



DOJ - Legal

From: Alec Saunders
To: James 'J' Allard; Renee Dunn (Greenup); SYS WinIntl Sub Product; Program Mgrs
Subject: UUNET/Spyglass deal
Date: Wednesday, January 11, 1995 1:46PM

On Thursday night in a speech which outlines Microsoft's internet strategy, Bill will announce that Microsoft has acquired a stake in a company called UUNET and that UUNET will be building dedicated capacity onto the global internet to serve Microsoft Network customers. UUNET is one of the original internet service providers here in the US. At the same time Bill will announce that Microsoft licensed the NCSA Mosaic source code for use in creating World Wide Web browsers for a variety of Microsoft products.

Although these announcements aren't specifically Windows 95 announcements (other than the fact that MSN runs only on Windows 95) you need to understand what is happening and what questions are likely to come up that ARE Windows 95 related. You will be asked questions about whether or not this browser will ship with Windows 95, whether this is a response to OS/2 Warp etc., so be prepared.

Here are the DRAFT announcements (do not release these) and rude Q&A's. If you have questions, please send mail.

Alec.

<<File Attachment: SPY9.DOC>> <<File Attachment: SPYQ1.DOC>> <<File Attachment: UUNET4.DOC>> <<File Attachment: UUNETQ.DOC>>

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4th DRAFT-1/11-7:15 a.m.

For release: 6:00 a.m.

Microsoft embraces Internet standard and licenses Mosaic technology

Mosaic technology from Spyglass and NCSA to used for future Microsoft products

Seattle, WA---January 13, 1995 -- Microsoft Corporation announced it has signed an agreement with Spyglass, Inc. to license Spyglass and NCSA (National Center for Supercomputing Applications) technology that includes the industry standard Mosaic software for browsing the Internet's World Wide Web. Microsoft intends to enhance and integrate the technology including NCSA Mosaic-based browsing into various Microsoft products.

//Microsoft disclosed in a related announcement today that it will use this enhanced browsing technology in combination with The Microsoft Network, Microsoft's planned online service, to offer Microsoft Network members seamless access to both Internet World Wide Web sites and Microsoft Network content and services. Microsoft has formed a strategic relationship with UUNET Technologies, Inc., to build a new dedicated, global network connected directly to the Internet. Microsoft is targeting this new network capability and the browser software to be available by the end of 1995.//

"By choosing NCSA Mosaic as the basis for World Wide Web browsing capability in future products, Microsoft is building on the de facto standard for the Internet. We have

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always believed in providing open standards for our customers and industry partners and we want to extend that belief by adopting Internet standards in our products." said Mike Maples, Executive Vice President, Products.

"It's a win-win-win situation for the Internet community, Spyglass, our partners, University of Illinois, and Microsoft. We are happy Microsoft has selected the open standard of Mosaic technology for users of the Internet," said Douglas P. Colbeth, President and CEO of Spyglass, Inc.

Microsoft will work closely with the University of Illinois' NCSA in developing, utilizing and creating standards for future Internet technology. The University of Illinois originally licensed its Mosaic technology to Spyglass in 1994.

"Microsoft's decision to adopt NCSA Mosaic will greatly accelerate the move toward an open global standard for browsing the Internet," said Larry Smarr, Director of NCSA

"We believe that Microsoft's support will dramatically expand the number of people that can enjoy the Internet's rich multimedia resources residing on the World Wide Web."

Founded in 1975, Microsoft (NASDAQ "MSFT") is the worldwide leader in software for personal computers. The company offers a wide range of products and services for business and personal use, each designed with the mission of making it easier and more enjoyable for people to take advantage of the full power of personal computing every day.

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Q. Why is Microsoft licensing the Mosaic software and not creating their own from scratch?

A. Microsoft feels that NCSA Mosaic is the de facto standard for the Internet. As we have set an example with our Windows products, we believe in standards for the industry. That is why we have decided to adopt Mosaic as our standard for our customers. We plan to extend and enhance the Mosaic software and use it in a variety of capacities for our product lines.

Q. Does this mean that customers can only use the browser in Windows 95?

A. The Mosaic software will be the basis for WWW browser capability in a variety of ways in our product lines.

Q. So this means that Windows 95 will ship with Mosaic built-in?

A. At the present time there are no plans to ship ~~Windows 95 with the Mosaic software in the Windows 95 box when it ships in August of this year, built-in.~~ Our plan is to deliver this capability shortly after Windows 95 ships.

Q. How will Mosaic be used in Windows 95?

A. ~~Thomas talk about what this will be. At this time we have no plans to ship Mosaic in Windows 95 when it ships in August. We plan to enhance Mosaic using many of the capabilities of Windows 95 and to deliver this software to customers after Windows 95 ships. We want to give Mosaic a face lift to make it as easy to use as Windows 95 generally.~~

Q. Will Windows 95 offer one-button sign up to the Internet the way OS/2 warp does?

A. ~~Yes.~~ Customers will be offered sign-up to ~~the Internet and the~~ Microsoft Network which will include full internet access using the Microsoft Network sign-up wizard.

Q. So, Microsoft is behind because OS/2 warp has already embraced Internet connectivity and they also licensed technology from Spyglass & NCSA, how is this different?

A. ~~The Windows family, today, is already the most popular platform for accessing the internet. TCP/IP stacks and implementations of Windows sockets are already available from Microsoft and from third parties for both Windows NT 3.5 and for Windows and Windows for Workgroups. There is a broad array of 3rd-party Internet tools available for the Windows platform, from vendors such as Netscape, Booklink, FTP, NetManage, NOTIS, Quarterdeck. There is no equivalent OS/2 market.~~

~~Current beta's of Windows 95 already contain a robust 32 bit TCP/IP stack, internet Dial-up capability using either PPP or SLIP, and internet utilities like telnet, ftp, and ping. Windows 95, today, is a solid foundation for accessing the internet, whether by dial-up from home, over the corporate LAN, via ISDN, or other future high speed links. With the Mosaic software, Microsoft Windows 95 will also offer the ease-of-use of the WWW to customers. OS/2 Warp (explain what they "really" licensed from Spyglass: the only licensed Windows client the Warp stuff is not based on Spyglass code) from Spyglass).~~

~~Additionally, there is a broad array of 3rd party Internet tools available for the Windows platform, commercial versions from vendors such as Netscape, Booklink, FTP, NetManage, NOTIS, Quarterdeck; there is no equivalent OS/2 third party market.~~

Q. Spyglass & NCSA technology supports MAC... will Microsoft be taking advantage of this capability?

A. Microsoft has a strong business in applications for the MAC environment and we are committed to the MAC platform. At this time, we are not ready to announce our plans for supporting this environment. ~~(if pressed on this, we can say that we in fact have also licensed Macintosh source code)~~

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Q. Why not Netscape?

A. Netscape is committed to the Windows 95 environment, we think it's great that they are offering solutions for Windows 95 customers and ISVs on the internet. However, Spyglass&NCSA's solution better fit our technology model because of its open standard for security protocols it is the de facto standard with the most mileage and most openness going forward. (do NOT discuss security architectures).

Q. What about Booklink being used as the browser in Word Assistant? Will Microsoft drop Booklink?

A. Please have Peter Paths check out... Microsoft is committed to the internet and we will use the best technology that supports it for our product line. The technology Microsoft has licensed from Booklink is only a transport engine, the viewing code itself is microsoft code. Internet assistant ia will use the best transport technology available as it moves to 32-bits.

Q. Why did Microsoft choose Spyglass&NCSA over BookLink?

A. By endorsing open standards and licensing their code base widely, NCSA Spyglass has become a major force driving the development of Web technology. At this important stage in the Web's development, Microsoft feels that it is important that Web technology remain open, and as a result we have chosen to use the NCSA Spyglass code as the base for our future Web efforts, including the 32-bit version of Word Internet Assistant.

Q. But didn't Microsoft endorse BookLink's proprietary technology?

A. For the purposes of creating the 16-bit version of Word Internet Assistant, Microsoft licensed protocol implementations from BookLink. Protocols such as HTTP, FTP and Gopher represent open standards, and as such are the property of the Internet community. As part of Word Internet Assistant, Microsoft did not implement proprietary extensions to these protocols.

Q. But isn't Spyglass&NCSA technology inferior to BookLink?

A. Over the last year, Spyglass has made many improvements to the NCSA Mosaic (TM) code base, resulting in impressive gains in usability, speed and stability. Recently, Spyglass&NCSA have ~~has~~ also made a commitment to implementing Windows technology, including producing a 32-bit version, and implementing OLE. Given the Spyglass&NCSA commitment to licensing, open standards and Windows technology, we feel that their code base is the most appropriate for us.

Q. Isn't Microsoft going to put Netscape/Booklink??? out of business?

A. No. Microsoft's use of this technology does not limit the ability of other companies to innovate in this dynamic and exciting market.

Q. Will Microsoft endorse Spyglass security architecture (S-HTTP) over Netscape (SSL)?

A. No. We are not committing to any security architecture at this time. However, we will be adding technology from our Visa partnership to our Mosaic. Note that full session security (S-HTTP vs. SSL) and secure private transactions (Ecommerce) are different problems to solve. (I just added this, I still have not heard from D6v so I am winging it here. ThomasRe).

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For Release 6:00 a.m.
Jan. 13, 1995

**Microsoft announces its Internet strategy; one button access via The
Microsoft Network**

Microsoft forms a strategic relationship with UUNET to offer full Internet access

SEATTLE, Wash., — Jan. 13, 1995 — Bill Gates, Chairman and CEO of Microsoft Corporation, disclosed Microsoft's Internet strategy last night at the Washington Software Association's Online Advantage conference. Gates outlined plans to offer Windows 95 customers full Internet capability as part of The Microsoft Network, Microsoft's planned online service.

As part of these plans Microsoft has formed a strategic relationship with UUNET Technologies, Inc., one of the leading Internet service providers, to build a new dedicated, global TCP/IP network connected directly to the Internet. Microsoft Network members will get full Internet access via this network.

At the same event, Gates also announced that Microsoft has licensed technology from SpyGlass, Inc. including the industry standard Mosaic browser software. The combination of the new TCP/IP network and the enhanced Mosaic technology will dramatically improve Microsoft Network members' experience in connecting to and using the Internet, and will allow Microsoft Network members to seamlessly access both World Wide Web sites and Microsoft Network content and services.

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"We believe that Internet access will be an important capability in the online world. To broaden use of the Internet we want to make seamless, one-button access to it an integral part of The Microsoft Network experience," said Russ Siegelman, general manager of Microsoft's online services group.

Microsoft also announced that as part of this effort, it made a minority investment in UUNET. UUNET is a leader in the market for Internet access services and was one of the original Internet access providers, with expertise and experience in building and managing commercial TCP/IP networks.

"Microsoft's strategic relationship with UUNET will allow us to work closely together to build one of the largest Internet access networks in the world and will accelerate Internet growth," said John Sidgmore, president of UUNET.

UUNET's role will be to build, deploy and operate the network. The new network will be accessible via dial-up at speeds up to 28.8 kbps modems, ISDN connections and will eventually support dedicated connections. Microsoft is targeting this new network capability and the browser software to be available by the end of 1995.

Microsoft outlined its strategy for the company's new interactive service, The Microsoft Network in November 1994. Microsoft detailed its business model designed to help content and service providers realize the potential of online services targeted for release in August 1995. Access to The Microsoft Network will be offered as a feature to users of Microsoft Windows 95.

UUNET Technologies, Inc., located in Falls Church, Va., is the original commercial Internet service provider, offering a complete suite of Internet services. AlterNet, UUNET's publicly available network, comprises points of presence throughout

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the U.S., and maintains direct links to Canada, the United Kingdom, western Europe, Sweden, Russia, Japan, South Africa, India and Thailand. By creating a series of redundant links to other service providers around the world, AlterNet is the world's most fully connected Internet service.

UUNET's suite of products and services includes a 24-hour/7 day network operations center; security products; integration, consulting and training services; front-end user interface software options; and a wide range of network access options. For more information, contact UUNET at (800) 4UUNET4.

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UUNET Announcement Q & A
01/05/95 12:55 PM
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Does MS intend to acquire UUNET?

No, MS has taken a minority position in UUNET. We do not intend to acquire them.

Does this signal MS intention to enter the network services business?

Our customers have asked for easy, seamless and secure access to content and services on the Internet, this relationship quickly provides us with the ability to provide this. We have no plan or intention to become a carrier in the sense of owning physical plant and equipment. However, we have already signaled our intention to become a provider of online services.

Why did Microsoft pick UUNET, a small company, rather than one of the large telcos?

UUNET is a leader in the market for Internet access and was one of the original Internet access providers. They have extensive expertise and experience in building and managing commercial TCP/IP networks and in a wide range of Internet issues. We believe that the combination of Microsoft and UUNET is well suited to grow the market for Internet access services.

Why build your own TCP/IP network instead of just using what already exists?

We believe that a dedicated, private TCP/IP network is the best way to provide our customers with the quality and reliability of service which they expect from Microsoft. We believe that our entry into this market will dramatically increase the usage of the Internet. We believe that the existing Internet infrastructure is insufficient to support our projected demand, and therefore we need to be good Internet citizens and invest in increasing the dial up infrastructure commensurate with the amount of traffic our customers will generate.

Is this relationship exclusive?

Microsoft has previously announced agreements with AT&T, Sprint and British Telecom for network access. This agreement is in addition to those existing relationships. UUNET will be Microsoft's primary provider of dial up access using Internet protocols.

Where will access be available?

Initially, access will be available in major US population centers and limited international sites. Over time, access will be expanded dramatically to offer a true global service. We are not currently giving details on our deployment plans.

How will customers get access to the Internet?

Access to the Microsoft Network - Internet service will require an account relationship with The Microsoft Network. It is our goal that this local access capability is the standard mechanism by which Microsoft customers can get Internet access accounts. There will be a standard protocol and sign-up for the Microsoft Network which is part of (...or do we say included with??) Windows95.

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Will this network be international?

Yes, we expect to offer MSN services in all of the places that MS is doing business. We are not currently giving details on our deployment plans.

When will this network be available?

We expect that this local access network will be available by the 4th quarter of 1995.

Does this mean that MS is taking over the Internet?

Not at all. Microsoft is both embracing and extending the Internet. We are providing great support for standard Internet protocols in Windows95 and The Microsoft Network and working closely with leaders in the Internet market. We believe that this agreement will foster the growth and acceptance of the Internet and enable MS to better meet customer requirements.

Is UUNET still going to work with other companies?

Yes.

Does the contract restrict UUNET in working with other companies?

We do not discuss details of contracts.

What software and other requirements will customers need to access this network?

Much of the basic software required to connect to this network is included with Windows 95. Customers will need to have the TCP/IP protocol stack installed on their computers, which is included as a standard component of Windows 95. Customers will also need software which allows them to dial up a remote network, which is included as part of Microsoft's RAS in Windows 95.

In addition, customers will need software to utilize standard Internet services such as ftp, gopher and WWW. Microsoft will provide this functionality in Windows 95 as well.

General Q&A:

Why is Microsoft getting into the online services business?

Microsoft has long believed in LAYF and we believe that The Microsoft Network represents a major opportunity for us to deliver on that vision. Enabling PC users to easily communicate and access information is the next great opportunity in our industry. The online service business has great promise to provide consumers with that easy communication and information access but it's still in the infancy stage and many factors must come together to make it a mainstream phenomena. First, online services must offer a more compelling, multimedia rich set of publications, shopping services, games, etc. that will both attract and retain a large audience. This will require investments by both the providers of information and services and new tools and infrastructure investments by the online service companies. Microsoft hopes to help expand this market by enabling the providers of information and services with better technology and tools while motivating them with a more attractive business model.

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What are your content plans? Which partners will you have online?

We are not ready to provide the specific details of our content plan, or acknowledge any specific discussions we are having with several IPs both in North America as well as other regions of the world.

We are having serious discussions with both large and small information and content providers from a variety of industries, and they are all very interested in having a presence on our service. We'll announce these partners at some later date.

Your business model looks like you'll be "nickel and dime-ing" customers? How much do you really expect customers to spend on these extended services?

It is not our intention to exact an additional toll from consumers, but rather to provide them with more choice. Our belief that it should be the customer who decides which goods he or she wants to pay for vs. having to pay one price for all services. We do realize that today's consumers and professionals are in an ever increasing pursuit of a more efficient use of their time, and we believe The Microsoft Network will provide them with more intelligent ways to communicate, shop, make new friends and socialize around their personal interests and hobbies.

What kind of searching do you provide?

As the breadth of content available on online services increases dramatically, we recognize that a powerful and easy to use search model will be key to the success of The Microsoft Network. Our goal is to develop extensive capabilities for partners to index their content and their services, so that users will be able to easily identify all the potential sources for information, or all the commercial services capable of meeting a specific need.

Some of this functionality will become available over time, as more content is added to the service, and particularly as we gain access to Cairo's sophisticated object indexing capabilities in the future.

Will you provide free areas (to the customer) on the service?

Our long term goal is to do away with the concept of "connect time charges" altogether, which eliminates the need for free areas. Because of this, and because The Microsoft Network's multi-tasking architecture does not lend itself to effectively implement free areas, we have decided not to implement a "free areas" feature in the traditional sense.

As long as connect time charges will remain effective, IPs will have the ability to subsidize access charges by issuing credit to users who access their areas.

Will The Microsoft Network be available on cable systems?

We plan to make The Microsoft Network available via cable modems to PCs and will be involved in trials in 1995. Over time, we will also make the The Microsoft Network service available via the cable system to iTV but, we expect that services targeted at that platform will be much different than those targeted at PCs (different input device, more video, etc).

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