WHITE PAPER

April 2002

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CONTENTS

Microsoft Windows 98 Second Edition (SE) and Windows NT Workstation 4.0 Retirement

Microsoft® recently announced changes in the distribution and support policies for Windows™ 98 Second Edition (SE) and NT Workstation 4.0 operating systems. With the adoption of Windows 2000 and XP Professional, Microsoft will retire Windows 98 SE and NT 4.0 in some of its channels of distribution including the multi-national direct OEM channel, starting July 1, 2002. This document will explain Compaq's transition plans and customer choices after end of life of these operating systems, and answer frequently asked questions.

COMPAQ

16MA-0402A-WWEN

NOTICE

Compaq Computer Corporation
Windows 98 SE and NT 4.0 Retirement White Paper

(April 2002)

INTRODUCTION

Microsoft recently announced upcoming changes in the distribution and support policies for Windows 98 SE and NT Workstation 4.0. After June 30, 2002, Compaq Computer Corporation and other Original Equipment Manufacturers (OEMs) of computers will no longer be licensed to ship standard desktop, notebook or workstation models factory preinstalled with Windows 98 SE or Windows NT Workstation 4.0 Microsoft OEM. Our standard Evo models will be available with Windows 2000 Professional (through the March 31st, 2003), Windows XP Professional or Windows XP Home preinstalled. Availability of these operating systems may vary by model.

The newer operating systems, with a wider range of capabilities to support recent advances in technology, are in greater demand. Compaq is making provisions to accommodate customers who still wish to use Windows 98 SE and NT 4.0. Customers requiring these two operating systems after the retirement date can take advantage of Compaq's Software Image Management Services (*SIMS*) fee-based offering. Please refer to http://www.compaq.com/solutions/pcsolutions/image_mgmt.html for more information about SIMS.

After June 30, 2002, Microsoft will only make Windows 98 SE and NT 4.0 products available as:

  o   DSP (Distribution Service Provider): Also known as System Builder version

  o   Retail products

Compaq will source these products from alternate channels at a higher price.

Beginning July 01, 2002 Compaq customers can continue to purchase new systems with Windows 98 SE and NT 4.0 through Compaq's SIMS offering utilizing the DSP or retail licenses, assuming the operating systems were qualified on, and are supported by, the required platform. The source of software image may be obtained from DSP, Retail, or Compaq.

Changes in Microsoft Operating System life cycle

Microsoft is moving Windows 98 SE and NT 4.0 from the "mainstream phase" into the "extended phase" of their operating system lifecycle on June 30, 2002. During the "extended phase" Computer OEMs lose their standard OEM licensing rights to preinstall these two operating systems. Please refer to http://www.microsoft.com/windows/lifecycle.asp for additional details.

OS Migration Recommendation

In early 2002, Compaq will begin to discontinue the factory pre-installation of Windows 98 SE and NT 4.0 on new Evo commercial computers. Compaq will continue to preinstall Windows 2000, Windows XP Professional and Home Editions on select products after June 30, 2002.

For business applications, Compaq and Microsoft strongly recommend upgrading to Windows XP Professional. Customers may also consider migrating to Windows 2000 Professional, however, based on the current Microsoft OS lifecycle guidelines, Windows 2000 is scheduled to enter the "extended phase" on March 31, 2003, therefore, OEMs will no longer be allowed to offer pre-installation of this operating system. Refer to http://www.microsoft.com/windows/lifecycle.asp

Customer Options

Customers requiring Windows 98 SE or NT 4.0 after July 1, 2002 have two options:

1. **Purchase computers preinstalled with Windows 98 SE/NT 4.0:**

   After July 1, 2002, eligible customers will still have the option of purchasing new computer products from Compaq with Windows 98 SE or NT 4.0 preinstalled. These options vary depending on whether or not customer has any Microsoft Volume Licensing agreements. Pre-installation of these operating systems on new Compaq computers will be available through the *PC Custom Solutions* group. This group will only process W98 SE/NT 4.0 requests on supported platforms (operating system was qualified for the particular platform by division engineering). Customers requiring these operating systems would need to work through their sales or account representative who would then utilize the *PC Custom Solutions* SIMS services.

   Please refer to http://www.compaq.com/solutions/pcsolutions/pc_custom.html for more information about *PC Custom Solutions*.

2. **Purchase computers with Windows XP Professional preinstall license**

   The End User License Agreement (EULA) for Windows XP Professional allows for downgrade to Windows 98 Second Edition, Windows NT Workstation 4.0 or Windows 2000 Professional.

   Customers who are not ready yet to migrate away from Windows 98 SE or NT 4.0 to Windows XP benefit from purchasing new Compaq systems, factory preinstalled with Windows XP. New systems preinstalled with Windows XP can be downgraded to Windows 98 SE, NT 4.0, or 2000. Windows XP can be reinstalled later, at no additional cost.

   For more information on Window XP Professional downgrade rights, please refer to the Microsoft Windows XP Professional Downgrade Overview white paper on http://www.compaq.com/support/reference/

Customer Options requesting Windows 98 SE and NT 4.0 after 6/30/02*:

a) Customer buys Windows XP Professional: Customer installs Windows 98 SE or NT 4.0 after purchase, utilizing the Windows XP Professional downgrade rights. **

b) Customer buys Windows XP Professional: Customer utilizes Compaq PCCS services to install their desired operating system (Windows 98 SE / NT 4.0). Windows XP Professional downgrade right is used to install Windows 98 or NT 4.0 **

* In some situations using DSP image may be an acceptable solution for the source of the Windows 98 SE or NT 4.0 image, however, it may be more expensive. Compaq PCCS group should be consulted.

** Customers can reinstall Windows XP Professional at no extra charge.

Frequently Asked Questions

Microsoft Announcement

1. **Microsoft is retiring Windows 98 SE and NT 4.0 in the multi-national OEM channel on July 1, 2002. Why?**

    Windows NT 4.0, first introduced in 1996, is a six-year-old operating system that does not support many of the hardware features available today. Windows 98 SE is about four years old and it also does not support some of the latest technologies. Microsoft has since released major advances to desktop operating system environments, including Windows 2000 and XP Professional. The recent introduction of Windows XP Professional adds key features designed for the business environment and is reliable, stable, and cost-efficient.

    According to Microsoft's operating system lifecycle guideline, systems that are older than three years enter the "extended phase." In this phase, Microsoft will discontinue providing any further development. Support and quick fix structures also change. Please refer to http://www.microsoft.com/windows/lifecycle.asp

    End of life of older operating systems allows Microsoft to enhance the features and reliability of the newer operating systems such Windows 2000 or XP Professional. New enhancements and features in Windows XP and Windows 2000 maximize the client operating system environments. These include enhanced security, reliability, scalability, ease of use, and manageability. For more details please refer to http://www.microsoft.com/windows .

Operating System Migration

2. **If I buy Compaq computers preinstalled with Windows XP Professional, can I change the operating system preinstalled on my computer?**

    Yes. The End User License Agreement (EULA) for Windows XP Professional allows for downgrade to Windows 98 Second Edition, Windows NT Workstation 4.0 or Windows 2000 Professional.

    Main benefit: Customers can later reinstall the Windows XP Professional Edition on their hard drives at no additional charge.

    * This downgrade provision is not applicable to any other operating system.

3. **How do I reinstall Windows XP Professional at a later time?**

    The Compaq Restore CD that is shipped in the computer box can be used later to restore the original Windows XP Professional factory-installed image from Compaq.

4. **Will the Windows XP Professional EULA (End User License Agreement) allow me to downgrade to Windows 95 or Windows XP Home?**

    No, the Windows XP Professional EULA doesn't allow for downgrades to these operating systems.

5. **If I want to downgrade, does Compaq provide the alternate operating system?**

    No, the Windows XP Professional EULA specifies that neither Compaq nor Microsoft will provide the alternate OS version. Customers can use applicable retail operating system versions, system builder DSP operating system versions or versions obtained through volume licensing agreements held with Microsoft.

6. **How does the Windows XP Pro downgrade right benefit me?**

   The Windows XP Professional EULA provides a high degree of flexibility. By purchasing systems with Windows XP Professional preinstalled, you can continue to deploy your custom 98 SE/NT 4.0/2000 images and install Windows XP Professional at a later date and at no additional charge.

7. **I've just migrated to Windows 2000 Professional and don't intend to upgrade my OS for at least 12 months. Why should I buy Windows XP Professional preinstalled?**

   Based on Microsoft's current OS Lifecycle Guidelines, Windows 2000 Professional will only be offered preinstalled by PC vendors through March 2003. If you intend to use Windows 2000 Professional through 2003, you can purchase Windows XP Professional and downgrade. At a later time, you may reinstall Windows XP Professional on the hard drive at no additional charge.

8. **Will all new Evo notebook, desktop and workstation models support Windows 98 SE and Windows NT Workstation 4.0?**

   No, only select models will provide this support. Please consult the QuickSpecs for model-specific information.

   Compaq will continue to support its customers throughout this transition. However, as new hardware technologies are introduced, it is important to remember that older operating systems may not be able to support the new technology. Many third-party sub-system vendors will discontinue the development of Windows 98 SE and NT 4.0 drivers in the future. For Compaq to provide the best computing environment, we must encourage our customers to migrate to newer operating system environments such as Windows 2000 or XP Professional.

Provision for Customer Exceptions

9. **I have standardized on Windows 98 SE/NT 4.0 for all client-base systems. How will the transition to Windows XP Professional affect my new purchases after July 1, 2002?**

   If you have a Volume Licensing agreement with Microsoft, Compaq can, for an additional fee, continue to preinstall Windows 98 SE/NT 4.0 as part of our SIMS offering on select products.

10. **What if I do not have a Volume Licensing agreement with Microsoft?**

    Compaq may offer the Distribution Service Provider (DSP) license to customers and preinstall Windows 98 SE/NT 4.0 operating systems as part of our SIMS offering on supported platforms (OS tested by division engineering).

11. **How much more should I expect to pay for DSP?**

    DSP is more expensive than the current pricing. It is typically 10% less than the retail price. Compaq does its best to provide customers the most cost-effective price for products and services. Exact pricing is also dependent on the complexity of the image as described above.

12. **How long will DSP be available?**

    Generally, DSP is available for one year after end of life of each operating system.

Windows 98 SE and NT 4.0 Support

13. Will Compaq continue to support Windows 98 and NT 4.0?

Compaq will continue to provide 90-day software technical support on designated systems shipped through PCCS services and preinstalled with Windows 98 SE or NT 4.0.

14. Will Microsoft continue to support Windows 98 and NT 4.0?

In addition to Premier Support, paid incident support, paid hotfix support, and online support information will be available. For more details please see
http://www.microsoft.com/windows/lifecycle.asp

15. Will PCCS provide restore CDs for computers shipped with Windows 98 SE or NT 4.0 after June 30, 2002?

No. Compaq is not authorized to provide restore media for these operating systems after July 1, 2002. Customers need to make backup copies of their Windows 98 SE or NT 4.0 images preinstalled by PCCS. In the event of hard drive failure, customers should contact PCCS or Compaq Customer Support.

16. How would customers obtain Microsoft Certificate of Authenticity (COA) numbers if they use their Windows XP Professional Downgrade rights to install Windows 98/NT?

Customers who have an Enterprise Licensing Agreement with Microsoft, and are using their own Windows 98/NT image, need to obtain COA numbers from Microsoft. If retail/DSP versions are installed, then the COA numbers that come with the retail/DSP versions should be used. In the case of PCCS installation of Windows 98/NT, preinstalled operating system is ready-to-run and COA numbers are not needed.