

E-mail Before

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

From: K. Milhone
Sent: Monday, February 3, 2008 9:41 AM
To: [5 names]
Cc: [14 names]

Subject: RTY-3
Importance: High

Bob / Carol / Ted / Alice & Alex:

The below report is for the latest proposals that are under development by AI or have recently been completed and issued to Sales. I have highlighted, in blue font, eight proposals that are for some variant of the RTY-3. Some of these props are to external customers.

My concern is that the latest version of RTY-3 is being quoted before this offering has obtained the formal Approval to Quote (ATQ) status via the normal tollgates. We have been developing this latest generation of equipment, for over a year, with this development effort including the legal reviews and due diligence associated with taking this latest RTY-3 offer to market **within the context of a Licensing Agreement (LA) structure that will protect the Intellectual Property (IP)** associated with this new technology. This strategy has been developed so as to not get us into a situation like Saturn Systems got into, with similar technology, wherein they lost litigation to recover damages & lost revenues associated with a release outside of a LA structure. We have ownership of this initiative and the on-going Legal review efforts (D.C.I. Morse is program lead). Certainly, we want to work to get this new technology into the market (under LA's), and help augment our productivity, but we need to collectively ensure that we are proceeding cautiously and **not letting any title transfer** to external customers for RTY-3. I'll be happy to work w/ D.C.I. Morse & Rob Lewis to set up a conf call to discuss this. Please advise your thoughts / comments on this. Let's work together to get on the same page here and take this great new offering to market in a manner that collectively maximizes revenues in the short and long term. Thanks!

Kathleen Milhone

E-mail EXAMPLE #2 - After

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

From: K. Milhone

Sent: Monday, February 3, 2008 9:41 AM

To: [5 names]

Cc: [14 names]

Subject: **DO NOT QUOTE RTY-3 PROPOSALS TO EXTERNAL CUSTOMERS**

Importance: High

This message is a reminder not to quote RTY-3 equipment to any external customers. If you have already quoted the technology, do not transfer title to the customer. As the attached file shows, some quotes to external customers are already showing the RTY-3 technology.

Why This Is Important

This is necessary to protect ABC's intellectual property rights to this promising technology. If we transfer title too soon, we could lose many of our legal rights to the technology. This recently happened with a similar technology in Saturn Systems, at a cost of \$X mm to ABC. RTY-3 is too big an opportunity to sacrifice for a small, short-term gain.

When You Can Quote Phase III Technology

- You can quote RTY-3 technology as soon as it obtains the formal Approval to Quote (ATQ) status via legal tollgates, which we anticipate by [fill in timing]. This timing will allow Legal to complete the legal reviews and due diligence needed to offer a Licensing Agreement to external customers. The Licensing Agreement structure will protect ABC's rights and allow us to collect the revenues we deserve for this exciting technology.

What Happens Next

- If you have already quoted the RTY-3 to an external customer, contact me so we can develop a plan to deal with your customer while protecting ABC's rights.
- I will alert you to important developments on RTY-3 technology.

Kathleen Milhone