From: Dan Rosen [drosen]
Sent: Wednesday, June 14, 1995 7:03 PM
To: Peter Pathe; Chris Jones; Barb Fox; Anthony Bay; James 'J' Allard
Cc: Nathan Myhrvold; Pete Higgins; Paul Maritz; Russell Siegelman; Peter Neupert; Bill Gates; John Ludwig; Jim Allchin
Subject: Netscape

Per my previous message, the next step in engaging Netscape is to send them a list of things we would consider for an agreement or relationship and then get a team together from the two sides to discuss and put enough meat on the bones to reach an agreement. We need to move quickly, or risk them continuing their torrid pace of deals that make working with them more difficult.

I propose that our team be those on the TO line. Can each person there commit to do this? Netscape has proposed that we come to Mt. View next Wednesday 6/21. Barksdale (CEO), Homer (Marketing VP), Andreissen (CTO) and others will attend.

Thanks to all for the comments on the previous draft of the list of items to discuss. I've incorporated the specific items. Two comments: (1) General strategy is to "love them to death". We will give them sufficient reason to align with us (primarily they should make enough money) that they will have sufficient incentive NOT to do things with our competitors. Most people saw this as preferable than getting them to agree not to work with our competitors. (2) We need to get to a sufficient level of detail as soon as possible in our discussions. This list is not meant to be a term sheet -- just framing our discussion.

If everyone is OK with the attached discussion list and this process, I will send to Netscape Friday PM. (I'm on the East Coast until then and can be reached via email or pager ([redacted]).

Dan

0613NETS.DOC

GOVERNMENT EXHIBIT 556

MICROSOFT DISCUSSION LIST WITH NETSCAPE

6/13/95
Dan Rosen

- General
  - ⇒ Agreement. All of the terms in this discussion list are not binding until reflected in an agreement. It is anticipated that the agreement will be significantly more detailed and specific, reflecting the discussions that result from the discussions between Microsoft and Netscape.
  - ⇒ Term. We acknowledge that the Internet marketplace is dynamic. The anticipated term of any agreement that results from these discussions should be long enough to benefit both companies, but not so long as to inhibit the growth and evolution of either companies Internet business.
- Client
  - ⇒ Viewers. Microsoft agrees to license Netscape viewers for: (a) Microsoft Office; (b) Media View; and (c) Blackbird as they are released and Netscape agrees to incorporate these viewers (and follow on versions) into their Internet browser products and distribute them as part of their standard product.
  - ⇒ SSL. Netscape has licensed Microsoft SSL technology and Microsoft agrees to incorporate it into their Internet browser product.
  - ⇒ DocObject. Microsoft agrees to license Netscape DocObject and office compatible technologies and to work with Netscape to assist them in converting their Win95 and Mac (?) browser products to DocObject applications. Microsoft anticipates that this will be the means by which Netscape incorporates the Microsoft viewers into the Netscape browsers.
  - ⇒ OLE. Netscape agrees to continue its support of OLE.
  - ⇒ New Platform Features. Microsoft agrees to give Netscape insight into those features of the Windows 95 operating system that will be available for Netscape's use in creating new versions of its browser, so that Netscape will not expend resources duplicating features that can be obtained from the platform.
  - ⇒ Support for Microsoft Catapult APIs. Netscape agrees to support Microsoft's Catapult APIs, and consider supporting them on Mac and UNIX.
- Server
  - ⇒ NT Cooperation. Netscape and Microsoft agree to work together to make the Netscape Commerce server (and other Netscape server products) be an outstanding Internet server.
  - ⇒ Joint Marketing. Microsoft and Netscape agree to jointly market NT and Netscape's Commerce server. This will include Microsoft including a trial copy of Netscape's commerce server with NT distribution and Netscape

MS98 0137531
CONFIDENTIAL

endorsing NT as a "platform of choice". Netscape agrees to share with Microsoft the requirements it sees as necessary in the Windows shell to implement its browser. If Microsoft makes changes to Windows to meet Netscape's requirements, then Netscape agrees to use the shell instead of separately implementing these features.

⇒ SSL Integration with Winsock. Netscape and Microsoft agree to evolve a mechanism for transparent SSL integration with Winsock

⇒ Evolution of the HTTP Protocol. Microsoft and Netscape agree to work together on the evolution of HTTP protocol.

- Authoring

  ⇒ Authoring Systems. Netscape agrees to foster Microsoft's Word Internet Assistant (WIA) as a low-end authoring tool. Microsoft agrees to allow Netscape to resell WIA.

  ⇒ Publishing Systems. Microsoft agrees to license Blackbird to Netscape to author its own content on its Internet site. It also agrees to allow Netscape to distribute Blackbird as an authoring tool on Netscape Internet servers.

  ⇒ Cooperation on HTML Extensions. Netscape and Microsoft agree to cooperate to ensure that extensions to HTML are incorporated into both Word (and other Microsoft authoring products) and MS's browser, and Netscape's browsers in a comparable time frame to ensure that our joint customers find their needs supported for both authoring and viewing.

  ⇒ Cooperation on Browser Datatypes. Netscape and Microsoft agree to cooperate to ensure that new data format types are supported in both of our browsers so that new data types become more universal.

- Technology

  ⇒ STT. Microsoft agrees to license Netscape its Secure Transaction Technology to incorporate into Netscape browsers and servers. Microsoft agrees to work with Netscape to adapt STT for non-Windows 95 platforms, including Apple Macintosh and UNIX.

- Services

  ⇒ Internet Access. Netscape agrees to include the Microsoft Network as one of the options it offers on it sign-up for services on its browser.

  ⇒ Content (Parental) Control. Netscape and Microsoft will work together to ensure robust solutions to allow parental (and other end-user) control over content that users connect to via our products and services.

- Marketing

  ⇒ Announcement. Microsoft and Netscape agree to announce this cooperation agreement.

  ⇒ Joint sales. Microsoft and Netscape agree to conduct joint sales and promotional activities, as market conditions warrant.

- General

MS98 0137532
CONFIDENTIAL

⇒ Alignment of direction. Microsoft and Netscape agree to work together as a first preference. Microsoft will treat Netscape as a "preferred" partner and Netscape will, as a first choice, select Microsoft solutions where they meet Netscape customers' needs. Together we will work to ensure an opening and broadening of the Internet, making use easier for our customers and ensuring interoperability of our products.

⇒ Equity. Netscape will grant Microsoft equity (in the forms of shares and/or warrants) in Netscape at last round valuation. Microsoft will also be entitled to a seat on the Netscape board of directors.

MS98 0137533
CONFIDENTIAL