



From: Kurt Kolb
 Sent: Wednesday, September 24, 1997 7:23 AM
 To: Peter Miller (LCA); Richard Barrie; Bengt Akerlind
 Cc: Tim Beard; Pascal Martin
 Subject: RE: Leasing Questions
 Signed By: 2537
 Security Label: Signed - Invalid signature

a few additional comments:

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Additionally we need to check the impact on type I of offering varying royalty rates for one product. Timb can you comment?

Finally we need to make sure we are at least in the ballpark w/ DAD's leasing SKU - am addressing through separate email.

thx.
 Kurt

-----Original Message-----
 From: Peter Miller (LCA)
 Sent: Wednesday, September 24, 1997 7:04 AM
 To: Richard Barrie; Bengt Akerlind; Kurt Kolb
 Cc: Pascal Martin
 Subject: RE: Leasing Questions

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-----Original Message-----
 From: Richard Barrie
 Sent: Tuesday, September 23, 1997 6:03 PM
 To: Bengt Akerlind; Kurt Kolb
 Cc: Peter Miller (LCA); Pascal Martin
 Subject: RE: Leasing Questions

This is where we are with Dell so far. If we are to try to get more revenue per lease cycle then I believe that we have a problem *right now*. We have more than enough issues with the Office agreement so far without introducing another source of angst.

I recommend that for the remaining term of this agreement (until 2/28/98) we let Dell pay the current agreed rate of \$70/\$85 in the US for leased systems. We will also get a royalty for each "churn" on the lease.

When we look at the new agreement we should make sure that leasing is explicitly carved out of the agreement (even if the customer ends up purchasing it at the end of the lease). We should leasing as a Per Copy license and charge them significantly more \$\$ (closer to the new Euro rates perhaps?). To make this really clear I would suggest that we structure the Exhibit C as detailed below. We should also include some Additional Provisions to adequately bound this type of business.

<< OLE Object: Picture (Metafile) >>

-----Original Message-----
 From: Richard Barrie
 Sent: Monday, September 08, 1997 5:55 PM
 To: Bengt Akerlind; Kurt Kolb
 Cc: Peter Miller (LCA)
 Subject: RE: Leasing Questions

Jason Kap and I talked to Dell today on this.

For >90% of leasing we are talking about the lease as flexible financing so the end-user will ultimately end up owning the PC and the s/w - from this perspective there is no issue with MS s/w, either OS or apps as this is a PC purchase with finance terms similar to those offered by retailers such as CompUSA.

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For leasing where the system is returned at the end of the lease period (<10% of occasions) then the software is also returned. The PC has its hard drive wiped and a new set of s/w (with new license, COA and royalty) is installed. If a PC is leased 3 times over 3 years then MS will get the OEM royalty 3 times. The Lease letter which is an adjunct to the OEM agreement describes this.

MS does have an issue with some IMD titles since MS's license agreement with the 3rd parties that provide content for Encarta specifically prohibit leasing of such titles.

-----Original Message-----
From: Bengt Akerlind
Sent: Monday, September 08, 1997 8:18 AM
To: Kurt Kolb; Richard Barne
Cc: Peter Miller (LCA)
Subject: RE: Leasing Questions

Should try. Richard, please discuss with dell and report.

-----Original Message-----
From: Kurt Kolb
Sent: Tuesday, September 02, 1997 12:55 PM
To: Bengt Akerlind; Richard Barrie
Cc: Peter Miller (LCA)
Subject: RE: Leasing Questions

Bengt - the office group thinks they can get an additional \$300 per copy of MSOFFICE over the standard retail price for a 2-year lease, pilot runs this holiday. Can we hold off your oems until more detail comes back from this test?

If no, and if leasing is truly just "flexible financing" from the oem -

Why not just make the oem (all oems) pay full oem royalty every time the leasee name changes - OS and limit apps to MS Office SBE.
Do the same for MS Office Standard if we are still getting >\$200 for the product.

same term, > 1 year leases only.

kurt

-----Original Message-----
From: Peter Miller (LCA)
Sent: Tuesday, September 02, 1997 10:37 AM
To: Patrick McMahon (LCA); Robert McAuley; Bill Henningsgaard; Peter Boit
Cc: Brian McEachron (LCA); Kurt Kolb; Bengt Akerlind; Richard Barne
Subject: RE: Leasing Questions

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-----Original Message-----
From: Patrick McMahon (LCA)
Sent: Tuesday, September 02, 1997 7:40 AM
To: Robert McAuley; Bill Henningsgaard; Peter Boit
Cc: Brian McEachron (LCA); Peter Miller (LCA)
Subject: Leasing Questions

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EXHIBIT C
DESKTOP APPLICATION PRODUCTS

PRODUCT TABLE

Product Number	Product Name and Version	Licensed Language Version(s)**	Applicable Additional Provisions	Per System Royalty *	Per Copy Royalty *	Leasing Royalty *	Billing Type***
1.	Office 97 Small Business Edition	EN	(a)	US\$70.00	US\$200.00	US\$200.00	I

* A Product is not licensed hereunder unless royalty rate(s) are indicated in the Product table and the Product is indicated as licensed for one or more Customer Systems in the Customer System table of this Exhibit C.

** Language Version Key: Please refer to the Language Version Key in Exhibit L for explanation of Language Version codes. Localized versions are licensed on an if and as available basis.

*** Billing Type: Type I - based on third party reports, Type II - based on COMPANY royalty reports, as specifically set forth in Section 3(d) of the Agreement

ADDITIONAL PROVISIONS KEY

(Note: Only those Additional Provisions applicable to licensed Product(s) may appear. Section lettering may not be consecutive.)

(a) The following leasing provisions shall apply to all Products listed in this Exhibit C:

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