

Message

**From:** Daniel Alegre [PII]@google.com]  
**Sent:** 3/17/2016 8:17:49 PM  
**To:** Ted Lazarus [PII]@google.com]; Liz Daly [PII]@google.com]; Joan Braddi [PII]@google.com]  
**Subject:** Fwd: Term Sheet  
**Attachments:** NYC-DraftTermSheet-CONFIDENTIAL.docx

privileged  
fyi term sheet sent out

----- Forwarded message -----

**From:** Kent Walker [PII]@google.com>  
**Date:** Thu, Mar 17, 2016 at 9:46 AM  
**Subject:** Term Sheet  
**To:** Bruce Sewell [PII]@apple.com>  
**Cc:** Daniel Alegre [PII]@google.com>

Bruce --

Per our discussion. We'd be happy to talk to answer any initial questions, and look forward to getting together soon to go through things.

-- Kent

--

Daniel

Daniel Alegre  
President, Global Partnerships

This email and the information it contains are confidential and maybe privileged. If you have received this email in error please notify me immediately. You should not copy it for any purpose, or disclose its contents to any other person. Internet communications are not secure and, therefore, Google does not accept legal responsibility for the contents of this message as it has been transmitted over a public network. If you suspect the message may have been intercepted or amended please call me.

The above communication may include discussions or proposals of a potential business arrangement, and if so, are provided solely as a basis for further discussion, and should not be intended to and do not constitute a legally binding obligation. No legally binding obligations will be created, implied, or inferred until an agreement in final form is executed in writing by all parties involved.

Ex. No.

UPX2012

1:20-cv-03010-APM

**REDACTED FOR PUBLIC FILING**

Redacted

GOOG-DOJ-32224338

PRIVILEGED AND CONFIDENTIAL - ATTORNEY-CLIENT COMMUNICATION  
 REFLECTS ADVICE OF EXTERNAL EU COUNSEL  
 [FOR INTERNAL REVIEW ONLY]

**Draft Term Sheet**  
**Amendment to the Information Services Agreement**

*Prepared 3/16/16*

This term sheet sets forth high-level business terms that, if agreed by the parties, would be formalized as an amendment to the Information Services Agreement, dated December 20, 2002, between Apple and Google ("ISA").

<b>Partner:</b>	Apple, Inc.
<b>Definitions:</b>	<ul style="list-style-type: none"> <li>• "Apple Referral Traffic" means Search Queries received by Google originating from the Software, including initial Search Queries and re-write or refinement Search Queries conducted during the same End User session.</li> <li>• ["Default" means Google will automatically be used for Search Queries initiated from the Software unless the End User selects a different search provider.] [To be discussed.]</li> </ul> <div style="border: 1px dashed black; padding: 10px; text-align: center; font-size: 24pt; font-weight: bold;">3P Confidential</div> <ul style="list-style-type: none"> <li>• "Software" means any current or future access point offered by Apple for an End User to find information (e.g., the search box provided in Apple's browser software, Siri/Spotlight, or successors thereto) via one or more of the following Apple operating systems: (a) iOS (or successors thereto), (b) watchOS (or successors thereto), (c) tvOS (or successors thereto), (d) OS X (or successors thereto), or (e) any other operating system software made generally available by Apple during the Term.</li> <li>• Any other capitalized terms used, but not defined, herein have the meaning set forth in the ISA.</li> </ul>
<b>Term:</b>	<ul style="list-style-type: none"> <li>• Confidential 3P Confidential Confidential</li> <li>• Confidential</li> <li>• 3P Confidential</li> <li>• 3P Confidential Confidential 3P Confidential</li> </ul>
<b>Economics:</b>	<ul style="list-style-type: none"> <li>• Software Default - Effective September 1, 2016, Confidential revenue share.</li> </ul> <div style="border: 1px dashed black; padding: 10px; text-align: center; font-size: 24pt; font-weight: bold;">Confidential</div>
<b>Key Business Terms:</b>	<ul style="list-style-type: none"> <li>• <i>Software Default:</i> <ul style="list-style-type: none"> <li>○ Apple will pre-set Google as Default in the Software during the Term. Such Default implementation may be set forth in mock-up images included as an exhibit to the ISA. In addition, when Search Queries initiated from the Software go to Google, Google will have the exclusive right to monetize such Search Queries.</li> <li>○ Apple will not directly or indirectly take any action or make any omission that adversely impacts the expected economic benefit to Google (e.g., branding, monetary value, or other components of the commercialization of the search experience) including, without limitation, by editing, filtering, truncating, appending terms to or otherwise modifying any Search Query originating from the Software</li> </ul> </li> </ul>

REDACTED FOR PUBLIC FILING

	<p>(e.g., by using Apple's "suggests" algorithm in connection with Search Queries) or by altering UIs. If Apple breaches this obligation, Google may request negotiation of a revised revenue share percentage, and if the parties cannot agree on a revised percentage, seek damages or terminate the ISA.</p> <p style="text-align: center;"><b>3P Confidential</b></p> <ul style="list-style-type: none"> <li>• <i>Adverse Impact due to Unforeseen Factors</i> - If there is an adverse impact to the expected economic benefit of Google's operating circumstance due to unforeseen factors [subject to reasonable definition], the parties will renegotiate the revenue share percentages. If the parties are not able to agree on revised terms, Google will have the right to terminate all or part of the contract that is adversely impacted.</li> <li>• <i>Operating Costs</i> - Google reserves the right to increase the Deductions percentage as necessary to reflect an increase in its relevant operating expenses by providing Apple 30 days prior written notice of the increase, along with documentation demonstrating that the increase is commensurate with an increase in Google's relevant operating expenses.</li> <li>• <i>Limitation of Liability</i>: Direct damages are limited to the non-breaching party's profits under the agreement for the year immediately preceding the breach or incident giving rise to the liability.</li> </ul>
<p><b>Regulatory</b></p>	<ul style="list-style-type: none"> <li>• <i>Cooperation</i>: Apple and Google will cooperate, act in good faith and not take any action that could delay or prevent implementation of the agreement. The parties will provide each other with reasonable advance notice and an opportunity to review and comment upon all written and oral communications to the regulatory authorities and the opportunity to participate in any meetings with the regulatory authorities.</li> <li>• <i>Termination</i>:</li> </ul> <p style="text-align: center;"><b>3P Confidential</b></p> <ul style="list-style-type: none"> <li>○ Either party may terminate the agreement in a relevant Territory if new laws or regulations are introduced or if the current laws or regulations in such Territory change in a manner that leads to an adverse impact to the expected economic benefit of the ISA to Google or Google's operating circumstance.</li> </ul> <p style="text-align: center;"><b>3P Confidential</b></p>
<p><b>Branding:</b></p>	<p>If requested by Google, Apple will ensure that all Search Queries originating from the Software conspicuously and unambiguously indicate that the search results are provided by Google and does not in any way imply that information other than search results is provided by Google.</p>
<p><b>Confidential</b></p>	

	<div style="border: 1px dashed black; padding: 10px; text-align: center;"> <h1 style="margin: 0;">Confidential</h1> </div> <ul style="list-style-type: none"> <li>• Google and Apple product teams will meet on a regular (for example, quarterly) basis to collaborate in good faith on ways to improve the performance of Google products and services on Apple's platforms and products.</li> </ul> <div style="border: 1px dashed black; padding: 10px; text-align: center;"> <h1 style="margin: 0;">Confidential</h1> </div> <ul style="list-style-type: none"> <li>• Nothing in the agreement will prevent Apple from providing End Users with a way to change their Default search provider for each access point included in the Software.</li> <li>• Definitive agreement will include an escalation path for product disputes.</li> </ul>
<b>Confidentiality:</b>	The terms of this proposal are subject to the NDA executed by Google and Apple on February 11, 2005.

*This proposal is non-binding and cannot be referenced by incorporation in any documentation. No agreement with respect to the subject matter of this proposal will be binding unless and until both parties sign a definitive written agreement with respect thereto.*