Subject: Proposal
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Apple-Microsoft Partnership
April 26, 1997

Goal: Microsoft and Apple complete a broad partnership that allows them to work more closely, demonstrates the viability of Apple, enhances the future of Rhapsody and provides evidence of Microsoft's commitment to Apple.

1. Microsoft engages Mainsoft to produce a porting layer to Rhapsody for Win 32 apps.
2. Apple purchases Metrowerks and focuses them on providing Rhapsody development tools, including a layer to allow existing Mac tools to run on Rhapsody.
3. Microsoft extends its Universal VM to support Rhapsody, including Objective C and Visual Basic. Apple ships the Universal VM as the system VM on Mac and Rhapsody.
4. Microsoft announces it will ship new version of Office for the Mac by 12/31/97 and demos beta version that includes new features not yet available in Office 97.
5. Apple offers IE as the default browser wherever it offers a browser, beginning with IE 3.01 and MacOS 8.
6. If Apple wishes to dedicate appropriate resources, Microsoft will assist in the providing IE 4.0 shell/Active Desktop for Mac and Rhapsody.
7. Microsoft grants Apple a source code license to IE for EMate.
8. Microsoft will ship Apple's portable class libraries with MS Visual Studio.
9. Microsoft provides support for Mac as a Win NT Server client (natively, with COM operability).
10. Apple and Microsoft complete a broad patent cross-license with appropriate protections that the licenses will not fall into the hands of competitors.
11. MS purchases $75m of Apple 5% convertible preferred stock due 2002 convertible at $22.00 per share.
12. At a press conference in early May, Gil Amelio and Bill Gates announce the above items. Microsoft endorses Rhapsody "as a leading development platform". Bill Gates says, "Rhapsody is real. You get the great Mac experience and it is designed run native apps, apps written for the Mac, apps written for Windows and our Universal VM".

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