

TIME



The Private
World of

BILL GATES

A surprising visit
with the man who is
shaping our future



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In Search of the Real Bill Gates

By Walter Isaacson

He's the most famous businessman in the world. Reams have been written about how he dominated the revolution in personal computing and is now poised to turn Microsoft into a media and Internet behemoth. But we know little about him as a person. What beliefs and values drive this man who, as much as anyone, will determine the way we look not only at computers but at ourselves and our world? Here's an intimate look at one of the most important minds and personalities of our era.

When Bill Gates was in the sixth grade, his parents decided he needed counseling. He was at war with his mother Mary, an outgoing woman who harbored the belief that he should do what she told him. She would call him to dinner from his basement bedroom, which she had given up trying to make him clean, and he wouldn't respond. "What are you doing?" she once demanded over the intercom.

[\(See photos of Bill Gates' early years.\)](#)

"I'm thinking," he shouted back.

"You're thinking?"

"Yes, Mom, I'm thinking," he said fiercely. "Have you ever tried thinking?"

The psychologist they sent him to "was a really cool guy," Gates recalls. "He gave me books to read after each session, Freud stuff, and I really got into psychology theory." After a year of sessions and a battery of tests, the counselor reached his conclusion. "You're going to lose," he told Mary. "You had better just adjust to it because there's no use trying to beat him." Mary was strong-willed and intelligent herself, her husband recalls, "but she came around to accepting that it was futile trying to compete with him."

A lot of computer companies have concluded the same. In the 21 years since he dropped out of Harvard to start Microsoft, William Henry Gates III, 41, has thrashed competitors in the world of desktop operating systems and application software. Now he is attempting the audacious feat of expanding Microsoft from a software company into a media and content company.

[\(See pictures of the global reach of the Gates Foundation.\)](#)

In the process he has amassed a fortune worth (as of last Friday) \$23.9 billion. The 88% rise in Microsoft stock in 1996 meant he made on paper more than \$10.9 billion, or about \$30 million a day. That makes him the world's richest person, by far. But he's more than that. He has become the Edison and Ford of our age. A technologist turned entrepreneur, he embodies the digital era.

His success stems from his personality: an awesome and at times frightening blend of brilliance, drive, competitiveness and personal intensity. So too does Microsoft's. "The personality of Bill Gates determines the culture of Microsoft," says his intellectual sidekick Nathan Myhrvold. But though he has become the most famous business celebrity in the world, Gates remains personally elusive to all but a close circle of friends.

[See TIME's interview with Bill Gates.](#)

Part of what makes him so enigmatic is the nature of his intellect. Wander the Microsoft grounds, press the Bill button in conversation and hear it described in computer terms: he has "incredible processing power" and "unlimited bandwidth," an agility at "parallel processing" and "multitasking." Watch him at his desk, and you see what they mean. He works on two computers, one with four frames that sequence data streaming in from the Internet, the other handling the hundreds of E-mail messages and memos that extend his mind into a network. He can be so rigorous as he processes data that one can imagine his mind may indeed be digital: no sloppy emotions or analog fuzziness, just trillions of binary impulses coolly converting input into correct answers.

"I don't think there's anything unique about human intelligence," Gates says over dinner one night at a nearly deserted Indian restaurant in a strip mall near his office. Even while eating, he seems to be multitasking; ambidextrous, he switches his fork back and forth throughout the meal and uses whichever hand is free to gesture or scribble notes. "All the neurons in the brain that make up perceptions and emotions operate in a binary fashion," he explains. "We can someday replicate that on a machine." Earthly life is carbon based, he notes, and computers are silicon based, but that is not a major distinction. "Eventually we'll be able to sequence the human genome and replicate how nature did intelligence in a carbon-based system." The notion, he admits, is a bit frightening, but he jokes that it would also be cheating. "It's like reverse-engineering someone else's product in order to solve a challenge."

[\(See "Hurray for Bill Gates... I Guess."\)](#)

Might there be some greater meaning to the universe? When engaged or amused, he is voluble, waving his hands and speaking loudly enough to fill the restaurant. "It's possible, you can never know, that the universe exists only for me." It's a mix of Descartes' metaphysics and Tom Stoppard's humor. "If so," he jokes, "it's sure going well for me, I must admit." He laughs; his eyes sparkle. Here's something machines can't do (I don't think): giggle about their plight in the cosmos, crack themselves up, have fun.

Right? Isn't there something special, perhaps even divine, about the human soul? His face suddenly becomes expressionless, his squeaky voice turns toneless, and he folds his arms across his belly and vigorously rocks back and forth in a mannerism that has become so mimicked at Microsoft that a meeting there can resemble a round table of ecstatic rabbis. Finally, as if from an automaton, comes the answer: "I don't have any evidence on that." Rock, rock, rock. "I don't have any evidence on that."

The search for evidence about the soul that underlies Bill Gates' intellectual operating system is a task that even this boyish man might find a challenge.

[\(See "Bill Gates: Mine, All Mine."\)](#)

"As a baby, he used to rock back and forth in his cradle himself," recalls Gates' father, a man as big and huggable as his son is small and tightly coiled. A retired lawyer, he still lives in the airy suburban Seattle house overlooking Lake Washington where Bill III--the boy he calls "Trey"--grew up. (The name comes from the card term for three, though the father is now resigned to being called Bill Sr.)

His mother Mary was "a remarkable woman," Bill Sr. says. A banker's daughter, she was adroit in both social and business settings, and served on numerous boards, including those of the University of Washington, the United Way, USWest and First Interstate Bancorp. After her death in 1994, the city council named the avenue leading into their neighborhood after her.

"Trey didn't have a lot of confidence in social settings," says his father. "I remember him fretting for two weeks before asking a girl to the prom, then getting turned down. But Mary did. She was a star at social intercourse. She could walk into a room ..." He has the same toothy smile as his son, the same smudgy glasses covering twinkling eyes. But now, for just a moment, he is starting to tear up. His mind does not seem like a computer. He folds his arms across his stomach and starts to rock, gently.

He gets up to show some more pictures of Mary and of her mother. Both loved cards, and they would organize bridge games, as well as Password and trivia contests, after the big family dinners they held every Sunday. "The play was quite serious," Bill Sr. recalls.

"Winning mattered."

As he wanders through the house, he points out more framed pictures of his son: Trey, the towheaded Cub Scout; Trey with sister Kristi, a year older, who now has the joy of being his tax accountant; and with Libby, nine years younger, who lives a few blocks away raising her two kids; with Bill Sr. and his new wife Mimi, the director of the Seattle Art Museum; and hugging his wife Melinda while listening to Willie Nelson play at their New Year's Day 1994 wedding in Hawaii.

"He's a busy guy," says Bill Sr., "so we don't see him a lot, but we spend holidays together." Thanksgiving was in Spokane, Washington, at Kristi's house, Christmas playing golf in Palm Springs, California, where Bill Sr. and Mimi have a place. They communicate mainly by E-mail. Just this morning he got one describing a photocopier Trey bought him for his birthday.

He lumbers over to a table where he has gathered some pictures of summer vacations they used to take with friends at a cluster of rental cabins known as Cheerio on the Hood Canal, about two hours away. There were nightly campfires, family skits and the type of organized competitive games the Gates family loved. "On Saturdays there was a tennis tournament, and on Sundays our Olympics, which were a mixture of games and other activities," Bill Sr. recalls. "Trey was more into the individual sports, such as water skiing, than the team ones."

In 1986, after Microsoft became successful, Gates built a four-house vacation compound dubbed Gateaway for his family. There his parents would help him replicate his summer activities on a grander scale for dozens of friends and co-workers in what became known as the Microgames. "There were always a couple of mental games as well as performances and regular games," says Bill Sr. as he flips through a scrapbook. These were no ordinary picnics: one digital version of charades, for example, had teams competing to send numerical messages using smoke-signal machines, in which the winners devised their own 4-bit binary code.

"We became concerned about him when he was ready for junior high," says his father. "He was so small and shy, in need of protection, and his interests were so very different from the typical sixth grader's." His intellectual drive and curiosity would not be satisfied in a big public school. So they decided to send him to an elite private school across town.

Walking across the rolling quad of the Lakeside School, Bill Sr. points out the chapel where his son played the lead in Peter Shaffer's *Black Comedy*. "He was very enthusiastic about acting. But what really entranced him was in there," he says, pointing to a New England-style steepled classroom building. With the proceeds from a rummage sale, the Mothers' Club had funded a clunky teletype computer terminal.

Learning BASIC language from a manual with his pal Paul Allen, Trey produced two programs in the eighth grade: one that converted a number in one mathematical base to a different base, and another (easier to explain) that played tic-tac-toe. Later, having read about Napoleon's military strategies, he devised a computer version of Risk, a board game he liked in which the goal is world domination.

Trey and Paul were soon spending their evenings at a local company that had bought a big computer and didn't have to pay for it until it was debugged. In exchange for computer time, the boys' job was to try (quite successfully) to find bugs that would crash it. "Trey got so into it," his father recalls, "that he would sneak out the basement door after we went to bed and spend most of the night there."

The combination of counseling and the computer helped transform him into a self-assured young businessman. By high school he and his friends had started a profitable company to analyze and graph traffic data for the city. "His confidence increased, and his sense of humor increased," his father says. "He became a great storyteller, who could mimic the voices of each person. And he made peace with his mother."

"In ninth grade," Gates recalls over dinner one night, "I came up with a new form of rebellion. I hadn't been getting good grades, but I decided to get all A's without taking a book home. I didn't go to math class, because I knew enough and had read ahead, and I placed within the top 10 people in the nation on an aptitude exam. That established my independence and taught me I didn't need to rebel anymore." By 10th grade he was teaching computers and writing a program that handled class scheduling, which had a secret function that placed him in classes with the right girls.

His best friend was Kent Evans, son of a Unitarian minister. "We read FORTUNE together; we were going to conquer the world," says Gates. "I still remember his phone number." Together with Paul Allen, they formed the official-sounding Lakeside Programmers Group and got a job writing a payroll system for a local firm. A furious argument, the first of many, ensued when Allen tried to take over the work himself. But he soon realized he needed the tireless Gates back to do the coding. "O.K., but I'm in charge," Gates told him, "and I'll get used to being in charge, and it'll be hard to deal with me from now on unless I'm in charge." He was right.

To relieve the pressures of programming, Evans took up mountain climbing. One day Gates got a call from the headmaster: Evans had been killed in a fall. "I had never thought of people dying," Gates says. There is a flicker of emotion. "At the service, I was supposed to speak, but I couldn't get up. For two weeks I couldn't do anything at all."

After that he became even closer to Paul Allen. They learned an artificial-intelligence language together and found odd jobs as programmers. "We were true partners," Gates says. "We'd talk for hours every day." After Gates went off to Harvard, Allen drove his rattletrap Chrysler cross-country to continue their collaboration. He eventually persuaded Gates to become that university's most famous modern dropout in order to start a software company, which they initially dubbed Micro-Soft (after considering the name Allen & Gates Inc.), to write versions of BASIC for the first personal computers. It was an intense relationship: Gates the workaholic code writer and competitor, Allen the dreamy visionary.

Over the years they would have ferocious fights, and Allen would, after a Hodgkin's disease scare, quit the company and become estranged. But Gates worked hard to repair the relationship and eventually lured Allen, who is now one of the country's biggest high-tech venture-capital investors (and owner of the Portland Trail Blazers), back onto the Microsoft board. "We like to talk about how the fantasies we had as kids actually came true," Gates says. Now, facing their old classroom building at Lakeside is the modern brick Allen/Gates Science Center. (Gates lost the coin toss.)

Steve Ballmer, big and balding, is bouncing around a Microsoft conference room with the spirit of the Harvard football-team manager he once was. "Bill lived down the hall from me at Harvard sophomore year," he says. "He'd play poker until 6 in the morning, then I'd run into him at breakfast and discuss applied mathematics." They took graduate-level math and economics courses together, but Gates had an odd approach toward his classes: he would skip the lectures of those he was taking and audit the lectures of those he wasn't, then spend the period before each exam cramming. "He's the smartest guy I've ever met," says Ballmer, 40, continuing the unbroken sequence of people who make that point early in an interview.

Ballmer nurtured the social side of Gates, getting him to join one of the college's eating clubs (at his initiation Gates gave a drunken disquisition on an artificial-intelligence machine), playing the video game Pong at hamburger joints and later wandering with him to places like the old Studio 54 during visits to New York City. "He was eccentric but charismatic," says Ballmer.

When Microsoft began to grow in 1980, Gates needed a smart nontechie to help run things, and he lured Ballmer, who had worked for Procter & Gamble, to Seattle as an equity partner. Though he can be coldly impersonal in making business decisions, Gates has an emotional loyalty to a few old friends. "I always knew I would have close business associates like Ballmer and several of the other top people at Microsoft, and that we would stick together and grow together no matter what happened," he says. "I didn't know that because of some analysis. I just decided early on that was part of who I was."

As with Allen, the relationship was sometimes stormy. "Our first major row came when I insisted it was time to hire 17 more people," Ballmer recalls. "He claimed I was trying to bankrupt him." Gates has a rule that Microsoft, rather than incurring debt, must always have enough money in the bank to run for a year even with no revenues. (It currently has \$8 billion in cash and no long-term debt.) "I was living with him at the time, and I got so pissed off I moved out." The elder Gates smoothed things over, and soon the new employees were hired.

"Bill brings to the company the idea that conflict can be a good thing," says Ballmer. "The difference from P&G is striking. Politeness was at a premium there. Bill knows it's important to avoid that gentle civility that keeps you from getting to the heart of an issue quickly. He likes it when anyone, even a junior employee, challenges him, and you know he respects you when he starts shouting back." Around Microsoft, it's known as the "math camp" mentality: a lot of cocky geeks willing to wave their fingers and yell with the

cute conviction that all problems have a right answer. Among Gates' favorite phrases is "That's the stupidest thing I've ever heard," and victims wear it as a badge of honor, bragging about it the way they do about getting a late-night E-mail from him.

The contentious atmosphere can promote flexibility. The Microsoft Network began as a proprietary online system like CompuServe or America Online. When the open standards of the Internet changed the game, Microsoft was initially caught flat-footed. Arguments ensued. Soon it became clear it was time to try a new strategy and raise the stakes. Gates turned his company around in just one year to disprove the maxim that a leader of one revolution will be left behind by the next.

During the bachelor years in the early '80s, the math-camp mentality was accompanied by a frat-boy recreational style. Gates, Ballmer and friends would eat out at Denny's, go to movies and gather for intellectual games like advanced forms of trivia and Boggle. As friends started getting married, there were bachelor parties involving local strippers and skinny-dipping in Gates' pool. But eventually, after Gates wed, he took up more mature pursuits such as golf. "Bill got into golf in the same addictive way he gets into anything else," says Ballmer. "It gets his competitive juice flowing."

It's a rainy night, and Gates is bombing around in his dark blue Lexus. He loves fast cars. When Microsoft was based in Albuquerque, New Mexico, in its early years, he bought a Porsche 911 and used to race it in the desert; Paul Allen had to bail him out of jail after one midnight escapade. He got three speeding tickets--two from the same cop who was trailing him--just on the drive from Albuquerque the weekend he moved Microsoft to Seattle. Later he bought a Porsche 930 Turbo he called the "rocket," then a Mercedes, a Jaguar XJ6, a \$60,000 Carrera Cabriolet 964, a \$380,000 Porsche 959 that ended up impounded in a customs shed because it couldn't meet import emission standards, and a Ferrari 348 that became known as the "dune buggy" after he spun it into the sand.

Despite this record, Gates is not wearing a seat belt. (A dilemma: Is it too uncool to use mine?) He rarely looks at you when he talks, which is disconcerting, but he does so when he's driving, which is doubly disconcerting. (I buckle up. As his mother and others have learned, it's not always prudent to compete.) He turns into a dark drive with a chain-link fence that slides open as the Lexus approaches. It's nearing midnight, and the security guard looks a bit startled.

Gates' home of the future has been under construction for more than four years, and is not expected to be completed until this summer. Built into a bluff fronting Lake Washington, it has 40,000 sq. ft. of space and will cost about \$40 million. Looming against the night sky are three connected pavilions of glass and recycled Douglas fir beams, looking a bit like a corporate conference center masquerading as a resort.

Gates swings into a vaulted 30-car garage carved into the hillside. In the corner, like a museum piece, sits his parents' red Mustang convertible that he drove as a kid. "The first pavilion is mainly for public entertaining," he says as he picks his way past construction debris down four levels of stairs. Despite the hour, three technicians are working in the ground-floor reception hall, with its view of the Olympic Mountains across Lake Washington, adjusting two dozen 40-in. monitors that will form a flat-screen display covering an entire wall. "When you visit, you'll get an electronic pin encoded with your preferences," he explains. "As you wander toward any room, your favorite pictures will appear along with the music you like or a TV show or movie you're watching. The system will learn from your choices, and it will remember the music or pictures from your previous visits so you can choose to have them again or have similar but new ones. We'll have to have hierarchy guidelines, for when more than one person goes to a room." Like Gates himself, it's all very fascinating, fun and a little intimidating.

Moving into the center pavilion, Gates shows off what will be the library. A mammoth carved wooden dome hangs just above the floor, waiting to be raised into the cupola. (I wonder: Does this grand chamber dispel my fear that he will relegate print to museum status? Or inadvertently confirm it?) He has hired a New York rare-books dealer to stock the library for him. His current reading is eclectic. "On a recent trip to Italy," he says, "I took the new Stalin biography, a book about Hewlett-Packard, Seven Summits [a mountaineering book by Dick Bass and the late Disney president Frank Wells] and a Wallace Stegner novel." He's also a fan of Philip Roth's, John Irving's, Ernest J. Gaines' and David Halberstam's, but his all-time favorite novels are the schoolboy standards *The Catcher in the Rye*, *The Great Gatsby* and *A Separate Peace*. A nearby room will be filled by an enormous trampoline; at the office he sometimes surprises colleagues by joyfully leaping to touch the ceiling, and he finds bouncing on a trampoline as conducive to concentration as rocking.

The only completed part of the house is the indoor pool under the family quarters. A sleek lap pool reflecting images from a wall snakes through glass into an outdoor Japanese bath area. The security guard reappears and warns, "Be careful of what you do in there, since the boats on the lake can see inside." As the door to the pool room closes, Gates doubles over in laughter. Does he come in here often at night? "Sometimes with Melinda," he says.

We wander out to the deck, and the wind slams the door shut. It's locked. Gates tries to call the guard, but he's disappeared to a distant part of the estate. So he leads the way past bulldozers into trenches that will someday become an estuary and stocked trout stream. At the moment, however, it's a quagmire that proves impassable. Remarkably, Gates is able to avoid looking sheepish. After a few more minutes of shouting, he attracts the guard's attention.

Gates chose the austere and natural architectural style before he got married, but Melinda is now putting her own imprint on it. "The exposed concrete is going to have to go," he says, expressing some concern about how the architect might take this.

Gates met Melinda French 10 years ago at a Microsoft press event in Manhattan. She was working for the company and later became one of the executives in charge of interactive content. Their daughter Jennifer was born last April. Melinda, 32, is no longer at Microsoft, and she is active in charity work and on the board of Duke, where she studied computer science as an undergraduate and then got a graduate degree in business. Like Gates, she is smart and independent. Like his mother, she is also friendly and social, with an easy manner of organizing trips and activities. But she zealously guards her privacy and doesn't give interviews.

"I used to think I wouldn't be all that interested in the baby until she was two or so and could talk," says Gates as he shows off the more intimate family quarters. "But I'm totally into it now. She's just started to say 'ba-ba' and have a personality."

Melinda is Catholic, goes to church and wants to raise Jennifer that way. "But she offered me a deal," Gates says. "If I start going to church--my family was Congregationalist--then Jennifer could be raised in whatever religion I choose." Gates admits that he is tempted, because he would prefer she have a religion that "has less theology and all" than Catholicism, but he has not yet taken up the offer. "Just in terms of allocation of time resources, religion is not very efficient," he explains. "There's a lot more I could be doing on a Sunday morning."

If Ballmer is Gates' social goad, his intellectual one is Nathan Myhrvold (pronounced Meer-voll), 37, who likes to joke that he's got more degrees than a thermometer, including a doctorate in physics from Princeton. With a fast and exuberant laugh, he has a passion for subjects ranging from technology (he heads Microsoft's advanced-research group) to dinosaurs (he's about to publish a paper on the aerodynamics of the apatosaurus tail) to cooking. He sometimes moonlights as a chef at Rover's, a French restaurant in Seattle.

When he arrives there for dinner, owner Thierry Rautureau comes out to hug him and pour champagne. There follows a procession of a dozen courses, from black truffles and pureed celery root in smoked game consomme to venison with obscure types of mushrooms, each with different vintage wines. (The bill for two comes to \$390, and picking it up assuages my discomfort that Gates had insisted on putting the previous evening's \$37 tab at the Indian restaurant on his MasterCard.)

"There are two types of tech companies," Myhrvold says in between pauses to inhale the aroma of the food. "Those where the guy in charge knows how to surf, and those where he depends on experts on the beach to guide him." The key point about Gates is that he knows--indeed loves--the intricacies of creating software. "Every decision he makes is based on his knowledge of the merits. He doesn't need to rely on personal politics. It sets the tone."

Myhrvold describes a typical private session with Gates. Pacing around a room, they will talk for hours about future technologies such as voice recognition (they call their team working on it the "wreck a nice beach" group, because that's what invariably appears on the screen when someone speaks the phrase "recognize speech" into the system), then wander onto topics ranging from quantum physics to genetic engineering. "Bill is not threatened by smart people," he says, "only stupid ones."

Microsoft has long hired based on I.Q. and "intellectual bandwidth." Gates is the undisputed ideal: talking to most people is like sipping from a fountain, goes the saying at the company, but with Gates it's like drinking from a fire hose. Gates, Ballmer and Myhrvold believe it's better to get a brilliant but untrained young brain--they're called "Bill clones"--than someone with too much

experience. The interview process tests not what the applicants know but how well they can process tricky questions: If you wanted to figure out how many times on average you would have to flip the pages of the Manhattan phone book to find a specific name, how would you approach the problem?

Gates' intellect is marked by an ability, as he puts it, to "drill down." On a visit to Time Inc.'s new-media facility, he answered questions from a collection of magazine editors as if by rote, but on his way out he asked to see the Internet servers and spent 45 minutes grilling the claue of awed techies there. Broad discussions bore him, he shows little curiosity about other people, and he becomes disengaged when people use small talk to try to establish a personal rapport. Even after spending a lot of time with him, you get the feeling that he knows much about your thinking but nothing about such things as where you live or if you have a family. Or that he cares.

In that regard he is the opposite of, say, Bill Clinton, who brackets the other end of the baby boom: Gates analytically rigorous and emotionally reserved, the President equally smart but intellectually undisciplined and readily intimate. They played golf on Martha's Vineyard once, and the President, as usual, worked hard at bonding emotionally and being personally charming and intimate. He expressed sorrow about the death of Gates' mother, shared the pain of the recent death of his own mother and gave golfing tips to Melinda. But Gates noticed that Clinton never bore in or showed rigorous curiosity about technological issues. Though he vaguely considers himself a Democrat, Gates stayed neutral in the presidential election.

Warren Buffett, the Omaha, Nebraska, investor whom Gates demoted to being merely the second richest American, seems an unlikely person to be among his closest pals. A jovial, outgoing 66-year-old grandfather, Buffett only recently learned to use a computer. But as multibillionaires go, both are unpretentious, and they enjoy taking vacations together. Buffett's secretary apologetically explains that Buffett isn't giving interviews these days and at the moment is traveling, but she promises to pass along the request. Less than three hours later, Buffett calls to say he happens to be in the Time & Life Building with some free time between meetings in Manhattan, and he would be happy to come by to be interviewed. He likes to talk about Gates.

His favorite story is about the 1995 excursion to China that Bill and Melinda organized for seven couples. "For part of the trip we stayed on a ship in the Yangtze with five decks that normally accommodates hundreds of people," he says with the glee of a kid describing Walt Disney World. "Each evening Melinda arranged different activities." There was karaoke singing in the ship's ballroom, performances of quickie versions of Shakespeare plays, "and a trivia quiz on such things as how many meals we'd eaten, with prizes that Melinda and Bill handed out." When relaxed, Buffett says, Gates has a fun sense of humor. In the Forbidden City they were given a show of huge ancient scrolls that were silently rolled and unrolled by women trained for the task. "There's a \$2 fine," Gates whispered, "if you return a scroll not rewound."

When Gates decided to propose to Melinda in 1993, he secretly diverted the chartered plane they were taking home from Palm Springs one Sunday night to land in Omaha. There Buffett met them, arranged to open a jewelry store that he owned and helped them pick a ring. That year Gates made a movie for Buffett's birthday. It featured Gates pretending to wander the country in search of tales about Buffett and calling Melinda with them from pay phones. After each call, Gates is shown checking the coin slot for loose change. When she mentions that Buffett is only the country's second richest man, he informs her that on the new Forbes list Buffett had (at least that one year) regained the top spot. The phone suddenly goes dead. "Melinda, Melinda," Gates sputters, "you still there? Hello?"

Last October Gates brought Melinda and their new daughter to visit Buffett and his wife in San Francisco. They ended up playing bridge for nine hours straight. Another marathon session in Seattle started in the morning and lasted--with a break for Melinda to pick up lunch at Burger King--until guests started arriving for dinner. "He loves games that involve problem solving," Buffett says. "I showed him a set of four dice with numbers arranged in a complex way so that any one of them would on average beat one of the others. He was one of three people I ever showed them to who figured this out and saw the way to win was to make me choose first which one I'd roll." (For math buffs: the dice were nontransitive. One of the others who figured it out was the logician Saul Kripke.)

Their relationship is not financial. Buffett, who does not invest in technology stocks, bought 100 shares of Microsoft just as a curiosity back when he met Gates ("I wish I'd bought more," he laughs), and Gates describes his investment with Buffett as "only" about \$10 million ("I wish I'd invested more," he likewise jokes). But Gates shares Buffett's interest in the media world and even likes to joke that he has created a digital encyclopedia called Encarta that now outsells World Book, which is controlled by Buffett. So far Microsoft has

mainly treated content as something that its software managers can create from scratch. But given the relative cheapness of some media stocks compared with that of Microsoft, Gates may someday look for some big acquisitions (he was in serious talks about taking a \$2 billion stake in CNN before Time Warner merged with Turner Communications), and Buffett would be a useful partner.

Another of Gates' vacation companions is Ann Winblad, the software entrepreneur and venture capitalist he dated during the 1980s. They met in 1984 at a Ben Rosen-Esther Dyson computer conference and started going on "virtual dates" by driving to the same movie at the same time in different cities and discussing it on their cell phones. For a few years she even persuaded him to stop eating meat, an experiment he has since resolutely abandoned.

They were kindred minds as well as spirits. On a vacation to Brazil, he took James Watson's 1,100-page textbook, *Molecular Biology of the Gene*, and they studied bioengineering together. On another vacation, to a Santa Barbara, California, ranch, she took tapes of Richard Feynman's lectures at Cornell, and they studied physics. And on a larger excursion with friends to central Africa, which ended at some beach cottages on an island off Zanzibar, among their companions was anthropologist Donald Johanson, known for his work on the human ancestor Lucy, who helped teach them about human evolution. In the evenings on each trip they would go to the beach with four or five other couples for bonfires, Hood Canal-style games and a tradition they called the sing-down, where each team is given a word and has to come up with songs that feature it. Winblad remembers Gates disappearing on a dark beach after his group had been given the word sea, and then slowly emerging from the mist singing a high-pitched solo of Puff, the Magic Dragon.

They broke up in 1987, partly because Winblad, five years older, was more ready for marriage. But they remain close friends. "When I was off on my own thinking about marrying Melinda," Gates says, "I called Ann and asked for her approval." She gave it. "I said she'd be a good match for him because she had intellectual stamina." Even now, Gates has an arrangement with his wife that he and Winblad can keep one vacation tradition alive. Every spring, as they have for more than a decade, Gates spends a long weekend with Winblad at her beach cottage on the Outer Banks of North Carolina, where they ride dune buggies, hang-glide and walk on the beach. "We can play putt-putt while discussing biotechnology," Gates says. Winblad puts it more grandly. "We share our thoughts about the world and ourselves," she says. "And we marvel about how, as two young overachievers, we began a great adventure on the fringes of a little-known industry and it landed us at the center of an amazing universe."

After a recent whirl of travel that included a speech in Las Vegas and a meeting in Switzerland, Gates detoured to a secluded resort in New York's Adirondacks to spend a weekend with Melinda and Jennifer. There they played with 1,000-piece jigsaw puzzles from a craftsman in Vermont who makes them for customers like Gates. Melinda has helped broaden her husband. Instead of studying biotechnology together, they find time to take singing lessons.

Gates is ambivalent about his celebrity. Although he believes that fame tends to be "very corrupting," he is comfortable as a public figure and as the personification of the company he built. Like Buffett, he remains unaffected, wandering Manhattan and Seattle without an entourage or driver. Nestled into a banquette one Sunday night at 44, a fashionable Manhattan restaurant, he is talking volubly when another diner approaches. Gates pulls inward, used to people who want his autograph or to share some notion about computers. But the diner doesn't recognize him and instead asks him to keep his voice down. Gates apologizes sheepishly. He seems pleased to be regarded as a boyish cutup rather than a celebrity.

The phone in Gates' office almost never rings. Nor do phones seem to ring much anywhere on the suburban Microsoft "campus," a cluster of 35 low-rise buildings, lawns, white pines and courtyards that resemble those of a state polytechnic college. Gates runs his company mainly through three methods: he bats out a hundred or more E-mail messages a day (and night), often chuckling as he dispatches them; he meets every month or so with a top management group that is still informally known as the boop (Bill and the Office of the President); and most important, taking up 70% of his schedule by his own calculation, he holds two or three small review meetings a day with a procession of teams working on the company's various products.

There is a relaxed, nonhierarchical atmosphere as the seven young managers of the "WebDVD" group, all in the standard winter uniform of khakis and flannel shirts, gather in a windowless conference room near Gates' office. They have been working for almost a year on a digital videodisc intended to provide content along with Web browsing for television sets, and he wants to review their progress before leaving for Japan, where he will meet with such potential partners as Toshiba.

Craig Mundy, the veteran Microsoft exec who oversees all noncomputer consumer products, lets the younger team members lead the discussion. Gates quickly flips ahead through the deck of papers and within minutes has the gist of their report. He starts rocking, peppering them with questions that segue from the politics of their potential partners, the details of the technology, the potential competition and the broad strategy. The answers are crisp, even as Gates drills down into arcane details. No one seems to be showing off or competing for attention, but neither do any hesitate to speak up or challenge Gates. To a man (and they all are), they rock when they think.

"Does this allow scripting in HTML?" he asks, referring to the authoring language used to create Websites. They explain how. He challenges them about why it requires four megabytes of memory. They explain; he drills down more; they finally prevail. There is an intense discussion of layers, sectors, modes, error corrections and mpeg-2 video-compression standards. "Our basic strategy must be processor agnostic," Gates decrees. Everyone nods. Then he shifts without missing a beat to corporate tactics. "Are we going to get Philips and other manufacturers and the moviemakers to agree on a standard?" We'll get to that in a minute, he's told. He wants to get to it now. There is a rapid discussion of the internal politics of Philips, Sony, Time Warner (the corporate parent of this magazine), Matsushita and Toshiba, along with their respective Hollywood alliances.

Gates doesn't address anyone by name, hand out praise or stroke any egos. But he listens intently, democratically. His famous temper is in check, even when he disagrees with someone's analysis of the DVD's capability to handle something called layering. "Educate me on that," he says in challenging the analysis, and after a minute or so cuts off the discussion by saying, "Send me the specs."

Gates does not hide his cutthroat instincts. "The competitive landscape here is strange, ranging from Navio to even WebTV," he says. He is particularly focused on Navio, a consumer-software consortium recently launched by Netscape and others designed to make sure that Windows and Windows CE (its consumer-electronics cousin) do not become the standard for interactive television and game machines. "I want to put something in our product that's hard for Navio to do. What are their plans?" The group admits that their intelligence on Navio is poor. Gates rocks harder. "You have to pick someone in your group," he tells Mundy, "whose task it is to track Navio full time. They're the ones I worry about. Sega is an investor. They may be willing to feed us info." Then he moves on to other competitors. "What about the Planet TV guys?" Mundy explains that they are focusing on video games, "a platform we haven't prioritized." Gates counters: "We can work with them now, but they have other ambitions. So we'll be competitive with them down the line."

Though the videodisc is not at the core of Microsoft's business, this is a competition Gates plans to win. The group argues that the \$10-per-unit royalty is too low. "Why charge more?" he asks. They explain that it will be hard to make a profit at \$10, given what they are putting in. Gates turns stern. They are missing the big picture. "Our whole relationship with the consumer-electronic guys hangs in the balance," he declares. "We can get wiped." Only the paranoid survive. "The strategic goal here is getting Windows CE standards into every device we can. We don't have to make money over the next few years. We didn't make money on ms-dos in its first release. If you can get into this market at \$10, take it." They nod.

His mother may have come to terms with this competitive intensity, but much of the computer world has not. There are Websites dedicated to reviling him, law firms focused on foiling him and former friends who sputter at the mention of his name. Companies such as Netscape, Oracle and Sun Microsystems publicly make thwarting his "plan for world domination" into a holy crusade.

The criticism is not just that he is successful but that he has tried to leverage, unfairly and perhaps illegally, Microsoft's near monopoly in desktop operating systems in ways that would let him dominate everything from word processing and spreadsheets to Web browsers and content. The company is integrating its Internet Explorer browser and Microsoft Network content into its Windows operating system, a process that will culminate with the "Active Desktop" planned for Windows 97, due out in a few months. Critics see a pattern of Microsoft's playing hardball to make life difficult for competing operating systems and applications: Microsoft Word has been buggy on Macintosh operating systems, users have found it tricky to make Netscape their default browser when going back and forth from Windows to the Microsoft Network, and application developers have complained that they don't get the full specs for new releases of Windows as quickly as Microsoft's own developers do.

"They are trying to use an existing monopoly to retard introduction of new technology," says Gary Reback, the Silicon Valley antitrust lawyer representing Netscape and other Microsoft competitors. The stakes are much higher than whose Web browser wins. Netscape

is enhancing its browser to serve as a platform to run applications. "In other words," says Reback, "if Netscape is successful, you won't need Windows or a Microsoft operating system anymore." On the other hand, if Microsoft is allowed to embed its Web browser into its operating system in a manner that maintains its monopoly, Reback warns, "where will it stop? They'll go on to bundle in content, their Microsoft Network, financial transactions, travel services, everything. They have a game plan to monopolize every market they touch."

Gates makes no apologies. "Any operating system without a browser is going to be f_____ out of business," he says. "Should we improve our product, or go out of business?" Later, on his trip to Japan, he returns to the subject in a two-page E-mail. "Customers are benefiting here in the same way they benefited from graphical interfaces, multitasking, compressions and dozens of other things," he writes. "If improving a product based on customer input is willful maintenance of trying to stay in business and not have Netscape turn their browser into the most popular operating system, then I think that is what we are supposed to do."

Though the stakes are clear, the law (which was developed in the era of railway barons) is not. After deadlocking, the Federal Trade Commission in 1993 surrendered jurisdiction over Microsoft to the Justice Department. FTC Commissioner Christine Varney, an expert in the field, says it's hard to apply antitrust law in a fluid situation. "My concern is with the law's ability to keep pace with market conditions in fields that change so rapidly," she says. "Once it's clear a practice is anticompetitive, the issue may already be moot."

Longtime competitors raise a more philosophical issue about Gates: his intensely competitive approach has poisoned the collaborative hacker ethos of the early days of personal computing. In his book *Startup*, Jerry Kaplan describes creating a handwriting-based system. Gates was initially friendly, he writes, and Kaplan trusted him with his plans, but he eventually felt betrayed when Gates announced a similar, competing product. Rob Glaser, a former Microsoft executive who now runs the company that makes RealAudio, an Internet sound system, is an admirer who compliments Gates on his vision. But, he adds, Gates is "pretty relentless. He's Darwinian. He doesn't look for win-win situations with others, but for ways to make others lose. Success is defined as flattening the competition, not creating excellence." When he was at Microsoft, for example, Glaser says the "atmosphere was like a Machiavellian poker game where you'd hide things even if it would blindside people you were supposed to be working with."

It comes down to the same traits that his psychologist noted when Gates was in sixth grade. "In Bill's eyes," says Glaser, "he's still a kid with a startup who's afraid he'll go out of business if he lets anyone compete." Esther Dyson, whose newsletter and conferences make her one of the industry's fabled gurus, is another longtime friend and admirer who shares such qualms. "He never really grew up in terms of social responsibility and relationships with other people," she says. "He's brilliant but still childlike. He can be a fun companion, but he can lack human empathy." "If we weren't so ruthless, we'd be making more creative software? We'd rather kill a competitor than grow the market?!?" Gates is pacing around his office, sarcastically repeating the charges against him. "Those are clear lies," he says coldly. "Who grew this market? We did. Who survived companies like IBM, 10 times our size, taking us on?" He ticks off the names of his rivals at Oracle, Sun, Lotus, Netscape in an impersonal way. "They're every bit as competitive as I am."

"We win because we hire the smartest people. We improve our products based on feedback, until they're the best. We have retreats each year where we think about where the world is heading." He won't even cop a plea to the charge that Microsoft tends to react to competitors' ideas--the graphical interface of Apple, the Web browser of Netscape--more than it blazes new trails of its own. "Graphical interfaces were done first at Xerox, not Apple. We bet on them early on, which is why Microsoft Office applications became the best."

Gates is enjoying this. Intellectual challenges are fun. Games are fun. Puzzles are fun. Working with smart people is superfun. Others may see him as ruthless, cold or brutal; but for him the competition is like a sport, a blood sport perhaps, but one played with the same relish as the summer games at Hood Canal. He sprawls on a couch, uncoils and pops open a Fresca. Though rarely attempting the social warmth of his mother (he doesn't actually offer me a Fresca but acquiesces when I ask), Gates has an intensity and enthusiasm that can be engaging, even charming. He takes a piece of paper and draws the matrix of strategies he faced when creating applications to compete with WordPerfect and Lotus. See what an exciting puzzle it was? His language is boyish rather than belligerent. The right stuff is "really neat" and "supercool" and "hardcore," while bad strategies are "crummy" and "really dumb" and "random to the max."

His office is rather modest, sparsely decorated and filled with standard-issue furniture. The biggest piece of art is a huge photo of a Pentium processor chip. There are smaller pictures of Einstein, Leonardo da Vinci and Henry Ford, though he admits that he has little admiration for the latter. The few personal pictures include one of the original dozen Microsoft employees (most with scruffy beards, except him), one of Ann Winblad on a trip to Germany, and one with Melinda and nine friends on a 1995 vacation to Indonesia. There are no pictures of Jennifer displayed, but he pulls a snapshot out of his desk showing him proudly cradling her.

He hopes to be running Microsoft for another 10 years, he says, then promises to focus as intensely on giving his money away. He says he plans to leave his children about \$10 million each. "He will spend time, at some point, thinking about the impact his philanthropy can have," Buffett says. "He is too imaginative to just do conventional gifts." Already he's given \$34 million to the University of Washington, partly to fund a chair for human genome-project researcher Leroy Hood; \$15 million (along with \$10 million from Ballmer) for a new computer center at Harvard; and \$6 million to Stanford. An additional \$200 million is in a foundation run by his father, and he has talked about taking over personally the funding of Microsoft's program to provide computers to inner-city libraries, to which he's donated \$3 million in book royalties. "I've been pushing him gently to think more about philanthropy," his father says. "I think his charitable interests will run, as they do now, to schools and libraries."

Asked about his regrets, Gates talks about not getting a Microsoft E-mail application to the market quickly enough. "We were too busy, and at a retreat where I wrote our next priorities on a board, everyone said I had to take one off, so we took off E-mail."

It is hard to get him to delve more personally. But especially since Jennifer's birth, friends say, he has begun to reflect more on his life and what he might end up contributing. He speaks of the promise of computing, not just in business terms but in social ones. "Everyone starts out really capable," he says. "But as you grow and turn curious, either you get positive feedback by finding answers or you don't, and then this incredible potential you have is discouraged. I was lucky. I always had a family and resources to get more and more answers. Digital tools will allow a lot more people to keep going the next step rather than hitting a wall where people stop giving them information or tell them to stop asking questions."

He has also become less enamored with pure intelligence. "I don't think that I.Q. is as fungible as I used to," he says. "To succeed, you also have to know how to make choices and how to think more broadly."

So has family life dulled Gates' intensity? "Well, predictably, he's pumped and focused on Jennifer," says Ballmer. "He showed a picture of her at our last sales conference and joked that there was something other than Netscape keeping him awake at nights. He may be a bit less exhausting and a bit more civil. But he still pushes as hard, still keeps score." Gates likes repeating Michael Jordan's mantra--"They think I'm through, they think I'm through"--and the one Intel's CEO Andrew Grove used as a book title, "Only the paranoid survive." As Ballmer says, "He still feels he must run scared." Gates puts another spin on it: "I still feel this is superfun."

And what about his feeling that there is nothing unique about the human mind, that intelligence can someday be replicated in binary code? Has watching a daughter learn to smile at a father's face changed that at all? At our last meeting, these questions don't seem to engage him. As I wander out of his office, he offers none of life's standard see-you-again-someday pleasantries, but he agrees that I should feel free to E-mail him. So I pose the questions, along with some more mundane technical ones, in a message a few days later. Answers to the tech issues come promptly. But he ignores the philosophical ones. Finally, weeks later, a note pops up in my mailbox, dispatched from storm-swept Seattle:

"Analytically, I would say nature has done a good job making child raising more pleasure than pain, since that is necessary for a species to survive. But the experience goes beyond analytic description...Evolution is many orders of magnitude ahead of mankind today in creating a complex system. I don't think it's irreconcilable to say we will understand the human mind someday and explain it in software-like terms, and also to say it is a creation that shouldn't be compared to software. Religion has come around to the view that even things that can be explained scientifically can have an underlying purpose that goes beyond the science. Even though I am not religious, the amazement and wonder I have about the human mind is closer to religious awe than dispassionate analysis."

For more information, see our Web report at time.com/gates



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