hundred Fifty Thousand Dollars (US\$250,000) for promotional services provided by AOL under the Agreement from December 19, 1996 through March 31, 1997.
- (b) monthly payments equal to twenty-five cents (\$.25) per Upgrade for AOL Subscribers Upgraded pursuant to Section 2(b) up to a maximum of Seven Hundred Fifty Thousand Dollars (US\$750,000);
- (c) an additional payment of \$100,000 for completion of AOL Upgrades for 3,250,000 AOL Subscribers;
- (d) an additional payment of \$200,000 for completion of AOL Upgrades for 4,250,000 AOL Subscribers; and
- (e) an additional payment of \$300,000 for completion of AOL Upgrades for 5,250,000 AOL Subscribers.

Upon fulfillment of Section 2(a) of this Amendment, payment of fees pursuant to subsections (b) - (e) shall be due and payable within 30 days following receipt of the monthly reports as set forth in Section 7, evidencing that AOL has met the required target.

7. **Reporting.** AOL shall provide Microsoft with written reports as set forth in Section 3.3 of the Agreement beginning on April 15, 1997 and continuing monthly thereafter until September 15, 1997 or the report following the date the targets set forth in Section 2 above have been reached, whichever is earlier. AOL shall also provide Microsoft with individual site reporting for 25 Internet web pages selected by Microsoft, as further provided in Section 2.2.C. of the Agreement.

8. **No other changes.** Except as modified herein, the Agreement shall remain in full force and effect.

This Amendment to the AOL Access Software Advertising and Promotion Agreement is entered into as of March 31, 1997 (the "Effective Date").

MICROSOFT CORPORATION

By: [Signature]  
Name: Brad Chase  
Title: Vice-President  
Date: 4/3/97

AMERICA ONLINE, INC.

By: [Signature]  
Name: Eric Keller  
Title: Executive Director  
Date: 6/13/97

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