Litigation Team

From:	Paul Maritz
Sent:	Wednesday, June 18, 1997 10:26 AM
To:	Steve Ballmer; Brad Chase; Rich Tong; Anthony Bay; Greg Maffei; Bob Herbold; John Ludwig; David Cole; Chris Phillips
Cc:	Cory Van Arsdale (LCA)
Subject:	PN deal - CONFIDENTIAL: attny client confidential

We signed a somewhat unorthodox deal with Rob Glaser/Progressive Networks last night. Since there is a five day "unwind" period (to get final regulatory checks done) knowledge of this must be kept very tight. Don't fwd to anyone without asking first. Also, as you can imagine, Robg wants to manage announcement of this to his team himself and not have things leak. We have similar concern.

The essence is that we have bought PN's latest (version 4.0) standard Real Audio/Real Video code base (source and binary, client & server, all platforms) for $30M in cash and $30M in investment (10%) in PN. this includes the right to use the marks. We have an irrevocable license with "rights equivalent to ownership". The deal is non-exclusive, but includes a money-back (but not the code) provision if PN does source license with another party PRIVILEGED MATERIAL (REDACTED) We have right at our option (for additional fee) to take another snapshot in year, and another a year after that.

Rob's stated plan is that he will get out of the base streaming media platform business, and focus on higher level solutions, hosting, and content aggregation, and says that his goal is now to get us to get his base technology as widespread as possible.

Davidcol - deal includes requirement that we ship PN client wherever we ship Netshow client, until these become the same.
Chris Phillips - deal includes requirement that we promptly conclude the DirectShow/ASF contract.

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