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**PLAINTIFF'S
EXHIBIT**
3518
Comes v. Microsoft

Jon Kechejian
MS-DOS Transition Team

Monthly Report for May, 1992

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U.S. Supreme Court, N. I.
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A. No. 2:96CV645B

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Corporate Meetings/Teleconferences:

MCI Telecommunication (deanr) May 12, 1992

JonK met with Jan Larsen, Ed Jones, Wong Lee, and Dean Rhee (MS) at MCI corporate headquarters to discuss what MCI is doing with their systems and MCI's direction. MIS wants everyone to go with IBM and OS/2 2.0 but few if any of the divisions are subscribing to this strategy. Windows is being heavily used at MCI with Windows MM PCs being on the execs' desks. MCI has 25K employees with at least one PC per employee. Bill Gates met with the MCI execs on Thursday (5/14) to discuss directions at MS and MCI.

Some areas of improvement MCI would like to see include:

- Better procedural language (enhanced batch language)
- Modifiable SETUP
- Performance tuning
- Long filenames and an enhanced file system
- Better archive utility (a la PKZIP)
- Better backup utility (compress files and save on the net or to another HD)

Qualitas May 13, 1992

JonK had lunch with Mary Stanley to discuss, in general terms, the direction in which Qualitas is taking 386Max and BlueMax products. Qualitas is working on Windows-based product(s) and sees Quarterdeck's position weakening in the near future with Quarterdeck's XWindows product not selling well and earnings not meeting Quarterdeck investors' expectations.

Conner Peripherals May 6, 1992

JonK met with Scott Holt, Dave Bonaker from Conner, and George Downing and Doris Medicott from MS OEM to discuss Conner's upcoming replacement and addition drives targeted to the consumer market and Conner's desire to bundle software on the drives.

Dave and Scott were interested in including MS-DOS 5 on the drives. Jon discussed the advantages of including the MS-DOS 5 Upgrade versus the OEM product and the advantage of including MS-DOS on the drive since most users upgrading do not already own the most current release. Conner decided to include the OEM version of MS-DOS 5 in addition to applications.

ANTI-COUNTERFEITING CAMPAIGN

JonK has visited r met with all the MS-DOS vendors to better understand the production process as well as how MS can effectively combat counterfeiting of MS-DOS. Jon met with Trojan (box printer), Print NW (Reg Card and Concise Guide printer), RR Donnelley (manual printer), and Western Paper (shrink-wrap).

3M Corporation

JonK has met several times as well as had many telephone conversations with Ted Grant at 3M to discuss the Confirm label. Discussions include effectiveness of Confirm, ways to apply Confirm (e.g., have Trojan apply the label when Trojan prints the box), ways to make the label more effective (i.e., enforcement, generating end user awareness), and creating a fund with the cost of Confirm above a hologram which will be released to 3M every three months MS does not find an acceptable counterfeit Confirm label.

NoCopi, Inc.

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Jonk met with Mike Hess and Norman Gardiner to discuss the hidden ink and scratch and reveal technologies being developed by NoCopi and these products application for MS-DOS 6.

Association for Marketing Technology

Jonk spoke repeatedly with Ralph DeLuca and Richard Zinn about the hidden technologies offered by AMT and the appropriateness for MS-DOS' application. Technology uses special inks and reader with no overt features and is viewed as inappropriate for MS-DOS at this time.

Flex Products

Jonk met with Jerry Droll and Collin Waters to discuss this optical variable ink-based technology (ink color changes from one color to another when viewing angle is changed). This technique uses a special ink technology but seems more appropriate to currency where it is currently used.

Graphic Security Systems & Avery Dennison

Jonk spoke with Al Alescia at Graphic Security Systems to discuss GSS' scrambled indicia security device (which requires a reader) as well as labels which contain subtle diffraction patterns and are licensed and sold by A-D. Scrambled indicia along with the associated reader does not meet the objectives of the anti-counterfeiting project (hard to use, requires an uncommon tool to verify MS-DOS). The diffraction pattern labels are subtle, are hard to discern (what am I looking at) and seem to be easily counterfeited.

Atlantic Paper

Jonk met with Bob Bednar to discuss a number of alternative security devices used in the printing of negotiable instruments. Atlantic Paper is a large supplier in this market and Bob is interested in exploring this market for growth as well as determining what if any solution he may be able to provide MS. Bob was very informative about paper, types of printing, and various devices used on the paper. Bob had no specific device he wanted to sell but was interested in learning the needs of different kinds of companies.

American Bank Note

Jonk continued to meet with and speak with Jim Cavanaugh regarding the usefulness of the hologram to MS. Jim has presented a number of various alternatives (more detailed holograms such as those used (and already counterfeited) by Lotus and Word Perfect; combination of hologram and 3M Confirm). To date the ABN alternatives do not indicate any added level of difficulty in counterfeiting nor has the company been responsive to MS' needs once suspected counterfeit product is brought to ABN. ABN is seen as a very last resort vendor, even of holograms.

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Reseller Visits and Seminars:

Sears Business Centers, Federal Group, May 12, 1992

JonK met with Mark Zelinger, Bela Orban, Jonathan Price, and Debbie Rea (MS Gov't Acct Exec) to discuss Sears Business Centers Federal Group's decision to provide DR-DOS 6 on the Navy Lapheld contract (minimum of 75,000 PCs over three years with expected total sales to be in excess of 150,000 PCs). Sears bid DR based on price and DR's willingness to work with Sears where Mark says MS would not. Debbie is working with Bela to replace Enable with Windows and Windows applications further adding incentive to switch to MS-DOS. Sears is very defensive in their selection of DR- over MS-DOS but will not reverse this decision unless DR falters.

DR has since faltered by not agreeing to sign the Sears contract which included a guarantee to run future versions of Windows. With this mis-step, Jonk, Debbie Rea, and Don Hardwick were able to get Sears to sign up for MS-DOS 5.

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User Groups and Seminars:

MS-DOS 5

No seminar participation this month.

Other Projects:

TigerSafe - MS-DOS-based PC Security

JonK met with Bob Wainwright to get some closure on the opportunity for the MS-DOS group to support TigerSafe's efforts to get C2 security certification from the NCSC. After meeting with Bob and seeing a demonstration of the TigerSafe product Jon re-iterated interest in the TS product but highlighted the lack of MS resources to support any prolonged NCSC testing and evaluation effort.

JonK called the NCSC and every person with whom Jon spoke was aware of TigerSafe and MS, especially MS' efforts to get Win NT C2 certified, and stated the process to get TG and MS-DOS C@ certified would take between 18 and 24 months and a lot of MS-DOS developer resources to get this combination product certified.. Jon called Bob Wainwright with this information and left Bob with the task of providing Jon an NCSC contact saying otherwise but until then MS could not proceed.

JonK is continuing to work with the districts to schedule visits and account calls.

JonK continues to work with the field through the DOSXTEAM alias to address technical and marketing issues.

Notes:

None this month.

Objectives for February:

1. Complete the anti-counterfeit document.
2. Work with SergioP to transition to and assume responsibilities for the OEM channel.
3. Continue to support the district offices.

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