From: Laura Jennings
Sent: Tuesday, March 02, 1999 2:20 PM
To: Dorothy Veith
Subject: FW: Wednesday Interview with Ken Auletta

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From: John Pinette
Sent: Friday, February 26, 1999 3:35 PM
To: Laura Jennings
Cc: Stacy Elliott (Wehr); Lynann Bradbury (Waggener Edstrom); Elizabeth Bray (Waggener Edstrom) (Internet); Casey Sheldon (Shandwick); Timothy Fry (Shandwick) (Internet)
Subject: Wednesday Interview with Ken Auletta

Thank you for agreeing to meet with Ken Auletta of the New Yorker on Wednesday. This mail serves as an overall briefing for his visit. Given how lengthy it is (about two pages on paper), I've segmented the mail as follows:

- Our objectives for these meetings
- Some tips on Ken - and what to watch out for
- Recommendations on your approach to this interview
- Story overview and Ken's basic premise
- Background on Ken
- Briefings for each individual meeting
- Ken's Three-day schedule while on campus

PENGAD-Bayonne, N. J.
GOVERNMENT EXHIBIT
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<u>Interview Objectives:</u>
Ken's story is going to be very long - probably 40,000 words and will run in two consecutive issues of the New Yorker. CoprPR views this as likely ***the*** piece on the trial and how it's affecting the company. That is why we have asked you to make time for this interview.

ur objectives in having you meet with him are to portray the company as still faithful to its fundamental vision - and orking hard for customers. Either Lynann Bradbury or I will meet with you just prior to your interview to go over the kinds of questions that emerged from his first two days of interviews.

Microsoft is continuously working to reinvent itself.
Regardless of the DOJ's impact, the company's focus is on where the industry is going, where customers are going, and as a result, where technology is going. Although part of this is the "business as usual" message, the intent is *show* (versus tell) how the company is innovating and anticipating customer needs of the future.

Employees, at all levels of the company, are enthusiastic about the company and the technology they're involved in,
Ken wants to know if we are demoralized - and we want to show people who are excited about the contributions they're making. If they're paranoid about anything, it's not the trial, but the competitor's latest development that could make their product obsolete. This is the human side of Redmond. Good people (genuine, positive, forthright) with good motivations (wanting to make a contribution vs. greed or anti-competitiveness) working for good outcomes (striving for quality and new technology that impacts people's lives).

There's a significant discrepancy between how the government portrays Microsoft in the trial, and the views of the company through the eyes of key constituents
We know Ken will be talking with a number of third parties. To the degree possible, we should weave third party anecdotes and examples to underscore a positive external view of the company. The reality is that Microsoft is positively viewed by the general public and our customers.

<u>Tips on Dealing with Ken</u>
You should think of this interview like a television interview. Ken's style is <u>VERY</u> smooth and he has a remarkable ability to place people at ease. Please think of him as a reporter from 60 Minutes. Engage and be cordial, but remember he has a point of view he would love to propagate using your comments and reactions.

Much of his reporting on the trial has focused on Bill's role and how it is affecting him personally and his ability to run the company. So, you should be prepared to answer a couple of question about that - and deflect most of the DOJ questions the legal team, who have been working with Ken.

ow do you think the trial is affecting Bill? Is he demoralized? Frustrated?
The trial is about whether companies have a right to innovate. That's a principle worth fighting for - even though no one would want to go through this kind experience. Bill's been clear that he's staying focused on his role of running

the company and moving the technology forward. That's his passion - why he comes to work every day. None of that has changed.

How are your customers reacting to this? I hear from employees that they're depressed by how badly things are going. How is the company holding up? How are you personally reacting to all of this?

The picture the government has tried to paint of Microsoft in the trial is different from the one I work at. In an industry as fast-paced as ours, no company has time to stand still. We're at work continuously trying to reinvent ourselves and stay focussed on what our customers want. Our customers know us through our products - and have come to expect a lot from us. Sure, people here are interested in what's going on at the trial, but they are a lot more focused on our products than on what is happening each day at the trial.

So when the legal team has problems with simple things like a video or when your execs on the stand seem to be savaged by the DOJ lawyers, don't you wonder what's happening and why it's going so badly?

The government is working to create a mood in the courtroom by using tiny snippets of e-mail and videotapes. We are working to create a legal record. The government is focused on these irrelevant distractions because they knows they cannot prove any consumer harm -- which is the core issue in this case. The AOL-NSCP merger is a perfect example of how quickly things in this industry change -- literally overnight -- and how the marketplace can protect consumer a lot better and more quickly than MS ever can.

Do you really think you'll win? What would you do if the company is broken up? How bad do you think the penalties assessed against the company will be?

We believe the legal system in the end will affirm our right to innovate on behalf of consumers. It would be premature to speculate on possible remedies because neither side has even finished presenting its legal case.

<u>Your approach to this interview:</u>
Ken will be looking for more than just your role in the company, and will look for nuances in each meeting. It will be important to balance your own personal views and style, with your professional approach to your job. If he thinks you're just stating the party line, you will lose credibility in his eyes. Be sincere. It's okay to acknowledge that we can always do better as a company (Isn't that one of the approaches that has propelled Microsoft to improve over the years?). He also notices details. As you prepare for this interview, recognize that perception is just as important as fact -- let your integrity, passion for your work and enthusiasm for the company show.

He will likely ask about how you feel the trial is going, and if you're concerned about the judge breaking up the company. Emphasize your trust in the legal system. Note that the lawyers are working this through and that we are optimistic about the outcome. Although it's discouraging to see the PR hits we're taking, deep down we're continuing to be upbeat about the future.

<u>tory Overview:</u>
The hypothesis for Ken's piece appears to be that the government would have you believe that we are the devil and doing evil tasks, meanwhile we are back here in Redmond doing software, truly believing we are doing God's work. Who is right? How did we get ourselves in this situation? Were we naive, incompetent or are we a victim? From interviews he's doing with the team in DC he does not believe we have handled the case well. He thinks we have scored some points, but we have an approach to this trial that is starkly different from the government's and he feels we are playing for the legal points when we need to be playing for both the legal and the PR points.

About Ken Auletta
Ken Auletta is a well respected journalist in literary circles and in the television/cable/media world. He is often remembered by the broadcast community for his book "Three Blind Mice" -- a review of the television network chiefs, specifically Diller, Malone and Levine. He delights in being a contrarian journalist. He has had a regular platform for exercising his point of view and his distinctive writing style since he became a contributor to The New Yorker about 5 years ago, profiling people who are running the companies and making decisions/changes in the media space. His profile on Nathan a few years ago was based on a review of Nathan's memos, focusing on high-level philosophical views at the broadest level, rather than on details of technology.

He is well connected in the publishing industry, and with civic and governmental pundits. David Boies and his wife are very close with Auletta. His recent high-tech stories include a profile of Pointcast as it embodies the "hot today; forgotten tomorrow" nature of Silicon Valley start-ups and a feature on top female executives in the entertainment and information industries.

<u>Wednesday, March 3rd</u>

10:00 - 11:00 Laura Jennings - Focus the conversation around how MSN is striving to improve the consumer online experience. Note the emphasis on getting things done - built on MS's heritage of providing productivity services, MSN's goal is to make the Web essential to enriching consumers' everyday lives. Show that software is just as relevant on the Internet as it is with the PC, and that it is MS's key differentiator in the portal industry. Talk about applied lessons from Office as well as the unique challenges the Internet presents (constantly changing environment and need for scale). Ken needs to walk away with the impression that MSN is integral to MS's success in the era of the Web, and that MSN is positioned well among the competition. Show him that integrating under the MSN brand has paid off, and paint a vision for how MSN technology will help businesses reach their customers and enable consumers to access information anywhere.

AULETTA VISIT SCHEDULE

Time	*Monday, 3/1*	*Location*
8:00-9:00	Bob Herbold	8/2108
9:00-10:00	Deborah Willingham	22/3028
10:00-11:00	Sam Jadallah	22/5084
11:00-12:00	Usability Labs w/Marshall McClintock	Lobby 17
12:00-1:00	Rich Tong	conf rm - 22/4079
1:00-2:00	Chris Jones	10/2403
2:00-3:30	David Heiner	conf rm - 8S/1073
3:30-4:30	Ben Waldman	17/1054
6:30	Craig Mundie	Yarrow Bay Grill

Tuesday, 3/2

9:00-10:00	Jeff Raikes	22/2062
10:00-11:00	Steve Sinofsky	17/1290
11:15-12:15	Rick Thompson (lunch? 11:45)	conf rm Redw-B/2105
12:15-12:45	Ergonomic lab - Edie Adams/Eric Strommen	Redw-B
1:00-2:00	Phil Holden	32/3156
2:00-2:30	Perry Lee	32/3146
3:00-4:00	Yusuf Mehdi	conf rm 6/1091
4:00-5:00	Mark Young	110/2006
5:00-6:30	Patty Stonesifer	GLF offices
7:00 dinner	Nathan Myhrvold	Rovers

Wednesday, 3/3

8:30-9:00	Charles Simonyi	31/2076
9:00-10:00	Rick Rashid	31/2130
10:00-11:00	Laura Jennings	Redw-E/3220
11:30-12:30	Doug Henrich/David Jennings	30/3144
1:00-2:00	Alvy Ray Smith	16/2356
2:30-3:30	Barbara Dingfield	8/2296

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