From: Candace Grisdale
Sent: Tuesday, May 14, 1996 11:40 AM
To: Brad Silverberg; John Ludwig
Cc: Jim Allchin (Exchange); Candace Grisdale
Subject: FW: HP Term Sheet and the Internet

i responded to greg in the following manner:

we've discussed the printer browser shipment with HP in the past. they want to ship it for free and have us support it. hp ships one million laserjets per month and ~800K deskjets per month.

my assumption is that you would want this to prevent ns entrenchment at hp on the printers and may have some ideas about getting this printer "bundle" done.

thought you'd be interested in the internet section of the patent x-lice term sheet as well:

Technical
Internet

HP and MS intend to promote MS's Internet software (including browsers, web servers, and messaging software) running on HP hardware in enterprise accounts.

MS will (or will engage a responsible third party to) port IE and IIS to HP-UX. HP will provide necessary and appropriate consulting services and support. The intent of both HP and MS is that these products provide equivalent functionality to the then current NT version, subject to the technical constraints of the underlying platform, and comparable price performance relative to competing HP-UX solutions.

1. As soon as IE is available for a particular platform, HP will ship IE as the exclusive browser technology on at least 75% of the systems and printers it ships.

2. As soon as IIS is available for a particular platform, HP will ship IIS on at least 50% of the licensed systems it ships.

If HP does not meet the targets set in 1. and 2. above, HP will be required to pay for the costs of the ports of IE and IIS described in the paragraph above (not to exceed $10 million).

HP will sell and support IIS.

HP fully expects that these products to be its premier Internet offering in NT, HP-UX and mixed use environments based on their functionality and performance and will make a public statement to that effect at its June 19th Internet Conference. HP will also endorse Active X and related technologies and Exchange for use as an Internet messaging technology.

MS will participate in and be "lead featured" at June 19th Internet Conference.

HP's home pages will prominently feature "Best viewed with Microsoft Internet Explorer" and will include features which utilize the capabilities of the latest version of IE. HP will remove any and all "Best viewed with Netscape" taglines. HP will utilize IIS on at least 25% of HP's home pages and will prominently feature that fact.

HP and MS will work together to develop marketing, PR, advertising and sales programs to promote our Internet products.

HP will promote the availability of MS Internet software on its hardware.

From: Greg Maffei
Sent: Tuesday, May 14, 1996 10:54 AM
To: Steve Ballmer; Candace Grisdale; Paul Maritz; Joachim Kempin
Cc: Ian Rogoff; Debbie Hill; Kay Barber-Eck

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Subject: Next draft for HP

Attached is the draft for HP.

I went over the Netscape announcement and the letter from Dick Watts and attempted to incorporate most of the resulting ideas and keep their language. One thought that came from these was leveraging their printer volume at least in some form of bundle, if not truly OEM. In addition, Paulma gave some other good input this a.m. re functionality requirements, etc. We still need a discussion with them re Exchange since Dick Watt's letter did not address it.

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