HISTORY OF NETSCAPE

47. Netscape was founded in 1994 by Jim Clark and Marc Andreessen. Clark had previously founded Silicon Graphics, Incorporated ("SGI"), a successful start-up that had grown into a multi-billion-dollar Fortune 500 company renowned for its innovative, high-end computer graphics workstations. Among other things, Silicon Graphics workstations were used to design

everything from special effects for Hollywood movies to sophisticated industrial products.

48. Andreessen and a team of fellow students from the University of Illinois at Champaign-Urbana had created the first graphical Web browser, called Mosaic, in 1993 at the National Center for Supercomputing Applications ("NCSA"). The Web's popularity grew substantially after the release of Mosaic. The innovative Mosaic was not only the first browser with a graphical user interface, but it was also the first graphical browser to be available on the Microsoft Windows and Macintosh platforms.

49. Clark, a former University of California and Stanford engineering professor, was intrigued by the possibilities of the Internet as a vehicle for interactively delivering data, so in 1994 he e-mailed Andreessen, who had recently moved to Palo Alto, California, and the two met over the course of a few weeks to work out the idea and the details of the new company. The company was incorporated on April 4, 1994.

50. Netscape hired most of the original NCSA Mosaic engineers, plus a few new additions, including Lou Montulli, who had invented the Lynx text-only browser, and established its offices in Mountain View, California. The engineers set to work to create an original browser and server that were faster, more secure, more stable, and more feature-rich than any other products then on the market. Tom Paquin, a skilled engineering manager at

SGI, soon joined the team to manage the engineers.

51. Meanwhile, the talented Netscape engineers were dedicated to logging long hours at their computers to create Netscape's groundbreaking new browser. A beta version of the company's first product, Netscape Navigator 1.0, was distributed over the Internet on October 13, 1994.

52. Netscape was the first commercial company to distribute its software over the Internet. Now, a mere four years later, nearly all major software vendors routinely make their products available for download on the Internet. While software distribution on the Internet was once viewed as an unusual idea, it is now commonplace, and Netscape is the company that pioneered it.

53. Toward the end of October 1994, Netscape became a founding member of the World Wide Web Consortium ("W3C"), the Internet standards body created by the Massachusetts Institute of Technology to establish international standards for client and server software. Open-standards products enable global online commerce and communications over the Internet and give consumers multiple choices when they shop for software. Netscape has always been a leader in creating interoperable, open standards products that work across a range of client and server platforms, legacy systems, databases, and non-PC devices. Our engineers are continually working on developing new, useful open standards; in fact, we count among our employees Kipp Hickmann, one of the inventors of Secure Sockets Layer ("SSL"), a security

protocol; Brendan Eich, the inventor of JavaScript, which was standardized under the name ECMAScript; Tim Howes, co-author of the Lightweight Directory Access Protocol ("LDAP"); and John Myers, who worked on the Internet Message Access Protocol ("IMAP"), version 4. The original Netscape Navigator and Netscape server teams also pioneered the use of Internet standards, making their products backward-compatible with all existing Web browsers and servers.

54. The final version of Netscape Navigator 1.0 was released on December 15, 1994. The product delivered many times the performance of other browsers available at the time. Its innovative capabilities included continuous document streaming, enabling users to interact with documents while they were still being downloaded rather than waiting for the entire document to load; multiple network accesses, allowing several documents or images to be downloaded simultaneously; native support for the JPEG image format; and security features such as encryption and server authentication. It was available for the Microsoft Windows, Macintosh, and Unix operating environments. The single-user price of the software was $39; volume discounts were available. Netscape Navigator enabled the Internet to be used by those who were not long-term or experienced computer users. In other words, it opened up the Internet for use by anyone.

55. Netscape's first two server products, Netscape Commerce Server 1.0 and

Netscape Communications Server 1.0, were also released on December 15, 1994. The Netscape Commerce Server, incorporating SSL technology, was the first secure server software available for the Internet. Netscape Communications Server was used by online publishers.

56. By the end of Netscape's first year of business, the company had Digital Equipment Corporation ("Digital") on board as the first reseller partner of the company's server software and counted such major enterprises as Bank of America, MCI, and First Data as customers. Both First Data and Bank of America used Netscape software to provide real-time online credit card authorizations for their customers, giving businesses a secure way to conduct electronic commerce on the Internet. MCI used Netscape Navigator and Netscape Commerce Server software as a turnkey solution for companies and consumers to conduct business on the Internet.

57. Demand for Netscape's products was enormous and unprecedented. In 1995, we were named the fastest-growing software company in history. In the first quarter of 1995, we received $2.3 million in license fees for Netscape Navigator. By the fourth quarter of 1995, license fees for Netscape Navigator had shot up to $21.7 million. License fees for Netscape Navigator for the entire year totaled $44.3 million, which accounted for more than half of our 1995 annual revenues of $85.4 million.

58. The exploding marketplace for Netscape's products woke Silicon Valley up

and generated intense developer interest in the Internet. Hundreds of Internet-oriented start-ups seemed to spring up overnight, and even large, established technology companies looked for ways to address the Internet in their businesses. It was an exciting time to be in Silicon Valley, witnessing the birth of a new industry -- the Internet industry. It reinvigorated everyone.

59. Driven by a vision we all believed in, everyone at Netscape was dedicated to making the company -- and the Internet industry -- succeed. By integrating our own Internet products into our business processes, we were able to increase productivity, gain a quicker time to market, and turn out innovative new products in what first came to be known as "Netscape time," and now is known as "Internet time." Led by Netscape, the cycle for developing new software shrank from two years to half a year.

60. Netscape grew from about 100 employees by the end of 1994 to approximately 500 employees by the end of 1995. Excited by the opportunities of the Internet industry and the innovations we were creating, the best and the brightest were beating down the doors to come work for Netscape. As the company grew, it was rewarding to see how much fun Netscape employees had doing something that they knew was relevant and important.

61. In 1995, Netscape introduced a number of new products, including Netscape Navigator 2.0, Netscape Navigator Gold 2.0, and Netscape Power Pack 1.0, a

suite of add-on applications that extended the capabilities of Netscape Navigator for Windows. The company added Netscape Mail Server, Netscape News Server, and Netscape Proxy Server to its server product line, complementing the existing Netscape Commerce Server and Netscape Communications Server products. Netscape also shipped its first development tools, Netscape LiveWire and Netscape LiveWire Pro, and its first electronic commerce products, Netscape Internet Applications.

62. Netscape Navigator won more than 20 product awards in 1995. Netscape Navigator Personal Edition, a new product, reached No. 1 on Ingram Micro Devices communications software bestseller list just four months after debuting in the retail channel.

63. In April 1995, Netscape announced that it had concluded a private placement of Series C preferred stock with leading companies in the publishing and technology industries. Adobe Systems Incorporated, The Hearst Corporation, Knight-Ridder, TCI Technology Ventures, and The Times Mirror Company took an 11 percent minority stake in the company during the financing round. Morgan Stanley & Co. Incorporated, acted as placement agent for the investments.

64. On August 9, 1995 Netscape completed its initial public offering of 5,000,000 shares of its Common Stock at a price of $28 per share. Morgan Stanley & Co. Incorporated acted as lead manager and Hambrecht & Quist LLC acted

as co-manager of the underwriting group. In one of the most stunning debuts in stock market history, the stock soared to a high of $74.75 before ending the day at $58.25. The stock continued to climb, reaching a price of more than $160, and in November 1995, Netscape announced that its board of directors had approved a two-for-one stock split.

65. Netscape launched offices in Paris, London, and Munich in 1995. We also entered the Japanese marketplace with a Tokyo-based wholly owned subsidiary, Netscape Communications (Japan) Ltd., and established relationships with nine leading Japanese resellers.

66. By the end of 1995, Netscape had an over 70 percent market share for Internet clients and had distributed 15 million browsers around the world through a variety of channels including ISPs, OEMs, and resellers as well as over the Internet.

67. Also by the end of 1995, @Home had licensed Netscape's client and server software to be used as the foundation for the @Home network, a high-speed broadband network providing Internet access to personal computers via cable. More than 12,000 developers had joined our Netscape Development Partners Program. We counted 70 percent of the global Fortune 100 companies among our customers, including AT&T, Hewlett-Packard, Lockheed Martin, MCI, and Motorola. Our products were selected by large customers such as Dataquest, Discovery Channel Online, Dow Jones

Corporation, and MCI, who used Netscape Internet Applications as the basis for electronic commerce applications. In the technology realm, Netscape continued to innovate and to be a leader of the Internet industry.

68. In December 1995, Netscape and Sun announced JavaScript, an easy-to-use scripting language designed for creating live online applications that link together objects and resources on both clients and servers. As noted above, JavaScript later became an Internet standard under the name ECMAScript.