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WALT DISNEY PICTURES PIXAR

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September 12 , 1986

Dr. Alvy Ray Smith  
PIXAR  
P.O. Box 13719  
San Rafael, CA 94913-3719

Dear Alvy,

I'd like to congratulate you on your recent exposures at the SIGGRAPH conference and in Time magazine; we're delighted that our colleagues have received such a positive response from the industry and the press.

As I discussed with you by phone this week, Peter and I feel that Pixar and Disney are in synch with the philosophical approach to the development contract. Rather than shuttling several contract drafts between the two companies, we feel closure can be expedited if we meet to reach consensus on certain areas of the agreement, then let the attorneys make a final draft based on that discussion of intent.

To that end, I've invited George Bayz, our consulting attorney from O'Melveny and Meyers, to sit in on our discussion so that his redraft will reflect the agreements we reach.

To reconfirm our plans, we'll be at your facility in San Rafael Tuesday, September 23, at 1:30pm.

We're excited by the prospects of this project with Pixar, and are looking forward to talking to you again next week...

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bob Lambert", written over a horizontal line.

Bob Lambert  
Director of Development, CAPS

cc: Peter Schneider  
George Bayz