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**DRG Summit**  
**James Plamondon**  
1/17/98

**JAMES PLAMONDON:** In fact this is another...I can do all the, you know, the theory of evangelism as war and tactics for doing so \_\_\_\_\_ channels of information and so forth. But then you go back home and you go, and now what do I do. Okay. And we have found a very good vehicle for getting people to actually do things according to our timeline is a very programmatic approach to evangelism, where we say we will give you these benefits if you give us this implementation according to our timeline. And you can pull that altogether in a letter of agreement that you offer to the ISV where they need to have an officer of their company sign the agreement which does two things. First, it means it's a legally binding agreement, although these things are not, you know, the kind of thing you sue people over. And two, it means that there is some high level executive at the company who's personally bought into this program. It's not just some program manager who thinks it's a swell idea. It's some officer of the company who's put his reputation on the line saying that we're going to deliver this to Microsoft. So if he screws up, he's in trouble with Microsoft. Okay.

Putting together the letter of agreement also forces you to think about what does this person need to do in order to do what you want him to do. And when you want him to do it by. That is, for example, the things I offer and the purpose of the Power Wave Program is to get ISVs to support Windows NT on the power PC. It's a very focused

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campaign. I just want them to get that Power PC version. Because Apple Computer, again my nemesis, the enemy I'm fighting. Apple is shifting to a hardware platform called the Common Hardware Reference platform that will run both the Mac OS and the Windows NT. They suspect that this is going to help them sell their hardware into corporate environments. They think that Windows NT is just a little teaser, that no one will really run Windows NT on these computers because there aren't any apps for it, among other reasons. And so really the promise of Windows NT on those machines will trick people into buying them and then they'll just run the Mac OS. Well, I'm going to use that against them by getting enough support for Windows NT on the Power PC so that Windows NT is the compelling platform on their hardware, blow the Mac OS off their own hardware, ha ha. Take that. Okay. So that's why I'm trying to do it.

Any evangelism program needs to offer the ISV two things. Technical assistance so they can get the job done. And co-marketing assistance so that it's worth doing. Because the opportunity cost is, these developers could be doing something else during this time. They could be implementing like features that customers have asked for, they could be implementing the sleeper, they could be implementing who knows what else. So you always have to pay attention to what you're asking your ISVs to do that could detract from things that other evangelists are asking those ISVs to do. So here's the technical assistance benefits. We'll provide them with two copies of Visual C++ 4.0 for Windows NT on the Power PC. So we're giving them the compiler they need to do the job. If they're already using Visual C++ for their Intel versions, it's really very little more than a re-compile to get NT on the Power PC. There's some data alignment problems and so

forth but given Visual C++ which is exactly the same compiler they're using on X86, the NT version's almost trivial. Furthermore, we include them in the data for VC5 since their final deliverable is in November of next year by which time VC5 will be available.

Number two, we provide them with a substantial discount on the purchase of two NT Power PC machines. It's basically 50% off so you can get one for your tester and one for your developer at the same price it would normally cost you to buy one. So we're giving a pretty complete solution. A compiler and the platform to run it on. We provide them with enhanced access to later betas of the shell update release. That means we put them on the technical beta so they get access to the ISDN site or the FTP site or whatever it is that we're using to get betas out to those guys. If all else fails we've got X on the CD. Okay, if it's somehow or other we get them the later betas.

Three, we give them a substantial...whoops, I skipped one. Number two is we give them a substantial discount on MS TN level two which is how they get the betas of the shell update release and all the SDKs they need in order to do their jobs. So we give them the compiler, the hardware and the SDKs. Five, Microsoft will support companies' development of the product and three special Power Wave technical workshops in the porting labs. The porting labs is great. It means a developer can sit there at home and he's got like five main tasks he has to do. Normally, when you're developing something, you start working on it, working on it, working on it and you hit a roadblock and you get stuck. You can spend two weeks banging on that roadblock trying to figure out where the bug is, what's going on. Instead of that, you just stop. Just tell the developer to just

stop working on it when you hit a bug that you can't figure out and you spend more than like five hours on it, just stop. Write down what the problem is and go to the next thing. And start working on that and make some progress. And when you encounter a problem, stop. Write it down, go to the next thing. That way, when you come to the porting labs, you've got this list of five or six problems that you understand and that you've described and you can say to the guys at the porting labs, these are the five things I need to do this week. I need this and this and this and this. And the guys in the porting labs can say, well then I need to bring in this guy and this guy and this guy. And so they move...people come into the porting lab and you just blast through those bugs and you leave the porting lab having made incredible progress. They love us, they're getting done faster, everybody's happy. In fact, one of the tougher parts of the whole evangelism process is making the porting labs work well. Getting the right technical support people into the porting lab, getting the right people from the tools development team and from the operating system development team, into the porting lab so that they can be there to help. I'm sure that's even harder if there are remote sites. I don't know if you guys have remote porting labs sites. But I would suspect that offering your developers the chance to come to Redmond, to be in our porting lab, with immediate access to developers here could be a significant benefit to you, although, of course, they have to travel farther. So you get your pick on that one.

**DIFFERENT SPEAKER:** I have a question. What [Inaudible]

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**JAMES PLAMONDON:** I'll get to that. I'll get to that in a minute, but I'll go ahead and talk about it now. I always use or I almost always use three porting labs during the duration of the event, of the process. So when I get to the marketing benefits, you'll see that there's a marketing event at the end of the program. Okay. So we start the program. We have three porting labs, and then we have an event where we all show off all the cool stuff we developed in the program. Okay. The last porting lab is a week or so before the event to polish everybody's' demos, to make sure that they've delivered on time and so forth. That's the delivery date by which they've got to give their completed demo to Microsoft. On the Friday of that porting lab week. Okay, so that's a week or so before the event. You want it to be not right the week before the event because they're spending two weeks away from home there and their kids don't like it. Okay. The second one needs to be pretty much right in the middle of the process. And the first one needs to be a month or so into it, ideally. Okay. Enough time that you have time to line up a whole bunch of people to sign the LOA(?). Enough time into the program that they will have had enough time to start working on their code and get something done and have some problem. But it also needs to be early enough that it's a stake in the ground that says you need to be started by now. If you haven't started by now, you know, you're going to come to the porting lab and look like an idiot. Okay. So it kind of compels the developers to get started by some fixed date. Does that answer that question? Okay.

And then Number 6 says we will provide enhanced technical support to company in its development of product through normal channels. Again, as I just said yesterday what that means is I say to everybody go through tech support, normal PSS and if they don't

answer your question to your satisfaction, then send the email \_\_\_\_\_ to me including PSS's responses that were inadequate and I'll escalate it to their management. And I've never, ever had to actually do that because by the time it's gone to PSS, and they've actually gone through the process, PSS deals with it Okay. Especially when PSS knows that I'm going to escalate it if they don't. So it's...enhanced technical support. As far as I know. It's just a way...if you say I'm going to give you good technical support, just call me, they'll call you every time like the mouse doesn't work or something. I can't handle that kind of crap. So I want to make them go through PSS first. But it sounds good, so they like that.

**DIFFERENT SPEAKER:** [Inaudible]

**JAMES PLAMONDON:** It's just my...there's no such thing as enhanced technical support TM, you know, registered trademark Microsoft Corporation. Co-marketing assistance. The co-marketing assistance is much more important than the technical assistance. It took me a long time to realize this. Working with developers as much as we do, we tend to be tend to be very technology and developer centric. And we figure, you know, that if I just help you implement this cool stuff, then you'll do it, right. And that's really not true. The reason to be an early adopter is almost always for marketing reasons. They want to ride Microsoft's marketing coattails. They want their product to be demonstrated along with Office, when Office supports OLE. Or along with Explorer when they support Sweeper. It's the marketing benefits that make this worthwhile. And it's always worth remembering. So co-marketing assistance. Co-marketing assistance.

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Microsoft will invite company to exhibit product at the Mac World Expo in Boston. That's an appropriate event for the people I'm targeting because only Mac people care about this Common Hardware Reference platform that will run both the Mac OS and Windows NT. After all, if you're an Intel-based company that's running Windows, you're not running a Mac OS. You don't care about something that can run both Windows and the Mac OS. Who cares about the Mac OS? It's only if you're running the Mac OS, and my God, you've got to worry about Windows. that you care about running multiple OS. Okay. So we're targeting this very much at Mac people so that event is appropriate to these folks. And it's something that ties it all together. Right, they've got to be done by then or else they're not going to be exhibited. It's a stake in the sand. It says you've got to be done by this time. Very important. Also, we can afford to put up a big booth there. Motorola will kick in most of the money. It will cost 50, 60 grand. I hardly have to pay for it but the companies involved get a free ride, and get some co-marketing which they otherwise could never afford. We know the press will come through that booth. We'll arrange press tours so these guys will get mentioned in the press far more than they would if they just went there themselves.

Number 8. We will invite company to mention product in a press release announcing their commitment to the Power PC in a press release to be issued on February 12. I actually cut that one out of the final letter of agreement because it raises expectations too high. If everybody who signed up for the Power Wave program announces, in a press release, we've signed up, we're committed to shipping an NT Power PC version, then I have to get 100% of those people actually to deliver, just to meet the expectations that

I've set. I can't possibly exceed my expectations, except by having people come into the program after the fact. Doesn't usually happen. So that's a guaranteed lose. Right? All I do is set up the bar too high because some people will inevitably fail to deliver their results. So I've actually cut that one out of the final letter of agreement.

Number 9. Microsoft will invite company to participate in a second press release at the Boston Mac World Expo saying that they're going to exhibit there. Well, that one's definitely in. That one says these people have delivered an NT Power PC version of their application and you can go see it at Mac World. That we'll definitely do. And it has to be a quote from their senior executive. That's not here. It's on the next page.

Number 10. Microsoft will make its best efforts to support any press releases that they do surrounding their NT Power PC version. Ooo, they love that. Boy, that means they're going to get quotes from Jim Allchin saying how great we think their applications is for NT on the Power PC. You know, we'll go with them on a press tour, that kind of stuff. To have somebody from Microsoft sitting there when they're talking to Mac Week or PC Week is a big deal to them. It's a fairly big deal to us, but it's really a big deal to them.

**DIFFERENT SPEAKER:** Is it hard to get a commitment from Jim Allchin and people like that to carry through.

**JAMES PLAMONDON:** I suppose it would be if I asked first. But, I mean, I'm figuring that one of two things is going to happen. Either that by the time this actually

comes through, Jim Allchin and so forth will be happy to approve the quotes I write for them. Okay. Or that the quotes will come from me. I mean, if all else fails, I write the quotes and they're from me. Or I assign them to Doug Henrich(?) or, you know, we make a deal. But some way or other, pardon.

**DIFFERENT SPEAKER:** [Inaudible]

**JAMES PLAMONDON:** Exactly. Okay. See, Bill Gates has never written any quote that was attributed to him. For all practical purposes, you can assume that somebody else wrote that quote and said to Bill: could you see yourself saying that? Okay and he says, ya, I could say that. Okay. Or they don't even ask. I mean the number of quotes that have been attributed to Bill in various press releases, he would have to talk 90 words a minutes, 24 hours a day just to say all the things. Right. Couldn't possibly do it. Okay. Where are we here.

Number 11. Microsoft will provide company with the opportunity to place a demo version of the product along with demo scripts, ordering information, etcetera as supplied by company on a Power PC sample applications CD which will be offered for redistribution to all known vendors of Power PC-based systems that are capable of running Windows NT. Well, that's a no brainer to me. Motorola is already doing all of that. They've got their Power PC sampler CD. They've already done all that work. All I'm doing is throwing more applications at them. I'm happy to offer that. Nothing to me. Although to them, wow. That means that every time somebody buys a Power PC system,

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it's got a CD with demo of my application on it. Cool. All right. That's an incredible marketing advantage for them. Costs me nothing. I like that.

Microsoft will make Power PC sample application CD and/or its contents available to Microsoft Windows NT sales force. I'm going to make it available. That doesn't mean squat, right. I have a box of them in my office and I've sent email to the guy who runs the group saying, if you want one, send me mail. All right, that's making it available. I put it up on the internal website or on infobase or something so it's available. It doesn't really mean anything. I can meet that commitment with almost no effort whatever. Or Motorola can, you know, make ten million of them and send them to the NT sales force, you know, one each. I mean, but I don't have to worry about it. Sounds good, easily accomplished. It might actually be useful to somebody.

And Number 14. Microsoft may provide other co-marketing opportunities from time to time related to Windows NT on the Power PC. By being in this program, company will be among the first to be invited to participate in these co-marketing activities. That basically is meaningless. I needed a fourteenth item on this list so that I would be offering my ISVs twice as many things as they had to do for us. Okay, so there are seven items they have to do for me, so I needed 14 items I'm doing for them. So I can say, look, we're doing twice as many things for you as you are for me. Obviously, this is a good deal for you.

**DIFFERENT SPEAKER:** What does 14 say...

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JAMES PLAMONDON: Fourteen just says that if we do anything else with regard to marketing NT on Power PC, we'll let you know. Like we wouldn't? Like if we were going to do an NT on the Power PC marketing campaign, we wouldn't talk to our NT on the Power PC ISVs. Obviously, we're going to. But that just gives me a fourteenth item.

Okay, so next is what they have to do for us. Number 1's the biggie. They have to: company will provide its best efforts, or make its best efforts, to develop, ship and market product, their net product, such that it can be publicly demonstrated at Mac World and be commercially available no later than fall Comdex. That's months and months away. If you've got an NT or a Windows 95 version already, recompiling to the Power PC is like a week's work. It's just not that big a deal. A man month at the outside. They've got eight months. I've given them eight months, first of all because I've got it. I can't do anything with it until Mac World anyway. And secondly, because some of the companies only have Mac code. And it's going to take them a while longer to get over. But for most of these guys, this is a no brainer. An absolute no brainer. What the tricky thing is that I'm saying they're going to make it commercially available by fall of next year. They're going to ship it. All right. They can't just do a technology demo and let it slide. They're committing to ship it. That's the point of this. Most people who sign this thing overlook that until I go back at them in November and say: you promised to ship it. Okay. They're thinking only about the dates, the demo dates. Not really about the fact they're committing to ship it. And I'll bring that up later when they start waffling.

Number 2. Company will send at least one, but not more than three, because the offices are only that big, of its most appropriate staff, to each of the three Power Wave weeks, the porting labs weeks, in Redmond. And I give the specific dates that they're agreeing to send people on these dates. So I've arranged the porting lab beforehand, I've reserved those weeks in the porting lab beforehand. A company will make all reasonable efforts to ensure that the staff sent are prepared to make effective use of their time in the lab. Company will ensure that the staff sent to the lab will have as their primary objective the preparation of product for demonstration at Mac World and eventual release. Aside from acts of God, the only acceptable excuse for non-participation in the scheduled Power Wave weeks is the previous acceptance by Microsoft of a demo version of the product. That is, you've got to come unless you're done. If you're done and you've given up, we determine what's done. If you've given us the demo version of your product and we've accepted it, then you don't have to come any more. But, until then, you've got to keep showing up. And, I'm really hard core about that because it gives me something I can yield on later in return for other things. I can say, well, you don't have to come this week, but only if you do this other thing. So, it gives me a nice, a lot of bargaining room. And also because showing up at the porting lab is an extremely effective use of their time if they want to get it out the door on time. Also, if a developer is only two weeks away, let's say he's got a week's worth of work left to get the NT Power PC port done, and he can either do it this week or next week, but next week is a porting lab week. Well, he'll probably work his butt off to get it done this week so that he doesn't have to go to the porting lab. So it accelerates the development. It makes him work harder and faster. I like things that make our ISVs work harder and faster.

Then number 3 and 4 say that they're going to give me quotes from their senior executive for use in our press release. The point there is that it's a quote from the senior executive, not Joe Blow program manager, but from the senior executive of the company. They're committing, number 5, to give us support in our price activity surrounding Windows NT. No biggie. And they will submit to us a virus-free demo version of their product. And last, but not least, if company chooses to participate in the Power PC sampler, then they have to give us a non-exclusive, royalty-free, transferable license to redistribute the demo. That is, we can put it on the net, we can put it on a CD, we can give it to the sales force, we can give it anywhere we damn well please without paying them anything. Which is what you want in a demo. The whole point is they want their demo to be everywhere. So that makes sense, but it's very nice to get it down in writing, nice and clear. And it has a specific date. You have to get it us by this date. Duration—it says that this, no one will think this thing lasts forever. The agreement between us ends either 60 days after you ship or by January 15, whichever comes first. Otherwise, people say, hey, I signed this thing three years ago and it said you're going to give me enhanced technical support so escalate. Right. I don't want to do that, so it's got to end.

Next one is confidentiality. This is private and secret. I don't really expect it to be kept private. I expect everybody to talk to their buddies about it and leak it to the press and so forth. I don't care. The fact that it being confidential increases its perceived value. Knowing something that's secret makes the information more valuable. They're special. They were invited to participate in the Power Wave program. And they're not even

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allowed to tell anybody. This must be really cool. That's the main point of the confidentiality clause. And then it says "accepted and agreed to". By signing below, you are agreeing one, to the terms and conditions of the Power Wave program and two, that you are an officer of the company with authority to enter into this agreement. Okay, again, it keeps Joe Blow program manager from signing this and thinking that's a big deal.

And then there is a description of the machine that we're giving them this big discount on. The whole point of this is to focus their attention on meeting our objectives according to our schedule, rather than whatever else they might be doing during that time. And the program...and putting together one of these letters of agreement will focus your attention on what it is you need to get done. Gee, I need to schedule the weeks in the porting lab. I need to talk to the PSS guys about staffing it. I need to make arrangements for a booth at Mac World. You know, these are all the things I need to do in order to deliver a good program to my ISVs. And so it helps you get organized as well as getting your ISV organized. And that's it. So, questions about the letter of agreement. Jack(?).

**DIFFERENT SPEAKER:** Legally...letter of agreement [Inaudible]

**JAMES PLAMONDON:** Nobody's ever been sued about this one way or the other. We did this first with the OLE early adopter program, two years ago, three years ago now. And it worked very well. We had a number of companies that did not deliver. We did not require...I can't remember, I don't think we required at the time that it be signed by an

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officer of the company. And that was one of the problems so that there was no senior executive buy-in. And that's where we learned that it was necessary to do that. I'm pretty sure that was the case. And OLE's hard. And it just took a lot of companies a lot longer to do it than they thought it would. And so they just didn't deliver on time. MSC(?) wasn't available, the tools weren't available. These guys had to do it the hard way. And so they didn't deliver and that was not such a terrible thing. In the grand scheme of things, then they owed us big time. They had failed to deliver on something they were committed to delivering on so we could go and, you know, growl at them and so forth and say, look you guys, you screwed up this time. That's a major strike against you. We can, you know, just quit working with you guys completely, but we're reasonable people here. Tell you what, just put Windows NT on the Power PC and we'll forget the whole thing. So, sir.

**DIFFERENT SPEAKER:** \_\_\_\_\_ tremendously more curiously than we do in the legal ramifications of it all. They sweat bullets before they...senior execs before they sign these agreements. Has

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**DIFFERENT SPEAKER:** ...ISVs take this, obviously, tremendously more seriously than we do in the legal ramifications of it all. They sweat bullets before they have one of their senior execs...sign one of these agreements....from our perspective, the important thing is getting them to sign up, acknowledge the value, commit to do the work and then if they don't deliver you know that's going to happen. When I talked to ISVs about it, they frequently expressed concerns about it. If they don't deliver, you know, are they going to start getting letters from lawyers and, you know are we going to sue them out of business, which, that kind of behavior is not that uncommon in the \_\_\_\_\_....And I assure them that while we take it very seriously that they're signing a legal document and making a big commitment, and we fully expect them to deliver, we also understand that software doesn't necessarily get done on time...and the most important thing is for us to see that they are truly committed to fulfilling the terms of the letter of agreement and then if, as things happen, they can't do it, well, been there, done that...they won't get sued.

**JAMES PLAMONDON:** The key phrase is on item number one here: company will make its best efforts to develop, ship and market product. That is an escape clause that wide. I mean you can drive a truck through that "its best efforts". So really, there's no way we could sue somebody because they'd say, look, it was the best efforts we could do, given we only had half a guy on the project. because everybody else was focused on other things that were more important. Then you get to arguing about which one of these things is more important. Peter.

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**PETER:** I also make it clear that if they totally scammed me and they signed up for this stuff and I never see anything out of them that it's extremely unlikely they'll ever be invited to participate in an \_\_\_\_\_.

**JAMES PLAMONDON:** Right. For most small, for small ISVs, this is entree into a continuing relationship with Microsoft which they want really bad. To be given early access to things, to be on the list of pet ISVs is very important to them because it gives them an advantage over their competitors. And so they don't want to screw up the relationship. It's as Marshall said, it's a relationship thing. We're not going to sue these guys and they're not going to sue us in all probability, although that's always more possible. That's the other side of it. Check(?) pointed out that he's not real happy with these kinds of letters of agreements working in Australia because he can't make commitments as casually as we do in Redmond. I mean I can always, you know, rip some machines out of the porting lab when nobody's looking and send them to an ISV. You guys really don't have the option of doing that. The resources are not there. Did you want to elaborate on that Check(?)

**CHECK:** No. My question is about legal ramifications. From the point of view of the ISV, [Inaudible]

**JAMES PLAMONDON:** Remember, we've been doing this for a couple of years now and I don't know of any occasion where any ISV has gotten really hard core about the

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legal ramifications that we promised to do something and didn't deliver. We've had some nastiness about the logo requirements, but that's different. I don't think we've ever had a problem with any ISV suing us or coming close to suing us and saying, hey, you didn't deliver. And, I mean, I carefully worded our commitments to be equally vague. So you know, it sounds all very firm at first. Microsoft will invite company to exhibit, we're inviting them to exhibit. It really doesn't mean very much. We may have this little tiny booth where we only have room for three guys. And we're going to invite 20 of them to participate—only the first three can show. We're not saying we're going to make booth space available for them. That's different. So you always want to leave yourself an out on these things. And they know that. And they know there's outs on their side, too. But it needs to sound very formal and businesslike and you need to present it in a very formal and businesslike manner. And then you can back off gracefully, if necessary.

**DIFFERENT SPEAKER:** On the program that we did last year, [Inaudible]

**JAMES PLAMONDON:** Everything's been easy going so far. What, the nastiness would come in if a company considered itself to have bet the company on something like OLE controls or a better example was Tim McCaferty(?) did an amazing job of evangelizing Win Pad. Remember the desk, the hand-held Windows doo-dad. He had something like 200 ISVs signed up, paying money up front. He not only had a letter of agreement, he said you had to pay 500 bucks just to join the program. To really prove that they were committed to it. And he had 200, 300, 250, I mean a vast number of ISVs signed up for this thing, when there was no hardware. I mean there was not a single

hardware vendor committed to producing Win Pad hardware. Great operating system, sort of. You know, but an amazing evangelist effort. And then we failed to deliver. Win Pad crashed and burned. There was no hardware. All the things which we had committed to deliver, we couldn't. And he had to back out of that. He returned their money and a few other things. And gave them a few copies of, you know, Encarta and \_\_\_\_\_ and tried to make nice to them. And, of course, we owed them then and so they had first crack at anything else they wanted from us. But generally speaking, you know, in business people don't just sue each other casually. You make a deal. And even when you do sue each other, you end up making a deal. It's not widely known but, you know, not too long ago, we made a wonderful deal with DEC right, where we paid DEC a whole bunch of money that was to be spent on training their developers or their sales people in Windows NT and all this kind of stuff. The details about it are fascinating. I mean what basically happened was Cutler came from DEC right, where he had written VNS right, and so he knew all sorts of things about VNS, heck all sorts of patents and so forth. You may have noticed that one of the little clauses in the agreement we reached with DEC was, by the way, a patent exchange, a cross-licensing deal. Whenever you see a patent exchange in any kind of lawsuit settlement, you know that whichever way the money is going, they're the ones who had all the patents. So basically when we made a deal with DEC about OLE, that they were going to support OLE through their open OLE broker architecture stuff, they went through the Windows NT code and said Okay, Cutler screwed up there and there and there and there and violated these patents and those patents and so forth. And so bent us over the barrel and we had to pay a fortune for it. But the point is that we didn't, that we made a mutually satisfactory agreement. We

didn't just pay them \$10,000,000 and that was the end of it. We said Okay, we're, you know, paying money and what are we getting for that. You're going to endorse Windows NT. And we're going to do this for you and you're going to do that for us. The same with Stack(?). Stack sued us. We bought a big piece of Stack. We incorporated some of their technology. We exposed them to some of ours. We made a mutually satisfactory deal that was to the benefit of both parties. A law suit is just another negotiating tactic. So anyway, people make deals. That's good. Anything else? Good.

**DIFFERENT SPEAKER:** Thank you, James.

**JAMES PLAMONDON:** Lunch!

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