

Exhibit B to the Declaration of Mark A. Wilner [Dkt. No. 204] in Support of Plaintiffs'
Opposition to Microsoft's Motion for a Protective Order Precluding the Deposition of
Steven A. Ballmer

EXHIBIT B

* Filed With Redactions Pursuant to Docket No. 250
and Microsoft's Confidentiality Designations

915, and we did. Best thing to do is continue helping IHV and ISV's to make solid drivers and apps. That work is happening, as Steven notes below steadily. We have a ton more drivers available with Vista than we did for XP. Biggest thing I'm worried about is UAC (user access control.) It looks like more and more people are turning off (based on advice from websites) for easier friction free use. This was the recent note you fwd'd that went to Steveb.

From: Scott Di Valerio
Sent: Sunday, February 25, 2007 8:36 PM
To: Jim Totton; John Kalkman
Subject: FW: Vista

Do you guys want to craft a response?

From: Mike Nash
Sent: Sunday, February 25, 2007 8:30 PM
To: Bill Veghte; Mike Slevert; Brad Brooks; Scott Di Valerio; Jawad Khaki
Subject: RE: Vista

Agreed.

I personally got burned by the Intel 915 chipset issue on a laptop that I PERSONALLY (eg with my own \$\$\$). Are we seeing this from a lot of customers? I know that I chose my laptop (a Sony TX770P) because it had the vista logo and was pretty disappointed that it not only wouldn't run Glass, but more importantly wouldn't run Movie Maker (I guess that is being addressed). I now have a \$2100 email machine.

Is there a spreadsheet that shows feedback on h/w compat issues by IHV and OEM based on customer calls etc?

Thanks,

Mike

From: Bill Veghte
Sent: Sunday, February 25, 2007 9:07 AM
To: Mike Slevert; Mike Nash; Brad Brooks; Scott Di Valerio; Jawad Khaki
Subject: FW: Vista

Fyi... I think Steven's mail is spot on and highlights how much we need to keep pushing super, super hard if we are going to accelerate our deployments and quality of customer experience.

From: Steve Ballmer
Sent: Sunday, February 18, 2007 12:10 PM
To: Steven Sinofsky
Cc: Bill Veghte; Jon DeVaan
Subject: RE: Vista

Righto thanks

From: Steven Sinofsky

10/4/2007

Sent: Sunday, February 18, 2007 12:08 PM
To: Steve Ballmer
Cc: Bill Veghte; Jon DeVaan
Subject: RE: Vista

I think folks are working on this now and we just need time.

Basically I think three things worked against us:

- No one really believed we would ever ship so they didn't start the work until very late in 2006. This led to the lack of availability. For example my home multi-function printer did not have drivers until 2/2 and even pulled their 1/30 drivers and re-released them (Brother).
- Massive change in the underpinnings for video and audio really led to a poor experience at RTM, especially with respect to Windows Media Center. This change led to incompatibilities. For example, you don't get Aero with an XP driver, but your card might not (ever) have a Vista driver.
- A lot of change led to many Windows XP drivers not really working at all – this is across the board for printers, scanners, wan, accessories (fingerprint readers, smartcards, tv tuners), and so on. This category is due to the fact that many of the associated applets don't run within the constraints of the security model or the new video/audio driver models. For example, OrlandoA is not on Vista because there are no drivers for his Verizon card yet. Microsoft's own hardware was missing a lot of support (fingerprint reader, MCE extender, etc.)

People who rely on using all the features of their hardware (like Jon's Nikon scanner) will not see availability for some time, if ever, depending on the mfg. The built-in drivers never have all the features but do work. For example, I could print with my Brother printer and use it as a stand-alone fax. But network setup, scanning, print to fax must come from Brother.

The Vista Ready logo program required drivers available on 1/30. I think we had reasonable coverage, but quality was uneven as I experienced.

Intel has the biggest challenge. Their "945" chipset which is the baseline Vista set "barely" works right now and is very broadly used. The "915" chipset which is not Aero capable is in a huge number of laptops and was tagged as "Vista Capable" but not Vista Premium. I don't know if this was a good call. But these function but will never be great. Even the 945 set has new builds of drivers coming out constantly but hopes are on the next chipset rather than this one.

The point Jim had of declaring a Release Candidate was because he sensed people were not really working under a deadline in the ecosystem. This helped even though we knew we had more work to do on our side.

So far I am surprised at the low call volume in PSS. I think we have a lot of new PCs which helps and the hobbyist people who bought FPP/UPG just know what to do and aren't calling, but I know they are struggling.

All of this is why we need much more clarity and focus at events like WinHEC. We need to be clearer with industry and we need to decide what we will do and do that well and 100% and not just do a little of everything which leaves the IHV in a confused state.

From: Steve Ballmer
Sent: Sunday, February 18, 2007 11:48 AM
To: Steven Sinofsky
Cc: Bill Veghte
Subject: RE: Vista

Should we do something different do you agree scanners are particularly bad thanks

10/4/2007

From: Steven Sinofsky
Sent: Sunday, February 18, 2007 11:47 AM
To: Steve Ballmer
Cc: Bill Veghte
Subject: RE: Vista

This is the same across the whole ecosystem.

From: Steve Ballmer
Sent: Sunday, February 18, 2007 11:45 AM
To: Jon Shirley (MS Board of Directors)
Cc: Bill Veghte
Subject: RE: Vista

Thanks much will get after Nikon

From: Jon Shirley [mailto:JonS@orchard.ms]
Sent: Sunday, February 18, 2007 11:44 AM
To: Steve Ballmer
Subject: RE: Vista

Epson just added to its web site the drivers I need from them. Nikon is still showing that they are studying the issue. In general we do not provide scanner drivers and when we do they are very simple and not comprehensive enough. Our printer drivers are OK but often the manufacturer includes a lot more.

I should have added that I like Vista very much on the machine it is running on.

From: Steve Ballmer [mailto:Steve.Ballmer@microsoft.com]
Sent: Sunday, February 18, 2007 11:40 AM
To: Jon Shirley
Subject: RE: Vista

You are right that people did not trust us have you checked windows update I assume you found no drivers there either?? Thanks

From: Jon Shirley [mailto:JonS@orchard.ms]
Sent: Friday, February 16, 2007 5:51 PM
To: Steve Ballmer
Subject: Vista

I upgraded one of the two machines I use a lot to Vista. The most persistent and so far hardest to fix issues are both with MSN products, Portfolio in MSN Money and Music (downloads that I had bought in the past).

The other machine I will not upgrade as there are no drivers yet for my Epson printer (top of the line and in production today but no driver yet), Epson scanner (older but also top of the line and they say they will not do a driver for) and a Nikon film scanner that will get a driver one day but no date set yet. If I had purchased a new machine I would be in the same situation since the Nikon driver is used by current production as is the Epson printer. I cannot understand with a product this long in creation why there is such a shortage of drivers. I suppose the vendors did not trust us to us enough to use the beta for driver testing?

10/4/2007

Most of the software I use is OK or available for Vista except for spyware and some obscure utilities.

Jon

10/4/2007

Page 17

MS-KELL 000000019350
CONFIDENTIAL

From: Julie Zlotnick
Sent: Wednesday, March 01, 2006 10:30 AM
To: Wil Johnson; Dina Yershova; Jennifer Yi
Cc: Cheryl Rost; David Berett; Gerril Bergama
Subject: RE: BBY "Asks" - Ron Boire/Steve B meeting

Looping in David and Gerril.

Julie

From: Wil Johnson
Sent: Wednesday, March 01, 2006 9:51 AM
To: Dina Yershova; Jennifer Yi
Cc: Cheryl Rost; Julie Zlotnick
Subject: RE: BBY "Asks" - Ron Boire/Steve B meeting

Agreed – the emails being sent are to rally the team in collecting all updated information that we have today and to communicate accordingly with BBY... This launch is a monster to manage as there are so many moving parts. The VP of business minded domain has decided to forward a laundry list of concerns to Ron without qualifying what has been shared to date nor prioritizing the issues. Our goal is to communicate back as quickly as possible to better shape the scope of the conversation.

From: Dina Yershova
Sent: Wednesday, March 01, 2006 9:38 AM
To: Jennifer Yi; Wil Johnson
Cc: Cheryl Rost; Julie Zlotnick
Subject: RE: BBY "Asks" - Ron Boire/Steve B meeting

Jen and Julie – we did not want to escalate any of this because we know you are working on it. We received a mail from BBY yesterday stating that Ron Boyer (their EVP) is looking to get together with Ballmer to discuss the list of Vista related issues outlined below. They are trying to set it up for next week. We are trying to prepare for this the best we can! Sorry for the fire drills. We feel as if BBY is being ridiculous by trying to escalate to Ballmer, but it is their MO.

Thanks for understanding!

From: Jennifer Yi
Sent: March 1, 2006 12:24 PM
To: Dina Yershova; Wil Johnson
Cc: Cheryl Rost; Julie Zlotnick
Subject: FW: BBY "Asks" - Ron Boire/Steve B meeting

Hello –

I greatly admire your perseverance to do very well by BBY. I'm a big fan of the "no holds barred" approach to making things happen; however, I'm concerned that we may be creating some randomization (b/c we're on top of some of this stuff already, as Wil mentions) and sending a sense of urgency where it does not need to be created.

So, I hope moving forward we can, as a team, agree on what we should be escalating to a senior level. This has worked very well with the Wal-Mart/Sam's team and I think it could work very well with you.

10/5/2007

If the concern is an issue of performance, please escalate to Julie and she can help me course-correct. For my part, I recognize that we haven't been incredibly crisp in communicating out expectations/deliverables/actions. I push this back upstream though, as a matter of process. We were supposed to receive a master plan from the WWV team and, at this date, still not having one, we took the initiative ourselves (thank goodness) to go ahead and create our own timelines/expectations, etc. We just kicked this off two weeks ago so we are in the process of refining it with our internal partners (merchandising, training, online, etc.) In the meantime, if we are not performing to your or your account's expectations, let us know so we can respond and/or reset expectations with clarity.

Thank you!
Jennifer

From: Jennifer Yi
Sent: Wednesday, March 01, 2006 8:01 AM
To: Will Johnson; Dina Yershova; Cheryl Rost; Gerrit Bergsma; Julie Zlobnick; Gerrit Bergsma; Steven Leonard; David Berett; Bill Mannion; Mary Lawrence
Subject: RE: BBY "Asks" - Ron Boire/Steve B meeting

Hi Will – Thanks for the update. Here are answers/updates to some of the concerns in the document:

Best Buy needs clarity around what applications will be built into Vista - i.e. Security, Imaging, etc. The latest update is that we will receive the complete features doc March 31. In the meantime, I have been working with BG scenario/dev leads to pull together some of the one-off scenario information that was requested by BBY in our last meeting. Debbie is working on the Business scenarios. Since we are no longer meeting with BBY in March to discuss any of this, I do not see any conflicts with the timing. I do not want to collect this and throw the information over the fence. I want to ensure we present the information and have strong dialogue around the scenarios/features/applications. Perhaps a very good time to share this information with Best Buy is April 19th, when they visit us here in Redmond?

Need visibility to device/service partnerships relating to Vista launch?
WRT partnerships: the Consumer Experience team has just kicked off partnership planning so the best update we can give partners will not be until PMD.

(WinSPR)?

As you mentioned, the implementation of WinSPR is still being developed. My understanding is that we will not have an update to share with partners until PMD. I will work with David to check back with the team.

Here is the latest updated from David Berett wrt Upgrade Program:

- Fall 2006 - Windows Vista Technology Guarantee announcement. This promotion is designed to help sales of the last Windows XP systems and XP FPP products in the channel immediately before and after launch by offering a promotion for a low-cost upgrade to an equivalent version of Windows Vista.
- This program starts 30 days prior to the launch of Windows Vista. All Windows XP PCs that are eligible for and display the Windows Vista Capable Logo are qualified for an upgrade to equivalent Windows Vista SKU. All purchasers of a Windows XP FPP SKU are qualified an upgrade to an equivalent Windows Vista SKU.
- Please note that this promotion will be subject to further refinement and communication as Windows Vista launch approaches. This information is provided to assist early planning. Exact calendar dates for this promotion will be determined once the launch date for Windows Vista is established.

The Windows Vista Capable FPP Launch Upgrade Promotion will apply to customers who have purchased a copy of Windows XP FPP in the 30 days prior to the launch of Windows Vista. Purchasers will be able to call Microsoft customer service to receive a low cost copy of an equivalent SKU of Windows Vista.

10/5/2007

- The Windows Vista Capable PC Launch Upgrade Promotion is valid on systems preinstalled with the following versions of Windows XP:
 - Windows XP Media Center Edition 2005
 - Windows XP Professional
 - Windows XP Professional x64 Edition
 - Windows XP Tablet PC Edition
 - Windows XP Home Edition

- OEMs are responsible for fulfilling all eligible customers with the required equivalent Windows Vista OEM upgrade for Windows XP PC's, as shown below:
 - Windows XP Media Center Edition 2005 to Windows Vista Home Premium
 - Windows XP Professional to Windows Vista Business
 - Windows XP Professional x64 Edition to Windows Vista Business, 64 Bit
 - Windows XP Tablet PC Edition to Windows Vista Business
 - Windows XP Home Edition to Windows Vista Home Basic
 - Upgrade Program Guide will be made available 3-4 months prior to launch
 - Fall 06 - Prior to the launch of Windows Vista we will be providing Web Courses, Video Presentations as well as written material regarding specific SKUs, features, benefits, and experiences that Windows Vista has to offer.
 - Holiday 2006 - Launch of Windows Vista

From: Wil Johnson
Sent: Wednesday, March 01, 2006 12:01 AM
To: Dina Yershova; Cheryl Rost; Gerrit Bergsma; Julie Zlotnick; Jennifer Yi; Gerrit Bergsma; Steven Leonard; David Berett; Bill Mannion; Mary Lawrence
Subject: BBY "Asks" - Ron Boire/Steve B meeting

Hi all,

I know everyone on this string is fully aware of BBY's current plan to elevate a number of Vista issues to the senior executive level at both BBY and MS.

I have taken a stab at providing comments as well as additional questions to the team for clarification so we can hopefully reduce the majority of these (especially the minor ones).

My major concern here is that Wendy Fritz has not taken the time on the front end to filter and position these appropriately -- many are extremely tactical and are not presented in a constructive way -- rather it appears that BBY is whining. I am not concerned that BBY wants to have senior executive visibility on a few of these issues rather how the conversation will flow if we do not construct the document that drives the conversation (again, if even needed).

As a side note, in speaking with Mary she will try to align the meeting so that we have Ron go to Robbie vs. Steve as a more appropriate partner level match.

Look forward to the additional perspectives here,

Wil

10/5/2007

From: James, Renee [renee.james@intel.com]
Sent: Friday, January 27, 2006 11:27 AM
To: Will Poole
Cc: Bob Aoki; Boles, Mark; Swearingen, Mark S
Subject: VM

Will,

I know you are at an offsite. I left a longish VM on Paul's feedback to us last night - that which he wants to share with Steve.

I am sorry I am having several medical tests this AM as well as my kids had appts...so Dr. are slow and hard to call from their offices. My cell is 503 799 0385

Paul is travelling so I don't expect given your offsite or his travel much to happen today.

The conversation Paul wants to have is around - are we all ready? Does this make sense overall for the industry? Intel and MS misaligned feels wrong. And before we agree to disagree - have a quick chat.

If I can represent our internal dialog to you:

He knows you worked it. - Thank you.

He understands your willingness to hear us out. - Thank you.

He doesn't understand why the date changed and we don't accept it is just "labels on boxes" as the implication is these machines will be made to work some day and nobody has done any test or validation, and we do not think the potential liability of a consumer claim is a good idea. Our parts are not tested, not validated. NO OEMs based on Intel can make this claim - with even our new Csets that should support Vista. We don't believe there is a stable configuration data at this point. We could not articulate why April 1st made any sense to the industry from a platform perspective with no SW yet, nor could we explain why Marketing in June was so critical given the Osborne potential between June and November. He thinks you really don't understand that almost all of our mobile SKUs for the next 5 months are with Centrino with Alviso and therefore NEVER Vista ready - and Mobile is a huge portion of retail and growing. Finally, he was disappointed that the dates had moved with no discussion with Intel at all - and that the final response was basically - too bad. Doesn't show a lot of partnership from his perspective.

And, he thought we had agreed to partner on Vista marketing making this a great upgrade/ramp for both of us so this feels inconsistent.

So, he wanted to talk to Steve - his prerogative. We didn't think he needed to as we have a final answer thus didn't ask for an escalation. But, he believes that when we agree to disagree - he and Steve committed to tell each other.

5/16/2008

Pretty simple. I am sure you can explain to Steve your view - I do think they should talk as a courtesy as we will be misaligned.

Thank you and sorry for the fire drill - enjoy your offsite and feel free to call me anytime or over the weekend.

Renee

5/16/2008

Page 22

MS-KELL 00000048295
CONFIDENTIAL

From: James, Renee [renee.james@intel.com]
Sent: Tuesday, January 24, 2006 11:46 AM
To: Will Poole
Subject: RE: CONFIDENTIAL

Yes sir :)

THx

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

From: Will Poole [mailto:wpoole@windows.microsoft.com]
Sent: Tuesday, January 24, 2006 11:46 AM
To: James, Renee
Subject: RE: CONFIDENTIAL

I will get back to you with specifics on source as well. I can step out for a call later today. 799-0385 still works?

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

From: James, Renee [mailto:renee.james@intel.com]
Sent: Tuesday, January 24, 2006 11:43 AM
To: Will Poole
Subject: RE: CONFIDENTIAL

Ok

Our field seems to be confused on the source. Ok, so when you have an idea on solutions - maybe we can get a call quickly.

Thx for the help

Renee

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

From: Will Poole [mailto:wpoole@windows.microsoft.com]
Sent: Tuesday, January 24, 2006 11:37 AM
To: James, Renee
Subject: RE: CONFIDENTIAL

I hear you on the 945 supply issue, but hear me that the problem is not us, it's our [mutual] customers.

Re DFC, I though Don was already signed up and developing one per our QBR discussion, and that he was getting his team coordinated my Msievert's on marketing engagement.

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

From: James, Renee [mailto:renee.james@intel.com]
Sent: Tuesday, January 24, 2006 11:24 AM
To: Will Poole
Subject: RE: CONFIDENTIAL

See below

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

From: Will Poole [mailto:wpoole@windows.microsoft.com]
Sent: Tuesday, January 24, 2006 11:21 AM
To: James, Renee
Subject: RE: CONFIDENTIAL

I am working the team hard on solutions.[James, Renee] Thank you There are not any easy

1

ones.

Retails and OEMs are driving this, not us. As I'm sure you know, the situation is complicated by OEM refresh cycles (which you drive more than we), retailer stocking/inventory plans, and OEM+retailer advertising. I will get back to you as soon as I have everything netted out. (James, Renee) We are not driving refresh until April/May when we have parts. We REALLY need your help. As I said this is a Many \$100s of M issue to us.

On the good news front, I understand that dual-channel 945 (James, Renee) TRUE - but we have limited supply and it sku'd only to the high end b/c of the ramp rates. runs Aero (glass) wall, and that there is a reasonable hope to get single channel there also based on recent perf improvements we implemented. There are still uses with video acceleration that I'm looking into.

Re HP, their processor choice is their choice. We have no say in their decision to change. But please do not throw out the dream PC engagement idea -- we can make a commitment to pick up a DPC that you drive in the entirety (or with our help -- that's fine too) and make it part of our launch campaign. (James, Renee) Ok, what action should we take? I can ask our team to go do a dream Vista PC and just go for itI will engage Don's crew here so we can make the campaign.

Will

----- Original Message -----
From: James, Renee [mailto:renee.james@intel.com]
Sent: Tuesday, January 24, 2006 9:39 AM
To: Will Poole
Subject: RE: CONFIDENTIAL

Thank you.

Renee

----- Original Message -----
From: Will Poole [mailto:wpoole@windows.microsoft.com]
Sent: Monday, January 23, 2006 8:32 PM
To: James, Renee; wpoole@windows.microsoft.com
Subject: RE: CONFIDENTIAL

Renee I will get back to you as soon as possible in the morning.

Will

** Sent from PocketPC, but would be from Windows Vista if I were at my desk *

----- Original Message -----
From: "James, Renee" <renee.james@intel.com>
Sent: 1/23/06 3:49:56 PM
To: "wpoole@windows.microsoft.com" <wpoole@windows.microsoft.com>
Subject: CONFIDENTIAL

Will,

I would prefer not to have this discussion on email.

Our account team took your guidance and worked it through your team. And, it turns out that in December, your team decided to move the retail date in to May 1st from June that we all were planning around (no discussion with Intel or head's up - we found this out today) This week, we heard from Retailers (not MS) that the date had moved in again to April 1st for Vista Ready systems.

Needless to say, when we agreed on the June 1st date and asked you specifically to hold to that day for sticking in the channel, we knew our ramp rates and ability to ship Vista ready parts. An April 1st date in retail means a significant change in terms of our ability to meet demand with Vista ready parts and in short will cost us significant business. While I do not want to discuss volume and \$\$ on email, it is material to our business, and we do not understand Microsoft's motivation to change the previously agreed upon date. I am told that MS does not feel inclined to hold the June 1st date to Retailers.

Paul asked that I ensure MS management understands the impact to our business from this decision.. We are on a very short timeline to figure out how we are going to handle this and message it to our field & customers given the impacts.

Thank you for your attention.

Renee

Cellphone: 503 799 0385

PS: As an aside, it seems our Vista programs in general are falling to the wayside. After our discussions with you and Louis to charter a dream Vista PC - then pick an OEM - somehow it turned into HP building Cydonia (sp) - and now they have chosen AMD. So, our big Vista dream is a MS/AMD/HP sku. . . .

From: Bob Aoki
Sent: Wednesday, February 01, 2006 7:35 PM
To: Will Poole; Steve Ballmer
Cc: Jim Allchin; Kevin Johnson; Mike Sievert
Subject: RE: Intel escalation resolved

I am looking into who from Intel got out-of-line...

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

From: Will Poole
Sent: Wednesday, February 01, 2006 4:36 PM
To: Steve Ballmer; Will Poole
Cc: Bob Aoki; Jim Allchin; Kevin Johnson; Mike Sievert
Subject: RE: Intel escalation resolved

Jim is rightly upset that hp went non linear after having intel break explicit agreement with me and tell them of the new plan b! we could explain and mitigate. I have that under control with hp, for now, but was very painful. Some vp at intel is to blame, we don't know who yet.

** Sent from PocketPC, but would be from Windows Vista if I were at my desk *

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

From: "Steve Ballmer" <Steve.Ballmer@microsoft.com>
Sent: 2/1/06 3:31:46 PM
To: "Will Poole" <wpoole@windows.microsoft.com>
Cc: "Bob Aoki" <baoki@windows.microsoft.com>, "Jim Allchin" <jim.allchin@microsoft.com>, "Kevin Johnson" <kevin.johnson@microsoft.com>, "Mike Sievert" <msievert@microsoft.com>
Subject: RE: Intel escalation resolved

Great by me but Jim is apoplectic I know nothing of the details please advise

From: Will Poole
Sent: Monday, January 30, 2006 9:54 PM
To: Steve Ballmer
Cc: Bob Aoki; Jim Allchin; Kevin Johnson; Mike Sievert
Subject: RE: Intel escalation resolved

Here's confirming exchange with Renee:

From: Will Poole
Sent: Monday, January 30, 2006 9:52 PM
To: 'James, Renee'
Cc: Bob Aoki; Felicia Guity; Holes, Mark; Swearingen, Mark S
Subject: RE: anything else?

Felicia is working the communication plan.

Thanks for confirming the other areas. We are not getting any concerns from retail or OEMs about Stall. They are the customers/sellers, so I'll support their views. Risk, sure. But honestly I think the "Vista Capable" logo should alleviate concern, not create it, as there will be increasingly large amounts of noise in the market as we head to broad consumer testing in April.

As for validation, all I can say is that you can run the December CTF on any of the systems you want. And as we discussed, it will be our job to make sure the OS works on installed base for upgrade. OEMs who want to include the Vista Capable logo will be able to validate their systems on the February CTF which will be out soon and certainly will be close enough to final for them to be comfortable that, in partnership with us, they can ensure their systems work in a vista upgrade scenario.

I will communicate this to steve and indicate that we're closed on these topics unless you/paul want to engage in them further.

Will

From: James, Renee [mailto:renee.james@intel.com]
Sent: Monday, January 30, 2006 9:43 PM
To: Will Poole
Cc: Bob Aoki; Felicia Guity; Boles, Mark; Swearingen, Mark S
Subject: RE: anything else?

Will,

First off thank you for your commitment to embrace 915. And, I would like to get the change out to our field ASAP and to OEM/ Retailers as we discussed by EOD tomorrow.

Paul had 2 other concerns: Stall; and validation/test. Paul is still concerned that we do not even have a Beta and we are putting out systems that say they will run something we have not seen. We believe this is risky - but you guys are willing to handle this per our conversations. Not sure what to do about market stall - it could happen ? ?

Thanks

Renee

From: Steve Ballmer
Sent: Monday, January 30, 2006 7:31 PM
To: Will Poole
Cc: Bob Aoki; Jim Allchin; Kevin Johnson; Mike Sievert
Subject: RE: Intel escalation resolved

I thought they had other issues certainly paul described other (non graphics) issues is this really resolved check with her thanks

From: Will Poole
Sent: Monday, January 30, 2006 7:19 PM
To: Steve Ballmer
Cc: Bob Aoki; Jim Allchin; Kevin Johnson; Mike Sievert
Subject: Intel escalation resolved

Steve, following up on the call you took from Paul today -- we have changed our branding program such that Intel's current integrated parts (915, or "Alviso") qualify for "Vista Capable" branding starting in April, when retailers will begin stocking systems with this logo for promotions starting in June.

This change completely resolves their problem. Renee is very pleased and will report as much to Paul.

No further action is required from you. If you're interested in understanding the entire story, I'm happy to write it up for you.

Will

From: Carl Sittig
Sent: Tuesday, August 30, 2005 4:52 PM
To: Rick Locke
Subject: FW: glass vs. non-glass
Attachments: FW: Visla SKUs Dell Complaint and Response

more...

From: Barry Goffe
Sent: Tuesday, August 30, 2005 4:24 PM
To: Barry Goffe; Kevin Eagan; Carl Sittig; Mark Croft
Cc: Shanen Boettcher; Rodrigo Costa; Matt McGinnis
Subject: RE: glass vs. non-glass

Now it is getting even better. Rob just sent the attached mail to SteveB.

No matter what we do now, we look like the bad guy. If Dell reaches out to Rob, then it looks like we bullied them into it. If Dell doesn't reach out then they tacitly agree with Rob's whacky view of the world.

-Barry

From: Barry Goffe
Sent: Tuesday, August 30, 2005 4:01 PM
To: Barry Goffe; Kevin Eagan; Carl Sittig; Mark Croft
Cc: Shanen Boettcher; Rodrigo Costa; Matt McGinnis
Subject: RE: glass vs. non-glass

I just got this follow up mail from Rob. Particularly troubling is the fact that he is now making the rounds beyond Dell.

-Barry

From: Barry Goffe
Sent: Tuesday, August 30, 2005 11:33 AM
To: Kevin Eagan; Carl Sittig; Mark Croft
Cc: Shanen Boettcher; Rodrigo Costa; Matt McGinnis
Subject: FW: glass vs. non-glass
Importance: High

We need your help undoing a firestorm that Dell has caused – that has the potential to get out of control starting on 9/8 when we announce the SKU plan. For reference, this exact same issue came up about a month ago, but the ramifications haven't been directly felt until now.

Please read the mail thread between Rob and me below. This thread is after an hour-and-a-half conversation that Rob and I had over the phone yesterday.

The net, net is that we need your help in getting Dell to come out *very strongly* in favor of our overall SKU plan when it is announced on 9/8. Given that Rob is not the only analyst/press contact that they have talked to, they currently seem to be on a trajectory to poison this announcement. I might even go so far as to get them to reach out to Rob to calm him down.

5/20/2008

Thanks,
Barry

From: Barry Goffe
Sent: Monday, August 29, 2005 11:14 PM
To: Nell Chamey; Shanen Boettcher; Brad Goldberg; Debbie Anderson
Cc: Lisa Worthington (Waggener Edstrom)
Subject: FW: glass vs. non-glass
Importance: High

I really need your help. Lisa and I did a call this morning with Rob Enderle to go through the SKU plan. Apparently Dell leaked our SKU plan (while under NDA of course) to Rob and a bunch of other analysts and press – under the guise of an 'Advisory Council'. In the process Dell did its damndest to poison Rob's thinking – and they were rather successful.

Rob's logic is:

- a.) we have been showing off this great thing called Vista
- b.) it has all kind of great stuff in it, like Glass.
- c.) since we have not yet talked about SKUs, all customers are expecting that all of the features that we have discussed will be in the mainstream SKUs – the equivalent of XP Home today on the consumer side
- d.) we are going to ship this thing called Home Basic which we are going to price the same as XP Home
- e.) some of the features that we have been showing, namely glass (because I can't get Rob to come up with any other feature) will not be in the Home Basic SKU
- f.) customers will perceive that we are taking stuff away from Home Basic and that it will be looked upon as a price increase
- g.) this perceived price increase will freeze the entire market.

Interesting note is that at the beginning of this call, Rob was asserting this logic against the Ultimate SKU. Perhaps he was remembering things wrong from his Dell briefing or perhaps we were able to talk him back a bit from the ledge.

Rob is quite passionate as you can see from the string below. Honestly, in all of my years of dealing with analysts, I have never been quite so flummoxed. He is just dug in and is not willing to acknowledge reality.

Please read the string below and see if you can think of a way out of this.

Thanks,
Barry

From: Rob Enderle [mailto:renderle@enderlegroup.com]
Sent: Monday, August 29, 2005 11:06 PM
To: Barry Goffe
Cc: Lisa Worthington (Waggener Edstrom)
Subject: RE: glass vs. non-glass

Well this is what happens when you set expectations high then pull features out. Few people know that Jaguar should have been Panther as a result Apple was praised for Jaguar and Panther while Microsoft is already being lambasted for crippled Vista. If you don't know what a glass looks like full anything in it looks good, but if you know what you are missing you tend to focus on what is missing, unfortunately that is where we are now. I get to do a lot of columns these days, could guarantee each of these titles not only would get published they would make the front page or pull amazing numbers. Remember the problem we are dealing with is over set expectations, you are convinced the customer is getting a great deal, you are the vendor, vendors always think that, as IBM found out in the 80s (when I had a similar conversation with an IBM exec) the customer often votes their feelings with their pocketbook. One thing has changed since '85 we have blogs now.

5/20/2008

You are wrong on what the consumers expect, the media has been telling them for weeks now they are going to get screwed and, unless they haven't been reading they are, and so are the pubs, set to be really critical. The press was taken through the product and every time a feature is dropped the calls come in with the take that Vista is just smoke and mirrors now, I can turn some of these but there are limitations to what I can do.

I do think there is enough uncertainty that the basic product (were it not called basic) could be perceived as the full offering with the exception of glass, it is the most visible feature and the UI has been hyped a lot. I just don't think anyone on the analyst or press side is going to miss that glass was pulled out and are going to take exception to this. Once they start they can continue with the list of things that have been pulled out of the product and build a perception that the offering is badly flawed, it is all about perceptions and 99% or 50% is still short of a 100% and if I'm paying 100% of the price anything less than 100% of the product is a rip. Reminds me way too much of the old lemonade joke. Kid puts up a sign says \$.05 for all you can drink guy buys a glass, kid fills it 1/4 way, guy drinks and asks for more, kid says it will be another \$.05, guy says but your sign says all you can drink, kid says that's true because that's all I'm going to give you.

I don't think you have a sense yet for how much news will surround this launch I'm guessing you don't remember Windows 95 much and how that launch failed.

On the business side, what I saw was different, different, and different not good, better, best. You showed parity but Pro was not better than SMB it simply was different. And on the consumer side I don't understand why I have to get Media Center and Tablet just to get the new UI I was promised other than to justify you charging me more (trust me, others will figure this out they really aren't that stupid and may resent the implication).

So net net, (business thing aside which is simply column bait) I think you can convince people with the right language (not what I heard today) that basic is not a crippled product, I think the lack of Glass will make this task incredibly difficult, however, and once started on Glass the writer will feel compelled to come up with a number of things the product should but doesn't have. It is a glass half full or empty kind of thing, it is the writer's choice which direction the story goes and it is my fear the market is primed to go much further than glass "half" empty.

Let me leave you with this, I gave you examples of 6 front cover or high traffic stories based on what you told me. Can you come up with one that will do the same and tells a story you like?

Anyway, you'll do what you'll do. Dell will go along; they are just trying to miss a bullet that they, and I, know you can't even see. Let's hope we can mitigate the damage otherwise the industry is really screwed.

Rob Enderle
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From: Barry Goffe [mailto:barryg@microsoft.com]
Sent: Monday, August 29, 2005 8:29 PM
To: Rob Enderle
Cc: Lisa Worthington (Waggener Edstrom)
Subject: RE: glass vs. non-glass

Rob,

5/20/2008

Thanks for taking the time to think through this some more. I really appreciate your feedback.

Please see detailed comments in line below...

Best regards,
Barry

From: Rob Enderle [mailto:renderle@enderlegroup.com]
Sent: Monday, August 29, 2005 3:56 PM
To: Barry Goffe
Cc: Lisa Worthington (Waggener Edstrom)
Subject: RE: glass vs. non-glass

There will be a lot of attention spent on the UI because that is the visual change and because this is often where the Apple vs. Microsoft pieces focus. I expect we'll have a number of Linux vs. Windows pieces as well but still think most of those will focus on what you get and how much you pay (with the "gel" part on security and low cost applications in that case, but UI is possible).

Natural Headlines:

Microsoft Charges More for Less: Text focuses on what fell out of Longhorn and the price increase for the premium offering.

Buy Tablet and Media Center Or Else: Text focuses on the fact that to get the good stuff you have to take the other things.

If You Doubted Microsoft was a Monopoly: Rant on perceived price increase.

Microsoft Raises Tax: Avoidance Advice: Price Increase with recommendation you buy either Linux or Apple (or simply not buy).

Windows Consumers get 4 Choices Business gets Screwed: Focus on disparity between consumer and business lines

Windows Vista- 7 Reasons to Switch: Focuses on complexity of offering and perceived price increase.

[Barry Goffe] Talk about glass is half empty!!! Holy Cow!!!

On the SKUs: What I heard was there are 4 SKUs for consumer a really crippled product at a discount (Starter Edition), a crippled product at full price "Basic", a premium product at a premium price, and a really premium product at a really premium price. The product that addresses the existing needs of Windows XP Home Edition customers right now doesn't really seem to exist in this plan unless you can bring "Basic" up to fill that need, if you can set that perception I think we are OK, if you can't the headlines above are likely just a small sample of the press you'll get.

[Barry Goffe] Where I think there is a massive disconnect is in the feature set of Home Basic. I don't understand how you can characterize it as crippled. As I mentioned in our call this morning, other than the glass effect (which hopefully you can see from the screen shots is minimal), 99% of the features that we have talked about publicly to date are in Home Basic.

For instance on the confidence front, Home Basic users get 64-bit, User Account Protection (aka LUA), Service Hardening, built in malware protection and Parental Controls. There is also a ton of performance work that enables Home Basic to run faster on equivalent hardware. From a clarity standpoint, there is all the work on visualize, search and organize (virtual folders, integrated search, etc.) improvements in the Windows Shell. There is the Games Explorer, Picture Explorer, a new calendaring application (iCAL standard compliant) to go along with Outlook Express. There are similar set of improvements on the connected side such as RSS in IE7, improved networking and PC to PC synch. From a hardware 'limitation' perspective, I went back a double checked, the only limitation is memory which is 8GB for x86 and x64.

The big key differentiators are features that we have yet to discuss publicly (namely tablet functionality and Media Center). Given this list of features, I don't understand how Home Basic can be characterized as 'crippled'. To me (and admittedly I am a bit biased :-), this seems like a hell of upgrade from XP Pro.

5/20/2008

What is interesting is on the business side you have a completely different strategy, you have segmented by business type (small/large) and then by contract type (enterprise agreement). So, for instance, if I'm Farmer's Insurance and have an enterprise agreement (for example only as I have no idea how they buy today) and have both corporate and small office components how do I deal with that? My hope is that I could actually create an image with the small office stuff in it to send to my remote offices. This is more of an exception but it came up a few years ago on another project. The exposure is you are arguing the need for Good...Better...Best but only implementing that strategy on the consumer side (Businesses have been asking for a "Basic" product for some time and a Starter product for emerging markets is just as important here). Once again it looks like Microsoft is out of step with market needs and I'd expect Gartner, and others, to point that out at some point.

[Barry Goffe] Here I would offer a couple of comments:

1. *we are not segmenting by contract type, I would argue that we are still segmenting by features – the features of enterprise are clearly designed to augment the features of Professional. And while these features will primarily be interesting to large enterprises, they are absolutely applicable to businesses big and small. Full Volume Encryption, for instance, is something that a small business owner using a laptop would be interested in to prevent data theft. Also, the Virtual PC Express feature is cool in that it more easily enables mitigation of app compat issues.*
2. *The difference between the consumer and business lines is the delivery channel. Enterprise is only available to SA customers. To be clear, though, SA can be purchase by an Open Licensing customer on five PCs – this licensing model clearly scales all the way down to the little guy. Obviously, the primary customers of SA have traditionally been large enterprise who sign EAs, but that is also because there has never really been much value for the little guy. Now, I would argue that there is value.*
3. *Another element of the good/better/best strategy that is not apparent in the Windows Vista SKU plan is Elger. This is the code name for the new version of the OS that we are building to support upgrading legacy PCs. I think that we spoke about this a few months ago (if my memory serves me, which it may not). This is not a version of Windows Vista per se, but long term we anticipate that it will be – giving us a true good, better, best strategy to match the lineup on the consumer side.*
4. *Finally, the scenario that you mention about components for small offices – this is absolutely enabled with Professional. The features that are on by default in the Small Business offering are easily installable (as optional features through Control Panel or Group Policy Objects) on a PC configured with Professional. At a high level – if I have Small Business, I can make it look like Professional and if I have Professional, I can make it look like Small Business.*

My general advice is, for messaging pre-launch, only focus on "basic" but don't call it that. Focus on the new wonderful things you will get in basic and how it is designed to run on even the lowest cost hardware keep attention away from "Glass" (Beta will be a huge problem). Goal is to get the market to accept "Basic" as the new XP Home and then allow the channel to up-sell. By the way the more you talk about Vista before launch the more of a short term drag on PC sales it will become.

[Barry Goffe] this has been a pretty key part of our strategy and part of the reason that we originally wanted to wait until CES (after the holiday buying season to talk about the consumer lineup). The need to drive quality, in the end, supersedes the need to manage the rollout of information.

The interesting thing about the issues that you raise is that consumers really don't have any impression relative to Windows Vista at this point. The only people that we have really spoken to are the industry (developers and partners). It are aware of Windows Vista, but I would argue, we are still an open book to them. For most of them, the only thing that they have read about it is a few reviews articles around Beta 1 and that is it. For PC enthusiasts – the same as IT Pros is the case. For consumers – that is all ahead of us.

Assuming that Dell does not wage a campaign to FUD the market (which I would argue would hurt them as much as it would hurt us), hopefully we can head off this problem before it ever comes up – that is, with your esteemed help, of course!

On the business side the only one that should get much coverage is enterprise due to the long sales cycle, the others will likely be bought more tactically anyway and should probably wait later next year for an official launch (as close to RTM as possible).

I would sure feel a lot better about this if "basic" got glass, given everything that has been taken out of the standard build since the Longhorn launch cycle began taking out one more thing and then charging extra for it just

5/20/2008

sounds like a recipe for disaster. Apple and the Linux folks should be really happy though as should the folks that make "Window Blinds". Good luck!!

[Barry Goffe] I still don't get what it is that we have taken out other than Glass? Do you really think that screen shots that I sent are that radically different? The interesting thing is that the underlying infrastructure to delivers Glass is still there in Home Basic. As will be Avalon. Most of the Apps that people build will look exactly the same on both offerings.

Are there specific features that you are thinking of here?

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From: Barry Goffe [mailto:barryg@microsoft.com]
Sent: Monday, August 29, 2005 9:08 AM
To: Rob Enderle
Subject: glass vs. non-glass

Confidential. NDA Only

5/20/2008

From: Noury Bernard-Hasan
Sent: Tuesday, August 30, 2005 4:07 PM
To: Barry Goffe
Subject: FW: Vista SKUs Dell Complaint and Response

Here you go sir...

From: Rob Enderle [mailto:renderle@enderlegroup.com]
Sent: Tuesday, August 30, 2005 3:45 PM
To: Steve Ballmer
Subject: Vista SKUs Dell Complaint and Response

Steve:

This is kind of interesting and short. We had an advisory meeting with Dell where they make a huge stink about your plan for Vista SKUs and asked the analysts and reporters to intervene (we were under NDA so the information was contained). So I attempted to do so and spoke with Barry Goffe who was very nice but seemed surprised that Dell had a problem (I've since spoken with the CEO of another OEM who concurred with Dell) and so went back to Dell and got the attached response.

Sitting on the OEM typically is not effective at making a problem like this go away, Dell was never going to publicly roll against you they were just trying to prevent a mistake they, I, and at least one other vendor (not to mention the rest of the rotating hardware advisory board) saw and clearly won't do that again. Personally, I think the focus should be on avoiding the mistake rather than shooting the folks that try to prevent it from happening but maybe that's just me.

Clearly I never should have mentioned that the source was Dell. At some point I'd love to learn how to help you folks without either getting shot myself or getting someone who also depends on me shot. I figure that would be a great survival skill. This is more of an FYI, just something I figured you'd want to know. Let me know if you want any more details.

Anyway it was still good to see you the other day and still think Scott is a jerk, travel safe!

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From: David_Brandt@Dell.com [mailto:David_Brandt@Dell.com]
Sent: Tuesday, August 30, 2005 1:18 PM
To: Rob Enderle
Cc: Rob_Hatley@dell.com
Subject: RE: Microsoft help

Rob - As you know, Dell's GAC discussions are embargoed under NDA. While conversations that occur during council meetings are robust by design and provide a level of insight reserved for Dell's most trusted advisors, it is not appropriate to communicate these discussions outside that forum without direction from Dell Analyst Relations. Any conversations outside the spirit of this forum are in violation of the NDA.

5/20/2008

Vendors and the market may hold strong opinions on a variety of subjects, including Vista. Dell has solid relationships with our partners and we collaborate directly with them on these sorts of business issues. To the best of our knowledge, Microsoft has an appropriate interpretation of our current positions. Any assessments that you make are best supported/couched in terms of your own analysis and opinions rather than communicated on Dell's behalf.

Thanks,
David

From: Rob Enderle [mailto:renderle@enderlegroup.com]
Sent: Tuesday, August 30, 2005 11:21 AM
To: Brandt, David
Subject: Microsoft help

As requested I've been making a big stink about the SKU Vista thing that came up in the meeting. Microsoft's continued response is that they are in touch with your folks and "Dell loves it". So I really need some back-up here. Discussion is with Barry Goffe.

Rob Enderle
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Enderle Group
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(408) 832-6326 cell

5/20/2008

From: Steve Ballmer
Sent: Saturday, February 24, 2007 7:51 AM
To: Steven Sinofsky
Cc: Bill Gates; Kevin Johnson
Subject: RE: Our stuff

I would like that You told me to expect it would take you a number of years to reform sounds like you are solidifying that view

From: Steven Sinofsky
Sent: Friday, February 23, 2007 10:23 PM
To: Steve Ballmer
Cc: Bill Gates; Kevin Johnson
Subject: RE: Our stuff

This is not a surprise.

You might recall that many folks thought we should not attempt an upgrade of existing machines. This is a "failure" of state migration, but also program migration (which may or may not violate a license agreement) and also now with rights management even more issues. The PSS calls are not hitting on these areas yet, which is either a sales indication or an indication that people are just doing clean installs or slogging through issues.

And with Vista the driver situation is poor. Right now that is being used by the team as the answer to every problem which is very hard to address. Driver issues to dwarf other issues, but we have plenty of things we control directly. The download issue Jon mentions is of course correct.

I still do not have a machine that is as reliable as XP for basic productivity use. I gave one presentation at Harvard this week where I just kept losing the signal to an external monitor which is a new driver model problem. I gave one at CMU where I spent 10 minutes trying to make sound come out of the external output jack which is a problem with Intel's HD Audio drivers. And forget the poor performance of playing the videos I have—I had to set the UI into classic mode so they would play with sound and video in sync and not stuttering. I know the issues but it doesn't make me comfortable knowing how many people just at Microsoft will experience these.

I would probably say folks should even wait on a new machine. The Intel 945 based laptops are "rushed" and so is the driver support. The 965 machines are just coming out and I think (hope) things will be better.

At our next 1:1 I need to really do more to explain the state of the dev team relative to what folks might think we are capable of.

From: Steve Ballmer
Sent: Friday, February 23, 2007 9:02 PM
To: Steven Sinofsky
Cc: Bill Gates; Kevin Johnson
Subject: FW: Our stuff

Fyi I am sure this does not surprise you nor me I guess

5/19/2008

From: Jon Shirley [mailto:JonS@orchard.ms]
Sent: Friday, February 23, 2007 4:37 PM
To: Steve Ballmer
Subject: RE: Our stuff

First EasyTransfer would hang until the Vista folks told me to remove Connection Manger from the old machine. After the transfer to a hard disk and a clean Install of Vista MSN money toolbox would not download, KB165954 was the solution and Exec Support said it was the EasyTransfer that caused it. I also had a DRM issue with MSN Music that took a lot of back and forth to solve but I am not sure EasyTransfer caused it.

Strange that all the issues so far have been with our programs but I must admit I have been reluctant to load other programs unless I know the company is good. Examples of what does work are Photoshop, Diskeeper and EMC Retrospect. EasyTransfer also populates the disk with folders for programs that contain only stock stuff installed when the program is first installed (so old and not specific to me) and in several cases those programs are not available for Vista.

And it's not just the drivers, there is software that says it works with Vista but has problems (Spy Sweeper for one) and of course the software that is not yet available for Vista and one will need to very cautious with it when it is out.

The other reason I am cautious in advising others is that almost any machine is going to require you going on the internet and downloading some stuff. Best to do first to be sure it is there and save it on a CD-ROM. And I do not want to become a support person.

Jon

From: Steve Ballmer [mailto:Steve.Ballmer@microsoft.com]
Sent: Friday, February 23, 2007 6:49 AM
To: Jon Shirley
Subject: RE: Our stuff

I am surprised by your comment on the cable can you provide more details the drivers is painful I do not disagree but of course the real problem was we blew almost 2.5 of the 5 years we cannot do that again

From: Jon Shirley [mailto:JonS@orchard.ms]
Sent: Thursday, February 22, 2007 4:41 PM
To: Steve Ballmer
Subject: Our stuff

Steve:

When asked if I should:

Upgrade to the new Office I say absolutely.

Upgrade my computer to Vista I say never (if someone is technical enough to want to go through the pain they would not be asking me.) It is very difficult and our make it easy transfer program has problems.

Buy a new computer with Vista I say wait 4 to 6 months. The reason is there are just too many utilities, drivers and programs that will not yet work but will in a few months. One that I missed and hit me hard was Semantic's PC Anywhere. So I have one XP and Vista machine.

5/19/2008

Somehow after 5 years I think we should have done better.

Jon

5/19/2008

Page 39

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From: Tom Pilla
Sent: Friday, November 17, 2006 8:32 PM
To: Steve Ballmer; Debbie Hill; Dorothy Veith
Cc: Mich Mathews; Larry Cohen; John Pinette; Bill Cox; Ari Bixhorn; Kim Stocks; Frank Shaw (Waggener Edstrom)
Subject: RE: Biz Value Launch -- Pre-event Media Interviews

Steve:

Thanks for agreeing to do these interviews this Tuesday. Each will now be done by phone from your office between 1:00 - 2:30pm. I will host. Attached is the top-level Business Value messaging and Q&A with supporting data.

Below is a bit more detail on the interviews. (Note that we will provide the background on Guth separately as, given his focus on the future of Windows angle, it requires a different approach and set of messaging which we are pulling together now.)

Bloomberg, Dina Bass

Despite her lack of deep technical knowledge, Dina has been well versed in Office, Vista and Exchange. She recently met with Chriscap, Mike Sievert and Dave Thompson for deep dives. Dina is positive about the releases, but her affinity for controversy/tension means she will reference (in her launch coverage) the barriers we will face. Whether it is the EU, product delays, or competitive threats from Google, Dina tells a complete story. That said, her coverage of these three products to date has been relatively positive, particularly for Office. Her Vista coverage usually includes reference to the past delays and potential deployment issues. The key will be to stay focused on the industry excitement for these products and the massive economic opportunity the products will create. Her interview with you Tuesday will be embargoed until 11/30.

Information Week, John Foley

As I mentioned, Information Week is planning a sizable BV Launch cover story to hit the stands on November 27th. As part of this package, Foley is writing an analysis piece that addresses three questions: 1) why is the launch important, 2) how/why Office, Vista and Exchange will impact customers/industry, and 3) why will customers upgrade. We expect this to frame your interview with him Tuesday. Foley has covered us for more than 10 years. In September, Foley wrote an article on security features in Vista in which he reported that based on their survey, 39% of the businesses plan to upgrade to Vista within the first year of availability because of the security. He has also speculated that he believes Vista will be the last of the "supersized" operating systems and future versions will be more modular in construction.

From: Steve Ballmer
Sent: Friday, November 17, 2006 8:33 AM
To: Tom Pilla; Debbie Hill; Dorothy Veith
Cc: Mich Mathews; Larry Cohen; John Pinette; Bill Cox; Ari Bixhorn; Kim Stocks; Frank Shaw (Waggener Edstrom)
Subject: RE: Biz Value Launch -- Pre-event Media Interviews

7/2/2008

Fine

From: Tom Pilla
Sent: Friday, November 17, 2006 12:32 AM
To: Steve Ballmer; Debbie Hill; Dorothy Velth
Cc: Mich Mathews; Larry Cohen; John Pinette; Bill Cox; Ari Bixhorn; Kim Stocks; Frank Shaw (Waggener Edstrom)
Subject: Biz Value Launch -- Pre-event Media Interviews

Steve:

We have tentatively reserved 90 minutes on your schedule next Tuesday afternoon for three media interviews in support of the Biz Value launch on 11/30 in NYC. These pre-event interviews are an important part of the strategy to maximize coverage around the BV launch; they include...

1. **Information Week/John Foley** – We're on a trajectory to secure the cover of InformationWeek's Nov 27th issue which will contain a multi-story package, including an overall analysis of the product releases and their significance for customers. Foley will use this phone interview to pepper the cover story with quotes & commentary from you.
2. **Bloomberg/Dina Bass** – While Dina will attend the BV event, there's no time for you to meet with her here. She's been favorable of the releases thus far and, most recently, had good deep dives with ChrisCap & Mike Sievert. This in-person interview will be key to her launch coverage.
3. **WSJ/Guth** – Rob is working on a story about the future of Windows which will look to provide a view into future releases as well as the role services may play. While we'd rather not have Rob write such a piece at this time, we are engaging with him to provide balance and accuracy. We also believe our engagement will prevent this particular story from running on the day of launch which could potentially distract from the news that day.

If you're willing to do this, we will send full briefing by end of day Friday.

In addition, the Info Week story will include a sidebar entitled "The 10 Things Steve Ballmer Wants You to Know About Microsoft." We have drafted that list which is attached for your review; if you approve, we will get it back to Info Week for inclusion in their package.

<< File: InfoWeek - Top Ten.docx >>
Thanks.

PS – Ari, Chriscap et al have time with you next Wednesday morning to review the full plan for the BV event itself.

1/2/2008

From: Steve Ballmer
Sent: Wednesday, July 05, 2006 9:40 AM
To: Scott Di Valerio
Cc: Kevin Turner; Mike Slevert; Kevin Eagan; Jim Totton
Subject: RE: Tech Guarantee Update

Ok

From: Scott Di Valerio
Sent: Thursday, June 22, 2006 8:03 AM
To: Steve Ballmer
Cc: Kevin Turner; Mike Slevert; Kevin Eagan; Jim Totton
Subject: Tech Guarantee Update

Steve,

I wanted to provide you an update on the plan for the "Tech Guarantee" for OEMs in support of our launch plans.

Key Elements:

As the launch plans for Windows Vista changed to January, the "Tech Guarantee" or promotional upgrade offer was expanded from 30 days prior to launch, to a program and timeframe intended to address the OEM partner concerns around holiday. The program has three core elements:

1. Timeframe: October 26th through March 1st for eligible PC purchases
2. The Upgrade Offer: Provides for a "free + S&H" upgrade opportunity for OEMs to extend to their customers for premium Windows XP purchases; Windows XP Home PC customers have an opportunity to purchase an upgrade at 50% the FPP price.

For languages where we do not offer a Windows XP MCE edition, we would offer an upgrade for Windows XP Home to Windows Vista Home Premium also intended at "free + S&H".

3. Fulfillment: The model will be like Windows XP where we will license these upgrade offers to the OEMs who together with ARs will provide the fulfillment to their customers. We will structure the royalty to support the pricing strategy described.

OEM feedback has been good on the structure of the program though many wished we would do the fulfillment directly thus ensuring a consistent non-competitive offer for all customers. Dell is very high on the premium structure of the offer and plans to drive a higher mix of premium product through holiday as a result. We think other OEMs are considering this as well.

There is also some feedback that the start date for the program should be October 1st though we believe we already have a very generous offer with 2 months both prior and after the GA launch.

We will continue to look at this program as other schedule discussions take place. This program has Mike and my full support and has been reviewed and approved by Jim Allchin and Kevin Johnson.

Let me know if you want to discuss further.

7/2/2008

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Scott

FULL PROGRAM DETAILS AND BACKGROUND

Eligibility timeframe:

Windows XP PCs purchased from the day of the current Business Launch (current plan is end of October) through the end of February are PCs that can participate in the offer. This would not be announced or promoted until that day it is available to ensure sales are not impacted prior to the start. The intent is to allow time after the January general launch for retailers to complete Windows XP transition. Even this is currently not long enough for some language versions which don't even RTM to OEMs until early 2007 and this is still be worked.

OEM Feedback:

While some OEMs have product model transitions in September and have asked that it start then, they are now asking for a compromise of beginning the program on October 1st to fill the entire holiday selling cycle.

Microsoft consideration:

Financial impact of this program falls into two categories: accounting rules require that we defer some of the revenue until the TG upgrade is delivered to the customer. And for each customer that takes advantage of the offer, some percentage of them would have been FPP customers and so there is an impact of FPP revenue. These impacts have been reviewed and approved by our executive teams for this revised program.

Strong views internally that we already have an extremely generous offer compared to any past program and NOT move the start date. Given other possible issues on schedule that could push the other end of the dates on the program that may emerge, the current view is to not start the program even earlier.

The Customer Upgrade Offer:

The promotional upgrade offer itself creates an incentive for our OEM partners to drive for a rich mix of premium SKUs. By selling the intended customer price as "free + S&H" for an upgrade from a premium Windows XP SKU to the equivalent Windows Vista SKU this creates a tremendous offer for holiday customers. For consumer PCs shipping with Windows XP MCE this is especially compelling. When taken together with the OEM Jumpstart program which enables an OEM to offer Windows XP MCE for effectively an additional \$8 over Windows XP Home, they can extend a \$160 value upgrade to Windows Vista Home Premium to their customer. We have feedback from Dell and others that this is very attractive and in fact exactly what some asked us for.

For business customers Windows XP Pro and Windows XP Tablet Edition PCs will have an offer for an upgrade to Windows Vista Business also with the intended customer price as "free + S&H". This further reinforces that Windows XP Home is NOT a business SKU and not an upgrade path we promote.

And for Windows XP Home PCs there is an offer but not as attractive as the premium SKU offers. There will be an offer for the customer to receive an upgrade to Windows Vista Basic or Windows Vista Home Premium for 50% of the expected retail pricing for the upgrades (which could lead to \$49.99 and \$79.99 + S&H respectively based on the OEMs pricing).

The program requires the Windows XP PC to carry and comply with the Windows Vista Capable PC Program.

7/2/2008

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OEM Feedback:

We have a range of feedback from our partners. Dell is very high on this strategy and for consumer plans to drive a very rich mix of premium product to take advantage of this program. HP and others have raised concerns around the cost of the Windows XP Home upgrades especially in regions that do not have a version of Windows XP MCE available for the native languages and / or country.

Microsoft consideration:

Windows Vista premium experiences are broad and core to our strategy of creating significant new experiences and use scenarios. This has the benefit and opportunity for the ecosystem to drive greater ASP and increased total basket. This program has the opportunity to drive the trend back towards these premium experiences and offer with a premium mix shift.

For those language versions of Windows XP for which there is NOT a Windows XP MCE edition available, we think we should add a "free + S&H" offer to Windows Vista Home Premium from Windows XP Home to help these markets through the holiday selling period. We recommend holding the ground however on requiring the Windows XP premium SKUs in all other cases such as the business SKUs (keep Windows XP Pro mix moving in the right direction), and drive premium consumer systems in markets served today by Windows XP MCE.

The OEM Upgrade Offer and Fulfillment:

We have often been asked by the OEMs for Microsoft to manage and directly fulfill upgrade offers. We disclosed this revised program to the OEMs in May but did not commit final pricing or fulfillment model at that time. We told the OEMs in May that we were not committed to a Microsoft fulfillment model but were exploring if it would be possible. The decision was reached last week that while a plan for Microsoft direct fulfillment is reasonably well understood and doable, when taken together with all the other programs that OPS must manage through the same timeframe (FPP, WAU, Office 2007, etc.) there is too much risk.

This puts us on a path to structure this like past Windows OS upgrades where there is a royalty license and fee between Microsoft and the OEM, and then the OEM directly extends the offer to their customer and manages the fulfillment. OEMs then outsource this to a fulfillment house and AR that we have worked with and provide.

We would create similar market dynamics by offering the premium to premium upgrades as described above at a royalty of \$0. This creates the possibility for the OEM to bring the same "free + S&H" promotion to market. And for Windows XP Home upgrade paths we would set the royalty fee such that the likely customer pricing would be at the 50% of retail FPP pricing. In this model however we do not set the customer price and the actual customer offer will be defined by the OEM.

OEM Feedback:

We have spoken directly to a number of top OEMs this week including Dell, HP, Gateway, Toshiba, and Acer. Most OEMs strongly prefer that Microsoft manage the fulfillment of this offer. Their concerns were both in the complexity, cost, and timing of this decision, and in a missed opportunity for Microsoft to ensure a consistent and standard offer for this program. Now they see concerns that it will become an area of possible competition and potentially add further cost if they need to absorb program costs and not be able to load them into the S&H costs. This happened during the Windows XP upgrade program.

From another perspective Sony specifically asked that we not do the fulfillment and they want to so they can in fact merchandise an expanded offer with other items and drive revenue and margin. So they presumably will see this as a good decision for them.

Microsoft consideration:

We also feel that it is preferable having the ability to set the price and drive a consistent set of

7/2/2008

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messaging around premium experiences that come from doing the fulfillment as a Microsoft offer. That said we have to balance the risks we take for this critical launch and the OPS input on this. So we have begun the messaging to the partners and getting the feedback above. We do need to lock this program and it's details down by end of June so there is time for our partners to develop their plan. The retail channel will be placing their orders and mix by mid-July.

Part of our response to them will be a clear process and provide them with a number of ARs and fulfillment houses to use in the fulfillment.

7/2/2008

Page 45

MS-KELL 00000096771
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From: Jamin Spitzer
Sent: Monday, October 23, 2006 2:51 PM
To: Brad Goldberg
Cc: Martha Sherman; Lisa Worthington; Laura Dodd (Waggener Edstrom)
Subject: RE: Steveb recap Draft

Thanks Brad. Incorporated your comments.

From: Brad Goldberg
Sent: Friday, October 20, 2006 4:11 PM
To: Jamin Spitzer
Cc: Martha Sherman; Lisa Worthington; Laura Dodd (Waggener Edstrom)
Subject: RE: Steveb recap Draft

thanks jamin

I've been on the road all week ... hopeful this input isn't too late

generally looks right but a few comments below in blue

the objectives I had for the meeting were

- 1) communicate confidence in the product and share our approach to quality
- 2) address any strategy questions relating to hot topics
- 3) continue to build exec relationship

thx for your help down at symposium as well

brad

From: Jamin Spitzer
Sent: Sunday, October 15, 2006 9:30 PM
To: Brad Goldberg
Cc: Martha Sherman; Lisa Worthington; Laura Dodd (Waggener Edstrom)
Subject: Steveb recap Draft

Anything I missed, mis-characterized or that required change/deletion?

Windows Client

Gartner participants: David Smith, Mike Silver, Steve Klayhans, Neil MacDonald

MSFT participants: Steve Ballmer, Brad Goldberg, Jamin Spitzer,

Objectives:

- Confidence in Vista product, OEM/Retail Channel, app/device compatibility
- Commitment to Quality
- High-level strategy relating to:
 - o Future of Windows, Windows Live and Web 2.0, virtualization technologies
 - o Piracy v volume activation, Windows Genuine Advantage
 - o MS' all-up consumer strategy
 - o Low-end competition- One Laptop per Child Initiative
- Provide Gartner 'wobble room'

7/4/2008

Recap

The meeting started out with the analysts sharing some thoughts about Windows Vista, notably quality and timing.

Silver was generally impressed with progress made in the last few months but thought Beta2 is not the same quality as the XP product at the same time. Smith pointed out that the definition of Beta is different than for the XP launch and there is a higher expectation of a RTM (and Beta) product today. Steve agreed with Smith on Beta, and questioned if the issue was the new Beta perception or the memory of XP in 2001.

On timing, Steve Kleyhans commented that with RC2 where it is, final product by the end of November looks like a convincing target but that hardware vendors want MS to wait for the next wave of machines and expressed concern about device drivers.

Steve stated that if we made a dramatic change, which would be decided in the next ten days, we would slip by 4-6 months. (these aren't areas of concern – these are the 5 dimensions of quality we look at. the areas of concern are the two at the end – app compat and perf on 512mb machines) His five areas of concern are Performance ('good on most modern machines,' OEMs want MS to state that Vista runs on 500 (512) MB RAM machines), Reliability ('solid'), Security ('best ever effort'), Drivers (MS needs to sound the alert) and App Compat (some more work required which could require 'shims'). The last two issues are AppCompat and performance on 500 (512mb) MB RAM machines and Steve reiterated that we will do what's best for the users. Once those decisions are made, MS will share a tech guarantee for XP machines (including when it starts and when it ends) to cover Christmas sales.

David Smith commented that Gartner will not bash MS if MS chooses to slip Vista.

Steve gave the analysts an explanation of how MS will measure Vista success. First is market measures such as absolute units (should be bigger), percentage of install base (small percentage, regardless of 'success'). Second, Steve keyed three audiences he wants to see adopt Vista: developers, enterprises and consumer word of mouth (a "je ne sais qua") that reaffirms Windows at the center of computing. (I heard this a bit differently – he said 3 metrics – developer adoption, enterprise deployment, and consumer word of mouth. there isn't really a measure on absolute units since we haven't made a statement that windows will impact hw market growth)

When discussing the delay, Steve outlined the three phases of Vista (1 Incubation/integration, 2 XP SP2, which could have been marketed better/differently, and 3 post XP2, since which MS has done reasonably well). Steve wants to re-componentalized more aspects of future OS releases so that certain aspects can be revised more frequently than others.

Post-Vista, MS is reviewing areas in which we move forward post Vista: better componentization, security model for the Internet, multiple cores ("Moore's Law died"), virtualization and the programming model. Silver stated that Gartner believes that by 2011, 50% of Enterprise Applications will be OS agnostic. Steve disagreed with the assessment and restated his belief in client-based "click-to-run" richness with a stronger .NET Client story. MS believes that there will be rich, interesting and pervasive experiences that will not be OS agnostic and that there is no reason for the vast majority of IT to want OS agnosticism.

Kleyhans believed that MS lacks a consistent consumer strategy. Ballmer agreed and also articulated the Islands and the Archipelago model. Capturing the archipelago requires a strategy for the full archipelago as well as strategy for capturing each/many of the islands. With X-Box, we made some non-synergistic choices (technology and marketing) as a way to capture an island.

Jamin Spitzer
Group Manager
WWW Analyst Relations
Microsoft Corporation
+125-705-2864 (w)
206-283-3967 (m)

7/4/2008

From: Will Poole
 Sent: Tuesday, June 07, 2005 2:36 PM
 To: john.romano@hp.com; Will Poole
 Cc: Steve Ballmer; Jim Allchin; Rodrigo Costa; Mike Oldham; vyomesh.joshi@hp.com; ted.clark@hp.com; chris.christopher@hp.com; dorothy.deringer@hp.com; Brad Goldberg; Mike Sievert
 Subject: RE: HP Longhorn SKU feedback

Thanks for the input John. As I mentioned in the meeting, we do not have any plans to make such changes but appreciate your guidance as whether we should consider any. As you point out there are more likely downsides than upside in this area.

Mike will get back to you once our team has digested the points below.

Thanks, will

** Sent from somewhere in asia via PocketPC **

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

From: "Romano, John (Consumer PC)"<john.romano@hp.com
 Sent: 6/8/05 2:42:29 AM
 To: "Will Poole"<wpoole@windows.microsoft.com
 Cc: "steveh@microsoft.com"<steveh@microsoft.com,
 "jimall@microsoft.com"<jimall@microsoft.com,
 "rodrigoc@microsoft.com"<rodrigoc@microsoft.com,
 "mikeold@microsoft.com"<mikeold@microsoft.com, "Joshi, Vyomesh I"<vyomesh.joshi@hp.com,
 "Clark, Ted"<ted.clark@hp.com, "Christopher, Chris"<chris.christopher@hp.com, "Deringer, Dorothy K"<dorothy.deringer@hp.com
 Subject: HP Longhorn SKU feedback

Will,

One of the actions items from our meeting last week was to give you feedback on your question about whether or not staging the Longhorn SKUs would help HP. We appreciate your question and willingness to help.

We have worked with both marketing and the technical teams in all of our businesses, so this is the HP IP5G view.

1. The cost impact of the number of SKUs for Longhorn is in three areas

- qualification on HP hardware
- service and support
- physical inventory

Although staging SKU releases gives some help at release, the biggest expense is in the physical inventory. So as long as the number of SKUs remains the same, staging won't help us control costs in our indirect model.

2. If Microsoft decides to stage the release of SKUs to help your delivery schedule, how you stage them can have a neutral to negative impact.

- releasing the consumer SKUs first (for example for holiday 2006) and commercial SKUs later would have a neutral impact on HP.
- releasing the "Standard" SKU before the "Premium" SKUs (or vice versa) would have a very negative impact, as it would stall XP sales.

3. A strategy that would help HP would be for Microsoft to have the same price for the Home and Pro lowend SKUs. This would enable us to have only one business level SKU for

small business. If there is a price differential, we would have to have two SKUs to capture the low price point with Home.

I think that it is also better for Microsoft if small business buys the Pro lowend SKU as they can upgrade to "Enterprise" at a later date. If the small business customer buys Home lowend there is no upgrade path to "Enterprise".

Please give me a call if you want to talk real time about this.

John

From: Steve Ballmer
Sent: Wednesday, February 01, 2006 3:32 PM
To: Jim Allchin
Cc: Kevin Johnson
Subject: RE: Microsoft Vista Compatible Announcement

I had nothing to do with this Will handled everything I received a message that Paul was going to call Will said he would handle it Paul called I had not even had a chance to report his issues when Will told me he had solved them (it did not sound like he had) I am not even in the detail of the issues

You better get Will under control thanks

From: Jim Allchin
Sent: Wednesday, February 01, 2006 9:01 AM
To: Steve Ballmer
Cc: Kevin Johnson
Subject: FW: Microsoft Vista Compatible Announcement
Importance: High

I am beyond being upset here.

This was totally mismanaged by Intel and Microsoft.

What a mess.

Now we have an upset partner, Microsoft destroyed credibility, as well as my own credibility shot.

I was away and I get back to see this mess.

I was told this all started with a call between you and Paul. I will have to get to the bottom of this and understand how we could be so insensitive in handling the situation.

Jim

From: Walker, Richard (Consumer PC) [mailto:richard.m.walker@hp.com]
Sent: Wednesday, February 01, 2006 8:51 AM
To: Kevin Johnson; Jim Allchin
Cc: Bradley, Todd; Carter, Helen K; Morris, Jennifer
Subject: Microsoft Vista Compatible Announcement
Importance: High

Jim, Kevin,

I see from the announcement on the OEM website that the rumor I referred to in my earlier message is indeed true. You should understand that for a partner who has made a significant investment in meeting the Vista Capable requirement we find it both disappointing and troubling that you would make such a decision without first consulting HP, your biggest global partner. The statement made that it was partner feedback that drove you to this decision may be true but you certainly did not get it from my organization, nor any other part of the HP PC organization as far as I can tell. The decision you have made and communicated has taken away an investment we made consciously for competitive advantage knowing that some players would choose not to make the same level of investment as we did in supporting your program requirements. Now we have a situation where PC manufacturers (and processor/chipset suppliers) can claim Vista Capable in a "good" mode just because it will run. What kind of consumer assurance is that? Hardly one that puts any credence behind your desire to create the "best possible customer experience for the Windows Vista Upgrade".

I can't be more clear than to say you not only let us down by renegeing on your committment to stand behind the WDDM requirement, you have demonstrated a complete lack of committment to HP as a strategic partner and cost us a lot of money in the process. Your credibility is severely damaged in my organizallon, I have engineers who've worked their tails off to qualify new platforms to support WDDM who are wondering why they put so much effort in when Microsoft changed the rules at the last minute and didn't even consult us before making the announcement.

If I were to be completely cynical about the course of events leading up to this, I'd suggest that my friends in Santa Clara slept well last night knowing they don't have to worry that part of their line up, non compliant as it would have been based on WDDM requirement for 1/4, will be exposed to public scrutiny. I'm three months into this new role and I hope this incident is not a foretaste of the relationship I will have Microsoft going forward, but I can tell you it's left a very bad taste with me and my team.

Cheers...Richard

Hi Jim,

You and I haven't met yet but I replaced John Romano running the consumer PC business working for Todd, I look forward to meeting you in the not too distant future.

I wanted to check in with you based on a rumor I heard today that Microsoft is about to relax the WDDM requirement for Vista Capable PC's. We are hoping this is indeed just a rumor but would like your confirmation.

As you may recall from the August 2005 meeting in San Diego, when this topic was discussed John Romano asked Microsoft for a commitment to ensure that you would not bow to pressure to relax the requirement since it would require HP to make a major commitment to support it. I am told you did in fact make that commitment and as a result we embarked on a plan to rapidly obsolete the Intel 910 and 915 based platforms, bringing up and qualifying 2 new motherboards in support of being Vista Capable. As you can imagine this was no small feat and our team has worked hard to support your plans so we're hoping the rumor we're hearing is just that, but I'd be grateful if you would confirm where things stand.

Many thanks,

Richard

Richard M. Walker

SVP Consumer PC Business Unit

Tel: 408 343 5114

Updated Windows Vista Capable PC Marketing Program Information - Announcement

REDACTED

REDACTED

REDACTED

From: Jim Tallon
Sent: Thursday, February 08, 2007 6:11 PM
To: Mike Slevert; Scott Di Valerio
Cc: Kevin Eagan; Mike Quinn; Thomas Bauer
Subject: FW: Express Upgrade Update from MSFT

Mike and Scott,

Spent time this afternoon supporting Frank Holland, Thomas Bauer, and Mike Quinn and team in drafting response to Steve B's mail from Mark Hurd. As you know they are managing the escalation by HP's team to our senior management.

Here are top level points for you on the program operationally as you asked Mike. Let me know if this meets the need:

- **Program Structure:** *DOEMs (Royalty based) have a royalty offer from Microsoft for upgrade SKUs they can offer their customers through the "Express Upgrade to Windows Vista" program. They set the price. System Builder OEMs can purchase a COEM SKU that includes a coupon and offer the customer the upgrade. In this case Microsoft sets the price.*
- **Fulfillment Model:** *DOEMs then own the fulfillment and can chose Modus Link or their own fulfillment company. The DOEMs directly contracts with the fulfillment company and sets the SLA for their program. Microsoft sets the governance rules in which the fulfillment company must operate (such as validating COAs, proof of purchase, etc.). The System Builder offer is managed by Microsoft and Modus Link is our partner. We directly manage the contract for this with Modus Link.*
- **Overall Status:** *Initially a slow start by Modus Link, and a number of Web design issues that have driven customers to their support phone lines. We (DPS, MSLI) have worked closely with Modus Link and have driven corrective actions to improve these customer experiences. Redemption rates prior to GA running very low (e.g. <5%) but calls running higher than expected. Partners such as Dell who selected their own partner running smoothly best we know.*
- **Current status:** *HP escalation of numerous concerns of Modus Link's performance. Call levels both at Modus Link and in HP's own call centers exceeding expected level. HP's call level apparently learned from driving in are actually being driven by other factors than just the upgrade. Windows Vista technical issues from FPP customers are 1/3 of their calls and can be directed to us.*

Modus Link also receiving many calls that are general inquiries and not just fulfillment questions. Joint HP, Microsoft, and Modus Link team calls happening regularly with committed plans in place for improvements. Key example is Modus Link with our help is adding more capacity to their call centers and smarter directed call logic (IVR) to guide non-fulfillment calls to appropriate place. Driving first from a partner perspective but also navigating the fact that it is HP's program and their Modus Link contract / SLA.

Expect to see things move back on track within the next week and team continually tracking. RT/KJ call held with Todd Bradley's team on Tuesday evening (though Todd didn't show) and additional follow up call scheduled for Friday as well.

- **Context:** *HP had record sales (not stalled sales) over the holiday so on this count the program has met or exceeded its design intent. And for Microsoft we exceeded our budget through mix shift in holiday Windows XP premium sales.*

Jim

7/4/2008

— Original Message —

From: Mike Sievert
Sent: Wednesday, February 07, 2007 6:05 PM
To: Jim Totton
Subject: FW: Express Upgrade Update from MSFT
Importance: High

Jim could you give me a summary in mail today of what is going on? And Steve is asking that we send another update to HP below

I'm not clear on what the issues are here. I thought HP was doing their own fulfillment. Did they hire Moduslink or did we? How fast will we get this resolved?

-M

— Original Message —

From: Steve Ballmer
Sent: Wednesday, February 07, 2007 5:49 PM
To: Scott Di Valerio; Mike Sievert
Cc: Kevin Johnson; Kathleen Hogan; Kevin Turner
Subject: FW: Express Upgrade Update from MSFT

What is up who is fixing I replied with apologies to todd and mark but should send them a sense of the fix asap thanks

— Original Message —

From: Hurd, Mark (mailto:mark.hurd@hp.com)
Sent: Tuesday, February 06, 2007 8:20 AM
To: Steve Ballmer
Cc: Bradley, Todd
Subject: FW: Express Upgrade Update from MSFT

Steve,

I'm sure you're aware of this. Our call lines are being overrun.

All the best.

Mark

This message and any attachments are confidential and may also be legally privileged. If you are not the intended recipient, please notify the sender immediately. You must not copy this message or use it for any purpose nor publish or disclose its contents to any other person.

— Original Message —

From: Bradley, Todd
Sent: Monday, February 05, 2007 10:23 PM
To: 'Kevin Turner'; 'Kevin Johnson'; Martinez, Katherine M
Cc: Hurd, Mark
Subject: FW: Express Upgrade Update from MSFT

KT, KJ

I am going to continue to elevate these issues, our customers and HP's reputation is getting hurt by poor execution and we need more aggressive action on your part. Call me anytime, this needs to be addressed

7/4/2008

Todd

Sent from my HP 6900 (www.hp.com)

--- Original Message ---

From: Carter, Helen K
Sent: Tuesday, February 06, 2007 12:19 AM Central Standard Time
To: Neri, Antonio F (Americas PSG); Struthers, Courtney; Glenn, Hilary; Austin, William Penn; Notaranni, Mark
Cc: Bradley, Todd; Larson, Mike (Americas PSG); Martinez, Katherine M; Jorgensen, Aimee Bagnetto; Morris, Jennifer
Subject: RE: Express Upgrade Update from MSFT

Thanks for the update, Antonio. Here are a few more points from Hilary & Courtney:

1. The HP and ModusLink call reports show that the calls are caused by Express Upgrade order calls and are not "general Windows Vista" calls. We've told MSFT this.
2. Since HP doesn't use ModusLink in Japan, the fact that they've added call agents in Japan is irrelevant to us.
3. We're glad that ModusLink added the IVR, but most customers are still getting a busy signal and will continue to get that until Thursday, when their partner with additional capacity in North America comes on line. Expect the escalations and the hostile messages until Thursday.
4. Glad to hear the ML is working hard. Our concern is that ML has to check all its decisions with Microsoft. We want MSFT to reduce the analysis time and improve the time to action.
6. ModusLink and MS categorically refused to do any kind of press outreach. We are sending them selected comments from various forums showing the PR effects of the issue. Courtney has collected these (attached).

Helen

--- Original Message ---

From: Neri, Antonio F (Americas PSG)
Sent: Monday, February 05, 2007 8:36 PM
To: Carter, Helen K; Struthers, Courtney; Glenn, Hilary; Austin, William Penn; Notaranni, Mark
Cc: Bradley, Todd; Larson, Mike (Americas PSG)
Subject: RE: Express Upgrade Update from MSFT

Helen,

This is consistent to what they shared today in our call with MSFT and Modus Link. They shared the following:

- 1)- They have MSFT looking at the web order usability and stability.
- 2)- They are ramping additional Call Center resources but these will be online on Thursday.
- 3)- They have reviewed their IVR scripts.

Issues we brought to the table:

- A)- Many customers are not happy with the web ordering experiencing, therefore they drop the web and call our call center.
- B)- Through the web ordering experience there is a statement telling customers that they will received the DVD in 6-8 weeks. Most of the customers are not reading this causing them to call our call center asking where is my DVD. We asked to make this more clear on the web.
- C)- We asked for assurance they can ship the high DVD orders once gold master is ready for duplication. They assured us they have the duplication processes setup and they can fulfill this large number of orders. We should verify this.
- D)- They told us LAC in-country ordering numbers were setup and available, but as of today these were not working based on feedback we received from our IPG LAC region. We will verify one more time in the morning. They told us only Argentina and Ecuador were not working.

Additional actions HP is taking:

7/4/2008

- 1)- Our JHP Call Center is putting in place 70 dedicated agents that will be able to take orders on behalf of the customer. Modus Link is in the process of providing the script. We have already got approval from Legal.
- 2)- Our TVR has been changed to better guide customers throughout the ordering process and direct them to the appropriate team.

We will NOT share any costs, nor volumes with MSFT/ML. Mark will keep tab of these costs and once we pass this crisis and we go back to normal level of call volume we will funnel these costs through your team for negotiation and closure with MSFT. We can chat more tomorrow once I land in LA.

Thanks,
Antonio.

--- Original Message ---

From: Carter, Helen K
Sent: Monday, February 05, 2007 8:48 PM
To: Neri, Antonio F (Americas PSG); Struthers, Courtney; Glenn, Hilary; Austin, William Penn; Notarainni, Mark
Subject: Express Upgrade Update from MSFT

Antonio, Courtney, Hilary, William, Mark,

Here is the status report Scott DiValerio has just sent to Todd.

1. Do you agree with the points Scott has made?
2. Is MSFT doing what we need them to do?
3. Once the crisis is over, MSFT is expecting us to come back to them with a big bill. We need to be careful about how much information we give to them on call volumes, costs, etc. and make sure it is consistent. I'll come back to you with a request for specific information on costs.

Best regards,
Helen

--- Original Message ---

From: Scott Di Valerio [mailto:Scott.DiValerio@microsoft.com]
Sent: Monday, February 05, 2007 7:24 PM
To: Bradley, Todd
Cc: Carter, Helen K; Thomas Bauer; Bruce Olson; Kevin Eagan; Kevin Turner; Kevin Johnson; Frank Holland; Mike Quinn; Martinez, Katherine M
Subject: RE: Update

We understand and are working, adding call center folks etc. I will have Thomas send you the details on the nature of the calls etc.

Scott

--- Original Message ---

From: Bradley, Todd [mailto:todd.bradley@jhp.com]
Sent: Monday, February 05, 2007 7:16 PM
To: Scott Di Valerio
Cc: Carter, Helen K; Thomas Bauer; Bruce Olson; Kevin Eagan; Kevin Turner; Kevin Johnson; Frank Holland; Mike Quinn; Martinez, Katherine M
Subject: RE: Update

Thanks for the update. Our service lines are getting crushed with calls, we need some help here, calls are up over 70% on Vista upgrades.

Let me know what you guys can do, this is a huge problem now.

7/4/2008

Todd

Sent from my HP 6900 (www.hp.com)

--- Original Message ---

From: Scott Di Valerio [mailto:Scott.DiValerio@microsoft.com]

Sent: Monday, February 05, 2007 08:28 PM Central Standard Time

To: Bradley, Todd

Cc: Carter, Helen K; Thomas Bauer; Bruce Olson; Kevin Eagan; Kevin Turner; Kevin Johnson; Frank Holland;

Mike Quinn

Subject: Update

Todd,

I wanted to give a quick update tonight on where we are with the Express Upgrade situation with ModusLink. Our team had a meeting this afternoon with Joe Lawler (president ModusLink) and several other key ModusLink executives as well as with members of your HP team. The team reviewed the 7 points Helen suggested as a framework to resolve the issues HP is experiencing, and have responded in detail to each of your suggestions. I will have Thomas forward the latest to you if you want to see it.

We think we have a situation where ModusLink is receiving a lot of general Vista traffic now that we have launched, and also there may be some customer confusion on how best to access the freight resources from the web.

Here is an update from ModusLink & our MS team on what we have accomplished so far:

1. Modus is putting in place 92 more agents for the Americas at our request, this should be complete by Wednesday, by Thursday they should be fully effective
2. Asia added 10 Japanese speaking agents today, Monday, local time, so they have been there for the full day
3. Modus has put IVR front end handling trees in place in English and 5 Asian Languages. EMEA languages will be live tomorrow morning. This should alleviate unnecessary calls coming into the call centers and point customers to the web and other areas for better assistance.
4. Mike Quinn and operations teams are on daily 7:00 am calls with Modus Link president and his direct reports every day. This began last week and the team worked this weekend and will continue to work through until resolved.
5. Microsoft operations teams have been reviewing web site issues and usability issues with Modus, we will continue to assist as needed.
6. Microsoft has used internal Customer Service GM for triage with Modus on Call Center Systems.
7. Microsoft operations - Mike Quinn Team has deployed 3 individuals to Modus Link Call centers (Asia, EMEA and US)

7/4/2008

8. Microsoft operations has deployed 2 IT resources to assist Modus Link with web issues and other technical issues to EMEA.

9. Microsoft is receiving daily metric updates from Modus, beginning today, at 9:00 am, 12:00 pm and 5:00 pm. These metrics focus on 4 specific buckets:

- a. Call Center
- b. Email
- c. Web
- d. Fulfillment

We're staying close to this and I will get an update from my team daily on progress. Let me know if you need more detail.

Scott

7/4/2008

Page 60

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