April 24, 1998

Jim Von Holle
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Dear Jim,

Thank you again for the feedback on Windows 98 It's been very worthwhile. I challenge us both to sit down sooner with the next upcoming release and walk thru the enhancements to ensure we get Gateway's feedback in a timely enough manner to make as many enhancements as possible.

Below are the areas of feedback you provided along with a description from Microsoft of current status. In general coding changes and bitmap changes are not possible at this time. In order to bring Windows 98 to market in the currently planned timeframe, Microsoft is currently limiting code changes in to the following areas:

- Data loss bugs
- No boot bugs
- Mainstream GPFs in basic functionality
- Loss of critical functionality in a new Windows 98 feature
- Regression of basic Windows 95 functionality

Bitmap changes are not possible as the print manuals are already complete and being manufactured and translated. Making text or bitmap changes would affect the manuals and the localized product.

However, even at this late stage you will see below that several of Gateway's enhancements have been accommodated and we hope more will be included as we continue to work together on future releases. I've grouped Gateway's feedback into categories: 1) areas where Gateway and Microsoft agree on the philosophy and Gateway's feedback relates to how functions have been implemented, and 2) areas where Gateway's feedback relates to philosophical issues.

Gateway feedback and Microsoft status:

Implementation feedback and status:

GW - We want to be able to enter a master COA number in our manufacturing process.

- Simplify the customer out of box experience, minimize customer requirements to begin using the system
- We receive significant support calls from customers asking where they find this number.
- This would be a gateway specific PID so MS and GW support know it is GW version. Will continue to ship separate COA / PID in our systems with the APM.

MS - This is an interesting idea. Due to the breadth of this project, we are not able to undertake this prior to the release of Windows98 but would like to work with Gateway further on this. Please provide us more details on the mechanisms you would propose to do this which would allow us to maintain the current level of antipiracy efforts

Welcome Screen proposed changes

- GW - "Register now" change to "Register with MS" to avoid confusion where the customer is actually

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registering

MS – This is good feedback for OSR1. Due to our code freezes this change is not currently possible. We believe this is not a problem for this release as the welcome screen displays a very visible Microsoft Windows 98 logo, indicating to the end user that they are dealing with Microsoft.

- GW - "Discover" – No change
- GW- Maintain your computer – No change
- GW - We will add a welcome to Gateway type button and a support / help area (GW help spot). We need two additional buttons for this on the Welcome screen.
  MS - Win98 currently provides for one button. This is good feedback for OSR1
- GW - We want to put a "Close" button next to "Begin". It is not intuitive to new users that the " x" in the upper right corner means "close." Users should not be forced into this each time. There needs to be a choice to go around this.
  MS – Both Gateway and MS have the same goal to provide the best experience possible for the user. We differ here on how best to implement Microsoft research has indicated that new users, who do not know the 'x' means close are the ones that need to go thru the Welcome screens the most This is designed as intended. As always, we will continue to monitor the success of this design and will make enhancements as appropriate in future releases. We'd certainly appreciate any data Gateway captures on this as well.
- GW - The "show this screen at start up" tag needs to be default to OFF after the first time boot to the Windows registration.
  MS - Microsoft evaluated many design choices for this. It is in the customer's best interest to run the maintenance wizard and tour if they are a novice user. If it did not run on successive boots, the user may not realize how to run these applications. There are many applications and screens that use a similar paradigm. This is a deliberate design choice and will not be changing.
- GW - There does not seem to have been any thought at MS for a situation where the customer does not have a modem or if they try to register without the modem connected. There were no "user friendly" messages given to the user to let them know what is occurring or that they have a choice to send in paper registration.
  MS – We agree with your goals and this situation is accommodated for in the product The demo Gateway viewed in Redmond was not accurate and the beta Gateway has should confirm the following process. If a customer tries to register without a modem, Win98 will inform the customer they don't have a modem and do they want to install one now or cancel. If the customer selects cancel, Win98 will refer them to the registration card in the box.

Windows updates area

GW - Concern about changing any drivers that have not been released (or tested) by Gateway. MS will need to accept the support for these customers – we can not take responsibility. We do not want this at all for the initial product launch. We can work toward this after we gain confidence in MS organizations to properly execute.

MS - We agree that what is presented to the user should be a tailored list of approved drivers specific to the customer. A detailed description of how this will work will be sent in the next week. As discussed previously, Windows Update will only present drivers that have a Gateway id on them.

Philosophical feedback and status:

Internet Browsers:

GW - Where can we offer a browser choice in the start up sequence?

- This is something that we can do technically Not allowed in the licensing terms (or OPKs).
- We want the potential to offer this choice before the "Welcome" screen.

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- We are concerned that the installation of the full MS product (including channels) results in a much slower system performance if the customer chooses an alternate browser after full installation on IE4.
  MS - Gateway has done a good job in educating us on how you plan to make the internet "easy" for your customers. Plans like taking the customer's browser and internet service provider order over the phone, pre-installing the needed code, and having the default system be what the customer requested when it boots. The request above doesn't seem consistent with Gateway's plans. Just as you have requested the ISP service not be presented as part of start-up, why should browser selection? To address your specific bullets:
    - This is not in the OPK as the goal is to streamline the boot process for the user. There are other, better ways to provide browser choices.
    - As we understand it, Gateway's plan is to offer this choice when taking the order, not at start-up
    - There are no indications or reports of slower performance when a non-Microsoft browser is chosen. We very much want to address this if true. If you have any data on this we would like it as soon as possible so we can pursue.

  GW - Need to be able to remove icons if the customer does not choose those options
- We want to remove as much clutter from the screen as possible.
- Ex: - If the customer chooses an ISP service with a browser then the IE icon has no ongoing value.
  MS – Icons can be deleted by the end user, including the IE icon.

  GW - We want IE to have uninstall (for as much of the code as can be removed without disabling the system).
  MS – Microsoft has incorporated Internet Explorer technologies in Windows 98 in order to achieve a number of benefits such as facilitating the ease of use of a computer in moving from a website to a floppy disk to a CD-ROM to a local area network with a single mouse click. Internet Explorer technologies are an integral part of Windows 98 and cannot be uninstalled without, depending on the extent of the removal, seriously degrading functionality or causing Windows 98 not to function at all. Consequently, the concept of an "uninstall" lacks practical significance in this context. .. However, the Internet Explorer icon can be deleted by the end user safely without impairing the functionality of the operating system.

ISP Registration

- GW - Connect to the Internet. We want the flexibility to point this to Gateway choices for the Internet. (Rip and Replace with GW registration procedure).
  MS – Our goal with Windows 98 is to increase the quality of the experience the user has with ISPs. Based on this Microsoft has done extensive work with ISPs to offer customers a choice of ISP offerings that guarantee a minimum level of quality and service. From our conversations with Gateway, we now believe that Gateway has the same interests and requires certain minimum quality standards from their ISPs. For this reason, Gateway will be provided the opportunity to choose between MS populating the ISP referral list, or Gateway providing a list of ISPs to populate the list with. More details will soon be sent to Gateway. However, Microsoft's licenses do not permit the use of a Rip and Replace registration procedure to avoid the substantial consumer confusion and disappointment that would result if new personal computers were shipped with various Windows features deleted, altered in unintended ways or hidden.

- GW - Gateway will populate the Online Services folder with the options we choose. (based on the agreements we have with ISP's).
  MS - Gateway may add any Online Service Provider(s) it chooses to a folder that Gateway creates on the desktop. Thus, Gateway may provide consumers with a variety of alternatives including certain

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options that Gateway itself chooses to offer them. Microsoft 's contracts merely limit Gateway from adding or deleting items in the OLS folder that Microsoft includes in Windows 98

Active Desktop and Channels
In general, Microsoft and Gateway have had differing philosophies in this area Via continuing feedback on Gateway's business philosophy, possibilities with implementation and customer intimacy goals, we have agreed you have a good approach and have made substantial changes in this area.

- GW - We do not want to ship active channels as part of the standard product.
  MS - *[gaylemc, I think you already have revised language on this one as discussed]*

- GW - We want the option for active or inactive mode on boot.

MS - This is okay. Just to clarify, this choice is made by Gateway during pre-installation, not at boot time. In addition, the end user can change how Gateway has set the default. To be consistent with streamlining the boot process, these end user options occur after boot.

- GW - We want flexibility to use the channel bar for Gateway selected content.
- Will be based on information we know about the customers since we have direct order model

MS - This is okay

Internet
GW - Generally, Gateway wants to have flexibility on anything associated with the Internet. We want MS to provide us with the technology, not make decisions and choices for us, or our customers.
MS – Microsoft and Gateway share the goal of flexibility and providing consumers with the benefits of choice. For example, Microsoft enables both computer manufacturers and their customers to customize their desktop in ways that relate to the Internet. Manufacturers may add icons to the Windows desktop to provide one-click access to non-Microsoft software, like Netscape Navigator, web sites and content. Consumers can add or delete anything, anytime and set up any software (such as Netscape's Web browsing software) to start automatically and take over the full screen every time a computer is turned on.

However, Microsoft also recognizes that an individual customer's desire for flexibility must be balanced against the need to preserve the significant benefits of the technology that Microsoft has developed for a broad range of consumers and developers This is true both for Internet technologies and generally for computing. For example, Microsoft generally requires computer manufacturers who license the Windows operating system to ship Windows the way it was designed so as to preserve the benefits of Windows as a common platform that supports a broad range of applications software If computer manufacturers were permitted to modify Windows, third party software developers could not know whether code that provides important operating system services would be present on any given computer. The end result would be that customer support costs would rise dramatically, and Microsoft's reputation as a supplier of quality software would suffer
Microsoft acknowledges the importance of Gateway's feedback, is grateful for the opportunity to serve Gateway better and certainly welcomes Gateway's thoughts about ways to improve Windows as a broad platform. We look forward to continuing this dialogue.

Thanks again for your time and providing good feedback on behalf of Gateway. As you can see, Microsoft values Gateway's feedback and has made changes as appropriate and possible at this time in the development cycle of Windows 98 We look forward to working together on any remaining items.

Sincerely,

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Gayle Snyder McClain
OEM Account Manager

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