

From: Michael Dwan
Sent: Thursday, February 04, 1999 8:10 PM
To: Chris Koa (LCA); Tim McGrath (OEM); Ralph Huskey (LCA)
Cc: Steven Roseta
Subject: FW: IMG PGL: August 98

Find the attached PGLs .xls at the end of this mail ... the additional string is background data for Tim.

Since the attached PGL we have also deleted additional items in line with the termination of third party licenses. These are:

- Nickelodeon 3D Movie Maker; termination of third party license.
- Rabbit Ears: PJ's Reading Adventures; termination of third party license.
- Rabbit Ears: Leopard v1.x; termination of third party license.
- OutWars; only one OEM deal to date w/w which is set to end January. SKU has java issue but will not be re-released.
- Oceans and Dangerous Creatures were also removed due to termination of third party license.

On all of the above ... we will allow existing licenses to ship through to expiration but no new licenses should be created.

Additionally we have agreed a new PGL pre publication review process.

RE: PGL Process

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

From: Michael Dwan
Sent: Thursday, September 03, 1998 9:41 PM
To: Pete Peter
Cc: Steven Roseta; Kurt Kolb
Subject: RE: IMG PGL: August 98

Thanks Pete. I have answered you questions below. I'm available to discuss in person if you require additional info or clarification..

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

From: Pete Peter
Sent: Wednesday, August 26, 1998 3:41 PM
To: Michael Dwan; Kurt Kolb
Cc: Steven Roseta
Subject: RE: IMG PGL: August 98

My comments:

1) Fighter Ace & Zone internet property with playtime you state [below] requires 200K and up to license but the PGL has entries in the 100K and up columns. We still need to review and approve the licensing exhibit for this when it's ready. During review let's think now about what other items are going to get dragged down into the space that subsidizes low margin PCs and whether it makes sense to do it.

[Michael Dwan] Yes you are correct pls delete the 100k entry and we will restrict this to over 200k volumes. I had worked with SallyN on the exhibit before my vacation so let me know if more work needed to finalize. The other online property is Encarta online but I did not add this to the PGL at this time as I don't want to popularize it beyond PB/NEC until we learn from our experience there.

2) Money 99 reduced footprint I don't see a footnote requirement for recovery CD option. Since the CD is absent there should be a requirement for this to be present on the recovery CD.

[Michael Dwan] Good point we should add this requirement do you want me to cover with SallyN in the APs and a foot note in the PGL also ?

3) All items with DVD media should require a backup media be shipped. I don't think we have resolved completely the issue of DVD as a recovery media type and the implications of having titles live on a DVD recovery media when they are [possibly] engineered to be present in the drive in order to execute.

[Michael Dwan] For the DVDs offered by IMG on the PGL these will only be available to OEM with the DVD ... so recovery media is present.

4) The issue you state below of equating Works royalty with the Encarta royalty seems to suggest we need to raise the Works royalty. Kurt needs to comment on the history you mention.

[Michael Dwan] We can approach this is two ways either increase the price of Encarta or decrease Works either way we believe they should align at higher volumes and this is what we discussed with Kurt previously.

5) Will you write a summary of the changes that merit highlighting so they can accompany the announcement of the latest PGL.

[Michael Dwan] Here is the mail I sent earlier for the announcement ... is this OK ?

OEM Communications
Bulletin: L...

-----Original Message-----
From: Michael Dwan
Sent: Wednesday, August 19, 1998 7:46 PM
To: Kurt Kolb
Cc: Steven Roseta; Michael Dwan; Pete Peter
Subject: IMG PGL: August 98
Importance: High

Kurt, here is a copy a new revised IMG PGL for your approval. Hopefully we can get this published by September 1st.
Thanks, M.

Notes:

As an audit trail (we learned from your advice last year!) PGL entries are color coded as follows:

Red = Revised
Blue = New
Black = Unchanged
Strikethrough = Deleted

We also left a codes in the left column to assist your sort of the color codes (Unchanged, Revised, Deleted, New).

Formatting: we have inserted an additional column for OEM release date and we have added additional information on NT compatibility to the platform column as we were receiving many queries from SEs and AMs. We also request that our new easy to read header formats are retained for publication.

Notable changes:

- Additions of Graphics category to IMG (previously DAD owned): Picture It!, Greetings
- Encarta Encyclopedia: substantially reduced royalties at 25k and 10k volumes, this is good for international in particular.
- Greetings & Picture It!: substantial royalty reductions and added UK English edition. Picture It! Express is also now available.
- Games: Price reductions on Age of Empires, CART, Monster Truck 1.
- New Products:
 - Games: Combat Flight Sim, MotoCross Madness 3D, Urban Assault, OutWars, Close Combat 3, Pinball Arcade, Revenge of Arcade
 - Mapping: MapPoint,
 - Personal Finance: TaxSaver
 - Reference: Encarta Africana
 - DreamWorks: Small Soldiers: Squad Commander (an OEM exclusive!)
 - Kids: My Personal Tutor 1st & 2nd grade
 - Graphics: Home Publishing.
- New Versions: Auto Route Express, Money, Encarta Virtual Globe/World Atlas, Bookshelf, Golf, Monster Truck Madness, Greetings, Picture It, Expedia Streets and Trips 2000.
- Internet Properties: Fighter Ace and Zone clients with Free time (only offered at 200k units and up).
- DVD skus for OEM: Graphics Studio Home Publishing, Kids super combo, Close Combat 1-3 Series, Encarta.
- International: reduced pricing of Japanese language titles, they are now in line with other international versions.
- Deletions: Flight Sim v6.0, Golf 2.0 and 3.0, Kids Plus Pack, My Personal Tutor Pre School to First Grade, AutoMap Streets & Trip Planner v5.0, AutoRoute Express Europe & GB v5.0, Encarta World Atlas v3.0.

Issues for discussion:

- Encarta: in preparing this PGL we reviewed the DAD PGL and found that Works is priced above Encarta at the 50k -500k volumes. As you recall we previously agreed to align Encarta and Works pricing at these volumes. However we heard from Edmcc that you'd approved his new increased price PGL for Works. We suggest aligning the Works pricing with our Encarta price at these levels.

Attached Current and New IMG PGLs.
OLD NEW

MS-PCA 2597476
HIGHLY CONFIDENTIAL


Applicators_PGL_019
E.16


7-88 IMC OEM
PGL1.26

MS-PCA 2597477
HIGHLY CONFIDENTIAL