

From: Ann Daly
Sent: Monday, February 16, 1998 7:56 AM
To: Don Hardwick; John O'Hara; Tom Henningsgard; Scott Van Vuren; Haruaki Kayama; Brian Fujiwara; Joe Williams; Laura Chedalawada; Gayle McClain; Heidi Sherman; Maxwell McDaniel
Subject: FW: December PC Data Overview for Consumer Software Retail Market (Please read attachment)

latest consumer stuff.....

Ann

—Original Message—

From: Deborah Holbrook (Comforce/RhoTech)
Sent: Monday, February 16, 1998 7:52 AM
To: Monthly PC Data Summary Mail Recipients
Subject: December PC Data Overview for Consumer Software Retail Market (Please read attachment)

Below are Highlights from **December** PC Data – our source for competitive sell-thru information.

Please open and read the attached Word document for more important information on Category, Microsoft and Competitor performance in **December** 1997



Dec 1997.doc

*******Quick Summary for Consumer Retail Market*******

Market picked up in December

- Consumer software **market size was larger** than November and larger than last December
 - Consumer software **market growth was healthy in December**
 - **Games** had the largest increase in market share from last month
 - **Kids Skills dropped to the #2 subcategory on units** as Action Games returned to the #1 slot
 - **Tax Season** started this month
 - **Cendant and Electronic Arts had good performance this month**, increasing unit and \$ share and are the top 2 publishers with the most title in the Top 100 by \$.

Microsoft continued to have declining performance in December

	Dec 97	Nov 97	Dec 96	Dec 97 vs Dec 96
	Share	Share	Share	Growth
Microsoft Units	4.3%	5.1%	6.3%	-10%
Microsoft Dollars	6.6%	7.9%	8.7%	-6%

- **Microsoft's \$ share decreased** more than a share point from last month and **lags last December's share by 2 share points**
- **Microsoft's unit share decreased** 0.8 of a share point from last month and **lags last December by more than 2 share points**
- **Microsoft had negative growth and greatly lags the market** and Top 10 Publishers on \$ and unit growth vs last December

- **Microsoft dropped from #3 to #4 publisher rank on \$ and dropped from #6 to #7 publisher rank on units**
- **Our performance declined in Games, Kids, Reference (including Prem. Mainstream Ency.) and Mapping** which makes up 73% of our total consumer portfolio on \$ (74% on units)
 - we had negative growth in each of these categories (\$ and units), lagging the market growth
 - our share levels were worse than last month and below last December's share levels (\$ and units)
 - our publisher rank dropped from last month in Games (\$ and units) and in Reference (including PME) on units, while holding steady in the other categories.
- Personal Finance was the only area where our **\$ and unit share was larger** than both last month and last December and where we had **positive \$ and unit growth that outpaced the market.**
- Microsoft's performance in **Creativity and Productivity was mixed** this month while Picture It! remains the #1 Imaging Title
- Microsoft dropped from **11 to 9 titles in the Top 100** making us 3rd in number of titles in Top 100; behind Cendant with 17 and Electronic Arts with 10
- Microsoft had **2 titles in the Top 10 Games** by \$: Flight Simulator that was #3 and Age of Empires at #7

Our Vital Stats sheet on December should have arrived in hardcopy to your mail box already.

As with all PC DATA information, this is strictly **Microsoft Confidential**. If you have any questions or comments, please let either Elaine Werffeli or Debbie Holbrook know.

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December 1997 PC DATA Overview for Consumer Software Market at Retail

Below are the Highlights from **December PC DATA** - our source for competitive sell-thru information.

Quick Summary:

Market picked up in December

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	Dec 97 Share	Nov 97 Share	Dec 96 Share	Dec 97 vs Dec 96 Growth
Units	4.3%	5.1%	6.3%	-10%
Dollars	6.6%	7.9%	8.7%	-6%

- **Microsoft's \$ share decreased** more than a share point from last month and **lags last December's share by 2 share points**
- **Microsoft's unit share decreased** 0.8 of a share point from last month and **lags last December by more than 2 share points**
- **Microsoft had negative growth and greatly lags the market** and Top 10 Publishers on \$ and unit growth vs last December
- **Microsoft dropped from #3 to #4 publisher rank on \$ and dropped from #6 to #7 publisher rank on units**
- **Our performance declined in Games, Kids, Reference (including Prem. Mainstream Ency.) and Mapping** which makes up 73% of our total consumer portfolio on \$ (74% on units)
 - we had negative growth in each of these categories (\$ and units), lagging the market growth
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- Microsoft dropped from **11 to 9 titles in the Top 100** making us 3rd in number of titles in Top 100; behind Cendant with 17 and Electronic Arts with 10
- Microsoft had **2 titles in the Top 10 Games** by \$: Flight Simulator that was #3 and Age of Empires at #7

Our Vital Stats sheet on December should have arrived in hardcopy to your mail box already.

Below is a Key Take-Aways section and then a quick stats section for each category. As with all PC DATA information, this is strictly **Microsoft Confidential**. If you have any questions or comments, please let either me or Debbie Holbrook know.

Thanks,
Elaine

Note: All data below is grossed up and based on 84% retail sell-thru data. Home Essentials is now being tracked in the Consumer database in the Integrated subcategory of Productivity. All mergers are retroactive so like comparisons can be made. Learning Co. Includes Softkey, Compton's, MECC and Creative Wonders. GT Interactive includes FormGen, Humongous and Wizard Works. CUC includes Sierra On-Line, Davidson, Blizzard, Knowledge Adventure, Berkeley and Books That Work. Electronic Arts includes Maxis. Broderbund includes Banner Blue, Living Books, T/Maker and Parsons

***** DECEMBER KEY TAKE AWAYS*****

1. The consumer market was larger this December than last month and larger than last December. Market growth was healthy in December with unit growth outpacing \$ growth.

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A. Consumer Retail Market Size

Market was larger than last month and last December on both units and \$.

	Dec 97	Nov 97	Dec 96
Units	16.8 Million	7.6 Million	12.6 Million
Dollars	\$495 Million	\$220 Million	\$ 396 Million

B. Consumer Retail Market Growth

Market growth increased slightly in December with \$ growth continuing at a slower pace than unit growth.

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	33%	28%	120%
Dollars	25%	21%	125%

2. Games represented more than one-half of all consumer software sold at retail for December. Finance share was up from last month and last December as Tax season approaches.

A. Categories of Consumer Retail market ranked by sell-thru units:

Games share increased from last month and is slightly ahead of last December. Kids share declined slightly but is in line with its share last December. Finance share is ahead of last month and last December due to strong Tax sales.

	Dec 97	Nov 97	Dec 96
Games	52%	48%	51%
Kids	26%	28%	26%
Personal Interests	7%	8%	8%
Creativity	6%	7%	7%
Finance	5%	3%	3%
Reference	2%	2%	2%
Productivity	1%	2%	1%
Sampler-Promo	1%	2%	1%

B. Subcategories ranked by sell-thru units

Skills dropped to #2 subcategory on units and \$ after holding steady at #1 on units four months in a row. The other top subcategories were all Games. Strategy was the #6 subcategory on units in December (#5 on \$) and Simulation was the #7 subcategory on units in December (#6 on \$).

	Top 5 Subcategories	Category	Units (K)	\$(M)	Average Price	Unit Share of Market
1	Action	Games	1964	\$60	\$30.41	11.7%
2	Skills	Kids	1715	\$46	\$26.64	10.2%
3	Family Entertainment	Games	1521	\$37	\$24.14	9.0%
4	Adventure	Games	1354	\$45	\$32.88	8.1%
5	Sports	Games	1132	\$30	\$26.85	6.7%
	% of Total Market					45.7%

C. Top 5 Consumer Retail Titles

Riven topped the title charts on both units and \$. The approach of Tax season boosted TurboTax Final to the #2 title on units (#7 on \$). Microsoft had the #3 title on \$, Flight Sim, which ranked #6 on units.

	Top 5 Titles by Units	Publisher	Category	Lic. (K)	Lic. Growth from last month
1	Riven: The Sequel to Myst	Broderbund	Games	368	17%
2	TurboTax Final	Intuit	Finance	213	6851%
3	Quake II	Activision	Games	200	NEW
4	Myst	Broderbund	Games	200	80%
5	Barbie Magic Hair Styler	Mattel	Kids	195	97%

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	Top 5 Titles by \$	Publisher	Category	\$ (M)	\$ Growth from last month
1	Riven: The Sequel to Myst	Broderbund	Games	\$ 16.0	18.4%
2	Quake II	Activision	Games	\$ 9.3	New
3	MS Flight Simulator	Microsoft	Games	\$ 8.3	89%
4	TurboTax Deluxe	Intuit	Finance	\$ 7.1	NEW
5	Quicken Deluxe	Intuit	Finance	\$ 6.7	70%

3. Microsoft continued its declining performance this month...

- Microsoft's unit share decreased by 0.8 of a share point from last month and lags last December by 2 share points
- Microsoft's \$ share decreased more than 1 point from November and lags last December's share by more than 2 share points
- Microsoft had negative growth in December on both units & \$, lagging the market and Top 10 Publisher growth on both \$ and units by a wide margin
- Our performance declined this month in Games, Kids, Reference (including Prem. Mainstream Ency.) and Mapping which makes up 73% of our total consumer portfolio on \$ (74% on units)...
 - we had negative growth in these categories (\$ and units), lagging the market growth
 - our share levels were worse than last month and below last December's share levels (\$ and units)
 - our publisher rank dropped from last month in Games (\$ and units) and in Reference (including PME) on units, while holding steady in the other categories.
- Personal Finance was the only area where our \$ and unit share was larger than both last month and last December and where we had positive \$ and unit growth that outpaced the market.
- Microsoft's performance in Creativity and Productivity was mixed this month.

A. Microsoft Retail Market Size

Microsoft portfolio size is larger than last month but **smaller** than last December on units and dollars.

	Dec 97	Nov 97	Dec 96
Units (K)	720	392	797
Dollars (M)	\$32.6	\$17.4	\$34.5

B. Microsoft Share

Our unit and \$ share is **down** compared to last month and last December; by 2 full points on units and \$ in comparison to last December.

	Dec 97	Nov 97	Dec 96
Units	4.3%	5.1%	6.3%
Dollars	6.6%	7.9%	8.7%

C. Microsoft Growth

Microsoft had **negative growth** compared to last December, our second month of negative \$ and unit growth.

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-10%	-9%	84%
Dollars	-6%	-10%	87%

D. Consumer Retail Market Growth vs. Microsoft comparing to December a year ago

Microsoft lagged both the market and the Top 10 publishers on unit and \$ growth by a wide margin.

	Market	Top 10 \$ Pubs	Microsoft
	Dec 97 vs Dec 96	Dec 97 vs Dec 96	Dec 97 vs Dec 96
Units	36%	48%	-10%
Dollars	25%	35%	-6%

E. Consumer Retail Market Growth vs. Microsoft comparing December to November

Microsoft lagged the market and Top 10 Publishers in \$ and unit growth from last month to this month.

	Market	Top 10 \$ Pubs	Microsoft
	Dec 97 vs Nov 97	Dec 97 vs Nov 97	Dec 97 vs Nov 97
Units	120%	118%	84%
Dollars	126%	121%	87%

4. 14 products helped us achieve 80% of our December \$'s and 9 of these products made it into the Top 100 Titles.

A. Breakdown of the products that helped us achieve 80% of our revenue in December

Fourteen products accounted for 80% of our sell-thru revenue. New to the list is Greetings Workshop while Money dropped off the list in December. Our concentration remains the same as last month when 14 products also accounted for 80% of our sell-thru revenue. Only 1 of these 14 products grew faster than the market – a cause for concern. We had nearly as many negative growth products as we had new products. As usually noted, negative growth products may be cause for concern and should be looked at in greater detail.

Faster than Market	Slower Than Market.	Negative	New since Dec 96
Picture It!	Flight Sim	Encarta Ency. Dix	Age of Empires
	Works	Publisher	Home Essentials 98
		Return of Arcade	Encarta Reference Suite
		Encarta Ency.	Greetings Workshop Deluxe
		Greetings Workshop	Money Financial Suite
			Close Combat: ABTF

B. 9 Microsoft Titles in Top 100 ranked on sell-thru \$ for December

We decreased from 11 to 9 our number of titles in the Top 100. Picture It! and Money Financial Suite dropped off the list. Return of Arcade and Greetings Workshop Deluxe were the only products Microsoft had in the Top 100 that increased in rank position.

\$ Rank	Title	\$ (M)	Change in rank position from last month
3	Flight Simulator	\$ 8.3	Down 1
15	Age of Empires	\$ 3.5	Down 7
40	Encarta Encyclopedia Deluxe	\$ 2.0	Same
44	Home Essentials 98	\$ 1.9	Down 13
50	Publisher	\$ 1.6	Down 31
52	Encarta Reference Suite	\$ 1.6	Down 18
62	Return of Arcade	\$ 1.3	Up 5
76	Greetings Workshop Deluxe	\$ 1.2	Up 15
99	Works	\$ 1.0	Down 47

Next Tier - Microsoft has 6 titles within the Top 100 - 200

Microsoft maintained at 6 our number of titles in the top 100-200. Picture It! and Money Financial Suite dropped into this tier from the Top 100 list while Best of WEP and My Personal Tutor dropped off this tier to below 200.

\$ Rank	Title	\$ (M)	Change in rank position from last month
108	Picture It!	\$ 0.9	Down 19
114	Encarta Encyclopedia	\$ 0.9	Down 9
119	Money Financial Suite	\$ 0.8	Down 27
144	MS Close Combat: A Bridge Too Far	\$ 0.7	Down 41
160	MS Greetings Workshop	\$ 0.7	Down 30
166	Money	\$ 0.6	Down 58

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5. Competition:

- **Microsoft struggled at Holiday:**
 - Unit and \$ share down from last month and last December; down by 2 full \$ and unit share points from last December.
 - Microsoft dropped to the #4 publisher rank on \$ and dropped to #7 on unit rank.
 - We had negative growth compared to last December, greatly lagging the market growth.
 - Microsoft had the 3rd most titles in the Top 100 with 9. CUC maintained the #1 spot with 17 titles while E.A. held the #2 spot with 10.
- **CUC continues to be a strong #1:**
 - Increased share from last month, by more than 1 full point on \$, and remained the #1 publisher on units and \$
 - Faster than market growth for both Dec 97 vs Dec 96 and Dec 97 vs Nov 97
 - Increased from 16 to 17 their number of titles in the Top 100.
- **Broderbund lost \$ and unit share and dropped in unit rank from last month. Compared to last December their rank and share levels improved on \$ yet declined on units, largely due to new higher priced Encyclopedia Britannica 98 (\$98) and Family Tree Maker Deluxe III (\$83).**
- **Learning Company improved to the #2 publisher on units from #3 last month despite unit share dropping by more than 1 share point. TLC's \$ and unit share levels are ahead of last December.**
- **E.A.'s \$ and unit share in December was more than a full share point below last December.**

A. Top Consumer Retail Publishers Share

- Microsoft decreased in share from last month on a unit and \$ basis. Our rank dropped from #3 to #4 on \$ and dropped from #6 to #7 on units. Behind last December's share figures by 2 full unit and \$ share points!
- CUC share increased on both units and \$ from last month and they hold on to the #1 publisher position in units & \$.
- Broderbund maintained the #2 \$ rank from last month despite losing 3 full \$ share points. They dropped from #2 to #4 on unit rank and lost 2 full unit share points from last month due to faster sales of Myst @ \$20 than Riven @ \$43 compared to last month.
- E.A. moved up to #3 on \$ rank from #5 last month while maintaining at #5 on unit rank; their \$ and unit share increased slightly from last month. Compared to last December E.A. has maintained their rank positions but has dropped in \$ and unit share by more than a full point.
- Learning Company maintained at #5 \$ rank from last month with their \$ share holding steady; however on unit rank they improved to #2 from #3 last month despite a 1 point drop in unit share.

Top 5 Publishers in \$					
Dec 97		Nov 97		Dec 96	
1	Cendant [CUC] (14.7%)	1	Cendant [CUC] (13.3%)	1	Cendant [CUC] (13.7%)
2	Broderbund (9.2%)	2	Broderbund (12.2%)	2	Microsoft (8.7%)
3	Electronic Arts (6.7%)	3	Microsoft (7.9%)	3	Electronic Arts (8.3%)
4	Microsoft (6.6%)	4	Learning Co. (7.6%)	4	Broderbund (8.0%)
5	Learning Co. (6.4%)	5	Electronic Arts (6.2%)	5	Learning Co. (6.0%)

Top 5 Publishers in Units					
Dec 97		Nov 97		Dec 96	
1	Cendant [CUC] (15.8%)	1	Cendant [CUC] (15.2%)	1	Cendant [CUC] (12.5%)
2	Learning Co. (8.0%)	2	Broderbund (9.4%)	2	Broderbund (8.1%)
3	GT Interactive (7.9%)	3	Learning Co. (9.3%)	3	GT Interactive (7.2%)
4	Broderbund (7.1%)	4	GT Interactive (8.1%)	4	Learning Co. (7.2%)
5	Electronic Arts (6.1%)	5	Electronic Arts (5.5%)	5	Electronic Arts (7.0%)

B. Top 10 \$ Publishers - Their \$ growth vs Market \$ Growth: Dec 97 vs Dec 96

When comparing where companies were a year ago and where they are today on \$, 7 of the top 10 publishers grew faster than the market while 3 companies including **Microsoft** grew slower than the market.

Faster than Market	Slower than Market	Negative
Cendant (CUC)	Electronic Arts	Microsoft

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Broderbund	GT Interactive	
Mindscape		
Hasbro		
Mattel		
Learning Co.		
Intuit		

C. Top 10 \$ Publishers - Their \$ growth vs Market \$ Growth: Dec 97 vs Nov 97

When comparing publishers on a month to month basis, 4 publishers had positive growth and grew faster than the market from November to December. Six publishers, including Microsoft, had positive growth slower than the market. Both Microsoft and GT had negative or slower than market growth on both lists which is cause for concern.

Faster than Market (Positive Growth)	Slower than Market (Positive Growth)	Slower Than Market (Negative Growth)
Cendant (CUC)	Microsoft	
Electronic Arts	Learning Co.	
Hasbro	Broderbund	
Intuit	GT Interactive	
	Mindscape	
	Mattel	

D. Competition in Top 100 Titles

CUC retained the top spot with 17 Top 100 titles while Microsoft dropped to the #3 spot with 9 titles in the Top 100 (from 11 last month). EA moved ahead of us to #2 maintaining at 10 titles. CUC, Broderbund, Intuit and GT all increased their Top 100 titles this month.

Microsoft's Top 100 title breakout: 3 Games, 2 Creativity, 2 Reference, 2 Productivity

Publisher	# of Titles in Top 100	Compared to last month
Cendant (CUC)	17	16
Electronic Arts	10	10
Microsoft	9	11
Broderbund	9	7
Hasbro	8	8
Intuit	7	4
Learning Co.	5	7
GT Interactive	5	4
Mindscape	4	4
Mattel	4	4
Disney	3	4
LucasArts	3	3
Virgin	2	5
Micrografx	2	2
Interplay	1	2
DWI	0	1

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GAMES

- Category size is larger than last month and larger than last December
- Games market growth was a little slower than last month but outpaced the overall market; shows same unevenness between \$ and unit growth as does the market – the average Games category price in December was more than \$3 lower than last December.
- **Microsoft had negative growth in games, greatly lagging the games market & Top 10 Games Publishers on both \$ & units**
- **Microsoft's rank decreased from #4 to #7 games publisher on \$ and decreased from #5 to #8 on units**
- **Microsoft's share in Games continued to decrease with the drop from last month being over a share point on both units and \$. Our games share is also well below last December on both \$ and units.**
- **WHY are we declining in December?** While Flight Sim was flat and represented 54% of our portfolio in December the shrinkage of sales from existing titles far exceeded revenue brought in by our new games
- CUC regained the #1 games publisher spot on units and \$ as Broderbund fell to #3 and EA maintained at #2.
- Microsoft had 2 titles in the Top 10 Games by \$: Flight Simulator that was #3 and Age of Empires at #7

Consumer Retail Games Market Size

	Dec 97	Nov 97	Dec 96
Units (M)	8.8	3.7	6.5
Dollars (M)	\$251	\$105	\$208

A. Consumer Retail Games Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	34%	36%	137%
Dollars	20%	26%	139%

B. Microsoft Games Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-8%	5%	83%
Dollars	-4%	3%	87%

C. Top 10 Games Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	52%	58%	140%
Dollars	32%	43%	137%

D. Microsoft Share of Games Category

	Dec 97	Nov 97	Dec 96
Units	4.2%	5.5%	6.2%
Dollars	6.1%	7.9%	7.7%

E. Top Game Publishers Rank – Dropped from ¼ in November

Publisher	\$ Rank	Unit Rank
CUC	1	1
Electronic Arts	2	3
Broderbund	3	5
Hasbro	4	4
GT Interactive	5	2
Activision	6	6
Microsoft	7	8

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F. Top 5 Games Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	Riven: The Sequel to Myst	Broderbund	Adventure	368	17%
2	Quake II	Activision	Action	201	NEW
3	Myst	Broderbund	Adventure	201	80%
4	MS Flight Simulator	Microsoft	Simulation	185	77%
5	Frogger	Hasbro	Action	148	1122%

H. Microsoft Games Titles

- Flight Sim (185K) decreased from 3 to 4 in unit rank and decreased from 2 to 3 in \$ rank
- Age of Empires (78K) decreased from 6 to 10 in unit rank and decreased from 5 to 7 in \$ rank
- Return of Arcade (45K) decreased from 22 to 30 in unit rank and increased from 34 to 33 in \$ rank
- Close Combat: A Bridge Too Far (15K) decreased from 84 to 146 in unit rank and decreased from 50 to 76 in \$ rank
- Best of WEP (17K) decreased from 70 to 114 in unit rank and decreased from 84 to 139 on \$ rank
- Golf (7K) decreased from 254 to 271 on unit rank and decreased from 163 to 188 on \$ rank
- Entertainment Pack Puzzle Collection (7K) decreased from 245 to 274 in unit rank and decreased from 194 to 213 in \$ rank
- CART Precision Racing (6K) increased from 366 to 293 in unit rank and increased from 195 to 165 in \$ rank
- Monster Truck Madness (5K) decreased from 219 to 338 on unit rank and decreased from 139 to 222 in \$ rank
- Arcade (2K) decreased from 535 to 562 on unit rank and decreased from 410 to 448 on \$ rank

Note - Value Packs outside of Games Category that include **Arcade** total: 421

Home Essentials 97: 421

Value Packs outside of Games Category that include **Entertainment Pack Puzzle Coll.** total: 20K

Home Essentials 98: 20K

KIDS

- Kids category size is about twice as large as last month on both \$ and units and is larger than last December.
- Kids growth was right on pace with the overall market.
- Skills titles continue to lose their concentration in the top kids titles to kids games and creativity titles with only 2 of the Top 10 \$ kids titles being skills.
- **Microsoft had negative unit and \$ growth, lagging both the Kids market and Top 10 Kids pubs on units and \$.**
- Our average price was \$32 compared to kids market average of \$27.
- **Microsoft slightly dropped unit and \$ share from last month and is behind share of last December on units and \$**
- **Microsoft improved from 10th to 9th publisher on \$ rank and maintained 10th publisher rank on units.**
- CUC slightly gained unit and \$ share from last month and is the #1 unit and \$ publisher.
- Learning Company (including newly acquired Creative Wonders) lost share from last month and dropped to the #2 kids publisher on units and \$.
- Mattel & Disney maintained their #3 and #4 Kids Publisher rankings.
- Barbie Magic Hair Styler remained the #1 title with Barbie Fashion Designer the #3 title.
- The only new title in the Kids top 10 was Oregon Trail III
- Our best title on units was MSB: Rainforest at #87 unit rank in Kids market (#72 \$ rank); our best title on \$ was My Personal Tutor at #69 on \$ in Kids market (#122 on units).

A. Consumer Retail Kids Market Size

	Dec 97	Nov 97	Dec 96
Units (M)	4.3	2.2	3.3
Dollars (M)	\$117	\$58	\$96

B. Consumer Retail Kids Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	32%	32%	102%
Dollars	22%	24%	102%

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C. Microsoft Kids Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-1%	16%	89%
Dollars	-10%	1%	94%

D. Top 10 Kids Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	40%	38%	102%
Dollars	28%	29%	102%

E. Microsoft Share of Kids Category

	Dec 97	Nov 97	Dec 96
Units	1.7%	1.8%	2.3%
Dollars	2.1%	2.2%	2.9%

F. Top Kids Publisher Rank

Publisher	\$ Rank	Unit Rank
Cendant	1	1
Learning Co. (with Creative Wonders)	2	2
Mattel	3	3
Disney	4	4
Broderbund	5	5
Mindscape	6	7
Hasbro Interactive	7	7
GT Interactive	8	6
Microsoft	9	10
Sofsource	10	9

G. Top 5 Kids Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	Barbie Magic Hair Styler	Mattel	Games	196	97%
2	Lego Island	Mindscape	Kids Games	153	89%
3	Barbie Fashion Designer	Mattel	Creativity	95	141%
4	Tonka Search & Rescue	Hasbro	Kids Games	92	168%
5	Amer. Girl Premiere Spec. Ed.	Learning Co.	Creativity	71	46%

H. Microsoft Kids Titles

- MSB: Rainforest (13K) increased from 99 to 87 in unit rank and increased from 77 to 72 in \$ rank
- MSB Bundle (9K) increased from 169 to 112 in unit rank and increased from 119 to 82 in \$ rank
- My Personal Tutor (9K) decreased from 112 to 122 in unit rank and decreased from 59 to 69 in \$ rank
- MSB: Dinos (7K) decreased from 105 to 140 in unit rank and decreased from 84 to 116 in \$ rank
- MSB: Human Body (7K) increased from 173 to 150 in unit rank and increased from 141 to 121 in \$ rank
- MSB: Solar (6K) increased from 197 to 159 in unit rank and increased from 161 to 134 in \$ rank
- MSB: Oceans (6K) increased from 181 to 165 in unit rank and increased from 150 to 143 in \$ rank
- Barney Fun on the Farm (5K) decreased from 156 to 213 in unit rank and decreased from 137 to 179 in \$ rank
- Barney Goes to the Circus (3K) decreased from 191 to 271 in unit rank and decreased from 169 to 217 in \$ rank
- Barney Under the Sea (3K) decreased from 226 to 302 in unit rank and decreased from 192 to 237 in \$ rank
- MSB: Earth (2K) increased from 338 to 336 in unit rank and increased from 273 to 269 in \$ rank
- MS Plus for Kids (2K) decreased from 330 to 340 in unit rank and decreased from 297 to 312 in \$ rank

REFERENCE

***Phone Directories are no longer included in this category and have been transferred to the Business Market. ***

- Reference category is much larger than last month and last December on units and \$
- The Reference category outpaced the market growth and had a much higher \$ growth showing the price increase in this category with the introduction of Suite and Deluxe products in addition to higher priced products like Britannica.
- **Microsoft continued to show large negative growth, more so on units than on \$, and greatly lagged the market;** Encarta Deluxe, Encarta Standard, Atlas and Bookshelf have dropped over 35% in both units and \$ sales when compared to last December
- **Microsoft unit & \$ share was down slightly from last month and is less than half of last December's share figures.** All existing reference products lost share from last December (largest \$ share drop seen in Encarta Deluxe from 44% to 10.4%) while Encarta Reference Suite only gained 8.5% share.
- **Microsoft maintains a slim margin as the #1 publisher on \$,** following close behind is Cendant with Colliers 98 and Mindscape with National Geographic Complete. Microsoft fell in unit rank from #2 to #3 as Cendant pulled ahead.
- Broderbund is 4th on \$ after only 2 months of selling Encyclopedia Britannica
- Colliers maintains the #1 rank on both units and \$
- Microsoft had 3 of the top 6 titles on \$ in Reference; Encarta Deluxe increased from #4 to #3 on \$ rank while ERS dropped from #3 to #5 and Encarta Standard maintained at #6.

A. Consumer Retail Reference Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	341	152	247
Dollars (M)	\$19.2	\$7.6	\$9.9

B. Consumer Retail Reference Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	38%	9%	124%
Dollars	94%	45%	153%

C. Microsoft Reference Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-33%	-42%	117%
Dollars	-24%	-34%	126%

D. Top 10 Reference Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	45%	15%	30%
Dollars	99%	49%	35%

E. Microsoft Share of Reference Category

	Dec 97	Nov 97	Dec 96
Units	21.9%	22.6%	45.1%
Dollars	26.4%	29.6%	66.8%

F. Top Reference Publisher Rank

Publisher	\$ Rank	Unit Rank
Microsoft	1	3
Cendant	2	2
Mindscape	3	4
Broderbund	4	6
Learning Co.	5	1
IBM	6	5

G. Top 5 Reference Titles in Units

	Title	Publisher	Level 3 Subcategory	Lic. (K)	Lic. Growth from last month
1	Colliers 98	CUC	Premium Mainstrm Ency.	76	212%
2	Encarta Ency. Deluxe	Microsoft	Premium Mainstrm Ency.	27	173%
3	Nat'l Geographic Complete	Mindscape	Misc. Reference	24	203%
4	Encarta Ency.	Microsoft	Premium Mainstrm Ency.	21	94%
5	Compton's Int. Ency. 95	Learning Co.	Budget Mainstrm Ency.	19	80%

H. Microsoft Reference Titles

- Encarta Ency. Dix (27K) increased from 4 to 2 in unit rank and increased from 4 to 3 in \$ rank
- Encarta Ency. (21K) decreased from 3 to 4 in unit rank and maintained at 6 in \$ rank
- Encarta Reference Suite (17K) decreased from 5 to 7 in unit rank and decreased from 3 to 5 in \$ rank
- Bookshelf (6K) maintained at 15 in unit rank and decreased from 9 to 11 in \$ rank
- Encarta Virtual Globe* (4K) increased from 22 to 20 in unit rank and increased from 14 to 13 in \$ rank

*Encarta Virtual Globe includes earlier Encarta World Atlas versions

Notes - Bundles and Value Packs outside of Reference Category that include **Bookshelf** total 35K:

Office/Bookshelf (multiple SKUs): 35K

Value Packs outside of Reference Category that include **Encarta Ency.** total: 20K

Home Essentials 98: 20K

Home Essentials 97: 421

PREMIUM MAINSTREAM ENCYCLOPEDIA (\$20+) MARKET

- Premium Mainstream Encyclopedia (PME) market is much larger than last month and last December on both units and \$
- **Microsoft continued to show negative growth vs last December and greatly lagged the market; both Encarta Standard and Encarta Deluxe have seen large drops in unit and \$ sales when compared to last December**
- **Microsoft unit & \$ share was down from last month and less than half of last December's share, again due to large drop in sales of Encarta Standard & Encarta Deluxe in a race which now includes more publishers and more titles....**
- **Microsoft growth from November to December was positive but unit & \$ share was down as Cendant (Colliers), and Broderbund (Britannica) outpaced our performance**
- **Microsoft remains the #1 PME publisher on \$ by a slim margin of 1 share point and drops on unit rank from #1 to #2 behind Cendant.**
- CUC remains the #1 PME publisher on units while they are #2 on \$ but gained \$ share; Colliers 98 maintained as the #1 PME title on both units and \$ with 27% unit share and 33% \$ share
- Broderbund (Encyclopedia Britannica maintained this month as the #3 \$ publisher for PME market, increasing their share to 14% on \$ and 9% on units with an average price of \$98. Encyclopedia Britannica 98 improved from the #4 to #3 PME title on \$ (#4 on units)
- IBM (World Book), Grolier and Learning Company all lost share on units and \$ in December
- Microsoft had 3 of the top 5 titles on both \$ and units in Premium Mainstream Encyclopedias

A. Consumer Retail Premium Mainstream Ency. Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	215	86	133
Dollars (M)	\$13.4	\$5.2	\$7.2

B. Consumer Retail Premium Mainstream Ency. Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	62%	29%	151%
Dollars	84%	44%	157%

C. Microsoft Premium Mainstream Ency. Market Growth

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	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-31%	-41%	125%
Dollars	-21%	-32%	132%

D. Microsoft Share of Premium Mainstream Ency. Category

	Dec 97	Nov 97	Dec 96
Units	30.1%	33.5%	70.7%
Dollars	34.3%	38.0%	79.8%

E. Top Premium Mainstream Ency. Publisher Rank

Publisher	\$ Rank	Unit Rank
Microsoft	1	2
Cendant (CUC)	2	1
Broderbund	3	4
IBM	4	3
Learning Co.	5	5

F. Top 5 Premium Mainstream Ency. Titles in Units

	Title	Publisher	Lic. (K)	Lic. Growth from last month	Average Price/Unit
1	Colliers 98	Cendant (CUC)	76	212%	\$57
2	Encarta Ency. Deluxe	Microsoft	27	173%	\$75
3	Encarta Ency. Standard	Microsoft	21	94%	\$43
4	Ency. Britannica 98	Broderbund	19	250%	\$98
5	Encarta Reference Suite	Microsoft	17	114%	\$96

MAPPING

- Mapping market was larger than both last month and last December on units; Mapping was larger than last month on \$ but smaller than last December reflecting the drop in average price for the subcategory.
- Mapping growth was positive on units and negative on \$, again reflecting a drop in subcategory's average price by \$7 to \$33 from \$40 last December.
- **Microsoft continued their negative growth pattern with negative unit and \$ growth vs last December, lagging the Mapping market and top Mapping pubs.**
- **Microsoft unit share held steady from last month while our \$ share dropped; our unit and \$ share also lags our share position from last December by 2 \$ share points and nearly 5 unit share points.**
- Microsoft remains the #3 overall Mapping publisher on \$ and units...
However **in the Streets market we remain #4 publisher on units as Cosmi stayed ahead with their Precision Street Maps title, and in the Trip Planning market we remain as #4 publisher on \$ as TravRoute stayed ahead with their Road Trips Door To Door 98 title.**
- DeLorme maintained as #1 Mapping publisher on \$ while Rand McNally held on to the unit lead
- Tripmaker 98 by Rand McNally improved to be the #1 Mapping title on both units and \$ in December.
- Expedia Trip Planner 98 was our best selling Mapping title on both units at #7 and on \$ at #9.

Within Mapping:

A. Consumer Retail Mapping Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	152	86	132
Dollars (M)	\$5.1	\$2.8	\$5.3

B. Consumer Retail Mapping Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	15%	18%	78%
Dollars	-5%	-5%	80%

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C. Microsoft **Mapping** Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-22%	-20%	75%
Dollars	-17%	-19%	72%

D. Top 10 **Mapping** Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	19%	19%	78%
Dollars	-4%	-5%	81%

E. Microsoft Share of **Mapping** Category

	Dec 97	Nov 97	Dec 96
Units	10.5%	10.6%	15.4%
Dollars	15.3%	16.1%	17.6%

F. Top **Mapping** Publisher Rank

Publisher	\$ Rank	Unit Rank
DeLorme	1	2
Rand McNally	2	1
Microsoft	3	3

G. Top 5 **Mapping** Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	Tripmaker 98	Rand McNally	Streets	28	98%
2	Street Finder 98	Rand McNally	Streets	17	76%
3	Street Atlas 5 USA	DeLorme	Streets	11	70%
4	Precision Street Maps	Cosmi	Streets	11	35%
5	Street Finder Dlx 98	Rand McNally	Streets	9	79%

H. Microsoft **Mapping** Titles

- Expedia Trip Planner 98 (7K) increased from 9 to 7 in unit rank and increased from 10 to 9 in \$ rank
- Expedia Streets 98 (5K) maintained at 11 in unit rank and decreased from 7 to 10 in \$ rank
- Expedia Streets 98 Deluxe (4K) decreased from 13 to 15 in unit rank and decreased from 8 to 11 in \$ rank

FINANCE

- Finance market size is much larger than last month and last December
- Finance market growth showed that this category **nearly doubled** in size from last December; almost all of this growth is attributed to the Personal Tax category
- **Microsoft had large positive unit and \$ growth which outpaced the growth of the Finance market on \$ but not on units**
- **Microsoft unit and \$ share in Finance declined from last month** as we see the effect of Tax season start to hit the market.
- When we drill down into **Windows Personal Finance**:
 - **Microsoft growth on units and \$ greatly outpaced the market.**
 - **Microsoft unit and \$ share increased from last month and last December.**
 - Money has the #3 & #5 Windows Personal Finance titles on units
- Money is outselling Money Financial Suite at a 63/37 ratio on units

A. Consumer Retail Finance Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	797	198	401

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Dollars (M)	\$31.9	\$10.0	\$16.6
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B. Consumer Retail Finance Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	99%	-18%	303%
Dollars	93%	-3%	220%

C. Microsoft Finance Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	85%	45%	81%
Dollars	105%	80%	69%

D. Top 10 Finance Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	102%	-16%	304%
Dollars	94%	-2%	220%

E. Microsoft Share of Finance Category

	Dec 97	Nov 97	Dec 96
Units	5.9%	13.2%	6.4%
Dollars	4.6%	8.7%	4.3%

Microsoft Share of Windows Personal Finance Subcategory

	Dec 97	Nov 97	Dec 96
Units	17.2%	14.8%	11.0%
Dollars	10.5%	9.8%	7.2%

F. Top Finance Publisher Rank

Publisher	\$ Rank	Unit Rank
Intuit	1	1
Microsoft	2	3
Block Financial	3	2

G. Top 5 Finance Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	TurboTax Final	Intuit	Personal Tax	213	NEW
2	TurboTax Deluxe Final	Intuit	Personal Tax	170	NEW
3	Quicken Deluxe 98	Intuit	Personal Fin.	114	71%
4	Quicken Basic 98	Intuit	Personal Fin.	55	25%
5	TurboTax State - Headstart	Intuit	Personal Tax	38	NEW

H. Microsoft Finance Titles

- Money (30K) decreased from 3 to 7 in unit rank and decreased from 7 to 10 in \$ rank
 - Money Financial Suite (17K) decreased from 6 to 10 in unit rank and decreased from 6 to 8 in \$ rank
- Note - Value Packs outside of Finance Category that include Money 98 total: 20K
Home Essentials 98: 20K*

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CREATIVITY

- Creativity category size is larger than last month and larger than last December on both \$ and units
- Creativity growth lagged the overall market growth even though it picked up from last month.
- **Microsoft had negative unit and \$ growth this month compared to last December**, lagging the Top 10 Creativity publishers and the overall Creativity market. Largely due to slower sales of Publisher and Greetings Workshop (std).
- Microsoft remains #3 Creativity pub on units and \$ behind Broderbund and Mindscape
- Broderbund maintained the #1 rank in \$ and units from last month
- Mindscape still having success with their Printmaster Series, outselling us on units and \$, maintaining the #2 publisher rank on \$ and units
- Broderbund, Corel and Learning Co all had negative unit and dollar growth for December
- **Our unit and \$ share figures are well below our levels last December.**
- **Publisher (\$72) drops to the #4 \$ title** behind Mindscape's Printmaster Gold Deluxe (\$41), Broderbund's Print Shop Premiere Edition (\$44) and Cendant's Print Artist Platinum (\$42)
- Greetings Workshop Deluxe improved from #14 to #7 on units and from #9 to #8 on \$ this month while Greetings Workshop maintained at #6 on units and fell from #10 to #12 on \$.
- GW Deluxe sales increased twice as fast as GW Std sales from last month to this month with Deluxe vs Standard split at 49/51
- **Picture It! remained the #1 Imaging title in units and \$ this month**

A. Consumer Retail Creativity Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	960	546	856
Dollars (M)	\$30.0	\$16.3	\$25.3

B. Consumer Retail Creativity Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	12%	7%	76%
Dollars	18%	6%	84%

C. Microsoft Creativity Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	-13%	-31%	84%
Dollars	-11%	-33%	78%

D. Top 10 Creativity Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	7%	0%	81%
Dollars	18%	3%	89%

E. Microsoft Share of Creativity Category

	Dec 97	Nov 97	Dec 96
Units	9.9%	9.4%	12.8%
Dollars	14.8%	15.3%	19.6%

F. Top Creativity Publisher Rank

Publisher	\$ Rank	Unit Rank
Broderbund	1	1
Mindscape	2	2
Microsoft	3	3
Micrografx	4	5
Cendant (CUC)	5	4
Corel	6	9

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G. Top 5 Creativity Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	Printmaster Gold Deluxe	Mindscape	DTP	63	60%
2	Print Shop Premier Edition	Broderbund	DTP	53	58%
3	Print Artist Platinum	Cendant (CUC)	DTP	53	102%
4	Amer. Greetings Creatacard Plus	Micrografx	DTP	42	46%
5	Print Shop Publishing Suite	Broderbund	DTP	26	92%

H. Microsoft Creativity Titles

- Greetings Workshop (26K) maintained at 6 in unit rank and decreased from 10 to 12 in \$ rank
- Greetings Workshop Deluxe (25K) increased from 14 to 7 in unit rank and increased from 9 to 8 in \$ rank
- Publisher (23K) decreased from 5 to 11 in unit rank and decreased from 3 to 4 in \$ rank
- Picture It! (20K) decreased from 12 to 13 in unit rank and decreased from 8 to 10 in \$ rank

Note - Value Packs outside of Creativity Category that include Greetings Workshop total: 20K

Home Essentials 98: 20K

Home Essentials 97: 421

PRODUCTIVITY

- Productivity market size is larger than last month and last December on both units and \$
- Productivity market growth improved from last month but remains below overall consumer market growth; Integrated subcategory had the fastest growth within Productivity largely due to current version of MS Home Essentials which sold twice as many units as the Home Essentials version last December and is priced \$20 higher.
- **Microsoft's \$ and unit growth in Productivity improved from last month, outpacing the Productivity market growth -- again due to larger sales of Home Essentials.**
- **Microsoft remained #1 publisher on \$ but dropped to #2 publisher on units behind Second Nature who specializes in screensaver titles.**
- **Microsoft unit and \$ share decreased 2 full share points from last month and is ahead of last December on \$ share, slightly ahead on unit share.**
- Microsoft Works was the leading product in this category in units while Home Essentials 98 was the #1 product in \$

A. Consumer Retail Productivity Market Size

	Dec 97	Nov 97	Dec 96
Units (K)	248	141	199
Dollars (M)	\$7.4	\$4.3	\$6.1

B. Consumer Retail Productivity Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	25%	10%	75%
Dollars	22%	0%	71%

C. Microsoft Productivity Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	26%	-4%	53%
Dollars	54%	12%	59%

D. Top 10 Productivity Pubs Market Growth

	Dec 97 vs Dec 96	Nov 97 vs Nov 96	Dec 97 vs Nov 97
Units	37%	19%	70%
Dollars	24%	2%	69%

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E. Microsoft Share of Productivity Category

	Dec 97	Nov 97	Dec 96
Units	16.4%	18.8%	16.3%
Dollars	39.0%	41.9%	30.7%

F. Top Productivity Publisher Rank

Publisher	\$ Rank	Unit Rank
Microsoft	1	2
Learning Co.	2	3
Cendant (CUC)	3	4
Second Nature	4	1
Claris	5	8

G. Top 5 Productivity Titles in Units

	Title	Publisher	Subcategory	Lic. (K)	Lic. Growth from last month
1	MS Works	Microsoft	Integrated	20	48%
2	MS Home Essentials 98	Microsoft	Integrated	20	104%
3	After Dark	Cendant (CUC) [Berkeley]	Screen Savers	18	44%
4	Dilbert "Break-a-Day" Screen Saver	Daybreak	Screen Savers	17	291%
5	Christmas	Tda Help	Screen Savers	13	112%

H. Microsoft Productivity Titles

- MS Works (20K) maintained at 1 in unit rank and maintained at 2 in \$ rank
- MS Home Essentials 98 (20K) increased from 4 to 2 in unit rank and maintained at 1 in \$ rank

*Note - Value Packs within Productivity Category that include Works total: 20K
Home Essentials 98: 20K
Home Essentials 97: 421*

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