

**From:** Chris Phillips  
**Sent:** Tuesday, June 03, 1997 2:52 PM  
**To:** Anthony Bay  
**Cc:** John Ludwig; Jim Durkin; Eric Engstrom; Bob Muglia (Exchange)  
**Subject:** FW: locking and loading (PN)

FYI, since we are again scrambled in our thinking (sorry but you kept this from me so I did not know), we need to huddle up quick and decide what to do for the interim period of whether to ship the PN version 4.0 (non-Dshow) with IE4/Memphis and have them get to Dshow in Version 5.0 (1stQTR98) and then apply or play hard ball and stop shipping all clients until they all use Dshow or? Abay will schedule a meeting for us to collectively decide...

Here is the doc that Bruce produced from the last meeting...



-----Original Message-----  
**From:** Bruce Jacobsen [SMTP:brucej@proqnet.com]  
**Sent:** Tuesday, June 03, 1997 2:43 PM  
**To:** Bob Muglia (Exchange); Chris Phillips  
**Cc:** philba@murrow.proqnet.com  
**Subject:** locking and loading

Chris came by today. Just a couple of headlines.

a. we agreed on major business issues.

We covered some logistics that seem straightforward – like how soon could we support Direct Show.

b. we still do NOT have a current ASF spec. What can we say? Just sort of weird. We announced support for ASF in March of 1996. Chris said to write you all.

c. We set some goals which I'd really, really like to achieve: write a contract in the next 2 weeks. Aggressive, but this just ain't rocket science.

So Chris said he would check with your lawyer, to either give us MSFT boilerplate (like update our IE 3.0 contract) we'd flesh out here, or get Corey (sp?) to draft one by early next week....

Chris and I also discussed us coming to MSFT next week and finalizing the contract. Phil and I are glad to camp out there, and never see our children till we're done. Seriously, since I believe we've hit the major business issues, since you all want to run an ASF SDR in July – let's write and sign this puppy.

We actually have been talking since March. I'd just love to close the

Phillips  
EXHIBIT NO. 5  
9/28/04  
D. MILLS, CRR

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deal, have our developers focused on DM, create the "new" ASF spec, etc.  
etc. Just seems a win/win.

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This is a summary of the business terms. I will be as precise as I can, but expect a lawyer to turn this into "contract". Chris, I have some comments intercarded solely for you (I mean, share them as you will, but they aren't part of the summary of the conversation, just some thoughts after the meeting. I tried hard to convey the meeting points carefully).

1. PN will support ASF version 2.0

- PN will ship ASF 2.0 in PN's free player, server and encoder products, and it will be PN's primary compound file format.
- Will be an extensible file format.
- MSFT will ship a file specification of ASF to PN (note: on March 12, 1996, PN announced support ASF at MSFT's request, but has yet to receive a spec....)
- Microsoft to run a SDR approximately in July.
- PN to be listed as co-author.
- PN and MSFT will create a mutually agreed upon spec. IE., it has to "work".
- MSFT may select another firm to give pre-SDR input.
- MSFT personnel are not on Netshow team.

This all was fairly quickly agreed to.

2. MSFT to bundle RealPlayer "bits" in Windows.

- Is programmable from ~~DirectMovie~~ DirectShow
- Will be bundled in all CD versions of Windows (e.g. cases where no size limitation)
- Will be bundled "appropriately" in download servers, but PN will not be disadvantaged against any other streaming media product. I.e., if MSFT wants a "minimal download" configuration, that's "fine", but if PN gets eliminated, so will other streaming media products.
- 5 year term OK if PN is on Dshow within 6 mos and we do not ship?
- MSFT will bundle "full player" in any case. This is the "free" PN player, not the value-add for sale version.
- Player will be "updatable". This was discussed, since in the CD case, the player will be out-of-date quite frequently, and it's hard to predict what "minimal download" would mean.
- PN to supply the bits so that MSFT clients can "view" RV servers. MSFT had concerns about "crippled" versions.

This point took more discussion. MSFT wants to insure that there is one programming paradigm for players; PN has no issue with that. The "trickiness" is figuring out how in a world of CD-ROM "lag" versus "post it on your server", how do you have users get the current "thing". I.e., how would a player that does video emerge? Given the prior player didn't play it all.

3. JohnLu to "level" the playing field in Active Desktop.

- John was kind of blunt on "no level 1"
- But said PN seemed a "strong candidate" (or the words to that effect) for level 2.
- PN to follow up with Will Poole

That's it. Less than one page!

Some comments, questions:

- A. When? When do we do contract by (like what's the goal). When do things take effect? How long to Dshow compliance?
- B. Do we announce something? OK?

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- C. A suggestion: maybe for a second party, get someone with a high bitrate focus. I don't think MSFT would want Oracle or SGI (and nor would we, I bet, since we'd like progress to be made). I'd suggest Precept, except I'm really skeptical it would work with Judy. That might make Starlight a strong candidate.
- D. Also, in meeting, we said this goes with "active movie" or "windows" -- we'll have to be more precise, I presume, and assume we may end up in Mac versions or the like, also. But we basically said "windows" in the meeting, so....
- I-E. We're making a bunch of commitments (if I may raise an issue) to ASF. Is MSFT making any commitments? Like if MSFT says, no, wow, there's something even better than ASF, we would not like to be stuck to a boat anchor. Frankly, Chris, as we discussed our discussion at MSFT, that was sort of the one issue, perhaps paranoid, that arose here. MSFT will commit to ASF as it

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