

From: David Cole
Sent: Tue, 7/27/1999 2:28 PM
To: Bill Gates; Jim Allchin (Exchange); Mike Porter (Exchange)
Cc: Christine Turner; Brian Valentine (Exchange); Joachim Kempin, Rick Rashid, Brad Chase; Jon DeVaan; Paul Maritz; Steve Ballmer; Carl Stork (Exchange); Bob Muglia (Exchange); Bob Herbold; Eric Rudder; Bill Veghte
Subject: RE: Executive Staff Meeting with Intel, 8/16/1999

I am here on the 16th, but it'll be my first day back from vacation. Bill is totally immersed in all the consumer discussions we have with Intel, so he is the right guy to get things prepped and attend if possible while I am out.

We have a pretty decent relationship and dialog with Intel around consumer initiatives:

- I believe they are reasonably excited about Millennium. They like the features, they like simplification, they like EZ PC stuff. The weak spot there is around marketing plans, we just aren't firm yet and are worried about us being aggressive enough.
- Pat Gelsinger believes we are late to the game with a low cost "windows lite or locked down windows" to enable Telcos and OEMs to ship low end PCs totally subsidized by internet access and services, but not suffer the support costs of full Windows by blocking users from installing apps, drivers, etc. We are still working this through, and hope to have some closure before this meeting.
- They know about XBOX and want to participate. They owe us a proposal on how they want participate any day now. In parallel to XBOX, we need to jointly have a better initiative around games. They are incented as much as we are to promote the hell out of DirectX games and help consumers buy more. We should probably try to formalize this more as it's a key area.
- They also talk a bit about a "residential gateway" which contains a high end processor and handles network traffic coming into/out of the home. Technically this maps to the "server appliance" stuff coming out of Jawad's team, but we really haven't engaged yet much on that
- We've talked with them about Neptune and the UI, but not long term thinking and new generation UIs that would suck up lots of processing power. That is a great vision for us to paint.
- We should get more in sync with them on the tablet stuff they have been playing with. They have some stuff in their labs and some stuff they have been testing. They downplay it a lot in our meetings, but we know they are working hard on it. Our epad/ebook people should dig into this.

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

From: Bill Gates
Sent: Tuesday, July 27, 1999 11:40 AM
To: Jim Allchin (Exchange); Mike Porter (Exchange)
Cc: Christine Turner, Brian Valentine (Exchange), David Cole; Joachim Kempin, Rick Rashid, Brad Chase; Jon DeVaan; Paul Maritz; Steve Ballmer; Carl Stork (Exchange); Bob Muglia (Exchange); Bob Herbold; Eric Rudder
Subject: Executive Staff Meeting with Intel, 8/16/1999

We should see if David and Brian are free for this meeting. That would take us to 11 which is the same as they have. I am copying them on this mail.

The one other person I would like to add is Rick Rashid (or Dan Ling if he can't come).

Jon DeVaan and Brad might decide that only one of them needs to attend

Plaintiff's Exhibit

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Comes V. Microsoft

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If we have people who can't attend then I would add Craig Mundie but I don't want to get too big.

We should get input from Butler/DRM but no one from that area has to attend (Has Intel given up on secure processors?)

I am not certain Steve will decide to come on this - it would be great if he does but he may decide its not the best use of his time. I will discuss it with him.

I need to think about how we can make this meeting a helpful step in our work together.

Short term: Can we get them excited about Millenium?

Can we get them to be supportive as we talk about our new developer platform?

How can they help us establish the scalability and reliability of Windows?

Can they help us get people excited about Windows 2000?

I am sure they have some similar short term things. Merced look good? A new processor initiative?

Can we make Millenium have some bits to help them with this?

Long term: They have to understand our road map and how advanced UI is how Windows will get to "win" again. They have to understand our big bet on a new way of developing applications and how it fits into their plans.

They have the following concerns:

- a) Will fast client processors be important in the future? This is THE issue that should bring us together. Our need to create a version of Windows with new UI and their need to have the new processor be important really go together. One vision we could have is that we will have a powerful device in the home (call it a PC) which can PROJECT its UI/output onto any screen in the home using a wireless network - if this is true you can justify a very powerful device. We need to convince them we are serious about this and need their help. This alone should make them focus on us and not become too Linux oriented. Their business is as simple as [(# processors) * (processor price-\$50)] - \$4B. So keeping the price up is the big worry they have. I want to make our interdependency here very very concrete.
- b) Will Merced catch on? This is another area where we have to show them how serious we are. We have to make it clear to them we have an apps model and work that will make us as scalable and as reliable as anything on the planet. We need to make it clear what work we expect from them to help us do this - x86 or Merced. Right now they are hedging because they don't know if we will fix the Windows specific scaling/reliability issues. I think we have been a great partner on giving them Merced feedback. I still insist we manage to have our Merced bits be "first" versus other Oses even if we have to insist users upgrade to a version that comes later.
- c) What will the new devices look like? How can they participate? The fact we plan to use x86 in future WebTV stuff and merge that with our XBOX plans is very critical. David Cole and Jon DeVaan need to think how we are going to relate to Intel on this.
- d) Are we doing something interesting in programming models? Would this justify them doing something big in their huge huge datacenter activity? Could there be a class of application that is rich and EASY TO HOST using our platform? This is the area where Paul should think about whether we have a chance of getting them excited.

Their agenda is weird in that we don't spend enough time on client and too much on server and networking.

Also there is NOTHING there that would make us step back and really work together. The

theme of "if we work together rich clients will be ok" is the one we have to really convince them of and make them feel like we are doing great stuff. This gets lot the way the thing is designed right now.

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

From: Jim Allchin (Exchange)
Sent: Tuesday, July 27, 1999 10 34 AM
To: Mike Porter (Exchange); Bill Gates
Subject: RE: Executive Staff Meeting with Intel, 8/16/1999

I would make a few recommendations:

1. What about a session on "aligning our visions" and "working better together"? Maybe I'm dreaming and it will never happen, but I continue to hope that we can better align things and improve our relationship with them. We have some successes, but we also have set backs. Often it is because the motives of each company are different. Maybe Bill can cover this. I do think it is important. When we are aligned, we make great progress. When we are not aligned, it is tough sledding. (Mike, consider the networking API discussion for example.)
2. I would also like them to cover who they see are their competitors in detail. Is Cisco a competitor or not? I think they will say 3COM is, but is Cisco one? What about SUN?
3. I like client theme and the server theme. I don't necessary like the networking theme. I would rather have a theme of "networking for the masses or standardized networking" or something. This would focus on resilience, ease of use, wireless, etc. I don't buy into all their vision after the meeting with Marc (e.g., common networking APIs on all OSSs).
4. Given this agenda it would appear that I am doing the client, server, and networking sessions. I can delegate helping prepare for these to david, brian, and jawad. Then I can drive the discussion there for each of these. Another possibility is to invite david and brian along to drive the client and server discussions. I could still be overall owner for them. What is the view of inviting more people? Either way it is ok with me.

jim

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

From: Mike Porter (Exchange)
Sent: Monday, July 26, 1999 12:44 PM
To: Bill Gates, Jim Allchin (Exchange)
Subject: Executive Staff Meeting with Intel, 8/16/1999

Bill/Jim,

Bill, from your April meeting with Craig and Andy, you mentioned an executive staff meeting with Microsoft and Intel:

"I had asked Craig to come and address an ExecStaff meeting in August. Andy said that it would be better to get the 10-15 people together in Portland for 2/3 of a day and a dinner to focus on some of the tough issues we both

face. He understood how we face a lot of the same dilemmas better in the Friday meeting that he had before. He sees our new org as facing up to some of the challenges. He wants to pick topics like a) making consumer PCs exciting versus appliances b) Reliability blocking us from the high end and a few others like that. The date we have proposed for Craig to come up is the one they tentatively put down so we either need to move that Exec Staff meeting or find another day to do this thing with Intel. We won't have Craig for the Exec staff meeting whenever we do it "

We are pulling the agenda together and are looking for owners on content now. I wanted to run the current agenda by you and solicit any feedback/input on agenda, topics, our presenters before we nail this down this week. Here's the current plan:

**Microsoft/Intel Executive Staff Meeting
Monday, August 16th, 1999**

1:00 - 2:00 FAB Tour
2:00 - 6:00 Discussion Topics (Agenda Below)
6:00 - 7:45 Working Dinner
7:45 - Departure for 8:00pm Flight

Agenda

Topic	Time	Owner
FAB Tour	1 hr	Intel
Introductions and Opening		
Theme: Corporate Strategic Directions (Including Investment Strategies)		
Intel	30 Mins	Barrett/Grove
MS	30 Mins	Ballmer/Gates
Client	1hr	
Otellini/Gelsinger/Burns/Maloney		
Theme: Strategies for the changing desktop business		
Topics: SonyPlaystation, Free PC's, Broadband		
Server	1hr	
Yu/Miner/Fister		
Theme: Scaling to the high-end...Sun		
Topics: MS: RAS	30 mins	Allchin/?
Intel: IA-64	30 mins	Yu?
Networking	1hr	
Miner/Christensen		
Theme: Establishing a horizontal industry		
Topics: Systems/Components Direction		
Open Networking/Client Services		
Dinner		

This will be a working dinner. Please note, the guiding rule for dinner will be that there will be no more than 5 slides to lead a conversation

Intel Attendees

Craig Barrett
Andy Grove
Paul Otellini
Albert Yu
Maloney
Pat Gelsinger
Loius Burns
John Miner
Andy Fister
Mark Christensen
Carig Kinnie

Microsoft Attendees (Intel Current Understanding/Requests)

Bill Gates
Steve Ballmer
Bob Muglia
Bob Herbold
Brad Chase
Jim Allchin
Joachim Kempin
John DeVaan
Paul Maritz