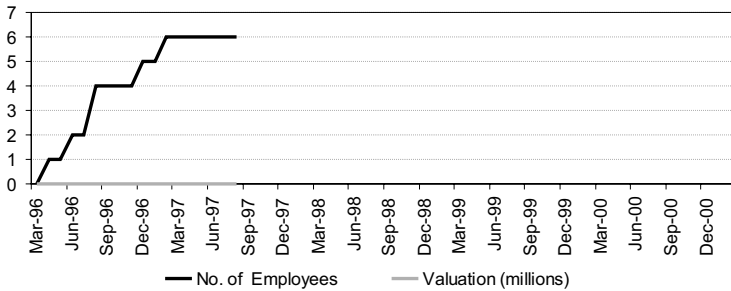


August 1997



Microsoft Completes Acquisition of WebTV Networks

Microsoft Corp. and WebTV Networks Inc. today announced the completion of Microsoft's acquisition of WebTV for approximately \$425 million in cash and stock.

*Microsoft Press Release
August 1, 1997*

We at The Herring are convinced that highly focused and quietly successful niche companies that fit into the convergence applications model will redefine corporate computing, changing companies' transaction approaches from task orientation to process orientation . . .

*The Red Herring
August 1997*

The Producers



Every big industry has them. They supply the nutrients required for abundant growth.

Alexander and JP were *players*. Builders of buzz. They had been involved in rapidly building the valuations of several local companies—companies vibrating with potential to make it big—companies to be pursued.

Jack told them about us. Afterward he sent us an email:

Alexander and JP want to meet you. They are well-wired in the venture community and could help us position for additional alternatives to Wally and Shawn . . . though, as you will hear . . . their views will be more tuned towards how you can RAMP very, very quickly . . . with much much more mone . . . presumably from the venture community . . . though, of course, they are also connected to private money including from their own group.

We met Alexander first. He was a fiery Greek, all knotted energy and quick emotions—a man with strong convictions. He always held his convictions very firmly, at least until someone knocked them free by the sheer force of intelligent argument. Once dropped, these convictions were easily left behind and replaced by new, stronger ones.

He greeted us respectfully, though impersonally. He talked a bit about his partnership with JP. He told us that they only worked with two or, at most, three companies at a time. They were currently deeply embroiled with their latest company, Junglee, which they would sell to Amazon.com a year later for around \$180 million, so they weren't seriously looking for a company to work with. But if the opportunity were good enough, they *might* consider taking on one more company . . .