PENGAD Bayonne, N.J. GOVERNMENT EXHIBIT 289

From: Bill Gates
Sent: Sunday, June 09, 1996 10 26 PM
To: Paul Mantz
Cc: Carl Stork, Marshall Brumer; Bob Kruger; Joachim Kempin, Brad Silverberg, Jim Allchin (Exchange), Rich Tong, Hank Vigil, Craig Mundie, John Ludwig
Subject: Intel - Andy Grove meeting June 7

I spent 2 5 hours with Andy on Friday We met 1-1 and discussed a variety of important topics

Backround Our relationship with Intel is advancing on many fronts I was very impressed by the Intel roadmap presentation although I wasn,t there in person They are going to deliver 50% performance increases every year in massive volume If you compare their plans to the other processors vendors Intel seems to be pulling ahead I am pleased that more groups at Microsoft are taking the risk of really involving Intel

Issues

1 DMI Intel is super serious about DMI Although we have promised to ship DMREG they feel we continue to see DMI as a wart on our real approach Andy thinks cost of ownership is super important and he thinks DMI is here now and we should embrace it rather than trying to go around it and do something better I told Andy that I thought we still didn't see DMI as central to our strategy but I would dig into whether there is an approach or a change that might allow us to be more synergistic here If we are going to leverage Intel and the industry work done on DMI we may need to think of this as more than a mapping layer I pass this one along to Bob Kruger to consider
2 Cost of Ownership As discussed in #1 Intel is hard core about trying to show PCs can be low cost of ownership Andy showed me a diagram with a 2x2 grid where centralized admin is one axis and power needed is the other axis He has airline res terminals and the like as the centrally admined and low power He has financial trading terminals as centrally admined and high power He has document creators as not centrally admined and low power He has developers as not centrally admined and high power He has decided that someone in Frank Gill,s group needs to get involved with this He was excited when I talked about including Gartner Like us they will move this from their NC group Steve Nochsheim will continue to do Webphone working with CPD We didn't talk about Webphone specifically but he thinks their effort is important Someone under Frank will work with us on this cost thing Andy was very excited about the idea of a "stateless PC" Unclear to me how we leverage Intel's resources to help out on this initiative A minor note is that Andy thinks their cost of ownership is $8k per pc per year I said that sounded 4x high to me but it must be a difference in what is included
3 AGP Intel is hard core about AGP They know it requires some system support They feel it is super important for them as they introduce Klamath They would like to really push MMX, Klamath and AGP as part of a "big bang" as early as next April even though these programs don't come out on exactly the same day They will only ship a few hundred thousand MMX parts this year so they won't be pushing that in the mainstream They are counting on us for AGP support
4 Merced I told Andy that we were quite optimistic things will get resolved with HP in the next few weeks and then we will move quickly to sign the Merced LOI In the next meeting I have with Andy in September we will review how much Intel should count on our work Andy will determine how much they focus on other operating systems based on whether he feels he needs them as an insurance policy I said based on the way we are working with Intel and getting them to do most of the Merced work I thought he would be pleased 3 months from now how much has gotten done Intel is disappointed we seem to think that their 98 date has a lot of risk They don't feel that it does Andy wanted to understand our DEC 64bit announcement
5 NT/ Pentium Pro marketing Intel is not shy about spending the money IF they are really our only partner on this and if they get equal treatment and its not just them supporting us They want Pentium Pro to get prominent positioning from this I said I thought we would make them glad they are part of this but I would double check to make sure their expectations would be fulfilled
6 Intel and Intranet day I told Andy how great this event is going to be He said they had heard that but they were told they couldn't attend. I said I would make sure we freed up 3-4 seats for them and have someone contact them on Monday It is URGENT that someone follow up on this Marshall should check how to do this and make sure the invites get offered
7 Security They are not happy about our work with them I said we have to work with W3C as a top priority I didn't have enough data to explain why we aren't able to get along on this We should try again.
8 Conferencing collaboration I got the mail about the problems we are having with them too late to bring this up Andy heard we are working well with them The recent mail I got says we are not I suggest Paul call Pat Gelsinger (who Andy thinks walks on water) and/or Frank before I get involved I am happy to get involved. They may never have gotten over the issue of this being a P&L versus purely strategic It sounds like we have concrete evidence of them not being a good partner
9 JAVA I told Andy that its inappropriate for their group to take anything resembling a Windows API and wrap it as a JAVA API He agreed this was out of line but he didn't think that was what his 6 people were doing He thinks they are just optimizing for Intel' If they are taking DirectX apis and wrapping those then I need to register a much louder complaint
10 Browser I thanks Andy for pushing his web people in our direction I said it was important to us that they NOT ever publicly say they are standardizing on Netscape browsers.

11 Hood River Talisman/Wizard I told Andy these are excellent very important efforts that from our point of view they should make sure to put a lot of resources into because they fit perfectly with our strategy

We will meet again in September and continue to exchange lots of email between now and then The Fortune magazine coming out in a week features a joint interview with Andy and I where we are very friendly to each other