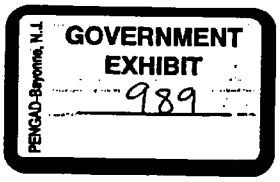
From:	Brad Chase
Sent:	Friday, January 02, 1998 12:23 PM
To:	David Cole; Dean Katz (Katz Communications Group); Yusuf Mehdi; Mich Mathews
Cc:	Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR); Collins Hemingway; Rick Waddell; Claire Lematta (Internet) (Waggener Edstrom); Brad Chase
Subject:	RE: What happens when you break apart IE and Windows - attorney client mail

OK, i have done a sort of stream of consciousness outline here includng cutting and pasting from places like the letter to bherbold and my standard email on the legal issues. I did not try to turn this into elegant prose or organize it perfectly b/c i figured dean is better at that. If people think this is generally good then Dean can fill this out and turn into a concise document and add people's comments.

Integration is good doc



—Original Message—

From:	Brad Chase
Sent:	Friday, January 02, 1998 10:55 AM
To:	David Cole; Dean Katz (Katz Communications Group); Yusuf Mehdi; Mich Mathews
Cc:	Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR); Collins Hemingway; Rick Waddell; Claire Lematta (Internet) (Waggener Edstrom); Brad Chase
Subject:	RE: What happens when you break apart IE and Windows - attorney client mail

i think we need to make three basic points and i started working on a outline yesterday to do that. i will finish it today and send to this alias and dean for commentary and for filling out.

the three points are:

- integration is good for customers
- integration is good for developers (this may be a subpoint of the first)
- our position in the case is the correct legal one and the righteous one (ok i don't have the wording here but dean will figure that out)

—Original Message—

From:	David Cole
Sent:	Friday, January 02, 1998 9:59 AM
To:	Brad Chase; Dean Katz (Katz Communications Group); Yusuf Mehdi; Mich Mathews
Cc:	Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR); Collins Hemingway; Rick Waddell
Subject:	RE: What happens when you break apart IE and Windows - attorney client mail

This issue is complex, but let me make a couple of points.

a) it would be very dangerous of us to define integration as a technical dependancy, but that seems to be what people are focusing on because it can be purely fact based. below you'll see the summary of the technical dependancies. if we can win on this narrow point, fine, but it should not be the thrust of our message moving forward since there may not be technical dependancies to fall back on.

b) having IE integrated into Windows provides all kinds of end user and developer benefit. for end users, just having it there means not setting it up and dealing with all the potential problems of running out of disk space, getting it configured right, etc. for developers it means a standard platform for them to build applications on, so they can apply their IQ to good apps instead of basics like text handling or getting stuff off a network. this also provides end users with consistent applications to work with, which is a main benefit of a GUI operating system. For IE4, integration means a better user interface, richer views of the local file system, more consistent operation across local and remote data, natural access to all information, etc, etc.

In my view, the PR should all be around b) here, not a). we should educate people on a) of course so they know the dependancies, but all the press should be around b) and the great things we are doing for customers. don't get fooled, the only people integration is bad for is our competitors since it makes our products better.

Technical dependancies:
1) Taking out all of "retail IE" per the court order renders Win95 unbootable per my long affidavit. We can add files back one at a time and see what starts working, but I don't think there is PR or legal benefit of explaining that. There is controversy as to whether some files like comctl32.dll and others that were part of the original Win95 should be fairly included on the list, but the court said all of retail IE. we've never sat down and decide what files are part of what, we just ship them where needed.

2) Using the Add/remove command to remove IE 3.02 removes 26 files, including the icons, the internet connection wizard, and iexplore.exe which is a stub file for end user access to the browser. what "in the system" is busted when this is removed:
- AT&T worldnet online service can't be setup.
- MSN doesn't operate properly. (it's possible that new MSN clients work fine, we are checking)
- Personal Web Server can be downloaded and installed, but not administered since that is done via IE.
- We believe that some multimedia files like jpeg and gif no longer can be viewed, but some would expect that if there is no default browser. we are checking more on this as well.
- We don't know if 3rd party applications will be fooled into thinking that IE is present after the remove command is performed, they may assume all of it is still there, not install the components they distribute, then fail because of a dependancy on iexplore.exe. We are testing this.

—Original Message—
From: Brad Chase
Sent: Wednesday, December 31, 1997 7:21 PM
To: Dean Katz (Katz Communications Group); David Cole; Yusuf Mehdi; Mich Mathews
Cc: Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR); Collins Hemingway
Subject: RE: What happens when you break apart IE and Windows

the problem is that this is not simple. in most cases the third party vendors ship IE so the app will only break if you remove IE after the app has been installed. since most of the time the app is installed after a person gets their new oem machine what happens is that the app will install the pieces of IE it needs. it will then work fine.

so in the end, on the app side, mostly what we are talking about is aol and msn i think

—Original Message—
From: Dean Katz (Katz Communications Group)
Sent: Wednesday, December 31, 1997 5:15 PM
To: David Cole; Brad Chase; Yusuf Mehdi; Mich Mathews
Cc: Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR); Collins Hemingway
Subject: RE: What happens when you break apart IE and Windows

Ideally what we need are very simple but detailed answers to:

What breaks if you remove IE 3 retail version?

What breaks if you just run the uninstall as the DOJ asks.

In both instances, ours and third party apps.

Thanks

—Original Message—
From: David Cole
Sent: Wednesday, December 31, 1997 4:54 PM
To: Dean Katz (Katz Communications Group); Brad Chase; Yusuf Mehdi; Mich Mathews; Collins Hemingway
Cc: Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR)
Subject: RE: What happens when you break apart IE and Windows

what definition of IE do we use? retail IE files per the government's definition?

—Original Message—
From: Dean Katz (Katz Communications Group)
Sent: Wednesday, December 31, 1997 2:08 PM
To: Brad Chase; Yusuf Mehdi; David Cole; Mich Mathews; Collins Hemingway
Cc: Mark Murray; Adam Sohn; David Heiner (LCA); Greg Shaw (Corp. PR)
Subject: What happens when you break apart IE and Windows

Mich has asked me to work up the messaging for next week's top-level press visits.

We <u>really</u> need something that explains simply, yet in detail, what breaks if IE and Windows are separated.

This should be a central point we make during the press visits.

Brad, Yusuf or David - Can one of you or someone you assign get a draft of this done by EOD Friday?

Attached is Collins' rought cut, and a new feature we're about to put up on Press Pass, which is good but really doesn't go into the kind of detail we need.

This new documents needs to be concise, with bullet points that explain <u>simply and in laymen's terms</u> what won't work if you break apart IE and Windows.

Thanks.

<< File: IE and Windows 01ch.doc >> << File: Breaking Windows myth.doc >>

—Original Message—
From: Collins Hemingway
Sent: Tuesday, December 30, 1997 12:18 PM
To: Brad Chase; Greg Shaw (Corp. PR); Mich Mathews; Adam Sohn; Dean Katz (Katz Communications Group); David Heiner (LCA); Yusuf Mehdi; David Cole
Cc: Mark Murray; John Pinette; Tom Pilla; Karen Tuazon
Subject: RE: Outline for IE integration argument

We have nothing between Cole's 50-paragraph overview and the one-sentence summary that basically says, "It's integrated. Trust us." To make headway with anyone, you have to take them through a 30-minute argument. We need the 30-second version to establish our position. We need to agree on the precise, actionable, hard-hitting language that every spokesperson repeats as a mantra.

Just look at today's 2 stories from NYT and Wash Post--they repeat our position about integration in general words. The NYT mentions AOL breaking. The Post mentions no specific at all. What if each of those stories and every one last week said, "MS says removing IE will break AOL, harm security, and break applications. It says it can't remove any of the files w/o harming machines, and it can't leave in any w/o also leaving in the ones the DOJ says take out."

Now, if you tell me that I've hit exactly the right points, and I've explained them in a way that is technically correct, then, first, it's a miracle. Second, we simply have to hone them. I suspect it's more complex than that.

Mark also raises an important point that I tried to address in my "interconnectedness" point. The more we hammer on the harm of removing parts of IE, the more we have to show they're intertwined. Or we just bolster the DOJ's contention that we're being butts. How deep is this? I'd like a conversation with the press to go something like this:

Why can't you just pull IE?

Because it breaks the Internet connection, security, screen displays, and hundreds of apps.

Why can't you pull the part that DOJ doesn't like?

First, they told us to pull everything. The product consists of everything. And you can't pull any of the pieces they want w/o breaking something else. You can't leave in the other stuff they now say is OK without leaving in the stuff they say to take out. You can have Internet connectivity or not. You can have security or not. You can have apps run or not. You can have good displays or not.

How? Give me a specific example of why you can't pull some of the stuff.

[One or two very precise, technical and scary examples.]

—Original Message—
From: Brad Chase
Sent: Tuesday, December 30, 1997 11:39 AM
To: Collins Hemingway; Greg Shaw (Corp. PR); Mich Mathews; Adam Sohn; Dean Katz (Katz Communications Group); David Heiner (LCA); Yusuf Mehdi; David Cole
Cc: Mark Murray; John Pinette; Tom Pilla; Karen Tuazon
Subject: RE: Outline for IE integration argument

help me understand what this is for and i can try to help. it does not seem to have any arguements different than what we have been saying

—Original Message—
From: Collins Hemingway
Sent: Monday, December 29, 1997 5:42 PM
To: Greg Shaw (Corp. PR); Mich Mathews; Adam Sohn; Dean Katz (Katz Communications Group); David Heiner (LCA); Brad Chase; Yusuf Mehdi; David Cole
Cc: Mark Murray; John Pinette; Tom Pilla; Karen Tuazon; Collins Hemingway
Subject: Outline for IE integration argument

After talking with w/Mark and Adam about this today, and perusing the filings more, I don't think I can flesh this out the way I'd hoped. I just don't know enough technically. But I did agree to develop an outline to see if people could build something from it. Here goes:

<< File: IE and Windows 01ch.doc >>

The DOJ case against MS is not in the best interest of customers

Integration of new features in the operating system is good for customers

Access to information is now easier for customers. Giving users access to hard disks, networks, cd-rom drives and now the biggest hard disk in the world – the web

Networking used to be hard, you had to load the right driver in the right order etc

Printing information is now easier for customers. It used to be a nightmare. Every application used to ship with its own printer drivers and customers had to figure out how to install them and use them

Communicating with others is now easier for customers.

Using modems to communicate used to be a major undertaking

In early 1990, there were 5 significant ISVs that made software for modems communicating with each other. Hayes, Remote Anywhere, Davinci, Wordtalk, and one other (I'll get the name for you if you want). At that time, if you had a modem in your PC, you needed software from one of these companies in order to make it work. In some cases, the software would get bundled with modems. But the problem was there wasn't a standard or universal way for developers to write software that could work with modems. Now Windows has a standard for doing this that makes it much easier for customers to access remote info.

Standard communication protocols that govern the flow of information like TCP/IP, the protocol of the web, used to be delivered separately. It is now easier for customers to get on the web because that software is a part of Windows

One dramatic example of integration benefits that everyone can identify with is the integration of Windows and MS-DOS. These were two separate products that integrated together. Integrating their functionality (with improvements) with Windows 95 helped lead to many of the benefits above. No one would claim that we should have been forced to keep them separate because there were third party shells for MS-DOS like Gem or ms-dos clones like dr dos.

Including Internet Explorer in the operating system just continues this trend.

- **It helps customers access the largest hard disk in the world – the web and get a richer few of the information on their own hard disk or company lan**
  It makes it easier for developers to integrate this functionality into their own apps and give customers richer products

Today many companies have already started to use IE functionality. Quicken uses it for html tables, AOL and Notes integrate it into their products (more examples) Removing this IE functionality from Windows will either break the app (examples: AOL, AT@T, MSN) or force the application vendor to re-install the IE functionality for the customer.
IE functionality will broaden in usage. Apps will use the html viewer and editor for displaying text (for example, IE functionality will be at the heart of mail packages). The system will use IE technology as the basis for next generation help that application vendor will use. Help will be richer because a user will be able to go to the web to get more help. Apps will be richer because users will be able to go to the web to download product updates.

So you still aren't convinced? Remember that if a user does not like the integration of IE with Windows they can choose to use Netscape Navigator. Customers have a choice of browsers today and OEMs can ship Netscape Navigator with their new PCs if they want to

So what is the problem exactly? Integration is good for customers, it is good for developers which leads to more benefit for customers. Customers still have a choice of browsers. Where is the problem?

But the DOJ says Microsoft is violating the consent decree. They claim we have been unreasonable with the judge and that we are a monopoly that must be stopped

Windows has contributed to an industy that is central to the american economy.

Stats go here. Examples:
We are only 2% of the revenues of the computer industry and 4% of the $ 250B software industry
As an AT&T executive observed last year, the cost of computing has fallen 10 million-fold since the microprocessor was invented in 1971. That's the equivalent of getting a Boeing 747 for the price of a pizza. If this innovation had been applied to automotive technology, a new car would cost about $2; it would travel at the speed of sound; and it would go 600 miles on a thimble of gas.
American software companies provide over 600,000 direct American jobs and grew at seven times the rate of the U.S. economy from 1987 to 1994. New companies like even Netscape Communications have become $600M company in 3.5 years. That's certainly not a portrait of an industry in decline due to lack of competition.

The consent decree does not give the DOJ the authority to regulate Windows

the part of the consent decree in question here is about PRODUCTS.

the doj says it IE a separate PRODUCT that we are tying to the oem purchase of Windows 95. We are saying IE is a PRODUCT integrated into Windows. It ships with it, it is also technically integrated. David Coles' two declarations discuss this in detail. To help illustrate this we point out that, throughout our everyday life, products sold separately are also integrated into other products. In fact, the integration is often central to the benefit these products provide customers. Examples abound from the PC itself being a integration of many separate components, to cars (i can buy batteries, spark plugs, windshield wipers etc separately). Even chocolate chip cookies are just the integration of flour, sugar, butter, choclate chips etc.

It is interesting to note that Retail Windows 95 has about 9.5 million lines of code, IE 4.0 has about 8.5 lines of code. If they were separate products, you would assume that the full product would have 18 million lines of code. However, the full Windows 95 product, which includes IE, has 14 million lines of code.

nevertheless, the doj says it IE a separate PRODUCT that we are tying to the purchase of Windows 95. they define this separate product as the version of IE 3 we made available at retail (Internet Explorer Starter Kit). We should quote from there papers here

with that argument the DOJ asked the court to have us to have a licensing option for OEMs that removes the IE PRODUCT from Windows 95. they defined this clearly and simply in their papers given to the court as the software code represented by the version of IE we make available at retail (we told the court and the doj that this would not work)

the court followed this DOJ recommendation

we did what the court asked, and as we told them, it does not work, it leads to a version of Windows that does not boot

we also provided another licensing option to oems that does boot that has no IE files and no IE icons on the desktop. this is the current version we ship at retail sans IE.

the DOJ has now done a complete flip flop and they are asking us to put IE code back in! they are now saying that we should not ship some IE FILES and not place an ICON on the desktop. so of the well over 100 files in the IE PRODUCT they want us to not ship 26. i think someone calcualated that these files are 3% of the IE code. of course there is NO IE PRODUCT that has just these 26 files. you can't download it anywhere, you can't get it at retail etc.

some mags are saying well "see the doj is right you can remove IE". Well of course you can hide the visible signs of IE, but that is NOT deleting the entire product. even in the obscure case where you can run the IE uninstall you only remove about 26 files (how the doj got their latest list) and not the entire product. i can remove all visible signs of Word but the code remains.
so the doj has in the last couple of days completely changed their case. instead of saying we can't tie a separate PRODUCT to the purchase of Windows 95, they are trying to regulate what files we can ship with Windows and where we can place icons. they are basically NOW saying THEY WANT US TO SHIP MOST OF IE BUT THEY WANT US TO HIDE ITS FUNCTIONALITY FROM USERS. if they had started the case this way i think most people would have picked up on this but since it is a flip flop in the middle it is getting lost
the consent decree can't be interpreted as giving them the authority to tell us what files to ship and where to place icons. as i note above the section of the consent decree in question is about PRODUCTS
nothing about what the DOJ is doing is helping customers - the purpose of anti-trust laws. Customers can choose navigator today, oems can ship to ship it wth their machines with it as well.
they are changing their strategy b/c IE is in fact integrated into Windows