

Karl Neumann (LCA)

From: Karl Empey
Sent: Wednesday, June 04, 1997 10:50 AM
To: Jim Durkin
Subject: RE: housekeeping items

I'm really glad to hear this news. I am moving forward with a research project to help us understand how interested the target user would be for this type of product. I know you're on a tight schedule so I'll move as fast as possible. My wife just had a baby girl so I'm still in and out of the office but will be back full time Friday but on email from here on out. If there's anything at all you need from me please call or email. Personally I'm very upbeat about the opportunity but I need to do the due diligence for my management.

Karl

-----Original Message-----

From: Jim Durkin
Sent: Monday, June 02, 1997 3:49 PM
To: Karl Empey, Stuart Ashmun
Subject: RE: housekeeping items

BTW, billg gave us the approval on Friday

-----Original Message-----

From: Karl Empey
Sent: Friday, May 30, 1997 4:36 PM
To: David Rinn, Jim Durkin
Cc: Elizabeth Robertson, Robyn Bruckel (General); Karl Empey
Subject: housekeeping items

Probably not unreasonable to assume that all hell will break loose after the billg meeting today.

OOF Next Week

Both myself and Stuart will be out next week although I do plan on being in and out from at least Wednesday onwards. I will hang onto my pager just in case but don't be surprised if I don't call immediately. Robyn has the pager number. Betsy has been briefed on the situation as well.

LOI Issues:

I would hope that we will have the opportunity to sit down and review the details of the LOI (hardware components) but in case there's a fast turn-around needed here are the key points that I'd like to see included with the deal moving forward.

1. Diamond/Shoot The Moon brings version 1.0 to market this holiday as planned. They should be licensed to sell Wingnut 1.0 (only) till June 1st, 1998 (negotiable) after which time the contract is re-negotiable. Royalties from sales should be put towards the amortization costs. We should add some incentives to insure these players perform to expectations. There may be some opportunity to do some co-branding(tbd).
2. Shoot The Moon will be responsible for finishing the design of version 2.0 which I understand is part of the arrangement with Vxtreme today. MS will have the right to change the spec of 2.0.
3. Microsoft will have the option to bring to market version 1.0 if we so choose prior to June 1 1997. Unlikely event.
4. Microsoft will have full title to ver 1.0 & 2.0.
5. A portion of the hardware asset value should be put into escrow for the following items:
 - hardware patent actually gets granted
 - A competitive patent gets granted
 - sales performance based
6. Vxtreme identifies 3 or more qualified hardware engineer staff who could move to Redmond. Microsoft as right of refusal.

MS8 025817
CONFIDENTIAL

Confidential

MS-CC-BU 9007078

Plaintiff's Exhibit

6027

Comes V. Microsoft

MS-PCAJA5034116
Highly Confidential

Basically we want to insure a successful product introduction, that the product meets specification, that their patents hold up and Microsoft gets to decide what to do with version 2.0 and future releases.

Regards for now
Karl

MS8 025818
CONFIDENTIAL

Confidential

MS-CC-BU 9007079

MS-PCAI A5034117
Highly Confidential