Subject. Terms
Sent. 7/24/97 9:40 AM
Received· 7/24/97 9:48 AM
From: Steve Jobs, sjobs@ni-master pixar.com
To: Jack Douglas, jdouglas@apple.com
Fred Anderson, f.ander@apple com

<TEXT/ENRICHED>FYI

Steve

Begin forwarded message:

<bold>From: </bold>Steve Jobs <<sjobs>

<bold>Date: </bold>Thu, 24 Jul 97 09:36:57 -0700

<bold>To: </bold>Greg Maffei <<gregma@microsoft.com>

<bold>Subject: </bold>Terms

<bold>Cc </bold>sj

Greg,

Here is a review of the terms we last discussed, as well as some issues I have encountered.

<nofill>
Please ping me to let me know that you received this email.

Thanks
Steve

CONFIDENTIAL
UNDER TEX. BUS. & COM
CODE SS 15 10(i)(5)

1 - Cash Payment of (upon signing)
No issues.

2 - Stock Purchase of $150M (upon regulatory approvals)
</nofill>Our Board and CFO feel strongly that any visible Microsoft hedging in the short run is unacceptable to Apple. Therefore, we suggest either a) going back to buying 4.99% of Apple's outstanding common stock (so that hedging does not require visible securities filings) and providing the balance of $150M in the form of Apple-controlled co-marketing funds, or b) buying $150M of Apple common stock and agreeing not to hedge for nine (9) months. I can sell either one.

REDACTED

3 - OTLC

Apple will agree to pay Microsoft any sums it receives from OTLC derived from a patent settlement with Microsoft. I got some push-back on the extra 5%, which the Board felt was petty, but I think I can sell this if its is truly important to you.

GOVERNMENT EXHIBIT 4085

4 - Office for Mac

Microsoft will publicly agree to support the Microsoft Office on the Macintosh (Mac APIs) for at least five years. We propose that Microsoft also publicly agree that during this period it will release the same number of major releases of Office for Macintosh as are released for Windows. We agree to a private agreement that if Apple and its authorized licensees are not selling a combined minimum number of computers which run the Macintosh APIs at the end of the third year, Microsoft may elect to cease future development and releases, but will support the then most current released version for the duration of the initial five year period. Apple proposes this minimum threshold be three million units per year, based on the prior four complete quarters.

5 - Internet Explorer

Apple will publicly announce that it is bundling the most current version of Internet Explorer with its Macintosh software releases for as long as Microsoft is developing and releasing Office for Macintosh and, while Apple may include other non-Microsoft Internet Browsers in its software, it will make Internet Explorer the default selection in the choice of all included Internet Browsers presented to the user upon their first summoning an Internet Browser. The customer may choose a different Internet Browser as their default Browser at such time, or at any later time. Microsoft agrees to provide Apple current and future versions of its Internet Explorer software which are competitive with its Windows versions at no charge to Apple. Apple will modify its Macintosh software to perform as described above as soon as commercially practical. Microsoft will provide enhancements to its Internet Explorer Browser as requested by Apple from time to time to implement functionality equivelent to that shipping in Netscape Browsers (current examples include: ISP registration, customized buttons for Apple).

REDACTED

6 - Java

Apple and Microsoft will announce that they have entered into cooperative development on Java, with the intention of insuring compatibility between their respective Java virtual machines and extending them in some similar directions. After investigation, Apple's Java engineers feel that the current work being done by Microsoft S[illegible]e is not competitive in performance with what Apple has just released. We are very excited to work with the Microsoft Windows Java team in Redmond to create a portable version of the Microsoft Windows Java VM and incorporate it into Macintosh's Java VM. You and I need to noodle this issue some more and craft something that says what we both can live with.

7 - Bill Gates at Macworld

Bill will join Steve on-stage at MacWorld in Boston on Wednesday, August 6, to announce this deal, and at a press conference immediately following the keynote.

</TEXT/ENRICHED>

CONFIDENTIAL
UNDER TEX BUS. & COM
CODE SS 15.10(i)(5)