

From martyta Wed Jan 29 17:58:22 1992  
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Subject: Mother of all Q and A's.  
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If you have time to review this before tomorrow  
you can bring you input to the meeting.

Q.) What happened to Mike Hallman.

A.) Mike Hallman will leave his position as President of Microsoft effective March 1st. He will continue to serve the company in a consulting capacity through June.

Q.) Was he fired?

A.) No, Mike stepped aside when the new "Office of the President" was established. Mike will continue to work with Microsoft in a consulting capacity.

Q.) The company has recently continued it's long history of enormous success. In the last year along your revenues and profits are reaching new highs. Why change a winning formula?

A.) Successful companies are always looking for ways to increase efficiency, no matter what the current status. Microsoft is never complacent and takes a long term approach to managing our business. We have initiated this reorganization to position us for the future.

Q.) Hallman must have failed at some corporate objective. What was it?

A.) He has not failed in any specific objectives. The company continues it success. Mike stepped aside as part of the re-organization that included the office of the president.

Q.) Does this mean Microsoft is in some big time trouble. What are you telling us here?

A.) We continue to be very optimistic about our future. There have been no fundamental shifts in our product strategy or business opportunities.

Q.) In 15 years, Bill has only been able to keep one president. Is he that hard to get along with?

A.) No he is not. Mike and Bill respect each other and get along fine.

Q.) Microsoft is a product company. Always will be. In the last two years, the biggest failures have been on the systems side, with OS/2 and Lan Manager. Is steve being demoted because he can't manage a development organization?

A.) No, this is a promotion for steve into the office of the president as Executive VP. Over 50% of the company will report to him so it is hard to call it a demotion. Also, MS-DOS and Windows came from Steves group and both are two of the best selling software products of all time.

Systems and Applications.

Q.) For years you guys have talked about a division of church and state. Now you've combined them under a single guy. The previous head of Apps! Isn't this an admission of what the industry has been saying all along? MS doesn't play fair and that you want it all.

A.) Microsoft conducts it's affairs in an ethical and legal fashion. We have never claimed that there is a division between the applications group and the systems group. Rather we have had consistently stated that the systems division treats Microsoft's applications division the same as it does other key ISV for it's systems products, providing early access to beta software, inviting them to future product design reviews and generally soliciting feedback from all applications

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developers on where our future software products should go.

Q.) What about the idea of separation of church and state? There will continue to be a separate Systems Division and Application division. Both will continue to operate independently as they do today. Mike Maples will report directly to Bill.

Q.) Can ISVs even begin to trust Mike Maples?

A.) ISVs will do what they believe is best for their business interests. Microsoft will continue its tradition of encouraging independent software developers to write to the Windows platform. NO CHANGE. We have significantly increased our support for ISVs in the last year and will continue in the future. The best thing that Mike Maples can do is continue to create a large installed base of Windows for applications to sell into.

Q.) Maples is the guy who wanted 100% of the applications markets. Now he is in charge of managing the relationships with the companies that he wanted to put out of business?

A.) Five different product divisions will report to Mike, just as in the past these product divisions reported to the President. Mike has been in the industry for a number years and managed ISV program for IBM during his stint there. We will maintain the tradition of supporting our ISVs with open system software standards.

Q.) What will Bill's role be in the new organization?

A.) Bill plays the same role as before, setting the technical direction for the company, working with Microsoft large customers to identify long term opportunities, driving the overall product strategy.

Q.) Isn't this just a holding pattern until one of these three emerge as the president?

A.) No, the concept of the office of the president is one that we think can work very well for the company in the 90s. We are fortunate to have three strong managers who can run these businesses.

Q.) Are you hoping that one will emerge as the president?

A.) No, we do not plan to have a president.

Q.) How many direct reports will Bill have?

A.) Five, The three people in the office of the president, plus William Neukom, VP Law and Corporate Affairs and Nathan Myhrvold, VP of Research.

Q.) Hallman represented the MIS perspective at Microsoft. Does his departure suggest a pullback from Microsoft's plans to sell to corporate MIS?

A.) No, we continue to develop products and programs that will allow us to serve the needs of large corporate customers as they move to world of client server computing. Mike has helped us to understand these issues and build a stronger corporate accounts program. Steve Ballmer will pick it up from here on with consulting help from Mike Hallman.

Q.) Is Oki's retirement a part of this reorg.

A.) No, Scott made his interest in retiring known to management over a year ago and just recently the timing had been finalized.

Q.) How are the product divisions separated out?

A.) This space intentionally left blank.

Q.) What about the FTC? Aren't they going to have a cow over this?

A.) No.

Q.) Is this reorganization a result of the FTC investigation?

A.) No it is not at all related.

Q.) What about the Apple suit.

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A.) This has nothing to do with the Apple Lawsuit.

Q.) Is anyone else leaving.

A.) Not that we know of.

Q.) What other changes are in the works.

A.) There might be some other changes to the organization below the division level. None of these changes will be material to the companies business.

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