

From: Mike Beckerman
Sent: Monday, November 20, 2000 12:48 PM
To: Bart Eppenauer (LCA); Bill Schiefelbein; Tony Bawcutt
Cc: Chadd Knowlton; John Weresh (LCA)
Subject: RE: Burstware: my quick take on yesterday's meeting

Okay, then let's just do it when everyone gets back. Bill, can you set something up for all of us?

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

From: Bart Eppenauer (LCA)
Sent: Monday, November 20, 2000 11:51 AM
To: Bill Schiefelbein; Mike Beckerman; Tony Bawcutt
Cc: Chadd Knowlton; John Weresh (LCA)
Subject: RE: Burstware: my quick take on yesterday's meeting

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

From: Bill Schiefelbein
Sent: Monday, November 20, 2000 11:07 AM
To: Mike Beckerman; Tony Bawcutt
Cc: Chadd Knowlton; Bart Eppenauer (LCA)
Subject: RE: Burstware: my quick take on yesterday's meeting

That time works for me as well

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

From: Mike Beckerman
Sent: Monday, November 20, 2000 10:15 AM
To: Tony Bawcutt; Bill Schiefelbein
Cc: Chadd Knowlton; Bart Eppenauer (LCA)
Subject: RE: Burstware: my quick take on yesterday's meeting

I could make some time available between 2-4pm tomorrow.

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

From: Tony Bawcutt
Sent: Monday, November 20, 2000 9:28 AM
To: Bill Schiefelbein; Mike Beckerman
Cc: Chadd Knowlton; Bart Eppenauer (LCA)
Subject: RE: Burstware: my quick take on yesterday's meeting

I have the evaluation software they left in the meeting.

To whom should I be sending it?

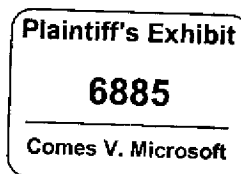
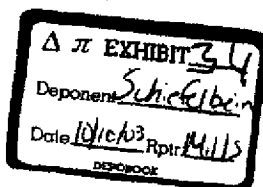
Mike's calendar is blocked solid this week. Is he in and available for a meeting on this, or is he gone?

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

From: Bill Schiefelbein
Sent: Sunday, November 19, 2000 5:58 PM
To: Mike Beckerman; Tony Bawcutt; Bart Eppenauer (LCA)
Cc: Chadd Knowlton
Subject: RE: Burstware: my quick take on yesterday's meeting

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

From: Mike Beckerman
Sent: Saturday, November 18, 2000 10:14 AM
To: Tony Sawdall; Bill Schiefelbusch
Cc: Chadd Kocofon
Subject: Burstware: my quick take on yesterday's meeting

Bottom line, they're dying, and even CEO Doug didn't have the gumption to come right out and say that they wanted to be acquired, probably because it makes them look even more desperate. Given their assets and market cap, acquisition for anything other than IP doesn't seem to provide much value.

I haven't read the performance report they gave us, but let's just take it on face value that they really do utilize bandwidth better than WMT alone. Since they've dumped all of their engineers except for two, there's not much in the way of SDE talent that we would get out of an acquisition. So it net it out to their patents (which, Bill, I believe has been your position for a while now)

So I see it somewhat as a cross between a game of chicken, and a calculated risk as to how we proceed with our own engineering efforts. Given that they have 32 issued patents, we should be able to have Legal look at those independently and give us an assessment of if we do or do not have a future exposure against those.

With a current market cap of just over \$8M and with them asking for at least \$5M inflow from MS, acquisition would be the only thing that makes sense in terms of the \$ involved-we'd acquire the IP, incorporate it into WMT, and anything else would be closed out. We'd of course look to see if there are people in the org that might make sense in MS, both the two engineers, and the others in different capacities. But my guess is that the offer and retention rate will be quite low.

On the chicken-side of things, with only 45 days of cash left, and with apparently only questionable additional funding available after that for a couple months more, we could wait this out and potentially license / acquire their IP at a much lower level of expense.

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Tony, Bill, you're initial thoughts?

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