



From: Jim Allchin (Exchange)
Sent: Tuesday, December 02, 1997 10:33 AM
To: Paul Maritz
Cc: Marshall Brumer
Subject: RE: Impasse on Intel Lean Client Announce

ok.

jim

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

From: Paul Maritz
Sent: Tuesday, December 02, 1997 9:58 AM
To: Jim Allchin (Exchange)
Cc: Marshall Brumer
Subject: RE: Impasse on Intel Lean Client Announce

I think you should bring up this issue at next suitable meeting with Gelsinger and ask why things turned out the way they did, and then forward that to Billg. We should let Gelsinger know that this is issue Billg has asked about, and is something he will likely discuss with Andy at next 1-1. This could cause Gelsinger to get very defensive, but without it, I don't think much will change.

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

From: Jim Allchin (Exchange)
Sent: Monday, December 01, 1997 5:02 PM
To: Paul Maritz
Cc: Marshall Brumer
Subject: FW: Impasse on Intel Lean Client Announce

How would you like to follow up on what bill asks below?

thanks,
jim

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

From: Bill Gates
Sent: Wednesday, November 25, 1997 11:00 AM
To: Jonathan Roberts; Jim Allchin (Exchange); Paul Maritz
Cc: John Frederiksen; Bill Shaughnessy; Adam Taylor; Pat Fox; Marshall Brumer; Tina Brusca (Exchange); Carl Stork (Exchange); Phil Holden; Steve Ballmer
Subject: RE: Impasse on Intel Lean Client Announce

This arrangement is fine with me.

We have to work with Intel and its just crazy to get cross-wise with them. I hope we can reach an agreement here. Its awful to have Intel sending a contrary message.

They did 2 things that amaze me:

- a) They kept the NC specification around despite saying they would not.
- b) They snuck in a server specification.

There is some failure in communication. I don't understand why things are so out of whack at this late stage. Someone needs to figure out and tell me how we do better in the future.

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

From: Jonathan Roberts
Sent: Wednesday, November 26, 1997 10:31 AM
To: Jim Allchin (Exchange); Paul Maritz
Cc: John Frederiksen; Bill Shaughnessy; Adam Taylor; Pat Fox; Marshall Brumer; Tina Brusca (Exchange); Carl Stork (Exchange); Bill Gates; Phil Holden; Steve Ballmer
Subject: RE: Impasse on Intel Lean Client Announce

Just talked to Will Swope (Pat Gelsinger was providing real time feedback to Will as we spoke offline). Marshall and I told him the only way for us to participate in the release is if:

- 1) No NC mention in any specification
- 2) No uber Server spec. They can modify the Server 98/99 spec through normal processes and they can do an independent Unix Server specification. They cannot do a Server spec that could supercede Server 98/99 for Windows NT implementations

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Will is going to work the issue on his side and call me back at 2pm today. The arrangement above was acceptable to Jim. Paul and Bill, if it is not acceptable to you, please let me know by 2pm. Also, I gave him Johnfre's pager number to resolve any residual concerns regarding Hydra pricing and positioning. We are ready to send them the pre-release of the reviewers so they know exactly what we are saying

Thanks,

Jonathan

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

From: Jim Allchin (Exchange)
Sent: Tuesday, November 25, 1997 7:35 PM
To: Jonathan Roberts; Paul Mantz
Cc: John Frederksen; Bill Shaughnessy; Adam Taylor; Pat Fox; Marshall Brumer; Tina Brusca (Exchange); Carl Stork (Exchange); Bill Gates
Subject: FW: Impasse on Intel Lean Client Announce
Importance: High

I have since had 2 additional phone calls with Pat.

In the first call Pat agreed to remove the words "Network Computer" from the spec if we would participate and work with them on the Hydra client positioning/pricing. I asked what the client/positioning issue was and he said Intel was not up to speed. I said at a minimum we would share our current thoughts and take any input they have. I said we have had discussions with Intel on this, but we would do it again in more detail. I told him that we didn't have pricing worked out so that would be short discussion. We agreed that this would take place tomorrow. Jonro will drive ensuring this happens. Nothing in our positioning/thinking has changed so I am not sure if there would be any issue coming out of this or not.

In my opinion though the client is only a part of the problem. The unbelievable thing is that they created a totally independent server hardware spec. It is independent from Server 98. In my second call with Pat I told him that after thinking about it I just didn't want to participate at all in their announcement because of the server spec. I told him we didn't need the spec (we have one); it would be confusing to OEMs (which one should they support); and on top of that they sent it to us with zero time to review it. He then brainstormed on ways that might get us to agree. He said "what if we don't release it on Tuesday?" I said that didn't matter. We didn't need the spec and I saw no good in it for us. He said "ok, what if I had two press releases? one for the client and one for the server. MS would be only in the client spec and not the server spec." I told him that I would think about it, but I thought that was only a little bit better. In reality we would be associated with the server spec if we are in the announcement at all.

I have since talked to jonro and asked him to call Intel tomorrow (after the Hydra discussion) and tell Intel that the final decision is "no -- we are not going to participate". I am very pissed over Intel doing this server spec. It is so damn confusing. They are doing this for two reasons: Unix and to get control of the server spec in the future. Their plan is very obvious. I think their view is that in the future the server spec will be a Intel only spec that they will update each year. Our joint spec will just become a little add-on to their spec (and their initiatives). That is, the "real" spec would be the Intel spec. I told him that if they wanted a Unix hardware reference, they should just have done that. They didn't.

I am about to leave for a plane so I will be very hard to reach until tomorrow night. I expect they will escalate to Paul on this tomorrow. My position is clear from above.

jim

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

From: Jonathan Roberts
Sent: Tuesday, November 25, 1997 6:22 PM
To: Bill Shaughnessy; Jim Allchin (Exchange)
Cc: Pat Fox; Adam Taylor; Phil Holden; Marshall Brumer; Tina Brusca (Exchange)
Subject: RE: Impasse on Intel Lean Client Announce

Net, net, we believe in the Terminal/Diskless NetPC pincer. We don't believe in the NC and can't understand why Intel does. It is illogical and is definitionally counter to both Intel and Microsoft's interests. We also believe that Intel and Microsoft have to take a leadership position on what clients we think accounts should deploy. If we don't have an opinion on this, why will people believe our POV on why they should deploy "full" clients? Strategies have to have logical integrity. Right now, Intel's does not.

I am increasingly comfortable with not participating in this release. We don't know what else Intel has up there sleeves and we can remain consistent in our opposition to the NC. Finally, if Intel has done as bad a job enrolling other vendors supports as they have ours, this will just be another

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announcement that fades away, like their Oracle announcement in Japan last year.

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

From: Bill Shaughnessy
Sent: Tuesday, November 25, 1997 4:53 PM
To: Jonathan Roberts; Jim Allchin (Exchange)
Cc: Pat Fox; Adam Taylor; Phil Holden; Marshall Brumer; Tina Brusca (Exchange)
Subject: RE: Impasse on Intel Lean Client Announce
Importance: High

Here is a short summary of the conference call with Pat Gelsinger today. Key points include:

- Jim voiced strong concerns against the server spec. The fact we only received it today (99 pages) and intel expecting our support by Tuesday is totally unacceptable. It's worth noting that there is no appeared synergy between this spec and Server 98. We were clear that there is not enough time to adequately review this document between now and Tuesday.
- Jim made it clear that we do not equate "Lean" and the NC together. "It's an oxymoron". Intel disagrees with this interpretation.
- We reiterated our hard core position against using the NC in the specification and press release. This is consistent with Billg's position as of Friday's Windows review.
- We acknowledge via Q&A's that Intel will position their spec to support NCs, and we have no problem with the spec describing local execution, we just won't support using the NC term.
- Jim communicated to Pat that he will need to talk with Paulma and Billg for resolution and will get back to him tomorrow.

Edited Press Release and Specification attached below.

Edited Press Release that was sent to Intel.

<< Message: RE: Re[2]: Next Steps >>

Edited Spec that was sent to Intel

<< Message: FW: Lean Client spec? >>

Jim, currently has the only hard copy of the server specification.

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

From: Jonathan Roberts
Sent: Tuesday, November 25, 1997 2:53 PM
To: Jim Allchin (Exchange)
Cc: Pat Fox; Bill Shaughnessy; Adam Taylor; Phil Holden; Marshall Brumer; Tina Brusca (Exchange)
Subject: Impasse on Intel Lean Client Announce

Jim, you have a 4:00pm conference call with Pat Gelsinger to discuss their Lean Client announce. Folks on the to: line (sans Adam who is recruiting) will brief you at 3:45pm. After over 2 hours of discussion with Will Swope and Ron Peck today and countless hours over the last week, we are agreeing to disagree and are not supporting the release or the announcement that will happen on Tuesday December 2nd. As trivial as it seems, it all comes down to Intel's insistence and our obstinate refusal to allow them to use the term "Network Computer" in their hardware specification. We took our lead from Billg's very hardcore attitude in our Friday review. They are willing to modify, minimize, qualify, etc the term in any way. However, our position has been that if it is used at all there is an implied endorsement. We don't have a problem with them commenting in Q&A that people could build NC with this specification, however we do have a problem with an explicit mention.

They don't understand why we are so whacked out. They see themselves as niching the NC in purely the terminal replacement space and are simply acknowledging that customers will be requesting this device. They are adopting a "we don't create the market" attitude, we simply respond to it. If someone wants it, they will provide it. Our unsuccessful counter response was, Microsoft and Intel do lead the market. NCs are bad for both of us. We should encourage people to either use a terminal or use a diskless NetPC (which we can put on the front burner if need be). If in Q&A people ask, can people build NCs with this spec, they can say, yes!, our silicon loves every device, but a managed PC is a better option.

Finally, we objected to the fact that we received the 99 page server spec today and aren't in a position to endorse it on Tuesday. The Client Spec, which we received last week is littered with the term NC everywhere. Valeriec provided extensive feedback on this to them, but we have not seen the result.

Seems we have three options:

- 1) Intel to pull explicit reference to NC and comment on it in the Q&A.
- 2) Microsoft to accept their position that they are simply being open to the market situation and

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work with them to minimize the implied endorsement. In both 1&2 we are in press release and scrub spec.
3) Microsoft agrees to disagree on this announcement and don't participate in release and spec. We will coordinate Q&As. Our public position will be, this is yet another great way to build Windows terminals. We don't believe there is a market demand for anything called an NC.
4) We go nuclear and release our own WBT spec, press release with our own OEMs, and directly counter the Intel spec.

1 and 3 seem to be the only acceptable options to me. It certainly hurts us both if we are perceived to have a schism over the NC. I just as soon be confused.

Jonathan

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