GOVERNMENT EXHIBIT 260

From: Joachim Kempin
Sent: Tuesday, June 25, 1996 6 43 PM
To: Bill Gates
Subject: RE Apple meeting

thank you this would be a huge win for both of us and it would spill over to their OS licensees Over time that would be able to sell NT to corperate I would not be surprised if they would want a MAC UI on their version- if feasable We will go ahead and ask them again for their stand on an NT license

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From: Bill Gates
Sent: Tuesday, June 25, 1996 4 33 PM
To: Joachim Kempin
Subject: FW Apple meeting

I should have copied you on this mail

From: Bill Gates
Sent Sunday, June 23, 1996 10 24 AM
To Paul Maritz, Brad Silverberg
Cc Pete Higgins; Don Bradford, Ben Waldman, John Ludwig
Subject Apple meeting

Last Tuesday night I went down to address the top Apple executives I explained our strategy, discussed our applications work with Apple, discussed how they should work with us on Browser and Windows NT and took questions

I have 2 key goals in investing in the Apple relationship - 1) Maintain our applications share on the platform and 2) See if we can get them to embrace Internet explorer in some way. This mail will focus on item 2 exclusively. It would require some real effort to get a deal but I think it is possible We would have to decide that Apple endorsing Internet explorer is a big deal

Apple is trying to decide whether they should work with us or not on platform software Their instincts tell them it might be a mistake However they are tempted to get involved with Windows NT server and how it integrates with Macintosh They would be tempted to be able to focus their R&D efforts.

My proposition to them was that once they decide the areas they want to be different and better than Windows then we will know all of the other areas and those are places where we can cooperate.

The current HTML rendering code in Cyberdog is not good enough to compete. Apple would like to be able to plug in code from Netscape or Microsoft. They know we are doing good work on the Mac. They wonder whether we can get decent share in the Windows market, they wonder if they can trust us and they wonder how they could take our work and fit it into their Opendoc strategy If they don't work with us they will probably have to get closer to Netscape or else their browser will always look stupid Apple is just realizing that what we are doing with Active Desktop and making the page and link metaphor central is critical to having a decent OS.

Ike Nassi sat at dinner with me and enthused about how they had just gone on an Opendoc press tour and it was great. The press loved multiple active objects We haven't convinced anyone that Opendoc doesn't have technical advantages. Unless the new head of development want to demoralize a lot of people the best I think we can do is get Opendoc redefined over time to be more compatible with our approaches I want to sidestep this issue a little by getting them to ship todays Internet explorer (including our updates) while they take it and do whatever Opendocizing they think is needed Ideally they can do this without breaking the ActiveX support. I am confused about how 'interoperable' Opendoc is with ActiveX and how flexible Apple might be to fix problems here. I told them that they can't be religious over plumbing issues

I explained to Ike that his R&D costs to keep up with us in areas that aren't points of differentiation will exceed his budget by a lot and that he will always be perceived as incompatible I tried to make the point on the browser but we kept getting hung up on opendoc so I made the point by using our security software work. That example got him agreeing that he would love to have that work and be able to incorporate it into the Mac Os.

I proposed that we swap technology including source code with no restrictions The deal would look like this

Apple gets:
Internet explorer source code including updates
Security software and other definable pieces we can turn over to them [I need more ideas for this category - things that are seperable enough we can turn them over to Apple to save them R&D and get our approach endorsed]
Blessing by us of Quicktime as a cool cross platform thing where apple looks good and we align our strategies [this wouldn't have to mean much in practice We are already planning to read Quicktime formats]

Ability to take DirectX work and use those APIs [They know the games ISVs want this]
Option 1 Some commitment by us to make Mac clients work well with Windows NT server

Microsoft gets
Apple endorses Microsoft Internet explorer technology, DirectX and perhaps other things we give them
Apple agrees to maintain ActiveX support in the browser for a period They agree to immediately ship IE on all their systems as the standard browser.
Option 1 Apple agrees to offer Windows NT servers for markets like publishing and education or at least "bless them"

Both get
Patent cross license
We both look friendly and cooperative

Right now the ball is sort of in Apple's court but they aren't smart enough to really make something concrete We should discuss how we pursue this. For example Don should be even more open with Apple if we are going to move forward