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Sent: Thursday, March 12, 1998 3:58 PM
To: Pete Higgins; Ruthann Lorentzen, Dawn Trudeau, Lewis Levin, John Neilson (IMD); Lisa Brummel; Ed Fries; Tom Reeve; Marty Taucher; Robert (Robbie) Bach, Rick Thompson, Jon Reingold; Craig Bartholomew; Richard Fade; Thomas Kokta, John O'Rourke, John Lack, John Ludwig; Monthly PC Data Summary Mail Recipients
Cc: Deborah Holbrook (Comforce/RhoTech)
Subject: Holiday 97 Sales Sparklers from PC Data

Are you looking for that perfect sparkler to highlight our Holiday performance? Look no further. The attached document has 3 pages of great sales stats on how well Microsoft did in the US Consumer Retail market during Holiday 97. The points cover our overall performance and performance by category as well as highlighting our leading products. These comments are intended for internal purposes only. However they have all been verified by PC Data so if you find yourself on a press call or talking to a buyer and want to talk about our performance, you can use these points. However, I would suggest picking the 1 or 2 that work best for your area as there are many to choose from and you don't want to overwhelm them with data. As usual, if you use any of this data externally, please make sure you cite PC Data as the source.

Teaser Sparklers to get you to open & read the entire document:

- For Holiday Quarter '97 and December '97, Microsoft had the #1 title in 3 of the Game categories that PC Data tracks
- For 10 straight quarters, including this Holiday quarter, Microsoft has increased their unit share in Personal Finance with **Microsoft Money**.
- For the 3rd straight year Microsoft was again the #1 Science Education Publisher on \$ (1997, 1996 & 1995)
- Microsoft has been the #1 Encyclopedia Publisher on \$ every month from November '93 thru December '97 with the **Microsoft Encarta** line. That's 50 straight months.
- For Holiday Quarter '97 and December '97, Microsoft had 3 of the Top 10 Home Graphics titles by \$

And there is much more...just open the attached document to read them all:



If you have any question or comments, please let me know.

Thanks,
Elaine

Plaintiffs' Exhibit
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Microsoft Consumer Product Sparklers for Holiday 97 Sales

Source: PC Data, U.S. Retail Sell-Thru sales

Microsoft Overall Consumer Highlights:

- For the 2nd year in a row Microsoft was the #2 Consumer publisher on \$. (1997 & 1996)
 - Behind Cendant formally CUC whose acquisitions include: Sierra On-Line, Knowledge Adventure, Blizzard, Davidson)
 - In 1997 there were well over 800 publishers selling software in the US consumer software market.
- This Holiday quarter (October - December '97) Microsoft was the #3 Publisher on \$ behind Cendant and Broderbund
- For the past 4 years Microsoft has consistently been a Top 4 Consumer Publisher on \$ (1997, 1996, 1995 & 1994)
- For the past 5 years Microsoft has consistently been a Top 7 Consumer Publishers on both units and \$. (1997, 1996, 1995, 1994 & 1993) This is as far back as PC Data tracks.

Microsoft Games Highlights:

- For the 2nd year in a row Microsoft was the #4 Games Publisher on \$. (1997 & 1996)
 - In 1997 there were close to 400 active Games Publishers in the US.
- For 18 consecutive quarters including this Holiday quarter, Microsoft continues to rank as a Top 10 Games publisher even with a comparably small portfolio
 - Microsoft was #6 Games Publisher on \$ and #7 in units for Q4 '97
 - Other Top Publishers have over 250 games titles in this selling season while Microsoft had less than 50
- Microsoft was the **ONLY** Publisher to have 2 Games titles in the Top 8 Games by \$ in Q4 '97
- It was the first Holiday quarter that Microsoft had 2 Games in the Top 10 Games by \$
 - In December:
 - Flight Simulator** was #3 on \$ (#5 on units)
 - Age of Empires** was #9 on \$ (#13 on units)
- In December '97, Microsoft had 2 games in the Top 10 Games by \$
 - In Holiday Quarter (Oct - Dec '97)
 - Flight Simulator** was #2 on \$ and units behind Riven: The Sequel to Myst
 - Age of Empires** was #8 on 4 (#11 on units)
- For the 5th straight year Microsoft **Flight Simulator** has been a Top 10 Game on both units and \$. (1997, 1996, 1995, 1994 & 1993) This is as far back as PC Data tracks sales.
- For the 3rd consecutive year, Microsoft **Flight Simulator** was the #1 Simulation Game on units and \$ (1997, 1996 & 1995)
- For the 2nd straight year, **Return of Arcade** was the #1 Arcade Game on units and \$ (1997 & 1996)
- For Holiday Quarter '97 and December '97, Microsoft had the #1 title in 3 of the Game categories that PC Data tracks
 - Microsoft had the #1 Simulator game (**Flight Simulator**) on units and \$ in December '97 and Holiday Quarter '97
 - Microsoft had the #1 Strategy game (**Age of Empires**) on units and \$ in December '97 and in Holiday Quarter '97
 - Microsoft had the #1 Arcade game (**Return of Arcade**) on units and \$ in December '97 and in Holiday Quarter '97
- Microsoft **Entertainment Pack Puzzle Collection** was the #1 Puzzle title on \$ and #2 on units for Holiday Quarter '97 and December '97
- In the category of Strategy with over 850 titles this Holiday quarter, **Close Combat 2: A Bridge Too Far** came in at #18 on \$ and #26 on units, performing in the top 3% of all Strategy titles
- In the category of Simulation with over 350 titles in December '97, **Cart Precision Racing** came in at #27 on \$, performing in the top 8% of all Simulation titles on \$

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Microsoft Confidential Source: PC Data. PC Data is a market research firm for software point-of-sale data, with coverage of more than 70% of the U.S. retail marketplace.

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Microsoft Personal Finance Highlights:

- Microsoft continues to be the #2 Publisher in the Personal Finance Market
- Microsoft **Money 98** and **Money Financial Suite** combined to almost double Microsoft's \$ market share in the Personal Finance category in 1997 from 1996 while Intuit lost share
 - Microsoft \$ growth in Personal Finance was 98% from 1996 to 1997
 - Intuit's \$ growth in Personal Finance was 1% from 1996 to 1997
 - Microsoft gained 4.2 share points jumping from 5.0% to 9.2% from 1996 to 1997
 - Intuit lost 4.6 share points decreasing from 89.1% to 84.5% from 1996 to 1997
- For 10 straight quarters, including this Holiday quarter, Microsoft has increased their unit share in Personal Finance with **Microsoft Money**.
- Microsoft growth (Q4 '97 compared to Q4 '96) in the Personal Finance Market was over 100% on \$ and over 70% on units, greatly outpacing the growth of the Personal Finance Market which saw a 23% \$ growth and 5% unit growth
- Microsoft was the primary reason for the unit growth in Personal Finance as Intuit experienced slight negative growth over this time period while Microsoft experienced explosive growth

Microsoft Unit Growth Q4'96-Q4'97	Quicken Unit Growth Q4'96-Q4'97	Personal Finance Market Unit Growth Q4'96-Q4'97
72.20%	-0.50%	5.40%

Microsoft Kids Highlights:

- For the 4th consecutive year Microsoft was again a Top 10 Education Publisher (1997, 1996, 1995 & 1994)
 - Microsoft was #8 Education Publisher on \$ and units for 1997
 - In 1997 there were well over 300 active Publishers in the Education category
- For the 3rd straight year Microsoft was again the #1 Science Education Publisher on \$ (1997, 1996 & 1995)
- Microsoft was the #1 Publisher in Science Education on \$ for both December '97 and the Holiday Quarter '97
- Microsoft had 6 of the top 10 Science Education titles with our **Magic School Bus Series** during the Holiday Quarter.
- **MSB Rainforest** and the **Magic School Bus Bundle** were the top 2 titles within Science Education by \$ for this Holiday quarter.
- Holiday Quarter '97 was the 9th straight quarter that one of the **Magic School Bus** titles by Microsoft was the #1 Science Education titles on \$.
- Microsoft quickly became the #4 Multi-Subject Education Publisher by \$ this Holiday quarter with the introduction of **My Personal Tutor** and the **Actimates Barney** software.
- For Holiday quarter '97, **My Personal Tutor** was the highest-ranking, new title not already associated with an existing series like Jump Start, Reader Rabbit, Fisher Price or Sesame Street.
- Of the 148 titles that PC Data categorizes as Multi-Subject Education, **My Personal Tutor** came in at #19 on \$ in this category.

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Microsoft Reference Highlights:

- Microsoft continues its leadership in Reference as the #1 Reference Publisher on \$ for the 5th straight year. (1997, 1996, 1995, 1994 & 1993) This is as far back as PC Data tracks sales.
- For 17 consecutive quarters including this Holiday quarter (every quarter since Q4 '93) Microsoft is the #1 Reference Publisher on \$
- Microsoft has been the #1 Encyclopedia Publisher on \$ every month from November '93 thru December '97 with the **Microsoft Encarta** line. That's 50 straight months.
- Microsoft continues to be the #1 Publisher in Encyclopedias on \$: this year, this Holiday Quarter and this December.
- For the 2nd straight year Microsoft is the #1 selling Atlas Publisher on \$. (1997 & 1996)
- Microsoft has the #1 selling Atlas this Holiday quarter and December '97 with Microsoft **Encarta Virtual Globe**.
- For the 5th consecutive year and the 20th consecutive quarter, Microsoft continues to be the #1 Compilation Publisher on \$ with Microsoft **Bookshelf**.
- Microsoft Bookshelf is the #1 selling Compilation title this Holiday Quarter and in December '97

Microsoft Personal Productivity Highlights:

- For the past 5 years, Microsoft has been either the #1 or #2 Personal Productivity Publisher by \$ (1997, 1996, 1995, 1994 & 1993) This is as far back as PC Data tracks sales.
- Microsoft was the #1 Home Office Publisher on \$ for 1997 due to the success of **Home Essentials**.
- **Home Essentials 97** and **Home Essentials 98** have combined to be the #1 selling Home Office title every month since its release in Feb 97 on both units and \$.
- **Home Essentials 98** was the #1 selling Home Office title on both units and \$ in December '97 and in the Holiday Quarter
- For 4 straight years Microsoft has been the #2 Home Graphics Publisher on \$. (1997, 1996, 1995 & 1994)
- Microsoft **Publisher** was the #1 Home Graphics title by \$ for 1997.
- For Holiday Quarter '97 and December '97, Microsoft had 3 of the Top 10 Home Graphics titles by \$,
 - In December:
 - Publisher** was #5 on \$ (#10 on units)
 - Greetings Workshop Deluxe** was # 8 on \$ (#7 on units)
 - Picture It!** was #10 on \$ (#12 on units)
 - In Holiday Quarter (Oct - Dec '97)
 - Publisher** was #5 on \$ (#6 on units)
 - Picture It!** was #8 on \$ (#10 on units)
 - Greetings Workshop Deluxe** was # 9 on \$ (#11 on units)
- Microsoft was the #1 Imaging Publisher on \$ for 1997
- **Picture It!** was the #1 Imaging Title on \$ for 1997
- For the 2nd straight Holiday Quarter (Q4 '96 & Q4 '97) **Picture It!** was the #1 Imaging title on \$
- Due to its success, **Picture It!** had 129% unit growth in this Holiday Quarter, outpacing the rapidly growing Imaging market that had 100% unit growth this holiday quarter vs. last holiday quarter (Q4 '96 vs. Q4 '97).
- For the past 5 years, Microsoft has been the #1 Integrated Publisher on units and \$. (1997, 1996, 1995, 1994 & 1993) This is as far back as PC Data tracks sales.
- Microsoft **Works** was the #1 Integrated product on units and \$ for 1997, Holiday quarter '97 and December '97
- Microsoft was the #3 Travel Publisher on units and \$ for 1997, Holiday Qtr '97 and December '97
- Microsoft had 3 titles in the Top 10 Travel titles for Holiday Qtr '97
 - **Expedia Streets 98** was #6 on \$ (#10 on units)
 - **Expedia Streets 98 Deluxe** was # 9 on \$ (#13 on units)
 - **Expedia Trip Planner 98** was #10 on \$ (#7 on units)

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