February 1995

Worldwide Regional Directors Meeting

Microsoft

Worldwide Regional Directors Meeting

February 1995

Microsoft

MS-PCA 2614693

Tuesday Agenda

- ◆ Organization Customer Unit - 8:00
- ◆ Back Office - 9:30
- ◆ MOS - 11:00
- ◆ Priorities for Retail - 12:00
- ◆ Bill Gates lunch - 1:00
- ◆ Channel Policies - 2:15
- ◆ Consumer - 3:30
- ◆ Key Feedback - 5:00
- ◆ Meeting close/Open evening - 6:00
- ◆ Euro GMs/Bernardv-Localization -6:00

Microsoft

Action Items

Skip - look at key channel partners; share
        key customer hype

Johnn- Promo to MVP? 20 to MSLP? 30

BacK Office sales guide
MSFT Revenue into PSS

MSN Headcount
Follow-up on Select rebate guidance

Peter Ha - Anti-piracy bus mgr
Jeff Sa - why done togither & how Little lists to be'd
B Bruce - wneed long range plan
Durval - WinRM at MGS

WWRDM Agenda
Feb. 6-8, 1995
Edgewater hotel, Cascade Room

Objectives

1. Review plans to drive business
2. Review MYR results

Monday, February 6th

AM

Topic	Focus	Discussion Leader	Time
Breakfast in Rainier room			7:00-8:00
Key Marketing and Business Issues			
MYR	• MYR key conclusions and financial results • Intuit	SteveB	8:00-10:30
Market Dynamics	• Market sizing, $/unit, saturation, revenue streams long term. Office example.	Bherbold	10:45-12:00
FY planning	• 3 Year Business Outlooks • Timeline • Budgeting • Tools • Templates	JonA/ MHuber	12:00-1:00

Lunch: 1:00-2:00

PM

Topic	Focus	Discussion Leader	Time
Gearing up for Desktop95 Launch			
Desktop 95	• Worldwide launch synchronization • PR Guidelines • Operations risks • H2FY95 Marketing issues • Discussion on Pre-selling Win95 w/ rebate program	BradC/ HankV	2:00-4:00
Windows '95 OEM update	• Objectives, MDA, WARP, Coupons • PR flags • Status of strategic relations-COMPAQ and IBM	JoachimK	4:15-5:00
PSS	• Win 95 readiness • Escalation centers • MSN 2.0	Dwilling	5:00-6:00

Evening event: dinner at Jeff Raikes house immediately following close of meeting

2/3/95

MS-PCA 2614696

Tuesday, February 7th

AM

Breakfast in Rainier room			7:00-8:00
Year of BackOffice			
Org CU	• SMORG attack • LORG issues & Select • Business Value • Verticals	JohnNi	8:00-9:30
BackOffice	• Licensing in H2FY95, concurrency and what 3.51 will add to help in auditing • Notes 4 update and response • Sales tools • BackOffice uniqueness	RichT	9:30-11:00

End User CU			
Information Publishing/Sales Analysis/Database	• Update	SteveB/ JonA	11:00-1:00

PM
BillG Lunch: 1:00-2:00

Priorities for End User, Consumer, Retail	• SteveB, JeffR and PattyS outlet tour findings • Demand Generation • Instore Impact and Merchandising • Inventory issues • Product issues	JeffR	2:00-3:00
Channel Policies	• Points of leverage • Discussion on key changes to Ts & Cs: indirect rebates, raking retailers direct, MOLP and Select rebates, tailor made rebates for accounts, retail specific Ts and Cs, Marketing Funds, sell thru goals, returns policy	JeffSa JohanLi	3:00-4:00
Consumer	• Marketing priorities and lessons learned this year • Product strategy, key product focus • Product planning resources in subs	RuthannL/ PattyS	4:00-5:00
MOS	• Goals • Selling MSN • FY96 Staffing • Internet • TCI relationship	BillMi/	5:15-6:15
Wrap up	•	SteveB	6:15-6:30

2/3/95

MS-PCA 2614697

Wednesday, February 8th

Breakfast in Rainier room			7:00-8:00
Localization	• Business case process • Subsidiary issues	DavidBr BernardV	8:00-9:00
Piracy	• Anti-piracy task force recommendations	DavidCu	9:00-9:30
Hardware	• Making Hardware into a $500MM business by FY97 from a $202MM business in FY94 • Keyboard development direction • Thumb-Wheel Mouse • Joysticks • Kids Mouse	RickThom	9:30-10:00
AT Strategy	• AT mission, organization • Broadband strategy	Richard Fade	10:00-10:30
Focus Groups	•		10:30-1:00
Lunch	•		1:00-2:00

2/3/95

MS-PCA 2614698

Evaluations
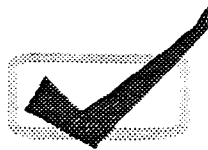
MONDAY EVALUATION

WORLDWIDE REGIONAL DIRECTORS MEETING
February 6, 1995

Please help us evaluate the importance and effectiveness of the sessions for the past day. Your comments and feedback will enable us to improve future Worldwide Regional Directors Meetings.

Name:_____

I. SESSIONS & PRE-READING MEMOS

Please rate the following sessions on a scale of 1-5 (1 = low, 5 = high) according to these criteria:

RELEVANCE: How relevant was the topic to your business?
QUALITY: How well was the topic presented?

MYR Session (includes Intuit)   **RELEVANCE**   **QUALITY**
Steve Ballmer   1   2   3   4   5   1   2   3   4   5

Comments/suggestions for improvement:_____

_____ _____

_____

Intuit Memo   How helpful was this memo to prepare you for this session?
Jeanne Chase, Jon Anderson   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Market Dynamics Session   **RELEVANCE**   **QUALITY**
Bob Herbold   1   2   3   4   5   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Market Dynamics Memo   How helpful was this memo to prepare you for this session?
Bob Herbold   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

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BY THE END OF THE DAY

FY Planning Session
Jon Anderson, Mike Huber

RELEVANCE   QUALITY
1   2   3   4   5   1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

FY Planning Memo
Mike Huber

How helpful was this memo to prepare you for this session?
1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

Desktop 95 Session
Brad Chase, Hank Vigil

RELEVANCE   QUALITY
1   2   3   4   5   1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

Desktop 95 Memo
Brad Chase, Hank Vigil

How helpful was this memo to prepare you for this session?
1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

OEM Session
Joachim Kempin

RELEVANCE   QUALITY
1   2   3   4   5   1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

OEM Memo
Joachim Kempin

How helpful was this memo to prepare you for this session?
1   2   3   4   5

    Comments/suggestions for improvement:_____

_____

_____

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HIGHLY CONFIDENTIAL

PSS Session	RELEVANCE	QUALITY
Deborah Willingham	1 2 3 4 5	1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

PSS Memo   How helpful was this memo to prepare you for this session?
Peter Bladin   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

THANK YOU!

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TUESDAY EVALUATION

WORLDWIDE REGIONAL DIRECTORS MEETING
February 7, 1995

Please help us evaluate the effectiveness of the sessions for the past day. Your comments and feedback will enable us to improve future Worldwide Regional Directors Meetings.

Name:_____

I. SESSIONS & PRE-READING MEMOS

Please rate the following sessions on a scale of 1-5 (1 = low, 5 = high) according to these criteria:

RELEVANCE: How relevant was the topic to your business?
QUALITY: How well was the topic presented?

Org CU Session
John Neilson

RELEVANCE	QUALITY
1 2 3 4 5	1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

Org CU Memo
John Neilson & Staff

How helpful was this memo to prepare you for this session?
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

BackOffice Session
Rich Tong

RELEVANCE	QUALITY
1 2 3 4 5	1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

BackOffice Memo
Jim Allchin, Rich Tong

How helpful was this memo to prepare you for this session?
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

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Page 4

MS-PCA 2614703

Information Publishing/Analysis/DB Session	RELEVANCE	QUALITY
Steve Ballmer, Jon Anderson	1 2 3 4 5	1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

End User Strategy Session	RELEVANCE	QUALITY
Priorities for EU/Consumer/Retail	1 2 3 4 5	1 2 3 4 5
Jeff Raikes		

Comments/suggestions for improvement:_____

_____

_____

Priorities for EU/Consumer/Retail Memo   How helpful was this memo to prepare you for this session?
Jeff Raikes, Patty Stonesifer, Steve Ballmer   1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

Channel Policies Session	RELEVANCE	QUALITY
Jeff Sanderson, Johan Liedgren	1 2 3 4 5	1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

Channel Policies Memo   How helpful was this memo to prepare you for this session?
Jeff Sanderson   1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

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Page 5

Consumer Session
Patty Stonesifer, Ruthann Lorentzen

RELEVANCE
1 2 3 4 5

QUALITY
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

Consumer Memo
Shane Kim, Craig Bartholomew

How helpful was this memo to prepare you for this session?
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

MOS Session
Bill Miller

RELEVANCE
1 2 3 4 5

QUALITY
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

MOS Memo
Bill Miller

How helpful was this memo to prepare you for this session?
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

THANK YOU!

PLEASE COMPLETE THIS FORM AND RETURN IT TO
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MS-PCA 2614705

WEDNESDAY EVALUATION

WORLDWIDE REGIONAL DIRECTORS MEETING
February 8, 1995

Please help us evaluate the effectiveness of the sessions for the past day. Your comments and feedback will enable us to improve future Worldwide Regional Directors Meetings.

Name:_____

I. SESSIONS & PRE-READING MEMOS

Please rate the following sessions on a scale of 1-5 (1 = low, 5 = high) according to these criteria:

RELEVANCE: How relevant was the topic to your business?
QUALITY: How well was the topic presented?

Localization Session
David Brooks

RELEVANCE   QUALITY
1   2   3   4   5   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Localization Memo
David Brooks

How helpful was this memo to prepare you for this session?
1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Piracy Session
David Curtis

RELEVANCE   QUALITY
1   2   3   4   5   1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Piracy Memo
David Curtis

How helpful was this memo to prepare you for this session?
1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

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Hardware Session
Rick Thompson

RELEVANCE
1 2 3 4 5

QUALITY
1 2 3 4 5

Comments/suggestions for improvement:_____

_____

_____

Hardware Memo
Rick Thompson, Beth Featherstone

How helpful was this memo to prepare you for this session?
1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

AT Strategy Session
Richard Fade

RELEVANCE
1   2   3   4   5

QUALITY
1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

Focus Groups
TBD

RELEVANCE
1   2   3   4   5

QUALITY
1   2   3   4   5

Comments/suggestions for improvement:_____

_____

_____

II.   PRE-READING MEMOS

What percentage of the pre-reading materials did you read ?   __0%   __25% __50% __75% __100%

Please rate the following on a scale of 1-5 (1=low, 5=high).

Overall helpfulness of the memos in preparing you for this WWRDM   1   2   3   4   5

Comments/suggestions for improving the memos:_____

_____

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III. OVERALL MEETING

As appropriate, please rate the following on a scale of 1-5 (1 = low, 5 = high).

Meeting objectives were the following:
1) Review plans to drive business
2) Review MYR results

How effective was the meeting in fulfilling these objectives?   1   2   3   4   5

Are there any topics not provided in the agenda that you would like to have seen added?   Yes   No

     If yes, which ones?_____

_____

Have you attended a Worldwide Regional Director Meeting in the past?   Yes   No

If yes, did you find this meeting (please circle):   **Worse**   **Same**   **Better**

     Please explain:_____

_____

Please rate the following on a scale of 1-5 (1=poor, 5=excellent):

Venue (Edgewater Inn - Cascade Room):   1   2   3   4   5

Food and service: 1   2   3   4   5

Overall logistics and organization of meeting: 1   2   3   4   5

     Comments/suggestions:_____

_____

Please rate the following on a scale of 1-5 (1=low, 5=high).

Overall, how useful did you find the Worldwide Regional Directors Meeting?   1   2   3   4   5

Comments/suggestions for improving the meeting:_____

_____

_____

THANK YOU!

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MYR

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H95-1 Results

	H95-1 $	%	Budget $	%	H94-1 $	%	Growth %
Net Rev.	2,728,803	100%	2,527,753	100%	2,111,600	100%	29%
Cogs	408,240	15%	407,160	16%	343,723	16%	19%
Gross Profit	2,320,563	85%	2,120,594	84%	1,767,877	84%	31%
R&D	377,540	14%	451,353	18%	276,303	13%	37%
S&M							
Marketing*	321,107	12%	338,853	13%	190,728	9%	68%
Product Marketing	39,133	1%	38,894	2%	23,989	1%	63%
Sales expense	335,110	12%	358,666	14%	314,142	15%	7%
Support	144,289	5%	156,813	6%	106,190	5%	36%
Other (Press, AT, Online, Corp. Reserves)	33,622	1%	21,523	1%	9,644	0%	249%
Total S&M	873,261	32%	914,749	36%	644,693	31%	35%
G&A	113,102	4%	148,740	6%	88,591	4%	28%
Operating Expenses	1,363,903	50%	1,514,842	60%	1,009,587	48%	35%
Operating Income	956,660	35%	605,751	24%	758,290	36%	26%
Nonoperating Income	71,703	3%	58,189	2%	40,825	2%	76%
Pre-tax Income	1,028,363	38%	663,940	26%	799,115	38%	29%
Tax	339,360	12%	225,887	9%	271,690	13%	25%
Net Income	689,003	25%	438,053	17%	527,425	25%	31%

Notes:

* Broad Reach = 57,218
Marketing Accruals = 63,800

MS-PCA 2614710

**HIGHLY
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H95-1 Channel P&L

	NA	Europe	H95-1 ICON	Far East	OEM	Total
Net Rev.	$954,477	$710,399	$192,730	$203,883	$733,504	$2,794,993
COGS	$182,516	$97,519	$35,300	$39,508	$37,010	$391,854
Gross Margin	$771,961	$612,879	$157,430	$164,374	$696,495	$2,403,139
Controllable Expenses	$198,224	$158,624	$49,631	$41,466	$38,048	$485,992
Responsibility Margin	$573,737	$454,256	$107,799	$122,909	$658,447	$1,917,147
Corp. Allocations	$266,767	$194,442	$42,977	$46,715	$186,697	$737,597
Contribution Margin	$306,970	$259,814	$64,823	$76,194	$471,750	$1,179,550
Contribution Margin %	32%	37%	34%	37%	64%	42%
Plan Net Rev.	$875,024	$662,326	$159,203	$135,974	$662,281	$2,494,808
Plan Contribution Margin %	16%	28%	13%	5%	56%	29%

H95-2 Channel P&L

	NA	Europe	H95-2 ICON	Far East	OEM	Total
Net Rev.	$867,073	$811,195	$198,601	$254,421	$816,496	$2,947,786
COGS	$176,197	$110,504	$40,692	$51,986	$33,790	$413,168
Gross Margin	$690,876	$700,692	$157,909	$202,436	$782,705	$2,534,618
Controllable Expenses	$265,336	$190,578	$51,434	$53,470	$49,319	$610,138
Responsibility Margin	$425,540	$510,113	$106,475	$148,965	$733,386	$1,924,480
Corp. Allocations	$310,531	$257,361	$53,000	$66,009	$192,541	$879,443
Contribution Margin	$115,009	$252,752	$53,474	$82,956	$540,845	$1,045,037
Contribution Margin %	13%	31%	27%	33%	66%	35%
Plan Net Rev.	$1,074,518	$815,163	$201,154	$205,689	$738,809	$3,035,333
Plan Contribution Margin %	23%	37%	27%	32%	60%	37%

* Forecast for Latin America and AIME = H95-1 actuals + H95-2 budget
All other forecasts taken from MYR Yellow Book

FY95 Forecast Channel P&L

	NA	Europe	FY95 ICON	Far East	OEM	Total
Net Rev.	1,821,550	1,521,594	391,331	458,304	1,550,000	5,742,779
COGS	358,713	208,023	75,992	91,494	70,800	805,022
Gross Margin	1,462,837	1,313,571	315,339	366,810	1,479,200	4,937,757
Controllable Expenses	463,560	349,202	101,065	94,936	87,367	1,096,130
Responsibility Margin	999,277	964,369	214,274	271,874	1,391,833	3,841,627
Corp. Allocations	577,298	451,803	95,977	112,724	379,238	1,617,040
Contribution Margin	421,979	512,566	118,297	159,150	1,012,595	2,224,587
Contribution Margin %	23%	34%	30%	35%	65%	39%
Plan Net Rev.	1,949,542	1,477,489	360,357	341,663	1,401,090	5,530,141
Plan Contribution Margin %	20%	33%	21%	21%	58%	33%

* Forecast for Latin America and AIME = H95-1 actuals + H95-2 budget
All other forecasts taken from MYR Yellow Book

MS-PCA 2614713

FG RevSum H95-1

	H95-1 Revenues			H94-1	
	Actual	Budget	Variance	Actual	% Change
Desktop Apps New Users	1,237,502	1,041,538	195,964	831,508	49%
Desktop Apps Existing Users	210,738	183,388	27,350	155,280	36%
Personal Operating Systems	182,709	86,449	96,260	169,146	8%
Consumer	266,142	319,723	(53,581)	210,734	26%
Business Systems	147,585	140,176	7,409	93,257	58%
Developer	131,431	102,717	28,714	111,637	18%
Other	58,039	16,168	41,871	56,757	2%
Recurring Maintenance	(24,387)	6,649	(31,036)	18,541	-232%
Total Revenue	2,209,757	1,896,808	312,949	1,646,860	34%

FG RevSum H95-2

	H95-2 Forecasted Revenues			H94-2	H94-2	H95-1
	Fcst.	Budget	Variance	Actual	% Change	% Change
Desktop Apps New Users	1,270,217	1,296,841	(26,624)	1,080,591	18%	3%
Desktop Apps Existing Users	186,247	194,909	(8,662)	208,237	-11%	-12%
Personal Operating Systems	115,520	316,903	(201,383)	175,929	-34%	-37%
Consumer	253,720	377,085	(123,366)	183,528	38%	-5%
Business Systems	229,513	262,026	(32,513)	81,249	182%	56%
Developer	125,687	141,745	(16,058)	118,163	6%	-4%
Other	42,435	(24,383)	66,818	57,944	-27%	-27%
Recurring Maintenance	(12,811)	(292)	(12,519)	116,680	-111%	-47%
Total Revenue	2,210,527	2,564,834	(354,307)	2,022,321	9%	0%

* Forecast for Latin America and AIME = H95-1 actuals + H95-2 budget
All other forecasts taken from MYR Yellow Book

MS-PCA 2614715

FG RevSum FY95

	FY95 Forecasted Revenues			FY94	
	Fcst.	Budget	Variance	Actual	% Change
Desktop Apps New Users	2,507,719	2,338,379	169,339	1,912,099	31%
Desktop Apps Existing Users	396,984	378,297	18,688	363,518	9%
Personal Operating Systems	298,229	403,352	(105,123)	345,074	-14%
Consumer	519,861	696,808	(176,947)	394,262	32%
Business Systems	377,097	402,202	(25,104)	174,506	116%
Developer	257,118	244,462	12,656	229,800	12%
Other	100,474	(8,215)	108,689	114,701	-12%
Recurring Maintenance	(37,199)	6,357	(43,556)	135,221	-128%
Total Revenue	4,420,284	4,461,642	(41,358)	3,669,181	20%

* Forecast for Latin America and AIME = H95-1 actuals + H95-2 budget
All other forecasts taken from MYR Yellow Book

OEM RevSum H95-1

| | H95-1 Revenues | | | H94-1 | |
	Actual	Budget	Variance	Actual	% Change
Desktop Apps New Users	28,901	33,276	(4,374)	17,091	69%
Desktop Apps Existing Users	0	0	0	35	-100%
Personal Operating Systems	576,330	505,952	70,378	349,510	65%
Consumer	73,622	66,332	7,290	52,424	40%
Business Systems	14,655	6,015	8,640	14,756	-1%
Developer	857	93	764	1,259	-32%
Other	(10,471)	50,611	(61,082)	51,087	-120%
Recurring Maintenance	0	0	0	0	n/a
Total Revenue	683,894	662,280	21,614	486,161	41%

OEM RevSum H95-2

| | H95-2 Forecasted Revenues | | | H94-2 | H95-1 | H94-2 |
	Fcst.	Budget	Variance	Actual	% Change	% Change
Desktop Apps New Users	40,000	36,184	3,816	27,741	38%	44%
Desktop Apps Existing Users	0	0	0	0		
Personal Operating Systems	664,000	584,791	79,209	497,505	15%	33%
Consumer	100,000	70,392	29,608	67,045	36%	49%
Business Systems	17,000	4,000	13,000	18,882	16%	-10%
Developer	1,000	6,000	(5,000)	1,965	17%	-49%
Other	(6,000)	37,205	(43,205)	29,367	-43%	-120%
Recurring Maintenance	0	0	0	0		
Total Revenue	816,000	738,572	77,428	642,505	19%	27%

MS-PCA 2614718

OEM RevSum FY95

	FY95 Forecasted Revenues			FY94	
	Fcst.	Budget	Variance	Actual	% Change
Desktop Apps New Users	68,901	69,460	(559)	44,832	54%
Desktop Apps Existing Users	0	0	0	35	-100%
Personal Operating Systems	1,240,330	1,090,743	149,587	847,015	46%
Consumer	173,622	136,725	36,898	119,468	45%
Business Systems	31,655	10,015	21,640	33,638	-6%
Developer	1,857	6,093	(4,236)	3,224	-42%
Other	(16,471)	87,816	(104,287)	80,454	-120%
Recurring Maintenance	0	0	0	0	n/a
Total Revenue	1,499,894	1,400,852	99,042	1,128,665	33%

MS-PCA 2614719

Headcount

Region	6/30/94	Act. MYR	Fcst. YE	Beg. to MYR	%	Beg. to YE	%
Full Time							
Europe	2343	2425	2781	82	3.4%	438	15.7%
ICON	549	597	738	48	8.0%	189	25.6%
FE	403	460	620	57	12.4%	217	35.0%
No. America	3675	3950	4576	275	7.0%	901	19.7%
OEM	181	207	232	26	12.6%	51	22.0%
Total	7151	7639	8947	488	6.4%	1796	20.1%
Temps							
Europe	200	207	241	7	3.4%	41	17.0%
ICON	173	207	246	34	16.4%	73	29.7%
FE	227	307	304	80	26.1%	77	25.3%
No. America	1201	1263	1552	62	4.9%	351	22.6%
OEM	6	6	6	0	0.0%	0	0.0%
Total	1807	1990	2349	183	9.2%	542	23.1%

* Excludes R&D
* As per the original presentations

Headcount by Bucket

Function	6/30/94	Act. MYR	Fcst. YE	Beg. to MYR	%	Beg. to YE	%
End User:							
Sales	483	495	557	12	2%	74	15%
Inside sales/customer service	337	330	352	-7	-2%	15	4%
Personal OS product marketing	35	35	42	0	0%	7	20%
Desktop Apps product marketing	72	74	85	2	3%	13	18%
Consumer product marketing	39	42	43	3	8%	4	10%
Marketing	204	223	274	19	9%	70	34%
PSS	1728	1858	2035	130	8%	307	18%
End User: Total	2898	3057	3388	159	5%	490	17%
Organization:							
Marketing	321	370	431	49	15%	110	34%
PSS	1074	1176	1629	102	9%	555	52%
Sales - LORG	471	515	580	44	9%	109	23%
Sales - SMORG	367	334	352	-33	-9%	-15	-4%
Systems engineers	315	341	399	26	8%	84	27%
Business Systems product mktg	58	62	82	4	7%	24	41%
Developer product marketing	31	32	35	1	3%	4	13%
MCS	381	473	659	92	24%	278	73%
Organization: Total	3018	3303	4167	285	9%	1149	38%
Other							
Corporate Marketing	189	206	229	17	9%	40	21%
OEM	181	207	232	26	14%	51	28%
F&A - Non Pipes	562	560	600	-2	0%	38	7%
F&A - Pipes	98	81	75	-17	-17%	-23	-23%
Management	205	225	256	20	10%	51	25%
Other Total	1235	1279	1392	44	4%	157	13%
Total Headcount	7151	7639	8947	488	7%	1796	25%
Total S&M	3127	3284	3717	157	5%	590	19%
Temps - Non-PSS	1334	1443	1860	109	8%	526.4	39%
Temps - PSS	474	547	489	73.7	16%	15.4	3%
Total Temps	1807	1990	2349	182.7	10%	541.8	30%

* As per the original presentations

Comparison of Competitors' P&Ls
Total Microsoft

[handwritten: Support in Cogs]

Trailing 12 Months Period Ended	Microsoft 12/31/94	Lotus 9/30/94	Novell 10/31/94	Lotus/Novell Combined	Microsoft %	Lotus %	Novell %	Lotus/Novell Combined %
Net revenues	5,266	985	1,998	2,983	100%	100%	100%	100%
Cost of revenues	827	183	467 *[120M]*	650	16%	19%	23%	22%
Gross profit	4,439	802	1,531	2,333	84%	81%	77%	78%
Operating expenses								
Research and development	703	145	347	492	13%	15%	17%	16%
Sales and marketing	1,609	489	562	1,051	31%	50%	28%	35%
General and administrative	202	69	162	231	4%	7%	8%	8%
Restructuring costs	---	77	190	267	---	0	0	0
Total operating expenses	2,514	780	1,261	2,041	48%	79%	63%	68%
Operating income	1,925	22	270	292	37%	2%	14%	10%
Nonoperating income	25	7	27	34	0%	1%	1%	1%
Income before income taxes	1,950	29	297	326	37%	3%	15%	11%
Provision for income taxes	643	35	90	125	12%	4%	5%	4%
Net income (loss)	1,307	(6)	207	201	25%	-1%	10%	7%

Notes:
Novell results include WordPerfect operations
Novell results include $81 million in royalty revenue and $35 million in costs related to the UNIX license to Sun
Novell results include a charge of $114 million related to the purchase of Quattro Pro from Borland
Lotus results include a European restructuring charge of $9 million and a $68 million write-off of purchased R&D in connection with the acquisitions of SoftSwitch and Edge Research

Comparison of Competitors' P&Ls
Total Microsoft less OEM

Trailing 12 Months Period Ended	Microsoft 12/31/94	Lotus 9/30/94	Novell 10/31/94	Lotus/Novell Combined	Microsoft %	Lotus %	Novell %	Lotus/Novell Combined %
Net revenues	4,171	985	1,998	2,983	100%	100%	100%	100%
Cost of revenues	768	183	467	650	18%	19%	23%	22%
Gross profit	3,403	802	1,531	2,333	82%	81%	77%	78%
Operating expenses								
Research and development	550	145	347	492	13%	15%	17%	16%
Sales and marketing	1,553	489	562	1,051	37%	50%	28%	35%
General and administrative	155	69	162	231	4%	7%	8%	8%
Restructuring costs	...	77	190	267	...	8%	10%	9%
Total operating expenses	2,258	780	1,261	2,041	54%	79%	63%	68%
Operating income	1,145	22	270	292	27%	2%	14%	10%
Nonoperating income (expense)	25	7	27	34	1%	1%	1%	1%
Income before income taxes	1,170	29	297	326	28%	3%	15%	11%
Provision for income taxes	383	35	90	125	9%	4%	5%	4%
Net income (loss)	788	(6)	207	201	19%	-1%	10%	7%

Notes:
Novell results include WordPerfect operations
Novell results include $81 million in royalty revenue and $35 million in costs related to the UNIX license to Sun
Novell results include a charge of $114 million related to the purchase of Quattro Pro from Borland
Lotus results include a European restructuring charge of $9 million and a $68 million write-off of purchased R&D in connection with
   the acquisitions of SoftSwitch and Edge Research

MS-PCA 2614723

Competitors' Headcount vs. Total Microsoft

	MS			Lotus			Novell			Lotus/Novell Combined		
	FY93	FY94	FY95*	1992	1993	1994	1992	1993	1994	1992	1993	1994
R&D	3,971	4,331	6,495	1,112	1,151	n/a	1,397	1,817	3,966	2,509	2,968	n/a
% Growth		9%	50%		4%	n/a		30%	118%		18%	n/a
S&M	7,855	7,960	8,942	2,249	2,560	n/a	1,532	1,746	3,811	3,781	4,306	n/a
% Growth		1%	12%		14%	n/a		14%	118%		14%	n/a
Other	2,604	2,726	3,335	1,039	1,027	n/a	747	772	1,685	1,786	1,799	n/a
% Growth		5%	22%		-1%	n/a		3%	118%		1%	n/a
Total	14,430	15,017	18,772	4,400	4,738	n/a	3,676	4,335	9,463	8,076	9,073	n/a
% Growth		4%	25%		8%	n/a		18%	118%		12%	n/a

*FY95 Plan
Novell headcount estimated based on most recent filing

Probate for WPAnalyst?

MS-PCA 2614724

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Competitors' Advertising vs. Total Microsoft

	MS			Lotus			Novell			Lotus/Novell Combined		
	FY92	FY93	FY94	1991	1992	1993	1991	1992	1993	1992	1993	1994
Advertising	86,886	100,888	107,000	32,207	40,834	48,093	27,980	35,652	38,719	60,187	76,486	86,812
% of FG Rev	3.9%	3.4%	2.9%	3.9%	4.5%	4.9%	3.9%	3.6%	3.4%	3.9%	4.0%	4.1%
% of Total Rev.	3.1%	2.7%	2.3%	3.9%	4.5%	4.9%	3.9%	3.6%	3.4%	3.9%	4.0%	4.1%

Comparative Analysis
Contribution P&L - S&M
MS Budget FY95 vs Lotus & Novell Trailing Twelve Months

Competitors' P&Ls vs. Total Microsoft
Management P&L Format

	MICROSOFT						LOTUS						NOVELL						NOVELL & LOTUS					
	Int'l	%	Domestic	%	Total	%	Int'l	%	Domestic	%	Total	%	Int'l	%	Domestic	%	Total	%	Int'l	%	Domestic	%	Total	%
Net revenues	3,155,674	100.0%	2,110,511	100.0%	5,266,185	100.0%	454,248	100.0%	492,103	100.0%	946,351	100.0%	859,173	100.0%	1,138,904	100.0%	1,998,077	100.0%	1,313,422	100.0%	1,631,006	100.0%	2,944,428	100.0%
Cost of revenues	452,259	14.3%	374,672	17.8%	826,931	15.7%	83,911	18.5%	90,904	18.5%	174,815	18.5%	200,838	23.4%	266,228	23.4%	467,066	23.4%	284,750	21.7%	357,131	21.9%	641,881	21.8%
Gross profit	2,703,415	85.7%	1,735,839	82.2%	4,439,254	84.3%	370,337	81.5%	401,199	81.5%	771,536	81.5%	658,335	76.6%	872,676	76.6%	1,531,011	76.6%	1,028,672	78.3%	1,273,875	78.1%	2,302,547	78.2%
People	261,817	8.3%	226,778	10.7%	488,595	9.3%	63,742	14.0%	95,735	19.5%	159,477	16.9%	102,974	12.0%	112,421	9.9%	215,396	10.8%	166,716	12.7%	208,156	12.8%	374,872	12.7%
Infrastructure	141,015	4.5%	85,262	4.0%	226,277	4.3%	34,331	7.6%	35,993	7.3%	70,325	7.4%	55,462	6.5%	42,267	3.7%	97,729	4.9%	89,793	6.8%	78,261	4.8%	168,054	5.7%
Other expense	266,299	8.4%	263,171	12.5%	529,469	10.1%	109,055	24.0%	118,143	24.0%	227,198	24.0%	90,818	10.6%	120,366	10.6%	211,204	10.6%	199,873	15.2%	238,529	14.6%	438,402	14.9%
Controllable expenses	748,018	23.7%	605,282	28.7%	1,353,300	25.7%	218,484	48.1%	256,883	52.2%	475,367	50.2%	270,732	31.5%	291,302	25.6%	562,034	28.1%	489,216	37.2%	548,185	33.6%	1,037,401	35.2%
Responsibility margin	1,955,397	62.0%	1,130,557	53.6%	3,085,954	58.6%	151,853	33.4%	144,316	29.3%	296,169	31.3%	387,603	45.1%	581,374	51.0%	968,977	48.5%	539,456	41.1%	725,690	44.5%	1,265,146	43.0%
Shared resources in	339,931	10.8%	253,014	12.0%	592,951	11.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Shared resources out	-269,421	-8.5%	-143,855	-6.8%	-413,276	-7.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Shared resource margin	1,884,881	59.7%	1,020,398	48.3%	2,905,279	55.2%	151,853	33.4%	144,316	29.3%	296,169	31.3%	387,603	45.1%	581,374	51.0%	968,977	48.5%	539,456	41.1%	725,690	44.5%	1,265,146	43.0%
Corporate allocations	577,184	18.3%	386,421	18.3%	964,795	18.3%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Contribution margin	1,307,097	41.4%	633,977	30.0%	1,941,074	36.9%	151,853	33.4%	144,316	29.3%	296,169	31.3%	387,603	45.1%	581,374	51.0%	968,977	48.5%	539,456	41.1%	725,690	44.5%	1,265,146	43.0%
Shared resources	70,516	2.2%	110,159	5.2%	180,675	3.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Corporate allocations																								
G&A	136,278	4.3%	91,142	4.3%	227,420	4.3%	64,899	14.7%	72,473	14.7%	139,372	14.7%	151,501	17.6%	200,827	17.6%	352,328	17.6%	218,400	16.6%	273,300	16.8%	491,700	16.7%
R&D	441,506	14.0%	295,279	14.0%	736,785	14.0%	69,681	15.3%	75,488	15.3%	145,169	15.3%	149,084	17.4%	197,622	17.4%	346,706	17.4%	218,765	16.7%	273,110	16.7%	491,875	16.7%
Operating income	1,307,097	41.4%	633,977	30.0%	1,941,074	36.9%	15,273	3.4%	-3,645	-0.7%	11,628	1.2%	87,018	10.1%	182,925	16.1%	269,943	13.5%	102,292	7.8%	179,219	11.0%	281,511	9.6%
People exp per avg head	70		58		64		70		58		63		70		58		63		58		58			
Infrastructure exp per avg head	38		22		30		38		22		27		38		22		29		38		22			
Revenue per avg head	847		539		689		501		298		370		587		587		587		654		454			
Headcount:																								
FG	3,778		1,480		5,258																			
PSS	Incl		1,990		1,990																			
MCS, Other AT, Press	0		736		736																			
Year-end Hdct (excl OEM, R&D)	3,778		4,206		7,984		907		1,653		2,560		1,465		1,941		3,406		2,371		3,595		5,966	
Avg Headcount	3,724		3,917		7,641																			
Beginning HC	3,670		3,627		7,297																			

Assumptions:

1) Oracle, Lotus and Novell may include OEM but MS does not
2) Domestic MS includes FG, Other AT, On-line and Press.
3) International PSS headcount is included in FG headcount.
4) PSS expenses are included in controllable expense.
5) Oracle, Lotus and Novell International and domestic cost of revenues are assumed to be equal relative to revenues.
6) Oracle, Lotus and Novell people and facilities expense per head equals MS.
7) Oracle, Lotus and Novell other expense equals -1.2% of net revenues.
8) Oracle, Lotus and Novell other expense is allocated out.
9) MS Marketing include 157 million for Broad Reach.

Notes:

* Lotus's G&A includes 170.5 million of restructuring costs.
* Novell's G&A includes 190.5 million of restructuring costs.
* Novell's 1994 headcount is assumed to be in the same proportion between S&M and total h/c and between international & domestic as in 1993
* MS People expense not adjusted for change in accounting of PSS people between FY94 and FY95

MS-PCA 2614726

BSD Revenue

Region	Country	Second Half of FY94	Full Year Forecasted FG Rev.			FY95 Budget	Var %
			First Half of FY95	Second Half of FY95	FY95 Full Year		
No. America	US	36,238	71,204	103,381	174,585	178,631	-2%
	Canada	4,215	8,414	8,434	16,848	17,761	-5%
UK	UK	6,638	9,024	15,361	24,384	21,862	12%
Nordic	Sweden	2,182	3,356	5,697	9,053	6,610	37%
	Norway	840	1,437	2,671	4,109	2,584	59%
	Denmark	621	1,169	2,207	3,376	2,475	36%
	Finland	537	832	1,338	2,170	1,838	18%
Central Europe	Germany	3,948	7,908	12,712	20,621	14,758	40%
	Poland	62	155	480	635	743	-15%
	Czechoslovakia	92	316	345	661	349	89%
	Hungary	31	201	253	454	421	8%
	Russia	124	332	416	749	183	309%
	Slovenia	0	19	36	55	78	-29%
	Austria	334	918	1,526	2,443	1,820	34%
	Switzerland	1,275	1,826	2,764	4,591	6,352	-28%
	East Europe Other	61	79	87	166	27	516%
France	France	4,927	6,127	10,183	16,309	14,249	14%
Southern Europe	Spain	380	925	1,432	2,357	2,026	16%
	Portugal	201	277	669	947	1,072	-12%
	Italy	1,056	1,654	3,503	5,156	4,875	6%
Benelux	Belgium	751	903	1,997	2,901	4,099	-29%
	Holland	1,090	1,686	3,280	4,967	5,555	-11%
Far East	Japan	6,319	11,543	24,101	35,645	20,735	72%
APAC	Australia	2,736	3,352	5,321	8,673	8,294	5%

MS-PCA 2614727

Consumer Division Revenue

Region	Country	Second Half of FY94	Full Year Forecasted FG Rev.			FY95 Budget	Var %
			First Half of FY95	Second Half of FY95	FY95 Full Year		
No. America	US	91,756	160,335	141,246	301,581	352,918	-15%
	Canada	7,759	12,889	7,746	20,636	24,514	-16%
UK	UK	13,336	18,842	19,626	38,467	36,978	4%
Nordic	Sweden	4,343	4,318	6,063	10,381	11,503	-10%
	Norway	628	816	1,042	1,858	2,011	-8%
	Denmark	1,385	1,458	1,346	2,804	3,070	-9%
	Finland	447	585	436	1,021	1,301	-22%
Central Europe	Germany	16,729	11,481	14,051	25,531	40,416	-37%
	Poland	192	319	250	569	583	-2%
	Czechoslovakia	124	313	300	613	365	68%
	Hungary	313	307	542	849	604	41%
	Russia	184	166	228	394	138	185%
	Slovenia	0	27	27	54	43	24%
	Austria	935	1,556	1,430	2,986	2,229	34%
	Switzerland	2,980	2,452	3,139	5,591	6,503	-14%
	East Europe Other	59	44	44	88	22	298%
France	France	7,880	12,710	13,139	25,849	21,417	21%
Southern Europe	Spain	937	1,200	1,264	2,465	1,987	24%
	Portugal	155	405	463	868	411	111%
	Italy	3,148	3,670	4,173	7,843	8,419	-7%
Benelux	Belgium	1,137	2,113	2,062	4,176	2,605	60%
	Holland	1,151	1,963	2,005	3,968	2,455	62%
Far East	Japan	10,619	6,897	8,000	14,896	21,369	-30%
APAC	Australia	4,685	8,155	10,385	18,540	19,681	-6%

MS-PCA 2614728

Operating Systems Forecast Reconciliation

| | Per Subs | | | | | | | | Per OEM |
| | Actual FY94 | | Actual H95-1 | | Fcst. FY95 | | Budget FY95 | | Fcst. FY95 |
	Units	%	Units	%	Units	%	Units	%	Units
Europe									
PC-DOS	517	5%	376	6%	754	6%	376	3%	
MS-DOS	8,575	75%	5,029	76%	9,919	76%	8,168	63%	
DR-DOS	143	1%	49	1%	73	1%	120	1%	
Windows 95	0	0%	0	0%	0	0%	1,978	15%	
Windows NT	34	0%	50	1%	123	1%	133	1%	
Netware	128	1%	90	1%	174	1%	108	1%	
OS/2	407	4%	346	5%	714	5%	565	4%	
Unix	160	1%	75	1%	152	1%	184	1%	
Other	71	1%	19	0%	38	0%	94	1%	
Unlicensed PCs	1,364	12%	626	9%	1,100	8%	1,260	10%	
Total	11,400		6,660		13,045		12,985		13,815
APAC									
PC-DOS *	48	3%	43	6%	102	5%	61	4%	
MS-DOS	955	62%	511	70%	1,253	64%	870	50%	
DR-DOS	14	1%	4	0%	7	0%	13	1%	
Windows 95	50	3%	0	0%	0	0%	269	15%	
Windows NT	7	0%	6	1%	14	1%	27	2%	
Netware	6	0%	10	1%	25	1%	1	0%	
OS/2	28	2%	19	3%	44	2%	37	2%	
Unix	19	1%	10	1%	26	1%	20	1%	
Other	9	1%	5	1%	10	1%	14	1%	
Unlicensed PCs	416	27%	119	16%	492	25%	426	25%	
Total	1,553		726		1,973		1,738		2,220
FE									
PC-DOS	279	6%	185	8%	366	7%	0	0%	
MS-DOS	3,209	74%	1,710	74%	3,943	75%	3,660	76%	
DR-DOS	17	0%	6	0%	7	0%	17	0%	
Windows 95	136	3%	0	0%	0	0%	347	7%	
Windows NT	8	0%	6	0%	28	1%	80	2%	
Netware	48	1%	42	2%	96	2%	0	0%	
OS/2	83	2%	117	5%	214	4%	121	3%	
Unix	29	1%	17	1%	38	1%	60	1%	
Other	159	4%	49	2%	126	2%	137	3%	
Unlicensed PCs	382	9%	190	8%	462	9%	393	8%	
Total	4,352		2,323		5,279		4,816		6,030
NA									
PC-DOS	1,353	31%	889	38%	1,750	33%	1,164	24%	
MS-DOS	11,786	271%	7,979	343%	15,615	296%	14,038	291%	
DR-DOS	211	5%	55	2%	110	2%	287	6%	
Windows 95	0	0%	0	0%	0	0%	0	0%	
Windows NT	43	1%	118	5%	225	4%	76	2%	
Netware	0	0%	126	5%	250	5%	0	0%	
OS/2	593	14%	205	9%	410	8%	745	15%	
Unix	134	3%	95	4%	185	4%	174	4%	
Other	112	3%	18	1%	40	1%	83	2%	
Unlicensed PCs	2,458	56%	1,542	66%	3,010	57%	2,540	53%	
Total	16,689		11,025		21,595		19,105		21,595

MS-PCA 2614729

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Marketing

	North America US	Canada	UK	France	Benelux Denmark	Norway	Sweden	Finland	Benelux Belgium	Netherl	Germany	Central Europe Austria	Switz	France	Central Europe Benelux	Spain	Southern Europe Denmark	Italy	Regns	APAC Annual	3 year
FPP Avg Revenue/License																					
Indexed from MS-US	$487	$470	$585	$504	$741	$810	$728	$806	$754	$732	$781	$750	$760	$658	$768	$378	$719	$586	$598	$370	n/a
Avg Revenue/License	1.00	0.97	1.18	1.04	1.52	1.66	1.49	1.66	1.55	1.50	1.60	1.56	1.56	1.35	1.58	0.77	1.48	1.20	1.23	0.76	n/a
Indexed from MS-US	$260	$224	$328	$337	$455	$327	$439	$334	$408	$444	$473	$457	$382	$280	$467	$279	$374	$376	$367	$270	$394
Avg Revenue as % of FPP	1.00	0.86	1.26	1.30	1.75	1.26	1.69	1.29	1.57	1.71	1.82	1.76	1.47	1.08	1.80	1.07	1.44	1.45	1.40	1.04	1.51
Loc Language FPP Street Price MS	53%	48%	56%	67%	61%	40%	60%	41%	54%	61%	60%	60%	50%	43%	61%	74%	52%	64%	65%	73%	
Indexed from MS-US	$460	$455	$586	$585	$618	$622	$673	$585	n/a	$719	$792	n/a	$701	$880	$725	n/a	$641	$608	$660	$518	$465
Markup from FPP to MS	1.00	0.99	1.40	1.49	1.34	1.35	1.48	1.27	n/a	1.56	1.72	n/a	1.52	1.50	1.58	n/a	n/a	1.32	1.43	1.13	1.01
% Above/(Below) Lotus FPP	(6%)	(3%)	22%	36%	(17%)	(24%)	(8%)	(27%)	n/a	(2%)	1%	n/a	(8%)	5%	(6%)	n/a	n/a	4%	10%	40%	n/a
Loc Sale FPP Street Price	3%	(4%)	0%	34%	(17%)	(18%)	(11%)	(20%)	n/a	40%	10%	n/a	(17%)	(17%)	0%	n/a	n/a	n/a	2%	(1%)	3%
Indexed from US	$445	$475	$629	$513	$744	$754	$758	$731	n/a	$514	$719	n/a	$840	$628	$725	n/a	n/a	$0	$645	$524	$452
	1.00	1.07	1.41	1.15	1.67	1.69	1.70	1.64	n/a	1.16	1.62	n/a	1.89	1.66	1.63	n/a	n/a	0.00	1.45	1.18	1.02

Revenue Mix

	US	Canada	UK	France	Denmark	Norway	Sweden	Finland	Belgium	Netherl	Germany	Austria	Switz	France	Benelux	Spain	Denmark	Italy	Regns	APAC	3 year
Full Pkg Prod	38%	28%	43%	33%	48%	20%	40%	42%	42%	8%	13%	10%	33%	52%	32%	54%	36%	2%	19%	54%	0%
Competitive Upgrade	38%	36%	5%	5%	19%	34%	26%	3%	23%	83%	83%	83%	8%	18%	14%	20%	11%	84%	61%	20%	0%
Select (STD)	7%	1%	12%	10%	9%	16%	5%	2%	10%	1%	1%	1%	33%	15%	28%	0%	20%	7%	6%	1%	100%
MLP/MOLP (STD)	10%	0%	19%	15%	10%	0%	16%	15%	11%	2%	3%	3%	7%	5%	14%	15%	8%	2%	5%	3%	0%
OEM Packaged	0%	0%	0%	2%	1%	0%	1%	0%	1%	0%	0%	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%
OEM License	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	0%
Special Agreements	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	12%	0%
Academic	12%	26%	17%	35%	12%	11%	13%	13%	5%	0%	1%	3%	18%	12%	12%	2%	18%	5%	0%	3%	0%

License Mix

	US	Canada	UK	France	Denmark	Norway	Sweden	Finland	Belgium	Netherl	Germany	Austria	Switz	France	Benelux	Spain	Denmark	Italy	Regns	APAC	3 year
Full Pkg Prod	19%	13%	25%	22%	30%	12%	24%	17%	23%	5%	8%	6%	18%	22%	20%	40%	19%	2%	18%	39%	0%
Competitive Upgrade	31%	26%	6%	5%	22%	22%	24%	2%	21%	83%	88%	86%	10%	15%	21%	29%	13%	80%	58%	19%	0%
Select (STD)	7%	1%	13%	9%	10%	13%	5%	2%	10%	1%	1%	1%	29%	16%	31%	0%	27%	7%	4%	2%	100%
MLP/MOLP (STD)	6%	0%	15%	8%	5%	0%	13%	6%	0%	2%	2%	2%	4%	2%	10%	13%	5%	1%	0%	2%	0%
OEM Packaged	0%	0%	0%	12%	2%	0%	1%	0%	1%	0%	0%	0%	5%	0%	0%	0%	3%	0%	4%	0%	0%
OEM License	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%	0%
Special Agreements	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	0%
Academic	37%	54%	38%	43%	20%	11%	34%	73%	36%	9%	1%	5%	35%	43%	18%	10%	33%	11%	20%	16%	0%

Revenue Per License

	US	Canada	UK	France	Denmark	Norway	Sweden	Finland	Belgium	Netherl	Germany	Austria	Switz	France	Benelux	Spain	Denmark	Italy	Regns	APAC	3 year
Full Pkg Prod	$487	$470	$565	$504	$741	$810	$728	$806	$754	$732	$781	$759	$760	$658	$768	$378	$719	$586	$598	$370	
Competitive Upgrade	$304	$311	$273	$320	$407	$402	$461	$467	$447	$440	$444	$442	$311	$292	$310	$286	$305	$398	$408	$280	
Select (STD)	$266	$240	$295	$373	$423	$386	$472	$427	$412	$420	$423	$423	$428	$239	$414	n/a	$402	$352	$364	$251	$394
MLP/MOLP (STD)	$386	$330	$409	$613	$545	$378	$540	$645	$508	$597	$899	$645	$647	$778	$670	$314	$641	$471	$477	$388	
OEM Packaged	n/a	n/a	n/a	$83	$300	$300	n/a	n/a	$300	n/a	n/a	n/a	$74	n/a	n/a	n/a	$74	n/a	n/a	n/a	
OEM License	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$235	
Special Agreements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$100	$79	$301	$34	$178	$108	$183	$214	
Academic	$84	$108	$157	$102	$84	$182	$162	$175	$146	$280	$235	$276								$55	

Units Per License Mix

	US	Canada	UK	France	Denmark	Norway	Sweden	Finland	Belgium	Netherl	Germany	Austria	Switz	France	Benelux	Spain	Denmark	Italy	Regns	APAC	3 year
Full Pkg Prod	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Competitive Upgrade	82%	66%	63%	55%	55%	60%	66%	58%	59%	60%	57%	58%	41%	44%	40%	78%	42%	68%	88%	78%	
Select (STD)	55%	51%	74%	74%	57%	65%	53%	53%	57%	54%	54%	56%	56%	38%	54%	n/a	56%	80%	81%	68%	
MLP/MOLP (STD)	80%	70%	122%	131%	74%	75%	105%	67%	82%	85%	85%	85%	65%	118%	87%	84%	89%	80%	80%	104%	
OEM Packaged	n/a	n/a	13%	13%	40%	41%	n/a	n/a	40%	n/a	n/a	n/a	10%	16%	n/a	n/a	10%	80%	80%	64%	
OEM License	n/a	n/a	50%	50%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	84%	
Special Agreements	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	58%	
Academic	17%	23%	54%	26%	10%	22%	22%	22%	36%	36%	30%	36%	28%	12%	39%	0%	25%	34%	31%	15%	

Totals

	US	Canada	UK	France	Denmark	Norway	Sweden	Finland	Belgium	Netherl	Germany	Austria	Switz	France	Benelux	Spain	Denmark	Italy	Regns	APAC	3 year
Revenue (USD 000s)	######	17,110	9,200	4,899	2,160	1,461	322	6,661	2,870	5,000	17,588	3,657	5,444	507	27,195	3,347	58	6,608	13,770	.7	
Licenses (000s)	394	52	27	11	7	3	1	22	8	11	46	13	12	2	73	9	0	17	26	.7	0

* Street price data from FY95 planning cycle

| | North America | | UK | France | Nordic | | | | Benelux | | | | Central Europe | | | | Southern Europe | | | | | |
	US	Austr	UK	France	Denmk	Sweden	Finland	Norway	Belium	Nethr	Britani	Rertin	Germny	Austri	Switz	F Fugst	Revun	Spain	Portugl	Italy	Revun	Australia	Japan
Pricing data																							
FPP Avg Revenue/License																							
Indexed from MS-US	1.00	0.94	1.09	1.56	1.45	1.41		1.57	1.37	1.44	1.59	1.60	1.64	1.84	1.38	1.40	1.36	1.27	1.38	1.17	1.20	0.73	1.01
Avg Revenue/License																							
Indexed from MS-US	1.00	0.98	1.22	1.62	1.20	1.58		1.40	1.52	1.49	1.50	1.47	1.44	1.08	1.61	0.80	1.44	1.28	1.35	1.42	1.30	0.70	1.16
Last Language FPP Street Price M	37%	59%	63%	66%	47%	63%		54%	63%	59%	54%	50%	52%	45%	65%	87%	64%	56%		88%	85%	54%	65%
Indexed from MS-US																							
Markup from FPP to I	13%	18%	55%	8%	5%	7%		5%	5%	n/a	11%	19%	7%	24%									
% Above/(Below) Loft	3%	(4%)	9%	34%	(11%)	(17%)				n/a	40%	27%	(17%)	(17%)									
Local Sales FPP Street Price	$445	$475	$629	$513	$754	$744		$756	$731		$514	$719	$840										
Indexed from US	1.00	1.07	1.41	1.15	1.69	1.67		1.70	1.64		1.16	1.62	1.89	1.66	1.63			1.22	1.45			1.16	1.02
Revenue Mix																							
Full Pkg Prod	32%	32%	36%	29%	11%		30%	34%	35%	13%	5%	8%	34%	25%	23%	42%	32%	1%	7%	24%	18%	13%	27%
Competitive Upgrade	33%	39%	0%	9%	42%		34%	20%	23%	61%	46%	53%	10%	15%	15%	23%	12%	86%	83%	39%	52%	24%	59%
Select (STD)	13%	9%	19%	17%	8%		0%	6%	13%	11%	40%	28%	32%	50%	30%	1%	20%	7%	1%	16%	14%	15%	3%
MLP/MOLP (STD)	0%	12%	24%	25%	26%		17%	21%	20%	12%	9%	10%	21%	14%	26%	30%	23%	2%	0%	15%	12%	14%	8%
OEM Packaged	0%	0%	1%	3%	0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
OEM License	10%	1%	4%	2%	0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Special Agreements	3%	8%	6%	0%	13%		9%	9%	10%	2%	0%	1%	3%	2%	0%	3%	3%	2%	0%	5%	4%	32%	0%
Academic																						2%	2%
Licens Mix																							
Full Pkg Prod	18%	19%	23%	19%	5%		16%	22%	21%	7%	3%	4%	21%	11%	15%	28%	21%	(0%)	4%	17%	12%	7%	18%
Competitive Upgrade	34%	41%	14%	14%	34%		38%	23%	25%	62%	47%	63%	15%	15%	21%	33%	20%	86%	80%	36%	50%	35%	87%
Select (STD)	14%	10%	23%	23%	7%		8%	7%	13%	18%	44%	33%	41%	61%	34%	0%	32%	7%	1%	19%	15%	12%	5%
MLP/MOLP (STD)	7%	8%	10%	21%	16%		12%	14%	14%	0%	6%	7%	16%	8%	19%	28%	18%	2%	0%	13%	10%	7%	5%
OEM Packaged	0%	0%	2%	3%	0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	8%
OEM License	18%	1%	5%	4%	0%		0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Special Agreements	8%	21%	13%	5%	0%		0%	0%	0%	1%	0%	0%	0%	2%	0%	0%	3%	0%	0%	0%	4%	32%	0%
Academic				11%	37%		26%	34%	27%		1%	2%	8%	7%	12%	12%	10%	3%	15%	15%	12%	9%	3%
Revenue by License																							
Full Pkg Prod	$407	$384	$443	$637	$590	$575		$640	$558	$585	$647	$667	$654	$658	$554	$572	$276	$518	$561	$478	$490	$297	$411
Competitive Upgrade	$224	$211	$188	$274	$333	$307		$311	$306	$313	$343	$325	$334	$288	$155	$288	$130	$200	$328	$355	$328	$104	$236
Select (STD)	$213	$194	$238	$316	$312	$317		$366	$300	$322	$217	$298	$280	$316	$203	$322	$282	$207	$274	$281	$281	$207	$179
MLP/MOLP (STD)	$325	$331	$343	$503	$442	$484		$518	$544	$485	$461	$516	$467	$546	$555	$521	$214	$428	$384	$370	$371	$308	$293
OEM Packaged	n/a	n/a	$343	$381	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OEM License	n/a	n/a	$145	$177	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	$127	$248	$219	$338	$98	$135		$124	$183	$129	$202	$173	$108	$142	$64	$193	$52	$119	$181	$180	$104	$174	$31
Academic	$64	$88	$128																				$181
% Revenue by License																							
Full Pkg Prod	100%	100%	100%	100%	100%	100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Competitive Upgrade	55%	55%	42%	53%	57%	53%		49%	55%	54%	53%	49%	51%	41%	28%	47%	40%	40%	58%	74%	67%	35%	57%
Select (STD)	52%	50%	54%	55%	53%	55%		57%	54%	55%	33%	45%	43%	37%	47%	58%	57%	57%	49%	59%	57%	70%	44%
MLP/MOLP (STD)	80%	86%	78%	84%	75%			81%	97%	83%	71%	77%	74%	83%	100%	91%	102%	78%	82%	40%	77%	76%	103%	71%
OEM Packaged	n/a	n/a	33%	60%	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
OEM License	n/a	n/a	n/a	86%	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	31%	65%	49%	28%	n/a	n/a		n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	50%	n/a
Academic	16%	23%	20%	53%	19%	23%		19%	33%	22%	31%	22%	26%	30%	22%	11%	34%	19%	23%	32%	22%	23%	10%	39%
Total																							
Revenue (USD 000s)	201,163	17,144	36,209	33,654	#####	1,900	3,550		020	16,858	2,414	5,703	32,528	3,768	9,646	7,056	52,998	3,284	828	#####	15,302	7,538	69,023
Licenses (000s)	874	78	120	60	28	7	10		3	40	7	17	81	15	28	38	180	11	3	34	46	47	282

* Street price data from FY95 planning cycle

MS-PCA 2614731

This page consists of a large rotated spreadsheet titled "FG Pricing Comparison - December YTD Actual / WIN/CRS Word (New User) / Local Language Revenues" with column groups for North America, Nordic, Pacific, Benelux, Central Europe, and Southern Europe and row sections as follows.

Attributes
- FPP Avg Revenue/License
- Indexed from MS US
- Avg Revenue/License
- Indexed from MS-US
- Avg Revenue as % of ...
- Local Language FPP Street Price
- Indexed from MS-US
- Markup from FPP to ...
- % Above/(Below) Loc...
- Word Perfect FPP Street Price
- Indexed from US

Revenue Mix
- Full Pkg Prod
- Competitive Upgrade
- Select (STD)
- MLP/MOLP (STD)
- OEM Packaged
- OEM License
- Special Agreements
- Academic

License Mix
- Full Pkg Prod
- Competitive Upgrade
- Select (STD)
- MLP/MOLP (STD)
- OEM Packaged
- OEM License
- Special Agreements
- Academic

Internal Mix License
- Full Pkg Prod
- Competitive Upgrade
- Select (STD)
- MLP/MOLP (STD)
- OEM Packaged
- OEM License
- Special Agreements
- Academic

Bundle/Internal Mix Bundle
- Full Pkg Prod
- Competitive Upgrade
- Select (STD)
- MLP/MOLP (STD)
- OEM Packaged
- OEM License
- Special Agreements
- Academic

Total
- Revenue (USD 000s)
- Licenses (000s)

* Street price data from FY95 planning cycle

MS-PCA 2614732

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FG Pricing Comparison - December YTD Actual
WIN/CRS Excel (New User)
Local Language Revenues

Product 1

FPP Avg Revenue/License
  Indexed from MS-US
Avg Revenue/License
  Indexed from MS-US
  Avg Revenue as % of FPP
Loc Language FPP Street Price AU
  Indexed from MS-US
  Markup from FPP to MS
  % Above/(Below) Lotus FPP
Lotus Spreadsheet FPP Street Price
  Indexed from US

Revenue Mix

Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
OEM License
Special Agreements
Academic

License Mix

Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
OEM License
Special Agreements
Academic

Revenue/License

Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
OEM License
Special Agreements
Academic

Avg Loc Lang Mix

Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
OEM License
Special Agreements
Academic

Totals

Revenue (USD 000s)
Licenses (000s)

* Street price data from FY95 planning cycle

MS-PCA 2614733

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FG Pricing Comparison - FY95 Budget
WIN - Office Professional (New User)
Local Language Revenues

	North America		UK	Frnce	Nordic						Germny			Central Europe			Southern Europe					APAC	Total
	US	Cnnda	UK	Frnce	Sueden	Denmrk	Nrwny	Thlnd	Rssn	Brtnn	Brmnn	Nrthr	Rssn	Dsmrn	Austrn	Suitz	F.Eurp	Mexco	Brmnd	Itle	Revtm	Austral	Trtml
FPP Avg Revenue/License	$492	$438	$463	$434	$632	$632	$632	$632	$629	$632	$578	$550	$562	$653	$649	$680	$657	$488	n/a	$578	$574	$458	$452
Indexed from MS-US	1.00	0.89	0.94	0.88	1.28	1.28	1.28	1.28	1.28	1.28	1.18	1.12	1.14	1.33	1.33	1.38	1.34	0.99	n/a	1.17	1.17	0.93	0.92
Avg Revenue/License	$370	$359	$350	$401	$459	$420	$443	$447	$442	$443	$416	$413	$414	$490	$451	$541	$404	$293	n/a	$413	$380	$340	$332
Indexed from MS-US	1.00	0.97	0.95	1.09	1.24	1.14	1.20	1.21	1.20	1.24	1.18	1.12	1.12	1.22	1.22	1.46	1.34	0.79	n/a	1.12	1.03	0.92	0.90
Avg Revenue as % of FPP	75%	82%	75%	92%	73%	66%	70%	71%	70%	73%	72%	75%	74%	75%	69%	80%	75%	60%	n/a	72%	66%	74%	73%
Local Language FPP Street Price his	$460	$455	$686	$685	$618	$673	$585	$585	$573	$622	$719	$702	n/a	$701	$689	$725	n/a	$808	$0	$660	n/a	$518	$485
Indexed from MS-US	1.00	0.99	1.49	1.49	1.34	1.46	1.27	1.27	1.35	1.35	1.56	1.52	n/a	1.52	1.50	1.58	n/a	1.32	0.00	1.43	n/a	1.13	1.01
Markup from FPP to MS	(8%)	4%	48%	58%	(2%)	7%	(7%)	(7%)	(2%)	7%	24%	7%	n/a	7%	6%	1.58	n/a	25%	0.00	15%	n/a	19%	3%
% Above/(Below) Lotus FPP	3%	(4%)	0%	34%	(17%)	(2%)	(18%)	(20%)	(16%)	(11%)	40%	44%	n/a	(17%)	(17%)	0%	n/a	10%	(100%)	2%	n/a	19%	3%
Local Sale FPP Street Price																							
Indexed from US	$445	$473	$620	$513	$744	$758	$754	$731	$514	$719	$514	$719	n/a	$840	$828	$725	$541	$0	$541	$845	n/a	$524	$452
	1.00	1.07	1.41	1.15	1.67	1.70	1.69	1.64	1.16	1.62	1.18	1.62	n/a	1.89	1.86	1.63	1.22	0.00	1.45	1.18	n/a	1.18	1.02
Margin Mix																							
Full Pkg Prod	60%	10%	44%	71%	51%	41%	54%	43%	40%	31%	22%	21%	25%	65%	53%	56%	55%	3%	n/a	38%	31%	61%	52%
Competitive Upgrade	22%	0%	18%	2%	5%	24%	5%	21%	10%	52%	60%	44%	47%	0%	0%	0%	0%	90%	n/a	36%	47%	14%	27%
Select (STD)	7%	1%	12%	8%	14%	8%	7%	11%	11%	7%	8%	7%	7%	18%	14%	23%	17%	2%	n/a	5%	4%	8%	1%
MLP/MOLP (STD)	0%	1%	18%	8%	28%	23%	30%	15%	27%	0%	10%	27%	21%	21%	30%	20%	22%	1%	n/a	16%	13%	18%	11%
OEM Packaged	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	n/a	0%	0%	0%	0%
Special Agreements	0%	0%	0%	1%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	n/a	0%	0%	0%	0%
Academic	2%	88%	0%	12%	2%	6%	4%	3%	3%	0%	0%	0%	0%	8%	3%	0%	6%	4%	n/a	5%	5%	0%	8%
Revenue Mix																							
Full Pkg Prod	45%	8%	33%	65%	36%	30%	36%	30%	34%	22%	18%	16%	18%	42%	37%	45%	42%	2%	n/a	28%	21%	45%	36%
Competitive Upgrade	25%	0%	20%	1%	14%	25%	10%	24%	18%	60%	50%	54%	0%	0%	0%	0%	88%	n/a	40%	52%	25%	32%
Select (STD)	9%	1%	12%	8%	16%	7%	8%	16%	13%	8%	8%	8%	21%	16%	33%	22%	2%	n/a	7%	8%	11%	2%
MLP/MOLP (STD)	11%	1%	15%	8%	28%	23%	27%	18%	28%	10%	25%	20%	21%	28%	22%	22%	1%	n/a	15%	11%	19%	12%
OEM Packaged	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	n/a	0%	0%	0%	0%
Special Agreements	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	n/a	0%	0%	0%	0%
Academic	10%	90%	20%	17%	7%	15%	10%	10%	9%	0%	0%	0%	8%	17%	19%	1%	15%	10%	n/a	10%	5%	0%	17%
Unit Mix / Revenue Detail																							
Full Pkg Prod	$492	$438	$463	$434	$632	$632	$632	$629	$632	$578	$550	$562	$653	$649	$680	$657	$488	n/a	$578	$574	$458	$452
Competitive Upgrade	$331	n/a	$318	$463	$171	$437	$104	$384	$250	$361	$364	$363	n/a	$379	$388	n/a	$308	n/a	$368	$341	$184	$281
Select (STD)	$293	$339	$331	$318	$382	$383	$382	$382	$382	$380	$356	$357	$382	$379	$400	$363	$309	n/a	$277	$280	$231	$287
MLP/MOLP (STD)	$304	$388	$415	$521	$451	$464	$462	$463	$458	$463	$440	$444	$489	$482	n/a	$490	$363	n/a	$438	$434	$330	$327
OEM Packaged	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	n/a	n/a	$197	n/a	n/a	$178	$169	$136	$152	n/a	n/a	$222	$78	$250	n/a	$204	$125	n/a	$208	$185	n/a	n/a
Academic	$58	$332	$158	$202	$128	$176	$138	$152	n/a	n/a	$161
Unit/Detail Mix																							
Full Pkg Prod	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	n/a	100%	100%	100%	100%
Competitive Upgrade	87%	69%	111%	69%	27%	89%	17%	81%	40%	61%	65%	66%	n/a	59%	57%	n/a	83%	n/a	44%	59%	40%	62%
Select (STD)	80%	77%	73%	71%	80%	81%	80%	81%	60%	62%	64%	65%	59%	57%	58%	53%	n/a	48%	40%	50%	63%
MLP/MOLP (STD)	62%	89%	120%	n/a	71%	73%	73%	74%	72%	72%	76%	81%	75%	74%	73%	75%	n/a	76%	78%	72%	83%
OEM Packaged	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	n/a	n/a	45%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Academic	12%	80%	87%	20%	28%	27%	24%	22%	34%	n/a	n/a	34%	12%	37%	26%	n/a	39%	32%	n/a	35%
Total																							
Revenue (USD 000s)	77,654	6,105	34,675	16,622	9,250	3,633	3,214	1,040	17,138	1,304	2,358	3,662	57,324	7,173	12,848	77,343	1,279	0	4,888	6,165	8,522	10,935
Licenses (000s)	210	17	99	41	21	8	8	2	39	3	6	0	117	18	24	157	4	0	12	16	19	60

* Street price data from FY95 planning cycle

Revenue (USD 000s)	39,371	2,930	18,046	9,094	4,396	1,727	1,527	494	8,144	626	1,135	1,763	28,544	3,605	5,973	38,123	578	0	2,259	2,835	3,000	0
Licenses (000s)	106	8	46	23	10	4	4	1	16	2	3	4	59	8	11	78	2	0	5	7	0	0

* Street price data from FY95 planning cycle

MS-PCA 2614734

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FG Pricing Comparison - FY95 Budget .
WIN - Office (New User)
Local Language Revenues

| | North America | | UK | France | | Nordic | | | | | | Benelux | | | | | | Central Europe | | | | | | Southern Europe | | | | | APAC | RoW |
	US	Canada	UK	France	Sweden	Norway	Finland	Spain	Bishops	Denmark	Neth.	Portu	Germ..	Austria	Swit	C Europe	Benln	Spain	Portugal	Italy	Del	Sweden	APAC Abstract	Abstract Input
Retail LL																								
FPP Avg Revenue/License																								
Indexed from MS-US																								
Avg Revenue/License	$411	$382	$357	$433	$475	$527	$475	$500	$487	$500	$500	$500	$505	$505	$533	$201	$400	$423	$441	$461	$459	$372	$380
Indexed from MS-US	1.00	0.93	0.87	1.05	1.15	1.28	1.15	1.22	1.18	1.22	1.22	1.22	1.23	1.23	1.30	0.49	1.19	1.03	1.07	1.12	1.12	0.91	0.86
Avg Revenue as % of FPP	$287	$271	$264	$329	$339	$374	$358	$344	$349	$289	$278	$309	$378	$331	$424	$208	$370	$248	$315	$309	$293	$258	$268
Loc Language FPP Street Price MS	1.00	0.94	0.92	1.15	1.18	1.30	1.24	1.20	1.22	1.08	0.97	1.01	1.32	1.15	1.46	0.73	1.29	0.88	1.10	1.08	1.02	0.90	0.93
Indexed from MS-US	70%	71%	74%	76%	71%	71%	75%	69%	72%	62%	55%	58%	75%	66%	79%	103%	75%	59%	71%	87%	64%	69%	74%
Markup from FPP to MS	$460	$455	$686	$685	$618	$622	$673	$585	n/a	$710	$702	n/a	$701	$680	$725	n/a	n/a	$608	$0	$660	n/a	69%	74%
% Above/(Below) Lotus FPP	1.00	0.99	1.49	1.49	1.34	1.35	1.46	1.27	n/a	1.58	1.52	n/a	1.52	1.59	1.58	n/a	n/a	1.32	0.00	1.43	n/a	$518	$465
Loc Sales FPP Street Price	12%	19%	92%	56%	30%	18%	42%	17%	n/a	44%	58%	n/a	39%	37%	36%	n/a	n/a	44%	44%	43%	n/a	1.13	1.01
Indexed from US	3%	(4%)	0%	34%	(17%)	(18%)	(11%)	(20%)	n/a	40%	10%	n/a	(17%)	(17%)	0%	n/a	n/a	(100%)	(100%)	2%	n/a	39%	29%
	$445	$475	$629	$513	$744	$754	$756	$731	$514	$710	$710	$714	$840	$828	$725	$828	n/a	$0	$541	$645	n/a	$524	$452
	1.00	1.07	1.41	1.15	1.67	1.69	1.70	1.64	1.16	1.62	1.62	1.89	1.86	1.83	n/a	1.45	1.22	1.45	1.16	1.02			
Revenue Mix																								
Full Pkg Prod	45%	38%	45%	42%	44%	42%	46%	39%	43%	39%	18%	26%	56%	41%	56%	58%	54%	1%	34%	32%	25%	38%	50%
Competitive Upgrade	27%	41%	18%	3%	11%	23%	13%	28%	15%	46%	50%	48%	0%	0%	0%	3%	0%	93%	32%	35%	48%	20%	34%
Select (STD)	17%	0%	12%	24%	17%	6%	9%	13%	13%	8%	18%	13%	17%	24%	24%	0%	18%	0%	11%	5%	5%	6%	2%
MLP/MOLP (STD)	0%	8%	16%	21%	21%	23%	24%	16%	22%	0%	16%	12%	21%	32%	20%	39%	22%	0%	18%	19%	15%	37%	10%
OEM Packaged	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Special Agreements	0%	0%	0%	4%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Academic	1%	4%	9%	7%	7%	7%	7%	4%	7%	0%	0%	0%	7%	4%	0%	0%	6%	5%	5%	7%	6%	0%	4%
Linear Mix																								
Full Pkg Prod	32%	27%	33%	32%	31%	30%	35%	27%	31%	24%	10%	15%	42%	27%	45%	60%	41%	0%	24%	22%	16%	26%	37%
Competitive Upgrade	33%	47%	19%	2%	12%	26%	18%	33%	18%	60%	61%	61%	0%	0%	0%	5%	0%	89%	39%	37%	51%	25%	39%
Select (STD)	22%	10%	12%	31%	19%	7%	11%	15%	15%	10%	18%	15%	21%	28%	33%	0%	22%	0%	10%	10%	7%	8%	3%
MLP/MOLP (STD)	0%	7%	16%	19%	19%	22%	22%	15%	20%	6%	12%	10%	21%	26%	22%	35%	22%	0%	18%	17%	12%	41%	12%
OEM Packaged	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Special Agreements	0%	0%	0%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Academic	5%	8%	20%	9%	19%	15%	16%	11%	17%	0%	0%	0%	17%	19%	1%	0%	15%	10%	11%	15%	13%	0%	10%
Revenue by Channel																								
Full Pkg Prod	$411	$382	$357	$433	$475	$527	$475	$500	$487	$500	$500	$500	$505	$505	$533	$201	$400	$423	$441	$461	$459	$372	$380
Competitive Upgrade	$239	$238	$211	$403	$300	$333	$300	$289	$306	$239	$227	$232	$232	n/a	n/a	$120	$120	$280	$281	$296	$278	$202	$230
Select (STD)	$231	$238	$261	$250	$301	$301	$301	$301	$301	$256	$256	$256	$302	$300	$306	n/a	$302	$247	$336	$218	$228	$193	$228
MLP/MOLP (STD)	$284	$288	$314	$373	$386	$386	$388	$389	$386	$333	$387	$374	$378	$373	$388	$232	$360	$302	$358	$349	$349	$230	$228
OEM Packaged	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	n/a	n/a	n/a	$164	$133	$162	$150	$124	$141	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$129	$149	n/a	n/a	n/a	n/a
Academic	$62	$121	$123	$258	$133	$162	$150	$124	$141	n/a	$9	n/a	$159	$83	$173	n/a	$143	$129	$149	$138	$138	$230	$125
Revenue by Channel %																								
Full Pkg Prod	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Competitive Upgrade	58%	62%	59%	93%	63%	63%	63%	58%	63%	48%	45%	48%	60%	n/a	n/a	60%	24%	62%	59%	64%	61%	54%	84%
Select (STD)	56%	62%	73%	58%	67%	57%	60%	62%	62%	51%	51%	51%	59%	59%	57%	n/a	62%	66%	76%	47%	49%	52%	63%
MLP/MOLP (STD)	69%	75%	88%	86%	73%	73%	81%	78%	79%	77%	77%	75%	75%	74%	72%	115%	75%	71%	81%	76%	76%	62%	63%
OEM Packaged	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Special Agreements	n/a	n/a	n/a	38%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Academic	15%	32%	35%	59%	28%	31%	32%	25%	29%	n/a	n/a	n/a	31%	12%	32%	n/a	29%	30%	34%	30%	30%	n/a	35%
Totals																								
Revenue (USD 000s)	274,897	20,325	60,880	47,423	15,445	6,400	5,310	2,806	3,483	5,216	8,700	92,020	14,030	12,200	2,687	121,942	8,472	1,357	20,953	28,662	24,490	47,628	
Licenses (000s)	957	108	231	144	48	17	15	8	11	10	30	246	42	20	13	330	28	4	87	08	95	178	
Street price data from FY95 planning cycle	138,078	14,050	28,112	24,642	7,339	3,086	2,528	1,334	1,685	2,556	4,241	46,092	7,055	5,718	1,451	60,318	2,012	639	9,642	13,104	11,265	24,508	
Licenses (000s)	479	52	108	73	22	8	7	4	5	9	15	122	22	14	7	165	12	2	31	45	44	92	

Street price data from FY95 planning cycle

MS-PCA 2614735

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FG Pricing Comparison - FY95 Budget
WIN - Word (New User)
Local Language Revenues

	North America		IK		France		Nordic					Trubu			Central Europe						South Europe			APAC		F.Est
	US	Canad	UK	France	Sweden	Finlnd	Dnmrk	Norwy	Blgum	Nethr	Icelnd	Nethr	Strasz	Grman	Austri	Switz	E.Europ	Russn	Span	Portugl	Italy	Grecce	Austra	Austra	Japan

Pricing
FFP Avg Revenue/License
  Indexed from MS-US
Avg Revenue/License
  Indexed from MS-US
  Avg Revenue as % of ...
Est. Language FFP Street Price Ind
  Indexed from MS-US
  Markup from FPP to $
  % Above/(Below) Loca
West Perfect FFP Street Price
  Indexed from US

Revenue Mix
Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
Special Agreements
Academic

License Mix
Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
Special Agreements
Academic

Revenue $/License
Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
Special Agreements
Academic

Rel to Total FP Revenue
Full Pkg Prod
Competitive Upgrade
Select (STD)
MLP/MOLP (STD)
OEM Packaged
Special Agreements
Academic

Total
Revenue (USD 000s)
Licenses (000s)

* Street price data from FY95 planning cycle
Revenue (USD 000s)
Licenses (000s)

* Street price data from FY95 planning cycle

FG Pricing Comparison - FY95 Budget
WIN - Excel (New User)
Local Language Revenues

Pricing data
FPP Avg Revenue/License
  Indexed from MS-US
Avg Revenue/License
  Indexed from MS-US
  Avg Revenue as % of FPP
Loc. Language FPP Street Price w/o tax
  Indexed from MS-US
  Markup from FPP to MS
  % Above/(Below) Lotus FPP
Lotus Spreadsheet FPP Street Price
  Indexed from US

Revenue Mix
  Full Pkg Prod
  Competitive Upgrade
  Select (STD)
  MLP/MOLP (STD)
  OEM Packaged
  Special Agreements
  Academic

License Mix
  Full Pkg Prod
  Competitive Upgrade
  Select (STD)
  MLP/MOLP (STD)
  OEM Packaged
  Special Agreements
  Academic

Revenue by License
  Full Pkg Prod
  Competitive Upgrade
  Select (STD)
  MLP/MOLP (STD)
  OEM Packaged
  Special Agreements
  Academic

Avg Revenue per License Bundle
  Full Pkg Prod
  Competitive Upgrade
  Select (STD)
  MLP/MOLP (STD)
  OEM Packaged
  Special Agreements
  Academic

Totals
  Revenue (USD 000s)
  Licenses (000s)

* Street price data from FY95 planning cycle
  Revenue (USD 000s)
  Licenses (000s)

* Street price data from FY95 planning cycle

Microsoft FY95 Mid-Year Review Data Summary Package
(Based on Subsidiary Presentations)

Preliminary data as of January 31, 1995

(Contains FE, APAC, Europe & NA data only)

? Capital Spending - pg - 6

? Euro SE/sO, 1354 vs. US = 243 YTO

Confidential

Changes made to FE Sub presentations after 1/5/95, APAC Sub presentations after 1/10/95, EUROPE Sub presentations after 1/17/95, or to NA Sub presentations after 1/31/95 will not be reflected in this package.

Table of Contents

HIGHLY CONFIDENTIAL   MS-PCA 2614739

Average Exchange Rate Assumptions for FY95 MYR

Sales Location	Functional Currency Type	FY94YTD Avg Fx	FY95YTD Avg Fx	FY95FCST Avg Fx	FY95BUD Avg Fx
North America					
Canada	LC	1.3338	1.3699	1.42	1.32
US	US$	1	1	1	1
Europe					
Austria	LC	11.8394	10.9365	10.493	12.61
Belgium	LC	35.1556	31.9879	30.8	37.55
Czechoslovakia	US$	1	1	1	1
Denmark	LC	6.6357	6.1065	5.8905	6.93
East Europe Other	US$	1	1	1	1
European Headquarters, Paris	LC	5.778	5.3271	5.1273	6.09
Finland	LC	5.6536	4.9395	4.5807	5.83
France	LC	5.778	5.3271	5.1273	6.09
Germany	LC	1.683	1.5537	1.4946	1.79
Greece	US$	1	1	1	1
Holland	LC	1.8889	1.7422	1.6765	2.02
Hungary	US$	1	1	1	1
Italy	LC	1620.4637	1579.8252	1557.5	1650
Norway	LC	7.268	6.7932	6.548	7.66
Poland	US$	1	1	1	1
Portugal	LC	170.8572	158.9609	156.36	186
Russia	US$	1	1	1	1
Slovenia	US$	1	1	1	1
Spain	LC	136.3187	129.4872	126.26	148
Sweden	LC	7.958	7.5371	7.213	8.21
Switzerland	LC	1.4525	1.3048	1.2425	1.5
United Kingdom	LC	0.6675	0.6387	0.6132	0.6944444
APAC					
Australia	LC	1.4476	1.3492	1.3543	1.37
Indonesia/ Philippines	US$	1	1	1	1
Malaysia	US$	1	1	1	1
New Zealand	LC	1.7809	1.6496	1.6431	1.6949
Singapore	US$	1	1	1	1
Thailand	US$	1	1	1	1
Latin America					
Argentina	US$	1	1	1	1
Brazil	US$	1	1	1	1
Caribbean	US$	1	1	1	1
Chile	US$	1	1	1	1
Colombia	US$	1	1	1	1
Ecuador	US$	1	1	1	1
Mexico	US$	1	1	1	1
Peru	US$	1	1	1	1
Venezuela	US$	1	1	1	1
AIME					
Dubai/Middle East	US$	1	1	1	1
Greece	US$	1	1	1	1
India	US$	1	1	1	1
Israel	US$	1	1	1	1
Morocco/ North Africa	US$	1	1	1	1
S Africa	US$	1	1	1	1
Turkey	US$	1	1	1	1
Far East					
Hong Kong	US$	1	1	1	1
Japan	LC	106.22	98.848	95.43	108.33
Korea	LC	807.88	801.0721	800.45	808
PR China	US$	1	1	1	1
Taiwan	LC	26.6676	26.3329	26.5	26.4
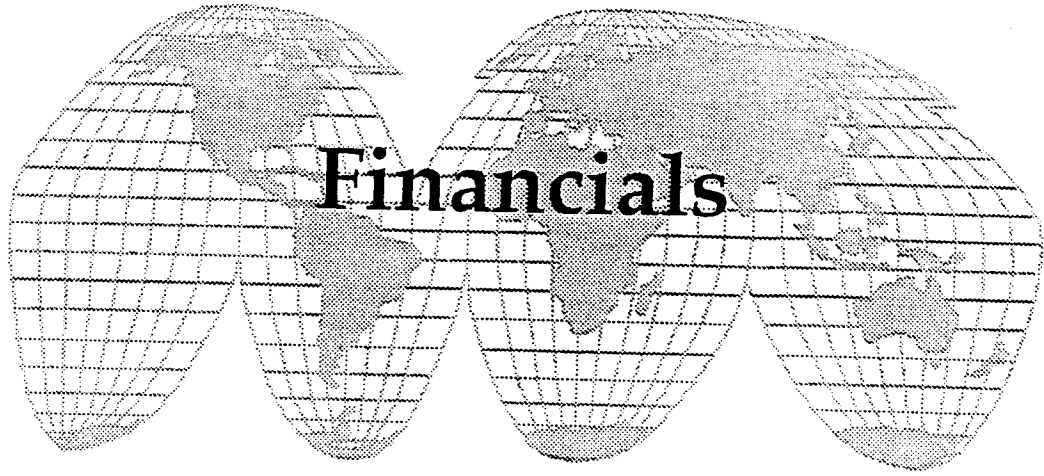
Financials

P & L Revenue and Contribution %
1st Half Actual vs. 2nd Half Forecast
(US$)

Data Updated
3-Feb

Note: Europe TE/TG ratios are pushed down due to the use of A-gr Reflector in the TE/T Revenue Process

See further extraction instructions

Location	FY95 1st Half Actual				FY95 Second Half Forecast				FY95 Full Year Forecast			
	TG Net Rev.	Cont. %	Total Business Net Rev.	Cont. %	TG Net Rev.	Cont. %	Total Business Net Rev.	Cont. %	TG Net Rev.	Cont. %	Total Business Net Rev.	Cont. %
US												
Canada												
Total North America												
Europe												
European Headquarters Park												
United Kingdom												
Sweden												
Norway												
Denmark												
Finland												
Germany												
Poland												
Czech/Slovakia												
Hungary												
Russia												
Slovenia												
Austria												
Switzerland												
France												
Spain												
Portugal												
Belgium												
Holland												
Italy												
East Europe Other												
Total Europe												
ICON												
APAC												
Australia												
New Zealand												
Singapore												
Thailand												
Malaysia												
Indonesia/ Philippines												
Other APAC												
Total APAC												
Latin America												
Mexico												
Brazil												
Venezuela												
Chile												
Colombia												
Argentina												
Caribbean												
Ecuador												
Peru												
Other LA												
Total LA												
AME												
S Africa												
Turkey												
Morocco/ North Africa												
Dubai/Middle East												
Israel												
India												
Greece												
Other AIME												
Total AIME												
Other Redmond ICON												
Total ICON												
Far East												
Japan												
Korea												
Taiwan												
Hong Kong												
PR China												
Other Far East												
Total Far East												
WW Total												

MS-PCA 2614742

P & L Revenue and Contribution %
(US$)

	FY95 YTD Actual (Nov-YTD for FE & APAC, Dec-YTD for other Regions)						FY95 Forecast						FY95 Budget						Forecast vs Budget					
	TG		Total Business				TG		Total Business				TG		Total Business				TG		Total Business			
L-COUN	Net Rev	Cont %	Net Rev	Cont %			Net Rev	Cont %	Net Rev	Cont %			Net Rev	Cont %	Net Rev	Cont %			Net Rev	Cont %	Net Rev	Cont %		

US
Canada
Total North America
Europe
European Headquarters Park
United Kingdom
Sweden
Norway
Denmark
Finland
Germany
Poland
Czech-Slovakia
Hungary
Russia
Slovenia
Austria
Switzerland
France
Spain
Portugal
Belgium
Holland
Italy
East Europe Other
Total Europe
ICON
APAC
Australia
New Zealand
Singapore
Malaysia
Indonesia/Philippines
Other APAC
Total APAC
Latin America
Mexico
Brazil
Venezuela
Chile
Colombia
Argentina
Caribbean
Ecuador
Peru
Other LA
Total LA
AIME
S Africa
Turkey
Morocco/North Africa
Dubai/Middle East
Israel
India
Greece
Other AIME
Total AIME
Other Redmond ICON
Total ICON
Far East
Japan
Korea
Taiwan
Hong Kong
PR China
Other Far East
Total Far East
WW Total

Finished Goods Revenue Summary Forecast
Group: (All); RevSum Division: (All)
(US$, in thousands)
(First Half of FY95 for FE & APAC represents Nov-YTD Actual + Dec-Forecast, First Half of FY95 for other Regions represents Dec-YTD Actual)

Location	Second Half of FY94	First Half of FY95	Second Half of FY95	FY95 Full Year	FY95 Budget	Var %
US	862,441	988,239	880,918	1,869,157	1,832,250	2.0%
Canada	77,019	77,907	67,804	145,711	149,925	-2.8%
Total North America	939,460	1,066,147	948,722	2,014,868	1,982,175	1.6%
Europe						
European Headquarters, Paris	1,584	5	11	16	0	0.0%
United Kingdom	160,197	148,567	171,322	319,889	296,498	7.9%
Sweden	44,679	43,086	47,265	90,351	81,230	11.2%
Norway	13,619	16,466	17,281	33,747	29,498	14.4%
Denmark	16,372	16,000	19,129	35,129	32,664	7.5%
Finland	9,859	10,511	10,923	21,434	17,390	23.3%
Germany	205,131	150,098	185,601	335,699	402,244	-16.5%
Poland	3,766	5,583	5,610	11,193	9,375	19.4%
Czechoslovakia	4,291	9,315	6,561	15,877	11,307	40.4%
Hungary	3,128	5,465	5,454	10,919	8,381	30.3%
Russia	2,976	4,878	4,651	9,529	5,384	77.0%
Slovenia	0	473	1,102	1,575	1,950	-19.2%
Austria	18,224	16,442	19,126	35,567	49,758	-28.5%
Switzerland	50,990	41,269	46,998	88,267	104,188	-15.3%
France	125,581	138,893	144,855	283,748	254,626	11.4%
Spain	12,151	16,296	14,277	30,573	19,886	53.7%
Portugal	6,166	7,853	8,718	16,571	12,729	30.2%
Belgium	19,381	22,987	21,391	44,378	35,203	26.1%
Holland	26,218	26,403	31,042	57,445	46,187	24.4%
Italy	48,231	48,477	50,308	98,785	93,892	5.2%
East Europe Other	1,293	1,155	1,179	2,334	906	157.6%
Total Europe	773,838	730,222	812,804	1,543,024	1,513,296	2.0%
ICON						
APAC						
Australia	46,405	57,303	59,525	116,828	120,724	-3.2%
New Zealand	8,070	10,599	12,449	23,048	23,244	-0.8%
Singapore	6,386	7,367	6,274	13,640	12,535	8.8%
Thailand	790	2,683	2,317	5,000	3,800	31.6%
Malaysia	1,758	4,080	3,422	7,502	6,417	16.9%
Indonesia / Philippines	0	1,791	1,501	3,292	3,067	7.3%
Other APAC	0	0	0	0	0	0.0%
Total APAC	63,409	83,823	85,487	169,311	169,787	-0.3%
Latin America						
Mexico	0	0	0	0	0	0.0%
Brazil	0	0	0	0	0	0.0%
Venezuela	0	0	0	0	0	0.0%
Chile	0	0	0	0	0	0.0%
Colombia	0	0	0	0	0	0.0%
Argentina	0	0	0	0	0	0.0%
Caribbean	0	0	0	0	0	0.0%
Ecuador	0	0	0	0	0	0.0%
Peru	0	0	0	0	0	0.0%
Other LA	0	0	0	0	0	0.0%
Total LA	0	0	0	0	0	0.0%
AIME						
S Afric	0	0	0	0	0	0.0%
Turkey	0	0	0	0	0	0.0%
Morocco/ North Africa	0	0	0	0	0	0.0%
Dubai/Middle East	0	0	0	0	0	0.0%
Israel	0	0	0	0	0	0.0%
India	0	0	0	0	0	0.0%
Greece	0	0	0	0	0	0.0%
Other AIME	0	0	0	0	0	0.0%
Total AIME	0	0	0	0	0	0.0%
Other Redmond ICON	0	0	0	0	0	0.0%
Total ICON	63,409	83,823	85,487	169,311	169,787	-0.3%
Far East						
Japan	123,188	173,558	210,750	384,309	272,806	40.9%
Korea	8,917	14,805	13,909	28,715	23,954	19.9%
Taiwan	10,588	11,115	15,122	26,237	26,080	0.6%
Hong Kong	7,517	10,438	9,362	19,800	18,000	10.0%
PR China	790	1,434	2,899	4,333	5,902	-26.6%
Other Far East	0	0	0	0	0	0.0%
Total Far East	151,000	211,351	252,043	463,394	346,742	33.6%
WW Total	1,927,707	2,091,543	2,099,056	4,190,597	4,012,000	4.5%

MS-PCA 2614744

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Data Updated 2-Feb

Total Headcount
(excludes R&D)

Location	FY94 Actual	FY95 YTD* Budget	FY95 YTD* Approved	FY95YTD* Actual	FY95 Budget	FY95 Forecast	95/94 Growth	6/30/95 Variances Budget	6/30/95 Variances 7/1/94	FY95 YTD Averages Actual	FY95 YTD Averages Budget
US	3456	3841	3985	3688	3980	4296	24%	316	840	3562	3729
Canada	219	278	278	262	280	280	28%	0	61	253	274
Total North America	3675	4119	4263	3950	4260	4576	25%	316	901	3815	4003
Europe											
European Headquarters, Paris	40	70	72	61	70	74	85%	4	34	51	55
United Kingdom	507	604	608	527	630	640	26%	10	133	515	538
Sweden	171	209	242	179	214	246	44%	32	75	179	200
Norway	18	19	24	18	21	29	61%	8	11	16	19
Denmark	19	23	25	21	24	25	32%	1	6	22	23
Finland	11	16	18	16	16	21	91%	5	10	15	15
Germany	645	695	702	643	687	670	4%	-17	25	646	689
Poland	11	16	16	16	17	19	73%	2	8	13	15
Czechoslovakia	15	19	19	17	19	21	40%	2	6	16	19
Hungary	8	12	12	10	13	14	75%	1	6	9	12
Russia	15	23	23	18	23	25	67%	2	10	17	23
Slovenia	0	3	3	3	3	3	N/A	0	3	2	2
Austria	32	33	36	33	34	33	3%	-1	1	32	33
Switzerland	47	58	62	53	60	62	32%	2	15	50	57
France	463	480	480	460	472	493	6%	21	30	463	478
Spain	63	66	66	64	66	83	32%	17	20	64	64
Portugal	24	29	30	30	33	38	58%	5	14	28	26
Belgium	38	43	43	43	43	46	21%	3	8	42	43
Holland	115	121	125	109	125	122	6%	-3	7	111	121
Italy	150	165	165	154	163	177	18%	14	27	153	153
East Europe Other	10	13	13	12	14	14	40%	0	4	10	13
Total Europe	2402	2717	2784	2487	2747	2855	19%	108	453	2454	2596
ICON											
APAC											
Australia	202	220	220	198	223	213	5%	-10	11	200	220
New Zealand	33	44	44	39	45	46	39%	1	13	37	43
Singapore	25	31	31	24	32	33	32%	1	8	24	26
Thailand	5	8	8	5	10	11	120%	1	6	5	6
Malaysia	12	14	14	12	15	19	58%	4	7	12	13
Indonesia/ Philippines	1	1	1	1	1	0	N/A	-1	-1	1	1
Other APAC	0	0	0	0	0	0	N/A	0	0	0	0
Total APAC	278	318	318	279	326	322	16%	-4	44	278	309
Latin America											
Mexico	0	0	0	0	0	0	N/A				
Brazil	0	0	0	0	0	0	N/A	0	0	0	0
Venezuela	0	0	0	0	0	0	N/A	0	0	0	0
Chile	0	0	0	0	0	0	N/A	0	0	0	0
Colombia	0	0	0	0	0	0	N/A	0	0	0	0
Argentina	0	0	0	0	0	0	N/A	0	0	0	0
Caribbean	0	0	0	0	0	0	N/A	0	0	0	0
Ecuador	0	0	0	0	0	0	N/A	0	0	0	0
Peru	0	0	0	0	0	0	N/A	0	0	0	0
Other LA	0	0	0	0	0	0	N/A	0	0	0	0
Total LA	0	0	0	0	0	0	N/A	0	0	0	0
AIME											
S Africa	0	0	0	0	0	0	N/A				
Turkey	0	0	0	0	0	0	N/A	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	N/A	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	N/A	0	0	0	0
Israel	0	0	0	0	0	0	N/A	0	0	0	0
India	0	0	0	0	0	0	N/A	0	0	0	0
Greece	0	0	0	0	0	0	N/A	0	0	0	0
Other AIME	0	0	0	0	0	0	N/A	0	0	0	0
Total AIME	0	0	0	0	0	0	N/A	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	N/A	0	0	0	0
Total ICON	278	318	318	279	326	322	16%	-4	44	278	309
Far East											
Japan											
Korea	287	330	332	321	403	440	53%	37	153	306	311
Taiwan	52	71	73	60	71	80	54%	9	28	58	56
Hong Kong	58	70	70	66	70	72	24%	2	14	62	61
PR China	26	35	35	30	36	40	54%	4	14	28	28
Other Far East	11	20	20	14	23	24	118%	1	13	16	14
Total Far East	0	0	0	0	0	0	N/A	0	0	0	0
	434	526	530	491	603	656	51%	53	222	470	469
WW Total	6789	7680	7895	7207	7936	8409	24%	473	1620	7017	7377

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614745

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FY95 Forecast Headcount
(excludes R&D)

Location	End User	Orgs	OEM	PSS	MCS	Corporate Marketing	F & A Non-Pipes	F & A Pipes	Mgmt	Total Heads	Total Temps
US	447	780	0	2296	392	101	122	0	158	4296	1478
Canada	52	81	0	63	25	10	34	13	2	280	74
Total North America	499	861	0	2359	417	111	156	13	160	4576	1552
Europe											
European Headquarters, Paris	11	33	0	6	1	10	8	0	5	74	4
United Kingdom	87	115	11	310	53	9	52	1	2	640	48
Sweden	37	39	4	114	4	5	36	5	2	246	28
Norway	12	7	2	1	2	2	1	0	2	29	0
Denmark	11	6	1	1	2	0	2	0	2	25	1
Finland	7	4	2	1	2	1	2	0	2	21	0
Germany	88	146	22	227	44	19	92	18	14	670	85
Poland	6	5	2	3	1	0	0	0	2	19	1
Czechoslovakia	5	8	1	3	1	0	0	0	3	21	2
Hungary	4	5	1	1	1	1	0	0	2	14	3
Russia	9	7	1	2	1	1	2	0	3	25	3
Slovenia	1	1	0	0	0	1	2	0	2	3	1
Austria	9	15	1	0	2	2	2	0	2	33	2
Switzerland	23	28	1	0	2	0	6	0	2	62	1
France	85	112	11	172	22	23	51	15	2	493	15
Spain	23	20	3	17	6	6	5	1	2	83	10
Portugal	11	8	1	4	6	1	4	1	2	38	9
Belgium	16	17	1	0	2	4	5	0	1	46	1
Holland	22	23	3	49	3	3	16	2	1	122	8
Italy	36	47	6	49	0	7	27	2	1	177	19
East Europe Other	8	4	0	0	0	0	0	2	2	14	0
Total Europe	511	650	74	960	155	93	311	45	56	2855	241
ICON											
APAC											
Australia	30	76	6	44	22	4	29	0	2	213	43
New Zealand	11	14	1	6	6	2	5	0	1	46	2
Singapore	4	9	4	4	6	1	4	0	1	33	2
Thailand	2	3	0	1	3	0	1	0	1	11	3
Malaysia	4	8	0	1	3	0	2	0	1	19	2
Indonesia/Philippines	0	0	0	0	0	0	0	0	0	0	1
Other APAC	0	0	0	0	0	0	0	0	0	0	0
Total APAC	51	110	11	56	40	7	41	0	6	322	53
Latin America											
Mexico	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0
AIME											
S Africa	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0
Total ICON	51	110	11	56	40	7	41	0	6	322	53
Far East											
Japan	110	88	19	164	0	6	38	11	4	440	232
Korea	12	11	8	29	2	5	10	1	2	80	18
Taiwan	13	14	7	22	2	1	8	1	4	72	17
Hong Kong	8	10	2	8	6	1	3	1	1	40	25
PR China	7	11	0	1	0	0	3	0	2	24	12
Other Far East	0	0	0	0	0	0	0	0	0	0	0
Total Far East	150	134	36	224	10	13	62	14	13	656	304
WW Total	764	975	121	1303	230	123	448	72	77	4113	672

Data Updated
2-Feb
Note: historical & budget currency
F's may not tie to published reports
due to the use of Avg Fx Rate;
for the MYR Review Process. See
MYR95FX.xls for Fx Assumptions

Capital Spending
(US$)

FY95 YTD
(November YTD for FE & APAC, December YTD for other Regions)

Location	PC's & Peripherals	Furniture & Fixtures	Leasehold Improvements	Buildings	Total Spend	Total Leases & Commitments	Number of PC's	Number of PC's per person
US	2,961,741	629,468	1,779,301	0	5,370,510	39,484,447	4,463	3
Canada	519,007	119,929	24,585	0	663,521	9,134,478	639	2
Total North America	3,480,749	749,397	1,803,886	0	6,034,031	48,618,926	5,102	5
Europe								
European Headquarters, Paris	262,486	3,133	15,559	0	281,178	204,903	101	2
United Kingdom	1,879,934	471,597	1,925,077	0	4,276,607	17,671,735	1,136	2
Sweden	805,173	53,322	26,595	0	885,090	0	0	0
Norway	15,989	5,705	0	0	21,694	0	0	0
Denmark	59,207	10,526	6,177	0	75,910	0	0	0
Finland	40,368	5,481	0	0	45,849	0	0	0
Germany	2,564,740	1,410,229	385,845	0	4,360,814	0	1,707	2
Poland	47,270	33,271	0	0	80,541	0	27	2
Czechoslovakia	115,435	62,860	12,932	0	191,227	0	28	2
Hungary	98,488	131,316	55,017	0	284,821	0	19	1
Russia	43,509	107,409	0	0	150,918	0	30	1
Slovenia	0	0	0	0	0	0	0	0
Austria	98,421	186,840	0	0	285,261	0	56	2
Switzerland	225,862	156,833	8,869	0	391,564	41	101	2
France	1,559,691	69,648	14,069	0	1,643,408	1,420	1,090	2
Spain	215,773	2,700	12,221	0	230,694	942,178	219	3
Portugal	72,963	78,974	5,727	0	157,664	576	77	2
Belgium	173,419	108,634	2,780	0	284,832	1,858,359	80	2
Holland	496,663	172,072	132,675	0	801,410	4,466,766	280	2
Italy	302,120	544,122	756,045	0	1,602,287	148,751	324	2
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	9,077,509	3,614,673	3,359,587	0	16,051,769	25,294,729	5,275	29
ICON								
APAC								
Australia	940,028	78,744	185,476	0	1,204,248	0	888	3
New Zealand	81,881	25,315	9,993	0	117,189	774,301	93	2
Singapore	49,382	2,467	0	0	51,849	115,644	50	2
Thailand	0	2,772	37,476	0	40,248	17,544	18	1
Malaysia	24,368	1,561	0	0	25,929	61,960	19	2
Indonesia/Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	1,095,659	110,859	232,945	0	1,439,463	969,449	1,068	10
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	1,095,659	110,859	232,945	0	1,439,463	969,449	1,068	10
Far East								
Japan	1,993,067	208,647	(41,310)	0	2,160,405	6,114,556	1,292	4
Korea	489,699	117,391	0	0	607,091	655,372	210	2
Taiwan	224,846	39,382	2,223	0	266,452	267,259	230	2
Hong Kong	60,650	83,065	17,203	0	160,908	3,521,843	64	1
PR China	109,623	5,945	7,094	0	122,661	0	20	1
Other Far East	0	0	0	0	0	0	0	0
Total Far East	2,877,886	454,420	(14,790)	0	0	10,559,029	1,816	10
WW Total	16,531,803	4,929,349	5,381,628	0	23,525,264	85,442,133	13,261	54
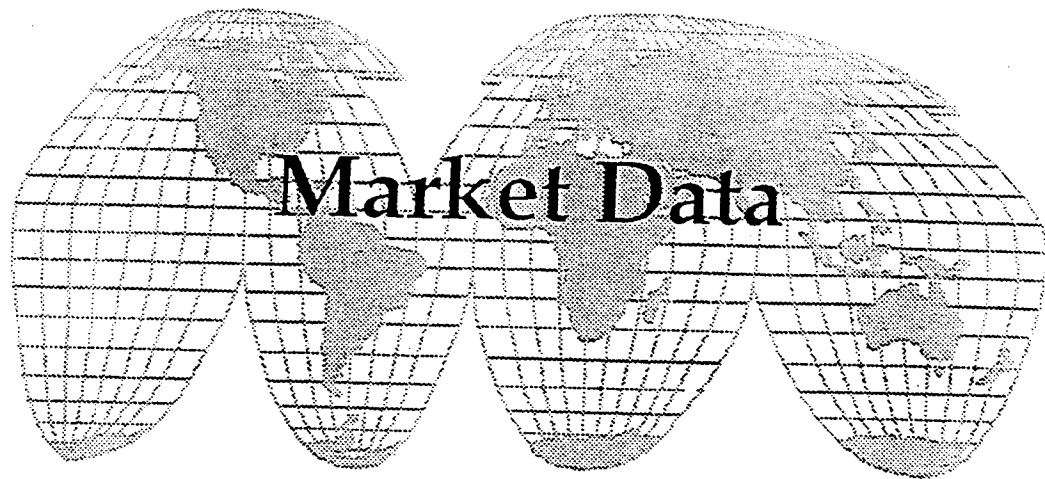
MS-PCA 2614747

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Market Data

Data Updated
2-Feb

Market Data

Location	Population (MM)			# CP - SE's/SD's			# CNE's		
	Actual FY94	YTD* FY95	Forecast FY95	Actual FY94	YTD* FY95	Forecast FY95	Actual FY94	YTD* FY95	Forecast FY95
US	260.0	261.1	262.1	79	243	2,000	30,000	36,000	41,000
Canada	28.6	29.2	29.8	18	46	156	1,200	1,700	2,200
Total North America	288.6	290.3	291.9	97	289	2,156	31,200	37,700	43,200
Europe									
European Headquarters, Paris	0.0	0.0	0.0	0	0	0	0	0	0
European Operations Center, Dublin	0.0	0.0	0.0	0	0	0	0	0	0
United Kingdom	57.9	57.9	57.9	75	124	445	1,250	2,000	3,000
Sweden	8.4	8.7	8.9	189	412	488	130	153	178
Norway	4.3	4.4	4.4	127	243	358	130	140	150
Denmark	5.1	5.2	5.2	29	110	210	150	160	165
Finland	5.0	5.1	5.1	22	61	88	25	30	75
Germany	81.2	81.8	82.3	7	46	125	1,418	1,575	1,764
Poland	38.2	38.4	38.6	50	34	100	650	670	700
Czechoslovakia	15.0	15.0	15.0	0	20	60	0	90	100
Hungary	10.7	10.7	10.6	8	15	70	100	110	130
Russia	218.0	218.0	218.0	0	20	50	150	160	200
Slovenia	0.0	0.0	0.0	0	0	0	0	0	0
Austria	8.0	8.0	8.0	0	3	41	0	197	230
Switzerland	7.2	7.2	7.2	0	4	20	163	252	332
France	57.8	58.0	58.1	16	54	135	750	850	1,000
Spain	39.0	39.0	39.0	32	44	200	40	52	100
Portugal	9.5	9.5	9.5	12	117	155	40	45	50
Belgium	10.1	10.1	10.1	5	8	48	220	240	250
Holland	15.4	15.4	15.4	0	18	62	312	328	350
Italy	57.5	57.5	57.5	0	1	381	250	300	400
East Europe Other	0.0	0.0	0.0	0	0	0	0	0	0
Total Europe	648.3	649.6	650.8	572	1,334	3,036	5,778	7,352	9,174
ICON									
APAC									
Australia	17.9	18.2	18.4	0	10	230	965	1,100	1,570
New Zealand	3.5	3.6	3.6	43	103	185	475	500	530
Singapore	3.0	3.1	3.1	0	6	12	290	310	350
Thailand	58.0	58.4	58.7	0	10	40	10	15	20
Malaysia	18.5	18.9	19.3	0	18	35	106	110	115
Indonesia/ Philippines	245.0	252.5	260.0	0	0	0	210	260	320
Other APAC	0.0	0.0	0.0	0	0	0	0	0	0
Total APAC	345.9	354.6	363.1	43	147	502	2,056	2,295	2,905
Latin America									
Mexico	0.0	0.0	0.0	0	0	0	0	0	0
Brazil	0.0	0.0	0.0	0	0	0	0	0	0
Venezuela	0.0	0.0	0.0	0	0	0	0	0	0
Chile	0.0	0.0	0.0	0	0	0	0	0	0
Colombia	0.0	0.0	0.0	0	0	0	0	0	0
Argentina	0.0	0.0	0.0	0	0	0	0	0	0
Caribbean	0.0	0.0	0.0	0	0	0	0	0	0
Ecuador	0.0	0.0	0.0	0	0	0	0	0	0
Peru	0.0	0.0	0.0	0	0	0	0	0	0
Other LA	0.0	0.0	0.0	0	0	0	0	0	0
Total LA	0.0	0.0	0.0	0	0	0	0	0	0
AIME									
S Africa	0.0	0.0	0.0	0	0	0	0	0	0
Turkey	0.0	0.0	0.0	0	0	0	0	0	0
Morocco/ North Africa	0.0	0.0	0.0	0	0	0	0	0	0
Dubai/Middle East	0.0	0.0	0.0	0	0	0	0	0	0
Israel	0.0	0.0	0.0	0	0	0	0	0	0
India	0.0	0.0	0.0	0	0	0	0	0	0
Greece	0.0	0.0	0.0	0	0	0	0	0	0
Other AIME	0.0	0.0	0.0	0	0	0	0	0	0
Total AIME	0.0	0.0	0.0	0	0	0	0	0	0
Other Redmond ICON	0.0	0.0	0.0	0	0	0	0	0	0
Total ICON	345.9	354.6	363.1	43	147	502	2,056	2,295	2,905
Far East									
Japan	124.8	125.0	125.1	309	1,513	3,000	2,000	2,500	3,000
Korea	44.3	44.5	44.7	0	6	25	17	22	27
Taiwan	21.0	21.1	21.2	3	14	200	50	60	100
Hong Kong	6.1	6.2	6.2	85	215	500	100	60	150
PR China	1,200.0	1,200.0	1,200.0	45	11	1,500	0	15	200
Other Far East	0.0	0.0	0.0	0	0	0	0	0	0
Total Far East	1,396.2	1,396.7	1,397.2	442	1,759	5,225	2,167	2,657	3,477
WW Total	2,679.0	2,691.1	2,703.0	1,154	3,529	10,919	41,201	50,004	58,756

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614749

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Data Updated
31-Jan

Key Metrics

FG Revenue/CPU (US$)

Location	PC			MAC			Total		
	Actual FY94	Forecast FY95	Budget FY95	Actual FY94	Forecast FY95	Budget FY95	Actual FY94	Forecast FY95	Budget FY95
US	83.8	75.8	84.6	66.2	72.1	109.3	81.6	75.3	87.5
Canada	79.1	79.6	86.7	51.0	55.2	88.2	76.2	77.4	86.8
Europe									
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	117.1	120.5	107.3	45.6	59.3	49.5	110.6	116.1	102.8
Sweden	153.0	173.8	182.9	78.5	84.3	77.4	144.0	162.2	167.7
Norway	93.9	117.2	121.3	39.5	58.5	48.4	90.2	113.9	116.1
Denmark	90.1	98.8	123.7	46.9	63.5	48.4	87.5	96.6	117.8
Finland	45.4	61.8	66.8	11.0	17.4	7.9	44.5	60.7	63.6
Germany	131.0	99.7	116.3	54.6	74.5	64.0	128.1	98.7	114.5
Poland	33.7	45.8	38.1	37.1	9.5	27.8	33.7	45.6	38.0
Czechoslovakia	72.0	105.6	75.4	0.0	13.2	0.0	70.8	103.8	74.1
Hungary	64.5	92.0	74.2	5.4	9.1	0.0	61.5	88.6	69.8
Russia	12.3	20.6	12.0	0.0	5.3	0.0	11.9	20.1	11.6
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Austria	150.7	140.2	197.4	46.0	26.9	62.5	143.6	132.9	188.5
Switzerland	205.4	172.9	203.9	121.4	104.3	149.4	197.9	166.7	199.5
France	134.1	125.8	120.3	67.1	74.4	73.4	126.1	120.1	114.2
Spain	32.4	47.8	32.3	13.7	14.9	11.8	31.4	46.3	31.3
Portugal	72.2	100.0	77.9	68.0	60.9	77.5	72.0	97.9	77.9
Belgium	124.6	154.6	120.3	73.8	71.0	75.9	118.8	145.6	115.5
Holland	67.4	86.4	70.3	31.5	46.0	34.3	65.5	84.2	68.4
Italy	111.8	107.5	100.3	53.0	65.2	63.4	107.8	104.5	97.8
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICON									
APAC									
Australia	103.2	104.7	110.5	42.3	47.1	53.1	95.3	97.6	103.8
New Zealand	98.8	108.0	133.9	50.1	87.1	181.6	94.7	106.5	137.2
Singapore	93.6	96.2	138.0	52.1	90.1	45.0	89.6	95.7	126.0
Thailand	16.7	29.4	23.8	0.0	0.0	0.0	16.1	27.8	22.4
Malaysia	30.9	53.3	52.1	16.9	51.6	25.4	30.1	53.2	50.3
Indonesia/ Philippines	18.6	22.5	10.3	0.0	0.0	0.0	18.1	21.9	10.0
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America									
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIME									
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/ North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dubai/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Redmond ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East									
Japan	78.6	115.1	94.2	33.0	36.9	44.7	71.5	103.5	87.2
Korea	21.3	26.5	24.4	0.0	7.9	0.0	20.7	25.9	23.7
Taiwan	58.5	76.1	76.3	33.1	15.9	0.0	57.9	74.3	74.5
Hong Kong	78.1	89.7	101.4	32.5	40.3	58.3	75.0	85.7	97.9
PR China	4.9	4.0	8.3	0.0	3.4	0.0	4.9	4.3	8.0
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

MS-PCA 2614750

Data Updated
31-Jan

Key Metrics

FG Licenses/CPU

Location	PC			MAC			Total		
	Actual FY94	Forecast FY95	Budget FY95	Actual FY94	Forecast FY95	Budget FY95	Actual FY94	Forecast FY95	Budget FY95
US	1.0	0.9	1.1	0.7	0.7	1.0	0.9	0.9	1.1
Canada	1.1	0.9	1.3	0.5	0.6	1.3	1.1	0.9	1.3
Europe									
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	1.0	1.1	1.0	0.4	0.5	0.6	0.9	1.0	1.0
Sweden	1.4	1.7	1.4	1.0	1.0	1.0	1.3	1.6	1.4
Norway	1.2	1.2	1.3	1.0	0.7	1.0	1.2	1.1	1.3
Denmark	0.6	1.2	1.4	0.8	0.8	0.9	1.2	1.2	1.3
Finland	1.2	0.9	1.3	1.1	0.4	1.1	1.2	0.9	1.2
Germany	0.7	0.6	0.8	0.3	0.3	0.3	0.7	0.6	0.8
Poland	0.5	0.5	0.5	0.1	0.1	0.1	0.5	0.5	0.5
Czechoslovakia	0.7	1.0	0.7	0.0	0.0	0.0	0.7	1.0	0.7
Hungary	0.7	0.9	0.7	0.0	0.0	0.0	0.7	0.9	0.7
Russia	0.2	0.3	0.2	0.0	0.0	0.0	0.2	0.3	0.2
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Austria	1.2	1.4	1.2	0.3	0.2	0.4	1.2	1.3	1.2
Switzerland	1.1	1.0	1.6	0.6	0.5	0.6	1.1	1.0	1.5
France	0.9	0.8	0.9	0.4	0.5	0.5	0.8	0.8	0.9
Spain	0.5	0.6	0.4	0.1	0.1	0.1	0.5	0.6	0.4
Portugal	0.5	0.6	0.6	0.2	0.4	0.3	0.5	0.6	0.6
Belgium	1.1	1.0	0.7	0.2	0.2	0.2	1.0	0.9	0.7
Holland	0.7	0.6	0.7	0.1	0.1	0.1	0.7	0.6	0.6
Italy	0.9	0.8	0.9	0.3	0.5	0.3	0.9	0.7	0.8
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICON									
APAC									
Australia	1.4	1.2	1.3	0.7	0.6	0.6	1.3	1.1	1.2
New Zealand	1.3	1.6	1.6	0.5	0.9	1.2	1.2	1.6	1.6
Singapore	1.1	0.7	1.7	0.3	0.5	0.4	1.3	0.7	1.5
Thailand	0.3	0.3	0.4	0.0	0.0	0.0	0.3	0.3	0.4
Malaysia	0.3	0.4	0.4	0.1	0.3	0.1	0.3	0.4	0.4
Indonesia/ Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America									
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIME									
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/ North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dubai/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Redmond ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East									
Japan	0.5	0.5	0.8	0.1	0.2	0.5	0.5	0.5	0.8
Korea	0.2	0.2	0.2	0.0	0.0	0.0	0.2	0.2	0.2
Taiwan	0.5	0.7	0.6	0.2	0.2	0.2	0.5	0.7	0.6
Hong Kong	0.7	1.2	1.1	0.3	0.3	0.4	0.7	1.2	1.0
PR China	0.1	0.1	0.2	0.0	0.0	0.0	0.1	0.1	0.2
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

MS-PCA 2614751

Data Updated 31-Jan			

Location	PC		
	Actual FY94	Forecast FY95	Budget FY95
US	12%	13%	10%
Canada	13%	14%	11%
Europe			
European Headquarters, Paris	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%
United Kingdom	17%	19%	16%
Sweden	17%	23%	24%
Norway	11%	14%	15%
Denmark	10%	13%	15%
Finland	6%	7%	9%
Germany	13%	18%	15%
Poland	1%	12%	8%
Czechoslovakia	4%	20%	9%
Hungary	4%	19%	11%
Russia	0%	5%	0%
Slovenia	0%	0%	0%
Austria	14%	34%	31%
Switzerland	18%	29%	16%
France	15%	19%	18%
Spain	4%	8%	7%
Portugal	13%	21%	12%
Belgium	17%	25%	19%
Holland	8%	13%	13%
Italy	16%	15%	17%
East Europe Other	0%	0%	0%
ICON			
APAC			
Australia	22%	19%	15%
New Zealand	17%	23%	22%
Singapore	19%	26%	12%
Thailand	2%	1%	1%
Malaysia	5%	15%	8%
Indonesia/ Philippines	0%	0%	6%
Other APAC	0%	0%	0%
Latin America			
Mexico	0%	0%	0%
Brazil	0%	0%	0%
Venezuela	0%	0%	0%
Chile	0%	0%	0%
Colombia	0%	0%	0%
Argentina	0%	0%	0%
Caribbean	0%	0%	0%
Ecuador	0%	0%	0%
Peru	0%	0%	0%
Other LA	0%	0%	0%
AIME			
S Africa	0%	0%	0%
Turkey	0%	0%	0%
Morocco/ North Africa	0%	0%	0%
Dubai/Middle East	0%	0%	0%
Israel	0%	0%	0%
India	0%	0%	0%
Greece	0%	0%	0%
Other AIME	0%	0%	0%
Other Redmond ICON	0%	0%	0%
Far East			
Japan	10%	14%	15%
Korea	4%	5%	5%
Taiwan	8%	16%	11%
Hong Kong	15%	13%	15%
PR China	0%	0%	1%
Other Far East	0%	0%	0%

MS-PCA 2614752

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Data Updated 31-Jan			

Windows WP Penetration /PC

	PC		
Location	Actual FY94	Forecast FY95	Budget FY95
US	12%	14%	10%
Canada	13%	16%	13%
Europe			
European Headquarters, Paris	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%
United Kingdom	19%	21%	18%
Sweden	18%	25%	24%
Norway	12%	18%	16%
Denmark	10%	15%	16%
Finland	5%	17%	8%
Germany	15%	22%	17%
Poland	12%	13%	10%
Czechoslovakia	9%	21%	11%
Hungary	9%	19%	15%
Russia	0%	6%	0%
Slovenia	0%	0%	0%
Austria	15%	36%	34%
Switzerland	19%	30%	18%
France	18%	22%	18%
Spain	4%	8%	7%
Portugal	15%	21%	14%
Belgium	19%	26%	21%
Holland	20%	17%	15%
Italy	18%	20%	18%
East Europe Other	0%	0%	0%
ICON			
APAC			
Australia	25%	22%	16%
New Zealand	15%	27%	22%
Singapore	33%	24%	16%
Thailand	3%	2%	2%
Malaysia	5%	15%	8%
Indonesia/ Philippines	0%	0%	6%
Other APAC	0%	0%	0%
Latin America			
Mexico	0%	0%	0%
Brazil	0%	0%	0%
Venezuela	0%	0%	0%
Chile	0%	0%	0%
Colombia	0%	0%	0%
Argentina	0%	0%	0%
Caribbean	0%	0%	0%
Ecuador	0%	0%	0%
Peru	0%	0%	0%
Other LA	0%	0%	0%
AIME			
S Africa	0%	0%	0%
Turkey	0%	0%	0%
Morocco/ North Africa	0%	0%	0%
Dubai/Middle East	0%	0%	0%
Israel	0%	0%	0%
India	0%	0%	0%
Greece	0%	0%	0%
Other AIME	0%	0%	0%
Other Redmond ICON	0%	0%	0%
Far East			
Japan	9%	12%	13%
Korea	3%	4%	5%
Taiwan	8%	18%	12%
Hong Kong	17%	14%	15%
PR China	0%	1%	1%
Other Far East	0%	0%	0%

MS-PCA 2614753

HIGHLY CONFIDENTIAL

Data updated
2-Feb
Note   Historical & Budget summary
FS may not tie to published report
(See kt Revenue at Avg Fx Rate)
(kt The MYR forecast Process See
MYR95F.XLS for Fx Assumptions

Competitive Statistics - Revenue
(US$, in millions)

Location	FY94 ACTUAL NET REVENUES					FY95 FORECAST NET REVENUES					FY95 NET REVENUE GROWTH %				
	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other
US	1,421.0	1,163.0	604.0	166.0	0.0	1,688.0	1,150.0	557.0	145.0	0.0	18.8%	-1.1%	10.5%	-7.1%	0.0%
Canada	119.9	80.2	38.2	13.5	0.0	133.1	81.0	40.2	10.6	0.0	11.1%	1.0%	5.1%	-21.7%	0.0%
Europe															
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
European Operations Center, Dublin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	253.2	140.8	85.4	13.5	0.0	315.7	164.7	91.3	13.0	0.0	24.7%	17.0%	6.9%	-3.2%	0.0%
Sweden	70.7	15.7	6.3	2.9	0.0	89.5	19.4	7.8	1.9	0.0	26.6%	23.6%	23.6%	-32.8%	0.0%
Norway	22.6	9.6	4.5	1.9	0.0	33.2	10.7	6.3	0.9	0.0	46.7%	11.0%	17.7%	-52.4%	0.0%
Denmark	27.2	18.8	6.2	3.6	0.0	34.5	17.0	8.3	2.9	0.0	26.7%	-9.9%	34.6%	-20.2%	0.0%
Finland	13.4	9.2	3.4	2.5	0.0	21.4	11.4	4.6	2.0	0.0	59.6%	23.4%	36.4%	-20.7%	0.0%
Germany	384.6	143.2	61.8	26.7	0.0	334.0	167.3	60.9	25.4	0.0	-13.2%	16.8%	-1.5%	-4.9%	0.0%
Poland	6.2	6.5	1.0	0.0	0.0	11.0	9.2	0.8	0.0	0.0	77.9%	42.6%	-20.8%	0.0%	0.0%
Czech Republic	8.6	4.0	1.0	0.3	0.0	15.6	5.0	1.2	0.4	0.0	80.5%	25.0%	20.0%	16.7%	0.0%
Hungary	6.0	3.0	0.7	0.1	0.0	10.7	5.0	1.0	0.0	0.0	78.1%	66.7%	42.9%	-71.4%	0.0%
Russia	4.3	4.0	0.5	0.8	0.0	9.5	8.5	0.5	0.2	0.0	118.6%	112.5%	16.6%	-77.7%	0.0%
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	33.5	9.8	6.3	1.3	0.0	35.6	14.3	7.6	1.1	0.0	6.3%	45.9%	20.4%	-9.7%	0.0%
Switzerland	88.3	18.6	13.1	3.4	0.0	91.3	25.8	8.9	1.6	0.0	3.4%	38.5%	-32.3%	-53.2%	0.0%
France	239.2	43.3	26.0	20.8	0.0	276.4	52.7	23.4	17.6	0.0	15.5%	21.7%	-9.8%	-15.5%	0.0%
Spain	18.2	17.8	7.9	6.2	0.0	30.1	19.2	11.1	4.4	0.0	65.5%	7.6%	40.2%	-15.8%	0.0%
Portugal	10.6	2.4	0.7	0.1	0.0	16.1	2.9	0.9	0.2	0.1	62.0%	19.6%	29.8%	125.0%	0.0%
Belgium	31.8	17.1	8.5	3.1	0.0	43.4	17.2	7.8	2.6	0.0	36.5%	0.8%	-8.7%	-17.0%	0.0%
Holland	38.2	46.1	18.6	6.3	0.0	55.9	47.7	19.7	4.8	0.0	46.3%	3.6%	6.2%	-9.9%	0.0%
Italy	90.8	24.4	19.8	7.6	0.0	96.4	25.7	20.5	5.8	0.0	6.3%	5.1%	3.5%	-24.2%	0.0%
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
ICON															
APAC															
Australia	94.2	45.6	21.4	8.3	0.0	113.2	53.9	25.1	8.1	0.0	20.1%	18.2%	17.2%	-2.0%	0.0%
New Zealand	16.1	7.2	2.5	0.6	0.0	22.4	8.8	2.7	0.5	0.0	39.3%	22.3%	10.7%	-26.9%	0.0%
Singapore	9.4	7.5	3.7	1.3	0.0	12.9	7.8	3.7	1.1	0.0	36.5%	4.0%	0.0%	-15.4%	0.0%
Thailand	2.3	1.0	0.6	0.2	0.0	5.0	1.8	1.3	0.2	0.0	113.0%	80.0%	114.8%	33.3%	0.0%
Malaysia	3.5	4.1	2.4	1.4	0.0	7.1	5.1	3.0	1.1	0.0	105.1%	24.4%	24.9%	-16.9%	0.0%
Indonesia / Philippines	1.8	1.4	1.1	0.1	0.0	3.3	1.7	1.3	0.0	0.0	80.7%	25.9%	20.5%	0.0%	0.0%
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Latin America															
Mexico	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Argentina	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Caribbean	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Peru	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
AME															
S Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco / North Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Europe / Middle East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
India	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Greece	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other AME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other Regions ICON	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Far East															
Japan	209.8	97.0	111.1	26.4	128.1	380.6	136.2	147.8	28.3	167.7	81.4%	40.6%	33.0%	7.3%	30.8%
Korea	18.5	4.7	2.9	5.6	12.9	28.6	7.1	3.1	5.0	11.9	54.4%	52.2%	6.9%	-10.3%	-7.8%
Taiwan	18.7	10.1	4.5	3.2	66.3	25.2	11.3	4.7	2.8	86.8	34.6%	11.8%	4.0%	-11.2%	30.9%
Hong Kong	14.0	7.1	3.0	0.9	0.0	19.8	11.8	3.2	0.9	0.0	41.6%	67.2%	3.9%	-3.8%	0.0%
PR China	2.6	6.0	0.0	0.0	82.0	4.2	6.0	0.3	0.0	121.0	63.7%	20.0%	0.0%	0.0%	47.6%
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%

MS-PCA 2614754

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Competitive Statistics - Marketing Spend
(US$, in millions)

Location	FY94 ACTUAL MARKET SPEND					FY95 FORECAST MARKET SPEND					FY95 MARKETING SPEND GROWTH %				
	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other
US	198.0	174.0	91.0	28.0	0.0	230.0	172.0	100.0	27.0	0.0	16.2%	-1.1%	9.9%	-3.6%	0.0%
Canada	8.9	3.7	4.5	0.7	0.0	13.0	6.0	6.0	1.0	0.0	46.9%	60.1%	33.4%	33.4%	0.0%
Europe															
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
European, Australia and Capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	30.7	7.5	6.0	1.5	0.0	19.9	6.0	3.0	0.9	0.0	-35.1%	-19.9%	-49.9%	-41.3%	0.0%
Sweden	7.3	1.6	1.3	0.1	0.0	30.7	14.0	8.4	0.7	0.0	322.8%	791.3%	568.5%	384.4%	0.0%
Norway	3.1	1.0	0.7	0.2	0.0	14.0	7.0	5.3	0.5	0.0	347.3%	626.8%	670.8%	250.4%	0.0%
Denmark	3.2	1.9	0.9	0.3	0.0	11.7	10.0	7.4	1.0	0.0	265.3%	430.9%	693.0%	302.9%	0.0%
Finland	1.5	0.7	0.4	0.3	0.0	9.7	3.5	2.3	1.0	0.0	535.4%	394.7%	491.1%	276.9%	0.0%
Germany	31.4	11.3	5.9	3.0	0.0	65.0	21.0	11.0	4.0	0.0	107.0%	86.0%	85.1%	34.6%	0.0%
Poland	0.6	1.0	0.2	0.0	0.0	1.3	1.3	0.1	0.0	0.0	107.6%	30.0%	-33.3%	0.0%	0.0%
Czechoslovakia	0.8	0.4	0.1	0.0	0.0	1.4	0.6	0.1	0.0	0.0	63.5%	71.4%	18.2%	26.0%	0.0%
Hungary	0.4	0.4	0.1	0.0	0.0	1.1	0.6	0.2	0.1	0.0	161.3%	60.0%	100.0%	0.0%	0.0%
Russia	0.4	0.5	0.2	0.1	0.0	1.0	1.0	0.2	0.1	0.0	192.7%	100.0%	33.3%	0.0%	0.0%
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	2.8	1.3	0.6	0.1	0.0	0.1	0.0	0.0	0.0	0.0	1857.1%	1478.6%	1162.9%	1086.8%	0.0%
Switzerland	6.3	2.1	1.4	0.3	0.0	12.1	4.0	1.5	0.5	0.0	92.5%	93.7%	8.9%	30.7%	0.0%
France	22.2	0.0	0.0	0.0	0.0	127.8	0.0	0.0	0.0	0.0	474.1%	593.4%	188.9%	477.8%	0.0%
Spain	1.9	1.8	0.8	0.5	0.0	0.4	0.2	0.1	0.1	0.0	22523.3%	13486.9%	17603.7%	10634.8%	0.0%
Portugal	0.9	0.2	0.2	0.0	0.0	0.2	0.1	0.0	0.0	0.0	24222.7%	24308.2%	19190.3%	23820.0%	0.0%
Belgium	3.0	1.9	0.8	0.3	0.0	0.1	0.0	0.0	0.0	0.0	4433.6%	3362.3%	3285.4%	3064.0%	0.0%
Holland	6.8	5.3	1.6	0.5	0.0	11.7	10.0	3.4	0.9	0.0	72.5%	88.9%	114.1%	70.0%	0.0%
Italy	0.0	0.0	0.0	0.0	0.0	16.1	4.5	4.0	1.0	0.0	267966.2%	242429.4%	259174.2%	161946.4%	0.0%
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
ICON															
APAC															
Australia	9.4	1.7	1.8	1.6	0.0	12.5	2.8	2.8	2.1	0.0	33.0%	60.1%	68.8%	32.7%	0.0%
New Zealand	1.4	0.6	0.2	0.1	0.0	2.9	1.2	0.4	0.1	0.0	113.6%	100.9%	81.1%	20.0%	0.0%
Singapore	0.9	0.8	0.3	0.2	0.0	0.9	0.7	0.4	0.1	0.0	4.9%	-8.0%	12.5%	-46.7%	0.0%
Thailand	0.2	0.1	0.1	0.0	0.0	0.3	0.2	0.2	0.1	0.0	81.8%	100.0%	50.0%	66.7%	0.0%
Malaysia	0.4	0.3	0.4	0.1	0.0	0.7	0.4	0.4	0.1	0.0	65.3%	25.8%	25.7%	-16.7%	0.0%
Indonesia/ Philippines	0.2	0.1	0.1	0.0	0.0	0.2	0.1	0.1	0.0	0.0	41.2%	12.5%	8.3%	0.0%	0.0%
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Latin America															
Mexico	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Argentina	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Caribbean	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Peru	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
AIME															
S Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
India	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Greece	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other AIME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Far East															
Japan	22.2	6.6	18.8	0.0	18.8	3.8	0.9	2.4	0.0	3.5	17025.0%	13556.9%	12646.4%	0.0%	18488.6%
Korea	0.9	0.5	0.4	0.6	1.9	0.0	0.7	0.3	0.4	1.4	107.1%	146126.6%	66963.7%	71711.6%	73696.7%
Taiwan	1.7	1.0	0.4	0.2	4.0	0.1	0.0	0.0	0.0	0.1	4273.4%	3356.9%	3061.6%	3011.2%	3371.8%
Hong Kong	1.3	0.7	0.4	0.1	0.0	1.9	1.0	0.4	0.1	0.0	60.0%	46.2%	10.0%	-25.0%	0.0%
PR China	0.4	0.5	0.1	0.0	0.3	0.5	0.5	0.1	0.0	0.6	41.1%	20.0%	60.0%	0.0%	100.0%
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%

Data Updated
2-Feb

Competitive Statistics - Headcount

Location	FY94 ACTUAL HEADCOUNT					FY95 FORECAST HEADCOUNT					FY95 HEADCOUNT GROWTH				
	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other
US	3456	2720	1316	692	0	4296	2584	1369	553	0	24.3%	-5.0%	4.0%	-20.1%	0.0%
Canada	219	36	70	16	0	280	54	90	16	0	27.9%	50.0%	28.6%	0.0%	0.0%
Total North America	3675	2756	1386	708	0	4576	2638	1459	569	0	24.5%	-4.3%	5.3%	-19.6%	0.0%
Europe															
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
European Operations Center, Dublin	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
United Kingdom	507	420	210	70	0	640	380	181	55	0	26.2%	-9.5%	-13.8%	-21.4%	0.0%
Sweden	171	62	38	16	0	246	16	35	0	0	43.9%	-74.2%	-7.9%	0.0%	0.0%
Norway	18	54	8	0	0	14	13	8	0	0	-22.2%	-75.9%	0.0%	0.0%	0.0%
Denmark	19	50	9	14	0	25	20	10	0	0	31.6%	-60.0%	11.1%	0.0%	0.0%
Finland	11	32	4	1	0	21	11	4	0	0	90.9%	-65.6%	0.0%	0.0%	0.0%
Germany	645	250	128	60	0	670	210	98	50	0	3.9%	-16.0%	-23.4%	-16.7%	0.0%
Poland	11	9	2	0	0	17	10	4	0	0	54.5%	11.1%	100.0%	0.0%	0.0%
Czechoslovakia	15	0	0	0	0	21	6	3	2	0	40.0%	0.0%	0.0%	0.0%	0.0%
Hungary	8	2	0	0	0	14	4	3	0	0	75.0%	100.0%	0.0%	0.0%	0.0%
Russia	15	0	20	8	0	25	6	20	4	0	66.7%	0.0%	0.0%	-50.0%	0.0%
Slovenia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	32	7	8	0	0	33	11	4	0	0	3.1%	57.1%	-50.0%	0.0%	0.0%
Switzerland	47	26	14	5	0	62	18	14	1	0	31.9%	-30.8%	0.0%	-80.0%	0.0%
France	486	90	70	40	0	472	100	60	35	0	-2.9%	11.1%	-14.3%	-12.5%	0.0%
Spain	63	40	30	28	0	83	25	28	15	0	31.7%	-37.5%	-6.7%	-46.4%	0.0%
Portugal	24	11	3	0	0	37	11	3	0	2	54.2%	0.0%	0.0%	0.0%	0.0%
Belgium	38	41	9	6	0	46	30	4	4	0	21.1%	-26.8%	-55.6%	-33.3%	0.0%
Holland	115	100	34	28	0	122	93	30	24	0	6.1%	-7.0%	-11.8%	-14.3%	0.0%
Italy	150	37	38	18	0	177	42	42	0	0	18.0%	13.5%	10.5%	0.0%	0.0%
East Europe Other	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total Europe	2375	1231	625	294	0	2725	1006	551	190	4472	14.7%	-18.3%	-11.8%	-35.4%	0.0%
ICON															
APAC															
Australia	207	138	88	25	0	220	150	100	23	0	6.3%	8.7%	13.6%	-8.0%	0.0%
New Zealand	33	14	2	6	0	46	12	6	1	0	39.4%	-14.3%	200.0%	-83.3%	0.0%
Singapore	25	32	25	5	0	33	35	26	4	0	32.0%	9.4%	4.0%	-20.0%	0.0%
Thailand	4	1	2	1	0	10	5	4	1	0	150.0%	400.0%	100.0%	0.0%	0.0%
Malaysia	12	4	5	9	0	19	6	7	8	0	58.3%	50.0%	40.0%	-11.1%	0.0%
Indonesia/ Philippines	2	0	1	0	0	1	0	2	0	0	-50.0%	0.0%	100.0%	0.0%	0.0%
Other APAC	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total APAC	283	189	123	46	0	329	208	145	37	0	16.3%	10.1%	17.9%	-19.6%	0.0%
Latin America															
Mexico	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Argentina	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Caribbean	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Peru	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
AIME															
S Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
India	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Greece	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other AIME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total AIME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total ICON	283	189	123	46	0	329	208	145	37	0	16.3%	10.1%	17.9%	-19.6%	0.0%
Far East															
Japan	287	160	226	110	660	440	200	240	110	800	53.3%	25.0%	6.2%	0.0%	21.2%
Korea	52	20	26	29	150	80	25	30	33	190	53.8%	25.0%	15.4%	13.8%	26.7%
Taiwan	58	14	17	6	220	72	20	42	7	230	24.1%	42.9%	147.1%	16.7%	4.5%
Hong Kong	26	18	6	7	0	40	20	10	5	0	53.8%	11.1%	66.7%	-28.6%	0.0%
PR China	11	2	3	0	150	26	15	7	0	200	136.4%	650.0%	133.3%	0.0%	33.3%
Other Far East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total Far East	434	214	278	152	1180	658	280	329	155	1420	51.6%	30.8%	18.3%	2.0%	20.3%
WW Total	6767	4390	2412	1200	1180	8288	4132	2484	951	5892	22.5%	-5.9%	3.0%	-20.8%	399.3%

Data Updated
2-Feb

Processor Data

Location	Total PC Installed Base (in millions)			Operating System Market (thousands)								
				PCs Sold			Macs Sold			Total Operating Systems		
	Actual FY94	YTD* FY95	Forecast FY95	Actual FY94	YTD* FY95	Forecast FY95	Actual FY94	YTD* FY95	Forecast FY95	Actual FY94	YTD* FY95	Forecast FY95
US	81.7	87.3	92.8	15,274.0	10,300.0	20,000.0	2,130.0	1,207.5	2,415.0	17,404.0	11,507.5	22,415.0
Canada	5.8	6.4	6.8	1,415.0	725.0	1,595.0	158.4	83.7	158.9	1,573.4	808.7	1,753.9
Total North America	87.5	93.7	99.6	16,689.0	11,025.0	21,595.0	2,288.4	1,291.2	2,573.9	18,977.4	12,316.2	24,168.9
Europe												
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	6.7	7.3	8.2	2,096.0	1,176.0	2,450.0	210.0	102.0	190.0	2,306.0	1,278.0	2,640.0
Sweden	1.7	1.8	2.0	425.6	225.0	470.0	58.9	35.0	70.0	484.5	260.0	540.0
Norway	0.9	0.9	1.0	230.0	131.0	270.0	16.7	9.5	16.0	246.7	140.5	286.0
Denmark	1.0	1.1	1.2	290.2	150.0	330.0	18.5	10.0	21.0	308.7	160.0	351.0
Finland	0.7	0.7	0.8	290.2	150.0	330.0	8.0	4.4	8.7	298.2	154.4	338.7
Germany	9.0	10.5	11.5	2,890.0	1,717.7	3,227.0	112.0	70.0	132.0	3,002.0	1,787.7	3,359.0
Poland	0.8	0.8	0.9	183.5	122.0	244.3	1.5	0.7	1.5	185.0	122.7	245.8
Czechoslovakia	360.0	430.0	480.0	120.0	90.0	150.0	2.0	1.5	3.0	122.0	91.5	153.0
Hungary	290.0	340.0	380.0	95.0	66.9	116.2	5.0	2.5	5.0	100.0	69.4	121.2
Russia	2.5	2.8	3.0	354.0	250.0	450.0	12.0	8.0	15.0	366.0	258.0	465.0
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Austria	0.7	0.8	0.9	217.0	113.0	239.0	16.0	8.5	16.5	233.0	121.5	255.5
Switzerland	1.6	1.7	1.9	410.4	235.0	471.2	40.0	24.6	46.5	450.4	259.6	517.7
France	6.3	6.8	7.3	1,660.0	975.0	1,920.0	227.0	130.0	240.0	1,887.0	1,105.0	2,160.0
Spain	2.4	2.5	2.7	547.2	281.0	605.0	28.4	14.0	30.0	575.6	295.0	635.0
Portugal	546.0	622.0	703.0	138.0	78.2	155.0	8.0	4.8	9.0	146.0	83.0	164.0
Belgium	1.2	1.3	1.3	235.0	147.2	266.3	30.0	17.0	32.0	265.0	164.2	298.3
Holland	2.5	2.7	2.8	551.0	344.3	624.3	31.3	20.0	36.0	582.3	364.3	660.3
Italy	3.4	3.6	3.9	776.4	475.0	857.0	57.9	31.5	65.5	834.3	506.5	922.5
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Europe	1,237.3	1,437.4	1,612.3	11,509.4	6,727.2	13,175.3	883.2	494.0	937.7	12,392.6	7,221.2	14,113.0
ICON												
APAC												
Australia	4.1	4.5	4.8	861.0	438.5	1,026.0	128.0	69.5	139.0	989.0	508.0	1,165.0
New Zealand	0.5	0.6	0.7	154.5	81.5	194.8	14.0	6.3	15.2	168.5	87.8	210.0
Singapore	0.3	0.4	0.4	95.0	55.0	124.0	10.2	5.0	10.5	105.2	60.0	134.5
Thailand	0.5	0.6	0.8	140.5	85.0	170.0	5.5	4.0	10.0	146.0	89.0	180.0
Malaysia	0.4	0.6	0.6	108.0	65.0	125.0	6.8	4.0	8.0	114.8	69.0	133.0
Indonesia/Philippines	1.1	1.3	1.5	240.0	160.0	330.0	5.4	3.6	7.2	245.4	163.6	337.2
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total APAC	6.9	7.9	8.7	1,599.0	885.0	1,969.8	169.9	92.4	189.9	1,768.9	977.4	2,159.7
Latin America												
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIME												
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dubai/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Redmond ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total ICON	6.9	7.9	8.7	1,599.0	885.0	1,969.8	169.9	92.4	189.9	1,768.9	977.4	2,159.7
Far East												
Japan	8.9	9.4	10.1	2,459.4	1,306.5	3,019.5	453.0	245.0	530.0	2,912.4	1,551.5	3,549.5
Korea	2.7	3.0	3.4	875.0+*	484.4	1,064.3	25.0	17.0	38.0	900.0	501.4	1,102.3
Taiwan	1.4	1.3	1.3	316.0	137.8	330.8	7.0	5.0	10.0	323.0	142.8	340.8
Hong Kong	0.5	0.6	0.8	173.7	98.6	212.1	12.9	8.5	19.0	186.6	107.1	231.1
PR China	1.0	1.5	2.1	525.0	295.6	652.5	4.0	8.0	17.0	529.0	303.6	669.5
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Far East	14.5	15.8	17.7	4,349.1	2,322.8	5,279.2	501.9	283.5	614.0	4,851.0	2,606.3	5,893.2
WW Total	1,346.2	1,554.7	1,738.3	34,146.5	20,960.0	42,019.3	3,843.4	2,161.1	4,315.5	37,989.9	23,121.1	46,334.8

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614757

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Data Updated
31-Jan

Windows Penetration & Windows 3.1 Installed Base

	Forecast FY95							
Location	PC's Sold Into Homes		Windows Penetration		Windows 95 Upgrades		Windows 3.1 Installed Base	
US								
US	8,400,000	42%	17,000,000	85%	0	0%	26,000,000	130%
Canada	362,500	23%	1,115,416	70%	0	0%	2,749,050	172%
Total North America	8,762,500		18,115,416		0		28,749,050	
Europe								
European Headquarters, Paris	0	0%	0	0%	0	0%	0	0%
European Operations Center, Dublin	0	0%	0	0%	0	0%	0	0%
United Kingdom	790,000	32%	2,091,150	85%	0	0%	4,570,000	187%
Sweden	59,000	13%	425,000	90%	0	0%	1,085,000	231%
Norway	29,000	11%	243,000	90%	0	0%	716,250	265%
Denmark	44,000	13%	280,000	85%	0	0%	918,000	278%
Finland	16,200	8%	158,000	79%	0	0%	580,000	290%
Germany	1,200,000	37%	2,190,000	68%	0	0%	6,470,000	56%
Poland	20,000	8%	155,000	63%	0	0%	210,000	23%
Czechoslovakia	15,000	10%	102,000	68%	0	0%	150,000	100%
Hungary	10,000	9%	77,000	66%	0	0%	170,000	45%
Russia	30,000	7%	200,500	45%	0	0%	280,000	62%
Slovenia	0	0%	0	0%	0	0%	0	0%
Austria	79,000	33%	147,000	62%	0	0%	560,000	63%
Switzerland	151,360	32%	377,514	80%	0	0%	1,200,000	61%
France	425,000	22%	1,520,000	79%	0	0%	5,200,000	271%
Spain	125,000	21%	498,217	82%	0	0%	1,565,000	259%
Portugal	37,125	24%	130,580	84%	0	0%	323,425	209%
Belgium	65,000	24%	246,000	92%	0	0%	850,000	0%
Holland	154,000	25%	576,000	92%	0	0%	1,450,000	0%
Italy	210,000	25%	642,750	75%	0	0%	1,852,554	0%
East Europe Other	0	0%	0	0%	0	0%	0	0%
Total Europe	3,459,685		10,059,711		0		28,150,229	
ICON								
APAC								
Australia	270,000	26%	882,599	86%	0	0%	2,500,000	244%
New Zealand	43,050	22%	169,615	87%	0	0%	496,633	255%
Singapore	28,000	23%	82,000	66%	0	0%	250,000	202%
Thailand	48,000	28%	116,000	68%	0	0%	248,000	146%
Malaysia	15,000	12%	90,000	72%	0	0%	300,000	240%
Indonesia/ Philippines	47,500	14%	95,000	28%	0	0%	230,000	69%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	451,550		1,435,214		0		4,024,633	
Latin America								
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0		0		0		0	
AIME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%
Total AIME	0		0		0		0	
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	451,550		1,435,214		0		4,024,633	
Far East								
Japan	831,350	28%	1,900,000	63%	0	0%	3,380,960	112%
Korea	550,000	52%	740,000	70%	0	0%	1,200,000	113%
Taiwan	119,000	36%	198,000	60%	0	0%	392,992	119%
Hong Kong	59,400	28%	161,827	76%	0	0%	274,742	130%
PR China	30,000	5%	60,000	9%	0	0%	220,000	34%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	1,589,750		3,059,827		0		5,468,694	
WW Total	14,263,485		32,670,167		0		66,392,606	

MS-PCA 2614758

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Data Updated
31-Jan

Windows Penetration & Windows 3.1 Installed Base

Location	PC's Sold into Homes		Windows Penetration		Windows 95 Upgrades		Windows 3.1 Installed Base	
US	7,415,000	42%	15,000,000	85%	2,775,000	16%	21,142,000	120%
Canada	0	0%	1,239,446	85%	238,530	16%	2,245,760	155%
Total North America	7,415,000		16,239,446		3,013,530		23,387,760	
Europe								
European Headquarters, Paris	0	0%	0	0%	0	0%	0	0%
European Operations Center, Dublin	0	0%	0	0%	0	0%	0	0%
United Kingdom	873,000	34%	2,200,750	85%	343,837	13%	4,112,925	159%
Sweden	45,000	11%	345,000	86%	90,000	22%	1,012,000	252%
Norway	23,000	10%	195,000	85%	50,000	22%	675,000	295%
Denmark	27,000	11%	195,000	79%	50,000	20%	843,000	340%
Finland	15,200	8%	143,000	75%	35,300	19%	550,000	289%
Germany	1,300,000	39%	1,970,000	60%	415,000	13%	6,250,000	54%
Poland	0	0%	0	0%	0	0%	0	0%
Czechoslovakia	0	0%	0	0%	0	0%	0	0%
Hungary	0	0%	0	0%	0	0%	0	0%
Russia	0	0%	0	0%	0	0%	0	0%
Slovenia	0	0%	0	0%	0	0%	0	0%
Austria	91,200	38%	145,790	61%	57,000	24%	480,000	54%
Switzerland	160,000	35%	373,350	81%	90,000	12%	1,040,000	57%
France	425,000	23%	0	0%	0	0%	0	0%
Spain	0	0%	0	0%	24,143	4%	1,562,682	259%
Portugal	40,250	26%	128,500	83%	12,500	8%	0	0%
Belgium	60,000	23%	235,000	91%	49,000	19%	840,000	0%
Holland	148,000	24%	454,000	90%	64,000	11%	1,400,000	0%
Italy	0	0%	0	0%	0	0%	0	0%
East Europe Other	0	0%	0	0%	0	0%	0	0%
Total Europe	3,207,650		6,385,390		1,280,780		18,765,607	
ICON								
APAC								
Australia	232,000	25%	790,500	86%	160,000	17%	2,000,000	217%
New Zealand	27,540	17%	129,600	80%	26,750	17%	346,500	214%
Singapore	0	0%	0	0%	0	0%	0	0%
Thailand	44,000	28%	110,000	69%	0	0%	248,000	155%
Malaysia	15,000	13%	80,000	71%	12,500	11%	250,000	221%
Indonesia/ Philippines	0	0%	0	0%	0	0%	0	0%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	318,540		1,110,100		199,250		2,844,500	
Latin America								
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0		0		0		0	
AIME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%
Total AIME	0		0		0		0	
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	318,540		1,110,100		199,250		2,844,500	
Far East								
Japan	0	0%	1,600,000	61%	0	0%	2,912,000	110%
Korea	0	0%	660,000	67%	0	0%	1,152,000	118%
Taiwan	119,000	36%	198,000	60%	0	0%	392,992	119%
Hong Kong	58,537	35%	115,002	65%	17,000	10%	204,200	121%
PR China	30,000	4%	60,000	9%	0	0%	220,000	32%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	207,537		2,633,002		17,000		4,881,192	
WW Total	11,148,727		26,367,938		4,510,560		49,879,059	

MS-PCA 2614759

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Data Updated 2-Feb

OS Market by Period (All)

Location	Actual FY94		Actual YTD FY95*		Forecast FY95		Budget FY95	
US	15,274,000	100%	10,300,000	100%	20,000,000	100%	17,655,000	100%
Canada	1,415,000	100%	725,000	100%	1,595,000	100%	1,450,000	100%
Total North America	16,689,000	49%	11,025,000	53%	21,595,000	51%	19,105,000	49%
Europe								
European Headquarters, Paris	0	0%	0	0%	0	0%	0	0%
European Operations Center, Dublin	0	0%	0	0%	0	0%	0	0%
United Kingdom	2,096,000	100%	1,176,000	100%	2,450,000	100%	2,589,000	100%
Sweden	425,551	100%	225,000	100%	470,000	100%	402,350	100%
Norway	230,014	100%	131,000	100%	270,000	100%	228,583	100%
Denmark	425,551	100%	225,000	100%	470,000	100%	402,350	100%
Finland	230,014	100%	131,000	100%	270,000	100%	228,583	100%
Germany	2,890,000	100%	1,717,700	100%	3,227,000	100%	3,291,900	100%
Poland	183,500	100%	121,950	100%	244,300	100%	244,000	100%
Czechoslovakia	120,000	100%	78,150	100%	150,000	100%	150,000	100%
Hungary	95,000	100%	66,850	100%	116,200	100%	113,000	100%
Russia	354,000	100%	249,217	100%	450,100	100%	450,000	100%
Slovenia	0	0%	0	0%	0	0%	0	0%
Austria	217,000	100%	113,000	100%	239,000	100%	239,000	100%
Switzerland	410,440	100%	235,026	100%	471,230	100%	460,813	100%
France	1,660,000	100%	975,000	100%	920,000	100%	1,885,000	100%
Spain	547,222	100%	281,000	100%	605,000	100%	604,095	100%
Portugal	138,000	100%	78,150	100%	155,000	100%	155,000	100%
Belgium	235,000	100%	147,200	100%	266,300	100%	259,000	100%
Holland	551,000	100%	344,300	100%	624,300	99%	606,000	100%
Italy	776,376	100%	475,000	100%	857,000	100%	869,542	100%
East Europe Other	0	0%	0	0%	0	0%	0	0%
Total Europe	11,584,667	34%	6,770,543	32%	13,255,430	31%	13,178,216	34%
ICON								
APAC								
Australia	814,500	95%	438,500	100%	1,026,000	100%	921,000	100%
New Zealand	154,500	100%	81,500	100%	194,800	100%	162,000	100%
Singapore	95,000	100%	55,890	100%	124,000	100%	82,760	100%
Thailand	140,500	100%	85,000	100%	170,000	100%	160,000	100%
Malaysia	108,000	100%	65,000	100%	125,000	100%	113,200	100%
Indonesia/ Philippines	240,200	100%	0	0%	333,600	100%	299,040	100%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	1,552,700	100%	725,890	100%	1,973,400	100%	1,738,000	100%
Latin America								
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0	0%	0	0%	0	0%	0	0%
AIME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%
Total AIME	0	0%	0	0%	0	0%	0	0%
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	1,552,700	5%	725,890	3%	1,973,400	5%	1,738,000	4%
Far East								
Japan	2,462,100	100%	1,306,500	100%	3,019,500	100%	2,641,200	100%
Korea	875,000	100%	484,350	100%	1,064,300	100%	980,000	100%
Taiwan	316,000	100%	137,840	100%	330,800	100%	330,900	100%
Hong Kong	173,715	100%	98,552	100%	212,090	100%	169,121	100%
PR China	525,000	100%	295,600	100%	652,500	100%	695,000	100%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	4,351,815	13%	2,322,842	11%	5,279,190	13%	4,816,221	12%
WW Total	34,178,182	100%	20,844,275	100%	42,103,020	100%	38,837,437	100%

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614760

Date Updated
31-Jan

OS Market by Product
Actual FY94

Location

	PC-DOS		MS-DOS		DR-DOS		Windows 16		Windows NT		Netware		OS/2		Unix		Other		Untorized PC's		Total PC's	
US	1,853,000	0%	10,774,000		151,000	71%		1%	59,000			0%	543,000		122,000		0	1%	2,245,000	15%	15,273,000	100%
Canada	0	0%	1,010,000		18,000	71%		1%	3,500				50,000		11,500		112,000	1%	210,000	15%	1,415,000	100%
Total North America	1,353,000	0%	11,784,000		211,000	71%		1%	62,500				591,000		133,500		112,000	1%	2,458,000	15%	16,699,000	100%

MS-PCA 2614761

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OS Market by Product
Actual YTD/YY
* November YTD for EF and APAC, December YTD for other regions

Data Updated 2-Feb																					

Page 70

MS-PCA 2614762

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Date Updated
31-Jan

OS Market by Product
Forecast FY95

Location	PC-DOS		MS-DOS		DR-DOS		Windows 95		Windows NT		Netware		OS/2		Unix		Other		Unlicensed PC's		Total PC's	
US	1,700,000	9%	14,500,000	73%	90,000	0%	0	0%	200,000	1%	200,000	1%	320,000	2%	170,000	1%	0	0%	2,820,000	14%	20,000,000	100%
Canada	50,000	3%	1,115,000	70%	20,000	1%	0	0%	25,000	2%	50,000	3%	90,000	6%	15,000	1%	10,000	1%	190,000	12%	1,595,000	100%
Total North America	1,750,000	8%	15,615,000	72%	110,000	1%	0	0%	225,000	1%	250,000	1%	410,000	2%	185,000	1%	10,000	0%	3,010,000	14%	21,595,000	100%
Europe																						
European [illegible] Park	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
European Operations Center Dublin	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
United Kingdom	195,000	8%	1,957,000	80%	1,000	0%	0	0%	23,600	1%	32,920	1%	95,000	4%	5,100	0%	0	0%	135,330	6%	2,350,000	100%
Sweden	42,000	9%	344,500	73%	2,500	1%	0	0%	3,000	1%	0	0%	30,000	6%	3,000	1%	0	0%	45,000	10%	470,000	100%
Norway	16,300	6%	199,000	74%	1,000	0%	0	0%	2,750	1%	0	0%	25,500	9%	1,525	1%	0	0%	23,925	9%	270,000	100%
Denmark	45,000	14%	196,750	60%	1,000	0%	0	0%	2,500	1%	0	0%	48,000	15%	1,750	1%	0	0%	35,000	11%	330,000	100%
Finland	16,000	8%	145,000	73%	550	0%	0	0%	950	0%	0	0%	15,500	8%	1,650	1%	0	0%	20,350	10%	200,000	100%
Germany	150,000	5%	2,490,000	77%	50,000	2%	0	0%	31,000	1%	69,000	2%	180,000	6%	35,000	1%	10,000	0%	213,000	7%	3,227,000	100%
Poland	12,000	5%	185,000	76%	0	0%	0	0%	2,000	1%	8,000	3%	800	0%	2,000	1%	500	0%	34,000	14%	244,300	100%
Czechoslovakia	3,000	2%	121,700	81%	1,000	1%	0	0%	1,500	1%	7,000	1%	800	1%	5,000	3%	0	0%	15,000	10%	150,000	100%
Hungary	5,500	5%	84,200	72%	0	0%	0	0%	2,000	2%	1,800	2%	2,500	2%	500	0%	0	0%	19,700	17%	116,200	100%
Russia	10,000	2%	222,500	49%	1,000	0%	0	0%	1,100	0%	6,000	1%	2,000	0%	2,500	1%	0	0%	205,000	46%	450,100	100%
Slovenia	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Austria	13,000	5%	153,300	64%	2,700	1%	0	0%	4,000	2%	3,000	1%	27,000	11%	5,000	2%	17,000	7%	14,000	6%	239,000	100%
Switzerland	61,807	13%	350,002	74%	1,000	0%	0	0%	8,651	1%	9,100	2%	24,310	5%	360	0%	0	0%	18,000	4%	471,230	100%
France	15,000	1%	1,550,000	81%	5,000	0%	0	0%	15,000	1%	25,000	1%	110,000	6%	60,000	3%	0	0%	140,000	7%	1,920,000	100%
Spain	64,000	9%	434,231	72%	3,000	0%	0	0%	450	0%	4,155	1%	35,164	6%	5,000	1%	4,000	1%	65,000	11%	605,000	100%
Portugal	12,000	8%	118,000	76%	1,000	1%	0	0%	500	0%	0	0%	4,500	3%	0	0%	0	0%	19,000	12%	155,000	100%
Belgium	1,800	1%	221,000	83%	500	0%	0	0%	6,700	3%	4,000	2%	15,000	6%	3,800	1%	2,500	1%	11,000	4%	266,300	100%
Holland	5,200	1%	517,800	83%	800	0%	0	0%	7,500	1%	9,000	1%	38,000	6%	7,500	1%	3,500	1%	35,000	6%	624,300	100%
Italy	96,000	11%	629,000	73%	1,000	0%	0	0%	6,500	1%	1,000	0%	60,000	7%	12,000	1%	0	0%	51,500	6%	657,000	100%
East Europe Other	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total Europe	753,607	6%	9,918,983	76%	73,050	1%	0	0%	122,701	1%	173,975	1%	714,074	5%	151,685	1%	37,500	0%	1,099,855	8%	13,045,430	100%
ICON																						
APAC																						
Australia	70,000	7%	717,600	70%	6,000	1%	0	0%	10,500	1%	12,000	1%	25,000	2%	15,000	1%	10,000	1%	160,000	16%	1,026,000	100%
New Zealand	9,745	5%	147,889	76%	0	0%	0	0%	1,446	1%	1,500	1%	3,000	2%	2,000	1%	0	0%	29,220	15%	194,800	100%
Singapore	6,200	5%	91,770	74%	800	1%	0	0%	1,280	1%	4,450	4%	4,000	3%	500	0%	0	0%	15,000	12%	124,000	100%
Thailand	12,000	7%	116,000	68%	200	0%	0	0%	800	0%	3,000	2%	1,200	1%	3,000	2%	300	0%	33,500	20%	170,000	100%
Malaysia	3,500	3%	83,000	66%	0	0%	0	0%	400	0%	800	1%	1,000	1%	120	0%	0	0%	36,180	29%	125,000	100%
Indonesia/ Philippines	800	0%	97,000	29%	0	0%	0	0%	0	0%	3,000	1%	9,600	3%	6,100	2%	100	0%	218,000	65%	333,600	100%
Other APAC	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total APAC	102,245	6%	1,253,159	64%	7,000	0%	0	0%	14,426	1%	24,750	1%	43,800	2%	25,720	1%	10,400	1%	491,900	25%	1,973,400	100%
Latin America																						
Mexico	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total LA	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
AIME																						
S Africa	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total AIME	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total ICON	102,245	5%	1,253,159	64%	7,000	0%	0	0%	14,426	1%	24,750	1%	43,800	2%	25,720	1%	10,400	1%	491,900	25%	1,973,400	100%
Far East																						
Japan	258,000	9%	2,357,100	78%	2,400	0%	0	0%	9,700	0%	73,000	2%	179,000	6%	20,700	1%	99,600	3%	20,000	1%	3,012,500	100%
Korea	65,000	6%	652,000	80%	4,000	0%	0	0%	3,300	0%	3,000	0%	6,000	1%	3,000	0%	25,000	2%	103,000	10%	1,064,300	100%
Taiwan	6,000	2%	215,000	65%	0	0%	0	0%	6,000	2%	10,500	3%	10,000	3%	3,300	1%	0	0%	80,000	23%	330,800	100%
Hong Kong	36,198	17%	138,405	65%	1,065	1%	0	0%	7,345	3%	6,388	3%	6,707	3%	6,856	3%	1,355	1%	8,742	4%	212,091	100%
PR China	1,000	0%	380,000	58%	0	0%	0	0%	1,500	0%	3,000	0%	12,000	2%	5,000	1%	0	0%	250,000	38%	657,600	100%
Other Far East	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Total Far East	366,198	7%	3,942,506	75%	7,465	0%	0	0%	27,845	1%	95,888	2%	213,707	4%	37,856	1%	125,985	2%	461,742	9%	5,279,191	100%
WW Total	2,972,050	7%	30,729,647	73%	197,515	0%	0	0%	389,972	1%	644,613	1%	1,381,581	3%	400,261	1%	213,885	1%	5,063,497	12%	41,893,021	100%

OS Market by Product
Budget 1995

Location	PC-DOS	MS-DOS	DR-DOS	Windows 15	Windows NT	Netege	OS/2	Unix	Other	Unlicensed PCs	Total PCs
US	1,184,000	10,592,000	255,000		71,000	0	233,000	150,000	0	235,000	1,415,000
Canada	0	1,075,600	21,500		5,450	0	54,500	14,500	87,500	14,500	1,450,000
Total North America	1,184,000	11,657,600	255,500		73,000	0	33,500	173,500	87,500	2,550,000	16,108,000
Europe											
European Headquarters Paris	0	0	0	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	0	1,900,000	5,000	171,000	20,000	0	98,000	5,000	20,000	170,000	2,556,000
Sweden	0	276,450	7,000	22,500	4,150	0	27,500	0	0	41,000	402,350
Norway	0	168,450	1,000	8,333	1,800	0	21,000	4,700	0	23,500	228,583
Denmark	0	166,067	1,000	8,333	1,650	0	18,000	2,750	0	30,000	206,050
Ireland	150,000	141,197	0	5,583	1,275	0	17,000	3,000	0	10,000	218,000
Germany	0	1,590,000	50,000	610,000	29,000	61,000	120,000	35,000	20,000	326,900	3,201,000
Poland	0	180,000	3,000	5,000	2,500	0	1,500	1,000	11,000	40,000	244,000
Czechoslovakia	0	110,000	2,000	10,000	1,500	0	1,000	7,500	0	19,000	150,000
Hungary	0	74,000	2,000	1,000	2,000	0	600	0	6,400	19,000	113,000
Russia	0	180,000	0		0	81,000	0	300	0	261,000	450,000
Slovenia											
Austria	13,000	164,000	5,000	113,203	4,000	0	15,000	5,000	17,000	14,000	239,000
Switzerland	58,042	213,544	4,500	140,000	3,500	6,520	11,000	1,400	0	25,000	440,813
France	24,000	1,294,000	15,000	140,000	25,000	25,000	100,000	70,000	4,000	150,000	1,883,000
Spain	0	508,881	5,000	37,500	4,100	0	30,000	4,500	8,000	33,414	604,095
Portugal	2,000	79,000	3,500	1,500	1,300	4,000	4,000	4,700	0	15,200	153,000
Belgium	6,000	172,800	4,500	90,000	10,000	9,000	18,000	9,000	3,500	11,500	250,000
Holland	0	414,000	10,000	150,000	11,000	0	18,000	0	4,500	34,500	600,000
Italy	121,734	493,113	3,474				52,172	13,041		25,000	869,542
East Europe Other											
Total Europe	375,798	8,167,531	120,573	1,077,752	132,075	107,520	563,337	103,903	84,400	1,259,614	12,085,333
ICON											
APAC											
Australia	35,000	491,000	10,000	140,000	20,000	0	25,000	15,000	10,000	148,000	921,000
New Zealand	11,000	112,500	1,000	29,500	2,000	0	3,000	2,000	0	2,000	142,760
Singapore	0	0	0	48,760	1,400	800	1,700	0	800	19,500	87,760
Thailand	12,000	106,000	0	4,000	300	0	1,000	3,000	0	30,000	160,000
Malaysia	3,000	75,000	1,000	6,000	1,800	0	1,000	120	3,400	26,980	113,200
Indonesia/ Philippines	0	70,454	0	18,784	0	0	4,400	0	0	200,000	299,040
Other APAC											
Total APAC	61,000	870,454	12,600	260,044	26,500	800	34,800	20,120	14,200	426,480	1,738,000
Latin America											
Mexico											
Brazil											
Venezuela											
Chile											
Colombia											
Argentina											
Caribbean											
Ecuador											
Peru											
Other LA											
Total LA											
AME											
S Africa											
Turkey											
Morocco/ North Africa											
Dubai/ Middle East											
Israel											
India											
Greece											
Other AME											
Total AME											
Other Redmond ICON											
Total ICON	61,000	870,454	12,600	260,044	26,500	800	34,800	20,120	14,200	426,480	1,738,000
Far East											
Japan	0	2,323,700	0		60,000	0	100,000	41,000	15,000	20,000	2,641,200
Korea	0	837,500	4,000		5,000	0	6,000	1,900	35,000	80,000	960,000
Taiwan	0	247,000	8,300		3,700	0	8,000	3,300	5,592	14,700	319,000
Hong Kong	0	27,051	8,074	106,544	3,454	0	5,074	6,145	1,133	4,715	189,111
PR China	0	205,000	0	240,000	3,000	0	2,000	5,000	0	240,000	655,000
Other Far East											
Total Far East	0	3,660,459	17,374	344,544	10,158	800	121,074	59,065	137,412	391,165	2,816,221
WW Total	1,602,798	26,738,084	434,857	2,593,242	314,031	108,320	1,467,702	412,228	328,512	4,419,559	34,661,554

Data Updated
31-Jan

Total Market Licenses

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	745,000	1,819,000	1,640,000	2,138,000	3,096,000	4,238,000	3,039,000	4,353,000	2,690,000	3,831,000	2,270,000	3,838,000
Canada	63,000	139,000	108,000	155,000	208,000	306,000	196,000	318,000	162,000	253,000	161,000	253,000
Total North America	808,000	1,958,000	1,748,000	2,293,000	3,304,000	4,544,000	3,235,000	4,671,000	2,852,000	4,084,000	2,431,000	4,091,000
Europe												
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	311,409	452,297	242,758	482,810	550,000	697,700	334,983	709,070	495,000	631,466	297,416	709,070
Sweden	15,714	58,500	49,690	82,488	83,566	96,500	66,522	127,488	60,405	87,800	59,239	119,988
Norway	5,634	23,192	20,997	34,587	39,908	46,240	36,008	58,587	25,186	34,290	25,524	46,487
Denmark	8,069	26,300	21,560	37,587	40,661	46,600	37,338	63,487	28,270	40,128	27,152	52,687
Finland	3,229	11,980	8,700	17,388	29,812	32,835	54,186	34,888	21,741	23,674	15,095	27,388
Germany	115,133	328,058	267,798	441,744	426,402	788,364	463,714	945,676	365,657	665,073	392,909	804,901
Poland	1,280	1,345	13,913	17,920	7,080	49,445	18,837	45,310	5,282	44,245	16,307	35,580
Czechoslovakia	1,632	3,363	18,417	11,500	8,817	19,164	24,222	25,083	3,612	11,647	22,661	17,850
Hungary	1,003	1,754	12,544	13,050	3,088	6,267	15,774	22,560	2,335	4,204	14,178	17,250
Russia	1,050	2,010	8,739	13,050	1,418	15,178	15,933	25,700	900	12,057	15,133	24,600
Slovenia	0	0	0	0	0	0	0	0	0	0	0	0
Austria	19,049	57,460	49,367	69,885	49,423	86,906	60,321	110,085	37,131	71,711	54,839	90,046
Switzerland	24,620	67,948	70,803	67,374	60,000	92,000	83,116	95,819	55,263	88,405	80,512	86,992
France	117,497	221,390	149,512	264,754	313,989	411,189	261,224	464,476	349,933	438,219	212,479	502,526
Spain	16,539	29,674	28,752	43,550	36,960	44,531	37,237	65,200	35,613	44,595	36,972	63,424
Portugal	8,363	13,504	16,911	16,755	12,771	23,663	18,249	25,295	13,576	20,718	18,268	23,121
Belgium	18,600	38,100	34,099	46,500	40,600	61,200	49,070	77,200	36,600	54,100	44,735	64,100
Holland	24,500	47,000	30,200	57,000	51,000	136,900	95,100	167,800	50,700	82,400	50,900	113,500
Italy	39,139	98,076	61,907	108,917	81,030	161,973	91,635	192,048	85,632	151,918	78,170	182,422
East Europe Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Europe	732,460	1,481,951	1,106,667	1,826,859	1,836,525	2,816,655	1,763,468	3,255,772	1,672,836	2,506,650	1,462,489	2,981,932
ICON												
APAC												
Australia	78,000	128,000	109,700	145,000	162,000	241,000	161,950	234,000	132,000	216,000	144,000	217,000
New Zealand	11,980	16,919	19,115	32,533	19,860	26,238	21,771	42,818	22,301	31,119	21,753	42,220
Singapore	4,626	4,292	14,571	12,193	6,945	11,012	16,798	19,950	6,571	6,457	16,729	15,815
Thailand	1,600	2,550	6,000	8,000	3,300	6,150	3,600	9,600	2,500	6,250	3,900	9,900
Malaysia	2,590	8,289	10,909	11,869	3,687	10,837	13,665	14,823	3,988	10,905	14,068	14,569
Indonesia/ Philippines	0	0	0	0	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0	0	0	0	0
Total APAC	98,796	160,050	160,295	209,595	195,792	295,237	217,784	321,191	167,360	270,731	200,450	299,504
Latin America												
Mexico	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0	0
AIME												
S Africa	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0	0
Total ICON	98,796	160,050	160,295	209,595	195,792	295,237	217,784	321,191	167,360	270,731	200,450	299,504
Far East												
Japan	32,000	256,400	241,000	348,000	144,400	611,100	432,200	753,000	188,900	369,700	369,000	558,000
Korea	104	2,262	8,050	41,000	22,909	152,937	47,413	173,540	21,023	47,319	24,037	74,610
Taiwan	1,686	17,240	13,914	30,364	8,436	31,165	25,551	47,865	8,093	27,111	17,867	44,563
Hong Kong	4,230	23,058	15,738	23,554	10,907	33,139	20,533	33,425	11,370	32,141	18,313	32,797
PR China	100	1,550	2,568	6,300	22,130	26,955	4,048	34,000	130	1,822	3,023	7,200
Other Far East	0	0	0	0	0	0	0	0	0	0	0	0
Total Far East	38,120	300,510	281,270	449,218	208,782	855,296	529,745	1,041,830	229,516	478,093	432,240	717,170
WW Total	1,677,376	3,900,511	3,296,232	4,778,672	5,545,099	8,511,188	5,745,997	9,289,793	4,921,712	7,339,475	4,526,179	8,089,606

MS-PCA 2614765

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Data Updated
31-Jan

Market Licenses
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	3,096,000	4,238,000	3,039,000	4,353,000	2,351,000	2,418,000	1,399,000	2,215,000
Canada	208,000	306,000	196,000	318,000	145,000	167,000	110,000	163,000
Total North America	3,304,000	4,544,000	3,235,000	4,671,000	2,496,000	2,585,000	1,509,000	2,378,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	550,000	697,700	334,983	709,070	238,591	245,403	92,225	278,970
Sweden	83,566	96,500	66,522	127,488	67,852	38,000	16,832	45,000
Norway	39,908	46,240	36,008	58,587	34,274	23,048	15,010	22,100
Denmark	40,661	46,600	37,338	63,487	32,592	20,300	15,778	25,900
Finland	29,812	32,835	54,186	34,888	26,583	20,855	45,486	17,500
Germany	426,402	788,364	463,714	945,676	311,269	460,307	195,916	503,932
Poland	7,080	49,445	18,837	45,310	5,800	46,040	4,850	8,390
Czechoslovakia	8,817	19,164	24,222	25,083	7,185	15,801	5,805	13,583
Hungary	3,088	6,267	15,774	22,560	2,085	4,513	3,230	9,510
Russia	1,418	15,178	15,933	25,700	415	13,168	7,194	12,200
Slovenia	0	0	0	0	0	0	0	0
Austria	49,423	86,906	60,321	110,085	30,373	29,446	10,954	40,200
Switzerland	60,000	92,000	83,116	95,819	36,111	27,500	12,313	26,854
France	313,989	411,189	261,224	464,476	196,492	189,800	111,712	199,722
Spain	36,960	44,531	37,237	65,200	20,421	14,547	8,485	21,650
Portugal	12,771	23,663	18,249	25,295	4,408	10,159	1,338	8,540
Belgium	40,600	61,200	49,070	77,200	22,000	23,100	14,971	30,700
Holland	51,000	136,900	95,100	167,800	26,500	89,900	64,900	110,800
Italy	81,030	161,973	91,635	192,048	41,891	64,208	29,728	83,131
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,836,525	2,816,655	1,763,468	3,255,772	1,104,842	1,336,095	656,727	1,458,682
ICON								
APAC								
Australia	162,000	241,000	161,950	234,000	92,000	113,000	52,250	89,000
New Zealand	19,860	26,238	21,771	42,818	7,880	9,099	2,656	10,000
Singapore	6,945	11,012	16,798	19,950	2,319	6,321	2,554	7,757
Thailand	3,300	6,150	3,600	9,600	1,700	3,600	1,400	4,800
Malaysia	3,687	10,837	13,665	14,823	1,097	2,548	2,756	2,954
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	195,792	295,237	217,784	321,191	104,996	134,568	61,616	114,511
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	195,792	295,237	217,784	321,191	104,996	134,568	61,616	114,511
Far East								
Japan	144,400	611,100	432,200	753,000	112,400	356,700	148,200	405,000
Korea	22,909	152,937	47,413	173,540	22,805	150,757	39,363	136,230
Taiwan	8,436	31,165	25,551	47,865	6,750	13,925	11,637	17,501
Hong Kong	10,907	33,139	20,533	33,425	6,677	10,081	7,660	9,871
PR China	22,130	26,955	4,048	34,000	22,030	25,405	1,680	27,700
Other Far East	0	0	0	0	0	0	0	0
Total Far East	208,782	855,296	529,745	1,041,830	170,662	556,868	208,540	596,302
WW Total	5,545,099	8,511,188	5,745,997	9,289,793	3,876,500	4,612,531	2,435,883	4,547,495

MS-PCA 2614766

Data Updated
31-Jan

Market Licenses
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,690,000	3,831,000	2,270,000	3,838,000	1,946,000	2,013,000	630,000	1,700,000
Canada	162,000	253,000	161,000	253,000	99,000	114,000	56,000	97,000
Total North America	2,852,000	4,084,000	2,431,000	4,091,000	2,045,000	2,127,000	686,000	1,797,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	495,000	631,466	297,416	709,070	183,591	179,169	54,658	226,260
Sweden	60,405	87,800	59,239	119,988	44,691	29,300	9,549	37,500
Norway	25,186	34,290	25,524	46,487	19,552	11,098	4,527	11,900
Denmark	28,270	40,128	27,152	52,687	20,701	13,828	5,592	15,100
Finland	21,741	23,674	15,095	27,388	18,512	11,694	6,395	10,000
Germany	365,657	665,073	392,909	804,901	250,525	337,015	125,111	363,157
Poland	5,282	44,245	16,307	35,580	4,000	42,900	2,289	16,712
Czechoslovakia	3,612	11,647	22,661	17,850	1,980	8,284	4,244	6,350
Hungary	2,335	4,204	14,178	17,250	1,332	2,450	1,621	4,200
Russia	900	12,057	15,133	24,600	700	10,047	6,394	11,100
Slovenia	0	0	0	0	0	0	0	0
Austria	37,131	71,711	54,839	90,046	18,082	14,252	5,472	20,161
Switzerland	55,263	88,405	80,512	86,992	31,846	32,745	9,709	21,508
France	349,933	438,219	212,479	502,526	232,436	216,830	62,967	237,772
Spain	35,613	44,595	36,972	63,424	19,074	15,256	8,220	19,874
Portugal	13,576	20,718	18,268	23,121	5,213	7,214	1,357	6,366
Belgium	36,600	54,100	44,735	64,100	18,000	16,000	10,636	17,600
Holland	50,700	82,400	50,900	113,500	26,200	35,400	20,700	56,500
Italy	85,632	151,918	78,170	182,422	46,493	52,965	16,263	73,505
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,672,836	2,506,650	1,462,489	2,981,932	942,928	1,036,447	355,704	1,155,565
ICON								
APAC								
Australia	132,000	216,000	144,000	217,000	54,000	88,000	34,300	72,000
New Zealand	22,301	31,119	21,753	42,220	10,321	15,711	2,638	9,568
Singapore	6,571	6,457	16,729	15,815	1,945	1,765	2,158	3,622
Thailand	2,500	6,250	3,900	9,900	900	3,700	1,400	5,100
Malaysia	3,988	10,905	14,068	14,569	1,398	2,616	3,159	2,700
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	167,360	270,731	200,450	299,504	68,564	111,792	43,655	92,990
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	167,360	270,731	200,450	299,504	68,564	111,792	43,655	92,990
Far East								
Japan	188,900	369,700	369,000	558,000	156,900	119,300	87,000	210,000
Korea	21,023	47,319	24,037	74,610	20,919	45,139	15,987	37,300
Taiwan	8,093	27,111	17,867	44,563	6,407	9,871	3,953	14,199
Hong Kong	11,370	32,141	18,313	32,797	7,140	9,083	2,575	9,243
PR China	130	1,822	3,023	7,200	30	272	455	900
Other Far East	0	0	0	0	0	0	0	0
Total Far East	229,516	478,093	432,240	717,170	191,396	183,665	109,970	271,642
WW Total	4,921,712	7,339,475	4,526,179	8,089,606	3,247,888	3,458,904	1,195,329	3,317,197

Data Updated
31-Jan

Market Licenses
Windows Databases

Location	Windows Database - Bundled				Windows Database - Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	957,000	1,552,000	1,602,000	2,239,000	957,000	1,053,000	966,000	1,059,000
Canada	79,000	68,000	85,833	103,000	79,000	36,000	33,973	54,000
Total North America	1,036,000	1,620,000	1,687,833	2,342,000	1,036,000	1,089,000	999,973	1,113,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	95,894	302,200	144,290	366,740	95,894	128,256	39,904	115,429
Sweden	25,866	40,330	24,112	57,600	25,866	17,750	7,096	16,500
Norway	11,968	15,510	12,550	28,200	11,968	6,150	4,626	6,700
Denmark	19,398	31,963	15,456	25,987	19,398	20,800	3,593	8,800
Finland	8,459	5,899	5,542	10,865	8,459	1,620	2,230	3,000
Germany	61,692	290,848	237,352	381,339	80,260	197,061	57,633	217,613
Poland	5,000	6,628	3,289	7,565	5,000	5,128	2,210	5,765
Czechoslovakia	2,718	5,086	7,078	6,650	2,718	5,086	5,137	6,650
Hungary	486	1,207	3,917	6,777	486	1,174	2,577	4,977
Russia	920	4,989	7,215	11,000	920	4,989	6,348	11,000
Slovenia	0	0	0	0	0	0	0	0
Austria	5,338	29,189	30,066	40,101	5,338	10,371	3,922	15,670
Switzerland	41,788	38,933	39,623	46,751	41,788	10,726	4,090	12,444
France	120,277	160,443	82,774	191,946	120,277	64,336	30,071	79,521
Spain	20,868	17,186	21,104	29,155	20,868	6,670	5,635	10,337
Portugal	5,893	14,091	7,497	14,785	5,893	3,616	827	3,407
Belgium	9,400	17,200	21,677	28,300	9,300	8,600	6,685	11,300
Holland	6,500	15,800	21,650	36,200	6,500	7,800	11,300	16,700
Italy	29,140	47,059	28,501	54,764	29,140	24,473	11,077	25,197
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	471,605	1,044,562	713,693	1,344,725	490,073	524,606	204,961	571,010
ICON								
APAC								
Australia	73,000	49,000	75,100	48,000	70,540	33,000	21,500	29,000
New Zealand	11,141	10,624	10,374	10,652	11,141	6,478	1,725	4,367
Singapore	3,448	4,318	10,726	10,750	3,448	2,318	4,036	5,093
Thailand	450	1,500	2,323	2,245	450	1,425	2,089	1,925
Malaysia	2,600	5,218	7,662	7,902	2,600	2,279	1,672	2,630
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	90,639	70,660	106,185	79,549	88,179	45,500	31,022	43,015
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	90,639	70,660	106,185	79,549	88,179	45,500	31,022	43,015
Far East								
Japan	5,900	224,700	177,500	312,000	5,900	185,800	123,500	162,000
Korea	2,517	3,667	4,623	34,510	2,517	2,810	2,348	24,500
Taiwan	2,593	10,902	9,049	26,851	2,593	7,085	6,849	14,212
Hong Kong	3,977	8,302	11,698	19,310	3,977	5,126	3,225	8,240
PR China	530	3,835	50,000	3,700	530	3,835	50,000	3,700
Other Far East	0	0	0	0	0	0	0	0
Total Far East	15,517	251,406	252,870	396,371	15,517	204,656	185,922	212,652
WW Total	1,613,761	2,986,628	2,760,581	4,162,645	1,629,769	1,863,762	1,421,878	1,939,677

MS-PCA 2614768

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Data Updated
31-Jan

Market Licenses
Windows Servers

Location	File and Print Servers				Mail Servers			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	521,000	575,000	330,000	670,000	166,000	189,000	126,000	250,000
Canada	24,000	32,000	20,000	38,000	5,000	9,000	8,000	11,000
Total North America	545,000	607,000	350,000	708,000	171,000	198,000	134,000	261,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	36,200	42,800	25,080	52,250	3,650	5,910	7,280	12,180
Sweden	13,400	13,478	8,381	14,800	1,725	2,500	2,483	3,150
Norway	5,882	5,662	3,869	6,300	1,100	1,430	1,000	1,780
Denmark	5,989	6,004	4,720	6,700	680	937	697	1,265
Finland	5,590	5,833	4,148	6,400	90	100	227	160
Germany	55,200	69,274	47,700	80,285	5,143	6,422	3,502	7,593
Poland	6,000	8,337	4,938	11,700	1,000	1,586	1,000	2,100
Czechoslovakia	710	1,733	1,908	2,475	0	87	50	110
Hungary	2,002	1,068	1,900	2,150	210	157	220	340
Russia	1,025	4,054	3,733	5,120	0	205	179	0
Slovenia	0	0	0	0	0	0	0	0
Austria	4,091	3,410	1,491	4,000	305	580	316	984
Switzerland	6,067	9,877	6,000	13,000	1,179	1,633	960	2,205
France	36,030	37,800	21,000	41,200	1,783	2,125	1,500	2,480
Spain	0	0	15,375	0	0	0	984	0
Portugal	1,156	1,592	984	1,864	214	307	150	336
Belgium	5,000	6,200	3,930	6,800	500	775	459	1,300
Holland	11,823	12,750	8,100	13,610	750	1,100	672	1,950
Italy	15,349	19,209	9,506	27,614	831	1,192	818	1,536
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	211,514	249,081	172,763	296,268	19,160	27,046	22,496	39,469
ICON								
APAC								
Australia	14,289	19,270	9,500	21,000	4,850	5,950	3,286	8,615
New Zealand	1,200	1,550	1,270	2,340	450	715	420	775
Singapore	3,625	4,500	2,500	3,000	420	1,388	900	1,875
Thailand	580	915	1,100	1,530	0	0	233	0
Malaysia	1,771	2,039	1,747	2,441	253	349	510	450
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	21,465	28,274	16,117	30,311	5,973	8,402	5,349	11,715
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	21,465	28,274	16,117	30,311	5,973	8,402	5,349	11,715
Far East								
Japan	28,200	63,000	52,900	68,000	4,630	8,060	9,680	11,200
Korea	1,070	2,729	1,357	5,400	122	254	277	631
Taiwan	8,146	10,065	5,130	12,310	315	608	401	964
Hong Kong	3,651	4,405	3,963	8,648	685	1,179	609	2,200
PR China	3,214	5,935	2,100	11,000	0	1	555	1
Other Far East	0	0	0	0	0	0	0	0
Total Far East	44,281	86,134	65,450	105,358	5,752	10,102	11,522	14,996
WW Total	822,260	970,489	604,330	1,139,937	201,885	243,550	173,367	327,180

MS-PCA 2614769

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Data Updated
31-Jan

Total Microsoft Installed Base

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	826,000	2,325,000	3,738,000	3,588,000	2,933,000	5,376,000	7,269,000	7,175,000	2,982,000	5,299,000	6,969,000	7,055,000
Canada	73,000	207,676	304,784	314,000	202,000	391,308	526,845	563,000	195,000	372,282	490,677	522,000
Total North America	899,000	2,532,676	4,042,784	3,902,000	3,135,000	5,767,308	7,795,845	7,738,000	3,177,000	5,671,282	7,459,677	7,577,000
Europe												
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	211,429	511,147	692,002	796,929	426,526	831,192	1,063,972	1,191,581	382,366	748,618	964,215	1,138,140
Sweden	14,204	68,407	100,503	132,192	90,271	166,801	220,823	253,259	88,895	161,433	212,372	250,883
Norway	4,134	21,026	37,781	45,221	43,408	71,680	97,916	104,395	33,611	57,794	77,981	91,698
Denmark	5,069	27,275	43,635	51,356	28,661	58,512	82,911	93,348	36,270	66,009	85,811	99,857
Finland	2,429	10,532	17,132	24,017	15,912	31,421	78,099	52,800	33,991	50,963	62,698	72,779
Germany	110,296	473,945	746,318	921,467	467,032	1,055,087	1,421,054	1,773,277	391,392	874,019	1,191,281	1,484,839
Poland	1,000	2,066	14,866	18,335	2,800	36,094	52,483	72,935	2,700	36,280	50,957	67,235
Czechoslovakia	1,382	4,026	19,043	12,895	2,067	13,565	32,987	30,764	2,262	7,156	25,567	24,459
Hungary	853	2,551	14,545	16,013	2,438	7,952	22,176	34,448	1,585	5,200	18,102	23,735
Russia	50	306	7,345	16,013	968	11,892	25,275	29,415	100	8,903	20,836	25,000
Slovenia	0	0	0	0	0	0	0	0	0	0	0	0
Austria	16,954	39,705	81,107	126,595	50,778	82,616	129,386	195,536	48,497	78,166	122,523	179,616
Switzerland	19,450	79,924	144,727	139,887	78,000	156,200	230,516	237,646	72,000	146,260	219,272	220,203
France	105,887	276,378	403,890	465,030	364,879	677,993	900,217	1,020,761	379,323	649,850	821,329	1,001,861
Spain	9,039	29,811	51,375	60,296	28,580	56,189	83,268	98,569	31,985	60,080	87,727	101,940
Portugal	8,363	24,529	40,139	36,531	11,439	31,494	48,756	53,193	10,680	28,598	44,924	48,042
Belgium	17,296	49,486	75,278	88,360	46,826	89,597	129,367	145,862	42,548	81,138	114,177	136,567
Holland	21,880	57,574	80,125	107,630	41,600	149,423	198,219	233,561	59,446	101,915	136,890	186,892
Italy	40,001	127,289	183,006	219,358	105,067	244,364	323,566	405,774	122,688	251,819	318,920	409,201
East Europe Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Europe	589,716	1,805,977	2,752,817	3,278,125	1,807,252	3,772,072	5,140,991	6,027,124	1,740,343	3,414,221	4,575,582	5,562,947
ICON												
APAC												
Australia	99,000	201,400	294,700	315,950	221,000	394,520	522,820	567,680	179,000	336,680	450,780	499,430
New Zealand	13,600	29,673	48,148	60,579	18,610	41,962	62,013	80,498	22,291	49,676	69,584	87,629
Singapore	7,384	11,795	24,180	24,459	11,143	25,566	39,045	43,130	11,294	15,891	27,720	31,949
Thailand	1,400	3,748	7,488	6,100	2,900	9,023	12,838	12,100	1,900	6,864	11,029	11,700
Malaysia	1,590	6,629	15,823	14,298	397	6,284	16,334	14,937	2,238	7,993	18,146	16,562
Indonesia/Philippines	0	0	0	0	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0	0	0	0	0
Total APAC	122,974	253,245	390,339	421,386	254,050	477,355	653,050	718,345	216,723	417,104	577,259	647,270
Latin America												
Mexico	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0	0
AIME												
S Africa	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0	0
Total ICON	122,974	253,245	390,339	421,386	254,050	477,355	653,050	718,345	216,723	417,104	577,259	647,270
Far East												
Japan	3,016	134,779	369,282	372,016	95,433	307,911	564,583	619,433	125,191	366,558	651,818	795,304
Korea	104	1,112	16,812	31,477	6,002	34,834	48,987	91,282	11,028	45,459	62,886	95,330
Taiwan	2,453	22,637	37,377	58,041	8,917	37,390	57,239	81,846	10,242	36,064	51,909	78,730
Hong Kong	4,867	23,544	35,384	43,094	10,768	36,268	50,534	58,471	11,062	31,665	44,726	56,129
PR China	100	1,412	3,320	7,000	130	1,508	3,699	9,885	130	1,540	3,699	7,952
Other Far East	0	0	0	0	0	0	0	0	0	0	0	0
Total Far East	10,540	183,484	462,175	511,628	121,250	417,911	725,042	860,917	157,653	481,286	815,038	1,033,445
WW Total	1,622,230	4,775,382	7,648,115	8,113,139	5,317,552	10,434,646	14,314,928	15,344,386	5,291,719	9,983,893	13,427,556	14,820,662

MS-PCA 2614770

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Data Updated
31-Jan

Microsoft Installed Base
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,933,000	5,376,000	7,269,000	7,175,000	2,107,000	3,051,000	3,531,000	3,587,000
Canada	202,000	391,308	526,845	563,000	129,000	183,632	222,061	250,000
Total North America	3,135,000	5,767,308	7,795,845	7,738,000	2,236,000	3,234,632	3,753,061	3,837,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	426,526	831,192	1,063,972	1,191,581	214,504	319,452	371,377	446,202
Sweden	90,271	166,801	220,823	253,259	77,067	99,394	110,026	122,067
Norway	43,408	71,680	97,916	104,395	39,274	50,654	60,135	59,174
Denmark	28,661	58,512	82,911	93,348	23,592	31,237	39,276	41,992
Finland	15,912	31,421	78,099	52,800	13,483	20,889	60,967	28,783
Germany	467,032	1,055,087	1,421,054	1,773,277	176,736	470,543	598,459	810,433
Poland	2,800	36,094	52,483	72,935	1,800	34,028	37,617	40,240
Czechoslovakia	2,067	13,565	32,987	30,764	685	9,539	13,944	17,869
Hungary	2,438	7,952	22,176	34,448	1,585	5,466	7,696	18,435
Russia	968	11,892	25,275	29,415	115	10,783	17,127	19,915
Slovenia	0	0	0	0	0	0	0	0
Austria	50,778	82,616	129,386	195,536	33,824	42,911	48,279	68,942
Switzerland	78,000	156,200	230,516	237,646	58,000	75,726	85,239	97,209
France	364,879	677,993	900,217	1,020,761	258,992	401,615	496,327	553,517
Spain	28,580	56,189	83,268	98,569	19,541	26,378	31,893	38,286
Portugal	11,439	31,494	48,756	53,193	3,076	6,965	8,617	16,662
Belgium	46,826	89,597	129,367	145,862	29,680	40,261	54,239	57,501
Holland	41,600	149,423	198,219	233,561	35,070	107,199	133,444	139,434
Italy	105,067	244,364	323,566	405,774	65,066	117,075	140,560	186,416
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,807,252	3,772,072	5,140,991	6,027,124	1,052,090	1,870,115	2,315,222	2,763,077
ICON								
APAC								
Australia	221,000	394,520	522,820	567,680	86,000	157,190	192,190	215,040
New Zealand	18,610	41,962	62,013	80,498	6,010	13,289	14,865	20,759
Singapore	11,143	25,566	39,045	43,130	4,759	14,771	15,865	19,671
Thailand	2,900	9,023	12,838	12,100	2,500	6,275	6,350	7,000
Malaysia	397	6,284	16,334	14,937	397	1,245	2,101	2,229
Indonesia/Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	254,050	477,355	653,050	718,345	99,666	192,770	231,371	264,699
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	254,050	477,355	653,050	718,345	99,666	192,770	231,371	264,699
Far East								
Japan	95,433	307,911	564,583	619,433	92,417	173,132	195,301	247,417
Korea	6,002	34,834	48,987	91,282	6,058	33,882	36,255	62,715
Taiwan	8,917	37,390	57,239	81,846	6,464	14,753	19,862	23,805
Hong Kong	10,768	36,268	50,534	58,471	5,273	14,631	17,057	14,749
PR China	130	1,508	3,699	9,885	30	96	379	2,885
Other Far East	0	0	0	0	0	0	0	0
Total Far East	121,250	417,911	725,042	860,917	110,242	236,494	268,854	351,571
WW Total	5,317,552	10,434,646	14,314,928	15,344,386	3,497,998	5,534,011	6,568,508	7,216,347

MS-PCA 2614771

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		Microsoft Installed Base					
		Windows Spreadsheet					

Data Updated 31-Jan

	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
Location	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,982,000	5,299,000	6,969,000	7,055,000	2,156,000	2,974,000	3,231,000	3,467,000
Canada	195,000	372,282	490,677	522,000	122,000	164,606	185,893	208,000
Total North America	3,177,000	5,671,282	7,459,677	7,577,000	2,278,000	3,138,606	3,416,893	3,675,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	382,368	748,618	964,215	1,138,140	170,346	236,878	271,620	340,618
Sweden	88,895	161,433	212,372	250,883	74,691	93,026	100,575	118,691
Norway	33,611	57,794	77,981	91,698	29,477	36,768	40,200	46,477
Denmark	36,270	66,009	85,811	99,857	31,201	38,734	42,176	48,501
Finland	33,991	50,983	62,698	72,779	31,562	40,451	45,566	48,762
Germany	391,392	874,019	1,191,281	1,484,839	131,096	319,475	398,686	551,996
Poland	2,700	36,280	50,957	67,235	1,700	35,178	37,055	48,900
Czechoslovakia	2,262	7,156	25,567	24,459	880	3,130	6,524	11,564
Hungary	1,585	5,200	18,102	23,735	732	2,716	3,624	7,722
Russia	100	8,903	20,836	25,000	100	8,647	13,541	15,500
Slovenia	0	0	0	0	0	0	0	0
Austria	48,497	78,166	122,523	179,616	31,543	38,461	41,416	53,022
Switzerland	72,000	146,260	219,272	220,203	49,700	63,486	71,695	77,466
France	379,323	649,850	821,329	1,001,861	273,436	373,472	417,439	534,038
Spain	31,985	60,080	87,727	101,940	22,946	30,269	36,352	41,398
Portugal	10,680	28,598	44,924	48,042	2,317	4,069	4,785	11,511
Belgium	42,548	81,138	114,177	136,567	25,120	31,520	38,767	48,656
Holland	59,448	101,915	136,890	186,892	37,052	43,825	56,249	77,971
Italy	122,688	251,819	318,920	409,201	82,687	124,530	135,914	189,843
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,740,343	3,414,221	4,575,582	5,562,947	996,586	1,524,635	1,762,184	2,272,636
ICON								
APAC								
Australia	179,000	336,680	450,780	499,430	100,000	154,560	175,360	201,360
New Zealand	22,291	49,676	69,584	87,629	10,691	22,003	23,436	29,090
Singapore	11,294	15,891	27,720	31,949	3,910	4,096	4,873	7,490
Thailand	1,900	6,864	11,029	11,700	900	3,516	3,941	6,000
Malaysia	2,238	7,993	18,146	16,562	648	1,364	2,323	2,264
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	216,723	417,104	577,259	647,270	116,149	185,539	209,933	246,204
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	216,723	417,104	577,259	647,270	116,149	185,539	209,933	246,204
Far East								
Japan	125,191	366,558	651,818	795,304	122,175	231,779	282,536	423,288
Korea	11,028	45,459	62,886	95,330	12,124	45,547	53,154	67,803
Taiwan	10,242	36,064	51,909	78,730	7,789	13,427	14,532	20,689
Hong Kong	11,062	31,665	44,726	56,129	8,474	12,935	14,156	15,314
PR China	130	1,540	3,699	7,952	30	128	379	952
Other Far East	0	0	0	0	0	0	0	0
Total Far East	157,653	481,286	815,038	1,033,445	150,592	303,816	364,757	528,046
WW Total	5,291,719	9,983,893	13,427,556	14,820,662	3,541,327	5,152,596	5,753,767	6,721,886

MS-PCA 2614772

HIGHLY CONFIDENTIAL

Data Updated
31-Jan

Microsoft Installed Base
Windows Databases

Location	Windows Database - Bundled				Windows Database - Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	588,000	1,363,000	1,948,000	2,382,000	588,000	1,188,000	1,377,000	1,548,000
Canada	50,000	108,115	154,465	107,000	50,000	87,353	101,772	81,000
Total North America	638,000	1,471,115	2,102,465	2,489,000	638,000	1,275,353	1,478,772	1,629,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	44,558	171,482	247,222	306,024	44,558	91,458	115,109	141,392
Sweden	9,866	34,869	50,035	77,711	9,866	18,559	22,210	28,566
Norway	6,968	15,343	22,001	34,490	6,968	9,919	12,701	13,168
Denmark	9,343	25,644	34,526	32,530	9,343	18,275	19,885	17,043
Finland	3,459	4,991	7,492	10,023	3,459	4,257	5,346	5,559
Germany	34,190	246,436	423,541	445,767	34,190	149,334	176,467	206,803
Poland	4,100	10,728	13,820	15,992	4,100	9,228	11,284	14,992
Czechoslovakia	1,413	4,025	11,391	3,749	1,413	3,591	9,424	3,749
Hungary	436	1,744	5,501	9,377	436	1,744	4,171	7,664
Russia	210	2,199	8,414	4,710	210	2,199	7,547	4,710
Slovenia	0	0	0	0	0	0	0	0
Austria	3,309	17,276	45,392	43,956	3,309	8,070	10,042	14,722
Switzerland	33,848	62,269	94,892	99,202	33,848	42,858	45,948	52,813
France	63,976	130,295	180,719	188,015	63,976	88,542	103,263	106,483
Spain	16,396	23,958	37,054	36,203	16,396	20,665	24,780	27,281
Portugal	3,961	10,848	17,996	27,707	3,961	6,501	7,039	7,068
Belgium	7,520	18,956	35,693	30,492	7,440	13,479	19,651	16,422
Holland	4,875	11,517	25,912	27,893	4,875	9,028	15,283	15,900
Italy	25,885	53,650	79,813	105,005	25,885	41,793	50,532	79,795
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	274,313	846,230	1,341,414	1,498,846	274,233	539,500	660,682	764,130
ICON								
APAC								
Australia	64,000	98,300	166,000	135,740	63,240	81,720	95,820	99,990
New Zealand	11,011	19,829	29,120	28,281	11,011	16,088	17,370	19,357
Singapore	4,299	11,476	21,233	23,883	3,311	8,465	11,514	10,885
Thailand	200	2,995	7,930	1,325	100	547	1,742	830
Malaysia	2,600	4,788	9,685	7,190	2,600	3,999	4,621	5,329
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	82,110	137,388	233,968	196,419	80,262	110,819	131,067	136,391
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	82,110	137,388	233,968	196,419	80,262	110,819	131,067	136,391
Far East								
Japan	0	18,671	55,298	326,007	0	18,352	54,593	246,007
Korea	2,101	4,522	7,473	17,711	2,101	4,297	6,975	17,711
Taiwan	2,593	19,524	29,466	23,190	2,593	4,579	10,228	12,549
Hong Kong	2,324	9,810	17,153	13,144	2,324	5,517	8,284	5,513
PR China	200	1,684	3,385	1,007	200	1,558	3,105	1,007
Other Far East	0	0	0	0	0	0	0	0
Total Far East	7,218	54,211	112,775	381,059	7,218	34,303	83,185	282,787
WW Total	1,001,641	2,508,944	3,790,622	4,565,324	999,713	1,959,975	2,353,706	2,812,308

MS-PCA 2614773

Data Updated 31-Jan

Microsoft Installed Base
Windows Servers

Location	File and Print Servers				Mail Servers			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	55,000	67,000	91,000	120,000	20,000	48,000	74,000	93,000
Canada	3,000	3,917	5,933	12,000	5,000	7,500	9,645	14,000
Total North America	58,000	70,917	96,933	132,000	25,000	55,500	83,645	107,000
Europe								
European Headquarters, Pans	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	4,409	9,117	12,628	16,432	2,496	6,101	9,522	13,775
Sweden	7,968	8,765	9,829	15,691	1,700	2,618	3,611	3,600
Norway	2,418	2,725	3,301	4,270	290	784	1,054	1,035
Denmark	2,944	3,157	3,490	4,770	578	962	1,206	1,308
Finland	2,480	2,713	3,019	5,566	140	277	379	400
Germany	5,000	9,374	13,274	16,059	3,000	5,711	7,112	9,000
Poland	0	300	500	2,037	0	57	113	186
Czechoslovakia	10	59	427	328	0	57	88	120
Hungary	7	71	271	241	10	47	117	67
Russia	25	79	372	195	0	5	14	0
Slovenia	0	0	0	0	0	0	0	0
Austria	650	744	925	1,591	202	467	622	1,246
Switzerland	712	1,490	2,560	4,250	668	1,354	1,670	3,000
France	4,530	5,660	10,474	16,530	848	1,978	2,848	3,073
Spain	0	345	1,420	0	0	158	263	0
Portugal	122	1,714	1,922	1,158	118	258	336	463
Belgium	1,100	1,458	1,816	3,526	250	594	802	1,270
Holland	2,301	2,565	3,115	6,017	498	872	1,123	1,758
Italy	708	2,021	3,928	4,310	551	1,310	1,728	1,838
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	35,384	52,357	73,271	102,971	11,349	23,610	32,608	42,139
ICON								
APAC								
Australia	2,039	5,508	7,608	9,708	2,400	3,770	4,690	6,612
New Zealand	234	498	714	1,364	150	507	721	903
Singapore	265	400	632	684	166	525	638	1,173
Thailand	20	31	136	365	0	16	111	0
Malaysia	90	232	879	492	103	142	302	242
Indonesia/Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	2,648	6,669	9,969	12,613	2,819	4,960	6,462	8,930
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AIME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	2,648	6,669	9,969	12,613	2,819	4,960	6,462	8,930
Far East								
Japan	5,800	6,591	7,401	10,000	0	866	1,437	3,418
Korea	400	981	1,343	3,699	29	132	187	349
Taiwan	266	266	1,082	2,470	40	124	242	342
Hong Kong	252	604	1,341	2,346	205	608	817	1,518
PR China	214	346	500	2,749	0	45	207	1
Other Far East	0	0	0	0	0	0	0	0
Total Far East	6,932	8,788	11,667	21,264	274	1,775	2,890	5,628
WW Total	102,964	138,731	191,840	268,847	39,442	85,845	125,605	163,697

MS-PCA 2614774

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Data Updated
31-Jan

Microsoft Market Share

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	85%	82%	89%	78%	89%	93%	94%	89%	94%	97%	121%	101%
Canada	83%	83%	90%	81%	81%	97%	103%	93%	118%	108%	110%	107%
Total North America												
Europe												
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	62%	66%	75%	68%	113%	101%	125%	105%	109%	95%	136%	101%
Sweden	84%	84%	87%	84%	123%	125%	144%	130%	168%	142%	165%	145%
Norway	73%	69%	80%	73%	101%	93%	136%	110%	143%	142%	155%	147%
Denmark	63%	69%	76%	75%	99%	92%	116%	103%	153%	123%	134%	133%
Finland	75%	71%	76%	75%	77%	88%	174%	100%	167%	154%	158%	157%
Germany	96%	90%	89%	86%	124%	139%	144%	143%	118%	129%	144%	140%
Poland	78%	79%	92%	91%	71%	146%	161%	155%	94%	164%	172%	169%
Czechoslovakia	85%	66%	82%	81%	33%	118%	156%	128%	107%	137%	161%	150%
Hungary	85%	94%	96%	98%	155%	174%	159%	180%	123%	167%	146%	177%
Russia	5%	13%	81%	70%	47%	153%	172%	136%	25%	158%	155%	124%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Austria	89%	85%	84%	87%	131%	124%	127%	123%	142%	144%	135%	143%
Switzerland	79%	89%	92%	89%	147%	165%	167%	165%	141%	134%	175%	150%
France	84%	74%	85%	74%	157%	151%	170%	154%	136%	120%	151%	127%
Spain	55%	70%	75%	70%	105%	109%	138%	120%	118%	111%	140%	122%
Portugal	100%	98%	96%	90%	160%	157%	165%	160%	123%	150%	146%	157%
Belgium	86%	84%	85%	84%	130%	121%	135%	125%	147%	148%	155%	151%
Holland	84%	83%	75%	82%	98%	115%	126%	115%	110%	92%	136%	121%
Italy	94%	89%	90%	86%	185%	167%	165%	163%	159%	164%	156%	161%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe												
ICON												
APAC												
Australia	86%	80%	85%	79%	143%	135%	146%	139%	148%	135%	140%	140%
New Zealand	97%	95%	97%	95%	147%	169%	151%	165%	175%	160%	146%	162%
Singapore	90%	78%	85%	80%	157%	151%	121%	146%	156%	117%	115%	127%
Thailand	63%	59%	80%	67%	164%	117%	105%	108%	116%	123%	105%	116%
Malaysia	61%	61%	84%	65%	90%	93%	105%	91%	102%	80%	103%	92%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC												
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA												
AIME												
S Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON												
Far East												
Japan	9%	71%	66%	68%	105%	58%	68%	67%				
Korea	100%	61%	73%	73%	52%	41%	42%	50%	92%	121%	141%	141%
Taiwan	95%	84%	85%	84%	176%	162%	143%	163%	104%	144%	165%	129%
Hong Kong	100%	81%	76%	83%	121%	118%	103%	121%	174%	171%	146%	171%
PR China	100%	90%	84%	87%	1%	8%	161%	33%	114%	107%	116%	107%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%	200%	171%	136%	164%
Total Far East												
WW Total												

MS-PCA 2614775

Data Updated
31-Jan

Microsoft Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US								
Canada	50%	56%	62%	56%	39%	37%	32%	33%
Total North America	49%	59%	68%	58%	32%	38%	35%	35%
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	58%	58%	69%	60%	55%	43%	56%	45%
Sweden	64%	72%	81%	74%	59%	53%	63%	56%
Norway	52%	54%	73%	61%	49%	39%	63%	49%
Denmark	51%	55%	65%	61%	48%	37%	51%	42%
Finland	41%	50%	86%	58%	36%	38%	88%	42%
Germany	67%	75%	79%	76%	57%	64%	65%	67%
Poland	40%	73%	87%	81%	31%	73%	74%	74%
Czechoslovakia	23%	60%	80%	69%	10%	58%	76%	59%
Hungary	79%	88%	90%	93%	76%	86%	76%	59%
Russia	19%	72%	84%	69%	28%	81%	88%	67%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	71%	73%	78%	73%	60%	51%	49%	50%
Switzerland	75%	85%	89%	85%	72%	80%	77%	80%
France	80%	75%	85%	76%	77%	76%	85%	78%
Spain	53%	62%	73%	65%	52%	47%	65%	55%
Portugal	90%	86%	95%	85%	70%	71%	72%	75%
Belgium	71%	71%	77%	72%	59%	50%	59%	53%
Holland	60%	63%	65%	63%	38%	52%	61%	52%
Italy	93%	86%	86%	83%	92%	81%	79%	80%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	78%	72%	79%	74%	65%	63%	67%	65%
New Zealand	83%	89%	92%	90%	64%	80%	59%	75%
Singapore	84%	76%	78%	76%	73%	75%	43%	70%
Thailand	76%	59%	69%	58%	88%	58%	36%	50%
Malaysia	54%	54%	74%	58%	36%	39%	31%	33%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	47%	40%	53%	44%	58%	18%	16%	23%
Korea	26%	21%	26%	31%	26%	20%	16%	19%
Taiwan	89%	82%	72%	83%	87%	80%	71%	80%
Hong Kong	70%	71%	70%	73%	51%	47%	33%	48%
PR China	1%	7%	85%	24%	0%	1%	76%	9%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614776

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Data Updated
31-Jan

Microsoft Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	53%	59%	77%	61%	41%	38%	44%	40%
Canada	65%	65%	72%	60%	53%	43%	38%	41%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	60%	58%	72%	60%	69%	37%	64%	41%
Sweden	84%	77%	86%	78%	84%	65%	79%	67%
Norway	72%	70%	79%	73%	71%	72%	76%	76%
Denmark	75%	65%	73%	71%	78%	58%	62%	62%
Finland	83%	75%	78%	77%	84%	79%	80%	80%
Germany	66%	73%	81%	76%	52%	56%	63%	64%
Poland	51%	82%	90%	87%	43%	82%	82%	82%
Czechoslovakia	63%	68%	81%	80%	44%	69%	80%	79%
Hungary	68%	86%	91%	94%	55%	81%	56%	83%
Russia	11%	73%	79%	65%	14%	85%	76%	59%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	77%	81%	81%	81%	65%	63%	54%	62%
Switzerland	76%	84%	91%	85%	65%	50%	85%	65%
France	71%	65%	81%	67%	65%	55%	70%	60%
Spain	58%	63%	75%	66%	60%	48%	74%	56%
Portugal	79%	86%	93%	85%	44%	64%	53%	72%
Belgium	78%	79%	82%	80%	69%	69%	73%	71%
Holland	64%	61%	71%	68%	46%	31%	65%	53%
Italy	84%	85%	86%	83%	75%	79%	70%	78%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	79%	73%	79%	75%	69%	62%	61%	65%
New Zealand	91%	88%	92%	89%	84%	72%	54%	73%
Singapore	85%	70%	79%	74%	71%	47%	36%	53%
Thailand	60%	61%	70%	61%	56%	62%	36%	55%
Malaysia	56%	53%	72%	59%	46%	27%	30%	33%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	42%	67%	72%	70%	49%	54%	69%	71%
Korea	52%	72%	81%	67%	52%	72%	84%	62%
Taiwan	88%	85%	80%	85%	86%	86%	66%	86%
Hong Kong	67%	69%	71%	70%	47%	38%	45%	37%
PR China	100%	89%	80%	86%	100%	82%	56%	78%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614777

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Data Updated
31-Jan

Microsoft Market Share
Windows Database
Access

Location	Bundled				Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	51%	41%	42%	45%	51%	44%	22%	28%
Canada	66%	56%	83%	54%	66%	45%	67%	35%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	64%	42%	52%	42%	64%	37%	59%	47%
Sweden	36%	62%	62%	63%	36%	49%	49%	52%
Norway	58%	54%	52%	56%	58%	48%	58%	55%
Denmark	48%	51%	57%	49%	48%	43%	43%	45%
Finland	41%	26%	44%	47%	41%	43%	47%	47%
Germany	55%	61%	75%	61%	43%	41%	44%	42%
Poland	82%	18%	64%	39%	82%	18%	48%	39%
Czechoslovakia	52%	16%	39%	23%	52%	16%	23%	23%
Hungary	66%	11%	46%	62%	66%	10%	19%	51%
Russia	23%	10%	30%	36%	23%	10%	20%	36%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	62%	57%	94%	60%	62%	42%	41%	45%
Switzerland	79%	67%	82%	74%	79%	64%	68%	60%
France	53%	34%	61%	36%	53%	25%	49%	33%
Spain	79%	30%	58%	32%	79%	35%	57%	35%
Portugal	67%	82%	93%	82%	67%	40%	36%	48%
Belgium	80%	48%	64%	52%	80%	44%	47%	46%
Holland	75%	38%	62%	47%	75%	45%	50%	45%
Italy	89%	59%	84%	57%	89%	65%	60%	66%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	88%	64%	85%	72%	80%	46%	48%	53%
New Zealand	98%	79%	85%	76%	98%	72%	45%	64%
Singapore	67%	75%	64%	73%	67%	54%	4%	48%
Thailand	22%	22%	29%	36%	22%	18%	17%	25%
Malaysia	81%	36%	59%	25%	81%	48%	16%	35%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	57%	34%	51%	0%	61%	49%	49%
Korea	26%	16%	20%	4%	26%	21%	27%	6%
Taiwan	53%	9%	43%	34%	53%	14%	32%	14%
Hong Kong	46%	30%	50%	43%	46%	38%	36%	15%
PR China	38%	3%	6%	19%	38%	3%	5%	19%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614778

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Data Updated
31-Jan

Microsoft Market Share
Windows Database
FoxPro

Location	Bundled				Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	11%	9%	4%	5%	11%	13%	6%	11%
Canada	4%	24%	4%	23%	4%	29%	11%	32%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	3%	3%	3%	7%	6%	10%	11%
Sweden	0%	0%	1%	0%	0%	0%	2%	1%
Norway	0%	0%	1%	0%	0%	0%	2%	1%
Denmark	0%	0%	0%	0%	0%	1%	2%	1%
Finland	0%	0%	1%	1%	0%	0%	2%	3%
Germany	6%	12%	1%	9%	4%	17%	3%	16%
Poland	18%	82%	30%	61%	18%	82%	45%	61%
Czechoslovakia	8%	43%	47%	50%	8%	43%	65%	50%
Hungary	23%	83%	50%	35%	23%	87%	76%	48%
Russia	23%	30%	56%	41%	23%	30%	64%	41%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	5%	8%	1%	8%	5%	23%	10%	20%
Switzerland	2%	6%	1%	5%	2%	20%	8%	20%
France	0%	3%	2%	4%	0%	7%	4%	9%
Spain	9%	14%	4%	10%	9%	29%	16%	29%
Portugal	9%	8%	3%	8%	9%	33%	27%	36%
Belgium	13%	9%	5%	8%	13%	17%	17%	20%
Holland	9%	7%	2%	6%	9%	14%	4%	14%
Italy	0%	11%	7%	7%	0%	17%	19%	14%
East Europe Other								
Total Europe	0%	0%	0%	0%	0%	0%	0%	0%
ICON								
APAC								
Australia	2%	6%	5%	6%	10%	10%	18%	10%
New Zealand	1%	4%	5%	4%	1%	7%	30%	10%
Singapore	29%	14%	27%	13%	29%	27%	72%	27%
Thailand	33%	47%	49%	32%	33%	49%	55%	37%
Malaysia	19%	6%	5%	5%	19%	13%	21%	16%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico								
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA	0%	0%	0%	0%	0%	0%	0%	0%
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	0%	0%	0%	0%	0%	0%	14%
Korea	58%	41%	25%	35%	58%	54%	50%	49%
Taiwan	47%	42%	39%	22%	47%	65%	51%	42%
Hong Kong	20%	27%	14%	27%	20%	44%	50%	64%
PR China	62%	93%	86%	81%	62%	93%	86%	81%
Other Far East								
Total Far East	0%	0%	0%	0%	0%	0%	0%	0%
WW Total								

MS-PCA 2614779

Data Updated
31-Jan

Lotus Market Share

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	14%	17%	10%	21%	12%	12%	9%	11%	38%	29%	21%	31%
Canada	16%	15%	8%	17%	9%	10%	6%	11%	26%	26%	23%	27%
Total North America												
Europe												
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	38%	33%	24%	29%	26%	23%	17%	21%	40%	39%	26%	35%
Sweden	14%	12%	11%	12%	14%	14%	11%	12%	13%	17%	12%	15%
Norway	27%	26%	19%	22%	9%	18%	16%	17%	22%	25%	20%	21%
Denmark	37%	25%	21%	19%	12%	18%	17%	14%	18%	24%	23%	20%
Finland	25%	22%	22%	18%	11%	16%	6%	15%	14%	19%	20%	16%
Germany	3%	9%	10%	12%	28%	14%	10%	14%	30%	23%	17%	19%
Poland	12%	11%	6%	6%	30%	19%	6%	7%	31%	15%	8%	7%
Czechoslovakia	9%	21%	15%	15%	16%	17%	16%	16%	15%	17%	14%	13%
Hungary	7%	4%	3%	1%	11%	7%	4%	4%	20%	8%	8%	4%
Russia	45%	87%	17%	22%	65%	25%	13%	21%	22%	23%	13%	20%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Austria	11%	14%	13%	12%	17%	17%	16%	16%	18%	17%	15%	16%
Switzerland	19%	10%	8%	10%	14%	10%	7%	11%	14%	10%	8%	11%
France	16%	20%	12%	20%	16%	18%	10%	17%	19%	24%	14%	23%
Spain	45%	20%	23%	20%	27%	19%	18%	18%	39%	28%	23%	25%
Portugal	0%	2%	3%	6%	2%	2%	3%	5%	12%	9%	5%	9%
Belgium	13%	14%	12%	13%	9%	10%	9%	8%	20%	18%	15%	16%
Holland	16%	13%	7%	12%	11%	7%	3%	5%	26%	25%	18%	26%
Italy	6%	10%	9%	12%	5%	7%	8%	10%	15%	12%	11%	14%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
ICON												
APAC												
Australia	12%	15%	11%	16%	7%	10%	8%	11%	16%	20%	16%	18%
New Zealand	3%	3%	2%	3%	5%	3%	3%	3%	8%	8%	5%	7%
Singapore	9%	19%	9%	17%	3%	4%	14%	6%	15%	26%	16%	22%
Thailand	28%	27%	8%	23%	17%	28%	16%	28%	26%	24%	13%	27%
Malaysia	39%	27%	13%	23%	30%	25%	10%	21%	38%	34%	25%	29%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
AIME												
S Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Far East												
Japan	91%	22%	26%	26%	43%	16%	15%	15%	38%	26%	18%	23%
Korea	0%	22%	25%	17%	0%	3%	5%	7%	45%	15%	17%	18%
Taiwan	5%	15%	14%	15%	11%	14%	24%	15%	12%	14%	19%	13%
Hong Kong	0%	12%	23%	10%	9%	11%	8%	9%	17%	24%	28%	22%
PR China	0%	10%	16%	13%	0%	1%	15%	3%	0%	11%	20%	14%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East												
WW Total												

MS-PCA 2614780

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Data Updated 31-Jan

Lotus Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	12%	12%	9%	11%	11%	9%	7%	3%
Canada	9%	10%	6%	11%	7%	5%	2%	6%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	26%	23%	17%	21%	15%	7%	5%	8%
Sweden	14%	14%	11%	12%	14%	16%	9%	11%
Norway	9%	18%	16%	17%	6%	11%	10%	10%
Denmark	12%	18%	17%	14%	6%	9%	11%	8%
Finland	11%	16%	6%	15%	9%	13%	2%	11%
Germany	28%	14%	10%	14%	36%	18%	10%	15%
Poland	30%	19%	6%	7%	34%	19%	9%	8%
Czechoslovakia	16%	17%	16%	16%	18%	16%	17%	18%
Hungary	11%	7%	4%	4%	13%	8%	8%	7%
Russia	65%	25%	13%	21%	72%	15%	8%	20%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	17%	17%	16%	16%	20%	24%	26%	24%
Switzerland	14%	10%	7%	11%	15%	10%	6%	10%
France	16%	18%	10%	17%	15%	16%	9%	13%
Spain	27%	19%	18%	18%	3%	17%	2%	14%
Portugal	2%	2%	3%	5%	6%	2%	3%	3%
Belgium	9%	10%	9%	8%	5%	2%	3%	1%
Holland	11%	7%	3%	5%	6%	3%	1%	1%
Italy	5%	7%	8%	10%	4%	4%	5%	5%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	7%	10%	8%	11%	2%	4%	2%	3%
New Zealand	5%	3%	3%	3%	6%	3%	5%	3%
Singapore	3%	4%	14%	6%	3%	4%	2%	5%
Thailand	17%	28%	16%	28%	6%	28%	29%	33%
Malaysia	30%	25%	10%	21%	9%	5%	0%	5%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	43%	16%	15%	15%	30%	12%	2%	5%
Korea	0%	3%	5%	7%	0%	3%	0%	4%
Taiwan	11%	14%	24%	15%	13%	13%	23%	16%
Hong Kong	9%	11%	8%	9%	15%	10%	9%	6%
PR China	0%	1%	15%	3%	0%	0%	12%	1%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614781

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Data Updated 31-Jan

Lotus Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	38%	29%	21%	31%	47%	40%	50%	45%
Canada	26%	26%	23%	27%	34%	40%	51%	43%
Total North America								
Europe								
European Headquarters. Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center. Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	40%	39%	26%	35%	40%	57%	33%	49%
Sweden	13%	17%	12%	15%	12%	26%	19%	23%
Norway	22%	25%	20%	21%	20%	23%	22%	18%
Denmark	18%	24%	23%	20%	10%	24%	29%	22%
Finland	14%	19%	20%	16%	12%	16%	17%	14%
Germany	30%	23%	17%	19%	43%	38%	31%	28%
Poland	31%	15%	8%	7%	38%	15%	12%	8%
Czechoslovakia	15%	17%	14%	13%	20%	16%	11%	10%
Hungary	20%	8%	8%	4%	28%	12%	41%	11%
Russia	22%	23%	13%	20%	14%	10%	16%	18%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	18%	17%	15%	16%	26%	28%	33%	29%
Switzerland	14%	10%	8%	11%	25%	20%	13%	15%
France	19%	24%	14%	23%	20%	28%	19%	25%
Spain	39%	28%	23%	25%	33%	42%	22%	36%
Portugal	12%	9%	5%	9%	33%	21%	25%	15%
Belgium	20%	18%	15%	16%	27%	25%	25%	26%
Holland	26%	25%	18%	26%	34%	42%	34%	41%
Italy	15%	12%	11%	14%	23%	17%	20%	17%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	16%	20%	16%	18%	22%	27%	29%	24%
New Zealand	8%	8%	5%	7%	13%	18%	28%	17%
Singapore	15%	26%	16%	22%	29%	48%	60%	41%
Thailand	26%	24%	13%	27%	22%	22%	36%	31%
Malaysia	38%	34%	25%	29%	36%	58%	66%	56%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	38%	26%	18%	23%	27%	34%	6%	19%
Korea	45%	15%	17%	18%	46%	15%	13%	19%
Taiwan	12%	14%	19%	13%	14%	11%	33%	11%
Hong Kong	17%	24%	28%	22%	27%	54%	51%	53%
PR China	0%	11%	20%	14%	0%	18%	44%	22%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614782

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Data Updated
31-Jan

Novell Market Share

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	1%	1%	1%	1%	37%	32%	29%	33%	9%	12%	2%	8%
Canada	1%	2%	2%	2%	42%	31%	26%	31%	9%	9%	5%	7%
Total North America												
Europe												
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	1%	1%	3%	16%	19%	14%	17%	0%	0%	0%	0%
Sweden	2%	4%	2%	4%	22%	15%	8%	15%	0%	3%	2%	4%
Norway	0%	5%	1%	6%	38%	28%	12%	22%	3%	6%	2%	6%
Denmark	0%	6%	3%	7%	37%	27%	18%	24%	6%	5%	1%	6%
Finland	0%	7%	2%	7%	49%	33%	8%	27%	7%	10%	4%	9%
Germany	1%	1%	1%	2%	5%	11%	11%	10%	3%	6%	5%	7%
Poland	10%	10%	2%	3%	30%	5%	6%	6%	4%	4%	2%	5%
Czechoslovakia	6%	13%	3%	4%	12%	8%	4%	6%	18%	2%	2%	4%
Hungary	8%	2%	2%	1%	10%	5%	6%	3%	22%	15%	8%	7%
Russia	45%	0%	2%	7%	16%	3%	3%	8%	12%	5%	2%	2%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	67%	4%	8%	8%
Austria	0%	1%	3%	1%	12%	9%	7%	10%	0%	0%	0%	0%
Switzerland	1%	1%	1%	1%	9%	5%	3%	3%	4%	3%	4%	3%
France	0%	6%	3%	6%	4%	7%	5%	7%	8%	7%	1%	4%
Spain	0%	10%	2%	10%	20%	19%	5%	7%	10%	11%	5%	10%
Portugal	0%	0%	0%	4%	8%	12%	9%	17%	40%	10%	3%	9%
Belgium	1%	2%	3%	3%	20%	19%	2%	10%	9%	5%	2%	7%
Holland	0%	4%	18%	6%	29%	30%	14%	20%	2%	3%	3%	4%
Italy	0%	1%	1%	2%	2%	7%	32%	32%	10%	14%	11%	6%
East Europe Other	0%	0%	0%	0%	0%	0%	6%	7%	1%	3%	3%	3%
Total Europe							0%	0%	0%	0%	0%	0%
ICON												
APAC												
Australia	2%	5%	4%	5%	15%	18%	13%	16%	5%	7%	5%	7%
New Zealand	0%	2%	1%	2%	12%	8%	5%	7%	1%	4%	3%	4%
Singapore	1%	3%	6%	3%	13%	20%	8%	18%	0%	4%	5%	4%
Thailand	6%	10%	12%	6%	6%	12%	14%	11%	12%	14%	15%	10%
Malaysia	0%	13%	3%	13%	16%	21%	16%	20%	6%	13%	3%	12%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC												
Total APAC												
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA												
AIME												
S Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME					0%	0%	0%	0%				
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON												
Far East												
Japan	0%	7%	2%	6%	0%	3%	3%	4%	16%	4%	1%	6%
Korea	0%	17%	2%	10%	2%	1%	1%	5%	2%	13%	3%	14%
Taiwan	0%	1%	1%	1%	0%	2%	2%	1%	0%	1%	1%	2%
Hong Kong	0%	7%	1%	7%	21%	18%	22%	19%	16%	7%	1%	8%
PR China	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East												
Total Far East												
WW Total												

MS-PCA 2614783

Data Updated
31-Jan

Novell Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	37%	32%	29%	33%	49%	54%	61%	64%
Canada	42%	31%	26%	31%	61%	57%	63%	59%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	16%	19%	14%	17%	30%	50%	39%	42%
Sweden	22%	15%	8%	15%	27%	32%	28%	33%
Norway	38%	28%	12%	22%	45%	50%	26%	41%
Denmark	37%	27%	18%	24%	46%	54%	38%	50%
Finland	49%	33%	8%	27%	55%	49%	9%	47%
Germany	5%	11%	11%	10%	7%	18%	25%	18%
Poland	30%	5%	6%	6%	34%	5%	17%	8%
Czechoslovakia	12%	8%	4%	6%	14%	6%	7%	7%
Hungary	10%	5%	6%	3%	11%	6%	23%	6%
Russia	16%	3%	3%	8%	0%	4%	4%	8%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	12%	9%	7%	10%	19%	25%	25%	26%
Switzerland	9%	5%	3%	3%	13%	10%	16%	8%
France	4%	7%	5%	7%	8%	8%	6%	9%
Spain	20%	19%	9%	17%	37%	36%	33%	31%
Portugal	8%	12%	2%	10%	25%	28%	26%	22%
Belgium	20%	19%	14%	20%	36%	48%	39%	46%
Holland	29%	30%	32%	32%	56%	44%	39%	47%
Italy	2%	7%	6%	7%	5%	13%	16%	14%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	15%	18%	13%	16%	27%	32%	31%	32%
New Zealand	12%	8%	5%	7%	30%	17%	36%	22%
Singapore	13%	20%	8%	18%	24%	19%	55%	23%
Thailand	6%	12%	14%	11%	6%	14%	36%	17%
Malaysia	16%	21%	16%	20%	55%	56%	69%	62%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	3%	3%	4%	0%	2%	7%	2%
Korea	2%	1%	1%	5%	0%	2%	7%	2%
Taiwan	0%	2%	2%	1%	2%	1%	1%	4%
Hong Kong	21%	18%	22%	19%	0%	3%	3%	2%
PR China	0%	0%	0%	0%	35%	43%	58%	46%
Other Far East	0%	0%	0%	0%	0%	0%	12%	0%
Total Far East					0%	0%	0%	0%
WW Total								

MS-PCA 2614784

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Data Updated
31-Jan

Novell Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	9%	12%	2%	8%	12%	22%	6%	15%
Canada	9%	9%	5%	7%	13%	17%	11%	16%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	3%	2%	4%	5%	6%	3%	7%
Sweden	3%	6%	2%	6%	3%	10%	2%	11%
Norway	6%	5%	1%	6%	8%	5%	2%	6%
Denmark	7%	10%	4%	9%	12%	18%	10%	17%
Finland	3%	6%	3%	7%	4%	5%	3%	6%
Germany	4%	4%	2%	5%	5%	6%	3%	6%
Poland	18%	2%	2%	4%	20%	2%	5%	5%
Czechoslovakia	22%	15%	4%	7%	35%	16%	9%	11%
Hungary	12%	5%	2%	2%	17%	7%	3%	6%
Russia	67%	4%	8%	8%	71%	5%	8%	9%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	4%	3%	4%	5%	9%	9%	13%	9%
Switzerland	8%	7%	1%	4%	10%	30%	2%	20%
France	10%	11%	5%	10%	15%	17%	11%	15%
Spain	40%	10%	3%	9%	7%	9%	4%	9%
Portugal	9%	5%	2%	7%	23%	15%	22%	13%
Belgium	2%	3%	3%	4%	4%	6%	2%	3%
Holland	10%	14%	11%	6%	20%	27%	1%	6%
Italy	1%	3%	3%	3%	2%	4%	10%	5%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	5%	7%	5%	7%	9%	11%	10%	11%
New Zealand	1%	4%	3%	4%	3%	10%	18%	10%
Singapore	0%	4%	5%	4%	0%	5%	4%	6%
Thailand	12%	14%	15%	10%	22%	16%	29%	14%
Malaysia	6%	13%	3%	12%	18%	15%	3%	11%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	16%	4%	1%	6%	19%	3%	2%	6%
Korea	2%	13%	3%	14%	2%	13%	3%	19%
Taiwan	0%	1%	1%	2%	0%	3%	1%	3%
Hong Kong	16%	7%	1%	8%	26%	8%	4%	10%
PR China	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614785

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Data Updated 31-Jan	Competitor Market Share Windows Database						

| | Bundled | | | | Stand-Alone | | | |
Location	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	30%	27%	38%	28%	30%	37%	63%	55%
Canada	30%	20%	13%	23%	30%	26%	22%	33%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	29%	11%	5%	13%	28%	20%	10%	28%
Sweden	64%	24%	13%	18%	64%	49%	43%	42%
Norway	42%	17%	12%	16%	42%	46%	32%	37%
Denmark	52%	24%	9%	23%	52%	53%	40%	45%
Finland	59%	26%	18%	22%	59%	44%	45%	40%
Germany	39%	14%	11%	13%	53%	38%	46%	38%
Poland	0%	0%	3%	0%	0%	0%	4%	0%
Czechoslovakia	7%	13%	6%	6%	7%	13%	8%	6%
Hungary	10%	6%	3%	2%	10%	3%	4%	1%
Russia	54%	60%	14%	18%	54%	60%	16%	18%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	10%	8%	3%	9%	10%	21%	31%	22%
Switzerland	19%	4%	1%	3%	19%	14%	12%	7%
France	47%	31%	14%	26%	47%	57%	40%	44%
Spain	10%	25%	4%	26%	10%	26%	15%	34%
Portugal	15%	4%	4%	5%	15%	16%	33%	11%
Belgium	7%	12%	10%	14%	6%	17%	31%	22%
Holland	16%	25%	14%	22%	15%	26%	27%	29%
Italy	11%	13%	9%	11%	11%	15%	21%	16%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	10%	19%	8%	15%	10%	29%	28%	25%
New Zealand	1%	9%	4%	8%	1%	15%	12%	21%
Singapore	4%	11%	9%	14%	4%	19%	24%	25%
Thailand	22%	13%	22%	13%	22%	14%	29%	16%
Malaysia	0%	37%	14%	45%	0%	39%	45%	49%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	13%	21%	19%	0%	10%	30%	25%
Korea	17%	29%	11%	42%	17%	25%	21%	45%
Taiwan	0%	13%	7%	23%	0%	17%	10%	38%
Hong Kong	34%	9%	5%	16%	34%	14%	14%	18%
PR China	0%	0%	3%	0%	0%	0%	3%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614786

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Data Updated
31-Jan

Market Share - File Servers

Location	Microsoft				IBM - OS/2			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	5%	6%	9%	12%	4%	4%	3%	3%
Canada	9%	12%	9%	14%	8%	8%	7%	9%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	11%	14%	14%	9%	8%	8%	8%
Sweden	22%	26%	30%	28%	11%	12%	11%	11%
Norway	19%	13%	19%	17%	5%	5%	6%	6%
Denmark	13%	12%	16%	16%	15%	16%	15%	15%
Finland	22%	24%	26%	26%	8%	8%	8%	8%
Germany	5%	6%	8%	8%	5%	6%	4%	5%
Poland	0%	3%	4%	12%	0%	1%	1%	3%
Czechoslovakia	1%	5%	19%	9%	0%	2%	2%	2%
Hungary	0%	6%	11%	7%	9%	2%	5%	2%
Russia	2%	1%	8%	2%	0%	0%	1%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	11%	10%	12%	15%	2%	2%	2%	2%
Switzerland	3%	16%	18%	21%	11%	8%	5%	6%
France	8%	14%	23%	16%	28%	16%	10%	12%
Spain	0%	0%	7%	0%	0%	0%	39%	0%
Portugal	11%	27%	26%	32%	0%	0%	0%	0%
Belgium	12%	15%	22%	22%	11%	10%	9%	8%
Holland	11%	11%	15%	17%	8%	6%	5%	4%
Italy	2%	5%	20%	9%	12%	9%	8%	9%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	9%	18%	22%	20%	3%	4%	4%	3%
New Zealand	7%	17%	17%	37%	2%	1%	2%	1%
Singapore	2%	3%	9%	12%	3%	3%	3%	3%
Thailand	3%	10%	16%	16%	2%	2%	2%	2%
Malaysia	5%	7%	37%	11%	2%	2%	2%	2%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	10%	3%	6%	4%	7%	4%	14%	4%
Korea	16%	29%	27%	46%	5%	1%	1%	2%
Taiwan	2%	6%	16%	13%	0%	0%	0%	0%
Hong Kong	3%	8%	18%	20%	5%	5%	4%	3%
PR China	7%	9%	24%	18%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

Data Updated
31-Jan

Market Share - File Servers

Location	Unix - OS				Novell			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	38%	37%	35%	33%	47%	48%	49%	49%
Canada	0%	0%	8%	0%	83%	80%	77%	77%
Total North America								
Europe								
European Headquart	0%	0%	0%	0%	0%	0%	0%	0%
European Operations	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	9%	9%	9%	77%	72%	69%	69%
Sweden	7%	6%	6%	6%	60%	56%	52%	54%
Norway	10%	8%	6%	6%	68%	73%	68%	70%
Denmark	5%	4%	4%	4%	67%	68%	65%	65%
Finland	6%	5%	5%	5%	63%	61%	61%	61%
Germany	14%	13%	13%	11%	76%	75%	75%	76%
Poland	0%	12%	12%	9%	100%	84%	81%	77%
Czechoslovakia	0%	0%	0%	0%	99%	92%	79%	89%
Hungary	5%	3%	0%	5%	86%	89%	84%	86%
Russia	0%	0%	11%	0%	98%	99%	80%	98%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	5%	5%	5%	5%	82%	83%	80%	78%
Switzerland	2%	3%	3%	3%	84%	73%	74%	70%
France	3%	7%	7%	11%	61%	63%	60%	61%
Spain	0%	0%	0%	0%	0%	0%	54%	0%
Portugal	0%	0%	0%	0%	89%	73%	74%	68%
Belgium	5%	3%	3%	3%	62%	57%	51%	53%
Holland	5%	2%	4%	2%	64%	64%	62%	60%
Italy	13%	12%	18%	9%	73%	74%	54%	65%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	28%	21%	19%	20%	59%	57%	55%	57%
New Zealand	0%	0%	1%	0%	%	82%	80%	62%
Singapore	7%	7%	8%	6%	82%	84%	80%	79%
Thailand	26%	22%	18%	16%	69%	66%	64%	65%
Malaysia	9%	9%	7%	7%	84%	82%	54%	79%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	37%	21%	16%	29%	41%	69%	62%	59%
Korea	9%	11%	13%	9%	70%	59%	59%	59%
Taiwan	0%	0%	0%	0%	98%	94%	84%	87%
Hong Kong	6%	6%	4%	4%	85%	81%	74%	73%
PR China	37%	54%	5%	45%	56%	37%	71%	36%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

Data Updated
31-Jan

Market Share - Mail Servers

	Microsoft				Lotus			
Location	Actual Jun-93	Actual Jun-94	MYR Dec-84	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-84	Budget Jun-95
US	12%	15%	24%	18%	23%	24%	28%	25%
Canada	42%	47%	44%	47%	34%	40%	46%	36%
Total North America								
Europe								
European Headquarters. Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center. Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	55%	61%	47%	63%	45%	39%	53%	37%
Sweden	29%	32%	40%	35%	33%	32%	35%	29%
Norway	18%	21%	27%	25%	36%	27%	28%	22%
Denmark	26%	32%	35%	34%	45%	40%	42%	38%
Finland	24%	29%	45%	33%	38%	39%	42%	35%
Germany	35%	42%	40%	45%	53%	46%	51%	41%
Poland	0%	5%	6%	5%	100%	95%	80%	95%
Czechoslovakia	0%	66%	60%	52%	0%	34%	40%	48%
Hungary	5%	24%	32%	12%	95%	76%	68%	74%
Russia	0%	2%	5%	4%	100%	98%	95%	96%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	34%	46%	49%	61%	63%	52%	47%	37%
Switzerland	29%	42%	33%	42%	58%	48%	60%	48%
France	42%	48%	58%	48%	52%	47%	37%	45%
Spain	0%	0%	11%	0%	0%	0%	87%	0%
Portugal	55%	50%	52%	57%	45%	50%	31%	43%
Belgium	30%	46%	50%	51%	55%	45%	44%	42%
Holland	33%	33%	43%	46%	46%	51%	45%	31%
Italy	45%	45%	51%	49%	55%	54%	45%	50%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	24%	23%	28%	33%	23%	35%	36%	37%
New Zealand	33%	50%	51%	51%	20%	16%	20%	22%
Singapore	25%	31%	32%	32%	28%	30%	30%	30%
Thailand	50%	61%	57%	60%	38%	29%	18%	30%
Malaysia	41%	11%	31%	20%	47%	60%	39%	51%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	9%	7%	23%	70%	67%	69%	50%
Korea	20%	26%	20%	40%	49%	39%	29%	35%
Taiwan	5%	18%	29%	23%	95%	82%	71%	81%
Hong Kong	23%	34%	34%	41%	57%	46%	44%	44%
PR China	100%	84%	28%	100%	0%	16%	72%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

HIGHLY CONFIDENTIAL MS-PCA 2614789

Data Updated 31-Jan				Market Share - Mail Servers			

	Word Perfect				Other (Far East Only)			
Location	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	7%	8%	10%	9%	0%	0%	0%	0%
Canada	24%	13%	10%	17%	0%	0%	0%	0%
Total North America								
Europe								
European Headquart	0%	0%	0%	0%	0%	0%	0%	0%
European Operation:	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	0%	0%	0%	0%	0%	0%	0%
Sweden	0%	0%	0%	0%	0%	0%	0%	0%
Norway	0%	0%	0%	0%	0%	0%	0%	0%
Denmark	0%	0%	0%	0%	0%	0%	0%	0%
Finland	0%	0%	0%	0%	0%	0%	0%	0%
Germany	12%	12%	9%	14%	0%	0%	0%	0%
Poland	0%	0%	0%	0%	0%	0%	0%	0%
Czechoslovakia	0%	0%	0%	0%	0%	0%	0%	0%
Hungary	0%	0%	0%	0%	0%	0%	0%	0%
Russia	0%	0%	0%	0%	0%	0%	0%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	0%	0%	4%	0%	0%	0%	0%	0%
Switzerland	0%	0%	2%	4%	0%	0%	0%	0%
France	6%	5%	5%	7%	0%	0%	0%	0%
Spain	0%	0%	2%	0%	0%	0%	0%	0%
Portugal	0%	0%	17%	0%	0%	0%	0%	0%
Belgium	0%	0%	7%	0%	0%	0%	0%	0%
Holland	0%	0%	12%	0%	0%	0%	0%	0%
Italy	0%	0%	4%	0%	0%	0%	0%	0%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	12%	11%	14%	17%	0%	0%	0%	0%
New Zealand	24%	22%	20%	18%	0%	0%	0%	0%
Singapore	0%	5%	10%	8%	0%	0%	0%	0%
Thailand	0%	0%	25%	0%	0%	0%	0%	0%
Malaysia	12%	29%	29%	29%	0%	0%	0%	0%
Indonesia/ Philippine:	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Afric	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICO	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	4%	8%	10%	22%	3%	3%	4%
Korea	0%	0%	0%	0%	31%	33%	51%	26%
Taiwan	0%	0%	0%	0%	0%	0%	0%	0%
Hong Kong	6%	7%	11%	6%	14%	13%	11%	9%
PR China	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2614790

Data Updated
2-Feb

Location	WIN Office Pro- Street Price (US$)								
	Microsoft FPP			Competition FPP			Markup		
	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	579	557	557	445	441	441	18%	14%	13%
Canada	0	503	0	450	432	453	-100%	7%	-100%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	658	697	671	541	531	567	42%	2%	45%
Sweden	731	826	751	499	550	500	16%	10%	13%
Norway	796	946	980	516	629	539	26%	24%	43%
Denmark	895	1,059	949	707	841	753	42%	22%	28%
Finland	849	1,065	899	686	0	0	35%	21%	37%
Germany	733	925	925	503	504	626	12%	14%	33%
Poland	540	540	0	0	0	0	95%	65%	0%
Czechoslovakia	590	590	0	500	500	0	0%	35%	0%
Hungary	0	704	0	0	799	0	0%	0%	0%
Russia	390	384	851	270	230	169	106%	96%	57%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	733	999	1,029	503	453	719	13%	46%	77%
Switzerland	1,100	1,154	1,024	480	554	480	62%	49%	31%
France	0	983	983	0	737	737	-100%	24%	24%
Spain	810	898	875	607	0	650	66%	45%	63%
Portugal	811	0	0	0	0	0	0%	0%	0%
Belgium	795	960	896	648	349	717	37%	14%	27%
Holland	799	998	944	648	323	722	45%	23%	28%
Italy	0	750	730	0	500	515	0%	26%	25%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	565	543	576	565	591	594	23%	44%	44%
New Zealand	590	653	646	533	578	533	25%	180%	53%
Singapore	500	483	510	433	440	473	35%	28%	36%
Thailand	600	680	680	500	550	550	48%	67%	67%
Malaysia	519	510	523	452	451	456	39%	35%	43%
Indonesa/ Philippines	650	625	700	500	450	500	25%	32%	37%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	• 0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	0	0	0	0	686	0	0%	0%	0%
Korea	835	835	0	186	186	0	0%	0%	0%
Taiwan	0	0	0	0	0	0	0%	0%	0%
Hong Kong	0	538	577	0	382	571	0%	120%	109%
PR China	0	616	890	0	750	750	0%	0%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614791

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| Data Updated 2-Feb | WIN Office Pro- Street Price (US$) | | | | | |

	Microsoft CUP			Competition CUP		
Location	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	389	359	359	294	288	288
Canada	0	315	0	0	238	0
Europe						
European Headquarter	0	0	0	0	0	0
European Operations C	0	0	0	0	C	0
United Kingdom	0	473	482	0	404	0
Sweden	548	619	563	431	385	350
Norway	587	662	715	392	475	350
Denmark	649	756	677	505	587	526
Finland	532	0	0	343	432	363
Germany	0	0	0	0	0	0
Poland	270	270	0	0	0	0
Czechoslovakia	0	0	0	0	0	0
Hungary	0	529	0	0	0	0
Russia	0	0	0	0	153	0
Slovenia	0	0	0	0	0	0
Austria	0	635	635	0	272	272
Switzerland	0	0	0	0	0	0
France	0	850	850	0	435	435
Spain	574	585	620	405	468	380
Portugal	506	0	0	0	0	0
Belgium	451	608	523	484	349	544
Holland	480	587	527	340	323	555
Italy	0	561	620	0	333	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	446	416	490	368	368	442
New Zealand	446	483	446	390	422	390
Singapore	387	387	393	260	260	266
Thailand	350	370	380	250	230	250
Malaysia	423	412	426	356	353	368
Indonesia/ Philippines	530	530	700	400	375	400
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	0	0	0	335	0
Korea	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hong Kong	0	435	371	0	350	369
PR China	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614792

HIGHLY
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Data Updated 2-Feb									

WIN Office - Street Price (US$)

Location	Microsoft FPP			Competition FPP			Markup		
	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	484	464	463	445	441	441	18%	14%	15%
Canada	450	438	470	450	432	453	18%	15%	29%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	505	536	529	541	531	567	42%	21%	29%
Sweden	608	688	626	499	550	500	28%	22%	17%
Norway	666	788	804	516	629	539	40%	21%	41%
Denmark	750	890	798	707	841	753	42%	47%	31%
Finland	712	882	749	686	0	0	42%	94%	156%
Germany	630	728	728	503	504	626	25%	9%	32%
Poland	440	440	0	440	0	0	80%	64%	0%
Czechoslovakia	460	425	0	500	500	0	53%	32%	0%
Hungary	520	529	0	550	799	0	0%	62%	0%
Russia	300	292	693	220	184	169	100%	80%	0%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	599	745	794	549	453	322	19%	26%	58%
Switzerland	750	769	756	480	554	480	41%	22%	24%
France	650	775	813	498	737	750	17%	18%	24%
Spain	641	0	729	601	898	650	52%	0%	71%
Portugal	657	749	715	286	334	322	49%	33%	56%
Belgium	731	832	776	648	349	717	46%	20%	34%
Holland	731	834	777	648	323	722	46%	22%	27%
Italy	614	591	590	531	500	515	33%	23%	29%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	519	498	549	565	591	594	39%	80%	-298%
New Zealand	550	562	521	533	578	533	34%	150%	337%
Singapore	410	407	420	433	440	473	29%	33%	39%
Thailand	460	470	550	400	450	500	42%	45%	70%
Malaysia	442	431	446	452	451	455	49%	40%	45%
Indonesia/ Philippines	525	500	575	500	450	500	28%	16%	58%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	497	538	538	414	585	448	38%	28%	66%
Korea	380	380	450	186	186	186	18%	17%	0%
Taiwan	607	490	615	627	376	653	85%	20%	31%
Hong Kong	423	384	512	372	382	571	63%	66%	102%
PR China	0	570	750	0	633	633	-100%	90%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614793

HIGHLY CONFIDENTIAL

Data Updated 2-Feb	WIN Office - Street Price (US$)					

Location	Microsoft CUP			Competition CUP		
	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	281	274	269	294	288	288
Canada	0	255	0	0	238	0
Europe						
European Headquarters, F	0	0	0	0	0	0
European Operations Cen	0	0	0	0	0	0
United Kingdom	0	409	407	0	404	0
Sweden	426	509	463	341	385	350
Norway	457	514	512	392	475	350
Denmark	505	587	526	505	587	526
Finland	429	498	0	343	432	363
Germany	0	0	0	0	0	0
Poland	230	230	0	230	230	0
Czechoslovakia	0	0	0	0	0	0
Hungary	0	270	0	0	0	0
Russia	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0
Austria	0	500	544	0	272	272
Switzerland	0	0	0	0	0	0
France	0	624	624	0	435	435
Spain	405	468	474	351	468	380
Portugal	438	467	452	286	334	322
Belgium	499	480	396	484	349	544
Holland	346	469	388	340	323	555
Italy	0	475	506	0	333	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	372	357	409	368	368	442
New Zealand	320	395	365	390	422	390
Singapore	317	320	323	260	260	266
Thailand	260	280	280	200	250	250
Malaysia	337	333	339	356	353	368
Indonesia/ Philippines	530	530	700	530	375	400
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	300	400	0	235	400
Korea	173	173	173	149	149	149
Taiwan	565	414	539	513	376	456
Hong Kong	0	294	320	0	115	369
PR China	0	185	0	0	0	0
Other Far East	0	0	0	0	0	0

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614794

HIGHLY CONFIDENTIAL

Data Updated
2-Feb

WIN Word - Street Price
(US$)

Location	Microsoft FPP			Competition FPP			Markup		
	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	309	299	299	284	278	281	17%	13%	13%
Canada	250	269	304	260	263	309	5%	104%	27%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	346	365	350	327	356	354	37%	9%	11%
Sweden	414	481	438	408	495	450	19%	13%	18%
Norway	483	560	537	470	545	350	39%	22%	38%
Denmark	505	587	526	491	587	526	45%	17%	59%
Finland	429	542	489	412	558	469	23%	16%	26%
Germany	378	476	476	223	224	224	14%	9%	30%
Poland	305	305	305	295	295	295	74%	93%	84%
Czechoslovakia	290	275	275	280	280	280	46%	39%	47%
Hungary	300	390	336	200	342	244	40%	51%	69%
Russia	190	146	122	100	107	107	111%	61%	55%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	399	544	530	369	181	257	21%	31%	182%
Switzerland	523	523	504	269	269	233	55%	18%	20%
France	420	510	529	331	454	470	18%	21%	26%
Spain	371	390	398	303	355	328	37%	0%	0%
Portugal	423	455	437	103	120	116	59%	25%	25%
Belgium	42?	512	478	430	480	448	22%	13%	23%
Holland	429	528	499	430	481	455	23%	18%	24%
Italy	402	390	390	380	251	430	32%	22%	29%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	325	343	357	347	323	371	51%	96%	44%
New Zealand	280	395	365	375	386	357	36%	21%	-120%
Singapore	390	397	407	327	317	343	95%	31%	52%
Thailand	250	230	220	220	150	110	40%	50%	50%
Malaysia	365	353	368	346	343	349	37%	32%	38%
Indonesia/ Philippines	375	350	375	350	325	350	43%	29%	66%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan									
Korea	359	389	389	356	340	386	34%	-2%	85%
Taiwan	217	217	217	122	122	122	45%	793%	543%
Hong Kong	411	340	392	395	114	372	290%	27%	103%
PR China	231	346	346	181	316	333	88%	146%	106%
Other Far East	0	321	495	0	324	324	-100%	18%	0%
	0	0	0	0	0	0	0%	0%	0%

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614795

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Data Updated 2-Feb	WIN Word - Street Price (US$)					
	Microsoft CUP			**Competition CUP**		
Location	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	121	119	119	104	101	101
Canada	0	111	0	0	87	0
Europe						
European Headquarters, Pc	0	0	0	0	0	0
European Operations Cente	0	0	0	0	0	0
United Kingdom	0	191	0	0	159	0
Sweden	183	220	200	146	178	162
Norway	196	151	210	170	172	195
Denmark	216	168	240	173	0	0
Finland	146	0	0	137	182	139
Germany	0	0	0	0	0	0
Poland	95	95	95	95	95	95
Czechoslovakia	0	0	0	0	0	0
Hungary	0	137	103	0	0	0
Russia	0	0	0	0	39	0
Slovenia	0	0	0	0	0	0
Austria	0	223	272	0	164	154
Switzerland	0	0	0	0	0	0
France	0	227	227	0	187	187
Spain	168	195	208	145	163	157
Portugal	177	207	199	103	120	116
Belgium	159	224	179	130	192	179
Holland	190	205	166	190	176	166
Italy	0	0	0	0	251	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	148	145	148	148	148	148
New Zealand	135	173	160	148	167	154
Singapore	130	127	127	130	127	127
Thailand	180	180	180	140	150	150
Malaysia	115	116	117	126	126	126
Indonesia/ Philippines	150	150	170	150	150	170
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	143	200	0	200	280
Korea	77	77	87	74	74	80
Taiwan	154	131	154	154	114	148
Hong Kong	0	128	153	0	115	230
PR China	0	185	0	0	0	0
Other Far East	0	0	0	0	0	0

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614796

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Data Updated 2-Feb

WIN Excel - Street Price
(US$)

Location	Microsoft FPP			Competition FPP			Markup		
	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	314	299	297	307	297	298	17%	12%	20%
Canada	280	269	299	290	274	308	32%	5%	36%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	346	364	348	363	384	365	36%	16%	18%
Sweden	414	481	438	408	495	450	19%	19%	36%
Norway	483	560	537	483	548	539	39%	-5%	4%
Denmark	505	587	526	505	587	526	45%	22%	23%
Finland	429	532	475	429	532	475	23%	-5%	24%
Germany	378	476	476	391	435	444	14%	9%	-79%
Poland	305	305	240	295	295	240	74%	64%	-103%
Czechoslovakia	290	275	190	250	250	347	46%	36%	52%
Hungary	280	386	383	200	560	324	30%	51%	75%
Russia	190	153	122	100	106	79	111%	63%	58%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	0	544	530	370	527	510	13%	29%	274%
Switzerland	523	523	504	413	477	413	55%	20%	15%
France	400	510	520	374	501	540	13%	21%	24%
Spain	371	0	398	337	468	364	36%	0%	0%
Portugal	423	455	437	377	440	424	57%	26%	30%
Belgium	429	512	478	439	496	463	21%	11%	48%
Holland	429	528	499	439	469	444	21%	13%	24%
Italy	402	390	390	397	390	416	32%	26%	27%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	325	338	353	314	334	371	34%	52%	-407%
New Zealand	280	395	365	371	402	372	36%	21%	264%
Singapore	400	400	400	380	387	390	60%	60%	62%
Thailand	250	250	220	220	180	200	40%	50%	50%
Malaysia	365	353	368	365	353	368	37%	32%	38%
Indonesia/ Philippines	375	350	375	200	150	250	41%	23%	85%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	369	398	400	367	435	398	38%	38%	54%
Korea	297	297	306	186	186	198	76%	39%	231%
Taiwan	411	340	376	395	114	437	272%	43%	59%
Hong Kong	231	346	333	164	355	355	84%	192%	109%
PR China	445	221	495	324	324	324	197%	18%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614797

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Data Updated 2-Feb	WIN Excel - Street Price (US$)					
	Microsoft CUP			Competition CUP		
Location	FY95 Budget	FY95* Actual	FY94 Actual	FY95 Budget	FY95* Actual	FY94 Actual
US	122	121	117	97	99	95
Canada	0	99	0	0	90	0
Europe						
European Headquarters.	0	0	0	0	0	0
European Operations Ce	0	0	0	0	0	0
United Kingdom	0	190	0	0	219	0
Sweden	183	220	200	158	178	162
Norway	196	232	237	196	217	203
Denmark	216	268	240	216	251	225
Finland	146	0	0	146	0	0
Germany	0	0	0	0	0	0
Poland	95	95	95	95	95	95
Czechoslovakia	0	0	0	0	0	0
Hungary	0	122	193	0	0	0
Russia	0	0	0	0	39	0
Slovenia	0	0	0	0	0	0
Austria	0	223	272	0	164	154
Switzerland	0	0	0	0	0	0
France	0	227	227	0	187	187
Spain	168	195	208	142	164	153
Portugal	177	207	199	138	162	156
Belgium	159	224	179	159	192	179
Holland	190	205	194	190	187	177
Italy	0	245	0	0	0	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	148	145	148	148	145	148
New Zealand	135	173	160	135	152	140
Singapore	130	127	127	133	127	127
Thailand	180	180	180	140	140	140
Malaysia	115	116	117	127	125	132
Indonesia/ Philippines	150	150	170	150	150	170
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	143	200	0	180	0
Korea	111	111	0	87	87	99
Taiwan	154	131	137	154	114	148
Hong Kong	0	128	128	0	115	115
PR China	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0

* November YTD for FE and APAC, December YTD for other regions.

MS-PCA 2614798

To: WWRDM Attendees
From: Jeanne Chase, Jon Anderson
Re: Intuit merger
Date: January 31, 1995

In October 1994 Microsoft announced a merger with Intuit Inc., the leader in personal finance products. The merger is expected to be approved in the late March time frame. The merger will give Microsoft access to a huge installed base and exceptional success in the personal finance arena.

Outlined below is an overview of the business, organization, products, status and timeline of the merger. Also outlined are key sales and marketing issues that need to be resolved in the first three months following the Department of Justice approval.

Business Overview

Intuit's revenue was $223 million in FY94. Intuit has a 65% market share in the Personal Finance category and Tax categories in the United States. Its installed base is 6 million users across Win/DOS/Mac platforms. Total revenue growth was 104% in 1993-1994 and 45% in 1992-1993. The growth was in part due to an expansion of its product line thru acquisitions. The company bought three tax and one online service provider last year. Intuit's revenue is broken out as follows: 31% from Quicken, 35% from Tax products, 19% from Supplies, 9% from QuickBooks and 6% from other products.

Intuit's international revenue is only 2% of total. However, according to SPA data, the US represents 87% of worldwide revenue for the Personal Finance category and 92% of worldwide units sold in H1 CY94. The reason Intuit's percentage is lower than worldwide SPA data is mainly due to its entering the international markets late. Intuit entered the UK in 1993, Germany in May of 1994 and plans to launch products in France in the summer of 1995. It also has a Canadian subsidiary. The products that generate the majority of international revenue are from the Quicken product line. The only share data available is in Germany where Quicken has a 55% unit share.

The charts below outlines revenue growth and p&l indicators:
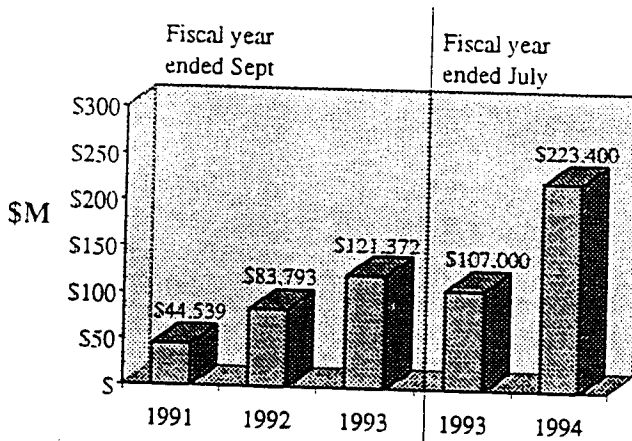
Intuit		
	FY93	FY94*
Revenue	**$121m**	**$223m**
Net Revenues	100%	100%
Cogs	32%	34%
Gross Profit	68%	66%
Net Income	7%	-78%
Costs as % Revenues		
R&D	10%	11%
Sales & Mktg	24%	22%
Headcount	7%	8%
Marketing	17%	14%
PSS	19%	18%
Headcount	**589**	**1254**
R&D	20%	31%
S&M	12%	10%
PSS	58%	41%
F&A	10%	17%
Revenue Per Head	*$200K*	*$178K*
Revenue Per S&M Head	*$1685K*	*$1732K*
Excludes Parsons	*$0.17*	*$0.11*

Products
Besides Intuits' flagship product, Quicken, other key products are:
- QuickBooks: a small business accounting product which does not require users to be familiar with traditional double entry accounting concepts and supports cash and accrual based A/P.
- QuickPay: an add-on product for Quicken and QuickBooks that calculates and tracks gross salary and payroll deductions for small businesses.
- Quick Invoice: add-on for Quicken allowing users to generate professional looking invoices.
- TurboTax for Business: an add-on to QuickBooks which allows software users to prepare US corporate returns.

Intuit develops and markets more than 360 software products in the US for individual tax returns which are sold under the brand name TurboTax, TurboTax ProSeries and MacInTax.

In the US, another important business is the Supplies business, a highly profitable business that represents 19% of Intuit's and ChipSoft's combined net sales. Intuit offers a range of paper supplies including checks, invoices, business envelopes, deposit slips and address stamps. These products are sold directly thru catalogs and thru "Intuit MarketPlace," a feature in Intuit's software products.

Intuit offers several automated financial services in the US, including Quicken VISA Card with IntelliCharge which allows users to integrate credit card expenditures into personal finance. It also offers Electronic Bill Payment, Tax Table Update Service and Quicken Quotes, a stock price service.

Localized product is limited to :
- Windows version of Quicken for the German market.
- Windows version of QuickBooks for the UK market.
- Windows and DOS Quicken for the UK, Australia and New Zealand markets.
- WinTax in Canada, QuickTax in the UK and Australian/New Zealand markets.

Organization
Intuit has a total of 1,704 employees including 129 in sales and marketing, 388 in product development, 514 in customer service and product support, 27 in manufacturing, 164 in finance, HR, and information service and a recent addition of 450 from the Parsons acquisition (see below). There are a total of 26 employees in Intuit's subsidiaries in Canada, UK and Germany.

Intuit has acquired four US companies since December 1993:
- Parsons Technology which develops and sells over 70 products in legal, tax, medical and advice oriented software. Major products are It's Legal (consumer legal sw), Personal Tax Edge (personal tax sw), Quickverse (Bible concordance) and Money Counts. Parsons is a direct marketing company and has 450 employees located in Cedar Rapids, Iowa. This merger was completed in Sept. 1994.
- ChipSoft, a developer of individual tax preparation products, including TurboTax, MacInTax as well as professional tax preparation software product, TurboTax Series. Intuit acquired ChipSoft in December 1993.
- Best, acquired in April 1994, which formerly had tax preparation products, is now solely a tax preparation service, located in Fredericksburg, Virginia.
- NPCI, an online banking and bill payment company with 20 employees

Since the October announcement, the organizational structure decisions that have been made are:
- Scott Cook, Chairman, will report to Bill Gates as Executive Vice President of Electronic Commerce.
- Bill Campbell, President and CEO will report to Mike Maples as Vice President, Personal Finance

MS-PCA 2614800

- The Intuit sales and marketing organizations will merge completely. The exact structure has not been decided.

Intuit Acquisition Status

Microsoft is in the process of responding to a Department of Justice (DOJ) second request (made 11/18/94). Microsoft will be working closely with the DOJ thru February to comply with their request. Once MS has satisfied the request, there is a 20 day waiting period before they approve the acquisition. Until the DOJ review is complete, information obtained about product development, marketing and sales and financial performance will be limited.

The optimistic timeline for the completion of the merger is as follows:

Mid February 1995	Complete response to DOJ second request
March 1995	Intuit shareholder approval of merger
March 1995	DOJ decides to not challenge the merger
April 1995	Close of merger

Transition Plan

In prior mergers and acquistions Microsoft has done a poor job of integrating merged companies. Key employees have left, there have been significant operations problems, and, by and large, post-merger sales have been below forecast. Therefore MS is approaching the Intuit merger differently: with more resource, executive involvement and coordination.

Some key lessons learned from prior acquisitions are: 1) ensure there are clear goals throughout the process, 2) ensure there is an internal communication plan for both companies, 3) ensure key HR issues such as compensation and benefits are addressed so as to not lose key people, 4) ensure overall coordination thru a central contact, 5) ensure the right people are linked up, 6) make sure the approach is a win-win for both companies, and that the smaller company's feedback and issues have as much weight as Microsoft's.

Significant resource is being put behind transition planning. Dave Moore, Microsoft's full time coordinator of transition planning will work with Mike Ahearn (VP, HR for Intuit) coordinating from the Intuit side. There is a steering committee that will oversee the transition which includes Mike Maples. The core transition team for WW Sales and Support is Jon Anderson, Jeanne Chase, Linda Glenicki (PSS), Sharon Decker (NA), Jeff Lum (ICON), Chris Dittmer (FE), and Mike Metzger (Europe). There are focus groups organized for other major functions, including HR, Finance, ITG, Operations, Marketing, Legal and Product Development. These groups have identified components that must be transitioned, timeline, key issues and key players that must be involved. See \\globalvillage\meetings\wwrdm295\msplan.doc for detail on members and timeline of each area.

Sales and Marketing Issues

Without DOJ approval, Microsoft is limited in how far it can proceed with planning in the sales and marketing area. Once approval is final, Intuit will release information needed to finalize decisions. Key issues, some of which will be addressed at the WWRDM, are:

Worldwide Product launch: will there be a coordinated worldwide push to introduce Intuit's products? Will Intuit products be under the Microsoft brand? How will MS market these products? Who will be the owners of the launch in Microsoft and Intuit? Status: to be decided by SteveB and Bill Campbell.

Organization: A decision must be made on how the UK and German subsidiaries will merge. Timeline: 60-90 days from DOJ approval. Owners: SteveB, BernardV, Bill Campbell

Channel: Intuit markets and sells directly as well as selling through the channel and believes that direct sales will be an increasingly important channel of sales for their products. In the US, all of the tax and supplies products and approximately 60% of its personal tax products are sold using direct response marketing. Microsoft has traditionally downplayed direct selling,

supporting the strong partnerships developed through the years with the reseller channel. Microsoft's position after the merger on direct selling must be clarified and communicated to the channel. Timeline: 60 days from DOJ approval. Owners: US: Sharon Decker, Alan Gleisher; Europe: Michell Lacombe and Mike Metzger, ICON: Jeff Lum, FE: Chris Dittmer

Customer communications, sales force communications: Microsoft and Intuit customers are going to need to know what impact the merger will have on them. MS will need to educate the Global sales and consulting organization about the merger and provide the tools and information to equip them to answer customer questions in a well-informed manner. Timeline: 30 days from DOJ approval. Owners: N. America: Jeff Raikes, Sharon Decker, Alan Gleisher; Europe: Bernard Vergnes, ICON: Jeff Lum, FE: Chris Dittmer

Customer database integration: with Intuit's installed base of 6 million users[1], it will be important to have a smooth integration of the two customer databases to optimize selling, cross selling and customer information. Timeline: 30 days for overall strategy, 6 month estimate for integration. Owner: Angus Cunningham, Bill Strauss

Sales training: Sales and Product training will need to be developed and delivered to both organizations on a global bases. Who gets trained, timelines, delivery mechanisms etc. will need to be determined. Timeline: 60 days. Worldwide Owners: Cheryl Gleason and Alan Gleisher

Terms and Conditions: With differing Ts and Cs, MS will need to develop a plan for merging all Ts and Cs, communicating changes to customers and sales people and minimizing the impact of terms that must co-exist for a period. Timeline: by July 1, 1995 so as to integrate into annual contracts. Owners: Johan Liedgren, Sharon Decker, Alan Gleisher; Europe: Richard Lindh, ICON: Jeff Lum, FE: Chris Dittmer

Other areas in sales and marketing being addressed by focus groups are market research, product messaging and packaging.

Additional Information
Complete list of US products: \\global\village\meetings\wwrdm295\intuit.doc

List of transition teams, time lines and owners   \\global\village\meetings\wwrdm295\msplan.doc

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[1] Exact number of registered users is not know at this point.

Market Dynamics

Market Dynamics

Bob Herbold

Bob Herbold
Background

- ◆ Procter & Gamble (26 years)
- ◆ Microsoft (12 weeks)

Microsoft

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Procter & Gamble

◆ Information systems

➢ Continuous replenishment

◆ Market research

➢ Consumer behavior

Procter & Gamble

◆ Information systems

➢ Continuous replenishment

◆ Market research

➢ Consumer behavior

◆ Advertising/brand management

Microsoft

MS-PCA 2614805

Procter & Gamble

- ◆ Information systems
  - ➤ Continuous replenishment
- ◆ Market research
  - ➤ Consumer behavior
- ◆ Advertising/brand management
  - ➤ Value pricing

My First 90 Days
Key observations

- ◆ Leadership attitude
- ◆ Smart, aggressive people
- ◆ Focus on end user in developing products
- ◆ Speed of execution
- ◆ Delegation of responsibility
- ◆ E-mail
- ◆ Content versus form

Microsoft

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Areas Of Opportunity

- ◆ Market measurements
- ◆ End-user behavior
- ◆ Pricing complexity
- ◆ "Push" orientation
- ◆ Product superiority

PC Market Dynamics

- ◆ Installed base of PCs continues to expand, but rate of change is leveling off and will decline in the years ahead
- ◆ The U.S. is fully saturated with word processing and spreadsheets on existing PCs
- ◆ Growth in installed base of word processors and spreadsheets has come from increases in the installed base of PCs

Microsoft·

PC Market Dynamics

◆ Microsoft accounted for a large share of the legal sales of both word processors and spreadsheets

◆ Microsoft's growth in new licenses for word processors and spreadsheets in the period ahead is likely to decline steeply

Microsoft® Office
Price and license mix shifts

Bar chart comparing 1H FY '95 vs. 1H FY '94: Licenses* 121%, $ per license* -28%, Revenue 59%. Y-axis ranges from -30% to 150%.
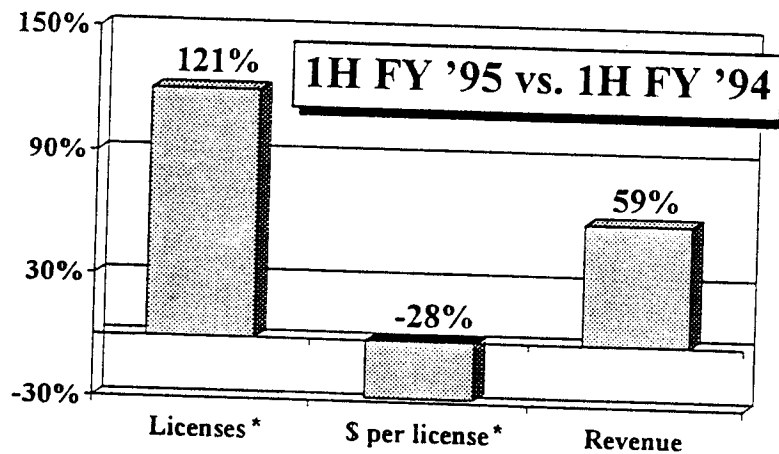
*Assumed

Microsoft

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Microsoft Office
Price and license mix shifts
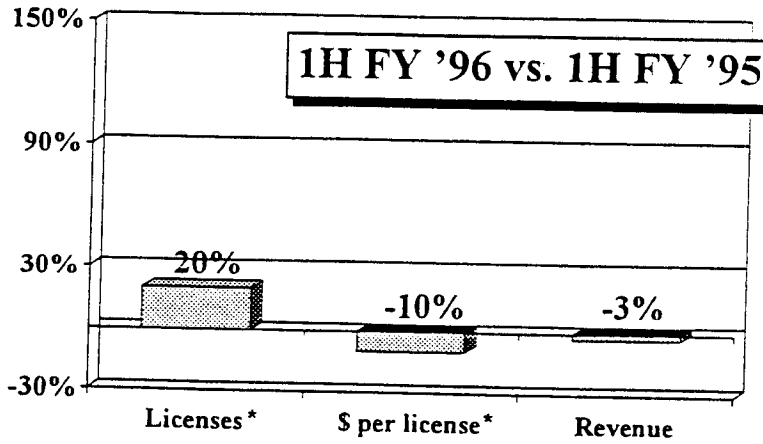
1H FY '96 vs. 1H FY '95

Microsoft Office
Price and license mix shifts

1H FY '96 vs. 1H FY '95

And if...
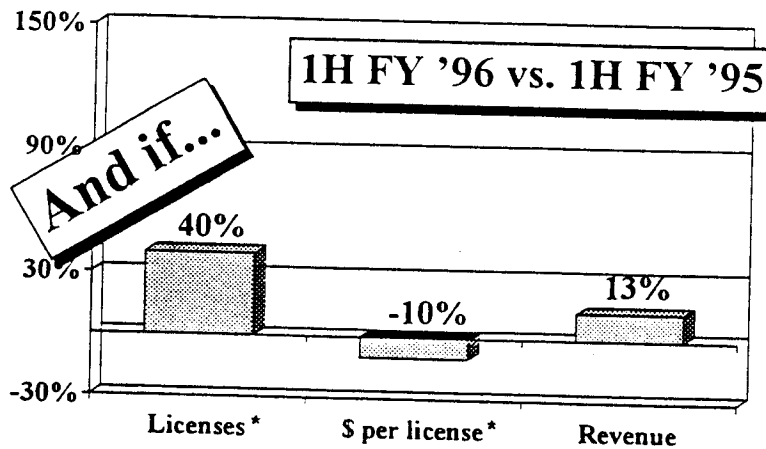
Microsoft

Trends And Implications

- ◆ Saturation will grow as an issue for us
- ◆ Revenue per license will continue to decline
- ◆ Upgrading the installed base takes on a higher priority
- ◆ Alternative revenue sources must be developed

What Does All This Mean?

- ◆ Meeting revenue goals will require greater determination and effort than ever before
- ◆ Don't let these estimates become self-fulfilling prophecies
- ◆ Building the Microsoft franchise across all product lines in each of your regions must be done for the long-term

Microsoft·

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Questions?

Microsoft

To: February 1995 WWRDM Attendees
From: R.J. Herbold
Date: January 25, 1995
RE: Market Dynamics

The purpose of this document is to review the market dynamics of the personal computer business and to forecast the implications of these key trends in the desktop applications area. Also, we review our pricing practices and discuss what those practices have generated in the past year and what we believe the future may hold in the price/revenue area.

BACKGROUND - In recent years, there have been several major efforts to do a better job of quantifying the market dynamics of our categories of business. Recently the Desktop Application Division (DAD) has developed a very thorough model that we hope to reapply in other divisions. It does an excellent job of isolating key measures, enabling us to develop a forecast for the future that is far more factually based than we have ever been able to accomplish before. We will review that model and discuss the short-term implications.

Additionally, our pricing practices have become fairly complex. While Select was certainly a successful step forward in standardizing our approach with major customers, it is complicated. Most importantly, our current pricing procedures have caused drastic changes in the way people are purchasing our products. This has generated a very significant decrease in our revenue per unit and that trend could continue in the future as people learn how to take best advantage of our pricing structure. We review what has occurred recently and estimate what may happen in the future.

KEY MARKETING TRENDS - In early 1994 the DAD organization worked with a highly skilled consultant in pulling together a variety of data sources. The purpose was to develop an overall model of the market size of not only the PC business, but also key software components such as spreadsheets and word processing tools.

The consulting firm used here was International Planning and Research (IPR), headquartered in Philadelphia. This service is used by most of the hardware manufacturers such as Compaq, Apple, IBM, Intel, etc. They primarily track and forecast worldwide PC hardware shipments and market shares. For Microsoft, they are providing a forecast of PC shipments, operating system (OS) installs, and word processing (WP) and spreadsheet (SS) installs. To do this, they have developed algorithms and incorporated key judgments that have been developed over 15 years of experience. Naturally, the validity of this system depends on the breadth and quality of the data sources and none of these forecasts are perfect. On the other hand, this work is clearly the best we have been able to achieve in developing a sound quantitative model for forecasting these important trends.

THE PC FORECAST METHODOLOGY - The PC forecast begins with the development of population estimates by market segment (number of employees, schools, households, etc.). Next, PC penetration rates are applied to the population counts to calculate the size of the PC penetrated population. Then an estimate of the average number of PCs per penetrated population is applied to compute the installed base of PCs.

The PC installed base grows through time as a result of population growth, changes in penetration rate, and growth in an average number of PCs per penetrated population. These growth factors are effected by industry events such as new products and price changes as well as overall economic climate. IPR estimates these impacts for each market segment (business, education, government, home). PC units shipped to end customers are calculated as the sum of the changes in the installed based plus the number of existing PCs that are replaced with new PCs . PC replacements are computed by multiplying the previous year's installed base by an estimated replacement rate (which is also impacted by industry events and the overall economic climate).

SOFTWARE FORECASTING - A software forecast is developed after completion of the PC forecast. While operating system installs are tracked and forecasted, we will not focus on that element here. Instead, we will focus on spreadsheets and word processors.

Software package installs are the sum of three components:

1. Software installs which are system related; that is, those packages installed at the time of the purchase of the computer, or at a point in time in the future when the system still has no packages in that software category.

2. Additional software installs which are non-system related; that is, those packages installed onto an existing computer that has one or more packages of this category already installed.

3. Software upgrades which are non-system related; that is, a new version of a software package installed on an existing computer.

There are three parallel software replacement components. The software installed base by software category at the end of a period equals the software installed base at the beginning of the period plus the sum of the installations minus the sum of the replacements. Each of the estimated three software install components by segment in software category are split into revenue status (legal versus pirated). Finally, legal installs are multiplied by an average selling price to compute software revenue.

We should point out that while estimates are made here by outside experts in areas like piracy, second home-machine dynamics, what happens when old machines are passed on, etc. they are certainly not perfect and we plan to work to better understand these things.

Analyzing all of the resulting data, the following are the key findings:

1. The US is fully saturated with word processing and spreadsheets on existing PCs. Both word processing and spreadsheets have exhibited flat penetration rates for the last couple of years. Overall word processor penetration has remained near 75%; that is, on average there are 75 word processor packages for each 100 installed PCs, including pirated packages. Overall spreadsheet penetration has remained near 50% for the last two years. It's clear from this data that saturation for a particular type of software package can occur before penetration reaches 100%.

2. Growth in the installed base of word processor and spreadsheets has come from increases in the installed base of PCs. Between the end of 1989 and the end of 1993 the installed base of workplace PCs increased by 12 million and home PCs by 13 million, totaling 25 million. These

increases were new PCs in some situations and additional PCs in others. These increases generated demand for 19 million word processor (WP) packages and 14 million spreadsheet (SS) packages. Importantly, pirates siphoned off about 40% of this new demand, leaving 11 million WP packages and 8 million SS packages for legal sale over this period.

We estimate that an additional 9 million (5 million legal) WP packages and 7 million (4 million legal) SS packages were acquired as version or competitive upgrades.

3. Microsoft accounted for a large share of the legal sales of both WPs and SSs. Specifically, Microsoft sold about 5.5 million WP packages or a share of 35% of total legal sales of 16 million. Microsoft sold about 4.5 million SS packages for a share of 38% of the total legal sales of 12 million.

4. Of Microsoft's 10 million WP/SS packages sold between 1990 and 1993, we estimate most of that can be attributed to growth in the PC market. Specifically, about 62% can be attributed to growth in PC hardware; primarily the 25 million PCs added to the installed base. About 24% can be attributed to Microsoft's success with Windows; that is, the market's acceptance of it as a WP/SS platform as well as Microsoft's high share of Windows applications. The remaining 14% is accounted for by share patterns for each operating system platform (extra high early share on Windows, rising share on Macs) and other normal software churning. All of this is summarized in Exhibit I.

Note that Exhibit I shows that 1994 has been a phenomenal year for Microsoft; a 2 million unit increase in new WP/SS units, primarily due to market share gains rather than the impact of growth in the installed base of PCs or the adoption of Windows.

5. We estimate the installed base of PCs (net PC shipments) increased less than 5% in 1994, compared with increases of 44% in 1992 and 19% in 1993. The shift toward Windows was nearly complete by 1993 (72% of WP/SS packages sold in 1993 were for Windows, rising to about 82% in 1994. This 10 percentage point increase is about half as large as the increase between 1992 and 1993). Microsoft market shares of the word processor and spreadsheet markets are provided in Exhibit II.

6. Microsoft's growth in new licenses for WP/SS in the period ahead is likely to decline steeply. 1994's large share gains by Microsoft are not likely to be repeated. We certainly hope they could be, but we need to be somewhat realistic here. Also, it is not likely that other forces of strength that accounted for Microsoft's growth for 1994 will reemerge in the period ahead. The shift to Windows '95 will not have the same impact as Windows 3.x had on Microsoft's sales, almost regardless of how many PCs adopt Windows '95 since Microsoft's share of Windows 16 bit apps is already so high. This is seen in Exhibit III.

7. The installed base of PCs in the US will continue to expand rapidly, outpacing population growth by at least a factor of five. On the other hand, the rate of change is leveling off and we will likely decline in the period ahead causing a decline in the number of new PCs needing word processors and spreadsheets. These trends are seen in Exhibit IV. It's important to note that the business market is far from full PC saturation (flat PCs per population), but it is relatively mature (60% replacement). "Keyboards" per "white collar" employee is about 70% in major business segments. About 70% of "keyboards" are already PCs.

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The home market is less mature (34% replacement) and we will capture a large percentage of the net additions to the PC installed base. The PC growth in the higher income classes is being driven by increasing the number of PCs per household, where piracy risks are likely to be great. Home PC data is in Exhibit V.

POTENTIAL OPPORTUNITIES - There are some factors that could temporarily elevate Microsoft growth versus these forecasts. For example, adoption of Windows '95 could generate a lot more replacement activity and we need to do whatever we can to encourage this.

Piracy is a huge problem. If we could come up with ways to make progress here it would have big revenue potential. Also, there may be larger increases in the PC penetration levels. Again, we need to do whatever we can to encourage this.

THE FORECASTS - Using the methodology that we have briefly described above, we provide here the estimates of PC hardware in the US as well as word processor and spreadsheet volumes. We will not go through the intricate calculations here but instead simply provide the final forecasts.

Concerning PC hardware, while we saw a 26% increase in PC shipments in 1993 and 11% in 1994, the estimates for 1995 and 1996 are 9% and 7.5% respectively.

Concerning word processors, while total market growth rates of 21% and 12% were experienced in 1993 and 1994 respectively, the estimate for the next two years is +6% annually for both years. If we basically hold our shares with existing word processor offerings and get about a 70% share of Windows 32 bit word processors (as outlined in Exhibit III), we forecast that our WP units would grow about 13% in 1995 and 10% in 1996. This is a dramatic decline from the 27% growth rate in 1993 and 51% growth rate in 1994.

Similarly with spreadsheets, the total spreadsheet market grew 23% in 1993 and 8% in 1994. The estimates for the next two years are +9% per year. Again, assuming we basically hold our shares with existing spreadsheet offerings, and get about a 70% share of Windows 32 bit spreadsheets, our units of spreadsheets should grow at 11% and 13% respectively for 1995 and 1996. This again is a major decline versus the +38% and +58% experienced in 1993 and 1994.

PRICING - Our Select pricing tools have been very valuable to us in bringing discipline to the complicated subject of selling our software to major accounts. On the other hand, the complexity of these offers and the variety of price points within a specific offer has led us to being unable to accurately forecast where all this will lead us with respect to dollars per license and the "mix" of revenue by pricing option.

In Exhibit VI we show what has occurred during the first six months of 1994/95 versus a year ago with respect to dollars per license and license mix. We see that dollars per license have decreased 28%; from a level of $351 per license to $252 per license. Importantly, actual number of licenses has increased 121% versus a year ago and that has led to a revenue increase of +59%. Net, while we incurred a price decrease of 28% across our line, this has led to a major gain in market share and the number of licenses sold versus a year ago and a healthy revenue increase (+59%).

Using these trends from the past year, we can forecast what might occur a year from now with respect to our price and license mix. Such a forecast is seen in Exhibit VII. We have assumed a profile for license mix for the first half of fiscal year 1995/96 that reflects recent trends, with the

key changes being a further decline in FPP and a further increase in Select and academic. The other changes are fairly modest. Assuming a 10% decrease in dollars per license as customers take best advantage of the various types of purchase options, and using this new license mix profile, if actual number of licenses only increase +20%, we would see a revenue decline of -3%. Hopefully, we will see a larger increase in actual number of licenses sold. As noted on the bottom of Exhibit VII, if we experience a +40% increase in licenses, our revenue would increase about +13%.

Net, we are probably going to be in for a significantly different type of year in 1995/96 with respect to Office. Namely, we will be impacted by the saturation levels discussed early with respect to hardware and word processor and spreadsheet penetration. This coupled with our pricing schemes could make it a challenging year from a revenue perspective with respect to Microsoft Office.

OVERALL ASSESSMENT - Stepping back from all this, we need to make sure we keep strong pressure against selling our Office and individual word processor, spreadsheet, etc. applications. We should not make these estimates self fulfilling prophecies! Our job is to overachieve in these areas! On the other hand, given our aggressive revenue goals, we need to make sure we are very successful with other elements of our line such as BackOffice and Consumer. It's very important that this be reflected in our up front planning as we tackle our business for 1995/96.

We look forward to our discussion of this material at the WWRDM.

RJH

Exhibit I
Microsoft's Combined WP/SS Sales

Year	WP/SS Units	Growth	Major Factors
1990	1,067,000		
1991	1,977,000	85%	Windows. PC Growth
1992	3,018,000	53%	PC Growth
1993	3,974,000	32%	Windows
1990-93	10,036,000		PC Growth (62%), Windows (24%), Other (14%)
1994	6,162,000	54%	Share Gains in Windows

Exhibit II
Microsoft Market Shares of Windows WPs and SSs

Year	Word Processors	Spreadsheets
1990	88%	98%
1991	57%	77%
1992	50%	54%
1993	47%	48%
1994	62%	65%

Exhibit III
Microsoft Word Processor Market Shares

Year	DOS	Win 16	Win 16 - DOS	Estimated Win 32
1990	6%	88%	82%	
1991	6%	57%	51%	
1992	6%	50%	44%	
1993	5%	47%	42%	
1994	4%	62%	58%	
1995		63%		73%
1996		63%		70%

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Exhibit IV
New PCs and Additional *PCs

Year	Bus	Govt/Ed	Home	Total	%Home
1990	1758	648	2511	4917	51%
1991	1375	713	2819	4907	58
1992	2585	1025	3440	7050	49
1993	2811	1246	4321	8378	52
1994	2587	1140	4932	8658	57
1995	2293	1066	5234	8593	61
1996	2115	1009	5200	8324	63

*Additional means the purchaser already has one PC and this purchase is for an additional PC for that household.

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Exhibit V
The Home PC Market

Year	New Home PCs	Additional Home PCs	Home Total	% Adds
1990	1,500,000	1,011,000	2,511,000	40
1991	1,703,000	1,116,000	2,819,000	40
1992	2,307,000	1,133,000	3,440,000	33
1993	2,807,000	1,514,000	4,321,000	35
1994	2,707,000	2,225,000	4,932,000	45
1995	2,589,000	2,645,000	5,234,000	50
1996	2,409,000	2,791,000	5,200,000	54

Exhibit VI
Microsoft Office
Price and License Mix Shifts
Worldwide Data

Licenses

Price Option	FY94 - H1	FY95 - H1	% Change
Competitive Upgrade	215	688	+220%
Special Agreement	54	187	+246%
Academic	36	274	+661%
OEM	6	96	+1,500%
FPP	486	494	+2%
MLP/MOLP (STD)	185	246	+33%
Select (STD)	64	327	+411%
Total	1,046	2,313	+121%

$ Per License

Price Option	FY94 - H1	FY95 - H1	% Change
Competitive Upgrade	252	229	-9%
Special Agreement	172	139	-19%
Academic	200	100	-50%
OEM	333	137	-59%
FPP	428	400	-7%
MLP/MOLP (STD)	352	332	-6%
Select (STD)	331	243	-27%
Average	351	252	-28%

License Mix

Price Option	FY94 - H1	FY95 - H1
Competitive Upgrade	21%	30%
Special Agreement	5%	8%
Academic	3%	12%
OEM	1%	4%
FPP	46%	21%
MLP/MOLP (STD)	18%	11%
Select (STD)	6%	14%

Revenue in $ Thousands

Price Option	FY 94 - H1	FY95 - H1	% Change
Competitive Upgrade	54,158	157,657	+191%
Special Agreement	9,392	26,125	+178%
Academic	7,178	27,387	+282%
OEM	1,968	13,152	+568%
FPP	207,748	197,563	-5%
MLP/MOLP (STD)	65,112	81,719	+26%
Select (STD)	21,128	79,516	+276%
Total	366,684	583,119	+59%

Exhibit VII
Microsoft Office
Price and License Mix Shift
Worldwide FY96 - H1 Forecast

License Mix

Price Option	Actual FY95 - H1	Assumed FY96 - H1
Competitive Upgrade	30%	30%
Special Agreement	8%	10%
Academic	12%	14%
OEM	4%	6%
FPP	21%	10%
MLP/MOLP (STD)	11%	9%
Select (STD)	14%	21%

Licenses

Price Option	Actual FY95 - H1	FY96 - H1*
Competitive Upgrade	688	832
Special Agreement	187	277
Academic	274	388
OEM	96	167
FPP	494	277
MLP/MOLP (STD)	246	250
Select (STD)	327	583
Total	2,312	2,774

*Total license growth of +20% broken out by license mix.

$ Per License

Price Option	Actual FY95 - H1	Assumed % Change	Estimated FY96 - H1
Competitive Upgrade	229	-10%	206
Special Agreement	139	-10%	125
Academic	100	-10%	90
OEM	137	-10%	123
FPP	400	-10%	360
MLP/MOLP (STD)	332	-10%	299
Select (STD)	243	-10%	219
Average	252		227

Revenue (License @ $ Per License) in % Thousands

Price Option	Actual FY 95 - H1	Estimated FY96 - H1	% Change
Competitive Upgrade	157,657	171,392	+9%
Special Agreement	26,125	34,625	+33%
Academic	27,387	34,920	+28%
OEM	13,152	20,541	+56%
FPP	197,563	99,720	-50%
MLP/MOLP (STD)	81,719	74,750	-9%
Select (STD)	79,516	127,677	+61%
Total	583,119	563,625	-3%

Note: If actual licenses increase by +40% versus the +20% assumed above, total revenue grows by +13%.

FY Planning

FY96 Planning
Key Changes & Enhancements

Mike Huber
Director
Corporate Planning
Microsoft Corporation

Start

FY96 Planning

◆ 3 Year Business Outlooks &
  Impact Assessments

◆ Timeline

◆ Budgeting

◆ Tools

◆ Presentation Templates

Microsoft

3 Year Business Outlooks & Impact Assessments

- ◆ **Outlooks**
  - ➢ MS Strategic Direction
  - ➢ Produced by WPG & AT
  - ➢ Reviewed by BOOP

- ◆ **Impact Assessments**
  - ➢ Impact of Outlooks for FY96
  - ➢ Produced by S&M, PSS, Ops, ITG, HR, Finance

Timeline

- ◆ **Key Dates**
  - ➢ Final Presentation Templates April 1
  - ➢ WWS&MM   April 5-7
  - ➢ Final USFG Revenue Plan   May 1
  - ➢ Subsidiary Planning   May 1 - June 1
  - ➢ Operations Planning   May 8 - June 8
  - ➢ GM Reviews/Budget Scrubs   June 8 - 15
  - ➢ BOOP Plan Reviews   End of June

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Budgeting

♦ **Revenue**
  - ➤ RevSum level for International
  - ➤ Changes to RevSum for FY96
♦ **COGS**
  - ➤ Operations forecasts
♦ **Operating Expenses**
  - ➤ Summary account level
♦ **People/Headcount**
  - ➤ Regulars, temps, RGEs

Tools

♦ **Large sub/domestic tool**
  - ➤ Budget Workbench
  - ➤ Stabilization and fixes
  - ➤ Revenue enhancements

♦ **Small sub tool**
  - ➤ Packaged software
  - ➤ For use throughout ICON

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FY96 Planning Template

◆ FY96 refinements

◆ Decision on adding "Maps" to template

   ➢ Competitors (Market data/market share slides in current template)

   ➢ Hardware vendor (The O/S market slides in current template)

   ➢ Geography (DavidS handout pages 1 & 2)

   ➢ Customer type (UmbertoP handout pages 3, 4 & 5)

   ➢ Customer/Industry (UmbertoP handout pages 3, 4 & 5)

   ➢ Reseller segment (SteveB handout pages 6 & 7)

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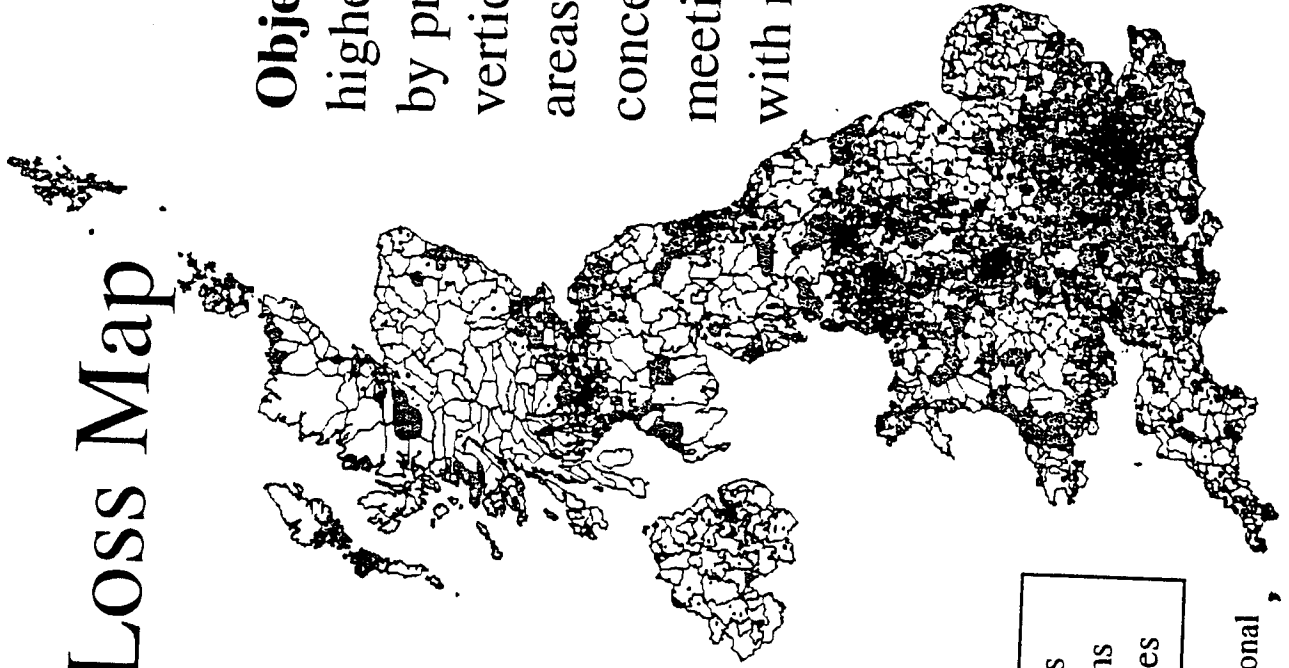
Gain/Loss Map

Objective : Identify areas of higher/lower penetration (either by product/company size or vertical) and address the yellow areas that have large concentrations of companies meeting a criteria (yellow areas with red dots).

Areas of higher than average penetration,

Areas of Lower than average penetration

Products sold vs Business locations
1dot = 5 companies

Urban Science International

Gain/Loss Map
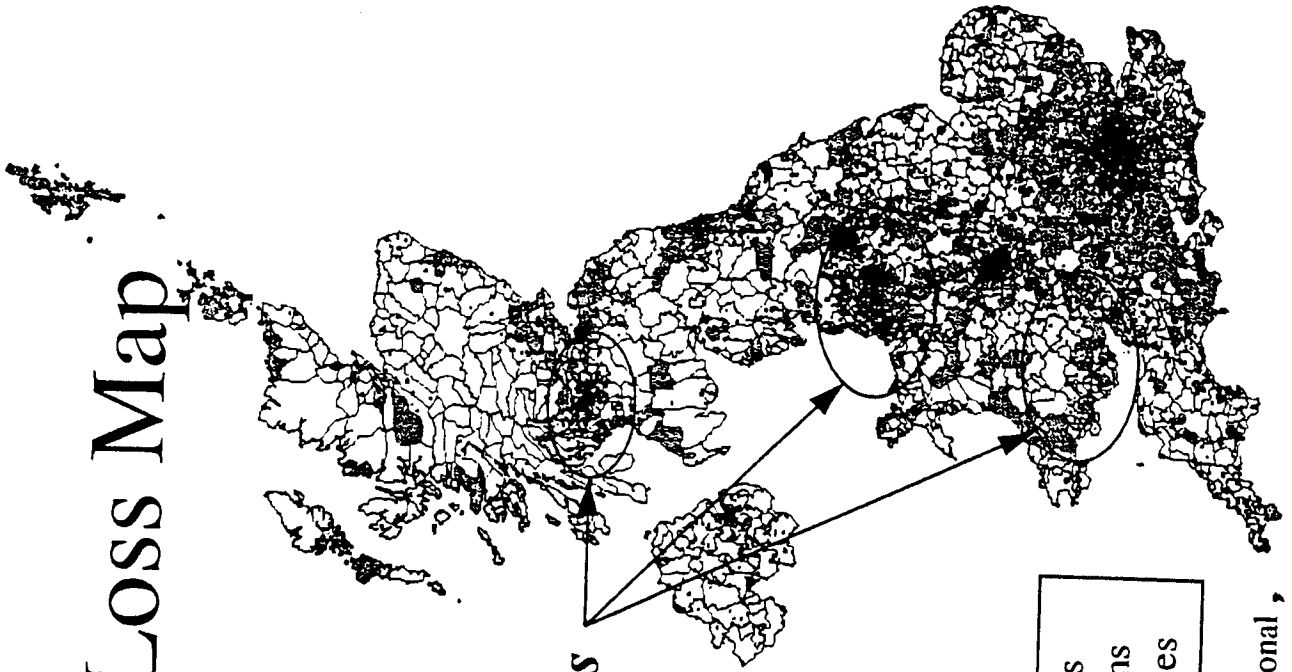
Areas of focus

Products sold vs
Business locations
1dot = 5 companies

Urban Science International ,

▨ Areas of higher than
average penetration,

⊡ Areas of Lower than
average penetration

2

ORG - Country status by tier

Tier	1	2	3	4	5
Nr of PCs	> 10.000	> 2.500	> 500	> 50	< 50

DEC. 94 YTD (lc000000)

Excl- Works & Mouse

Cust: / Tot rev:	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Home	Educ	Dev.	Total
SELECT:	8,574	1,324	3,084	0	0	17	725	75	13,799
new	7,158	1,149	2,627	0	0	17	580	75	11,606
exist	1,416	175	456	0	0	0	145	1	2,193
MOLP:	1,163	449	1,839	2,308	0	2	83	30	5,874
new	884	348	1,414	1,746	0	2	51	27	4,471
exist	279	102	425	562	0	0	32	3	1,402
MLP:	0	0	0	6,247	0	20	1,005	36	7,309
new	0	0	0	5,386	0	20	1,005	36	6,448
exist	0	0	0	861	0	0	0	0	861
Other rev:	1,101	533	679	679	38,107	2,369	2,926	3,209	49,604
new	1,024	469			30,810	2,339	2,924	2,669	40,234
exist	77	64			7,298	31	2	540	8,011
Allocated rev:	10,838	2,306	5,602	28,288	19,054	2,408	4,739	3,351	76,586

		BSD Other	MLP						
		Tier 3 / 4 /5	50% oth. rev - Tier 4 & 5						
New cust:	9,066	1,966	4,041	22,537	15,405	2,377	4,560	2,807	64,119
Exist cust:	1,772	340	881	5,071	3,649	31	179	544	12,467
Allocated rev % of tot rev	14%	3%	7%	37%	25%	3%	6%	4%	100%
New cust % of tot new	14%	3%	6%	35%	24%	4%	7%	4%	100%
Exist cust % of tot exist	3%	3%	7%	41%	29%	0%	1%	4%	100%

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ORG - Country profile

	Banking	Insurance	Retail	Public Sec	Manufacturing	Education	Other	TOTAL
Nr of organizations								
Total Potential Customer Base	973	605	273,070	21,083	275,432	23,082	211,833	806,078
Tier 1	9	1	0	22	4			36
Tier 2	14	2	0	18	5			39
Strategic & classified as LORG	12	2	2	8	13		0	37
Tier 3	70	13	6	229	113	63	83	577
Tier 4	203	65	150	1,210	1,254	74	718	3,674
Tier 5	665	522	272,912	19,596	274,043	22,945	211,032	801,715
Nr of established customers								
Select base of customers in nr's — Exchange rate used: 1587								
Level C+	1	0	0	1	0	0	0	2
Level C	0	0	0	9	13	0	5	27
Level B	5	0	0	4	1	0	0	10
Level A	7	3	0	6	7	11	1	35
Revenue Estimate FY95 in k$	2,059	473	63	6,761	2,768	709	969	13,804
Revenue Dec. 94 in k$	1,124	146	0	4,903	1,538	457	528	8,695
MOLP base of customers in nr's:								
Level C	0	0	0	7	0	0	0	7
Level B	4	0	0	4	2	0	2	12
Level A	15	7	1	34	35	1	42	135
Revenue estimate FY95 in k$	1,668	361	48	3,639	1,685	367	1,887	9,656
Revenue Dec 94 YTD in k$	660	159	16	1,150	759	52	1,887	3,701
Select + MOLP est. FY95 in K$	3,727	834	111	10,400	4,453	1,076	905	23,459
Select + MOLP YTD Dec. 94 in K$	1,784	305	16	6,052	2,297	509	2,857	12,396
Customer success:								
Nr of Design Wins	6	1	1	31	10	2	34	85
Nr of SIA in DB/subm. pend.	1/4	0/0	0/0	4/6	4/2	0/1	0/0	5/13
Total identified active projects:	15	3	1	29	13	8	3	72
BSD projects	12	3	1	25	13	5	3	62
Channel success:								
SP partners signed-up:	10	0	2	19	15	3	31	80
SP members signed up:								0
Active LARs at Dcct report								26
Active MOLP resellers in December								114
Active NTS resellers in November								372
Infrastructure success:								
Nr of active ATECs/ATC								11 / 4
Nr of MCP SEs								0
Nr of MCP SEs in pipe								67

4

ORG hot vertical segments- Banking 1

Banks (source IDC)					USD 000000, CY 94	
Class (people)	Empl.	Total Cust.	Avg. PC	Total P.C.	Avg. spend.	Tot. spend.
500-999	34,641	51	580	29,580	6,045	308
>1000	259,818	51	4,452	227,052	31,006	1,581
Total >10	336,197	571	510	291,214	3,715	2,121
Total	338,032	973	300	292,299	2,185	2,126
Client /server attitude =		62%				
I/T tech spend. breakdown						
External	64%	Hardware	38.5%			
			PC/PC srv	39.2%		205 USD
			Mainf/Mini	42.6%		223
			Periph.	18.2%		95
			Pack sw	38.2%		520
			Services	23.3%		317
Internal	36%					765
Anticipated Direction of I/T spending						
Increase	36.6%					
Same	47.2%					
Decrease	15.1%					

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Channel Taxonomy and Sales Flow

Microsoft

FYTD95 REVENUE
TO SCALE

SELL-IN

SELL THRU

| 7% | 58% | 34% | 25% | 5% | 5% |

Distribution

Key Partners Direct | Oth* Chan | Corp & EU

| 25% | | 31% | 5% | 5% |

Small Resellers

Key Partners - Indirect | Key Partners - Direct | Oth Chan | Corp & EU

| 17% | | 28% | 31% | 5% | 5% |

Small Resellers
Independent

Key Partners - Indirect
(less Franchisees)

Key Partners - Direct | Oth Chan | Corp & EU

| 14% | | 52% (878M) | 23%(388M) | 10% (169M) |

Franchisees

Outbound
(incl Franchisees, Oth Chan, Corp Direct)

Retail | DMR

| 15% (253M) | | | |

Unsegmented

| 3.5M | 6.0M | 2.5 M (Educ) | 1.0M (Gov) | 6.5M | 2.0M |

Agg
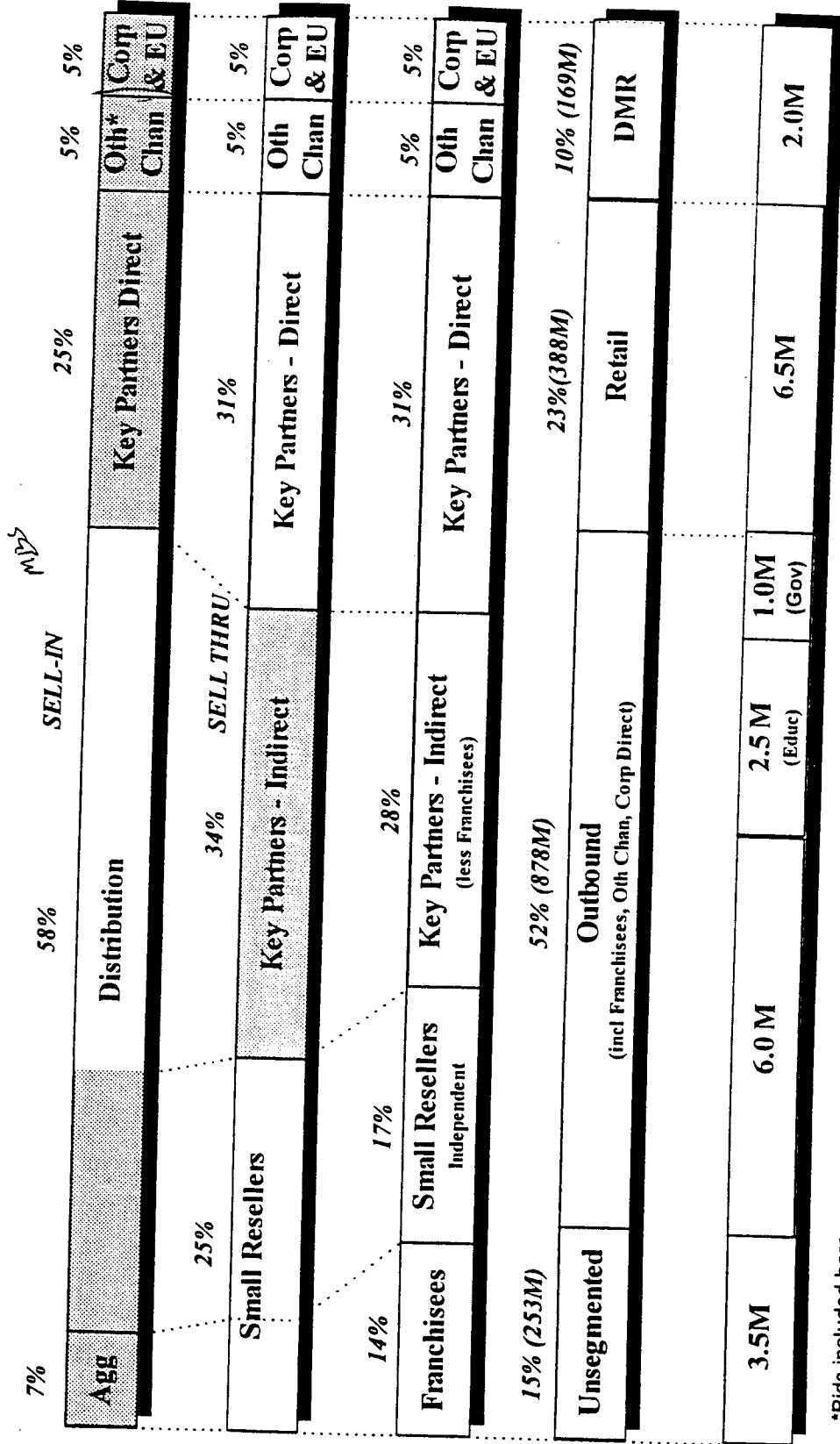
Shaded area indicates point of leverage

*Bids included here

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6

Key Channel Partners

Rank	Channel Partner	DAD $	%	CNS $	%	POS $	%	USD $	%	DEV $	%	Total YTD FY95	Growth YTD 94-95	PC Shipments (in thousands)	$/PC	Share
1	Egghead	$56,219,957	13%	$7,370,725	8%	$8,140,435	12%	$5,253,548	12%	$6,241,840	18%	$84,899,064	11%	0	n/a	31%
2	Software Spectrum	$31,453,032	7%	$545,498	1%	$3,991,800	6%	$3,093,201	7%	$1,854,639	5%	$43,983,802	55%	0	n/a	38%
3	Comp U S A, Inc	$22,621,703	5%	$8,058,402	9%	$4,629,735	7%	$942,319	2%	$2,179,936	6%	$38,826,403	41%	600	$157	21%
4	Corporate Software	$27,692,153	6%	$434,159	0%	$2,610,795	4%	$2,344,546	5%	$998,203	3%	$38,137,000	40%	0	n/a	39%
5	Softmart	$18,598,061	4%	$363,015	0%	$2,575,444	4%	$2,305,137	5%	$1,039,632	3%	$25,628,469	89%	0	n/a	40%
6	Micro Warehouse	$15,521,297	4%	$2,212,617	2%	$1,255,259	2%	$821,043	2%	$1,310,865	4%	$21,218,435	22%	50	$1,121	20%
7	800 Software	$12,345,917	3%	$294,356	0%	$1,743,293	3%	$1,762,191	4%	$1,239,615	3%	$19,078,958	12%	0	n/a	42%
8	Best Buy	$5,296,947	1%	$6,740,191	8%	$1,613,685	2%	$243,554	1%	$831,107	2%	$15,238,342	44%	500	$75	15%
9	A S A P Software	$9,608,491	2%	$340,424	0%	$1,957,855	3%	$1,610,537	4%	$715,798	2%	$14,346,137	77%	0	n/a	30%
10	Software House International	$7,837,163	2%	$355,387	0%	$902,211	1%	$1,262,869	3%	$865,421	2%	$11,240,825	264%	0	n/a	n/a
11	Computer City	$5,570,621	1%	$3,412,658	4%	$1,436,562	2%	$60,750	0%	$548,372	2%	$11,107,981	55%	250	$133	15%
12	Computer Discount Warehouse	$5,697,183	1%	$883,393	1%	$917,178	1%	$1,088,194	2%	$1,372,268	4%	$10,029,997	155%	80	$295	46%
13	Sam's Club	$1,945,121	0%	$5,516,731	6%	$1,611,788	2%	$455	0%	$425,398	1%	$9,640,269	106%	n/a	n/a	27%
14	GTSI	$4,402,441	1%	$269,033	0%	$1,903,663	3%	$681,444	2%	$331,842	1%	$7,699,708	n/a	55	$401	7%
15	Office Depot	$2,857,765	1%	$3,017,150	3%	$1,013,994	1%	$1,188	0%	$11,405	0%	$7,032,570	184%	154	$98	20%
16	EDS	$4,647,433	1%	$668,731	1%	$380,989	1%	$573,309	1%	$272,770	1%	$6,573,106	152%	600	$29	n/a
17	Compucom Systems, Inc	$3,836,722	1%	$1,325,115	1%	$576,265	1%	$308,882	1%	$125,902	0%	$6,391,015	56%	200	$76	n/a
18	Entex	$4,515,845	1%	$639,603	1%	$337,012	0%	$542,555	1%	$166,427	0%	$6,314,002	(44%)	250	$64	31%
19	Staples	$2,741,448	1%	$2,651,986	3%	$596,515	1%	$751	0%	$71,201	0%	$6,097,610	383%	43	$342	35%
20	Dellvare	$4,699,224	1%	$686,372	1%	$314,946	0%	$241,524	1%	$62,611	0%	$6,077,927	67%	900	$16	64%
21	Vanstar	$3,721,229	1%	$643,888	1%	$337,877	0%	$596,674	1%	$146,929	0%	$5,463,767	n/a	190	$75	34%
22	Multiple Zones International	$4,057,542	1%	$509,097	1%	$272,261	0%	$169,260	0%	$411,294	1%	$5,432,747	79%	50	$238	n/a
23	PC Connection	$3,486,485	1%	$716,530	1%	$366,385	1%	$99,192	0%	$399,715	1%	$5,086,543	41%	n/a	n/a	n/a
24	Microage Computer Centers Inc	$3,388,802	1%	$280,394	0%	$269,807	0%	$288,395	1%	$69,800	0%	$4,534,421	38%	184	$65	28%
25	Price Costco	$1,399,085	0%	$1,884,222	2%	$1,060,586	2%	$472	0%	$167,176	0%	$4,510,924	72%	n/a	n/a	35%
26	The Future Now	$2,890,215	1%	$368,158	0%	$287,388	0%	$290,882	1%	$109,963	0%	$3,990,114	(9%)	90	$126	n/a
27	Inacom	$2,607,275	1%	$544,592	1%	$356,789	1%	$318,313	1%	$83,111	0%	$3,916,663	59%	n/a	n/a	18%
28	Fry's Electronics	$1,686,670	0%	$973,278	1%	$523,268	1%	$88,417	0%	$408,913	1%	$3,718,000	34%	60	$178	16%
29	Wal-Mart	$199,000	0%	$2,900,000	3%	$619,000	1%	$0	0%	$0	0%	$3,548,010	61%	87	$171	27%
30	Elek Tek	$1,932,676	0%	$748,485	1%	$509,861	1%	$83,618	0%	$251,762	1%	$1,752,965	128%	68	$137	20%
	Total Top 30 Resellers	$273,477,501	62%	$55,354,187	62%	$43,112,647	62%	$25,073,218	57%	$22,713,914	64%	$433,515,772	39%			
	Other Key Partners	$33,673,695	8%	$11,700,437	13%	$6,325,735	9%	$4,051,750	9%	$4,581,660	13%	$61,620,601	25%	n/a	n/a	n/a
	Small Resellers	$95,590,193	22%	$21,404,038	24%	$16,168,956	23%	$13,636,356	31%	$7,314,839	21%	$157,240,287	20%	n/a	n/a	n/a
	Microsoft Corporation Direct	$39,741,489	9%	$700,764	1%	$3,787,649	5%	$1,547,999	3%	$911,451	3%	$52,466,995	8%	0	n/a	n/a
	Grand Total	$442,482,879	100%	$89,159,426	100%	$69,394,987	100%	$44,309,322	100%	$35,521,865	100%	$704,843,655	30%			

7

Purpose

The purpose of this memo is to provide an overview of FY96 Planning, including key enhancements and changes from FY95.

This document is organized as follows:

- FY96 Planning Process Timeline & Overview
- Key Dates & Milestones
- Key Enhancements & Changes

FY96 Planning Process Overview & Timeline

Timeline

FY96 Planning Process
High-level Timeline

Timeline		January	February	March	April	May	June	July
Milestones/Major Events			WWRDM*		WWSMM**			
Planning Activities								Plan Published
MYRs, Outlooks & Technical Plan	MYRs	▨▨▨▨▨ March 1						
	3 Year Business Outlooks	▨▨▨▨▨ March 1						
	Impact Assessments			▨▨ March 20				
	Product Group Technical Plan	▨▨▨▨▨▨▨▨ April 1						
Budget Process	Planning Memos, Targets, Assumptions, & Guidelines Communicated				▨ April 1			
	US PG, OEM Revenue Planning				▨▨▨▨ May 1			
	WPG/AT Planning				▨▨▨▨ May 15			
	All Subsidiaries & US Planning					▨▨▨ (May 1 - June 1)		
	Corporate Cost Center (Corporate G&A) Planning ***					▨▨▨ May 1 - June 1		
	Operations Planning ****					▨▨▨ May 8 - June 8		
	GM Reviews & Budget Scrubs						▨▨ June 15	
	All Final Plans Submitted to Corporate						▨ June 15	
BOOP Reviews & Consolidations	FY96 Plan (BOOP) Reviews						June 15 - July 15 ▨▨▨	
	Corporate Consolidation							July 31 ▨▨▨

5/15 - 6/15

* WWRDM: Worldwide Regional Directors Meeting
** WWSMM: Worldwide Sales & Marketing Meeting
*** Corp Cost Centers (Corp G&A) include: HR, Legal, ITG, Corp Svcs, Corp Facilities, Finance
**** Operations includes Operations Pipes/COGS planning

Overview

FY95 Mid Year Reviews (MYRs) - As in the past, the Mid Year Reviews will monitor alignment to strategic plans, assess performance against the fiscal year plan and also forecast performance through the remainder of the fiscal year. The FY95 MYRs will run from the beginning of January through the end of February. MYR results will be discussed at the WWRDM in February.

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3 Year Business Outlooks & Impact Assessments - The 3 Year Business Outlooks and Impact Assessments will capture the company's long term objectives and strategies. The 3 Year Outlooks will be developed by the Worldwide Product Group (WPG) and Advanced Technology (AT) group. Based upon these Outlooks, Impact Assessments will be prepared by S&M, PSS, Operations, ITG, Finance and HR. This process is described in detail below in the Key Enhancements & Changes section of this document. The WPG & AT 3 Year Business Outlooks will be completed by February 27; the Impact Assessments will be completed by March 20.

Product Group Technical Plan - The product group technical plan will be produced concurrently with the 3 Year Business Outlooks. This plan is technology focused and will be reviewed and approved by the BOOP in late March. It will also be used to drive the WPG & AT budgets.

FY96 Planning Memos, Targets, Assumptions and Guidelines - As in the past, 4 different types of information will be communicated at the beginning of the planning process. This information includes: 1) planning memos - to be produced by selected corporate entities in order to provide pertinent information to subsidiaries, operations and corporate cost centers (corporate G&A) as input to their FY96 plans; 2) targets, including revenue, profit, headcount targets - to be communicated by steveb in his memo and by joachimk, bernardv and chrsst in their memos to the subsidiaries; 3) corporate planning assumptions - to be collected by the corporate planning group and distributed to all subsidiaries and corporate budget units (these include the OEM processor forecast, localization lists and budget exchange rates); 4) budget guidelines - also to be collected and distributed by the corporate planning group; these address specifics of how to budget specific items such as marketing, headcount and capital (e.g., accounts and types to use, etc.). Tactical memos, targets, planning assumptions and guidelines will be distributed at the beginning of April.

Revenue Planning (USFG and OEM) - USFG and OEM revenue planning will begin the budgeting phase of the planning cycle. These revenue plans will be completed and available prior to the onset of subsidiary budgeting. USFG and OEM Revenue planning will conclude on May 1.

WPG & AT Planning - WPG and AT planning will occur concurrently with USFG and OEM revenue planning. The technical plans, to be reviewed and approved at the end of March, will provide the top down basis for the WPG and AT detailed budgets. WPG and AT planning will conclude on May 15.

All Subsidiaries & US Planning - Planning for all subsidiaries will follow USFG revenue planning. In addition, US PSS, US Marketing, US Field and US Field Facilities planning will follow USFG revenue planning. This planning will occur from May 1 through June 1. Estimates of COGS and corporate allocations will be provided to the subsidiaries by May 1 as input to their planning.

Corporate Cost Center (Corporate G&A) Planning - All Corporate Cost Center (Corporate G&A) planning will also follow USFG revenue planning. Corporate Cost Centers (Corporate G&A) include ITG, HR, Finance, Legal, Corporate Services and Corporate Facilities. These groups will plan from May 1 through June 1.

Operations Planning - Operations/COGS planning will begin shortly after completion of the USFG revenue plan and will conclude once subsidiaries have completed their revenue plans. This planning will occur from May 8 through June 8.

GM Reviews & Scrubs - All GM reviews and budget scrubs will occur at the beginning of June.

Final Plans Submitted - All FY96 plans and associated key planning assumptions will be submitted by June 15 for rollup by the Corporate Controllers group.

BOOP Reviews - BOOP reviews will occur from June 15 through July 15.

Final Consolidations - Final corporate consolidations will begin on June 15 and end on July 31. The FY96 Plan will be published on July 31.

Key Dates & Milestones

Listed below are the key dates and milestones for FY96 Planning:

Billg Strategy Memo	January 20
Worldwide Regional Directors Meeting (WWRDM)	February 6 - 8
Executive Retreat	February 9 - 11
BOOP Review of WPG & AT Outlooks	February 14 - 16
Final Outlooks Completed	February 27
Impact Assessments Completed	March 20
Final Presentation Templates	April 1
Final OEM Processor Forecast	April 1
Final Localization List	April 1
Worldwide Sales & Marketing Meeting (WWS&MM)	April 5 - 7
Final USFG Revenue Plan Completed	May 1
Final OEM Revenue Plan Completed	May 1
Subsidiary Planning Begins	May 1
All Final Plans Completed	June 15
OEM BOOP Review	June 14
Operations/ITG/Finance BOOP Review	June 15
NA BOOP Review	June 26
ICON BOOP Review	June 27
Far East BOOP Review	June 28
HR BOOP Review	June 29
End User/Org BOOP Review	July 5
Europe BOOP Review	July 6 - 8
MCS BOOP Review	July 10
PSS BOOP Review	July 11
AT/WPG BOOP Review	July 10-14
Final Plan Published	July 31

Key Enhancements & Changes

Presented below are the key enhancements and changes for FY96 Planning:

3 Year Business Outlooks & Impact Assessments - The BOOP has received numerous comments indicating the need for an overall process of developing and updating a strategic outlook that looks forward several years. Additional feedback to the BOOP has indicated that the fiscal year budget process is loaded with rework and that the rework is often due to a lack of clarity and agreement to a set of strategic plans and initiatives.

As a result, the 3 Year Business Outlook process has been established. This process will begin with Bill developing and disseminating an overall strategic direction memo in mid-January. During January, the product divisions and AT will prepare three year outlooks, quite similar to what was prepared last year for the Worldwide Regional Directors meeting. For the product divisions, this business outlook will be their input to the mid year reviews scheduled for February 14-16.

Based on feedback from the mid year reviews and from the BOOP, by the end of February, the product divisions and AT will submit revised three year business outlooks. These outlooks will then be provided

to Sales & Marketing, PSS, Finance, Operations, ITG and HR, who will then develop an assessment of the impact of these outlooks on their plans for FY96. These assessments will be submitted to the BOOP for comments. All organizations will then be in a position to begin their detailed FY96 budget planning. These steps should significantly simplify 1995/96 budgeting, since the major strategic questions should be resolved. (The S&M Impact Assessment will be included in Steveb's FY96 planning memo).

The 3 Year Business Outlooks will focus on the high level strategic thrusts of the organization. These outlooks will describe the basic business as well as the major initiatives that have a significant impact on the business. For example, the outlooks will include projections of the basic business in the context of market shares, market sizes, etc. In addition, they will include the major initiatives anticipated over the next three years, when they will have an impact on revenue, market share and profit, and when they will require manpower/financial support, etc.

The key steps and dates in the Outlook process are as follows:

Billg strategy memo	1/20/95
Draft Three Year Business Outlooks submitted to BOOP	2/10/95
Mid Year Reviews for Product Divisions	2/14 -2/16/95
Final Three Year Business Outlooks submitted to BOOP	2/27/95
Final Outlook consolidation by Finance submitted to BOOP with open action items	3/13/95
S&M, PSS, Operations, HR, Finance and ITG submit their assessment of the impact of the Outlooks on FY 96	3/20/95
Final Outlook consolidation and FY96 planning instructions sent out by R Herbold	4/07/95

Timeline - As reflected in the high level FY96 Planning Timeline above, the basic timing and sequence of the budget process has been changed in two ways: 1) the amount of time allotted for budgeting has been reduced and 2) entities dependent on the US revenue plan will not budget in parallel with USFG but will budget after the USFG revenue plan is complete. The objectives of these changes are to directly reduce the amount of time spent budgeting and to ease the budgeting process for the subsidiaries, as well as for US PSS and Operations. The FY96 Planning Timeline, with USFG revenue planning ending on May 1 and subsidiary revenue planning beginning on May 1, will provide a better opportunity for the subsidiaries to index their revenue plans to the US. In addition, the timeline will allow the Corporate Controllers group to consolidate all budgets and key planning assumptions by June 15 for review by the BOOP prior to the planned BOOP reviews. This would enable the BOOP reviews to be more focused on strategic issues and discussions.

FY96 Plan BOOP Reviews - The template and process changes implemented for the FY95 MYR presentations will also be implemented for the FY96 Plan BOOP Reviews. The key changes which have been made for the presentations include the addition of more discussion slides, better consistency with monthly actuals reporting and more focus on trends and changes. In addition, most of the data contained within the slides will be prepopulated by the Corporate Controllers organization so that the subsidiaries can focus more time on analysis and preparation.

Revenue/COGS Planning - Revenue planning for subsidiaries will occur for all lines on the Rev Sum report. For Office and its components and Windows 95, subsidiaries will also plan to all pricing levels (FPP, ACAD, Select, MOLP, etc). Revenue planning for the US will occur at a more detailed level, similar to FY95. The US planning level will include more product families, particularly for Consumer Division products, as well as more pricing level detail.

Preliminary COGS forecasts will be developed by Operations and communicated at the beginning of the subsidiary planning process - May 1. After the subsidiaries have completed their planning, and prior to the GM reviews and budget scrubs, the COGS forecasts will be updated and recommunicated to the subs (June 8). The preliminary estimates will be based upon COGS run rates and preliminary assumptions (e.g.,. mix, material costs). The updated forecasts will reflect the mix percentages in the revenue plans.

Summary Account Budgeting - Subsidiary budgeting will occur at a summary account level this year, with exceptions reserved for unique local statutory requirements. Budgeting summary accounts, and not detailed sub-accounts, will eliminate a significant amount of detail which has been captured in the past. (As examples, this change will reduce the number of budgeted accounts used by GmbH by 68% - from 188 in FY95 to 61 in FY96 - and the number of budgeted accounts used by the US Channel by 26% - from 65 in FY95 to 48 in FY96). Per head targets for specified summary accounts, such as Supplies & Equipment, will be used by controllers to further ease budgeting for operating expenses.

People/Headcount Budgeting - Budgeting for people for FY96 has been changed to better capture the estimated numbers of non Microsoft personnel (e.g., temps, contractors) who are users of the Microsoft infrastructure (offices, phones, email). This change applies mainly to corporate entities, such as WPG, AT and the Corporate Cost Centers (Corporate G&A). The objective of this change is to obtain visibility to the size and impact of these groups and more specifically, to provide more accurate information to the corporate facilities group so that they can better plan for longer term buildings and construction requirements. Guidelines for budgeting people, including types and definitions (e.g., full time equivalent basis, other basis, etc) will be communicated prior to the budget cycle.

Tools - The planning tools and overall systems environment for FY96 planning have also undergone significant changes. The planning tools which will be used this year are the Budget Workbench (BWB) and FYPlan/FYControl. The BWB will be used in Europe, North America and all corporate budget units. FYPlan/FYControl is a package software solution; it will be used in ICON and is being evaluated for use in the Far East.

Several enhancements and changes have been made to the BWB for FY96. The focus of these changes have been on stabilization and fixes, particularly in the areas of data integrity, performance and reporting. The only major functional enhancements that have been made to the BWB are in the area of revenue planning. This set of enhancements will significantly reduce the number of input screens required for revenue planning.

FYPlan/FYControl will mainly replace the small sub models used last year throughout ICON and the Far East. In addition, subsidiaries in ICON and the Far East who used the BWB last year will also use this tool. One tool for all subs within these regions will allow for easier consolidation of budget information.

Controllers Organization - The new controllers organization has now been in place for almost a year. For FY96, the controllers are expected to be the key drivers of the planning process, working in conjunction with the Corporate Planning group. It will be the responsibility of the controllers to ensure that deadlines are met, to coordinate schedules, to disseminate and handle communications and to help resolve issues for the units they support. Most importantly, it will be the responsibility of the controllers to ensure that the units they support are efficiently leveraged and are able to focus their time on their areas of responsibility - sales, product development, product support, etc. - and not on the details and complexities of budgeting.

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Desktop 95

Hank Vigil, DAD
Brad Chase, PSD

Microsoft Corporation

Start

WW Launch Synchronization

- Aug 1: Win 95 & Ofc 95 sim-announce & street date in US & English language subs
  - Localized language subs do press conference but hold launch events & major marketing
- Sept 5: W. Europe and LA localized versions both Ofc and Win 95 are available; local announcements in Europe/Latin America.
- Late Oct: FE, EE, Greek, Turkish sim-announce & sim-availability
- Jan 1: Bi-Di versions sim-announce & sim-availability

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Key WW Office PR Guidelines

◆ **Disclose potential negatives at end March** — *7 ?*

➢ No Mac apps
➢ No 16 bit apps/*Skus*
➢ No VBA in Word

◆ **Showing Office 95**

➢ Limit to "Comdex demo" until end April (Win 95 support; few features).
➢ Office 95 on beta CD early May (NDA). Key features left out.
➢ "Sneak peck" demo (more features) May-June.
➢ Full demo end June (a few key features held for launch events).

Operations risks require focus

◆ **Sell-thru management**
◆ **Channel capacity**
◆ **Manufacturing capacity planning depends on good forecasting**

Microsoft·

H295 Marketing Issues

◆ Sustain LORG sales of both Office & Windows using Select and Maintenance.

◆ Sustain SMORG/End User retail rev for Office 4.x by extending Q3 "value add" marketing promotions.

◆ Avoid "Buy Office 4.x, get a discount on Office 95" offers in Q4.

◆ Current position is to avoid "Buy W4W, get a discount on Win 95" pending discussion.

◆ Continue to invest appropriately in Win 95/Office 95 pre-launch marketing activities.

Discussion: Pre-selling Win 95 with rebate program

◆ OEMs free Windows 95 upgrade to buyers of new Windows PCs after May 1 or June 1 (TBD). In-box coupon fulfilled by MS . OEM pays difference between MS-DOS/WfW and Win 95 royalty per coupon shipped.

◆ Retail discounted upgrade date after May 1 /June 1 ? Announce at launch (retroactively) or announce on May 1/June 1?

◆ Issues for International:

 ➢ Timing -- May 1 or June 1? All regions?

 ➢ Fulfillment (maybe NA and parts of Europe only?)

Microsoft·

IBM & Apple Expectations

- IBM:
  - Warp sales: 1 million units since launch, top selling retail OS at some resellers (OS/2 channel mix is inverse of Windows')
  - OS/2 installed base approx. 6 million (2.x & 3.x)
  - $50 million broadcast and print ad campaign
  - Some OEM preinstall success: Vobis, Osborne, Escom, Comtech, CompuAdd, IBM
  - IBM launching 4 new OS/2 releases in 1995: Warp w/Win-OS2, Warp LAN Client with & without Win-OS2, OS/2 for PowerPC
- Apple:
  - Units share stagnant, profits up due to PowerPC premium and cost cutting, shipped 1 million PowerPCs in CY 94
  - First Mac clones coming out this year
  - Copland delayed into 96
  - We expect major blitz campaign around Win 95 ship date

Lotus & Novell Apps Expectations

- ◆ Lotus
  - New 16 & 32 bit apps by Win 95 launch.
  - New NoteSuite with Notes 4.0 in June.
  - Notes bundling with PowerMac & Warp.
  - Aggressive pricing for Notes & Apps.
- ◆ Novell
  - Shipped strong 16 bit Perfect Office in December. 32 bit version by Win95 ship.
  - Aggressive pricing: Perfect Office Upgrade $160/190 street (US). Netware users eligible.

Microsoft·

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To: February 1995 WWRDM Attendees
From: DAD & POS Marketing Teams
Date: January 31, 1995
Subject: Executive Summary: Desktop 95 campaign

The Desktop 95 launch will be by far the biggest launch ever done by Microsoft. It is a huge and unique opportunity to create a dramatic platform shift to a new market-leading operating system and to own the new platform with our desktop applications. We need to have outstanding channel presence during the launch period, making it very hard for applications competitors to capitalize on the platform shift, and making it very difficult for OS competitors to counteract the move to Windows 95. We need to ensure that Windows 95 and Office 95 are firmly linked in the minds of customers, partners and press, and that both products are immediately perceived as must-have classics. This is the time to be creative and incredibly aggressive to ensure super-high market shares for Windows 95 and Office 95.

In addition to hitting our quantitative targets, we should strive for some visible, emotionally satisfying, big impact event that will prove to observers that Desktop 95 is a phenomenon. Things such as:
- Desktop 95 hits the news channels world-wide and gets pervasive press coverage.
- Win95 & Office95 top every distributor's top 10 list.
- The Internet explodes with positive commentary from excited customers.
- Huge queues form in front of shops in Tokyo's Akihabara, 47th Street Photo in New York, and equivalents in major cities in the world.

Key metrics
- Exceed 20 % Win95 & 25% DAD apps (25% of Word & Excel installed base after Office allocated) upgrade penetration within 12 months after ship.
- Attach rate of 35% for DAD apps on Win 95 upgrades. (Attach rate is defined as percent of Win 95 license buyers who also buy an Office or stand-alone apps license).
- Attach rate of at least 10% for Win95 Frosting (10% of Win 95 Upgraders also buy Frosting). Frosting is a Win 95 Add-on product, sometimes referred to as the "Plus Pack". Its features are Super-Compression (1:2.7), a Background Agent, RAS Server, and some fun utilities like Animated cursors and desktop themes.
- Office share reaches 90% and category share will increase significantly for Word & Excel worldwide.

Topline messaging for Windows 95
Windows 95 gives you better access to the power of your PC.
1. What you want to do and more is now possible (32 Architecture, communications/messaging)
2. Whatever you do will be more fun (Video & Game support)
3. What you do now will be easier and faster: (a) Get started and learn new things easily due to the new UI; (b) Plug and Play lets you just plug in peripherals and have them work.)

Topline messaging for Office 95
Office 95 is the essential tool for getting work done in a changing world.
1. Allows you to get work done faster and easier
2. Enables you to make better business decisions and improve work processes
3. Helps you navigate the changing world

What is Office for Windows '95?
First and best Windows 95 office suite
- Win32 only
- Consistency and integration with OS
- Tuned for performance, multitasking

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Extension of successful Office 4.x pillars
- Ease of use with new and improved IntelliSense
- Integration with new and improved OfficeLinks
- Programmability with enhanced support for VisualBasic and OLE technology

Information application that allows users to find, view, and share info more easily
- Exchange. Sched+ in Office 95
- Custom OLE properties
- Word as your email editor

Sustaining Marketing Recommendations

We recommend the following basic guidelines for Q4 sustaining marketing programs.

- Sustain LORG sales of both Office & Windows using Select and Maintenance.
- Sustain SMORG/End User retail revenue for Office 4.x by extending Q3 "value add" marketing promotions for Office being run in some subsidiaries. The US "Business Source" campaign is available for leverage as appropriate. Further information available from OFCIPM.
- We should avoid "buy Office 4.x, get a discount on Office 95" offers in Q4. Our current position is that we should also avoid "buy W4W, get a discount on Win95" offers in Q4, but we would like to discuss the proposal for pre-selling Windows 95 below.
- We should continue to invest appropriately in Win95/Office95 pre-launch marketing activities, to ensure we are laying the foundation for H196 revenue.

Proposal for discussion: Moving revenue forward by pre-selling Windows 95

We would like to discuss the following potential opportunity to pull forward Windows 95 revenue:

- Let OEMs offer a free Windows 95 upgrade to buyers of new Windows PCs after June 1 (date discussion item too). OEMs would get coupons that they can put in their boxes and which would be fulfilled by MS (OEM pays us difference between MS-DOS/WfW and Win 95 royalty per coupon he ships).
- To satisfy retail channel needs we would also include a rebate upgrade coupon in the WfW retail upgrade box starting at the same time (June 1, 1995, or whenever we decide to do this). This is analogous to current "free" dates where customers that buy a previous product (Win3.x) at some period of time pre-street, get a free upgrade to the next version. In the case of Windows 95 this will not be a "free" product program though, but a rebate coupon saving the customer $50 (the difference between the Win95 upgrade price and the Win3.x upgrade price).
- Issues are not only the timing, especially for subs with later availability dates, but also the direct fulfillment. Many subs do not have fulfillment capacity and therefore we may do this only in North America and parts of Europe.

MS-PCA 2614847

This memo summarizes the key resource issues, programs, and plans for the joint launch and marketing of Win95 and Office for Win95 (Ofc95) — to be known as "Desktop 95". The goal is to provide everyone, particularly in the field, with the information they need to plan effectively and allocate resources properly. Of course there will be individual plans from the PSD and DAD marketing teams covering issues specific to their respective products. Any questions or comments should be forwarded to RobbieB or RuSt.

Basic Principles and Recommendations

1. "Desktop 95" is the joint launch of Win95 and Ofc95. These two product launches should be viewed as a tightly integrated effort with several components:
   * Integrated planning for a unified channel push. The goal is sim-street availability where ever practical. Plan to maximize leverage from Microsoft's channel funds to link channel marketing and sales of Desktop 95.
   * Aggressive integrated messaging across all communications vehicles, with a disciplined focus on synergistic PR.
   * Aggressive joint effort to speed Corporate adoptions of "Desktop 95" across all segments (LORG, MORG, SORG)
   * Integrated resource planning for manufacturing, distribution, sales training, PSS and customer service logistics.

We are not saying that every Win95 effort and every Ofc95 effort must be joint. We are saying efforts should be focused on maximizing synergy and leverage. For example, while we will have significant joint PR activities, there will continue to be very important specific PR activities for each product group.

2. Budget planning for "Desktop 95" should not be distorted by the overlap of FY95 and FY96. Plan "Desktop 95" as a coherent effort, with the component budgets of Win95 and Ofc95 internally consistent as an integrated effort. For the remainder of FY95 planning you should:
   * Assume no revenue in FY95; Tier 1 countries (except Japan) should plan for revenue for both products in Q1FY96 with most other countries in Q2FY96.
   * Consider additional plans for sustaining marketing activity in Q4FY95 to sustain sales (particularly for Office products) leading up to the launch.
   * Budget in FY95 for pre-launch marketing activities for Win95 to prepare the market for this new product.

Product Schedule

We recommend the following announcement date, street date, and marketing push timing based on the latest RTM information by language. These dates were chosen with the objectives of (1) preserving the benefits of sim-availability of Win95 and Ofc95 in each language, and (2) minimizing the deferment of revenue from holding product. On the Office side, these dates apply to ALL products, including both Office SKUs and Word, XL, PPT, and Access. A complete set of schedules by language can be found in Appendix I.

Date	Recommendation on announcement & street date
Aug 1	Win95 & Ofc95 sim-announce & street date for US & English speaking subs. Major joint marketing push begins in English language countries. All other subs begin selling English product. Subs that have localized versions of Win95 available may begin to sell it but **should hold their major marketing efforts until September.**

Sept 5	Western European and Latin American announcements of localized versions. Heavy marketing of Win95 & Ofc95 should begin for all Tier 1 Euro/LA languages. (German, French, Italian, Spanish, Swedish).
	Tier 2 European/Latin American languages should participate in Sept 5 announcements. Since they will not have Office for 1-4 weeks, each country will have to decide whether to hold their marketing efforts longer or begin pushing Win95 without Ofc95. (Dutch, Danish, Norweigen, Portuguese, Finnish, Brazilian).
Late Oct	Far East, Eastern European, Greek, Turkish versions sim-announce & sim-availability. Dates will vary by language but Win95 & Ofc95 should have sim-availability in each language.
Jan 1	Bi-Di versions sim-announce & sim-availability. Dates will vary by language but Win95 & Ofc95 should have sim-availability in each language.

Key Points

- The decision to have English product sim-announce & sim-availability on Aug 1 is based on the assumption that US/English subs would not wait to announce with localized European/Latin American languages on Sept 5 due to the large revenue impact of holding English product.
- Enabling subs to sell localized Win95 prior to the official announce date in early September is necessary given the market pressure to supply product for early adopters created by the availability of English language product.
- The decision to hold marketing efforts until September for European & Latin American versions is due to the fact that August is a particularly poor time to launch products and there is more marketing leverage for Tier 1 languages from pushing both Win95 and Ofc95 together in September.
- Tier 2 European languages will have to manage a delta between announce and availability of Ofc95. They will need to determine whether to begin their major marketing push for Win95 at launch in early September or when Ofc95 is actually available in late September or early October.

Business Planning

FY95 Revenue Reforecast

Based on performance in the first half of FY95 and the best information we have on shipping dates, we are reforecasting our revenue plans in the US. As it turns out, even though we won't see USFG Win95 revenue in this fiscal year, we still plan to meet the total revenue forecast in the US due to over-budget Office apps sales. So, for reference, here is the basic reforecast we are proposing in the US for PSD and DAD — this should help other markets work through their numbers.

In the US, we did not forecast any revenue for Ofc95 apps in FY95 and our forecast for Ofc 4.x apps assumed a relatively normal trendline throughout the year. Consequently, the slip itself has had little effect on our revenue planning. However, DAD US Finished Goods business was substantially over budget in the first half (estimated at 124% of revenue budget or $117M over budget), so we are re-forecasting the second half of the year. Our initial estimate puts USFG revenue for the second half at $500M for all DAD products which is $58M over budget (113% of budget). This means that DAD will end the year a total of $175M over budget.

In the US, PSD Finished Goods was also substantially over budget in the first half (estimated at 276% of plan or $55.5M over budget). However, since we forecasted Win95 revenue starting in March, 1995, our re-forecast for the second half of the fiscal year is now $45M for all PSD products which is $156M under budget (22% of plan). This means that PSD will end FY95 a total of $100M under budget.

MS-PCA 2614849

FY96 Revenue Planning

Based on the revised Win95 RTM dates and the related Ofc95 deltas, all revenue for these products should be budgeted in FY96. Specifically we recommend the following conservative revenue dates by language:

- English language product will begin generating revenue in August 95.
- German, French, Italian, Spanish, Swedish products should be forecasted beginning in September 95.
- Dutch, Brazilian, Portuguese, Danish, Norwegian, and Finnish versions should be forecasted beginning in October 95.
- Japanese, Chinese (traditional), and Korean will begin generating revenue in November 95.
- Tier 3 languages will generate revenue in the November to January timeframe (see Appendix I for specific languages.

We are currently planning the following US English pricing schedule. The specific "waterfall" of prices down through all Select levels will be available shortly. Note that while this is the plan of record, there is still some concern about whether the Office Std/Pro upgrade prices are too high, especially given that the user has to also buy Win95 to run the upgrade. This pricing issue will be discussed with the BOOP shortly, and will definitely be resolved before FY96 revenue planning begins.

Product	New User ($ERP)	Upgrade ($ERP)
Office Standard	$499	$299*
Office Pro	$599	$399*
Indiv Ofc Apps	$339	$129⁻
Schedule+	$99	$79#
Win95 Retail	$209	$109%

*Includes $40 rebate for version upgraders from individual app or Office itself.
⁻Includes $30 rebate for version upgraders.
#Based on $20 rebate for version or competitive upgraders included in New User SKU.
% Expected avg street to be $99 and below.

We are currently developing mix and unit volume projections for Win95 and Ofc95. These will be available shortly and certainly prior to the WWRDM.

Marketing Budget

To help subsidiaries and the US field plan, we have included pivot tables from a six month Win95/Ofc95 DRAFT marketing budget. This budget divides the timing of spending into two periods: (1) the two months prior to launch (L-2) and (2) the launch plus the following four months(Launch/L+4). The data below indicates that a smaller portion of the spending will take place in FY95, in particular in markets where English language product will be sold. One major exception is for Windows pre-launch education, where we do need to spend significant marketing dollars to prepare customers. The other exception is incremental promotional work required to sustain Office sales through the late spring and early summer. In general, however most spending will fall into FY96, and this means that some planned marketing dollars should "fall to the bottom line" in FY95.

The table below summarizes the total product marketing spend for Win95 and Ofc95 in the US for the six months around the launch. Note that this does not include $21MM in Win95 advertising that is proposed as part of the brand campaign and does not include channel marketing funds/rebates. We separated these out so that subsidiaries without brand executions or with different channel marketing models can gauge how much to spend in each category. It also assumes that there will be no Office TV executions during the launch timeframe which is still a possibility under discussion.

Product	(All)		

Sum of Amount	Time		
Area	L-2	Launch/L+4	Grand Total
Advertising	$4,482,000	$14,205,000	$18,687,000
Channel Materials	$225,000	$400,000	$625,000
Direct Mktg	$200,000	$2,650,000	$2,850,000
Events	$150,000	$2,995,000	$3,145,000
Marketing Research	$280,000	$380,000	$660,000
Other	$111,000	$850,000	$961,000
Packaging/Collateral	$300,000	$100,000	$400,000
PR	$1,288,000	$1,150,000	$2,438,000
Sales Tools	$795,000	$130,000	$925,000
Samples	$400,000	$1,100,000	$1,500,000
Grand Total	$8,231,000	$23,960,000	$32,191,000

This table looks at the same data on a percentage basis by time period. Not surprisingly, the vast majority of spending takes place after the launch.

Product	(All)		

Sum of Amount	Time		
Area	L-2	Launch/L+4	Grand Total
Advertising	24%	76%	100%
Channel Materials	36%	64%	100%
Direct Mktg	7%	93%	100%
Events	5%	95%	100%
Marketing Research	42%	58%	100%
Other	12%	88%	100%
Packaging/Collateral	75%	25%	100%
PR	53%	47%	100%
Sales Tools	86%	14%	100%
Samples	27%	73%	100%
Grand Total	26%	74%	100%

This table summarizes the data based on marketing discipline. Advertising is clearly the highest spending area, although PR is significant prior to the launch as are direct marketing/events during and after the launch.

Product	(All)		

Sum of Amount	Time		
Area	L-2	Launch/L+4	Grand Total
Advertising	54%	59%	58%
Channel Materials	3%	2%	2%
Direct Mktg	2%	11%	9%
Events	2%	13%	10%
Marketing Research	3%	2%	2%
Other	1%	4%	3%

MS-PCA 2614851

Packaging/Collateral	4%	0%	1%
PR	16%	5%	8%
Sales Tools	10%	1%	3%
Samples	5%	5%	5%
Grand Total	100%	100%	100%

The budget file contains all of the detail from these tables. This is found on
\\chammy\wwrdm\preread\final\launchbg2.xls. We recommend that you look at the specific pivot tables
for Win95 and Ofc95 since some timing and functional spending areas differ significantly between the
two products.

Manufacturing and Distribution Challenges

Sim-shipping Win95 and Ofc95 will strain every step of the manufacturing and distribution process. We
will examine each of these key areas relative to the needs of an integrated Desktop 95 launch. Activities
in process include:
- Securing enough raw materials
- Securing sufficient disk duping, CD pressing, manual printing, and assembly capacity
  ⇒ Mfg needs to consider capacity required under different RTM deltas between Win and Ofc
- Securing adequate storage capacity (either with assemblers, channel partners, or 3rd party warehouse)
  to stage the inventory pre-street
- Mapping the build schedule for all Win and Ofc SKUs across multiple build locations
- Managing the logistics of shipping all Win95 and Ofc95 SKUs assembled at multiple sites to multiple
  different customers
- Managing post-sell in inventory flows and stock balancing to ensure good supply levels across all
  accounts: this includes managing the mix of SKUs (FPP versus upgrades, Ofc95 versus Ofc 4.x, etc.)
  — input on this will be provided shortly.

Ali Baba provides additional manufacturing challenges. If Ali Baba is on the Win95 CD and it includes
encrypted products, manufacturing will need to produce multiple Win95 CD masters (one for every
25,000 units) and track which units were made with each master. If Ofc95 is encrypted, then the Win95
CD cannot begin being pressed until Ofc95 RTMs. Given that Win95 is forecasting 35-40% CD mix, this
would move a significant percentage of the Win95 assembly into an overlapping position with Ofc95
assembly.

Marketing Communications

Public Relations
Overall, the primary objective in PR is creating positive momentum for the Windows 95 platform leading
up to the launch. At the same time we want influentials to perceive Microsoft Desktop 95 as the finest
and first complete Win95 solution. Win95 will continue to position itself as the successor to MS-DOS and
Win 3.1 that increases ease of use, with Ofc95 highlighted as the leading example of how apps can take
advantage of this new environment. Likewise, we will position Ofc95 as the next generation of our
leading business applications that make it easier to get your job done by specifically taking advantage of
Win95's new capabilities. The net result should be a view from customers that we have one, consistent
product strategy that drives both our systems and apps business. Here are some examples of PR activities
for Desktop 95:
- In early February, we will conduct a joint tour to demonstrate applications support for Win95 with
  Office and Office Compatible apps featured along with some other smaller category applications.
- From the Office perspective, its critical that we educate press, analysts and customers on the key
  attributes of a great Win95 apps — this is especially important given that our early contacts with the

press covering applications indicate they are pretty poorly informed on Win95 itself. Once they have this basic knowledge, we then need to show how our apps exploit those attributes as part of the first look/reviews process.

- Office participation in the second Win95 reviewers workshop to be held in April for industry pub cover dates in July/August. Office will also participate in the Win95 consumer pubs reviewers workshop to be held in the same rough timeframe.
- To create joint testimonial opportunities, Office marketing will mirror the Windows 95 Goliath and Marquee account seeding model. We will target 3 accounts who will verbally commit to moving to Office 95 by launch time and 25 accounts who will act as approved press references during the launch period.
- The Win95 team will be able to demo various components/features of the Office applications during tradeshows and other advanced showings of Win95. A specific set of features and capabilities that can be shown (and appropriate venues/audiences for this) will be available shortly.
- We will do a joint launch event for both products based on the retail availability dates discussed above. Specifics of how this will work are still TBD.

Advertising
A broad advertising push will kick off in both consumer and industry press at the time of launch. This will include a major TV campaign for Win95 as well as related print campaigns for both Win95 and Ofc95 (Ofc95 TV still TBD). Total expected expenditures in the US will be roughly $40M — see the budget data above for more details. While there are no plans for joint advertising, we will utilize media placement and the general brand look to tie the work together. In addition, the Office advertising will incorporate both Win95 and BackOffice as important sub-themes in both launch and sustaining campaigns. Promotional advertising for the launch will be driven by resellers utilizing marketing opportunity funds provided through the Desktop 95 channel promotion (see below). We may provide some national promotional advertising as "air-cover" during the launch but that is still TBD.

Direct
Our direct activities will be organized into two components: Microsoft reg base activities and prospecting off of other lists. Specifically, 7MM Windows registered names will be contracted out to key Mail Order resellers who will offer both Win95 and Ofc95 apps upgrades. In addition, Office may direct mail offers for individual apps and Office to its own reg base with an emphasis on targets we can identify outside of Morg/Lorg accounts. This would include an offer for Win95 (since "batteries" are required).

The issue of whether we provide a direct mail offer (as opposed to just providing notification that refers people to the channel) is an area where the Windows and Office teams are not yet in agreement. We will resolve this in our next BOOP review meeting in January.

On the prospecting front, the Win95 team has developed a highly qualified prospect list of 80k key individuals in 52k medium-size business sites (representing nearly 8mm PC's) who will be targeted for the Win95 Preview Program. Office will leverage this prospect list (and those who participate in the preview program in particular) as a lead generation source. All preview program participants will be mailed a special Ofc95 upgrade offer when the product ships.

Seminars
We want the field to conduct joint seminars to announce and push Win95 and Ofc95. The current plan is to have one seminar event that incorporates both products so that customers only have to come once to get the information they need to move to Desktop 95. Specific scripts and content for these seminars is still being worked out and will be provided as soon as possible.

MS-PCA 2614853

Retail/Sorg Activities Plan

Objectives
Overall, we have four objectives in the retail (inbound) channel where we will emphasize Sorg customers:
- Maximize Win95 & MS complementary product revenues
- Launch Ofc95, establish MS as Win95 platform leader
- Achieve an attach rate of 40% of Ofc95 on new Win95 purchases
- Sustain high post-launch run-rates; prepare for Holiday 95 promotion

We will focus on a Desktop 95 channel promotion that uses three tools centered around the Win95 launch: (1) an end user offer, (2) a channel rebate, and (3) targeted marketing fund spending.

End User Offer
We are still working out the specifics for the basic end user offer. The goal is to provide a strong incentive for the customer who buys Win95 to also buy other Microsoft applications (Office or Consumer titles) at the same time. Past experience indicates the channel will use Win95 aggressively to draw consumers into the store and then sell them on other products once they are there. The primary task of the end user offer is to make sure they sell them <u>Microsoft</u> products at this time.

Channel Rebate
We will provide incremental rebates on "Win95 products" (Ofc95 apps and Consumer apps) revenues. The rebate will be based on the ratio of Win95 products-to-Win95 units. In general the higher the number of Win95 products purchased relative to the number of Win95 units purchased, the higher the rebate. The precise ratios to be used in the promotion are currently being defined and will be provided ASAP.

Marketing Funds
We will work with each major account to customize individual channel plans for this launch. This will enable the channel to offer a variety of differentiated offers that still map consistently to our overall goals. We will make the following funds will be available for this effort
- Funding plan
  ⇒ 2% of Win95 & Win95 products revenues
  ⇒ $7 million supplemental marketing funds to be allocated
- Funding plan priorities
  ⇒ Pre-launch channel RSP training, education, communication & events.
  ⇒ Launch events, EU offer advertising, secure shelf & page space (retail & mail order)
  ⇒ Collateral, sales, seminars & training kits

Other Activities
Due to Win95's visibility, there are two channel-related activities that are planned just before launch. These two programs are outlined below; details are still being defined with OEM and ECU.
- Win95 OEM coupon program -- this program is designed to minimize the disruption to OEM sales due to customers waiting for Win95. It would allow OEMs to include a Win95 coupon pre-launch in return for an incremental royalty.
- , "Coming Soon" period -- Some resellers will start early and begin reserving units pre-street. We can turn this into positive sales momentum and provide more control and equity by making this into a program. The channel could start taking orders from customers 4 weeks before street, saying that the Microsoft products are 'coming soon' and providing a specific availability date. This could include Ofc95 apps as well.

Since we will still need to sell meaningful quantities of Ofc 4.x applications to users who don't buy Win95, we need to work with the channel on stocking and selling priorities. We may also need to provide

financial support/incentives to ensure proper stocking levels for both sets of SKUs. Details on this are still being worked out.

Finally, as a follow-up to the launch promotion, we are looking at ways to sustain momentum in the retail/sorg channel. One option being considered is an extension of the "Business Source" program that the Office team is running in the US this spring to reach Sorgs and DOS switchers. This would involve a similar set of services (migration guides, SP referrals, training, etc.) as the current Business Source campaign except with an emphasis on version upgraders of both Windows and Office apps. More information will be provided on this as soon as its available.

Morg/Lorg Plan

Objectives:
- Prepare customers to begin deployment of Win95 and Ofc95 within 30 days of launch
- Move 30% of desktops to Win95 and Ofc95 within six months
- Stimulate use of SMS as deployment tool
- Identify & capitalize on other BackOffice sales opportunities

The Desktop 95 Migration Challenge
The Desktop 95 Migration Challenge program is a set of tools and a process for using them designed to lead customers through each milestone in the deployment process. The program will be executed both by the Microsoft LORG account teams and by Solution Providers. For every milestone in the planning process there is a specific deliverable which will be monitored either by the Microsoft Corporate Migration Challenge Team (for participating LORG's) or by the Solution Provider or Outbound Reseller partner. The key milestones are listed below. The associated field deliverables are currently being defined and will be distributed shortly:

Evaluation Kickoff briefing	Evaluation team formed	First phase internal testing complete	Pilot deployment plan and test complete
Pilot deployment plan revised	Final phase testing complete	Deployment begins	

Channel Promotion
As with Sorg's, we will develop customized programs with key outbound channel partners and solution providers. These programs have the same basic goals as outlined above with the added goal to encourage large and medium sized accounts to do large scale upgrade programs quickly. Details of this effort will be available shortly.

Key Field Tools   _when_ ?

The following tools are available to implement the Windows 95 and Office 95 Migration Challenge:

Windows Tool	Office Tool	Tool Description
Win 95 Reviewers Guide	Ofc 95 Reviewers Guide	Comprehensive description of product features
Support Resources Listing	Part of ORK, could be separate as well	Comprehensive of information and training sources
WinNEWS data sheet		Where to get information on-line

MS-PCA 2614855

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RETAIL SORG		
Long Lead Kit	Long Lead Kit	SKUs, pricing, order info, marketing materials list
Desktop 95 Ad Kit	Desktop 95 Ad kit	Box shots, promo tag line, offer description
Desktop 95 Merchandising Kit	Desktop 95 Merchandising Kit	Point of Purchase materials
Desktop 95 Retail Training Kit	Desktop 95 Retail Training Kit	Training materials
Windows 95 Interactive Demo	Office 95 autodemo	Gives customers the feel of working with these new products on their existing system
Leverage Office kit	Sorg Marketing Kit	Sales tools kit that supports the field in leveraged Sorg marketing activities.
N/A	Vertical Marketing Kit	Same as above, for Legal, Accounting and Health Care
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Structured Trial Materials	Structured Trial Materials	PPT w/notes, demo script, setup instructions
CD/Disk set and license	Marketing beta	Product and demo files
Windows 95 Resource Kit (WRK)	Office 95 Resource Kit (ORK)	Comprehensive technical documentation on how to plan and implement the deployment of Win95
Deployment Guide	Deployment Guide	Guidelines for how to create a deployment plan (part of WRK)
Deployment Plan Gantt Chart Template	Deployment Plan Gantt Chart Template	Microsoft Project file
Windows 95 Business Case	Similar	Collateral summarizing key benefits of Windows 95 for organizations, with evidence
Windows 95 Evaluation Guide	Office 95 Evaluation Guide (Competitive and Upgraders)	Walks the customer through evaluating the desktop products.

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Events & Tradeshows *— when?*

Our Desktop 95 event marketing plan for CY95 will be designed to maintain the momentum that we've established via participation at industry events over the past several months. Below is a summary of the major events we have planned between January 1995 and launch. The program schedule following this section includes the timing for each of these events, as well as the largest industry tradeshows at which we'll highlight Windows 95 and Office 95.

MSTV   January through May 1995
Both Win95 and Ofc95 will make use of MSTV. The Windows 95 TrainCast is a series of broadcast events on MSTV which are geared towards high level IT managers, solution providers, VARs, IS implementers at corporate sites, corporate help desk and support professionals and trainers. Content will focus on two major issues: "Why move to Windows 95" and "How to move to Windows 95." One of these sessions will also discuss how to coordinate Office migration with Windows. Please see Appendix II for a schedule of the Windows broadcasts and topics to be covered. Office sessions will continue to run monthly (currently on show #3) with discussions about Office as a solutions platform. From Feb-April, we will add a short, 5 minute segment which will show some new capability from Ofc95 that we are willing to show publicly. In May, we will highlight an on-going case study (Muscular Dystrophy) and

how they are preparing for the move to Ofc95. Subsequent to the launch, these Office MSTV sessions will focus on the new capabilities in Ofc95 and the implications for the corporate user. A schedule for these sessions will be provided separately.

Windows 95 Multimedia Reviewers Workshop: Feb. 1&2, 1995

The Windows 95 Multimedia Reviewers Workshop will be held at Microsoft corporate campus February 1 and 2. We hope to draw at least 100 qualified, multimedia-oriented journalists. Through demo-rich sessions we will communicate the key multimedia messages. We will look to the subsidiaries to identify appropriate multimedia journalists who should attend the workshop.

Windows 95 World Tour: May through July, 1995

The North American leg of the Windows 95 World Tour will visit 22 sites in the US and Canada; each event is expected to draw 2,000 - 3,000 attendees. A preliminary schedule will be available in January. We are currently looking at ways to implement internationally. The objectives of the tour are to generate excitement for Win95 amongst PC enthusiasts and first wave customers, demonstrate the built-in networking support for Microsoft and Novell networks to VAR's, CNE's and corporate customers, deliver pre-launch Win95 messages, and demonstrate Ofc95 as a premier set of Win95 applications. Office demos will be confined to features designed to leverage Win95; this will not be an unveiling of the entire Ofc95 feature set. The field has been asked to:

* Provide a customer list of no more than 10,000 to include in each city promotional mailing.
* Help generate excitement and attendance for the event with accounts through various methods (e.g. account calls, district newsletters, word of mouth).
* Provide 5 or more staff on-site for the event to help field questions, provide general support, and show a strong MS presence.

Event Marketing Materials

In early January we will be communicating the details of a program by which the field and subsidiaries can order materials for their event and tradeshow programs including signage, lapel pins, datasheets, and "SWAT" materials which can be used to highlight booths of ISVs, IHVs and OEMs designing products to be Windows 95 compatible. Localization of the materials will need to be coordinated by the subsidiaries.

Launch Event (Date & Location TBD)

Specific launch event plans and creative are yet to be determined. Ideas and suggestions should be directed to ShaunaB.

Programs Schedule

This calendar summarizes the activities in the preceding sections and their associated timings.

Activity Type	Event	Date(s)
	JANUARY	
Event	CES Winter - Las Vegas, NV	January 6-9
Mktg Comm	Industry Analysts Day (Win 95 event)	January 20
MS Training	Regional Sales Mtgs (Desktop 95 Migration Challenge KickOff)	January
Event	MSTV - Office Broadcast	January
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	January 24
	FEBRUARY	
Event	Win 95 Multimedia Reviewers Workshop - MS Campus	February 1-2
Mktg Comm	PR Tech Tour — joint Ofc95/Win95 demo of 3rd Party Win95 support	February
LORG/MORG	Migration Challenge Kickoff with LORGs, SPs	February
LORG/MORG	Migration Challenge seminars with MORG's	February
Event	Office Compatible Developer's Conference	February
Event	MSTV - Office Broadcast	February
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	February 14 & 28

MARCH		
LORG/MORG	Migration Challenge seminars with MORG's	March
LORG/MORG	Windows Preview Program distributed	March
LORG/MORG	Marquee and Goliath Accounts Seeding Program	March
HQ Activity	Win95 MIS Ads	March-May
Retail/SORG	Long lead kits to resellers	March
Retail/SORG	Tech training kits to resellers	March
Retail/SORG	Top reseller account visits	March
Product	Ofc95 US Tech Beta 1 RTM	March 8
Event	MSTV - Office Broadcast	March
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	March 14 & 28
MS Training	SE Forum - New Orleans. LA	March 28-31
APRIL		
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	April 11 & 25
Product	Ofc95 US Tech Beta 2 RTM	April 14
Event	MSTV - Office Broadcast	April
Mktg Comm	Win 95 Reviewers Workshop II	April
Mktg Comm	Win 95 Consumer Press Workshop	April
Retail/SORG	Ad kits -- reserving ad space and developing ads	April
Retail/SORG	Resellers sales training kits and training prep	April
Retail/SORG	Resellers place initial orders at distis	April
Event	Windows World & Spring COMDEX - Atlanta. GA	April 24-27
MAY		
Event	Windows "Windows 95" World Tour (N. American Leg) 24 sites (US & Toronto)	May-July
Event	MSTV - Office Broadcast	May
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	May 9
Product	Ofc95 US Mktg Beta RTM	May 19
Reseller	Guaranteed initial reseller orders due to Microsoft in U.S.	May
JUNE		
MS Training	District Tour	June
Event	PC Expo - New York	June 19-21
JULY		
Retail/SORG	Merchandising Kits	July
Retail/SORG	Reseller Sales Training	July
HQ Activity	Win95 "Coming Soon" Ads	July
Event	Windows World Chicago - Chicago. IL	July 26-28
AUGUST		
HQ Activity	Windows 95/Office 95 Launch Event	Aug 1
HQ Activity	TV and print ads (consumer & industry press)	Aug
LORG/MORG	Select 3.0 agreements	Aug
SEPTEMBER		
Event	Windows World Dallas - Dallas. TX	September 12-14
Event	Networld + Interop Fall - Atlanta. GA	September 25-29
OCTOBER		
NOVEMBER		
Event	COMDEX/Fall 94 - Las Vegas. NV	November 13-17

Appendix I

RTM & Ship status on August 1, 1995

This spreadsheet summarizes Win95 & Ofc95 availability situation for each language on August 1, the proposed date of the US/English announcement.

Worldwide RTM & Ship dates for Windows & Office '95

Please see explanations at bottom of page.

US Off 95 RTM=Win95+2 weeks

Enter announce or street date here:

Tier	Language	Loc deltas		Build time	RTM		Inventory built		Street date:	1-Aug
		Win 95	Off 95		Win 95	Off 95	Win 95	Off 95	Win 95	Off 95
1	Eng. US	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	5 w build only
	Eng. A	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	5 w build only
	Eng. Z/AA	n/a	10 d	6 w	n/a	6-Jul	n/a	17-Aug	n/a	4 w build only
	Eng. EE	14 d	n/a	4 w	26-Jun	n/a	24-Jul	n/a	Ship	n/a
	German	7 d	30 d	4 w	19-Jun	26-Jul	17-Jul	23-Aug	Ship	1 w build only
	French/FC	7 d	40 d	4 w	19-Jun	5-Aug	17-Jul	2-Sep	Ship	Not RTM'd
	Italian	21 d	30 d	4 w	3-Jul	26-Jul	31-Jul	23-Aug	Ship	1 w build only
	Spanish	21 d	40 d	4 w	3-Jul	5-Aug	31-Jul	2-Sep	Ship	Not RTM'd
	Swedish	21 d	45 d	4 w	3-Jul	10-Aug	31-Jul	7-Sep	Ship	Not RTM'd
	Japanese	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
2	Dutch	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	Not RTM'd
	Brazilian	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	Not RTM'd
	Danish	35 d	65 d	4 w	17-Jul	30-Aug	14-Aug	27-Sep	2 w build only	Not RTM'd
	Norwegian	35 d	75 d	4 w	17-Jul	9-Sep	14-Aug	7-Oct	2 w build only	Not RTM'd
	Portuguese	55 d	90 d	3 w	6-Aug	24-Sep	27-Aug	15-Oct	Not RTM'd	Not RTM'd
	Finnish	45 d	80 d	3 w	27-Jul	14-Sep	17-Aug	5-Oct	1 w build only	Not RTM'd
	Chin. Trad	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Korean	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
3	Polish	90 d	85 d	3 w	10-Sep	19-Sep	1-Oct	10-Oct	Not RTM'd	Not RTM'd
	Hungarian	100 d	90 d	3 w	20-Sep	24-Sep	11-Oct	15-Oct	Not RTM'd	Not RTM'd
	Czech	100 d	95 d	3 w	20-Sep	29-Sep	11-Oct	20-Oct	Not RTM'd	Not RTM'd
	Russian	90 d	100 d	3 w	10-Sep	4-Oct	1-Oct	25-Oct	Not RTM'd	Not RTM'd
	Turkish	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Greek	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Catalan	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Slovenian	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Chin. Simp.	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Arab./US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Heb./US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Arab./FR	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Farsi	n/a	180 d	3 w	n/a	23-Dec	n/a	13-Jan	n/a	Not RTM'd
	Thai/US	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Bi-Di-Ind	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd

The delta for each language is relative to US RTM. Win and Off deltas are independant of one another (except Bi-Di, DBCS).
- Win95 deltas are officially 45-90 for Tier 2, 90-120 for Tier 3. For calculations purposes, a specific date within the range was assigned to each language here.
-P & Fi are Tier 3 languages for Office, but are included in Tier 2 here to map to Win95.

Number of weeks needed to build inventory and fill in channel, for each product.
- Potential capacity problems due to Win and Off overlap not considered here.
- Manufacturing feedback will be requested to refine these numbers.

For each product, RTM date for each language is: Product US RTM + delta

For each product and language, inventory build time is added to RTM date to calculate ship date.

For a given Street date entered at top, these columns show the status of each product and language version:
1. "Ship": inventory defined in "Build time" has been built.
2. "x w build only": RTM'd but inventory not fully built.
3. "Not RTM'd".

MS-PCA 2614859

RTM & Ship status on September 5, 1995

This spreadsheet summarizes Win 95 & Office 95 availability situation for each language on Sept 5, the proposed date of the European & Latin American announcements.

Worldwide RTM & Ship dates for Windows & Office '95

Please see explanations at bottom of page.

US Off 95 RTM=Win95+2 weeks

Enter announce or street date here:

Tier	Language	Loc deltas		Build time	RTM		Inventory built		Street date:	5-Sep
		Win 95	Off 95		Win 95	Off 95	Win 95	Off 95	Win 95	Off 95
1	Eng. US	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	Ship
	Eng. A	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	Ship
	Eng. Z/AA	n/a	10 d	6 w	n/a	6-Jul	n/a	17-Aug	n/a	Ship
	Eng. EE	14 d	n/a	4 w	26-Jun	n/a	24-Jul	n/a	Ship	n/a
	German	7 d	30 d	4 w	19-Jun	26-Jul	17-Jul	23-Aug	Ship	Ship
	French/FC	7 d	40 d	4 w	19-Jun	5-Aug	17-Jul	2-Sep	Ship	Ship
	Italian	21 d	30 d	4 w	3-Jul	26-Jul	31-Jul	23-Aug	Ship	Ship
	Spanish	21 d	40 d	4 w	3-Jul	5-Aug	31-Jul	2-Sep	Ship	Ship
	Swedish	21 d	45 d	4 w	3-Jul	10-Aug	31-Jul	7-Sep	Ship	4 w build only
	Japanese	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
2	Dutch	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	2 w build only
	Brazilian	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	2 w build only
	Danish	35 d	65 d	4 w	17-Jul	30-Aug	14-Aug	27-Sep	Ship	1 w build only
	Norwegian	35 d	75 d	4 w	17-Jul	9-Sep	14-Aug	7-Oct	Ship	Not RTM'd
	Portuguese	55 d	90 d	3 w	6-Aug	24-Sep	27-Aug	15-Oct	Ship	Not RTM'd
	Finnish	45 d	80 d	3 w	27-Jul	14-Sep	17-Aug	5-Oct	Ship	Not RTM'd
	Chin. Trad	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Korean	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
3	Polish	90 d	85 d	3 w	10-Sep	19-Sep	1-Oct	10-Oct	Not RTM'd	Not RTM'd
	Hungarian	100 d	90 d	3 w	20-Sep	24-Sep	11-Oct	15-Oct	Not RTM'd	Not RTM'd
	Czech	100 d	95 d	3 w	20-Sep	29-Sep	11-Oct	20-Oct	Not RTM'd	Not RTM'd
	Russian	90 d	100 d	3 w	10-Sep	4-Oct	1-Oct	25-Oct	Not RTM'd	Not RTM'd
	Turkish	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Greek	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Catalan	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Slovenian	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Chin. Simp.	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Arab./US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Heb./US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Arab./FR	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Farsi	n/a	180 d	3 w	n/a	23-Dec	n/a	13-Jan	n/a	Not RTM'd
	Thai/US	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Bah-Ind.	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd

MS-PCA 2614860

Appendix II

Win95 TrainCast Schedule

The Microsoft Windows 95 TrainCast is broadcast via satellite. For satellite coordinates and more information call 1-800-206-3000 in the United States and Canada. Registration will be centralized through the 800 number. There is no registration fee, but if attendees wish to acquire the training materials they will need to pay $50 per set.

Topic	Date	Length
1. **The IS Tour:** An edited version of the current IS tour with product demos and education for IS managers.	1/24/95	2 hrs
2. **Reducing Support Costs for Windows Desktops:** conference session addressing ways that organizations can reduce their desktop support costs using Windows 95, featuring industry experts from the Gartner Group, Masie Institute, Corporate Software, and Usability Sciences, Inc.	2/14/95	4 hrs
3. **Setup/Intsall and UI support issues:** Detailed training on what to expect when you set up Windows 95 in stand alone and networked environments.	2/28/95	4 hrs
4. **System administration and tools:** An MIS manager's guide and troubleshooting resource to remote adminstration of Pcs in a heterogenous environment.	3/14/95	4 hrs
5. **Networking with Windows 95:** Supporting Windows 95 based PCs connected to Windows NT and other servers.	3/28/95	4 hrs
6. **Networking with Netware:** Supporting and troubleshooting Windows 95 based PCs connected to a Novel NetWare server.	4/11/95	4 hrs
7. **Printing issues:** Details on how to install, setup and troubledhoot the more than 800 printers that Windows 95 will support.	4/25/95	4 hrs
8. **What we've learned about support from the beta programs:** Microsoft's own support staff will provide a first look anf real-world data on what to expect in rolling out Windows 95.	5/9/95	4 hrs

There is an opportunity for Reseller, LORG, SMORG and SP field reps to build events surrounding the broadcast. Programs should be tailored for the specific audience. The following is a rough framework for potential events by audience at the field offices:

- VARs: Deliver a session to VARs which educates them on how to make money with Windows 95 and also train them on how to implement the "Desktop 95 Migration Challenge with their customers.
- LORG's: educate LORG's on benefits of Windows 95 for organizations, and deliver key tools to them to help them plan deployment.

MS-PCA 2614861

OEM

WWRDM
OEM Update

Joachim Kempin

Start

Worldwide Intel PC Shipments
7 different Forecasts

(Million units)	CY92	CY93	CY94	CY95	CY96	Growth
MS Budget	28.5	35.0	41.1	46.6	n.a.	n.a.
MS Update	28.7	35.9	43.9	51.1	58.9	15.2%
Mercury	30.3	42.8	56.7	62.8	73.2	16.6%
CI InfoCorp	26.0	38.4	45.2	52.9	60.9	15.1%
Dataquest	28.2	34.5	40.7	47.1	53.7	14.0%
IDC	25.5	32.9	39.6	44.9	50.2	11.8%
IPR	25.7	31.0	36.3	41.8	47.9	14.6%

Microsoft

Win '95 Licensing

◆ Step 1 Market Development
   Agreement
◆ Step 2 Windows Licensing
   ➢ goal: increase $$/PC unit
   ➢ expect 12-18 month phase in
   ➢ enjoy retail upgrade opportunities

Win '95 Licensing

◆ MDA status update
   ➢ goal: build consumer friendly systems
   ➢ 85% signed
◆ Coupon program
   ➢ no purchase delays
   ➢ no returns
   ➢ generate early sockets/revenue

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Microsoft·

Strategic OEM Relationship

- ◆ Compaq
- ◆ IBM
- ◆ DEC

OEM Unbundling

- ◆ COA with all OEM products
- ◆ Mice serialized
- ◆ Tracking in place

Microsoft·

To: February 1995 Worldwide Regional Director Meeting Attendees
From: Joachim Kempin
Re: FY96 Perspective and FY95 Reflections: OEM
Date: January 31, 1995

Growth Perspectives:

After a slow start into FY95, the second quarter is turning out to exceed last years 20%+ growth rates. The PC industry is following more and more in the footsteps of the consumer electronic industry - with bigger and bigger bumps in the Christmas quarter. The rest of FY95 and FY96 will continue to see healthy growth rates of at least 15%, but expect different geographies to show significant differences.

1. **USA**

   The Fed's credit policy will restrict growth to 12-15%. I am optimistic that late in FY96, we will see large businesses finally buy increased numbers of Pentium PCs to replace low end 486s and 386s. Consumers will continue to be the major force behind PC unit growth and Win95 will help this tremendously by conquering new groups of novices through ease of use and most attractive titles.

2. **Latin America**

   Expect a very mixed picture based on how the latest currency crisis will get worked out. Brazil, having the most robust economy, will lead all other countries and might hit 1 million PC units in FY96. The buying will largely be fueled by LORGs and SMORGs and less by consumers, but great Spanish and Portuguese consumer titles are a long term "must have" if we ever want to attract the home buyer.

3. **Europe**

   Europe's economies are roaring back to life led by Germany, which is starting to overcome it's unification pains. I expect Europe to show 15-20% growth in FY96 in PC units, knowing that LORGs and SMORGs have pent up demand and Eastern Europe is still very underdeveloped.

4. **Far East**
   a) **Japan**

      A 25% growth in FY96 PC shipments would not surprise me. The PC, with it's more attractive price point, is starting to replace some Japanese word processors and Japanese companies are finally accepting more and more PCs as office tools. The recovery of the local economy will do the rest to make my optimistic predictions come true.
   b) **PRC**

      As long as the Intellectual Property issues aren't getting resolved, we will see shifting policies in regard to taxation and imports, meaning our business will not prosper and we should not invest heavily either.
   c) **Korea**

      Will remain a local market served by local manufacturers. Growth will continue to be impressive in particular if the education market continues to grow. I expect some non-Korean manufacturers to try harder to gain share - but doubt that they will be very successful. Compared to Japan, Korean custom fees are too high to compete effectively.

5. **South East Asia**

   Will continue to produce 20%+ growth rates, the key for us is to find a way to overcome piracy and establish a good distribution network (DSPs). This is a key investment area for OEM in FY96 in particular Indonesia and Philippines.

6. **Middle East**

   As long as the peace process continues, we will see solid growth. The oil is still flowing and most countries (except Saudi Arabia) are still in investment mode. Most PCs are used for business. Key

for our success is to continue a sensible localization strategy and to be ready when the consumer market develops (2-3 years from now).

7. **Other countries:**
   a.) **South Africa**
       Expect high growth based on pent up demand.
   b). **Australia**
       Economy and government are weak. investment climate is not very favorable. Expect 15% growth at the most.

PC-distribution channels:
Depending on how fast the local markets mature, we will see a shift in buying from large mass merchant chains instead of resellers. At the same time, local assemblers will continue to deliver 20-35% of all PCs by providing customization and better attention to local customers. Many customers are just finding out that PCs do need some backup support and these large brand name manufactures are still ill equipped to supply it, knowing that their local sales partners do not have the margin structure to do it for free. The conclusion for OEM: invest even more in selling through the local assemblers and capture more "naked systems" and fight piracy/counterfeit operations. The two channels with limited growth potentials seemed to be the captive OEMs and the direct mail order OEMs. It seems to be harder and harder for them to attract attention. The captive OEMs have a lot of small outlets which can't be as attractive as super stores and the mail order OEMs seem to have reached their limits by not being able to change buying habits faster.

Technology Advances:
While CY95 might still belong to the 486 when it comes to PC volume, CY96 will see the change to Pentiums. Intel will price Pentiums more aggressively to sustain their growth as a company and to keep the lead. All other "Pentium" clone efforts will have no significant manufacturing capacity for the next 18 months even if IBM helps out. For us this means Win96 should have some advantages when running on Pentium PCs.

Over the next 12-18 months, we can expect significant advances in integrating sound, phone and video technologies. This will lead to PCs being used as smart answering machines when idle, as well as video conferencing tools. I do not expect the conferencing solutions to be very attractive - they are either too expensive or won't have the desired sound / video synchronization as well as movie characteristics. CD-ROM drives will get to 4x quality by next Christmas as a standard and we will see the first re-writable CD-ROM drives arrive at below $500 cost. This will be the start of more local CD piracy. The greatest challenge for us will be to support all these advances well under Win95 / 96 and think through a PC subset definition which will enable us to compete with the game machine manufactures. One of the cornerstones here is the development of better graphic sub-systems with the leading component suppliers. WS graphic capabilities are needed at PC prices to make the PC environment as attractive as possible.

From the Desktop to Server:
The PC server environment will finally be the accepted standard. All RISC architectures will be measured against it and if they can't prove that they have at least a 30% price performance advantage they will lose against the x86 platforms. With the appearance of NT and an avalanche of applications, it will be harder and harder for RISC/UNIX platforms to compete. Key for the server buyer are reliable and supported hardware, availability of development tools, and integrated applications. It takes any new platform at least 2-3 years to fulfill that need. I predict that UNIX based RISC systems will continue to be too expensive and that Novell based x86 systems will not have the development tools and applications available. Maturing NT based X86 and RISC platforms will win in both aspects over the next 18 months. Therefore, I expect more companies to enter this higher margin segment, but the barriers to entry will be high as long as the contenders (Compaq, HP, DEC) can leverage their engineering strength. Today, Intel helps companies with no engineering teams to build desktop PCs. If they start doing this for servers as well, we will see a very fast margin deterioration which means a great support infrastructure

oem.doc   Microsoft Confidential   Page 2

will determine the sales success. Expect all contenders to work this very hard and provide ease of installation as well as backup support in a way the clone manufacturers can't deliver it.

RISC vs x86

After the IBM PowerPC hardware debacle, I do not believe that IBM can pull off a PowerPC miracle during the next 18 months. Apple's continuing non cooperative behavior, a very foggy OS strategy and lackluster ISV support will make IBM's PPC strategy continue to fail through FY96. MIPS will continue to be insignificant but Alpha will increase it's presence in the server market. This is where PPC might score some points as well, long before it gets recognized on the desktop. In both cases, we are well positioned with NT and BackOffice to take significant share. In OEM, we will continue to work with solution provider OEMs who sell servers to promote NT and BackOffice solutions and direct them to work with the MS field offices primarily when it comes to local sales and cooperation. In a nutshell, no breakthrough is expected on the desktop for RISC systems. Apple will continue to shift it's user base and complement it's effort by licensing no-name companies who won't be able to compete on price, technology or distribution (most important).

While IBM will try hard and fail, not having a viable desktop operating system for PPC, we should expect a lot of hype and hope, so we in OEM will continue to preach reality.

Nevertheless, some OEMs might get tempted to jump in the water as we know from Taiwan. Some of them will start offering (at least on the server) "dual socket" machines, which would accommodate a Pentium or a PPC-CPU. This might be a good hedging tactic on the server, but on the desktop, the costs are probably prohibitive to pursue this.

Last but not least, I expect the PPC to debut in a lot of PDAs probably based on an IBM micro kernel, if they can get the size right. Unfortunately, we do not have a competitive product for these customers and I hope that our revised WinPad 96 project will enable us to defend our turf.

Windows 95/96

This is by far the key event in CY95 and beyond, no expectations needed. The successful introduction of this product requires teamwork from a lot of people on MS:

Product group	great and reliable product
ISV relationship	more ISVs to Win32 API
E/U	to create a memorable launch event and create demand
ORG	more LORGs to Win32/Win 95
OEM	make sure sufficient numbers of preinstalled systems will be sold through the OEM channel

Where are we on the OEM plan?

Marketing Development Agreement (MDA).

Understanding that the product would be late, we decided to offer approximately 70 OEMs a frame work in how to support Win95 in the market place.

Main goals:
- **Build great Win95 PCs**
  - PnP Bios
  - Win95 add on cards
- **Promote the Win95 idea in public**
  - Show compliant hardware at tradeshows
  - Tell your customers you are doing the right things to make your PCs work well with Win95
  - Use our logo to label these Win95 PCs
- **Build a support infrastructure for Win95**
  - Train your support people
  - Train your sales and marketing people

Knowing that the industry has no margins of error left, we generated an incentive program whereby we would allow these OEMs to improve their Win95 pricing if they cooperate with us and put in the effort to do what was required. As of today, nearly all OEMs signed the MDA after some early resistance, and what is more important, they are working with us to generate the right hardware and public awareness.

Licensing of Win95
We will kick this off 2/15/95 and I am sure it will be scrutinized as the MDA agreement was, so here is your briefing:
The goal in licensing Win95 to OEMs in not to replace all Windows and WfW licenses with Win95 licenses as fast as possible. Based on first feedback, we expect this to be a 12-18 month process, whereby a slower adaptation through the OEM channel should create some profitable retail upgrade business. Consumer systems will be converted faster than LORG systems, reason being: LORGs want Win32 Applications more than ease of use. Knowing that this will be a time delayed adaptation in the OEM channel like Win 3.x was, we still don't want anybody to say,, "Win95 adoption is slow". Our message should be, "we will convert these OEM systems as fast as possible and at the right price".
Not being too eager to license Win95 on all OEM systems, will allow us to sell it at a higher price. OEMs goal is 20-25% more $/unit sold on average. While this is true for royalty OEMs, we will increase DSP pricing by less than 5%. This will equal the playing field a little bit. The reason for asking the higher OEM prices is easily explained:

We invested a lot of money in Win95 to help the OEMs to continue and hopefully accelerate their unit growth and we would like to see some pay back for our efforts. In case OEMs do not see value in licensing Win95, they can continue to license MS-DOS, Win 3.x and WfW 3.x. We are happy to upgrade the customers later. At the same time, as always, we won't be arrogant and will find a balance between moving a critical mass of OEM systems to Win95 and our pricing expectations. Our public statement should be, "we would like to get fair market value for this exciting piece of software." (please do not discuss numbers and goals with the press people).

OEM Coupon Program
Last but not least, we are considering to offer OEMs a coupon program for at least 3 months prior to RTM
Goals:
* Avoid system returns
* Avoid purchase delays
* Enable smooth transition for channel and OEMs

Only danger we can see is that people will accuse us of selling "vapor"ware = "paper"ware. We will work with the PR group to limit the damage. You should look at it as an insurance fee. We are aware of the possible retail upgrade impact and are working the numbers.

Windows 95 OEM product considerations:
* With Piracy and counterfeit being our biggest competitor, we will get more sophisticated in protecting our products.
* All Win95 deliverables will include a COA integrated into the cover of the manual. This is visible and will further educate the channel as well as the end-users.
* All products will include a 100-150 page manual which should cut support costs and increase satisfaction.
* On all DSP products, we will include the MS-Press support products. (Cue-cards on diskette version, full tutorial on CD version).
* We will guard the bits on all Win95 CDs and will not let OEMs add any content without our approval. This will pay off if we want to add Apps demos or a full Ali-Baba version one day.

MS-PCA 2614869

- End users will be asked to enter their COA number when using the system first time around. (Work is needed to address some LORG concerns). This should make COAs further popular and restrict counterfeit operations.
- We will start using registration cards as means to find out about pirating.

Key Competition

- **Piracy and Counterfeits**

    We have made progress in '94 shutting down some counterfeit organizations and kept a lid on grey market activities. We have been experiencing more Consumer and Mice unbundling instead and are in the process of implementing serialization and COA programs for these products as well. But the fight will never be over. In order to really be in control, we all need to watch it and report any violations.

- **Apple Units Sold**

    Apple on the other hand is the only true x86 volume competitor in the market when you look at units. At the same time, they have made a successful PowerMac intro and enjoying higher ASPs. With Win95, I expect them to lose some market share and it remains to be seen if they can survive on their own. Their licensing program is nothing else them a non-serious trial. Until they sign up a big OEM, nothing has changed.

- **OS/2 Units Sold**

    OS/2 Warp remains a niche product. All the feedback I have from Germany says, this is an ultra hard product to sell and causes end user returns because of incompatibilities, missing drivers and missing apps, and it does not work well on 4MB. Only banks and insurance companies - long time Big Blue accounts - who have written some mission critical apps to the OS/2 API continue to demand it. The rest is curiosity. *bundle both w. · OS/2 ?*

    Only two German accounts ESCOM and VOBIS have been seriously experimenting with it and I expect them to change their mind sooner than later. Win 95 will make it even harder for OS/2 to continue. If IBM can't clone the Win 32 APIs within 12 months, users will completely move away. Nevertheless we are taking IBMs marketing push seriously and are doubling our efforts to work with our customers in a very cooperative fashion.

The Win 95 Licensing Plan

MDA Accounts

We will license these agreements first for Win95 starting May/June 1995 and allow them to include a Win 95 upgrade coupon in all licensed systems for redemption in at least North America, Europe, Australia, New Zealand, South Africa and most parts of Latin America. The end user will be asked to prepay a nominal fee for COGs and fulfillment charges. We will only do this in countries where we can guarantee fulfillment. The enduser will pay no money to MS for royalties - because it was prepaid by the OEM.

The coupon distribution will be limited to 1-2 months after Microsoft release to manufacturing and the redemption will be limited to 4 months after MS-RTM. The coupon can only be redeemed by an enduser and a copy of the invoice is needed. The PC manufacturers name printed on the coupon must match the name on the invoice.

Non-MDA Accounts

We will offer them a per system and per copy coupon program like the MDA OEM's with smaller volume discounts. *why offer it ?*

DSP accounts (local assemblers)

We will create a combo (MS-DOS + WfW) and upgrade coupon containing box whereby the per copy royalty will be higher then the per system royalty of the other accounts. This should enable them to compete. The fulfillment rules will be changed, whereby the coupon will NOT have the OEM name included. To avoid a secondary market in these coupons the local assembler will have to pay a high royalty for these coupons.

Key OEM Partnerships

Compaq
- Win 95 marketing partner
- Expect consumer systems to be 100%. Commercial systems to follow over 12-18 months
- Completely committed to NTAS and BackOffice
- Field will get compensated and reporting will be in place

DEC
- Expect Alpha to be more NT and less UNIX centric
- Expect us to work closer on field level
- Good cooperation on Win 95
- Expect them to push X86 servers as well

AT&T GIS
- Committed to NT; great to work with

Packard Bell
- Great customer, but too secretive to really work with on field level

Gateway 2000
- Super relationship, true friend in the marketplace and it shows in their 100% MS commitment

NEC
- Great relationship in Japan, committed to MS platforms

The IBM Company

The Chinese wall which existed for some time between Personal Systems Products and the PowerPC as well as the PC company does not exist anymore. Both the groups are on a clear sell IBM software path. The ultimate goal is to dethrone MS and Intel with PPC and OS/2 top to bottom! This is not a strategy, this is carried out as a religion until something (like the P/L statements) might break. Gerstner is known for trying hard but changing when needed as well. So for the time being assume - no cooperation, except some practical things. We will work with IBM to make their PCs Win 95 compatible and save us both embarrassment. They will probably sign a Win 95 agreement, maybe even the MDA; but they will not get behind it. I expect comparable behavior as they have shown with the Intel Pentium situation if we give them any opening. At the same time the PPC Company will offer NT as just another environment and we will work with them to let it shine - not necessarily the PPC. Joint seminars, marketing etc. all this is on hold until they find out OS/2 is not going to cut it (12-18 months from now). Then we might reconciliate - and therefore let's compete in front of customers but not bash each other in public. Possible risk: If they could get a hybrid CPU (PPC + x86 combined) into the market and take advantage of both worlds before the HP/Intel alliance is starting to produce results. We will stay tuned...

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<u>OEM FY96</u>
<u>Product plan/ Goals/ Policies</u>

1. <u>Win 95</u>
   Increase Win 95 penetration to achieve 90% of Win+WfW penetration at end of the FY without compromising $$/unit much

2. <u>Frosting</u>
   Actively sell frosting to selected key accounts to help product group create momentum if needed

3. <u>Mice</u>
   Continue to aggressively sell mice at 30-40% growth rates. Get a foothold into Compaq

4. <u>Keyboards</u>
   Sell 1 million keyboards through the OEM channel focusing on medium tier and mail order accounts

5. <u>Consumer Software Products</u>
   - Expand distribution into DSP channel for Works and slow selling CD titles
   - Continue on a 25-30% growth path, but be more price conscious, without losing mega opportunities.

6. <u>BSD Products</u>   *— Action for us?*
   - Move SP OEMs to be WW LARs instead of OEM licensees
   - License only high volume OEMs directly if the above can't be achieved
   - Separate client licenses will not be available through the OEM channel

7. <u>DAD Products</u>
   - Use Office 95 as an opportunity to increase $/system sold
   - License Office + Office Pro to a few select OEMs only - if competitive pressure is high enough to lose significant share
   - Pursue single APPS opportunities for the SMORG market if local end user unit management agrees.

8. <u>All APPS Products</u>
   Develop a model whereby the OEM/MS/Reseller can obtain more $/system than in the traditional OEM licensing model

<u>OEM Programs for FY 95/96</u>

1. OEM relationship programs:
   - Design systems to help customers
   - Reorganize large account teams
   - Continue to improve DSP coverage and marketing activity by reaching out to capture the mind of the assemblers

2. Piracy/Counterfeit/Grey Market Programs
   - Tie OEM and retail approach together
   - Have a dedicated program manager to work with legal and piracy teams world wide
   - Have systems in place to easily spot violators

3. Triangle Model Program
   - Increase $$/unit for MS when selling APPS by bringing resellers, OEMs, and MS together in a comprehensive and attractive marketing approach

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PSS Strategic Initiatives
FY95\FY96

Deborah Willingham
Vice President
PSS
Microsoft Corporation

`Start`

Windows 95 Readiness

- ❖ Meet short-term, high volume call demand
- ❖ Reduce Microsoft product support costs
- ❖ Provide highest level of customer satisfaction, while being cost effective
- ❖ Support expanding Microsoft Outsourcing initiatives

Customer Calls Microsoft		DEC

Registration Call Entitlement — Seamless Routing — DEC / Keane / MicroAge / Microsoft / Softmart / Unisys

YES

90 Day from first call   Quality Surveys
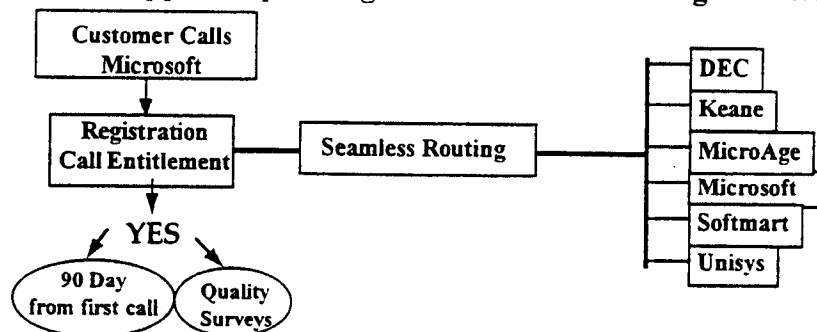
Microsoft

Changes to MS Support Network

	Desktop Apps	Personal OS	Development	Business Systems
Premier Global	· Multinational Offering and Global Account Management - Unlimited incidents; 10 contacts, 2 on-site visits, 24x7server down or more, One wwide contract			
Premier	· Premier Support team access; No named contact limitation; No deployed base fee · Introduction of incident cap (150 incidents per year); add'l 10 pack incidents available · Improved Cost Recovery · Removed Premier Developer as separate offering			
Priority	· Introduction of incident cap (35 incidents per year); add'l 10 pack incidents available · New Low Priced Priority Home incident option ($15 vs. $25) · Annual prices: Comp. $7500 to $3995; Dev. $1495 to $2495; Desktop $195 to $395 · MCP SE/SD complimentary 10-pack · Improved Cost Recovery			
Electronic Services	· Subscription feature & SR submission via MSPN on Annual Priority Dev. & up · Introduction of 1:1 Electronic Incidents on MSN when available			
Standard			30 days vs 90 days · Current version only · Subscription prods get 2 incidents	

Information Services

Information Services
Continuum

┌──── Value-Add Services ────┐

| Manuals (Box) | Free/Low Cost → | Per Transaction Premium Services → | Per Incident | Phone Call |

Mem-to-Mem BBS
KBase/Softlib, FAQ

Code Samples,
MS Tools and Utilities,
List Services,
Select Docs

1:1 Electronic
2-way SR

TECHNET
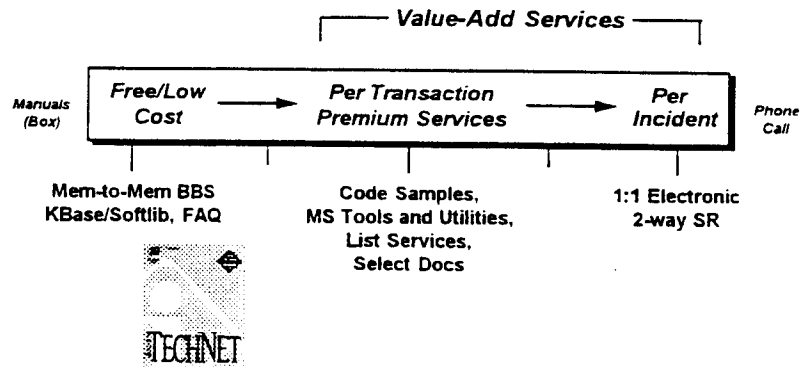
Mission-Critical System Lifecycle
Each phase must be addressed

Management Consulting	IT Consulting and Planning		Install, Debug, and Testing	On-site Labor	
	Business Process Reengineering	Contract and In-house Development		Remote Support and Helpdesk Escalation	Bug Fixes, Change Mgmt, and Upgrades

Plan	*Implement*	*Maintain*

Microsoft Consulting Services		Microsoft PSS	Microsoft PSS

Solution Providers and Authorized Support Centers

Microsoft Product Support
Backs its Mission-Critical Products

◆ **Produces complete, detailed technical product support information**

◆ **Handles technical issue resolution 24 hours a day, 7 days a week**

◆ **Provides product engineering for product hotfixes and remote debugging**

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Microsoft

Regional Support Infrastructure

Location	Regional Support Center (RSC*) for	Regional Escalation Center (REC*) for	Operational
Australia	Australia	RSC+ Rest of APAC	yes
France	French Speaking Europe & French Speaking AIME	RSC+ Spain, Portugal, Italy	May 95 (REC)
Germany	German Speaking Europe	RSC+ Eastern Europe	May 95 (REC)
UK	UK, Ireland, AIME (except French Speaking)	RSC + Scandinavia,Benelux (except French Speaking)	May 95 (REC + AIME RSC)
Japan	Japan	Japan	tbd
US	US, LatinAmerica, Canada	RSC+FE (except Japan)	FE tbd, rest yes

*Regional Support Centers provide PRG support direct to customers. Regional Escalation Centers provide SRG and escalation support for subsidiaries and direct support to customers after hours.

To: February 1995 WWRDM Attendees
From: Peter Bladin
Date: January 26, 1995
RE: PSS initiatives and direction FY95\FY96

INTRODUCTION

In our last memo we outlined four areas for PSS focus during FY95. These areas were:
*   responsiveness during Win95 launch
*   establishing credibility for our mission critical support
*   delivering enhanced information services
*   notification that we planned to update our Microsoft Support Network

This memo will provide an update and next steps in those areas. Although readiness for Win95 launch is of critical importance, few things (except product RTM dates) have changed since last memo and we will provide only a brief update within this memo. We will provide an in-depth review of updates to the Microsoft Support Network. In February we will announce these changes in the US, Canada, Europe and Australia, other markets in early FY96. For our mission critical support focus, we will give you an update on Regional Support Centers and how they will evolve for the next 12-18 months. We will also discuss how we need to make support an integral part of the sales cycle for Backoffice as well as give an update on our efforts with partners via the ASC program. Within the context of Information Services, we will explain how we plan to utilize The Microsoft Network (MSN) that _hips with Windows 95. At the end of the memo, we will outline an overview of how our Support tools will evolve.

Responsiveness during Windows 95

Responsiveness during Windows 95 and Office 95 launch is a key goal for PSS worldwide. We covered this topic in the last WWRDM, July '94 (see July PSS memo for details). Most regions now have fairly solid plans and we will use phone conferences during the rest of FY95 to review regional plans with PSS senior management. RTM delay gives us ample opportunity to reassure we have the technical depth and breadth required among our engineers, that our outsource plans are solid and training is in place. Please make sure your PSS organizations have readiness plans, participate in these conferences, and are appropriately funded with staffing or outsourcing dollars in the FY96 budget.

Microsoft Support Network Update

We launched the Microsoft Support Network in most markets in the October 93-January 95 timeframe. We have spent the summer and fall analyzing usage patterns, incident costs and listening to customers' feedback. With the financial analysis, we concluded that some changes are needed to improve the cost recovery on our fee based offerings, and to reduce the cost as a percentage of product revenue in the development products cluster. With the customer feedback, we concluded that multinational support is a key need of a small number of very important LORG customers, and that many Premier customers are struggling with managing our limitation on designated contacts. A study of incident usage and cost of Premier account support showed us that in order to improve cost recovery, we would have to significantly raise the base price or introduce an incident limit so the heavy users of support are charged accordingly and we can hold the base price down for the other 70 percent of the customers. We chose the incident limit, and happily, this also allowed us to drop the designated contact limitation and certification requirement which annoyed many customers. These changes have been designed with worldwide input from regional representatives.

discount ?

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Key changes compared to current framework:

- No designated contact limitation in Premier and Priority
- No deployed base quota (difficult for customers to track and us to enforce)
- Introduction of pay for usage model with incident cap on annual Priority and Premier contracts
- New high end multi-national offering via a single contract. Premier Global
- Development cluster standard support moving from 90 days to 30 days for current major version
- New lower priced Priority Home incident based support offering
- Price changes in Premier and Priority annual contracts to improve cost recovery while maintaining competitiveness
- Incent certification via a complimentary 10-pack incident grant to certification graduates

By not having designated contact limitations, we let customers control access themselves. This is very helpful for customers who are operating mission critical applications with 3 shifts of coverage in their IT departments for example. Incident caps encourage customers to be selective when calling and will better foster self sufficiency. Customers with good internal helpdesks will benefit from this new policy.

Cost of Development products support as a percentage of revenue is higher than in any other product cluster and trending up this year over last. We discussed a variety of ways to reduce this cost, but settled for a reduction in the standard support period from 90 to 30 days as the best solution. We are also limiting standard support to current product versions in this cluster. For Subscription based products such as Visual C++ and MSDN II, we introduce a 2-pack of incidents to go with each subscription. US prices for Priority Developer support will also increase.

In the desktop applications cluster, it is worth noting that North America will continue unlimited free Standard support. Other markets will move to or stay with 90 days standard support period. We are also introducing a Priority Home incident based offering at a lower price than today's desktop incidents. Since our research shows that consumers use their software 70 percent of the time after hours and on weekends, we believe this Priority Home offering is a great competitive differentiator for MS Home products. This service is subject to availability in some regions. The framework, clusters, service types and policies are worldwide, whereas prices and hours of support are set on a regional level. For a look at the new US framework, see appendix A.

Premier Global

One key request from our large multi-national customers was to include a worldwide offering, making it easy for them to buy support in one location and have it delivered worldwide. We will introduce a new high end offering called Premier Global to address this need. Premier Global will be available in limited quantities in March 1995 and generally available in July 1995. This offering is targeted at our largest multi-national corporate customers. Premier Global use Premier services as a foundation, including Premier Support Team (TAM team) capabilities. The following are changes and additions compared to Premier: Global account management, two pro-active onsite visits, unlimited incidents with 10 designated contacts in any region, and one single worldwide contract. Like with Premier, Premier Global pro-active account management provides the customer with a long-term partnership to anticipate potential problem areas, plan for future changes, and continually assess support needs. We are working with Regional Support Centers worldwide to ensure consistent service delivery. Each Regional Center is responsible for implementing Premier Global delivery within their region as defined by the worldwide program. Contracts can be sold in each Region. We will have a Premier Global 'broker' in the US that will work with each regional contact to facilitate contract negotiation and resource coordination to ensure each region understands their deliverables. Implementation details are being worked out. Price is set to ensure full cost recovery. It also reflects what similar offerings cost from other worldwide support providers.

Contact your regional PSS Manager for more details. Field material will be available in Infobase in February with printed collateral to follow. Appendix B contains a grid on what service is targeted for which customer. It provides a quick positioning for the field.

Backoffice has a complex sales cycle and support plays an integral part in the purchase decision. Recognizing this. PSS has focused on building up Microsoft's direct support infrastructure as well as teaming with ASC partners to augment our offerings, particularly for multivendor needs. Regional Support Centers are the vehicle to deliver the level of quality support Microsoft needs worldwide to be successful selling Backoffice. We are building up extensive skill sets in 6 countries around the world. These centers were picked because of the size of their local market and because of the infrastructure already present. Status of Regional Support Center implementation today:

Location	Regional Support Center (RSC*) for	Regional Escalation Center (REC*) for	Operational
Australia	Australia	RSC+ Rest of APAC	yes
France	French Speaking Europe & French Speaking AIME	RSC+ Spain, Portugal, Italy	May 95 (REC)
Germany	German Speaking Europe	RSC+ Eastern Europe	May 95 (REC)
UK	UK, Ireland, AIME (except French Speaking)	RSC + Scandinavia,Benelux (except. French Speaking)	May 95 (REC + AIME RSC)
Japan	Japan	Japan	tbd
US	US, LatinAmerica, Canada	RSC+ FE (except Japan)	FE tbd, rest yes

* Regional Support Centers provide PRG support direct to customers. Regional Escalation Centers provide SRG and escalation support for subsidiaries and direct support to customers after hours.

Each center's main focus will be on Cluster 4 and major cluster 3 products (VB, FoxPro, VC++). Initial language focus is English as well regional center's own language. Local Subsidiaries are still responsible for Cluster 1, 2 support. Our goal with all Regional Centers are to deliver the same quality and service levels to customers and partners worldwide regardless of which center they are supported from. We are sharing procedures and processes and have started regular RSC manager's meetings to meet this goal. We also do regular escalation level engineer training for key engineers in the US. Our escalation level engineers (small subset of all engineers) are treated as one worldwide (virtual) team regardless of where they reside.

We are proposing that WinAPI support (Windows SDK support). and other low volume developer products (except VB, FoxPro and VC++) will all be handled by Developer Support in the U.S. not by local subsidiary or Regional Center. Business case and transfer plans will be developed during Q4FY95. The WinSDK set of technologies requires too much critical mass to do successfully in several places. No change is planned for double byte (dbcs) developer support.

During the rest of FY95 and during FY96, we plan to build up skill set and procedures in each regional center to handle the following.

- Server down Policy, incl. 7x24 capabilities
- QFE (Quick Fix Engineering) capabilities as defined in agreement with product groups
- Premier Global
- Localized product escalation capabilities. all clusters
- Localized product support for VB, FoxPro, Visual C++ and cluster 4 from each RSC
- Localized cluster 1-2 support from RSC for Premier and Premier Global customers if local Subsidiary lacks PSS capabilities for first line support
- Replication Lab
- Training Capabilities for PSS and ASC support partners

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Marketing Microsoft's Mission Critical Support Capabilities

To successfully position our enterprise support offerings it is important we make it an integral part of the sales cycle when selling Backoffice. PSS are working closely with MCS, OCU and US field to develop a complete Microsoft Service Message. We have also developed the following set of collateral, white paper and presentations to help field sale force address support with our customers. The following is available (check with Regional PSS Manager for availability in your region):

- Microsoft ASC brochure (available February)
- Data sheets from each ASC outlining key offering and how to contact them
- Mission Critical Support Services Corporate Backgrounder (available now)
- Mission Critical Support Services presentation (available now, in presentation builder)
- Microsoft Support Network data sheets (US sheets in Infobase by launch, with printed collateral to follow)

During the next 6 months we must make it a top priority for our (LORG) sales force to be able to effectively articulate and position our support offerings. Our Regional PSS Managers will help in this effort. We ask that you make it a priority for your LORG and MCS resources to understand our support message and make sure support is addressed in each backoffice sale. Each significant backoffice win must have a built in support plan to be considered complete. Support can be delivered either by MS, ASC or a combination thereof, but it must be addressed during the sales cycle.

ASC (Authorized Support Center)

In the new open systems environment some larger customers not only want the total flexibility of technology but also the choice of vendors or partners to provide support (including in-house) to address some of their key needs ("menu" approach to support). Other customers are looking for an external support provider that is able to offer a single point-of-contact solution to their multivendor needs (one-stop-shop). Building support partnerships to provide one more way for organizations to get the full set of support services they need to successfully deploy Microsoft technology is the goal of the SP ASC program.

During CY95 we are focused on enhancing ASC delivery skills on our products. We need to bring all ASC's to a base level where they can be one-stop-shop. In addition we are working with each ASC to develop competence areas (SNA server, SQL server, systems management, helpdesk outsource, software asset management, messaging etc.). This will give us an opportunity to utilize ASC's on support related projects, the way we today utilize other SP's for systems integration via our MCS model. The program should emphasize quality before quantity, so we recommend no more than 5-7 partners per country.

We are working with each ASC to present their service portfolio to our sales force. The portfolio can cover these three areas:

- One-stop-shop full support offering; especially attractive for SMORG business
- Service as menu items: planning, implementation, maintenance (i.e. helpdesk); mostly related to LORG business
- Per incident support

Information and Electronic Services

The goal of our Electronic and Information Services is to reduce the demand for support by providing our customers with easy and engaging access to the latest MS technical information and related services. This "self-sufficiency" approach is at the nucleus of our strategy for managing support demand and empowering customers to use our products. All current information offerings, Internet (FTP, Gopher, WWW), TechNet, CompuServe, FastTips, etc. will be retained, and will be reviewed for cost recovery opportunities. Internet, the Microsoft Network (MSN) and TechNet have great potential for reducing

support demand, providing cost recovery, and extending our implementation of technology as a solution for support. The bulk of our efforts will therefore be applied to these services.

We plan to deploy a suite of services designed to provide our customers with pervasive access to a variety of technical information and resources. Our Free/Low Cost offering will include unlimited, 'no'-fee access via all of the major service providers (Internet, MSN, CompuServe, etc.) to the majority of our current technical support information (KB/SL, white papers, etc.) and to member-to-member level Bulletin Board Services (BBS) over CompuServe and MSN. In the U.S. we see rising costs associated with moderating BBS's, we therefore plan to deploy a cost reduction strategy. We will save money by limiting time we spend on incidents. We will take some of the money saved here to provide greater incentives for third-parties to answer questions in these forums. Microsoft's interaction in these forums will be to "facilitate" the delivery of information, by working with third-party community and point users to where they can find more information vs. actually answering 1:1 questions on the forum. Additionally, we plan to offer a fee-based, per-transaction "Premium" service which will provide our customers with the option to purchase rich, unique technical information, utilities, etc. and will allow us to recover the costs associated with developing this content. This level of service will be available only via MSN due to security and technical limitations of other service providers. To allow our customers the ability to work electronically with a MS Support Engineer, we plan to offer an electronic per-incident support option to all of our customers via MSN.

The following diagram further illustrates the Electronic and Information Services offering we plan to develop-
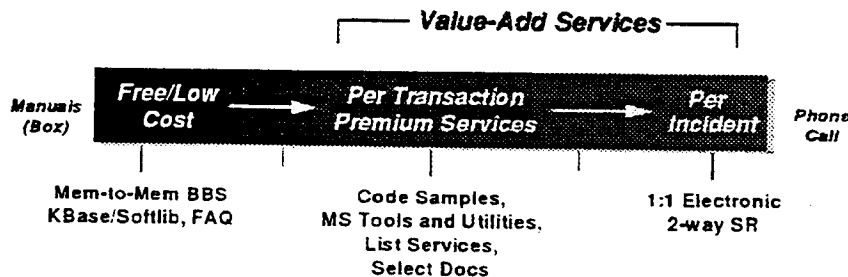
One key area of focus in the upcoming 6-12 months will be to leverage MSN, the Internet and TechNet to further extend our reach. MSN will provide PSS with a rich Microsoft branded environment to build a broad range of Information and Electronic Support services. With more than 100,000 users a week directly accessing our core support information via the Internet, we plan to further improve the information content on our Internet Servers. Further, we plan to greatly extend the TechNet product, which in the past 6 months has seen an increase in sales of 42%. We will run trials in the reseller channels in the U.S. during the next quarter and will also bundle it in the North America Backoffice box. In March we will upgrade our OnLine 2.0 for Windows product to the Microsoft Partner Network v1.1 product to provide our premier and priority annual customers with enhanced electronic issue submission capabilities. During FY96, we will add the support functionality MSPN 1.1 has to MSN, thereby allowing us to transition over from MSPN as the service request tool for our premier and priority customers.

We are also investigating how to sell our annual Support Services via MSN. This requires further analysis and changes to internal tools, so no timeline has been set but we are committed to make it happen. Questions regarding our Information and Electronic Services may be directed to John Martin (johnmart).

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As the worldwide PSS business matures and the Regional Support/Escalations Centers become a reality, the vision of what a customer tracking system must be becomes more clear. We require a global customer system with:

1) data that is integrated and easily shared to support worldwide reporting and enable an account manager, for example, to easily determine the complete status of any customer account before making contact with that customer,

2) a basis of consistent rules and processes to enable smooth incident escalation towards increased engineer efficiency and customer satisfaction, and

3) configurable workflows which support local variations.

Our approach to realizing this vision is to converge systems, code bases, and data stores to enable more streamlined and efficient development, and facilitate data sharing between applications and across sites.

The table below outlines current status and our migration plan towards one system:

Systems	Purpose	Current Installation Status	Phase I	Phase II	Phase III
WorkBench/ CITS	Customer Phone Issue Tracking	US and Canada (clusters 1,2 and 3) Germany, UK, France, Benelux and Italy (cluster 1-2 or all)	No major modifications planned. (Current users to stay with WorkBench/ CITS.)	No major modifications planned. (European users and US cluster 3 to migrate to MS Manager 4.0. US and Canada (clusters 1 & 2) to stay with WorkBench/CITS.)	To be replaced by MS Manager 5.0. (US and Canada (clusters 1 & 2) to migrate to MS Manager 5.0)
MS Manager	Customer Phone Issue Tracking, Sales and Marketing Functions	18 installations in subs for Support and/or Sales/Marketing	• MS Manager 2.5- Target Q3 FY95 - Japan's requirements • MS Manager 3.0- Target early Q4 FY95 - includes upgraded Sales and Marketing functionality (in addition to 2.5's PSS enhancements) • MS Manager 3.2 - Target early Q1 FY96 - Phone connectivity, PID 2.0, other PSS enhancements Installations - • 2.5 - Japan only • 3.0 - USFSG, RSCs, RECs and subs, as needed • 3.2 - rest of RSCs, RECs and (non-CITS) subs	MS Manager 4.0 - Target mid-Q2 FY96 • improved customer focus • multiple delivery channels (phone, electronic etc.) • advanced issue management (includes improved escalations) • management reporting • improved scalability and modularity Installations - • 1st - US Cluster 4 and Premier • 2nd - Europe RECs • 3rd - other RECs, RSCs, all subs, and US Cluster 3	MS Manager 5.0 - Target TBD • full scalability • additional requirements to support US clusters 1 & 2 Installations - • 1st - US clusters 1 & 2 • 2nd - other RSCs, RECs and subs (as appropriate)
PRISM	Customer Electronic Issue Tracking and Escalations	Installed in almost every sub	PRISM 2.6 - Target early Q4 FY95 • supports REC escalation rules • migrate server to NT • Major Bug Fixes Installations - • 1st - Europe RECs • 2nd - US and rest of RSCs, RECs and subs	To be replaced by MS Manager 4.0 following installation progression discussed above.	NA

APPENDIX A. **US Framework**

	Desktop Applications	**Personal Operating Systems**	**Development**	**Business Systems**
Premier Global Support Access Designated TAM Team Multi-national Support Full Information and Electronic Services Access 24x7/800#	**Premier Global:** * $225,000/year flat fee * Premier Global TAM Team access * 2 on-site visits per year * Up to 10 multi-national contacts with unlimited incidents * Additional contacts: $10,000/year * Additional TAM Team access for specific activities as defined by a Services Description			
Premier Support Access Designated TAM Team/SAE Full Information and Electronic Services Access 24x7/800#	**Premier:** * $25,000 year flat fee including 150 incidents/year * Premier TAM Team access * Option to specify SAE coverage for development activities * Unlimited named contacts * Additional incidents: $1,500/year including 10 incidents/year * Additional TAM Team access for specific activities as defined by a Services Description			
Priority Support Priority Access Full Information and Electronic Services Access Annual/ PAYG 24x7/800#	**Priority Comprehensive:** $3,995/year including 35 incidents/year $1,500/10-pack $150/incident			
	Priority Development & Desktop: $2,495/year including 35 incidents/year $895/10-pack $95/incident $2.95/min.			
	Priority Desktop: $395/year including 35 incidents/year $125/5-pack $25/incident $2.95/min.			
	Priority Home: $15/incident $2.95/min.			
Electronic Services Annual/ PAYG Low Cost	* Member-to-Member Microsoft Facilitated Forums available via CompuServe and Microsoft Network (when available). * Electronic SR submission available via MSPN and Microsoft Network (when available) for Premier Global, Premier, Priority Comprehensive (35 Pack), and Priority Development & Desktop (35 Pack).			
Standard Support Full Information Services Access No-Charge/Toll Call	UNLIMITED NO-CHARGE (NA only, rest 90 days No-charge)	90 days No-Charge	30 days No-Charge	Not Available
Information Services Annual/ PAYG Low/No Cost	* Access the complete Microsoft Information Services content (i.e. the Microsoft KnowledgeBase, Software Library, Service Packs, HotFixes, etc.) via the Internet (FTP, Gopher, WWW), CompuServe, AOL, Prodigy, and/or Microsoft Network. * Faxable quick-tips are available via Microsoft FastTips.			

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APPENDIX B

APPENDIX B. TARGET AUDIENCE FOR EACH SERVICE OFFERING

Microsoft Support Network Target Customer Guideline

	Information Services	Standard	Electronic Services	Priority Home	Priority Desktop	Priority Development	Priority Comprehensive	Premier	Premier Plus
Multi-national LORG	X		X		X			X	X
LORG	X		X		X	X	X	X	
SMORG	X		X		X	X	X	X	
MCP SE	X		X				X		
MCP SD	X		X			X			
SP Partner	X		X				X		
SP Member	X		X		X		X		
Reseller	X	X	X				X		
ISV/IHV	X		X			X	X	X	
OEM	X		X					X	
Consumer	X	X	X	X	X				
Computer Professional	X	X	X			X			
Business End User	X	X	X		X				

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Org CU

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Organization Customer Unit FY95 WW Directors Meeting

John Neilson
February 7, 1995

◆ **Driving desktop revenue**

➢ Maintenance vs Upgrades in a saturated market, a $200,000,000 annual revenue risk?

◆ **Concurrency**

◆ **Building the server business**

2

The US Desktop Opportunity

Number of Desktops

9,000,000

14,000,000

13,000,000

Number of Businesses

1,000

140,000

6,500,000

LORG

MORG

SORG
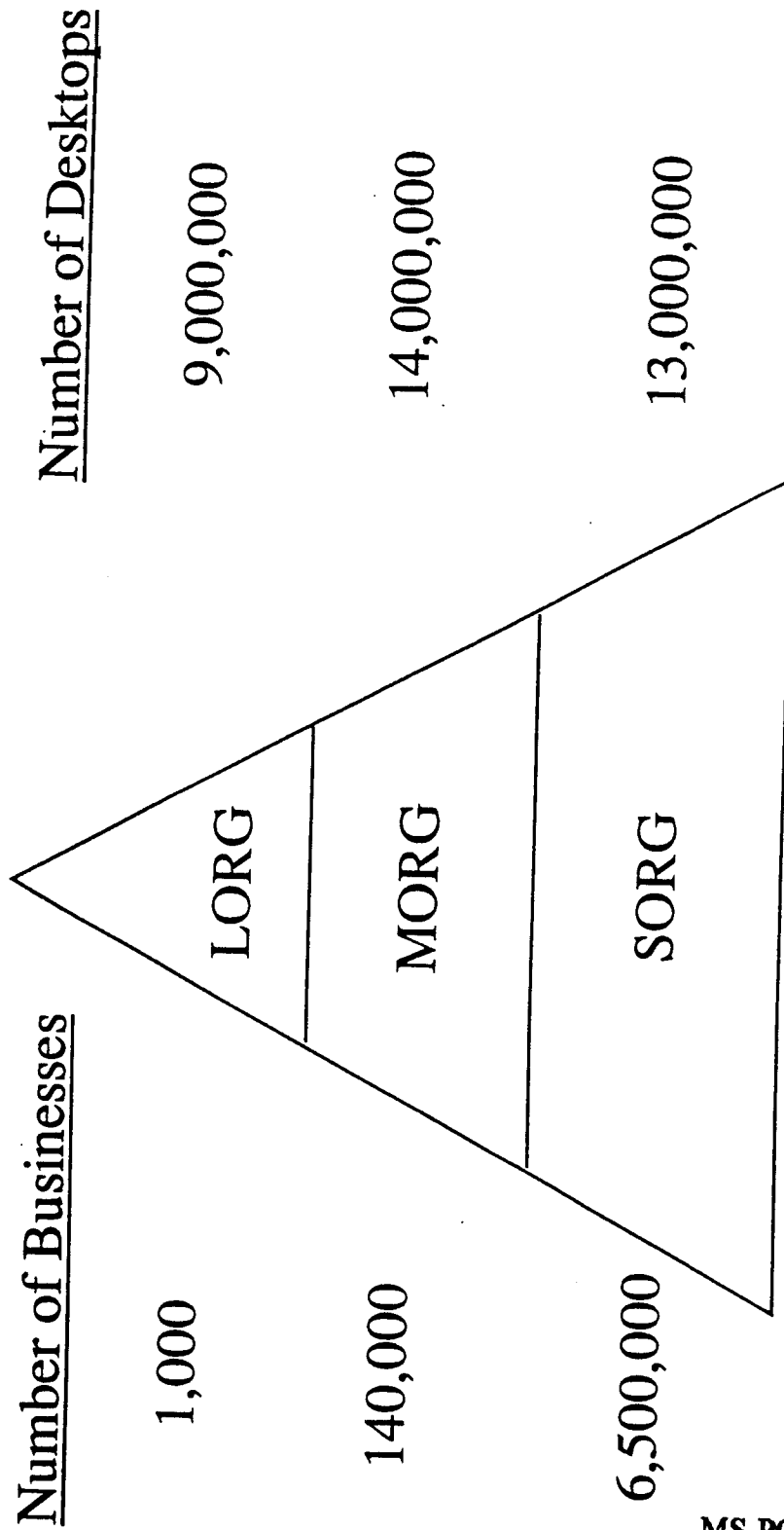
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LORG Profile
(US Data)

	LORGs w/ Office* MELP	LORGs w/ Other Select	Non-Select LORGs	Total**
Number of Corporate LORGs	77 (13%)	228 (36%)	317	627
Number of Workstations	729,000	2,094,000	2,370,000	5,193,000
Forecast Workstations at YE95	778,000	2,281,000	2,618,000	5,677,000
FY94 Rev. per PC (in PF)***	$71	$59	$36	
FY95 Rev. per PC (annualized)	$81	$65	$40	

	FY94	Nov. FY95 YTD
LORG Office* Revenue as % of Total LORG Revenues	36%	46%

◆ **Increasing Select penetration to 75% of LORG Corp Accounts (49% today) provides incremental revenue of $54MM**

* Office plus Office Pro   ** Excludes Government and Education Accounts   *** Performance Framework

Saturation Scenario

Office Analysis

I. UPGRADE PATH

ASSUMPTIONS

Forecast Corporate LORG PC's	5,677,244
Est. % LORG's standardized on Office.	80%
Estimated Office Penetration w/in LORG's	50%
Available PC's	2,270,898

Sell Office in 1993 Upgrades

# of PC's	Upgrade Rate	# of PC's Upgrading		Total Upgrades over term
		Year 1	Year 2	
2,270,898	30%*	454,180	227,090	681,269
	40%	454,180	454,180	908,359

Upgrade Revenue

$ / Upgrade License	Upgrade Rate	Year 1	Year 2	Total revenue over term
$184	30%	$83,569,046	$41,784,523	$125,353,570
	40%	$83,569,046	$83,569,046	$167,138,093

II. MELP-M PATH

ASSUMPTIONS

Forecast Corporate LORG PC's	5,677,244
Est. % LORG's standardized on Office	80%
Estimated Office penetration w/in LORG's	80%
Available PC's	3,633,436

Sell MELP Office MNT

# of PC's	Conversion Rate	# of PC's Upgrading		Total Upgrades over term
		Year 1	Year 2	
3,633,436	60%	2,180,062	0	2,180,062
	80%	2,906,749	0	2,906,749

Upgrade Revenue

$ / Upgrade License	Conversion Rate	Year 1	Year 2	Total revenue over term
$133/8Qtrs	60%	$144,974,096	$144,974,096	$289,948,193
	80%	$193,298,795	$193,298,795	$386,597,590

◆ Office Analysis (Upgrade pricing equals MVLP-C pricing, while MELP pricing is MELP Maint)

◆ US Corporate LORG's with Office MELP Maintenance Agreements represent 9% of corporate LORGs.

◆ Break-even scenario for Office MELP maintenance is 35% conversion.

* Upgrade is 20% in year 1 and 10 % in year 2

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Strategy Implications & Discussion

◆ **Does maintenance pricing optimize revenues in an annuity business model?**

  ➢ Are we charging the right price?

  ➢ Is the value proposition compelling to organizations?

  ➢ Are we selling it effectively?

  ➢ Do all channel upgrades and promotions drive the maintenance value proposition?

◆ **Is MELP-M the key strategy in driving the annuity business?**

  ➢ Can we bundle support costs into maintenance to raise rev/unit?

  ➢ Can we bundle information and other services to drive rev/unit?

◆ **How much revenue can we get per desktop per year?**

  ➢ Office?

  ➢ Windows?

  ➢ BackOffice clients?

◆ **How do we want to focus LORG desktop selling priorities?**

  ➢ Maintenance or upgrades?

Concurrency Challenges

Channel Challenges

◆ **Immature segmentation model for server business**

➢ SP's, outbound, aggregators, mail order, LARs, distis

◆ **BSD revenue mix through the US channel**

> BSD Revenue Mix (Dec YTD)
>
> Direct
>
> Distis - 52%
>
> Agg's - 8%
>
> LVR's - 30%
>
> Direct - 10%

◆ **Who is selling the volume? Why?**

◆ **Where are the leverage points for driving more volume?**

◆ **What is the value proposition for the key channel segments?**

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Key points of influence in the Server Business

	Developers	Infrastructure Installers (F&P, Mail, SMS, SNA)	Custom Application Developers & Installers
Large scale, "enterprise", deployments	Develop and ship client server, line of business, and horizontal applications. U.S. Channel Scope: • Approximately 150 developers • Microsoft named accts: 90 • Account examples: SAP, PSI, DBS, ADP, Reuters, Intergraph, Siebel, JD Edwards	Contract with larger organizations to design, install, configure, support and maintain large scale networking, file & print, systems management, and messaging projects. U.S. Channel Scope: • Approximately 10 companies • Microsoft named accounts: Vanstar, Entex, CSI • Account examples: Vanstar, Entex, CSI, DEC	Use off the shelf application servers, database server, tools and applications to build custom applications for large scale deployment. Use consulting and services to drive long-term projects. Use products like Notes to "re-engineer" U.S. Channel Scope: • Approximately 20 large scale integrators, consultants, application installers • Microsoft named accounts: SHL, AC, EDS • Account examples: EDS, AC, SHL, E & Y, KPMG, Price Waterhouse
Small to medium business or workgroup (departmental) deployments	Develop and ship client server, line of business, and horizontal applications U.S. Channel Scope: • Approximately 300 developer organizations • Microsoft targeted accts: 150 • Account examples: Agena, Great Plains, PC Docs, Platinum	Install, configure, support, and maintain file & print and mail networks. U.S. Channel Scope: • Over 10,000 companies • Novell channel: 560 Platinum, 2,000 Gold, 7,000 Authorized • Microsoft target: 3,000 companies • Certified Professionals: ⇨Novell: 35,000 CNE's ⇨Microsoft: 7,575 NT MCP's WW • Account examples: Valinor, Lan Systems, US Connect	Use off the shelf application servers, database server, tools and applications to build custom applications. Develop close relationship with customers and understand customer business issues. Lotus building momentum with Notes. U.S. Channel Scope: • >8,000 VARs, 10,000+ custom application consultants • SCO channel > 3,500 VARs • Informix channel > 2,000 VARs • Lotus >1,000 "Business Partners", 7,000 consultants • Account examples: Midak, Micro Modelling, MJF New York

9

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Key points of influence in the Server Business

	Developers	Infrastructure Installers (F&P, Mail, SMS, SNA)	Custom Application Developers & Installers
Large scale, "enterprise", deployments	PSI • 315 employees • FY94 Rev $44M • Retail vertical market • EPOS application • 13,500 installed base • 2H NTS F/C: 500 NTS & 500 SQL • Microsoft share ~10% 1H95 • Key wins: Best Buy, Hills, M&S • Competition: Oracle	Vanstar • CY94 Revenues:$1.3 Billion • CY94 Service Revenues: $180MM • 95 Offices • 3,088 employees • 1,641 technical • 300 CNE's • Key wins: Alcoa	EDS • 70,000 employees, 38 business units • Oppty 9,000 NTS & 90,000 NT Clients • 3 business units loyal to Microsoft • Key 1H wins (Centura Bank,US Congress, London U/G) • 2H Targets (EDS, Kaiser)
Small to medium business or workgroup (departmental) deployments	Great Plains • 600 employees • Accounting • 5,000+ server installed base • 9% share NTS • 150 NTS 2H forecast • Key wins: Forbes, Salvation Army • Competition: Netware, BTrieve	Computer Group • 8 Offices, Southeast Region • 260 employees, 175 CNE's • $60MM annual revenue • 16,500 servers installed • Novell Platinum Advisory Board • Unixware Advisory Board • US Connect Board • Verticals, Govt, Legal Healthcare, Mfg, Bank, Education • Compound annual growth rate > 85%	Midak • 52 employees • 85% technical, growing to 75 by 10/95 • 20 MCP's • Manufacturing, inventory, distribution, insurance app development • Exchange, SQL95, MAPI, OLE, NTS • 100% Microsoft loyal • Key wins: • Mirage/LA County Jail

Key points of influence in the Server Business

	Developers	Infrastructure Installers (F&P, Mail, SMS, SNA)	Custom Application Developers & Installers
Large scale, "enterprise", deployments	**Competition** HP UX Oracle AS/400	**Competition** Novell cc:Mail	**Competition** HP UX Oracle Sybase Lotus Notes
Small to medium business or workgroup (departmental) deployments	**Competition** AS/400 SCO Informix	**Competition** Novell cc:Mail	**Competition** SCO Informix Lotus Notes

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Strategy Implications & Discussion Topics

- ◆ Attacking Novell
- ◆ Defending against Notes
- ◆ Attacking SCO
- ◆ Defending against HP, Oracle, Sybase
- ◆ Grabbing share from distressed platforms

Building a meaningful value proposition for channel partners.

12

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OCU Priorities

1. **Pursue Office share**
   - Lock it in
   - Get ready for the annuity business

2. **Server attack**
   - Evangelize and own key Solution Developers
   - Go after installer infrastructure - F&P, Mail, SMS, SNA
   - Go after custom applications channel - NTS, SQL, Exchange

3. **Continue to strengthen infrastructure**
   - Training and certification
   - Information delivery
   - Licensing & Select
   - Channel & SP training, investment, services

13

MS-PCA 2614899

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Appendix

14

	US	Europe	Latin America	Far East	New Zealand
Office MELP Maintenance (Enrollments as a % of total Select enrollments)					
% of Total Agreements (LTD)	19.0%	6.0%	4.0%	5.0%	51.0%
MELP Maint. as % of Total Maint. (Revenue)					
All Products	47.0%	17.0%	13.0%	3.0%	73.0%
% of Total YTD MNT Rev*					
Office/Office Pro	60.6%	41.6%	58.3%	56.6%	57.5%
Word	6.3%	11.7%	1.9%	5.4%	4.1%
Excel	5.6%	8.8%	1.7%	8.4%	3.4%
Windows	15.6%	17.4%	16.9%	14.0%	9.5%
WFW	3.2%	4.9%	7.1%	0.3%	17.6%
Other	8.7%	15.6%	14.1%	15.3%	7.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
Maint % of Total Rev*	3.4%	2.4%	3.8%	0.6%	28.8%
Rec. Mnt. % of Total Rev**	1.3%	1.1%	1.7%	0.2%	3.4%

*New maintenance revenue ** Select recurring maintenance

15

The Value of Maintenance

◆ **Business benefits**
- ➤ Lowers SW administration costs
- ➤ Avoid tracking of individual licenses or versions
- ➤ Easily budgetable cost
- ➤ Different accounting than upgrades possible

◆ **Obstacles / challenges**
- ➤ Need maint. price ≤ upgrade price
- ➤ Customers upgrade cycles longer and not in sync. with MS
- ➤ MS promotions not spanning license types
- ➤ SW treated as expense and not an asset
- ➤ Word "Maintenance" confusing given mainframe mindset

◆ **Ways to increase value**
- ➤ *Better sales force training and tools*
- ➤ *Desktop concept*
- ➤ *Add support and other services to [MELP] Maint.*
- ➤ *WPG consider maint. cust. #1*
- ➤ *Stay current option rejected*
  - ➤ De facto std. in PC industry
  - ➤ Price would be too low - WPG
  - ➤ Problem of tracking current/ old version

Revenue to Microsoft:

	FPP	MLP	MVLP			MELP		
			A	B	C	A	B	C
Office	$405	$344	$291	$261	$231	$237	$208	$178
Upg	$239	$228	$209	$198	$184	$188	$165	$141
Maint	N/A	N/A	$177			$133		
Windows 95	$165	$140	N/A	N/A	N/A	N/A	N/A	N/A
Upg	$86	$80	$75.05			$70.31		
Maint	N/A	N/A	$120.87			$90.85		

16

Page 8

MS-PCA 2614901

◆ **Lotus Passport**
  ➤ Enterprise Option (EO)
    » 4 discount levels; 500 unit minimum in 30 days; maintenance required; limited products
  ➤ Contract Option (CO)
    » 6 discount levels; 1000 points min. over two years; maintenance optional; most products included
  ➤ Volume Purchase Option (VPO)
    » 8 discount levels, 50-50,000 points; maintenance optional; most products included
◆ **Strengths**
  ➤ No product pools (limited product)
  ➤ Maint. counts toward hurdles
  ➤ No customer reporting required
  ➤ Negotiate price, licensing terms
◆ **Weaknesses**
  ➤ Limited products
  ➤ Confusing/complex point system
  ➤ Requires Maint. (EO only)

MELP vs. EO*, Vendor Revenue				
Unit volume 500	1000	2500	5000	10000
Office	$237.00	$207.77	$177.75	
Upgr.	$188.02	$165.11	$141.41	
Maint.	$134.30			
Smartsuite $212.50	$191.25	$165.75	$146.75	$140.25
Upgrade N/A	N/A	N/A	N/A	N/A
Maint. $95.20	$93.50	$89.25	$78.20	$69.70

* EO is per Desk not Units

MVLP vs. CO, Vendor Revenue					
Unit volume 1000	2000	5000	10000	25000	50000
Office	$290.72	$260.70	$231.47		
Upgr.	$209.36	$197.50	$184.07		
Maint.	$178.54				
Smartsuite $297.50	$290.70	$277.10	$243.10	$215.90	$189.55
Upgrade $232.90	$227.80	$217.80	$192.10	$171.70	$147.05
Maint. $190.40	$186.15	$177.65	$155.55	$138.55	$121.55

◆ **Novell Customer Connections**
  ➤ Master Licensing Agreement (MLA) - Global 100 - direct
    » 40% + discount; $700k SRP up-front minimum
  ➤ Corporate Licensing Agreement (CLA) - LORG - through CARs
    » 28-42% discount; $40k (apps) or $160k (all) SRP up-front min.
  ➤ Volume Licensing Agreement (VLA) - SMORG - open distr.
    » Discounts from FPP; $3.7k (apps) or $100k (all) up-front min.
◆ **Strengths**
  ➤ No product pools
  ➤ MLA and "Site License" options
  ➤ "Direct Relationship" components
  ➤ NetWare marketshare
◆ **Weaknesses**
  ➤ High up-front purchase requirements
  ➤ Maint. does not count toward volume
  ➤ Not global by design (until summer)
  ➤ Immature operations/administrative infrastructure

Microsoft Office		
license type	minimum # of licenses	MS Revenue
MOLP A	25	$ 318
MOLP B	250	$ 300
MOLP C	500	$ 276

Novell PerfectOffice		
license type	minimum # of licenses	Novell Revenue
VLA - A	16	$ 207
VLA - B	46	$ 202
VLA - C	107	$ 196
VLA - D	228	$ 190

Page 11

MS-PCA 2614902

Competitive Issues: Novell

- ◆ Netware 4.1 Action
  - ➤ 21% reduction in FPP for NW 4.1 (equal to 3.x) - add'l 10% price cut would require 8% share gain (F&P) to maintain revenue
  - ➤ Minimum of key losses to Netware 4.1 reported to date (Xerox, Kodak)
  - ➤ Limited channel momentum for Netware 4.1
- ◆ Channel Strategies
  - ➤ New - 'Enterprise Council' for top 40 US resellers (Co-op mktg funds, WW acct mgmt)
  - ➤ Up to 8% of Netware sales for Co-op, MDF, rebates and headcount to distis (flexible)
    - ▸ Tech Data - 16 funded headcount, 2% marketing, 2% pass-thru
    - ▸ Vanstar - 9 funded headcount, 3% marketing
    - ▸ Inacom - 4.5 funded headcount, incremental opp'y fund up to $500K
  - ➤ Distis/Aggregators key channel support resource
    - ▸ Ingram - 1/2 of all technical headcount are CNE's or ECNE's
  - ➤ Netware sold as loss leader by aggregators & distis (service business is key)
  - ➤ No promotions/incentives in place for Netware 4.1
- ◆ Marketing Activities
  - ➤ Planning $17-20MM or new ad campaign
  - ➤ Leverage growing CNE base and focus on support model
  - ➤ Introduced Customer Connections licensing program
  - ➤ Knowledge Stream (Novell's satellite broadcast program) provides subsidies to 63 sites in US (Replication of MSTV)

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Competitive Issues: Lotus

- ◆ Notes
  - ➤ Momentum of Notes; 51% of Lotus sales in latest period communication products
  - ➤ Sales forecast for Notes to grow 50% in CY95 (96% from 1993) Currently 1.35MM users
  - ➤ OEM deals with IBM & Apple. Distis/OEM's (Intel, SAP, Compaq) requiring dealers to use Notes for channel communications
  - ➤ Significant losses to Notes and cc:Mail WW in LORGs and SMORGs (MCI, Turner)
  - ➤ AT&T relationship lends credibility
- ◆ Channel & Marketing Activities
  - ➤ Launched Lotus Business Partner Program (claim 8,000 WW). "SP Program but better"
    - ▸ Co-op fund, infrastructure, branding for marketing activities
    - ▸ CD Programs (Notes client, marketing materials, Target 100,000 units Q3-95)
    - ▸ Solution Seminars Series
    - ▸ Solutions Program- Lotus Symposium - 20% sales closure in 6 months
  - ➤ Aggressive, extremely flexible channel opportunity fund
    - ▸ Most funds not contractually committed - "Bring me an idea"
    - ▸ Internal use major strategy - funded two MIS Notes/CC:Mail heads at Merisel
    - ▸ Limited funding of channel infrastructure
  - ➤ Passport successful in aggregators - Inacom
  - ➤ Driving resellers to attach Smartsuite to Notes sales

FY95 Worldwide Directors Meeting 24

Page 12

MS-PCA 2614903

Competitive Issues: HP, Oracle & Sybase

- ◆ SCO
  - ➤ 26% share of server/host Unix systems on Q3-94
  - ➤ Revenues: $184MM in 1994 (50% NA & 65& SMORGs)
  - ➤ Weak OEM relationships, VAR and ISV Program
- ◆ HP
  - ➤ Most significant high end operating system competitor
  - ➤ CSO organization totally Unix focused vs. NTS
  - ➤ Strong and committed reseller channel
  - ➤ Very strong support organization - not neutral or passive
- ◆ Oracle
  - ➤ 65% of licenses through ISV's, 13% of product revenue
  - ➤ Just under 50% of revenues from services and consulting
  - ➤ Very strong, highly trained direct sales force, but lost structure based on high prices for Unix products
- ◆ Sybase
  - ➤ Most direct database competitor (System 10)
  - ➤ With recent acquisitions (MDL, Powersoft, Oasis), have complete line of database products, consulting, support and sales organizations

Concurrent Software Licensing
FY95 WW Directors Meeting
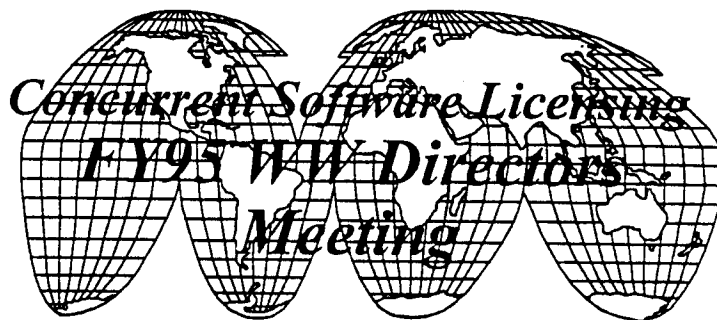
Craig Fiebig

Concurrency

◆ What is it?

◆ Why do we care?

◆ What is the scope?

◆ Customer View

◆ What can we do about it?

◆ Timeline

What Is It?

◆ The bane of all mankind?

◆ The end of life as we know it?

◆ A royal pain ... ?

Yes, and more ...

◆ Revenue disaster

◆ Allows customers to buy applications only for "active" users

◆ If 10,000 PCs, and only 40% are in use ...

F1YS II II RDM   3

Why Do We Care?

◆ We are now in an upgrade market

◆ Networks are become ubiquitous and fast

◆ Metering tools are 'really good'
  ➢ Express Meter, McAfee, SMS(!)
  ➢ Now measure suites
  ➢ Some offer 'follow the sun' capability

◆ Tool vendors meeting with your customers
  ➢ Including our own sales teams pitching SMS

◆ Gartner and SPA running sessions on how to save money through metering

F1YS II II RDM   4

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What Is The Scope?

- ◆ **Industry Data (Survey of IT Managers)**
  - ➢ 52% license some software concurrently
- ◆ **Deployment beginning in Select/MOLP**
  - ➢ US Field anecdotally estimates 20% of MVLP/MOLP customers
  - ➢ ~75% of US Select customers are evaluating

F1995 BHKDM 5

Customer View

- ◆ **Significant savings available**
  - ➢ Usage rates of 1.5:1 for Office, 10:1 for Project
  - ➢ Needed to populate business-solution apps to "Nth" user
- ◆ **"Constitutional Right"**
  - ➢ Surcharges might be reasonable
    - » Gartner now adopting this line as well
- ◆ **Administration complex but improving**
  - ➢ Costs $5 - 40 per user
- ◆ **Microsoft is "inflexible"**
  - ➢ Office as a single license
  - ➢ Server-based
    - » Prefer to run off the local hard drive

F1995 BHKDM 6

MS-PCA 2614907

Installed Base:
    50,000

	Desktops	Peak Use	Installed
Office	18400	70%	12880
Word	26700	60%	16020
Excel	27000	40%	10800
PowerPoint	17500	20%	3500
Access	1250	20%	250
Project	3900	10%	390

Revenue Impact

	FY95	Peak Use	Proj
Office	$500	70%	$350
Word	$165	60%	$99
Excel	$149	40%	$60
PPT	$33	20%	$7
Access	$46	20%	$9
Proj	$74	10%	$7
Total	$967		$532

Revenue Decrease   45%

◆ Global Standard
  ➢ Set of std rights and services
  ➢ 40% networked
  ➢ ExpressMeter™ part of the std desktop
◆ Concurrency use
  ➢ Want to run local
  ➢ Usage expected to double ... 1:1 with network growth
◆ Example
  ➢ Immediate 45% decrease in revenue
  ➢ Does not model;
    » Switch from Office revenue to individual apps ... which would be worse
    » Death-knell for Maintenance!
    » Loss of revenue due to home use
      • We do not understand this, but it's "bad"

F1Y5 II II RDM   7

◆ No concurrency
  ➢ SAS, smaller ISVs, Metering vendors (!)
◆ Allow concurrency, with restrictions
  ➢ Novell/WP
    » Canceled LS API project
    » Reitveld, " Well, you don't pay less for furniture when no one's in the room, do you?"
  ➢ Lotus
    » Restrictive policy, flexible to individual customer demand
◆ Charge explicitly
  ➢ Oracle, Sybase, Digital
  ➢ Microsoft MELP

F1Y5 II II RDM   8

MS-PCA 2614908

What Can We Do About It?

◆ **Eliminate concurrency**
  ➢ Along with price reduction in MELP?
    » Hardly popular internally
◆ **Restrict it**
  ➢ Limit the products/licenses
  ➢ Only for Office, only in Select
◆ **Charge for it**
  ➢ Maintenance add-on
  ➢ Re-examine MELP pricing and peg against 'typical' usage
◆ **Move to annuity stream**
  ➢ Fee per year per desk
◆ **Time-based charging**
  ➢ Develop billing scheme within SMS that charges explicitly for time of execution

FINS IIIIKDM 9

Maintenance

◆ **Eliminate concurrency from all DAD licenses**
◆ **Offer concurrency (and potentially home use) as part of a premium priced Maintenance offering**
  ➢ Extra-value options die if Maintenance is ever cancelled
◆ **Vary the surcharge by product, depending upon typical usage**

	Off Std	Off Pro	XL/Word	Proj
MOLP M	$ 226	$ 270	$ 104	$ 146
MOLP M+	$ 339	$ 405	$ 208	$ 584
MVLP M	$ 224	$ 268	$ 99	$ 139
MVLP M+	$ 336	$ 402	$ 198	$ 556
Surcharge	1.5	1.5	2	4

FINS IIIIKDM 10

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Home Use

◆ If all new machines are going to the home and most home machine buyers use a machine at work then the current home use provision precludes us from earning DAD revenue in this segment

◆ Should be eliminated with concurrency

◆ Offer "Home Office" SKU to Select customer end users?

◆ Do this in exchange for their name?

◆ Fulfill at VUP price?

F1YS II II RDM   11

Timeline

◆ Initiate focus groups w/in two weeks

◆ Determine customer reaction

◆ Implement any changes in Select V3

◆ Risks

➤ Existing agreements will not change, will slow move to V3

➤ Could slow adoption of Office 95

» Slower Win95 adoption?

➤ Loosens the grip on Lotus' windpipe

» Did we just plug their respirator back in?

➤ Potential for enormous customer backlash

➤ WP/Novell will be aggressive with PerfectOffice

F1YS II II RDM   12

MS-PCA 2614910

Steps for You

◆ Understand prevalance of concurrency in your market

◆ Think through customer-sat implications of change

◆ Consider alternatives

◆ Send <<ANY>> thoughts to me

FY95 IH II RDM   13

MS-PCA 2614911
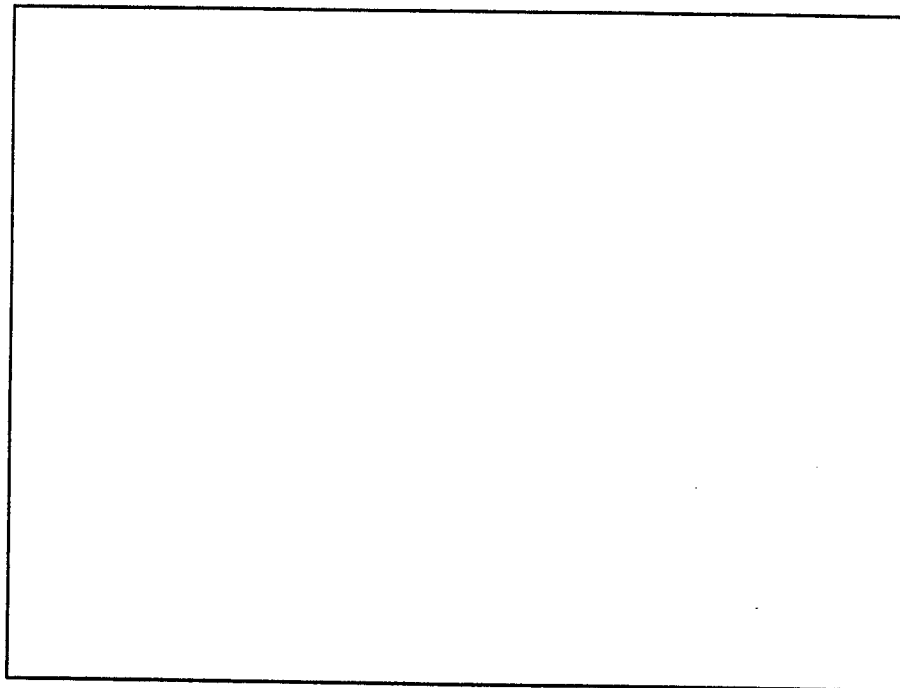
To:	February 1995 Worldwide Regional Director Meeting Attendees
Subject:	Organization Customer Unit Prereading
From:	John Neilson, Lindsay Sparks, Pieter Knook, Doug Martin, Nigel Burton, Judy Dulcich, Eliza Ward, Lars Johansson
Date:	January 31, 1995

This memo has three sections:

- SMORG Attack
- LORG Sources of Revenue
- Select v3.0 Launch

Each section closes with 3-4 discussion issues. If you wish to cover any additional items, please come prepared to discuss them.

I. SMORG ATTACK

Size of the Opportunity

The desktop opportunity. The worldwide revenue opportunity in the SMORG market is key to Microsoft's continuing growth. In the US alone, there are over 27 million SMORG desktops (not including the home-based business market). While our LORG desktop business is approaching saturation, less than half of installed SMORG desktops are running Windows[1], and total SMORG desktop population is growing 15-20% per year. To demonstrate the opportunity, if we can capture 20% of the installed desktops in the US SMORG market with new Office licenses and 10% of installed SMORG desktops with Office and Windows maintenance via MOLP, the revenue opportunity for SMORG is over $2.2 billion. Worldwide this opportunity could exceed $4.5 billion. LINK Resources estimates that the total PC software spending by SORGs alone was greater than $10 billion worldwide in 1994.

The server opportunity The SMORG opportunity extends to the server as well. While virtually all MORGs are networked (with Novell having dominant share on file and print servers), only 20% run mission-critical or line-of-business applications on their LANs.[2] In this segment, we have an opportunity to displace Netware by demonstrating our superiority as a file/print, mail *and* application server platform. Comparatively few SORGs are currently networked, ranging from 8% of businesses with 5 to 9 employees to 33% of businesses with 50 to 99 employees. In this segment, we can exploit our superior ease of installation and administration to capture "first network" business.[3] Even with this lower penetration, the SMORG segment represents a larger NOS opportunity than the LORG segment due to the sheer number of businesses in the segment.[4] Because these opportunities vary around the world, the relative emphasis of the strategies below will differ between subsidiaries.

This memo provides an overview of the recommended strategy for attacking the SMORG market in the coming year. Underlying this strategy is the need for the following enhancements to our selling infrastructure:

❶ We must identify and build the appropriate sales and marketing skills for our SMORG sales teams so they can increase their effectiveness in one-to-many selling

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[1] A June 1994 Middle Market study by BRG (Business Research Group) shows that only 29% of U.S. MORG desktops are running Windows, and LINK Resources estimated that by the end of 1994, 47% of SORGs had adopted Windows, up from 32% in 1993....a 57% growth rate. While these numbers may vary from country to country, it is generally true that penetration of Windows and Windows applications is much lower in SMORG than in LORG, and presents a large revenue opportunity.

[2] BRG Middle Market survey June 1994.

[3] BRG Small Business Survey, December 1994.

[4] Small business represented 65.2% of VAR & Reseller NOS revenue, compared to 21.8% for MORG and 13.0 for LORG in 1992. Source: Technology Research Center 1992 NOS Study.

MS-PCA 2614912

❷ We must build and empower the channel to sell Microsoft products. We must identify the key aspects of technical and selling skills training that our channels need to sell our products

❸ We must develop an effective way to generate demand, to develop efficient selling tools and programs for our sales force and channel partners, and to measure the results of our one-to-many selling activities.

Assumptions

The discussion points in this memo assume the following things about a subsidiary's existing resources and their philosophy in selling to SMORGs:

- The only way we can approach the revenue potential discussed above is with an efficient leveraged selling model that relies heavily on partners to drive and manage customer relationships.
- The key to success is a strong channel infrastructure: a reseller community that promotes Office and Windows to very small businesses, and a network of Solution Providers (Solution Developers, installers, and training organizations) who are developing and selling and installing horizontal and line-of-business solutions for the server and the desktop

SMORG Attack Strategies

To realize the opportunity outlined above, a systematic approach for selling to the millions of small and mid-size businesses via channel partners must be employed. The diagram to the right depicts a clear, replicable process for segmenting and targeting groups of organizations with common issues, identifying and working with the top developers and SPs,

Start → Research, Analyze, & Define Target (Horizontal function, application, platform or LOB solution) → Develop the Channel (Focus on most productive developers, SPs, resellers) → Develop Business Value Support Messages (HQ will drive this)

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Close Sales (MS Rep involvement only when developing a referral or account) ← Follow up on Leads (Spot-check channel success in closing qualified leads) ← Deliver Messages (e.g. Seminars delivered primarily by partners, direct mail, events etc.)

and developing and delivering horizontal and line-of business solutions messages. The first critical step is selecting the right target segments to attack within the SMORG market. Our current organization taxonomy (segmenting customers by installed PC base) is useful in helping us to determine our basic selling principles: direct selling to our largest customers, leveraged selling to SMORGs (Tier 3-5). However, to effectively sell and market solutions to these customers we need to group them by *common issues and needs*. Size of the PC installed base, size of the employee population, or company revenue do not determine the solutions needed by organizations, nor do they allow us to deliver a relevant business value message.

The best way for the company to segment customers for solution selling is by the type of business solution needed. Separate tactics can be used to reach and influence the two critical SMORG decision makers:

Sell to SMORG TDMs (technical decision makers) with horizontal functions, applications, and platform solutions. One element of our strategy for reaching SMORG customers is through horizontal solution selling to technical decision makers (note that in SORGs, the business owner is both the technical and business decision maker). By focusing on a common function (file/print servers) ubiquitous application (accounting), or on an existing application platform, such as UNIX, VAX, or AS/400, we can reach large groups of customers with common sets of issues.

Horizontal function selling. We have a large and growing opportunity to capture new server and server upgrade share from Novell in SMORGs by selling NTS as the best file/print and mail solution for growing businesses. The key strategy here is to move the discussion off of basic file/print functions and explain to SMORG customers that, as their businesses grow, NT is the best foundation

for running LOB applications *in addition* for simple management of the file/print traffic on their networks. In addition to selling file and print services, we must be hard core selling mail, we have a huge opportunity to penetrate SMORGs with Microsoft Mail.

The three competitors in this arena are Netware, SCO UNIX, and Lotus. Novell will try to sell Netware as a 'super-NOS' that performs basic file and print *and* runs applications via NLMs. SCO has been successful selling themselves as the best choice for small business networks because of the army of small developers who have custom UNIX-based solutions for small business. Lotus is driving cc:Mail and is increasingly trying to drive Notes down into SMORGs. We need to present ourselves as the best of both worlds: fast and competent at file and print, with the additional benefit of the ability to run mail and a robust line of business applications on the same server platform.

Horizontal application selling. In the SORG market, SMORG teams should work with the top accounting solution developers to sell Office as part of a complete business management solution. In the U.S. over 85% of SORGs that have at least one PC use an accounting package, ranging from simple bookkeeping software to complete modular accounting systems. By partnering with these top developers, we gain access to their network of accounting consultants and resellers to increase our Office selling capacity. In most countries there are two or three developers that command the overwhelming majority of the SMORG accounting software market. Subsidiaries should identify these developers and develop sales and technical training for their consultant/reseller communities. We should also target and work with industry influencers. In the US, statistics show that the average Certified Public Accountant influences 22 businesses. By focusing our selling efforts on reaching these CPAs through direct methods (e.g. speaking at accounting association events) and indirect methods (reaching CPAs through the consultant/reseller community) we can dramatically increase our reach. In the MORG market, we should work with the more advanced accounting solution developers to make sure they are developing NT-based solutions and are selling Office as the optimal client for doing business analysis and customer communications.

Horizontal platform selling. Use BackOffice applications as the Trojan horse to get a toehold in customer sites (e.g. selling SMS as a tool for easier deployment of Office 95 and Windows 95, mail for communications, or SNA Server as the best gateway to an AS/400), then drive horizontal and LOB application migration to NTS. The key is to get NT Server running in these organizations to solve their immediate problem, then leverage this installation to increase the role of NT Server for LOB and mission-critical purposes over time. There are over 220,000 AS/400's worldwide, 90,000 of which reside in the U.S. If we are successful in placing even one NT Server running SNA Server in just 10% of these U.S. sites, we will have met 34% of the U.S. SMORG goal for FY 95 NTS unit sales.

Sell to SMORG BDMs (business decision makers) with line-of-business solutions using business value messages. Virtually all successful application server platforms have attained share based on the availability of compelling business solutions. The AS/400 boasts 25,000 applications, and this availability of applications is the driving force behind most AS/400 purchases. SCO is expected to ship 174,000 servers worldwide in 1994, almost entirely to small businesses. SCO's success is based on the availability of solutions and a well trained, loyal value added channel. Customers are drawn to these two competitors because they have communicated a business benefit to implementing the solutions offered on their platforms. We need to sell to BDMs by: developing a targeted message that addresses the business issues in their vertical; working with solution developers and SPs that can deliver solutions to these verticals; and driving and publicizing influential local wins in each vertical. Solution developer and SP recruiting and channel training activities should support the vertical and platform strategy. In the US, the target SMORG vertical markets were selected because of their size relative to the overall SMORG market, and because of the existing channel infrastructure (developers, installers, integrators, etc.) in place to sell and support solutions. Subsidiaries may have a different list, but should use these same two criteria to select

MS-PCA 2614914

target verticals. The target U.S. vertical markets are listed below, along with the key statistics and opportunity in each segment.

- **Legal Market** - over 2.5 million U.S. desktops (virtually all legal desktops are in small and mid-size firms), Windows desktop penetration: 45%[5]. Current Word share: 10-12%. Strategy is to work with the key developers in legal accounting, document management, and on-line legal research to build solutions on NTS and Office.

- **Health Care Market** - over 3 million desktops worldwide, with over 90% of the customer base falling into the SMORG category. Windows penetration is very low (less than 10%) in the SMORG segment of the market. Infocorp data states that in 1994, 11% of all 486 and Pentium PCs purchased by organizations were for use in a health care industry or function. This is an emerging market in the SMORG area, as most small physician's offices, dental practices, etc. are not utilizing technology to manage patient care systems *and* administrative systems. Research shows that over 85% of health care companies plan to 'greatly, or significantly' increase spending on IT in the next two years. Intel-based servers shipping into this vertical industry increased 500% from 10,200 units in 1992 to over 50,000 units in 1993[6]. Strategy in this vertical is to team with key integrators to address challenges of integrating NT into existing disparate systems, and to increase awareness of NTS client-server solutions through medical trade shows, events, and seminars.

- **Real Estate (Sales, Management and Development) Market** - Early research on this market segment suggests that the overall US desktop opportunity exceeds five million desktops. The real estate vertical is comprised of four sub-industries: property management, mortgage/lending, construction/development, and brokerage/sales. Our initial strategy focuses on building Windows and Office share on the 1.2 million broker desktops by working with the developers of solutions that give brokers access to the real estate listing services throughout the U.S. Because the broker is typically at the hub of a real estate transaction, we will then leverage our success in this segment to increase share in the appraisal and mortgage lending segments.

- **Retail Market.** There are millions of retail outlets worldwide, representing the largest single vertical opportunity in the SMORG sector. In the US alone, there are over 2.4 million retail outlets. Most of these outlets, based on individual size, qualify as SMORG customers. In some cases, however, we can have the greatest impact on this market by pursuing top-down franchise and chain headquarters opportunities that will drive deployment of Microsoft-based solutions to the hundreds of thousands of outlets affiliated with these franchise headquarters operations. However, there are also a large number of retail operations whose aggregate outlet desktop population is less than 2500 PCs. In the US, there are over 500,000 SORG and 1,300 MORG retail concerns. The opportunity for NTS in these organizations is tremendous due to the potential for migrating proprietary point-of-sale systems to an NTS architecture[7]. Our efforts will focus on the four largest retail opportunities: gas station/convenience and food/drug retailers (BackOffice and point-of-sale systems), fast food retailers (BackOffice and point-of-sale systems), automotive retailers (car dealerships, parts and service inventory systems) and travel agencies (reservation systems).

- **Manufacturing Market.** There are over 600,000 manufacturing companies in the united States, and over 96% of the 11 million desktops in this industry are in companies with less than 100 desktops. With NT Workstation, that opportunity now extends to the additional 10 million workstations in the manufacturing segment. Our strategy is to work with the top developers of solutions in CAD, process control, and manufacturing systems to build share for NT on the desktop and on the server, and to sell Office as the best client for analyzing production data. We need to leverage our success in large firms (GM, Ford, Exxon, Du Pont, etc.) to win share on the desktops of the large supplier networks that use similar systems. The key competition in this vertical come from the vendors of existing dominant manufacturing platforms: IBM midrange, DEC VAX, and various flavors of UNIX (primarily AIX, UX, and SCO).

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[5] American Bar Association survey data, 1994, and American Lawyer magazine survey

[6] Dataquest June 1994

[7] Our analysis shows that the potential is for over 2,650,000 servers in the U.S. SMORG market alone

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All subsidiaries should execute a similar SMORG attack plan by executing the following actions:

1. Identify the top SMORG vertical(s) in your geography and the top line-of business solution developers in each vertical. Drive their focus on Microsoft-based solutions through evangelism, technical training, and selling.
2. Identify the top platforms on which your customers are currently running their business. Plan seminars with SPs and other channel partners that demonstrate the value of integrating NT Servers and server applications into those environments (e.g. selling NT Server and SNA Server into AS/400 environments)
3. Identify the top accounting solution developers. Plan sales and technical training for their consultants/resellers so that they are selling complete desktop solutions that include Office and are developing their server-based accounting solutions on NTS.
4. Identify the top SP partners you will work with to deliver seminars and sell to SMORG customers in the target verticals and on the target platforms. Make certain that you have representation from SPs who understand how to integrate BackOffice solutions into the largest platforms, or to how to migrate LOB applications off of the hosts and onto BackOffice servers.
5. Partner with business product and service providers to sell horizontal solutions to SORGs. Use services such as the local telephone company to extend their offerings to include our software as part of an overall information/communication management system. These companies have long established relationships that reach most small businesses and add credibility to our effort. Expand small business seminar delivery by using local resellers. SPs and industry trade groups (Independent, Union, Government, etc.) to deliver our seminars directly to tens of thousands of local SORGs. Seminars are one of our most effective methods for quickly moving a SORG account through the sales cycle. To get enough market penetration we must get more seminar delivery partners and in order to enlist this type of co-marketing effort, we must demonstrate how those partners will grow and profit based on their partnership with Microsoft.
6. Develop and deliver SORG-oriented solutions messages on our products, sales and service channel. SORGs do not respond as well to our traditional "technology enthusiast" advertising and PR messaging, therefore each country must allocate communication resources to a higher level solutions communication campaign in addition to their direct product or enthusiast communications.
7. Develop a sales and marketing engine to drive revenue. Determine how to build, manage, and use a database of SMORG customers and partners to drive targeted direct sales and marketing. Determine how to use a mix of Microsoft and third party telesales to drive contact, referrals, and phone management of non-named channel partners. Consider converting reseller sales headcount to telemarketing sales. Develop a system to gather leads, qualify them, and turn them into sales. Work with partners to deploy your efficient and effective lead management system.

SMORG Attack -- Issues for Discussion

- Most of our sales force was hired and trained to sell one-to-one. How do we train our sales force to develop the one:many marketing skills necessary for success in the SMORG market?
- How do we develop an effective way to generate demand, to develop efficient selling tools and programs for our sales force and channel partners, and to measure the results of our one-to-many selling activities?
- How do we deal with the significant training investment we need to make to prepare the channel to sell BackOffice and specific BackOffice applications (SMS, Exchange)?
- What should the criteria be for applying direct sales resources to a MORG customer? Should our SMORG teams call one-to-one on MORG customers only to develop reference accounts? Or should we direct SMORG teams to have no direct contact with MORG customers?
- How do we prepare subsidiaries and districts to increase their expertise in driving local PR and advertising?

MS-PCA 2614916

II. LORG Sources of Revenue

1. Driving new LORG revenue from the desktop.

Office Standardization

Large corporate customers worldwide are increasingly standardizing their desktops on Microsoft Windows and Office. As a result, the LORG customer segment will approach new license saturation with Windows and Office over the next 18-24 months. However, we still need to drive the Office business. We will only be assured of hard-core penetration when every LORG customer has signed a MELP agreement. Of the US Corporate and Government LORG customer segment less than 50% are Select customers and less than 30% have signed MELP agreements -- so we still have selling challenges to drive Office penetration and share. The second priority we must drive is MELP-Maintenance. As we shift away from new license sales, we must win maintenance and we must drive high utilization rates of new versions of our desktop products. We must build an annuity business with LORGs. In the US, LORG revenue for FY94 for all new licenses, upgrades, and maintenance was approximately $440mm. If we only sold maintenance to the 9mm pc's in US LORGs and if we got $100 per machine, that would more than double the US LORG revenue to $900m. The key tool to drive the annuity business is MELP-M.

Office as a solutions platform

A key means of defending our desktop base is to sell Office as a development platform. This has the effect of increasing the value a customer sees in Office standardization, helps drive MELP, and raises switching barriers. The Office group and DRG are increasingly focusing on selling and evangelizing Office as a front end for BackOffice solutions. It is vital that we get solution developers and customers to integrate Office into their information management and delivery applications.

2. Driving new LORG revenue from the server.

BackOffice Standardization

We need to focus on the server to drive new revenue growth. However, when we sell Windows NTS as an infrastructure standard we will collide with Novell's stronghold on the file and print network. We will fight a competitor who's server share rivals our success on the desktop. To combat Netware, we must use a strategy to drive customers from Netware 3.x to NT Server rather than Netware 4. We must convince LORGs that before moving to Netware 4 they must reconsider their file and print strategy in the light of Windows NT's broader usability and market momentum. *Drive comparisons between Netware and NTS on our terms and use the BackOffice family to win.* Do not be afraid to take on the Netware stronghold on file and print but do not let Novell dictate the terms of evaluation. We must encourage evaluation of NTS file and print by challenging Netware 4 as a high risk decision based on its proprietary directory services architecture and lack of application server support.

The BackOffice standardization sale will also force competition with Lotus and others on mail. We must win the mail battle. This is a hard fight but we cannot let our focus waver. Sell mail.

The key is to avoid competing against criteria established by our competitors, and if we cannot change these, we will use the approach of differentiating ourselves through selling NT as a platform for business application solutions.

BackOffice as a solutions platform

We have the opportunity to use BackOffice to solve business problems that customers have in both horizontal areas such as sales force automation and line of business functions such as retail store management. In these cases the customer faces three choices as to how they secure the solution.

1. Buy an off-the shelf application e.g. SAP's R/3 financials or PSI's retail POS system.
2. Have a Solution Provider bid to build a system to solve the problem.
3. Have the internal MIS function build a system.

Our success will come from ensuring that in each case the solution is built on Microsoft products.

MS-PCA 2614917

The S50 billion business and mission critical systems market is dominated by mainframe and minicomputer software products though now shows a move towards a more open client/server architecture. To this market Microsoft represents the promise of new technology and a more competitive economic dynamic that could dramatically reduce cost whilst improving choice, flexibility and return on investment. Therefore we have a compelling argument for the LORG business decision maker.

Our challenges include:
- Securing BackOffice support from the established developers and integrators for whom the "New Computer Industry" can threaten the foundations of their success and business model.
- Helping customers transition to the less secure unbundled world of "best of breed" horizontal integration.
- Ensuring that our front office platform has as significant a role as our back office applications.

Solutions Selling deliverables from Corporate

So how do we make the solutions selling model work and what roles do our people play in it? We must grow Microsoft to be the credible solution platform provider for the large organization. independent of whether the customer builds or buys custom or packaged business solutions.

The following actions represent steps that need to be taken to be successful in selling solutions.

Step 1 - pick the right business areas - based on potential, revenue, competition and ease
Given our limited capacity and experience we believe Regional Directors should start by choosing a focused solutions area. OCU management will profile the vertical and horizontal markets we are addressing, and provide regional opportunity data for assessing and targeting market opportunities. When a market has been selected we suggest regional OCU teams secure a focused regional vertical marketing manager.

Our taxonomy for choosing customer prospects must evolve from that applied to Office. For example, we must drive selling effort not simply based upon how many desktop PC's a company already has. but rather how many servers and desktops the solution would drive (retail point of sale devices converting to PC's for example).

Step 2 - Work with Solution Developers to build business solutions on Microsoft technology
Vertical marketing teams target developers and integrators, then must build a compelling technical and business proposition that results in these companies delivering BackOffice solutions. A relationship between global regional partners and Microsoft's local field representatives must be enabled through communication of solution directories. and a face-to-face introduction brokered by the vertical managers. If a regional vertical marketing manager identifies the additional need for regional solutions they can use MCS to aid porting, and use our tried and tested SD business value proposition to justify partner loyalty. When partners are selected we must measure and incent our reps to work with their peers in partner companies, with a recognition that this must generate incremental opportunity for both parties.

Step 3 - Team with SP's in solution areas to gain bigger MCS projects and secure SP's
We have a hole today that we must fill. We need sufficient integrators to support our target customers with installation, integration, training, and other key infrastructure services. We will depend on integrators as more companies buy "packaged" line-of-business solutions on the Microsoft platform not just within a country, but also crossing country and regional boundaries, as multinational organizations integrate their subsidiaries on a Microsoft platform (Mail, Accounting, etc). The key issue we must drive is large scale integrators who will focus on Microsoft and not try to switch customers to Unix or alternative platforms.

During FY94 we have picked specific global integrators to work with such as EDS, Andersen Consulting, SHL Systemhouse, Ernst & Young, Cap Gemini. and others and have resourced to comprehensively support bids from these integrators as follows:

- Provide education on Microsoft technology for consultants and integrators
- Use MCS investment hours to prepare and win the bid (MCS will also be measured on this)
- Build licensing and support policies to facilitate the opportunity for the worldwide national partners.

Step 4 - Drive the success stories and change the perceptions
Each region will need local trophy wins before we can be seen as a "fighter" in a given vertical market and a major challenge is winning that first customer. OCU will deliver an initial portfolio of international case studies successes. supplemented by line-of-business demos that can be presented by local staff or the Enterprise Technical Marketing (CATM) team.

When local business is secured the regional vertical manager should work with subsidiary LORG management and PR specialists to profile success in each country. ensuring that "vertical" and business press and analysts identify Microsoft as a credible provider of enterprise business solutions.

Step 5 - Fix the support & services for enterprise customers
Our support must be integrated with that of partners so that customers feel secure as they select the Microsoft technology platform for mission critical solutions. For example, if a branch network crashes at midnight. because of a complex Windows NT problem how would they get resolution before the following morning? We must define the level of commitment from Microsoft that supports our leveraged business model. but allows this need to be met. While we have made a great deal of progress with support. including hot fix and escalation plans in some areas, we have a long way to go.

LORG Sources of Revenue -- Issues for discussion
- How do we significantly increase the percentage of LORG accounts with signed MELP agreements for Office?
- How do we significantly increase the percentage of LORG accounts with signed MELP-M agreements for Office, Windows, and BackOffice product family clients?
- How do we partner with LSSI's that have the right skills and capacity to fill our "service gap"?
- How do we ensure effective high-close rate joint-selling between MS field and our solution developers partners?

III. Select v3.0 Launch

Select 3.0 is a major upgrade to Select that provides substantial benefits to both customers and LARs. Focus for the new version has been to simplify the whole offering to make it easier for the field. channel and customer to understand and execute. A simplified program is assumed to shorten turn around time for new agreements and renewals and allow more new agreements to be signed. It is also an important step to increase customer satisfaction with our existing Select customers and to drive more revenue through these existing agreements.

An important component of this effort to simplify the program has been to make the ordering process for licenses map the way customers do normal business and to back that up with tools to provide a smooth transition for the LAR channel. This move to an ordering process model further paves the way for our strategy to, in the future, electronically deliver licenses to Select customers.

The Select 3.0 launch on April 4, 1995 will be both a great opportunity and a drain on local resources. The Select Marketing Team has already been in contact with local Select contacts and Regional Select Champions in preparation for Select 3.0 launch. **The three issues/activities which will effect subsidiary resources the most are: 1) Training of sub sales reps and channel, 2) Localization and printing of collateral and agreements, and 3) Training on the new agreement and ordering procedures.**

The keys to success with Microsoft Select 3.0 are **simplicity and optimization.** To that end, the majority of Select 3.0 changes are focused in three key areas: 1) customer transactions, 2) simplification of license types and 3) maintenance changes. Highlights of these changes are summarized below.

    MS-PCA 2614919

- **Customer Transactions:**
  - Minimum volumes per Enrollment Agreement is lowered from 1000 units over two years to 500 units.
  - Quarterly reporting by the customer is no longer required. The process will be changed to a transaction-based model where products are simply ordered through the channel, and the channel is responsible for reporting orders back to Microsoft.
  - On a monthly basis, each Enrollment customer will receive a license confirmation which validates the number of copies they have ordered and reproduced during the previous period.
- **Simplification of License Types:**
  - Variable License customers can now standardize at the Enrollment level with Departmental Enterprise Licensing, provided they have a minimum of 250 qualifying computers (and a total of 500 units). They do not need to meet the Enterprise License minimum at the Master level.
  - Maintenance, upgrades and new licenses now have the same unit count and also count toward the overall unit forecast.
  - Level B and C forecast/commitment levels for Variable and Enterprise licenses will be increased, but Level A volumes will remain the same.
- **Maintenance Changes:**
  - Each Enrollment site may add an unlimited number of licenses to Maintenance during the first two quarters of the *Enrollment* Agreement (although such additions may occur only during the first full year of the *Master* Agreement). During the last four quarters of the Master, or after the first two quarters of an Enrollment, maintenance enrollments will be limited to the quantity of new licenses or upgrades purchased on the same order.
  - Maintenance begins when the customer places their order from their LAR. The first invoice/billing for maintenance will cover the first <u>full</u> calendar quarter.
  - MS will automatically bill maintenance quarterly.
  - Both the Variable and Enterprise licenses now include the right to purchase maintenance; no separate maintenance agreement is required and there will no longer be a need for separate MVLP-M or MELP-M Addenda.

TARGET AUDIENCE

To achieve launch sales objectives, it is critical that the sales force target and prioritize accounts properly, with the primary goal of maximum revenue per desktop. Ultimately, it will be up to each district, subsidiary and region to create and maintain their own prioritized "hit list" of new and current customers to target for Select 3.0. However, we recommend that sales reps first target non-Select customers, as opposed to existing Select customers. We recommend the following guideline for prioritization:

1. **Non-Select Customers**

   - Tier 1 and Tier 2 accounts
   - Trend towards software standardization
   - Trend towards centralization of IT and Purchasing
   - BackOffice, Office, Windows users or prospects for Maintenance

2. **Current Select Customers**

   Customers that are expiring within the next 6 months:
   - Priority should be given to contracts which expire by June 30, 1995 (including all pre-April 1, 1995 expirations, which will be automatically extended to June 30).
   - Secondary emphasis should be placed on contracts which expire in subsequent quarters (September 30, 1995, December 31, 1995 etc.). *Note: A marketing "push" for Select 3.0 will not occur for these customers until FY96, to leverage momentum and availability of Windows 95 and Office 95.*

   Enterprise License Potential
   - High-performing Variable License customers who are now ready to take advantage the Enterprise License

    MS-PCA 2614920

- Smaller business units with a minimum of 250 workstations at their site (and 500+ units overall) which were previously unable to qualify for the Microsoft Enterprise License

Maintenance Potential

- Existing customers who may "graduate" to a higher discount level due to a large installed base, which is either currently or potentially enrolled in maintenance
- Existing customers who wish to enroll more products in maintenance than the maintenance addition rules in their 2.x contract will allow
- Existing customers who will benefit from enrolling Office, Windows and BackOffice products in maintenance.

PROGRAM GOALS

The following objectives are focused on 1) objectives for the actual Select 3.0 launch itself and 2) objectives for the subsequent six months of post-launch sustaining sales and marketing. The primary objective of Microsoft Select is to *increase revenue and marketshare* in large and medium organizations.

Key Marketing Objectives:

- Provide a smooth transition for current Select customers to entice them to renew under Select 3.0
- Increase the revenue per Select desktop by selling more Enterprise Licenses and Maintenance
- Drive more business in the Tier 1 and Tier 2 large account segment
- Deliver information, training and tools needed for sales force and channel to meet its objectives

Key Sales Objectives:

- Renew/roll-over 100% of customers whose agreements expire before October 1, 1995 (approximately 300 Master Agreements).
- Sign 180 new (vs. renewal) Master Agreements by October 1, 1995
- Ensure at least 40% of Select 3.0 agreements include Enterprise Licenses
- Leverage the renewal opportunity to sell additional license types, pools and/or products

MARKETING

Marketing Deliverables:

Please see attached spreadsheet for a list of program deliverables and due dates.

If you have any questions about Select 3.0 launch or marketing plans, please send them to the SELPUSH alias.

INTERNATIONAL IMPLEMENTATION

Select relies on the "Selchamp" marketing and sales contacts worldwide to offer program input and local subsidiary planning and implementation. We had a regional representation group of Selchamps at Redmond in early December for input and planning purposes. We have also communicated final Program Specification, Transition plans and Marketing plans to all Selchamps, and have weekly status meetings with regional contacts for updates.

Select v3.0 Launch -- Issues for discussion

- How fast should we drive conversion of existing Select customers to version 3.0?
- How do we optimize channel preparation for Select v3.0? How do we prepare channel partners for electronic reporting?
- How do we minimize complexity of Select v3.0 changes and transition issues for our field and partners?

Business Systems Division

WWRDM Presentation
February 1995
Richard Tong

BSDMktg Reengineering 95

- ◆ People
  - ➤ Leads 1 out of 7 remain, 8 of original 37
- ◆ Product discipline
  - ➤ Fast NT, ship SMS, Mail QFE, NT version
- ◆ Packaging, licensing, logo and name
  - ➤ client access, no more unlimited, BackOffice
- ◆ Press, analysts and reviewers
  - ➤ 5 of 6 NT Server, 5 of 5 NTW, 24 in all

Microsoft

BSDMktg Reengineering 96
Need your feedback...

◆ Plans
➤ 3-year outlook, FY96 by 2/21
◆ Product discipline
➤ Exchange, Migration/interop, BackOffice, SMS
◆ Execution
➤ Focus on RTM to actual customer availability
➤ Sales tools from T+90 days to T-90 days
➤ Better job on Techdesk and EBC
◆ International
➤ 2 call/mo. to Europe/LATAM, 1/mo. FE/APAC
➤ 2/21/95 for FY96, 11/95 for 2HFY96

Business Planning
FY96 Budget Feedback

◆ See handout for details
◆ Launch budget assumptions
➤ SQL: 8/95 with slow ramp
➤ Exchange: 3/96 with slow ramp
◆ Launch scaling
➤ Scale client/server ratio low at launch move to steady state in 6-9 months
➤ Upgrades scale up in clients too
◆ Have done mix by LORG, MORG, SORG so you can tune for your market

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Product Issues
Release Dates Feedback

- ◆ Three proposals:
  - ❶ NDA best, NDA worst case, Press
  - ❷ Confidence interval (-2, +6 weeks)
  - ❸ "Very confident we'll make RTM"
- ◆ Specifically give date for next schedule update
- ◆ Need to launch this change like a pdt
- ◆ Jimall to finalize by 2/95

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Product Issues
Release Dates Example

- ◆ Exchange Server RTM 7/95
- ◆ Proposal 1
  - ➤ NDA Best guess 1QFY96 (e.g., 9/95)
  - ➤ NDA worst case 2QFY96 (e.g., 12/95)
  - ➤ Press: "When its ready..."
  - ➤ NDA includes LORG, SP Partner
- ◆ Proposal 2: RTM is (0, +5 months)
- ◆ Proposal 3: 20% confidence on RTM
- ◆ Schedule updates: on beta 1 ship estimated at 2/10/95 (originally 1/3/95)

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Microsoft·

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Product Issues
Migration and Interop

- ◆ **Windows NT Workstation**
  - ➤ Scheduling now: 4.1 redir
  - ➤ No viable plan for Windows 95 UI before Cairo
- ◆ **Windows NT Server**
  - ➤ In plan: Btrieve, FPNW, NetSync
  - ➤ Scheduling: NDS, VINES migration tool
- ◆ **Exchange**
  - ➤ In plan: Notes, cc:Mail client providers
  - ➤ Scheduling: Notes database migration tools
- ◆ **Systems Management Server**
  - ➤ VINES compatibility, Windows 95 client
- ◆ **Your list...What about SQL Server, SNA Server?**

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Marketing Issues
Licensing Update

- ◆ **Add "flippy" to NTS/SNA**
  - ➤ For RAS servers to Internet, for ex.
  - ➤ SNA/NTS occasional user in large net
- ◆ **Honesty in NTS 3.51**
  - ➤ Can audit per-server and per-seat
  - ➤ Includes encrypted registry entry
- ◆ **NT Server Value Packs in regions**
  - ➤ 10 Client Access plus NTS at US$999 ERP
  - ➤ 5 Client Access in Europe (per Rolfs)
  - ➤ Japan already does 20 clients pack
- ◆ **Handout on rollout starts 2/95**

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Marketing Issues
Sales Tools Feedback

Pdt	Description of Tool	Ready
Arch	Microsoft and DCE	3/95
Arch	Microsoft security overview	4/95
Arch	Microsoft and Objects	4/95
Bko	BackOffice Sales Guide, Self-Study Kit	Done
Bko	Selling against Novell	3/95
Bko	Selling against Unix	4/95
Bko	BackOffice, SQL, Exchange Quick Prep	3-4/95
NT	Windows NT Self-study kit	Done
NTS	NT Selling Guide	Done
NTS	Interoperating with NetWare 4.1	4/95
SQL	SQL Server 6 migration	3/95
Mail	Mail Resource Kit, Self-Study Kit	3/95
Exch	Migration from Mail to Exchange	3/95
Exch	Interoperating with Notes	5/95
Exch	Interoperating with X.400, X.500	5/95
Exch	Interoperating with Internet	6/95

Marketing Issues
Notes and Exchange

◆ **Notes 4 to ship Cal95**

➤ End-user: cc:mail, programming, workflow, internet

➤ Server: NT-based, OpenView admin

➤ See Notes 4 handout

◆ **Current Mail accounts**

➤ Trans team (1/3 of product marketing)

➤ Mail Server 3.5 for NTS (RTM 4/95)

◆ **Narrow Notes market with BackOffice**

➤ See handout for Jimall exec retreat presentation

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Microsoft

Marketing Issues
Selling BackOffice

- ◆ **Our long-term advantage**
  - ➤ Integrated, client=server, DRG
- ◆ **Now through FY96**
  - ➤ BackOffice is a family not a product
  - ➤ Sell BackOffice client access product
  - ➤ But, most sales will be individual server and client access licenses
- ◆ **FY97 and beyond**
  - ➤ Sell BackOffice client access license
  - ➤ Sell BackOffice Server for branches, superservers but most sales are individual server licenses

backoffice.ppt BSD WWRDM 95 presentation Riehl 11 10:40 PM 2/3/95

Microsoft·
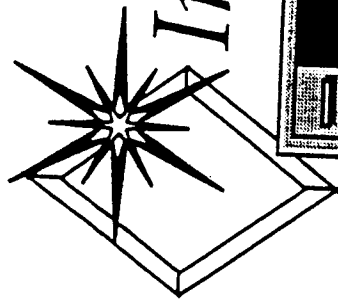
Installation Screen

Choose Licensing Mode

<Service> supports two client licensing modes:

- **Per Seat**—a per workstation license for all <Service> servers on your network

- **Per Server**—a maximum simultaneous user connection limit on this server

Client Licensing Mode

- ⦿ Per Seat
- ○ Per Server for: [ ] ▲▼ users

OK

Cancel

Help

Business Systems – Worldwide Revenue & Licenses

	FY96 Revenue	FY96 New Licenses	FY96 Upgrade Licenses	FY97 Revenue	FY97 New Licenses	FY97 Upgrade Licenses	FY98 Revenue	FY98 New Licenses	FY98 Upgrade Licenses
Win NTS									
Servers	$97,837	185,930	20,539	$151,714	224,374	145,417	$197,891	353,217	83,668
Client Access	$43,722	1,431,031	205,395	$80,095	2,013,675	1,454,172	$120,921	3,816,458	836,685
Total	$168,634			$231,809			$318,812		
SQL Server									
Servers	$20,870	15,035	21,380	$28,669	25,842	19,363	$39,000	44,293	7,517
Client Access	$51,835	215,484	427,603	$70,063	388,903	387,270	$93,795	699,897	150,347
Total	$72,705			$98,732			$132,795		
Exchange Server									
Servers	$11,921	20,384	23,505	$22,210	50,744	22,926	$28,401	77,292	11,967
Client Access	$41,566	326,143	470,099	$67,136	710,419	458,512	$81,728	1,082,083	239,347
Total	$53,487			$89,345			$110,129		
Mail 3.x Server									
Servers	$6,478	21,263	0	$1,624	5,331	0	$0	0	0
Client Access	$21,693	340,209	0	$4,759	74,635	0	$0	0	0
Total	$28,171			$6,383			$0		
SNA Server									
Servers	$4,424	12,108	3,308	$9,924	26,997	7,813	$14,288	41,889	5,449
Client Access	$15,037	261,540	66,155	$39,647	699,752	156,269	$69,003	1,302,907	108,975
Total	$19,461			$49,571			$83,292		
Sys Mgmt Server									
Servers	$2,559	4,833	1,287	$4,659	8,168	3,462	$6,920	13,805	2,175
Client Access	$11,603	261,390	64,350	$21,712	459,420	173,102	$33,865	807,476	108,752
Total	$14,162			$26,372			$40,785		
BackOffice									
Servers	$10,808	7,311	601	$15,903	9,072	3,890	$26,286	16,808	3,290
Client Access	$40,690	186,999	30,025	$75,498	269,156	194,515	$141,417	604,929	164,490
Total	$51,497			$91,402			$167,703		
Internet Server									
Servers	$7,212	16,931	0	$11,826	22,755	7,619	$14,798	29,734	7,619
Client Access	$2,119	348,271	0	$3,651	514,884	129,522	$5,021	740,059	129,522
Total	$9,331			$15,477			$19,820		
Win NT Workstation									
Workstation Total	$102,887	493,031	160,334	$197,201	887,456	323,034	$311,931	1,553,048	221,864
Total Revenues									
Servers	$162,109	283,795	70,620	$246,529	373,284	210,491	$327,584	577,036	121,686
Client Access	$228,265	3,371,067	1,263,628	$362,562	5,130,843	2,953,361	$545,751	9,053,810	1,738,117
WorkStation	$102,887	493,031	160,334	$197,201	887,456	323,034	$311,931	1,553,048	221,864
Total	$493,262			$806,292			$1,185,266		

2/7/95

MS-PCA 2614930

Server Licensing Model Marketing Plan

To: JAStaff, Rich Tong, NTATTACK, BSDSQUAD, Worldwide BSD Managers

From: Betsy Johnson; Jim Ewel

Date: January 24, 1994

Rᴗ: **Server Licensing Model Marketing Plan**

With the latest release of the Microsoft BackOffice family of server products, we introduced a new licensing model that separates the purchase of client access licenses from server licenses and provides a more flexible, manageable way to license client-server products. In the first 3 months after the introduction of the model, sales of client licenses especially for Windows NT Server were extremely weak. The ratio of clients to servers hovered around 4 compared to an initial forecast of 17 to 1. Many customers, resellers and the Microsoft field sales force did not understand the model, nor the value of client access licenses. In addition, the marketing of Windows NT Advanced Server 3.1 conditioned the market to expect an unlimited server.

The launch of Windows NT Server 3.51 provides the opportunity to launch the licensing model again as well as introduce a concurrent use ("Per Server") option. Windows NT Server, SNA Server and Exchange will add a concurrent use option, while System Management Server and BackOffice will only be licensed under the Per Seat option. In this roll-out of the licensing model, there will be management tools in the product itself. There will also be additional marketing materials to help educate customers, resellers and the Microsoft Field sales force.

Key issues

We face 4 major challenges:

- Increase the client/server ratio by creating an awareness of the value of client access licenses, especially for Windows NT Server.
- Creating an awareness and understanding of the new tools to measure usage as a customer benefit. Most customers want to be legal. We need to position this as a response to customer demand.
- Communicating to customers, press and the channel that the Per Server option is an added benefit to the model, rather than a major change in direction.
- Creating an understanding of when to choose the Per Server option rather than the Per Seat option.

Why add the per server option (concurrency)?

- It is the best way to get a higher degree of compliance with our licensing model.
- Flexibility of licensing is a competitive advantage for Microsoft in the marketplace. Our experience with SQL suggests that customers prefer the flexibility of having both models to either licensing model alone.
- Adding the per server concurrent mode solves a number of problems for customers. Many customers have requested a concurrent mode license for our Remote Access Services. All competitors to RAS use the concurrent mode of licensing. We believe that this change will allow us to compete for the 100-110K RAS servers sold in '95. Without the change, we won't be competitive in this market.
- Many customers in the U.S. and a few internationally have asked for concurrent access mode for SNA Server. All competitors to SNA Server use the concurrent mode of licensing.
- Companies bringing in their first Windows NT Server into an environment where the predominant NOS is something other than NTS want to be able to give a wide range of users occasional access to NTS. Concurrent access gives them a cost effective way of accomplishing this. This is particularly important for those customers using file and print services for NetWare.
- Many ISVs are creating unique solutions for Windows NT Server that need to be available to many occasional users. Examples include print servers, CD-ROM servers and special communications servers.

Plan

- Use the Windows NT Server 3.51 as an opportunity to re-launch the licensing model and continue the education of customers and the channel.
- Use an analyst and press tour for Windows NT Server 3.51 to help communicate benefits and flexibility of model to customers.
- Use Windows NT Server value bundle to cue customers that they need to buy client access licenses.
- Educate customers on the licensing management tools available in the product as well as how to use them.
- Promote licensing model as a product benefit.
- Deliver data sheet, training video, presentations, quote tool, which can be used by both the MS field and as well as other selling partners.

Business Objectives

- Increase the client/server ratio to 15 to 1 worldwide in six months.

Marketing Activities

	Corporate Air Cover	Field Sales & Subs.	FY 95 Goals
Worldwide Product Marketing	Basic Tools including demo, presentation, video, MSTV Add licensing to all trainings Train ISS on new model		ratio of 15/1 in six months
Large Organization Customers (LORG)	Add licensing section to InfoBase, cross-reference materials in all BackOffice family products	Include licensing model in all presentations Use quote tool Audit Select agreement	In LORGS, ratio should be 20/1 in six months

		for client/server ratio	
Small/Medium Organization Customers (SMORG)	Include materials in SP-in-a-Box	Include licensing model in all presentations Hold monthly reseller meeting on updated model using SIB	
End-User Customer Unit	Change server to list naked server as 0 client	Continue education including on-site trainings, quiz, sales contests Audit weekly sales for client/server ratio Rollout tools to accounts for use with their customers	

Product Milestones

	Jan '95	Feb '95	Mar '95	Apr '95	May '95	June '95
CAMPAIGN		Press /Analyst Tour				
ESTIMATED BETA DATE		2/15/95				
MS ANNOUNCE DATE				4/1/95		
ESTIMATED SHIP DATE				4/1/95		

Products and Positioning

Target Audience

- For Per Seat: pervasive use of Windows NT Server for File and Print, SQL Server and SNA Server; all Systems Management Server and BackOffice customers
- For Per Server: occasional use of Windows NT Server, SQL Server and SNA Server, as well as users of RAS and File and Print Service for NetWare.

Positioning

Microsoft Back Office Family licensing model offers customers flexibility, predictable licenses fees, ease of administration and value.

- Customers can choose the option that best meets their needs.
- The licensing model scales so customers can predict their license fees as they grow.
- The consistency of the model across server products as well as the tools in Windows NT Server 3.51 to track usage reduce the administration burden.
- Every family member of the BackOffice is priced attractively compared to its competition, and the bundle pricing offers further value.

Marketing Programs

Advertising

Create ad slicks promoting the licensing model and co-market with channel partners

PR

Situation:
- Awareness of licensing model and benefits is low.

Opportunity/Issues:
- Communicate value to customers of licensing model.
- Create awareness of value of client licenses
- Minimize disruption of evaluations of Windows NT Server 3.5 with new release

Plan:
- Make licensing model and tools a key new feature of Windows NT Server 3.51 release.

Date	Press Tour Activities
February	Windows NT Server 3.51 Beta press tour
Q3FY95	Analyst Tour

Promotions/Events

MSTV segment on licensing and tools

Purchasing Managers Seminar in conjunction with Select 3.0 on how to license Microsoft products

Sales and Marketing Tools

Sales Tool/Milestone	Responsibility	Date
Beta of 3.51 goes out	Development	Week of Feb 13
NTS 3.5 value pack to channel	Betsyj	Mar 1
RTM	Development	April
Updated licensing brochure	Jime	Feb 13
Licensing Model Data Sheet	Betsy Johnson Mbowman - Production	Late March
Concise Guide to selling BackOffice	David Ostroff	Now
Quote Tool	Jim Ewel	Now
Presentation	Betsyj	Now with revision for Feb 13
Video on model and demo of product tools	Betsyj/Jim Ewel	March
MSTV segment	Betsyj/Jim Ewel	April
Purchasing managers tour	David Ostroff/Anne Roe	April
Q&A	Betsyj/Jim Ewel	Feb 13
Reseller/Field Focus		
Product Launch Bulletin	BetsyJ	Feb 13
BackOffice Sales Kit Revised version of existing kit, plus all items below	Peggys - Overall	April
Reseller Desktop Fast Facts	Betsyj	March
Ad Slicks	TBD	April
Training Quiz	Betsyj/Jime	Now with revision for Feb

Licensing Sales Tips Sheets	Betsyj/Jime	March
Standard slides for inclusion in all presentations	Betsyj	Feb 13 (Done)
Standard Paragraph for inclusion in all documents	Jime	Feb 13
Seminar-in-a box	TBD	March
Press/Analyst Focus		
Press release ready	Jime/Aimee at Waggener	Feb 17
Locate customers to talk to press	Jime	Feb 17
Locate channel people to talk to press	Peggys	Feb 17
Research pulled together on licensing	Jime/v-brianb	Feb 13
Research on client-server ratios	Betsyj	Feb 21
Press tour	Jonro/Jime/Mikenash/Betsyj	Week of Feb 28
Analyst tour	Jonro/Jime/Mikenash/Betsyj	Week of Feb 28

International

All materials will be posted or distributed to the subsidiaries for localization and distribution 60 days prior to RTM.

Share best practices for education and training on model in bi-weekly conference calls.

✴ BackOffice/Office Strategy


```
┌──────────┐ ┌──────────────────────┐
│          │ │                      │
Mail Server │>│     cc:Mail          │
   3.5      │ │     Notes            │
│          │ │     SmartSuite       │
│          │ │                      │
└──────────┘ └──────────────────────┘
```
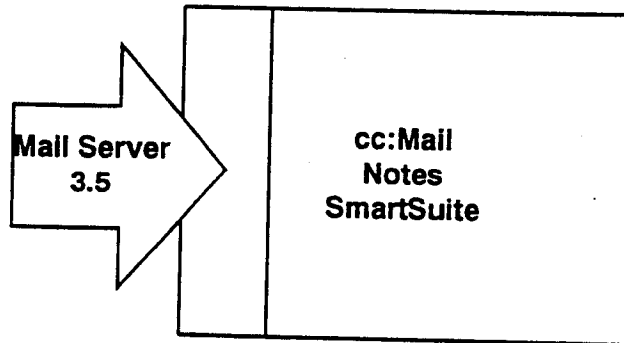
mssus49f.ppt Jsmail Exec Retreat draft on Lotus 59, 11:37 PM 2/9/96

✴ MS Mail

- In US, Mesa Conference+ bundle with Ads & Direct Mail on 2/20

- Deliver updated MS Mail 3.5 with NT MMTA and admin utils by 4/95

- More customer satisfaction & deployment info
  - Updated MSMail-Exchange migration guide by 3/95
  - MS Mail Resource kit ships 2/95
  - MS Mail Self-study kit (for MCP) ships 2/95
- OCU SMORG Mail attack for S2
- OCU LORG Mail attack for S2 *mssus49f.ppt Jsmail Exec Retreat draft on Lotus 30, 11:37 PM 2/9/96*

Microsoft Confidential   Draft: 2/1/95

BackOffice/Office Strategy

```
Mail Server          cc:Mail          SQL Server
   3.5               Notes               6.0
                   SmartSuite
```

mssuite01.ppt Jsmall Exec Retreat draft on Lotus 31, 11:48 PM 2/5/95

SQL Server 6.0

- Whitepaper: Deployment considerations structured and unstructured business data by 3/1/95
- Tech Beta 3: now
- SQL Server 6.0 Dev. Conf (NDA: 2/8 - 2/9
- Analyst Tour: before 3/1/95
- Marketing beta starts: 3/3/95
- Competitive Upgrade program starts 3/3/95
- Free Upgrade Window starts 3/3/95
- Pre-launch ads: 3/3/95
- Long-leads/reviewers tour : 3/15/95
- Launch: DB Expo 5/1 - 5/5/95. RTM 5/17/95 draft on Lotus 32, 11:48 PM 2/5/95

Microsoft Confidential   Draft: 2/1/95

BackOffice/Office Strategy

Exchange Client
in Windows 95

Mail Server
3.5

cc:Mail
Notes
SmartSuite

SQL Server
6.0

mosxo991.ppt Jmail Exec Retreat draft on Lotus 33, 11:37 PM 2/6/95

Exchange Client in Windows 95

- Dedicated Analysts/Press tour 2/20/95
- MAPI 1 provider push
  - ➡ cc:Mail provider by Exchange Server ship
  - ➡ Notes provider by Exchange Server ship
- Updated Client whitepaper by 3/1/95
- WW demo with information stores and connections to multiple back-end services by 3/15/95

mosxo991.ppt Jmail Exec Retreat draft on Lotus 34, 11:37 PM 2/6/95

Microsoft Confidential   Draft: 2/1/95

MS-PCA 2614938

BackOffice/Office Strategy

Exchange Client in Windows 95

Exchange Server → **cc:Mail Notes SmartSuite** ← **SQL Server 6.0**

mosss98f.ppt Jrmail Exec Retreat draft on Lotus 36, 11:37 PM 2/6/96

Exchange Server

- Reset evaluation criteria to "Enterprise messaging infrastructure".
  - Analyst tour & selected labs: 2/20/95
  - 5 reference accounts based on Beta 1 by 3/1/95
- First Looks program
  - Based on beta 2: May 95
  - Trains 1200 SPs to support 5,000 worldwide pilot deployments (expect 15K - 20K servers)
- Demonstrate Office integration

mosss98f.ppt Jrmail Exec Retreat draft on Lotus 38, 11:37 PM 2/6/96

Microsoft Confidential   **Draft: 2/1/95**

BackOffice/Office Strategy

```
            Office          Exchange Client
                            in Windows 95

 Exchange              cc:Mail              SQL Server
 Server                 Notes                  6.0
                      SmartSuite
```

Office Integration w/ Exchange

■ Committed for Office 95
- Word as Exchange editor
- Post to Exchange Public Folder
- Replacement for Capone post form
■ Office 95a: Office templates as Exchange forms
■ Office 96: Access forms
- Enhance forms wrapper: Office templates as Exchange forms
- Better support for Word as Forms editor & runtime
■ Workgroup message is central to Office 95
- Fulltime, dedicated Product Manager focused on Office/Exchange integration
- Group scheduling whitepaper available 2/1/95
- Schedule + press/analyst press tour 3/15/95

Microsoft Confidential   Draft: 2/1/95

BackOffice/Office Strategy


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moexec001.ppt Jimail Exec Retreat draft on Lotus 39, 11:37 PM 2/8/96
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Internet Server

- ■ Demonstrate NTServer as *THE* Internet platform
  - ➡ NTServer as Internet platform whitepaper done
  - ➡ Analyst/lab press tour by 3/30/95
  - ➡ Internet World show: mid-April
  - ➡ Momentum: demonstrate 10 of the top 12 Internet sites now running on NTServer platforms
- ■ External Beta of Internet Server : 7/1/95
- ■ RTM: before end of 1995

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moexec001.ppt Jimail Exec Retreat draft on Lotus 40, 11:37 PM 2/8/96
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Microsoft Confidential   Draft: 2/1/95

BackOffice/Office Strategy

	Office	Exchange Client in Windows 95	
Exchange Server		cc:Mail Notes SmartSuite	SQL Server 6.0
			Internet Server
	Windows NT Server Cairo		
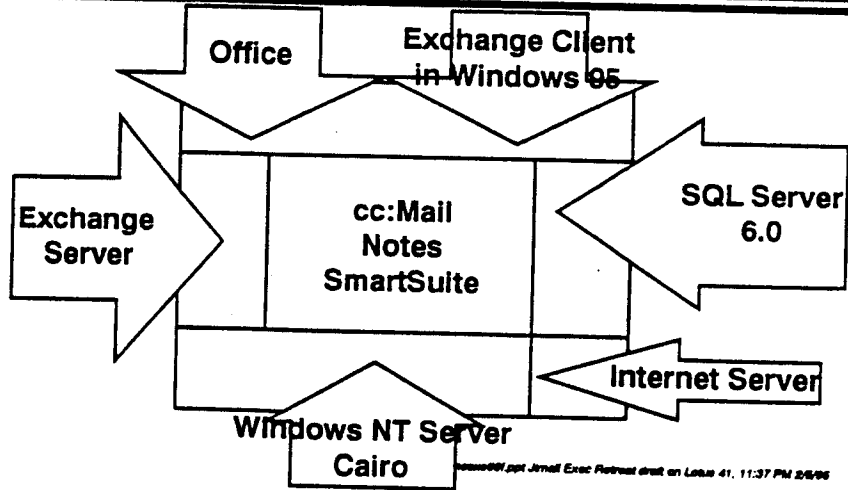
Cairo

■ Directory Service integration across operating system, Exchange, and apps

■ Consistent object store available to applications as file system

➡ Replication

➡ Content indexing, fast retrieval

➡ Distributed namespace

Microsoft Confidential   Draft: 2/1/95

To: February 1995 WWRDM Attendees
From: Jim Allchin, Rich Tong
Date: February 1, 1995
RE: Business Systems Division FY95 Planning

The last six months have been successful for BSD with FYTD revenues at 106% of worldwide plan. Moreover, we know that once we get our products in serious consideration. For instance, the latest fall ETM seminar results show that: 75% of customers who see a presentation on the BackOffice family[1] choose to evaluate it. And, 75%-90% of customers who run a pilot of a member of the BackOffice family choose to implement a full solution.

With limited resources, we need to look for customers who are already considering a change and get us into the evaluation of the BackOffice family. In the second semester of FY95 (S2FY95), they will come from three sources:

- **The Desktop.** Windows '95 will create a shift on the desktop, so we need to extend this to be a shift on the server as well. We will sell Windows NT Workstation to high-end customers.
- **The Server.** Novell will work overtime to get every network administrator to upgrade. We need to change the default choice and make it clear that buying NetWare 4.1 is not a no-brainer upgrade.
- **The Development Platform.** Developers are moving to new client/server tools and platforms, so we will sell our Office/BackOffice platform with our development tools as glue when they shift

The key is to turn each change from a small one to one that encompasses the client and the server and the applications. We plan to generate evaluations through the following initiatives:

- **Desktop 95.** Run IS seminars on the migration to the new desktop. Upsell BackOffice family as these accounts begin evaluation. Sell in NT Workstation as appropriate.
- **BackOffice 95.** Reach 10,000 business decision makers[2] and sell BackOffice families greater business value, run NetWare shoot-outs for 10,000 technical decision makers. Reach 15,000 technical implementers through technical workshops. Upsell BackOffice family in all these seminars.
- **Developer 95.** Promote to developers a combination of: Office as the front-end; VC, VB and Foxpro as development tools; SQL Server Workstation for back-end; Windows NT Workstation as operating system.

In addition to our evaluation objectives, we also need to defend our current revenues in:

- **Defend Mail.** Until the Exchange Server ships, the primary objective is maintain the current mail base with customer satisfaction programs, the Mail Resource Kit, the Mail Server for NT, and Mail training materials. We will also use the Exchange First Look beta program to hold accounts and get analyst/reviewers to understand how Mail/Workgroup application strategy.
- **Client-Access Licenses.** In many subsidiaries, Windows NT Server client-access revenues are below forecast.and this represents a sizeable revenue opportunity for us.

NEW PRODUCTS SHIPPING AND IN BETA FOR S2FY95

Detailed information about each product is kept in the full S2FY95 plan on the share \\bsdinfo\public in the file \s2plan~1.bsd\bsd95f~1.doc:

1. Windows NT Workstation 3.51. RTMs 2HFY95 with main feature being IBM PowerPC support with languages available on the same schedule as 3.5.
2. Windows NT Server 3.51. Introduces client-access license auditing, IBM PowerPC and compression
3. File and Print Service for NetWare. Goes into beta in 3QFY95. RTM 1QFY96. Detailed launch plan in \\bsdinfo\public\s2plan~1.bsd\products\fpnw95f~1.doc.
4. BackOffice server and client access license. We will ship after SQL Server 95 ships.
5. SQL Server 95. This product goes into beta in FY95 with RTM in Q4FY95
6. Mail Server for NT. Will beta 3QFY95 and ship 4QFY95 an NT mail transfer agent
7. Exchange Server. Product goes to beta 3QFY95 with beta 2 in 4QFY95. RTM planned for 1HFY96
8. Internet Server. Will ship in 2QFY96, but prelaunch begins in FY95. Initial marketing plan is in \\bsdinfo\public\s2Plan~1.bsd\inet95f~1.doc in the Internet Server section.
9. SNA Server 2.11. RTMs 14 days after 3.51 with PowerPC and other features
10. Systems Management Server. Beta of CSD update with Windows 95 support in 2HFY95

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[1] We use the term BackOffice family to mean talking about the concept of an integrated family with primary effort to sell each component. The term BackOffice Server refers to the single package of all the products in a single box. BackOffice client refers to a client access license that lets you access any server running any member of the BackOffice family.

[2] For simplicity, these goals refer to worldwide targets. We will refine as bottoms-up MYR plans are completed.

PRODUCTS AND THE COMPETITION

Windows NT Workstation

The product positioning is "the most powerful operating system for the most demanding business and technical needs." Its major competition is OS/2 Warp at the low end. We win with these features: 1) More reliable and stable foundation than Warp, 2) Preemptive multitasking and OLE support for 16-bit Windows applications (OS/2 can do one or the other), 3) Include full networking client including IPX, TCP/IP support (IBM will ship a network client in 1Q though), and 4) Remotely manageable and administrate with users accounts and control.

The high-end competition is Unix workstation. Here our main advantage is running on industry standard hardware and not just RISC systems. This leads to: 1) lower cost hardware and lower dependence on a single hardware vendor to support their proprietary systems, 2) runs the widest range of applications with both traditional Unix and PC applications available and 3) consistent with PC user interface that lowers training costs.

BackOffice Family

The consumer positioning of the product family is:

> Microsoft BackOffice, the first integrated server suite, makes it easier for companies to improve decision-making and streamline their business

We compete with traditional minicomputer/RISC products based on Unix and PC LAN products like NetWare. Our goal is to offer the best of both these worlds with the completeness of a Unix and the accessibility of NetWare. We will beat both of them by being more integrated between the server applications and between the client and the server.

At the high-end, we compete with traditional proprietary systems primarily Unix and AS/400-based products like Oracle, Sybase, HP-UX, HP OpenMail, etc. We have the traditional strengths of software that's part of the microprocessor revolutions: 1) we run on industry standard hardware and not proprietary RISC systems, 2) we have a very tight tie to the desktop and 3) we are designed to be much simpler to administer and use.

At the low-end, we compete mainly with NetWare especially their new 4.1 release that they view as a do-or-die effort to protect their installed base. We beat them with: 1) a better architecture that means we can be a multipurpose server, 2) better scaling and choice since we run on multiprocessors and non-Intel hardware, and 3) more applications that run on top of the BackOffice family. We also compete with Lotus Notes in particular. Compared with it we have: 1) better integration with databases and other network services, 2) better development tools and open APIs which means more applications and 3) with the Exchange Client included in Windows 95, a single view into the local and remote data from a wide variety of providers including MSN, Compuserve, the Internet, etc, 4) with Exchange Server better integration of mail and groupware with enterprise-level administration tools.
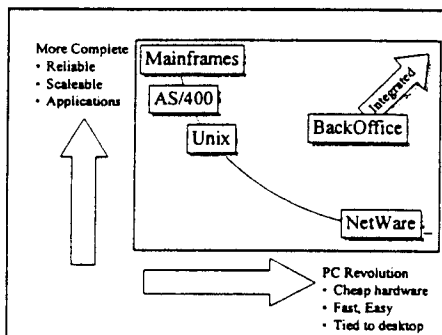
CAMPAIGN SUMMARIES

BackOffice component of Desktop 95

BSD's goal is to convert desktop trial for BackOffice family. Specifically we want customers to: 1) use Windows NT Server and Mail Servers to be the back-end servers and 2) customers to use SMS to deploy and manage these sites. Our subgoals for

- Get 500 worldwide LORG pilots of the BackOffice family as a result of their desire to move to Desktop 95.
- Get 1,500 worldwide MORG pilots to start BackOffice trials as a result of Desktop 95 shift.
- Expose 30,000 worldwide SORG to start BackOffice trials as a result of their interest in Desktop 95.
- Make sure customers considering OS/2 Warp include Windows NT Workstation in their evaluation.

Selling messages

Here are the key reasons why BackOffice family is the right choice when you are picking Windows 95 desktops:
- Windows NT Server is the best server for Windows 95 clients with support for long file names, TCP/IP support, integrated remote access built-in.

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- Simplified installation of Windows 95. Every Windows NT Server has a client administrator that lets you install the basic operating system.
- For fuller use, Systems Management Server gives you complete control of all the desktops in your company.
- Upgrade your Access database simply to a full, safe, fast relational database, SQL Server
- Full connection from desktops and notebooks back to your office or across the world with full remote access, connection to mainframes via SNA Server.

BackOffice Push

The BackOffice Push will take advantage of NetWare 4.1 upgrades evaluations that are happening worldwide.
There are four main components that will cover different audiences that are consider these upgrades:

- **BackOffice Business Value Seminars.** Build awareness of the business value of BackOffice amongst 10,000 business decision makers worldwide. The seminar content is generated out of BSD and can be used by the worldwide field. In these seminars, we will upsell the benefits of using Office/Windows as the front-end.
- **NetWare Technical Shootouts.** Reach 10,000 technical decision makers worldwide with NetWare vs Windows NT Server shootouts in those countries where direct comparisons are permitted. In other countries, these presentations can be used with the direct comparisons removed.
- **Windows NT JumpStart Technical Seminars.** Reach 10,000 people worldwide with Windows NT Technical Seminars. These seminars are designed for technical decision makers and IEU's, especially NetWare CNEs to give them the knowledge they need to make an informed evaluation of Windows NT Server. We will use this to cross-sell our MEC and ATEC offerings.
- **Windows NT Champions.** Recruit 500 individuals worldwide to build and maintain grassroots momentum for Windows NT Server. Participants will be recruited through technical seminars and tradeshows.

Winning the NetWare Customer with BackOffice

The three key messages for winning the server are:

- Multi-purpose operating system. NetWare 4.1 is good at file and print, but you need a completely different operating system, UnixWare to support real client-server applications. Position Windows NT Server as a multi-purpose server that enables business solutions without compromising file and print capabilities. Use positive reviews, ROI studies and design wins as evidence and convince SMORG resellers of these benefits
- Use our NetWare upgrade offer, File and Print Service for NetWare and the NetWare migration tools to position Windows NT Server as the easiest, most cost effective upgrade for NetWare 3.x
- Better long-term choice that you won't have to change while NetWare requires a shift to a new operating system to get a true multipurpose operating system.
- Easier to setup, learn and manage. Installation and support of the system are much easier due to both better integration and better administration and support tools.
- Proven to provide real business value. Studies show a 50-2,000% return on investment.

Developer Push

The key to this push is the migration from traditional development tools to more advanced rapid application development. The change means a new kind of application can be used with the leading issue being the type of development tool (VB, Access, Fox Pro) and what back-end (SQL Server, Exchange). The goal is to expand the evaluation into an overall one that includes both the Office as a development tool and the complete BackOffice. Another key aspect to winning with developers will be getting targeted applications over to Windows NT Workstation and the BackOffice family. Today over 1,200 server applications run on Windows NT Server and over 1,000 Win32 applications are available overall (See the detailed SD and DDT plans on this). Some key application shipping in S2FY95 are:

- Btrieve for Windows NT Server. This set of database routines will RTM in late Q3FY95. It means over 400 Btrieve applications including most accounting applications will run on Windows NT Server.
- SAP. The target is to run on SQL Server 95 and SAP has a development group working with the SQL Server group here in Redmond right now.

Winning the Platform Customers with the BackOffice family

- Seamless tie between the server and client mean you don't have to do the integration work
- Visual Basic lets you tie rich client applications with a powerful server software that is reliable and fast

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BSD MARKETING AIR COVER

This is a summary of the more detailed plans that underlie the BSD push for the second half of FY95.

BSD Marketing Programs Summary

- Public Relations. Overall air cover will include selling the BackOffice family by pushing hard on the KPMG ROI study and also a business press push to explain how we will change Business by the year 2000.
- Advertising, Direct, Collateral and Packaging. Major US campaigns include Windows NT Server, SQL Server and BackOffice family campaign to start in 2/95. Ongoing tactical ads for other products.
- Industry and events marketing. The major focus is on NetWorld and Tech*Ed
- Partner marketing. We will have tiers of partner and work with DD and OCU to integrate them.
- Magazines, eMedia, Demos and Presentations. We will ship two more issues of the BackOffice magazine, develop a BackOffice technical journal, publish onto the Internet and prepackage all our demos.
- SMORG Marketing. Focus is on seminars on business value and NetWare upgraders.
- LORG Marketing. Focus is on getting evaluations and using the Solutions Server for pilots
- EU Channel Marketing. Focus is on increasing client license sales, building channel technical depth on BackOffice, running trial programs with outbounds, and preparing for Desktop 95 with SMS
- International. Focus is on fixing our packaging and BOMs, improving information flow and pushing international responsibility to each product group in BSD.
- OEM Marketing. Focus is on getting BackOffice Server OEMs and reaching nontraditional OEMs.
- BSD Technology Marketing. This group will produce papers, give keynotes and woo analysts with the networking, objects, management, and openness technologies built into all BSD products.

BSD Product Plan Summaries

- Windows NT Workstation. Focus is on coordinating desktop evaluations with Windows 95, getting developers to use NTW as their standard desktop and getting Unix workstation customers over to NTW.
- BackOffice. Focus is on selling the family concept and launching the BackOffice server and client after SQL Server 95 ships.
- Windows NT Server. Focus is on getting NetWare customers to upgrade to NTS instead of NetWare 4.1. And on launching utilities that aid in NetWare migration.
- SQL Server. This includes the SQL Server 95 launch and sustaining plans for SQL Server 4.21a.
- Mail Server. The sustaining marketing plan for Mail Server that focuses on customer satisfaction.
- Exchange Server. Primarily the first look, beta and PR programs and holding accounts with them.
- Internet Server. This product won't ship until after FY95, but beta happens in this period.
- SNA Server. Get evaluations of SNA Server, especially NetWare. Recruit the major SNA product ISVs to resell SNA Server client licenses with their client-side products and Recruit the major SNA product ISVs and SPs to proactively sell SNA Server world-wide.
- Systems Management Server. Get evaluations of SMS and get customer satisfaction of the product up for the product.

Wrap Up/Key Issues

Steve Ballmer

Diversity

- ◆ Customers
- ◆ Partners
- ◆ Products

Microsoft

Goals

- ◆ Revenue/Profit
- ◆ New businesses: Consumer, BSD/Exchange
- ◆ New partners: Mass merchants, Service/Solution Providers
- ◆ Image
- ◆ Satisfaction

◇ *Development of our people training, tools, skill dev't, forces*

How We Work

(i.e. phone companies)

4: Org, EU, PTT, OEM

- ◆ Organization/Diversity
  - ➤ Customer Units
  - ➤ Worldwide connections — *will come back slightly — tried to do too much on WW consistency — must pick the right things. eg. big infrastructure or cost items — emphasize sharing*
- ◆ Competitive/Opportunity Focus
  - ➤ Opportunity mapping
  - ➤ Competitive Benchmarking
  - ➤ Anti-Piracy
- ◆ Satisfaction
  - ➤ Information Publishing
  - ➤ Incident Management
  - ➤ Customer Handling

meeting needed to be more focused on competitors — where are we weak? strong? that is key part of opportunity mapping

Steve B's priorities (#1)(#2) v/ MS Sales Info Publishing Training

Microsoft

How We Work

- ◆ Face Time
  - ➢ Information Publishing
  - ➢ Account Management
  - ➢ Direct Marketing: SMORG, EU, Reseller, SP, MCP
  - ➢ Sales analysis (MS Sales ++)
- ◆ Image/Training
  - ➢ Technical
  - ➢ Product Benefits
  - ➢ Scenarios
  - ➢ Sales/Marketing skills
  - ➢ Business

Priorities

Information Publishing

- ◆ What content: Technical, Benefits, Scenarios, Business Programs, Strategy
- ◆ What form: Slides, documents, mail, spreadsheets, *Video $*
- ◆ How: CD, laptop, MSN, Internet, *Tape/TV ✓*
- ◆ Who:
  - ➢ MS field, Partners, Customers
- ◆ What taxonomy: ??
- ◆ How authored: HQ, Field, Customers, Partners, Third Parties

Laptop – require easy/customized replicator rules

* Consistency of navigation & content
* Currency
* secure

Microsoft

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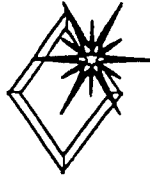
"Fat Share"

Organizational Direction
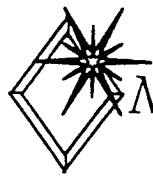
Mission Fat Share

Maximize profitability of
delivering high share

Strategy #1

♦ Organize around the three distinct
  customer segments and associated
  business selling models
    ♦ LORGs and 1-1 selling
    ♦ SMORGs and 1-many selling
    ♦ EUs and mass market selling

Organization Structure
Customer Segments

Organizing Around Customer Segments
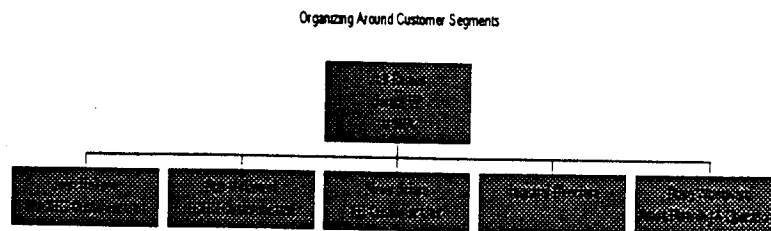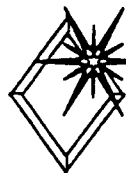
✳ Strategy #2

- ◆ Create channel units
  - ◆ Retail/mail order
  - ◆ Outbound (key partners)
  - ◆ "Small/unsegmented resellers" (non-key partners)
  - ◆ Integrate channel segment marketing
- ◆ Logically group channel units with customer segments

✳ Organization Structure Channel Units

Grouping Channel Units with Customer Segments
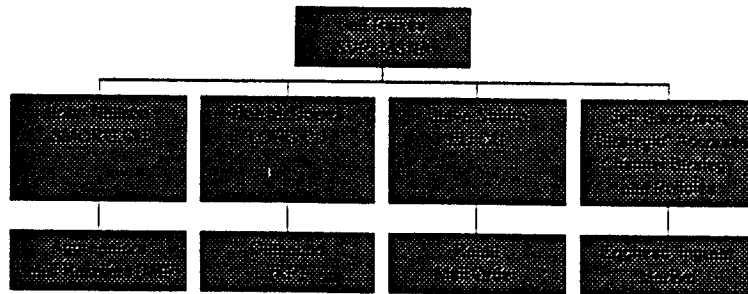
Strategy #3

- Modify field organization to mirror customer segment focus
- Add Director of Field Strategy in each customer unit
- Break field reseller teams into EU/retail and outbound
- Shift outbound responsibility into SMORG (NKP) and LORG (KP) teams

Strategy #4

- Optimize revenue-to-selling expense ratio in each customer segment and channel unit
- Manage to customer segment and channel unit ratios, owned by CU
- Leverage performance framework to simplify measurement

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Strategy #5

- ◆ Shift key elements of Sales Operations to customer units
- ◆ Logically assign cross-unit responsibilities to customer segments
- ◆ Logically integrate outbound telesales with field force

Organization Structure Cross Unit Responsibilities

- ◆ SMORG
  - ◆ Education & Certification, SP group
- ◆ LORG
  - ◆ Licensing programs, EBC, MCS direction

Ideas, Issues, Success Factors

Director of Field Strategy (customer/channel)

- Customer/channel ORC process & integration with product marketing
- Field communications
  - Field manager conference calls
  - Alarms/escalation process
  - Customer/channel unit contact for info publishing (i.e., Infobase) & field events (MGS, MYU)
  - Customer/channel unit alias
- Customer/channel compensation plan
- Field productivity, best practices
- Selling model & field strategy
- Field rollout for national programs

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Priorities for End User, Consumer & Retail

Jeff Raikes
Senior Vice President
North America
Microsoft Corporation

Start

Background / Priorities

◆ **25 outlet tour**
  ➤ No advance notice - viewed as customers
◆ **Key customer visits**
  ➤ CompUSA, Best Buy, and Egghead
◆ **Priorities**
  ➤ Demand generation
  ➤ Instore impact and merchandising
  ➤ Inventory management

Microsoft

Demand Generation

- Complete profiles of our top accounts
  - Semiannual plans / annual reviews
- Feedback session
  - Discuss promotion / marketing focus
- Demo days
  - Retails Sales Personnel training
- Logistics
  - Early package shots (4 months), pricing decisions, and realistic release dates

Instore Impact and Merchandising

- Promotions - Instore demand
  - Simple promotions
  - 5-6 months lead time
- Store Merchandising that matters
  - Microsoft Kiosks
  - Outlet owned demo stations
  - Leveraged visible merchandising
- Section Control Presence
  - Store within a store, end caps, dumps

Microsoft

Inventory Management

- ◆ Fail-safe initial order systems
- ◆ Distribution goals by title, depth, and breadth
- ◆ Improved information systems
- ◆ Deep inventory and stocking on fast moving products
- ◆ Logistics / inventory control issues
  - ➢ Determine initial orders, depth and breadth goals, replenishment programs, returns, outsourcing reps...

Product Issues

- ◆ Pricing
  - ➢ competitive
- ◆ Packaging
  - ➢ Legible, FPP / Upgrades must be clear
- ◆ Lines
  - ➢ i.e.. *Living Books* and *Print Shop*

Microsoft

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HIGHLY
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To: February 1995 WWRDM Attendees
From: Patty Stonesifer, Steve Ballmer, Jeff Raikes
Date: January 27, 1995
RE: Priorities for EU/Consumer/Retail

This memo summarizes some key lessons we've learned and lays out our top-line priorities in the US market for the EU customer segment and the retail channel in the next year.

Priorities for EU Segment and the Retail Channel

EU/Retail selling is one of our two highest priorities[1] in business and skill development. We expect to see dramatic growth in consumer software revenue and sales through the retail channel during the next few years. To take advantage of this growth opportunity, we must have several parts of our organization focused on the key priorities for this business.

To gain first-hand knowledge of the retail software environment, the three of us recently toured about 25 outlets encompassing the broadest cross-section of our channel partners. These were not staged visits -- no advance notice was given since we wanted to see the stores as "customers." In addition to the outlet visits, we met with senior executives at CompUSA, Best Buy, and Egghead. On an individual basis, we visited several more outlets and met with many other channel executives during the past few months, complemented by many discussions with Microsoft people.

From this knowledge base, we see the priorities as:

- Demand generation

- Instore impact and merchandising

- Inventory management

The rest of this memo summarizes what we've learned and provides detail on the priorities.

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[1]   "BackOffice Selling" is the other high priority.

Demand Generation

Driving Store Traffic

We need to keep ongoing profiles of our top 10 retailers, their customer demographics, sales and marketing activities and spending, as well as competitive feedback per account. We must put together semiannual plans based on annual reviews with each account that focus our demand generation spending on the most leveraged activities for our line with that account. We should also commit in this (two page) plan to a series of logistical requirements for that account and ensure corporate (Msft HQ) adherence to that listing.

- Vehicles that work

  We should work with major chains/retailers and MOR to have them present to us in an annual forum what promotion and marketing vehicles they are "selling" have in fact pulled up sales in the prior 6 months, and then we should concentrate our spending with that account on those vehicles.

- Demo days

  Demo Days for Microsoft are a way to leverage our broad line; monthly demo days are a realistic goal for larger outlets. However, it is very possible that the biggest advantage to demo days is the impact the instore demos have on the retail sales personnel -- we should require as part of demo days commitments that the retailer give us an opportunity to do employee training on the products and lines being highlighted.

- Logistics: early package shots and prices

  This is a no-brainer - early package shots - as much as 4 months ahead, must be provided for retailers planning promotions. Pricing decisions must also be solid at that time, even though it is understood that pricing may move as additional competitive knowledge is acquired. We must set realistic release dates and make them, otherwise all marketing activity by the reseller will be out of synch with product availability.

In-store Impact and Merchandising

Promotions: In-store Demand that Works for Retail and Customers

We must keep our promotions super simple and "knowable" by even the busiest customer and retail sales rep. One of the best ways to accomplish this, is to build the promotional offer, right into the box. We must decide major promotions 5-6 months prior to rollout leveraging input for our top retail partners -there must be total agreement between channel and product groups on design and execution.

- Section promos
  a)   #, variety, issues

  In the majority of circumstances, the number and variety of promotions and the disbursed nature of our product line (in many sections) made it difficult to "find" our promotion or to quickly grasp the promotional offer in the very few seconds that the typical customer may give to the offer in a busy retail shopping experience. In our opinion this was also true for most competitors as well. We must find a way to test our offers in "true to life" situations where customers and personnel are bombarded with promotions and information -- possibly, testing in a few outlets, with comparison against control outlets.

- Three best promotions
  a)   more software with software purchase

  Since the entire reason that the customer is in the section is in fact to buy software, it was believed by many that the most "knowable" and energizing additional value was more "related" software -- as in one scenery product free with a purchase of Flight Sim and Golf Sim, Ghost Writer free with the purchase of Creative Writer, etc.

  It was also very clear that the top retailers want and in fact need to put together unique offers for their customers to differentiate themselves and that this type of offer could and would be customizable per retail chain, leading to additional stocking and time based focus on a particular product line. For instance: if Best Buy was given the opportunity to offer Great Greeting free with every copy of Bob sold in the first sixty days (with limited exclusivity[2]), they would in fact be very motivated to offer additional exposure to this offer and to this product.

  b)   Money off software purchase

  The other offer highly touted was "money off" but this would need testing.

  c)   Something "free" w/ software purchase

  By "something free" again what was being considered was something related to the software experience - a CD Disk holder, another product, an online experience, etc.

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2   e.g. Other top retailers might have different freebie offers, but we would need to provide something of equivalent marketing value.

Store Merchandising that Matters

We need to immediately test a series of alternative merchandising methods and should immediately "open" a trial store space in partnership with a regional retailer where we can "test" various merchandising efforts. We can and should immediately use informational merchandising (like Intuit's decision cards).

- Microsoft Kiosks

  Mixed reviews were heard and mixed experiences witnessed with the Microsoft Kiosks. For the most part the kiosks were well positioned but were lightly used, oddly stocked and not much exploration was going on - it seemed more a "well let's try this" than a real effort to find the software needed. It was, however, clear that the shopping experience in most software sections remains a frustrating one, and if we could tune the existing kiosk approach to have lower maintenance and higher sales appeal then we could in fact really leverage our store presence with a dedicated kiosk effort. Handelman movie kiosks were seen at Walmart that allowed the shopper to push one "visual" button and see a short running clip - we need something that fast, that cool, that appealing, that branches the customer from a "Need" (entertainment? for ages X-Y) to a series of "fast clips" designed to showcase and sell sell sell. Having the monitor "higher" would allow the demo to be seen by many people besides the "operator" of the kiosk (e.g. the Nintendo demo center in the Best Buy Concept III stores).

- Outlet Owned Demo Stations
  a)   We need to have a clear strategy for our role in outlet owned demo stations for each partner with their own demo station or kiosk plan.

- Merchandising Support (instore) Most Leveraged/Visible
  a)   Signage - if it's really visible, then it works!
  b)   Tear sheets/info sheets seem cheap and popular
  c)   Compliance is tough and we should presume some non-compliance

Section Control/Presence

We must have a plan for section control for every major chain. Explicit goals re: # of facings and stated adjacencies[3] and competitive positioning and use of endcaps, dumps, etc. should be targeted and communicated and monitored. We should consider a broad effort to persuading retailers of a customer taxonomy for sections in a way we think is meaningful based on our customer research, and then we should tag our products accordingly so they will always be stocked in that fashion. We need to use the box itself as the planagram in addition to working with the buyers on same, because a big part of the control is at the outlet and the buyers cannot "reach" the store clerk who is doing initial stocking.

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[3]   "Adjacencies" is the concept of getting complimentary products located next to each other on the shelf, Creative Writer along with add-on packs.

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- Microsoft Sections - "Store within a Store"

  Some worked, some didn't. We should be very smart about these and consider doing them only when certain store conditions are met i.e., preferred location totally visible from all critical sections, inventory on top products also stocked in section. The right strategy will yield us an increase in overall space devoted to our products.

- Presence in Marked Sections
  a)   In some store environments, our best strategy will be to have a Microsoft presence within the retailers marked sections, eg. the Microsoft sub-section within the productivity apps section. This can be accomplished with signage and facings, and should be supported by appropriate adjacencies.

- End caps

  When we had endcaps (which we often did) it seemed at the EXPENSE of our in section inventory - a poor tradeoff. We must negotiate highly incremental inventory when purchasing endcap space so that we ensure we are always well represented in section.

- Dumps

  We must plan to use a big "dump" 3x per year, plan our product and our promotions around that "dump". Tightly linked products work best as in Intuit's dump with Tax, Deluxe Edition and Standard Intuit. Comparable might be a SOHO dump of Works/Publisher/Money. Or Bob, Bob Greeting Cards, Bob X, Y, Z. The big dumps were very impactful and the store reps seemed very aware that the chain was taking a big position on these dumps.

Inventory Management

We need to be world-class at working with top retailers to determine fail-safe initial order systems/agreements and have replenishment options that are appropriate for their own distribution systems. This means understanding how many days it takes for each outlet to receive new stock and factoring that information into the agreed upon plan for in section inventory, and working these same issues with distribution partners (primarily Ingram, Merisel, GT, and Handleman). We also need to have a by-title breadth and depth plan for the top 80% of our product line and monitor our distribution partnerships' plans to determine if we are in fact reaching those goals at our "priority 1" outlets. We are investing in an improved information system (MS Sales ++) that will allow us to know weekly sell through from our key retail accounts.

We need to get new policies and systems in place to ensure we can balance inventory more appropriately - calling back or taking back old editions and slow movers in exchange for new editions and fast moving titles, as well as doing special pricing to move inventory when required.

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We want our inventory to be the deepest but we want deep stocking on the fast moving products, and we should "over-focus" on the top retailers.[4]

Logistics/Inventory Control issues that should be covered in our plans:

- Process for determining initial orders and timely booking of those orders.

- Distribution depth and breadth goals --- by product and account, because there will be significant differences.

- Replenishment programs - This is critical but the needs are different at each major retailer; we must have a plan for each.

- Old/new product - This was a big problem with mixed years on shelf of many titles; we need a rapid return policy and system for annual products.

- Returns - We think there will be a need for us to come up with a new and permanent return policy for consumer software.

- Measurement and information "flow" - This must be a priority for top retailers and must include core information required for us to plan products and promos
  a)   our information
  b)   competitive information

- Use of instore merchandising force - We will have an end-user field force who will focus a large percentage of their time on priority 1 outlets. We will supplement their efforts with a force of outsourced reps who can support merchandising activities for the priority 1 outlets, and provide support at all other retail outlets. The activity details and goals for our combined merchandising force should be clearly spelled out as part of our overall EU/retail plans.

Product Issues

In addition to the priorities discussed above, there are some key product issues that should be covered in our plans:

- Pricing - We must be competitive. Our new pricing research will help determine optimal price points.

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[4]   We were somewhat surprised to learn that retailers don't actually allocate space proportional to revenue production. Eg. At CompUSA the space allocated to software was several times their gross margin share for software.

- Packaging - Must be very legible, with age appropriateness designated clearly, clear markings for: system requirements. The differences between full packaged product and upgrades must be clear on the package, but the upgrades shouldn't be put into ugly (eg. white box) packages.

- Lines - We should build (and sell) in tight lines ala "Living Books" and "Print Shop".

Channel Policies

Jeff Sanderson
GM
Channel Strategy

Johan Liedgren
Director
Channel Policies

Microsoft Corporation

Start

Points of Leverage: US data

| Microsoft US | FYTD95 REVENUE TO SCALE |

7%	58%	SELL-IN	25%	5%	5%
	Distribution				

25%		34% SELL THRU	31%	5%	5%
Small Resellers			Key Partners - Direct	Oth Chan	Corp & EU

10%	17%	32%	31%	5%	5%
Fran	Small Resellers Independent	Key Partners - Indirect (less Franchisees)	Key Partners - Direct	Oth Chan	Corp & EU

15%	52%		23%	10%
Unsegmented	Outbound (incl Franchisees, Oth Chan, Corp Direct)		Retail	DMR

23%	49%	29%
LORGS	SMORGS	End Users

*Bids included here

Shaded area indicates point of leverage

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Points of Leverage

Point of Leverage	Consumer/Retail	DAD, POS	BSD/Enterprise
Key Partner	rebates to support stocking, assortment and replenishment, returns policy tuned to stocking key products and key sales periods (Holiday); database marketing to reach the masses	rebates to reward sell-through; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastucture development
General Dists	rebates to support stocking, assortment and replenishment, returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastucture development
Consumer Dists	rebates to support stocking, assortment and replenishment, returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	NA
Aggregators	NA	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastucture development

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9 Possible Changes for FY95
- and the trade-offs we have to make

1. Offer rebates to indirect dealers

> Are rebates really a good thing for the channel?

> How much price advantage do we want to offer to larger key dealers?

2. Prepare to take retailers direct

> What price do we offer to them?

> What do expect the benefits for MS to be?

3. Rebates on MOLP and Select?

> Can we raise MVLP price in the US to offer rebates? How important is WW pricing?

> Are direct and in-direct rebates enough to leverage our accounts?

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Microsoft

FY96 Changes

4. **Tailor-made rebates for each account**
   - Are chances we make rebates un-fair, therefore create price differences between channels?

5. **Retail specific T&C's**
   - Do we want to create more GT-type consignment deals? Or should we budget additional funds?
   - Why not let Ingram and Merisel play as well?
   - How do we measure success?

6. **Provide incentives for reporting**
   - Why are we just not more hard core enforcing the current contracts?

FY96 Changes

7. **Reduce # of accounts receiving marketing funds (80 -> 40)**
   - How do we decide what % of revenue or % of accounts we want to offer funds to?

8. **Distributor sell-through goals for small dealers?** *sales no*
   - Do we care who buys our products if the distributor meet MS sales goal?

9. **Tailor returns to business unit**
   - More simple to just average the returns?
   - Will extended returns really make a dealer take on additional cost for products they don't think they need?

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Microsoft

To: February 1995 WWRDM Attendees
From: Jeff Sanderson
Date: January 31, 1995
RE: Channel Policy Pre-Reading

I. Framework: Points of Leverage and Goals

We want to optimize our policies around two things: "point of leverage" and our different businesses. "Points of leverage is a simple concept." Resellers have greater leverage than distributors as they deal directly with the end customer. The largest ones are our key points of leverage. We can't (and shouldn't) work directly with every reseller, so we look to our distributors as the "point of leverage" to those resellers with whom we don't have a marketing relationship. Today we provide all our incentives to the distributor: they get rebate based on total sellthrough and the Key Partners who happen to purchase indirect get nothing even though they are the point of leverage. We propose changing this in FY96 by rewarding the distis for their sales to accounts *other* than Key Partners and by providing rebates directly to the indirect Key Partner.

Today, the US has 80 or so resellers called "Senior Partners" to whom we provide marketing funds. They and our direct resellers receive an average of about 3% of sales (split into accrued and opportunity funds); our distis get around .6%. Some of these accounts are neither big, strategic, or growing--and in any event we can't immediate switch to providing indirect rebates to 70 accounts. Thus we propose extending the title "Key Partner" to our 5 current direct resellers and the group of 20-30 top indirects who will receive the rebate. We propose retaining the Senior Partner appellation for those accounts with whom we still want to plan, fund and execute some level of marketing activity.

Reseller Segment	Headcount	Funds and Rebates	Communication
Key Partner	Dedicated account team	"Full" marketing funding; receive rebates	face-to-face; exec. summits; inside sales; NDA briefings
Senior Partner	1-many accounts; telesales	Opprtunistic funds only	partner summits; inside sales; resource kits
Masses	none	none	"mass" vehicles like Channel Update, on-line

At the same time, we need to ensure that we optimize our rebate programs around our businesses. We have two "investment" businesses, consumer and BackOffice, and three "sustaining" businesses, DAD, POS, and Developer. A summary of key goals by point of leverage and business might be:

Point of Leverage	Consumer/Retail	DAD, POS	BSD/Enterprise
Key Partner	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday); database marketing to reach the masses	rebates to reward sell-through; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastructure development
General Distis	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastructure development
Consumer Distis	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	NA
Aggregators	NA	rebates to reward sell-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward sell-through; client-to-server ratio increases; funds to support infrastructure development

Finally, while we may have some consistent goals within each point of leverage, we want to move forward in empowering each account manager to tune the rebate goals to specific account requirements.

II. Policy changes proposed for FY96

1. Introducing rebates for key indirect dealers

Will we pay on indirect purchases of directs?

4.0%?

Proposal: Pick key indirect resellers and provide them a 4.5% rebate. Take equivalent amount of total rebate dollars away from the disti.

MS US will spend $110 M in rebates FY95 - all of it with direct partners. For FY96 we plan to re-allocate some of the rebates to the indirect channel. i.e. take rebates from distis and spend them with in-direct dealers. The benefit is clear; we get a very powerful incentive to offer more partners. As we are only shifting around existing rebates, the underlying assumption is that we get better leverage on SS by spending them closer to the customer where more resources are being spent on influencing end users while not affecting street price or revenue to MS. We also assume that the lower rebates we spend with distributors will not significantly impact the way they distribute our product line. We also believe that the kind of rebates we can apply to resellers are vastly more effective and targetable (and tunable by account) so that we can in fact increase sales growth at these accounts by applying rebates directly to them.

Current model FY95: *Distributors receive 5.5% on all purchases*

	Distributor		Direct reseller
	Key Partner	other indirect	
MS revenue (FPP)	$100.00	$100.00	$105.56
Disti Rebate	5.5%	5.5%	NA
Disti Net Price	$94.50	$94.50	NA
Disti Margin	3.6%	7.4%	NA
Reseller price	$98.03	$102.05	$105.56
reseller rebate (% of MS revenue)	0.0%	0.0%	9.00%
Net reseller price	**$98.03**	**$102.05**	**$96.06**

Proposal for FY96: *Lower distributor rebate to 3%; rebate Key Partners 4.5%*

	Distributor		Direct reseller
	Key Partner	other indirect	
MS revenue (FPP)	$100.00	$100.00	$105.56
Disti Rebate	3.0%	3.0%	NA
Disti Net Price	$97.00	$97.00	NA
Disti Margin	3.6%	7.4%	NA
Reseller price	$100.62	$104.75	$105.56
reseller rebate (% of MS revenue)	4.5%	0.0%	9.00%
Net reseller price	**$96.12**	**$104.75**	**$96.06**

Given the current ratio of Key Partner indirects to other indirects, this proposal is revenue neutral to Microsoft. An alternate proposal would be revenue neutral under all cases: provide today's 5.5% rebate for sales to other indirects and 1% for sales to Key Partners (the other 4.5% going directly to the key partner). We are evaluating this option as well, though it creates some unnatural operating for the disti (like pricing MS products higher to larger volume customer than small ones! plus operating issues).

The underlying assumption here is the mark-up percentages applied by distributors for different size dealers. In the proposed FY96 model an in-direct will - including rebate - have the same net price from a distributor as a direct does. This will solve the un-level playing field we have today between direct dealers and key in-direct dealers. The risk is of course that the incentive for smaller non-participating dealers to sell MS decreases as their price will get even worse compared to that of rebated dealer.

2. Direct resellers - do we need them?

Proposal: Prepare to deal direct with largest retailers--test with biggest/easiest in FY96.

One of the major arguments for keeping accounts direct has been rebates - with in-direct rebates we will maintain that leverage regardless purchasing status. There are very few arguments for maintaining the direct logistical relationship we have today in the outbound segment - the reason some of our biggest accounts tolerate MS lack of distribution qualities is because we offer a better price than can be offered by our distributors. As shown in the examples above the cost of products FY96 will be the same regardless if you buy direct from MS or through a distributor. At the same time we are going through a full analysis of the value add chain to evaluate the cost benefits of taking on a few large retailers with few ship to points direct. For these retailers - perhaps more so than for the outbound dealers we have direct today - time to market is critical, something that could be improved with less layers of distribution, along with the greater mutual involvement in success that a direct relationship fosters.

Selling Select licenses direct to our 25 LAR's (down from 70+ in FY94) has proven successful and efficient - we are not planning to change this for FY96.

3. Rebates on MOLP and Select

Proposal: Return rebates to Select. Make change revenue neutral at expected average rebate.[1]

There are no rebates being offered on Select and MOLP for resellers - sales of both count towards an accounts sales out goal but no rebates are being paid on those purchases. MOLP is only sold through distribution and paying rebate twice on the same product would affect revenue. Our direct resellers buy MOLP indirect and complain about the service on this, so we are reevaluating.

The reason for getting rid of rebates on Select MVLPs was to ensure consistent WW pricing - rebates were mostly flushed down to street price and US LARs were able to offer 9% (same as rebate) better price in Europe for European accounts that signed up in the US instead. If we believe in rebates as a way of ensuring account performance and a way accounts like to protect some margin, then restoring rebates makes sense. In addition, most of our LARs are now reaching the point where over 50% of their revenue come from Select, so our current use of rebates as a control point is weakening.

4. Flexible rebates to allow for account specific goals

Proposal: for FY96, we want to give account manager more autonomy in setting rebate goals for their accounts.

This will become increasingly important as we move away from the homogenous group (all rebated accounts from outbound segment except Egghead) that are offered rebates, to the much wider and more heterogeneous group who will get indirect rebates next semester. It is likely that the rebate structure for dealers (direct dealers in parenthesis) will be:

- 1.5% (2%) compliance (payment, reporting and street dates)
- 2 % (2%) account specific goals (push for specific product, SE support etc.)
- 1% (3%) total sales out target
- (2% product specific sales goals)

Based on the results we have with this semesters rebate on Office sales, we will provide account specific rebates for Win95. They will designed to incent high attach rate for Win95, i.e. how many additional MS products (particularly Office95) are being sold with every copy of Win95. This would be done either by calculating a base ratio of units of Win95-related products to Win95 units and reward overachievement of

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[1] Thus, the proposal is to raise base price by 6%, add back the 9% rebate and set the rebate goals to average (cluster) at 6%, with 7-9% achievement representing great achievement.

that ratio, or set a base ratio for dollars of Win95-related products to Win95 units and set a rebate schedule based on beating that.

5. Consumer/Retail specific incentives

We have tried two things that did not work: Mass Merchandiser Distributor Incentive (MMDI) funds last year gave distis 5% on all sales to a list of 25 targeted retail accounts to cover for the extra services they demanded. Most of the 5% went to street price and no extra services were offered. We then moved to earmarked opportunity funds - that did take care of the short term services like rack jobbing, but we have yet to see distributors commit to the infrastructure investments necessary to help retailers with reporting, inventory management, buying and replenishment.

We are experimenting with first tier accounts that go through distis to handle this through changing terms. For example, with GT this Fall who loaded up on software in order to fill our Home Towers at Wal-Mart, we provided extended terms that more closely matched projected sell-through on those titles. Starting shortly, we will be providing them extended terms so that in essence they will pay us monthly (weekly would be ideal) based on sell-through at Wal-Mart. This timing differential amounts to about 3% savings for GT, which will fund those additional services required of an account like Wal-Mart. GT's ideal program would be to pay us for COGs when we ship them product and the rest when the product sells through.

We introduced a distributor program for second/third tier accounts this Jan-Jun. This program gives 3% to distributors who are willing to perform the above account-management services for a list of targeted non-Partner accounts. A minimum of 2% (of the 3%) must be used for MS-only demand generation activities with the dealers such as advertising and mailings. This is likely to continue next semester.

6. The importance of EDI

Proposal: Keep the number of account we require EDI reporting from to the minimum set representing a large segment of revenues (say 60%), but use MS funding to assist on getting those accounts up and running instead of penalties withholding our marketing funds.

Getting accurate sales, inventory and market share reporting from a in-direct account is painful although most are technically EDI capable. The threat of losing marketing funds just isn't great enough and if enforced hurts our ability to drive business forward with the account. For the bigger accounts the introduction of in-direct rebates will take care of reporting. For the 30 or so other accounts who have an account manager (and therefore need to track market share and sales out) we propose budget incentive $$ to help fund consulting, EDI SW cost, server cost or recoding at customer sites. These dollars will be used on a case by case basis and should help make MS reporting a priority with internal IS departments. From requests this semester, we know it takes on an average $10,000 to help an account to start reporting.

7. More focused marketing fund program

Proposal: Reduce # of accounts receiving marketing funds to increase effectiveness with largest, most strategic accounts.

For FY96, we will focus the group of partners we spend marketing funds with. Despite our size we are getting outspent by smaller competitors in many of our most important accounts. Next year, we suggest a senior partner must have revenues of at least $1 million per semester (up from today's $650K). This criterion will capture those indirect resellers that account for approximately 45% of Microsoft's reseller revenue, a total of approx. 44 resellers (down from today's 81). When the 6 direct resellers become indirect (we believe that the indirect rebate will have this effect), then the resulting 50 key resellers will account for over 80% of Microsoft's reseller revenue. Open issue is still weather or not the group that receives in-direct rebates from Microsoft should be the same as will receive marketing funds.

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We are also looking at ways to better tie funding to sales results. Example: Sony works with each account to develop a forecast and to define the marketing activities/MDF that will produce the forecast. Then Sony calculates agreed upon marketing funds as a percent of forecasted sales -- and delivers the funds as a percent of each purchase. This keeps resellers focused on results and holds them accountable for their forecasts.

8.   Using new breadth to push incremental volume through - new distributor rebate goal

Proposal: breadth is good. best method to push is to set total sellthrough goals for disti sales to "non-Key Partner" accounts.

Today MS is successful in selling to a few large resellers but our competitors are beating us at selling to a large number of small and medium sized companies. These are smaller VARs often working with a die hard installed base of Lotus. Novell, WP and Wordstar customer. We do this by forcing the distributors to focus on the accounts who are not currently buying Microsoft products. It is particularly important for Microsoft to get into these smaller accounts because the distributors are targeting them more and more due to the higher profit margins that result in selling to lower volume accounts. Microsoft has to ensure that we are part of that new business by tying the distributor's rebates to those new accounts.

Incremental revenue can also be obtained through the "Foot in the Door Theory". Through the Breadth Rebate Program. the distributors are incented to expand their breadth of distribution for key, easy-to-sell products. Resellers that begin to carry the key, easy-to-sell products are likely to subsequently pick up other Microsoft products as well. As a result, we sell more Microsoft products to a greater number of accounts.

Proof is in the numbers; during S1FY95, our distributors showed an increase in breadth of approximately 60% for Office, an increase in breadth of approximately 310% for the Win NT workstation. and an increase in breadth of approximately 45% for Win Works over S2FY94

For FY96 we will try extend the leverage of the breadth we have achieved by separate sales out goals for dealers we ourselves are not offering rebates to directly. Distributors will get a rebates assigned for meeting sales targets set for all those accounts outside our key partner program.

9.   Returns

Our current policy allows for 1% un-resaleable (opened boxes) returns which we automatically credited to each account. This category of returns is higher for consumer titles than for non-consumer (Word. Office) titles. We thus plan to raise the allowable un-resaleable returns for consumer software titles from 1% to 2%. And we believe that direct outbound resellers and franchisers (with growing MOLP/Select sales) no longer need the full 1% unresaleable returns.

No changes are planned for stock-balancing returns at this time. although several are under consideration. These include tiering consumer products into A (important) and B products and providing incentives to carry version 1.0 of new Tier A titles (so we share the risk of not being able to forecast well the first 6 months' sales) as well as incentives to make sure retailers are fully stocked at Holiday time.

Appendix 1. Competitive data

Marketing Funds: Our competitors are out-spending us in some areas.

- Resellers: Novell and WP are not planning to merge policies or product management so we don't anticipate any surprises from that alliance. Lotus and Novell/WP (and most other vendors) are spending more as a percent of sales (and sometimes more absolute dollars) with top accounts. For example: Novell regularly offers 5% to all top accounts; and Lotus offers more than 5% and up to 7-

12% ("virtually unlimited, more than we can spend") to targeted top accounts such as CSI, 800 SW, Multiple Zones, CUSA, MicroCenter, BestBuy, etc. And they tailor their investment to each account -- not just to each segment. Lotus are well aware of the legal risks involved having no guidelines for who and what they spend marketing dollars on and have explicitly positioned that flexibility as a benefit working with Lotus. Consumer-oriented competitors (EA, Broderbund, SoftKey) also spend more (5% - 12%) with top accounts on short term promotions. Lotus and Novell/WP also focus funds on a narrower product line, often a specific product. Lotus programs have fewer constraints and are "easier" in that they include very little monitoring/accountability. Usually this means their programs are less well-managed and more of their dollars go to *someone else's* bottom line - regardless it causes problems for us.

- Distributors: Lotus and Novell/WP spend more as a percent of sales -- and more absolute dollars with distributors. Both fund more than one dedicated headcount and both offer significant "infrastructure" funding for internal/external training -- as well as significant marketing funds (5% - 10%) for evangelizing specific products and programs. Lotus offers distributors pass-through marketing funds for smaller dealers (2% of sales to those accounts) that hasn't really worked as guidelines for spending was never enforced. Lotus do many price related offers that are only offered through distribution (last example: buy two Smartsuite and get one free) - excluding direct dealers - where direct dealers would source all campaign products through a distributor.

Rebates: Our competitors' rebate structures offer lower rebates.

- Lotus' rebates vary from 2-5% (sometimes more) depending on the account, and they vary significantly by account, not just by segment. The rebates are often focused on a specific product or category. WordPerfect's rebates are conservative: 1- 1.5%. Other vendors' rebates (EA, Broderbund, SoftKey) are situational, usually focused on short term objectives. For our top 10 accounts (CSI, ASAP, SW Spectrum etc.) Lotus rebate structure is the same as ours and they have followed us closely when we have changed in the past.

Directs: Our competitors are tightening their focus on top accounts

- Lotus, and WP have reduced their number of direct accounts and are focusing more and getting more revenue out of this smaller set of directs. Lotus, for example, spends significant marketing funds on only ~ 20 accounts, including distributors. Consumer-oriented competitors (EA, Broderbund, Disney, Nintendo, Sega) have direct relationships with and offer preferential pricing to a their top accounts -- which are different from Lotus' top accounts in that they are all retailers such as CUSA, Wal-Mart, Best Buy, etc.

Returns: Microsoft low both in returns allowance and actuals

- WP offers 5% stock-balancing returns; Lotus offers 10%; Novell offers up to 15%. Consumer-oriented competitors offer from 0% (Nintendo) to 20% (Broderbund, Sega) up to 100% (EA, SoftKey.) Actual returns, usually including version returns, average from under 2% (Claris, Sega, Nintendo) to 10-15% for consumer vendors.

Appendix 2. Points of Leverage--Microsoft US

Microsoft

FYTD95 REVENUE
TO SCALE

7%	58%	SELL-IN	25%	5%	5%
Agg	Distribution		Key Partners Direct	Oth* Chan	Corp & EU

26%	34%	SELL THRU	30%	5%	5%
Small Resellers	Key Partners - Indirect		Key Partners - Direct	Oth Chan	Corp & EU

26%	22%	8%	34%	5%	5%
Unsegmented	Retail	Dir. Mail	Outbound	Oth Chan	Corp & EU

13%	18%	29%	30%	5%	5%
Franchisees	SR - Indep	Key Partners - Indir (less Franchisees)	Key Partners - Direct	Oth Chan	Corp & EU

23%	49%	29%
LORGS	SMORGS	End Users

*Also known as bids

▒ Shaded area indicates point of leverage

Microsoft Consumer Division

Marketing Priorities & Intl Product Strategy

Patty Stonesifer
Senior Vice President
-and-
Ruthann Lorentzen
Director of Marketing

Start

Marketing Priorities
Lessons learned this year ...

◆ **#1: Do focused marketing:**
  ➢ Fully support products that are "key assets"
  ➢ Then carve out appropriate budget and bandwidth for new titles that will build our strength over time in home computing

◆ **#2: Understand market dynamics:**
  ➢ Home PC growth and our penetration rate
  ➢ Channel presence
  ➢ Competitor and category growth

◆ **#3: Continue to aggressively use PR as a highly leveraged way to build awareness quickly on:**
  ➢ Your lead products ... (the "key assets")
  ➢ Your whole portfolio of Microsoft Home products
  ➢ Microsoft's role in home computing

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Marketing Priorities
Lessons learned this year ...

◆ **#4: Invest in getting channel fundamentals right:**
- ➢ Distribution breadth growth and maintenance
- ➢ Predictable outlet coverage
- ➢ Permanent merchandising
- ➢ In-store demos
- ➢ Inventory management
- ➢ *Getting our channel fundamentals right is just as critical as effective demand generation is to the success of our global consumer business!*

Note: FY96 Consumer Marketing Plan will go into more detail on all aspects of our worldwide marketing strategy

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International Product Strategy
Investment Recap

◆ **Total investment**
- ➢ Increase localization investment in international English, German, Japanese, Spanish, French, and Italian in key categories
- ➢ $54M+ over 3 years incl $33M for Encarta

◆ **US opportunity costs**
- ➢ US installed base is 4X as big as Germany, 10X Japan/UK/Spanish, and 20X France/Italy/Korea
- ➢ Localization costs can be as high as 20-50% of initial development cost

Microsoft·

International Product Strategy
Product Plan Recap

- ◆ Encarta localizations
  - ➣ Acquire or develop content ourselves
  - ➣ Joint ventures limited to Korea
- ◆ No additional localizations at this time
- ◆ No new Mac localizations at this time
- ◆ Foreign publisher partnerships and Bookshelf
  - ➣ Investigating select partnerships in key markets
  - ➣ Link Bookshelf to long-term content access
- ◆ International BOB distribution

Intl Consumer Product Planning
Execution

- ◆ Mission: Provide research feedback and product portfolio recommendations back to Redmond
- ◆ Located in markets, report to Franksc in Redmond
  - ➣ Elizd in EHQ (team of 4), TBH in Far East (1 or 2)
- ◆ Primary responsibilities
  - ➣ Market research
  - ➣ Consumer research
  - ➣ Product-specific research
  - ➣ Competitive analysis
  - ➣ Develop overall consumer product strategy recommendations for each market

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International Product Strategy
Our Ongoing Commitment
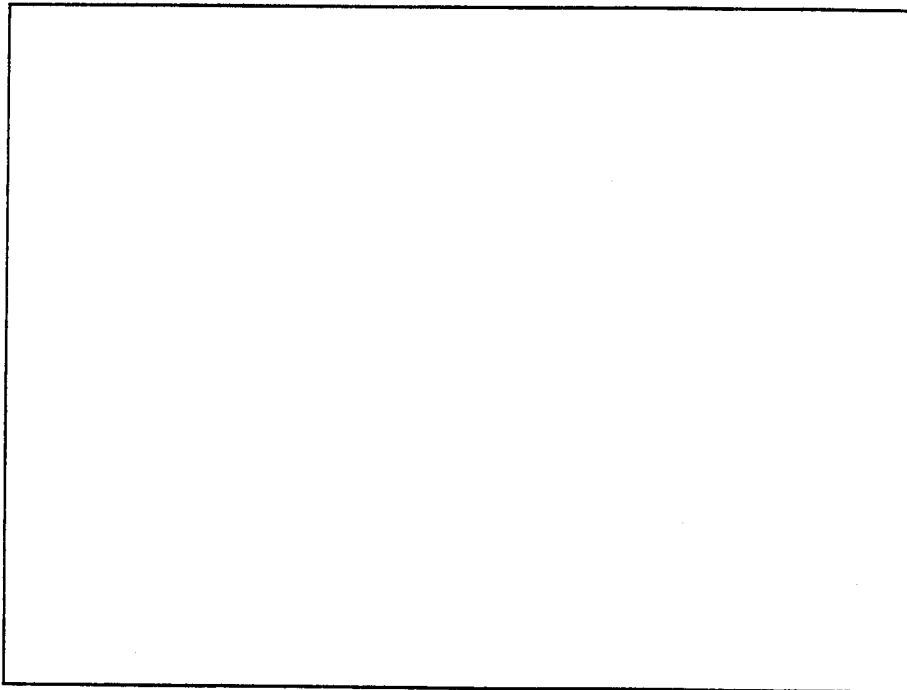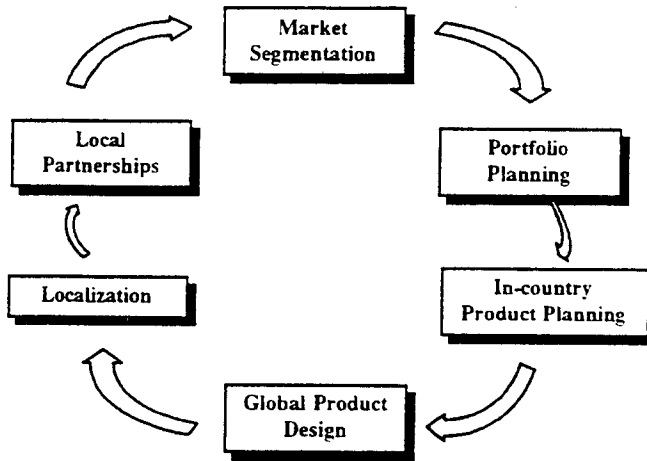
To: February 1995 WWRDM Attendees
From: Shane Kim, Craig Bartholomew
Date: January 13, 1995
RE: Consumer Division International Product Strategy

Executive Summary

The Consumer Division recently completed a lengthy process to re-evaluate our entire international product strategy. This analysis resulted in a new product portfolio strategy and a new product planning strategy, both of which were approved by CDBum and the BOOP.

We have many and significant competitive advantages internationally vis-à-vis today's competitors. We have the financial resources, a leveraged localization model, and marketing infrastructure to be successful internationally. There are also huge barriers to entry into international markets, barriers that we're able to overcome because of our competitive advantages. We should take advantage of this opportunity, the confluence of our strategic assets and limited/fragmented competition, to ensure that we will be the leading consumer software company in the biggest international markets.

The Division's international objectives are:

- Establish first mover advantage and long-term consumer software leadership in major international markets
- Increase our ability to design and develop global products that will be successful in major international markets
- Balance profitability and aggressive expansion with focus and manageability

What we are proposing for both localization and product planning is ambitious in terms of financial resources and human capital required, and we will probably be early in several markets. However, we'll make our product and marketing mistakes earlier than our competitors, and we will be well on our way to establishing long-term leadership in the largest international consumer software markets. There should be little question about our product commitment to these markets, and we must ensure that we make a similar consumer marketing investment in these subsidiaries.

Please distribute this memo internally as appropriate. Contact Shanek or Tomr with questions, comments, or suggestions. More detailed quantitative analysis is available upon request.

International Product Portfolio Strategy

In considering an expansion of our international product portfolio strategy, we closely analyzed 2 critical issues:

- **US opportunity costs.** The US Windows-capable home PC installed base is approximately 4-5 times as big as Germany, roughly 10 times the installed bases of Japan, UK, and Spanish language markets, and nearly 20 times as big as France, Italy, and Korea. Would our scarce resources be better spent on developing more products for the US market instead of localization?
- **Localization costs.** Unlike Microsoft's traditional productivity products, the localization cost for many consumer products, especially CD-ROM titles, can be as high as 20-50% of the initial development cost. This can have a significant impact on the economic profitability of our localizations.

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In the end, we decided that we could and should make profitable and strategic localization investments in several languages: international English, German, Japanese, Spanish, French, Italian, and Korean. Our localization strategy will bring a *broad portfolio* of products into these languages by late FY95 and early FY96.

Market Segmentation

Home PC penetration is probably the most important data we track. We use IDC as our primary source of data because it most closely approximates the estimates provided by the OEM group for Microsoft's fiscal year business planning: [1] [2]

Win Capable PC Installed Base in the Home						
	FY93	*FY94*	*FY95*	*FY96*	*FY97*	*FY98*
United States	14,263	18,982	24,137	29,489	34,941	40,389
Germany	2,616	3,660	4,853	6,237	7,844	9,734
Japan	1,067	1,621	2,288	3,098	3,864	4,672
United Kingdom	1,050	1,595	2,221	2,893	3,590	4,291
Spanish Markets	1,049	1,481	1,996	2,548	3,118	
France	616	805	1,055	1,360	1,716	2,105
Italy	437	658	914	1,201	1,522	1,874
Korea	251	515	798	1,117		

Brazil	238	387	585	831	1,102	
Switzerland	347	471	619	776	948	1,140
Netherlands	251	349	463	587	718	850
Taiwan	205	304	420	567		
Australia	185	300	413	528	644	
PRC	136	210	304	432		
Denmark	159	230	318	417	520	628
Belgium	142	207	279	356	433	508
Sweden	145	193	247	308	376	443
Austria	128	177	229	285	344	405

Based on this home PC penetration data, we decided to draw the line after Korea at this time. We believe that we can make an expanded investment in the markets above the line that can be responsibly managed by our Division's localization resources.

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[1] "Spanish Markets" includes Spain, Mexico, Argentina, Colombia, Venezuela, and Chile.
[2] See *Appendix A* for Windows-capable home PC shipments.

MS-PCA 2614985

Product Portfolios By Language

The following is a table detailing localized product portfolios by language. Products that are currently localized are *italicized* and shaded. PRS will contain the latest RTM information for these localized versions:

	Home & Small Business Mgmt	Reference & Exploration	Kids	Entertainment
Intl English (Z versions only)	*Win Works* *Mac Works* *Money* *Publisher*	*AutoRoute* *Ancient Lands*	*Creative Writer* *Fine Artist*	
	Bob	Encarta Atlas Dogs Home Health Travel	Explorapedia Socrates GOE	Soccer Comp Soccer
German	*Win Works* *Mac Works* *Money* *Publisher* *Scenes*	*AutoRoute* *Beethoven* *Dinosaurs* *Dang Creatures* *Ancient Lands*	*Creative Writer* *Fine Artist*	*Flight Simulator* *Space Simulator* *Golf*
	Bob	Encarta Atlas Bookshelf Home Health Wine Guide Travel Dogs Oceans Monsters	Explorapedia Socrates Magic School Bus Rabbit Ears GOE	Hollywood Soccer Comp Soccer Part localizations
Japanese	*Win Works* *Scenes*		*Fine Artist* *Creative Writer*	*Flight Simulator* *Space Simulator* *Golf*
	Bob	Encarta Atlas Home Health Dinosaurs Dang Creatures Music Instruments Ancient Lands Dogs Oceans Monsters	Socrates Explorapedia Magic School Bus Rabbit Ears GOE	Baseball Hollywood Comp Baseball Soccer Comp Soccer Part localizations

MS-PCA 2614986

French	Win Works Mac Works Money Publisher Scenes	AutoRoute Music Instruments Dinosaurs Dang Creatures Ancient Lands	Creative Writer Fine Artist	Flight Simulator Space Simulator Golf
	Bob	Encarta Atlas Travel Dogs Oceans Monsters	Socrates Magic School Bus GOE	Soccer Comp Soccer Part localizations
Spanish	Win Works Mac Works Publisher	AutoRoute (Spain)	Creative Writer Fine Artist	Part localizations
	Bob Scenes - partial	Encarta Atlas Home Health Dinosaurs Dang Creatures Ancient Lands Dogs Oceans Monsters	Socrates Explorapedia Rabbit Ears GOE	Soccer Complete Soccer Part localizations
Italian	Win Works Mac Works Publisher	AutoRoute	Creative Writer Fine Artist	Part localizations
	Bob Scenes - partial	Encarta Atlas Dinosaurs Dang Creatures Ancient Lands Dogs Oceans Monsters	Socrates Magic School Bus GOE	Soccer Complete Soccer Part localizations
Korean	Bob	Encarta (with local publisher)	Creative Writer Fine Artist	Part localizations
Brazil Portuguese Dutch Swedish			Creative Writer Fine Artist	Part localizations

This embedded spreadsheet displays all of the Division's planned localizations by product/business unit:

consloc.xls

Consumer Division Localizations
English
Int'l English (Z)
Australian English
European
German
French
Spanish
Italian
Dutch
Swedish
Norwegian
Finnish
Danish
Russian
Polish
Czech
Hungarian
Eastern European
ROW
Japanese (KK)
Korean
Brazilian Portuguese
French Canadian
Trad. Chinese
Arabic
Hebrew
Turkish

Product columns by group:

Kids: MSB - Solar System; MSB - Human Body; Rabbit Ears - 2nd title; Rabbit Ears - Leopard; CCE - Moorish climber; Socrates; Creative Writer - CDWM; Mac Creative Writer; Win Creative Writer; Fine Artist - CDWM; Mac Fine Artist; Win Fine Artist

Hammer: Golf 2.0; Super; Osprey; Cocktails; Arcade 2.0; Baseball; Hollywood; Soccer; Space Simulator; Mac Flight Simulator 4.0; Flight Simulator 5.1; Flight Simulator 5.0

Sports: Complete Soccer; Complete Baseball

Lifestyle: Beethoven - CDW; Flight; Oceans; Travel; Wine Guide; Musical Instruments; Dogs; Dangerous Creature; Ancient Lands; Dinosaurs; Atlas

Family Ref: Explorapedia - World of Nature; Explorapedia - World of People; AutoRoute; Home Health; Encarta; Bookshelf

Finance: Money 4.0; Money 3.5; Money 3.0

Works: Scenes 2.0; Utopia 2.0; Publisher 3.0 - CDW; Publisher 3.0; Publisher 2.0 - CDW; Publisher 2.0; Mac Works 4.0; Mac Works 3.0; WinWorks 95; WinWorks 3.0; PC Works 3.0; PC Works 2.0

Encarta Localizations

Our current plan is to localize Encarta ourselves into international English, German, Japanese, Spanish, French, and Italian. Although the cost to localize Encarta is steep (more than $40 million over 3 years for these languages), it's absolutely critical to control development, branding, marketing, and distribution of this cornerstone title, which is why we probably will not partner with local publishers. We are confident that we can develop and market localized versions of Encarta in these markets profitably.

Korea is the only other market we will localize Encarta for at this time. However, because we cannot create a Korean Encarta profitably ourselves, we will partner with a local publisher to deliver a localized version. This may prove to be a model that we can apply to other smaller markets at a future date.

Partial Localizations

Another key part of the Division's international product portfolio strategy is to reduce the number of full localizations we do for games and increase the number of languages we partially localize (docs and packaging) our games into. In many ways, games are strategic to our market development efforts. We have seen in the UK and Germany, for example, that games can get us into new consumer channels through which we can then distribute other Microsoft Home products. An ancillary result is that we also learn a great deal about working with these channel partners and about retail merchandising.

We believe that partial localization is already an accepted industry practice, especially since many games contain little text in the software itself. We will partially localize games, including our existing games (Flight Simulator, Space Simulator, Golf, etc), into German, Japanese, Spanish, French, Italian, Korean, Brazilian Portuguese, Dutch, Swedish, and Hebrew. We will not, however, partially localize games that require country-specific content, e.g. Soccer and Baseball.

Additional Localizations

A key objective of our international product portfolio strategy is to deliver a broad portfolio or a *critical mass* of products to major international markets so we can establish ourselves as the market leader as they develop. We have explicitly rejected a strategy which would diffuse our efforts by using resources to deliver a smaller number of products to more markets. In order to focus our resources and efforts on our bigger international opportunities, we cannot consider additional product localizations at this time.

However, the Division is committed to re-evaluating our international product portfolio strategy every 6 months. We will consider adding new markets for consumer localizations at those times.

International Versions of Bookshelf

The BOOP has asked us to consider delivering additional localized versions of Bookshelf, in part to support and leverage Microsoft's Office business. The Division will be analyzing this opportunity with Desktop Applications and will submit a proposal in early 1995. If we agree to deliver more localized versions of Bookshelf, we will most likely source country-specific content from a local publisher, a la our relationship with Langenscheidt on the German version of Bookshelf. However, we should try to link a Bookshelf collaboration to access to the publisher's content for other CD-ROM titles (see *Foreign Publisher Partnerships* section below).

Localized Macintosh Versions

We have decided not to create additional localized Macintosh versions of our products at this time so we can focus on delivering the many Windows versions we have committed to. Windows is clearly the predominant home PC platform worldwide, and Microsoft delivering more Windows consumer products will certainly help to solidify that position. However, we will closely monitor home Mac installed bases internationally, especially in France and Japan, so we can adjust this strategy if necessary.

Foreign Publisher Partnerships

As part of the Division's international strategy, we have committed to using the rest of FY95 to investigate partnerships with a select group of publishers in key international markets: Germany, France, Italy, and Japan. The reasons why this is an integral part of our strategy are:

- **Defensive competitive considerations.** Most, if not all, of these publishers are in or are planning to get into the CD-ROM title development business now. They will *eventually* learn how to produce good quality titles themselves or will partner with someone else to do so, and they will be a formidable competitor against localized versions of our CD-ROM titles. We could be faced with a slew of powerful competitors in major international markets if we do not move to partner with these publishers ourselves.
- **Efficient access to great local content.** Partnering with these publishers will give us *efficient* access to the content required to develop CD-ROM titles with the greatest local potential, eliminating the need to work with multiple smaller partners with potentially inferior content.
- **Marketing leverage.** We can turn many of the marketing assets these publishers enjoy to our advantage. Partnering with them would enable us to leverage their brand equity to more efficiently develop equity for Microsoft Home. We can also learn how to market content-oriented products to customers in these countries as well how to work with non-traditional software retail channels.

The Division's Intellectual Property group will initiate discussions with selected publishers in early 1995.

MS-PCA 2614990

International Product Planning Strategy

The Consumer Division has historically done a good job on localization, especially on products in revision. However, it's clear that our newer consumer products will require an international product planning effort and commitment unlike most of Microsoft's other products, especially given our aggressive localization plans.

Unfortunately, we do not have an infrastructure or processes in place to systematically and efficiently gather up-front global research and feedback on customer expectations and requirements for content, characters, user interface, or design treatment of our products. To address this growing and important need, the Division will be taking several significant steps to achieve our objective of increasing our ability to design and develop global products that will be successful in major international markets.

Director of Localization

Tomr was recently named Director of Localization for the Division. We realized we needed to create a team to focus on in-the-field product planning and customer research in the major international markets and to drive process improvements across the Division to ensure our successful development as a global products developer and publisher. Tomr will head this team and provide the full-time leadership that the challenge deserves. The Ireland localization team will continue to report to him.

International Product Planners

We need to dramatically improve our ability to conduct international product planning research and provide input to the Division's product groups early in the product design and development process. To address this critical need, we will initially hire 3 international product planners in Europe in early 1995 who will live in-country and coordinate research and other product planning efforts (other markets will be addressed later). The ultimate goal is that these international product planners will be regarded by Redmond product planners as natural extensions of the worldwide product groups. In addition, these product planners will play a primary role in defining optimal product portfolios for different international markets in the future through their research and analysis efforts.

Although these product planners may physically sit in a subsidiary office, they will report to Franksc, Division General Manager - exact logistical details are still TBD. We believe that this solution will meet our need for more concrete international product planning input without forcing us to further burden busy consumer marketing managers in the subsidiaries. Subsidiary input will of course continue to be welcome. However, this will no longer be the Division's sole source of international feedback.

International Intellectual Property

It is possible that the Division will begin to augment some of our products with local content in the future. In fact, this is the current plan with products and titles such as Soccer and Complete Soccer. In addition, our potential work with foreign publishers will require experienced intellectual property resources for content acquisition and contract negotiation. We therefore are also plannning to hire 1 international intellectual property managers in Europe in FY95. Again, this manager may physically sit in a subsidiary office, but they will report to Petemo, Division Director of Intellectual Property.

Appendix A

Win Capable PC Shipments to the Home						
	FY93	*FY94*	*FY95*	*FY96*	*FY97*	*FY98*
United States	4,386	5,510	6,197	6,596	6,911	7,178
Germany	1,083	1,237	1,453	1,739	2,054	2,416
Japan		642	789	925	1,036	1,144
United Kingdom	501	628	751	851	941	1,016
Spanish Markets		482	581	646	689	
France	185	244	321	401	477	543
Italy	200	265	320	372	428	483
Korea		284	322	359		
Spain	168	207	233	258	283	308
Brazil		155	198	247	292	
Switzerland	117	149	183	208	233	265
Taiwan		116	140	168		
Netherlands	90	122	146	166	184	199
PRC		85	110	144		
Australia	100	125	130	136	143	
Denmark	58	81	104	122	136	150
Belgium	56	79	93	103	110	116
Sweden	50	58	69	81	92	100
Austria	47	59	66	75	85	92

Installed Base - % of US						
	FY93	*FY94*	*FY95*	*FY96*	*FY97*	*FY98*
United States	14,263	18,982	24,137	29,489	34,941	40,389
Germany	18%	19%	20%	21%	22%	24%
Japan	7%	9%	9%	11%	11%	12%
United Kingdom	7%	8%	9%	10%	10%	11%
Spanish Markets	7%	8%	8%	9%	9%	
France	4%	4%	4%	5%	5%	5%
Italy	3%	3%	4%	4%	4%	5%
Korea	2%	3%	3%	4%		
Spain	3%	3%	3%	3%	3%	3%
Brazil	2%	2%	2%	3%	3%	
Switzerland	2%	2%	3%	3%	3%	3%
Netherlands	2%	2%	2%	2%	2%	2%
Taiwan	1%	2%	2%	2%		
Australia	1%	2%	2%	2%	2%	
PRC	1%	1%	1%	1%		
Denmark	1%	1%	1%	1%	1%	2%
Belgium	1%	1%	1%	1%	1%	1%
Sweden	1%	1%	1%	1%	1%	1%
Austria	1%	1%	1%	1%	1%	1%

MS-PCA 2614992

The Microsoft Network

Bill Miller
Director
MOS
Microsoft Corporation

Start

The Microsoft Network
FY96 Goals

◆ **15% of Win95 customers trial MSN**

➢ 60% become MSN subscribers

◆ **Attain critical mass in Information Providers**

◆ **$168M FY96 Revenue**

◆ **Establish operational and support infrastructure**

Microsoft MS-PCA 2614994

The Field & MSN

◆ Selling MSN Forums
◆ Recruiting IPs
◆ End user marketing

FY96 Staffing

◆ End user marketing - 14 in field
◆ SE support - 12 in field
◆ Organization services - existing
◆ MOS field support
  ➢ Business development
  ➢ Organization services marketing

Microsoft MS-PCA 2614995

MSN and the Internet

◆ "One-button" start-up and use for MSN/Windows 95 customers

◆ MSN to be a TCP/IP local access provider
  ➢ WWW, FTP, Gopher, news, email
  ➢ UUNET strategic relationship
  ➢ Licensed Mosaic from NCSA/SpyGlass

◆ Consistent access to information
  ➢ Links between MSN and Internet content
  ➢ Shortcuts to the Internet

Microsoft and TCI

◆ TCI is a 20% owner in Microsoft Online Services Partnership

◆ Microsoft and TCI will work together to provide cable access to MSN
  ➢ MS will work aggressively with other cable and Network operators to provide maximum access to MSN
  ➢ No direct impact on MSN personnel, IP relationships, or strategies

◆ Other carriage and equity relationships not required at this time

Microsoft MS-PCA 2614996

1. Introduction and Executive Summary

This document covers the marketing strategy and plan for The Microsoft Network. In particular, it will describe the opportunity and impact on our field organizations for FY96 including preliminary staffing and revenue budgeting recommendations. Specific strategies for End user, SMORG, LORG and markets utilizing the sales force, product marketing, Solution Providers and the channel will be discussed.

The online market is growing rapidly and is projected to be a two billion dollar market[1] within five years. This opportunity has attracted new entrants including ATT Interchange and Europe Online (based upon a technology agreement with ATT). Microsoft will enter this business during Q1/FY96. MSN will compete directly in the online services business against players such as CompuServe, Prodigy, America Online and the new entrants. There are also new services planned specifically for large and small organizations that we will compete with including AT&T Network Notes and InternetMCI. Within the next three years, the revenue impact will become significant for Microsoft. However, during FY96, customer acquisition and developing Independent Content Provider[2] (ICP) relationships will be the primary goals for the field organization.

Access to The Microsoft Network will be a feature of Windows 95. Our primary marketing goal is to acquire and retain a large number of subscribers. To that end, we will first build a vibrant electronic community utilizing a set of basic communications and information services. The basic services include email, BBS and Internet email and newsgroup access, chatting, and a base offering of news, sports, financial market and weather information. Additionally, MSN members will be offered access to an array of extended services such as branded information, entertainment, and shopping provided by Microsoft and Independent Content Provider companies. Many of these extended services will be built with a new development system - code named Blackbird and available in FY96 - which is an advanced publishing system for developing rich multimedia services for the MSN online environment.

MSN services will be targeted at end-users at home, in small businesses, and in large organizations. We expect that third parties will provide a wide range of information and services targeted at these customers. This includes many Microsoft large accounts who will use MSN as a tool to communicate with and provide information to their channels and customers. To insure that MSN is able to deliver a rich, valuable, and credible offering the MOS team has put a special focus on some specific customer segments. The planned focus segments (we call them beachheads[3]) are 1) the Microsoft enthusiast customer (depends upon Microsoft products and always wants to know the latest), 2) the PC information and support seeker, 3) the small office/ home office customer, 4) families with children in elementary and/or junior high school, and 5) the hobbyist. Other market segments will find value in MSN and we will support third parties who will provide information and services beyond these beachheads.

Because of MSN's wide availability and communications focus, we expect that large and medium organizations will want to use MSN as a communications tool for their own purposes (e.g., communicating with their sales force, channels and customers). MSN will provide our LORG customers with a managed alternative to creating an independent BBS or putting up a World Wide Web server which we call a MSN forum[4]. Late in FY96, new services will be introduced providing more comprehensive, back-end, LAN connection services targeted at large organizations. These organization services[5] will interoperate with the Microsoft Backoffice (including Catapult) and Exchange products.

The MSN marketing plan, product features and the Independent Content Provider and beachhead plans are available on \\whitesox\mktpub\plans.

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[1] 1994 SIMBA research
[2] See MSN Terms - Section 9
[3] See MSN Terms
[4] See MSN Terms
[5] See MSN Terms

2. Channel Strategies

2.1 LORG and the sales force

Large organizations will want to use MSN as a tool to communicate with, market to and support their customers and channels. MSN will enable companies to publish product information. maintain private BBS services for their channels, and sell product via email forms based systems. The sales force will be trained and provided with tools to promote private (access limited to an approved list) and public MSN forums. An annual fee structure is being developed and MSN forum space will be sold to LORGs by the sales force. Additionally. the sales force (for all channels) should direct organizations interested in creating an MSN forum to the MSN developer and design conferences planned for both the US (May 95) and Europe (date TBD).

Late in FY96, new services are planned that will be specifically targeted at LORG and SMORG. These services will extend customers LANs to connect directly to the online world. These will run on Backoffice and provide: administrative control so that IS can manage what MSN services are visible and available: local replicated datastore of selected MSN information; and internal publishing capabilities based upon Blackbird. The sales force will be able to use these planned capabilities as another reason for accounts to standardize on Microsoft Backoffice. This effort will be supported by the SE's supporting Exchange who will be trained on this strategy.

Large accounts will also want to use MSN internally as a source for PC support and information from Microsoft and other vendors. Corporate account billing will be available (while end users will pay for subscriptions and usage with credit cards or direct debit.)

2.2 SMORG and Solution Providers

One of the goals of MSN is to provide small organizations with services that generally are only available in large organizations with infrastructure and scale. Wide area Email and BBS communications for internal use, interacting with suppliers. and to support their channels without capital investment or technical support are available on MSN. Additionally. business services from third parties are being developed and will provide a range of services including: database marketing. legal, accounting. printing. information databases. etc. A complete description of the plan is found in the SOHO (small office/home office) beachhead plan found on \\whitesox\mktpublplans.

Solution providers will want to use MSN as a tool to prospect, sell to and support their customers and should be sold MSN forums for this. Some Solution Providers will also be used to provide various services to ICPs including: Blackbird design; backend database integration consulting: forum setup and maintenance: email forms based order systems development; and other custom applications based upon Blackbird or the MSN SDK.

2.3 End user channel

Since Windows 95 will be the product that retailers sell and there will be no MSN SKU to be sold. the channel promotions will be those tied directly to Windows 95. The main opportunity for retailers and the distributors will be to use MSN as a tool to better run their businesses. This includes the same applications described above - to communicate with. market to and support their customers and channels. MSN will enable distributors and retailers to publish product information, maintain private BBS services for their customers, and sell product via email forms based systems.

Online shopping for software will be possible before online delivery is practical (generally only small add in products will be practical to deliver at dial-up modem speeds.) Therefore, some of our retailers will begin experiments in online selling in FY96.

The retail sales force will be responsible for selling MSN forum space to retailers for both shopping and communications and support applications on the same terms and in the same way that the sales force will to LORGs.

2.4 OEM

The OEM sales force will have the same opportunities to sell MSN forums to OEMs for the same applications as other channel partners. Additionally, for larger OEMs, MOS marketing people are recruiting them to run information, support and marketing areas for their customers as part of the "the PC information and support seeker" beachhead.. For key OEMs we will waive the MSN forum fees.

3. MSN as a Microsoft tool

3.1 Online Product Support Services

Local PSS services will be delivered via MSN as per the PSS plan.

3.2 Marketing information and communication

In addition to PSS support services, Microsoft will have a coordinated set of services and information available for customers. Each product and service group in Redmond is planning to provide a set of services for the channel and customers on MSN. This includes product information, knowledge base and PSS support. Add in products like macros, templates and clip art will be available for download and MSN will be used to get direct customer feedback. This effort is being driven by Stevewil in the MOS group who is working with the groups responsible for Microsoft communications to our customers and is detailed as a part of the PC_indus.doc plan found on \\whitesox\mktpublplans.

Subsidiary marketing should plan to extend these areas with language and local market specific information. local newsletters, price lists, and other information can be posted to location specific BBS and download read only areas or, be added to the product areas. The Sysop[6] management of marketing information areas should be done with existing headcount from the marketing staff.

4. FY96 Goals and Plans

4.1 FY96 Budget Goals

The primary goal for MSN in FY96 is to acquire the maximum number of Windows 95 customers as subscribers to MSN. Given modem penetrations. telecommunications charges and differences in ICP provided content, the US should attract and retain the highest percentage of customers followed by Europe. The goal is to get a high percentage of Windows 95 customers to try MSN's free offer. The trial percentages are as follows: 15% in the US and Canada. 10% in Europe and 5% in ROW. The subscription goal is to get 60% of those who trial to subscribe.

Revenues will be forecast by each subsidiary and will come primarily from customer subscriptions and hourly usage during FY96. Additional revenue will come from online transactions for information, services and products and from advertising but these will be minimal in FY96.

Worldwide revenues are projected at $165M for FY96.

$4\ 145M^7$.

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[6]See MSN Terms

MS-PCA 2614999

4.2 Recruiting Independent Content Providers

Extended[7] and base services will be developed for MSN by publishers, retailers, service businesses and others. In FY96 the sales force will recruit these third parties for MSN as a part of the overall sales mission. Currently recruitment and management of these relationships is done worldwide by MOS staff (Johnwil and Alex Knight organizations in US, Gerardb organization in Europe.) The MOS group will continue to staff personnel in EHQ and Redmond and add heads to support the ROW who will support these selling activities with marketing materials, demonstrations, multinational agreements, terms negotiation and approve non-standard terms.

In addition to organizations that Microsoft currently has relationships with (currently Microsoft customers), the volume of interest from other third parties is very high so, the MOS team has implemented a program to "automate" the relationship with potential third parties who want to be on MSN. This includes email (MSNINFO@Microsoft.com) and faxback (1/800-4MSNFAX or 908/885-6439) services for information about how to work with the MSN and developer and design conferences.

4.3 FY96 Staffing Requirements

End user marketing programs will need to be implemented in local markets including PR, promotion, ICP co-marketing, local sales training and support, pricing input, and events. An MSN product manager(s) is recommended in each of the major subsidiaries and regional offices. The MSN product manager will be responsible for the development and implementation of local programs. This person should work closely with the local Windows 95 product manager and the MOS international product manager (Mauroc). Additionally, SE's will be necessary to support the sales and marketing efforts. These heads will be hired by and report to local subsidiary management and take strong direction from MOS management. Recommended staffing levels are shown below in Section 11.

The OCU sales group will be trained to integrate MSN organizational services into their marketing and selling, but we will not add dedicated heads in OCU. MOS will add a small number of heads to support OCU selling.

5. MSN Marketing

MSN access will be a feature of Windows 95 therefore, the primary customer acquisition tool will be the offer made to new Windows 95 customers during setup. MSN marketing will be a part of Windows 95 messaging and additional MOS specific programs will be implemented to attract and retain MSN customers. A quick feed direct mail program will be initiated to offer MSN to customers who don't trial soon after registering Windows 95. Co-marketing programs will be developed with third parties to target their current customer base. The MSN marketing budget for the subsidiaries will be a percentage of the Windows 95 marketing budgets .

6. MOS Contacts

European business development: Gerardb, EHQ
Beachhead plans and ICP factory: Johnwil
International marketing plans, pricing, local access coverage: Mauroc
News, Weather, Sports, Stock content: Keithro
Sysop recruitment: Robmich
Customer service and support: Georgeme
Organization Services: Dianam
Shopping, database: Kenschn

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[7]See MSN Terms

MS-PCA 2615000

7. Customer Support

Customer service, product support and billing will be outsourced for MSN. The vendors supplying these services are described below. These groups will interface with Microsoft PSS and calls will be referred between PSS and these organizations as appropriate.

Customer Service

MCI's Business Markets group will provide customer service for MSN members in North and South America. MCI's primary responsibility will be to support in-bound customer service calls and MSN on-line messages. The call center will initially staff approximately 125 Microsoft Service Professionals (MSPs) offering 7 x 24 coverage.

Decisions Group will provide customer service for members in England, Scandinavia, the Far East, and other English speaking and minority languages from their facility in London, England. They will also provide Technical Support for certain small volume languages.

Merit Communications is a sister company of Decisions Group and is located outside Brussels, Belgium. They will be providing customer service to the rest of Europe and is managed by the Decisions Group. Between the two companies, they will provide service to 33 different countries in 18 languages starting with 65 MSPs between the two sites. Given the time zones covered, they will effectively have a 7 x 24 operation although there will be some limitations in service depending upon language. Toll free customer support is being provided in most countries.

Product Support

Corporate Software will provide technical product support from two locations. Dallas, Texas and Leiden, Netherlands. Corporate Software already provides technical support for many Microsoft applications including support to Microsoft Ltd. from their Dallas facility. Initially, they will have approximately 30 support people in Dallas and 15 in Leiden. MSN tech support will be a toll call.

Billing Services

Microsoft Network will be priced in 19 different currencies. We will offer two billing options, credit cards for most consumers and direct billing for Corporate Accounts. We are contracting with NABANCO, the largest credit card processor in the world to provide authorization and collection of credit cards. They will be able to provide the local currency processing we require. Corporate Account billing and collection is being outsourced to Dun and Bradstreet and will be managed out of the US and London.

8. Strategic Relationships

The Microsoft Online Services group has developed several strategic relationships to ensure wide availability of MSN and Internet services for Windows 95 customers.

In December, we announced a relationship with TCI, the largest cable operator in the US. TCI's Technology Ventures group has made a $125M investment in the Microsoft Online Services Partnership (MOSP) for which they will own a 20% share in the profit and loss of MSN. This in no way affects our strategies, ICP relationships, relations or flexibility with other carriers, or our MOS staff.

Why did we do this? First. Microsoft — and its ICPs— gain access into TCI's 20 million homes for cable service. Given TCI's participation in the profits of MSN, we gain a strong and highly motivated marketing partner who will help ensure that cable is a popular way to access MSN services. Finally, the technical solutions that we develop with TCI will help us provide high speed access from other cable operators. Although we are open to other equity relationships it is unlikely that Microsoft will add partners to the MOSP unless another unique opportunity is found.

In January, we announced our Internet strategy. We announced a strategic relationship with UUNET, one of the original local access providers (LAPs) for the Internet. UUNET will build out a TCP/IP network with dedicated capacity to provide our customers with the quality and reliability of service which they expect from Microsoft. We believe that our entry into this market will dramatically increase the usage of

the Internet and since the existing Internet infrastructure is insufficient to support our projected demand we plan to increase the dial up infrastructure commensurate with the amount of traffic our customers will generate. The service will support up to 28.8kps modem and ISDN access. Our goal is to provide one button access to the full Internet available worldwide (staged buildout with first availability at end of 1995) for all Windows 95 customers via MSN. We have also acquired a license for NCSA standard Mosaic from Spyglass, which we will enhance and use to provide Web viewing in MSN and Windows 95 (note that this capability will not be included in Windows 95 and will be downloaded to MSN customers in late '95.)

Microsoft has previously announced agreements with AT&T, Sprint and British Telecom for dial-up X.25 network access. This UUNET agreement is in addition to those existing relationships. UUNET will be Microsoft's primary provider of dial-up access using Internet protocols. We may add other access providers (local PTTs and cable operators) in the future based upon pricing and access speed but, we believe that we have good carriage for our launch and do not expect to add carriers/new infrastructure partners, except in Japan, for some time.

Microsoft has also created and announced a Joint Venture with Telstra in Australia to provide MSN services to that continent. We will consider other strategic relationships (currently evaluating in Japan) but we are not actively looking for them.

9. Terms

Independent Content Provider - an organization who offers a service by creating a forum on MSN. Includes publishing, media, retail, and other types of organizations. Also called an ICP.

MSN forum - an area created by and managed by a ICP or a Microsoft contracted Sysop. A forum could include product and service information (price lists, collateral, advertising, dealer lists, etc.) support services, and support transactions for information, services and ordering goods. The ICP will pay a "rental" fee for the forum and a percentage of revenues generated by transactions to Microsoft.

Sysop - a system operations person. Generally called a forum manager on MSN. Manages the administrative functions of a forum and manages and drives the community of the forum (in some cases this includes creating content for download libraries, securing speakers for chat sessions and other production). Many are paid Microsoft contractors who manage forums that MOS wants to drive to both attract and retain customers. Others are employees of third parties who have MSN forums.

Beach head - a market segment that is given specific focus by MOS marketing to ensure that a critical mass of content, services and ICPs are available for that segment.

Base services - those services available for the MSN subscription price

Extended services - those services available to MSN subscribers which require additional subscriptions or transaction fees in addition to the base MSN subscription and connect fees. These can come from third parties including from Microsoft product groups (such as the Consumer Division).

Organization services - a set of services targeted at organizations enabling connection to MSN services and administration of those services from a Windows NT server. Availability is planned for end of FY96. Dianaun is contact within MOS for more information.

Information Provider - a term often used for ICPs who publish information as a primary business. Same as IP.

MS-PCA 2615002

10. MOS Revenues

	FY96	FY97	FY98
Revenue			
Subscription & Connect Time	$142,039	$353,241	$504,674
Net Premium Service Revenue	2,998	43,060	120,666
Advertising Revenue	-	35,000	56,000
Total Revenues	$145,037	$431,301	$681,340
Cost of Goods Sold			
Telecom Charges	$88,491	$194,470	$275,592
Royalties	9,000	12,000	16,000
Disk Duplication Costs	4,073	1,003	998
Billing & Collections	8,368	29,697	57,378
Total Cost of Goods Sold	$109,932	$237,170	$349,968
Gross Profit	$35,105	$194,131	$331,372
End of Period MSN Subscribers (1000's)	1,462	2,608	4,331

[handwritten: 50% US]

[handwritten: AOL 1.5-20M]

[handwritten: C-Serv]

11. Access and Localization

Countries w/ network access	Mktg Heads	SE Heads	Localized Client	In currency billing	In language support	Base Content
US Regions		4	X	X	X	ENGL
Europe						
Austria			X	X	X	GERM
Belgium			X	X	X	FRENCH
Bulgaria						ENGL
Czech Republic			X		X	ENGL
Denmark			X	X	X	ENGL
Finland			X	X	X	ENGL
France	2	1	X	X	X	FRENCH
Germany	2	1	X	X	X	GERM
Hungary			X		X	ENGL
Ireland			X	X	X	ENGL
Italy	1	1	X	X	X	ENGL
Luxembourg			X		X	ENGL
Netherlands			X	X	X	ENGL
Norway			X	X	X	ENGL
Portugal			X	X	X	ENGL
Romania						ENGL
Russia			X		X	ENGL
Spain	1		X	X	X	ENGL
Sweden	2	1	X	X	X	ENGL
Switzerland			X	X	X	GERM
UK	2	1	X	X	X	ENGL
APAC	1	1				
Australia			X	X	X	ENGL
Singapore			X		X	ENGL
New Zealand			X	X	X	ENGL
Indonesia						ENGL
Philippines					ENGL	ENGL
Malaysia						ENGL
Thailand					ENGL	ENGL
Far East						
Hong Kong			X		X	ENGL
Japan	2	1	X	X	X	TBD
Korea			TBD		X	ENGL
Taiwan			TBD		X	ENGL
AIME						
India					ENGL	ENGL
Israel					ENGL	ENGL
Kuwait					X	ENGL
Oman					X	ENGL
South Africa			X		X	ENGL
Turkey			X			ENGL
Latin America	1	1				
Mexico			X		X	ENGL
Venezuela			X		X	ENGL
Peru			X		X	ENGL
Colombia			X		X	ENGL

MS-PCA 2615004

FY96 Localization Planning
Business Case Process

David Brooks
Director
International Product Strategy

Microsoft Corporation

Start

FY96 Localization Planning

◆ Davidbr team mission and role

◆ Summary of planned localizations

◆ By localization level, rtm, delta

◆ Details for Office components

◆ Summary regularly updated

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Business Case Process

- ◆ Regional Dir coordinates business case

- ◆ Simple 2-3 page business case

- ◆ "Multiplier" benchmark

- ◆ Decision and escalation process

- ◆ Accountability

- ◆ Review at MYR and FY planning

Localization Decision Process
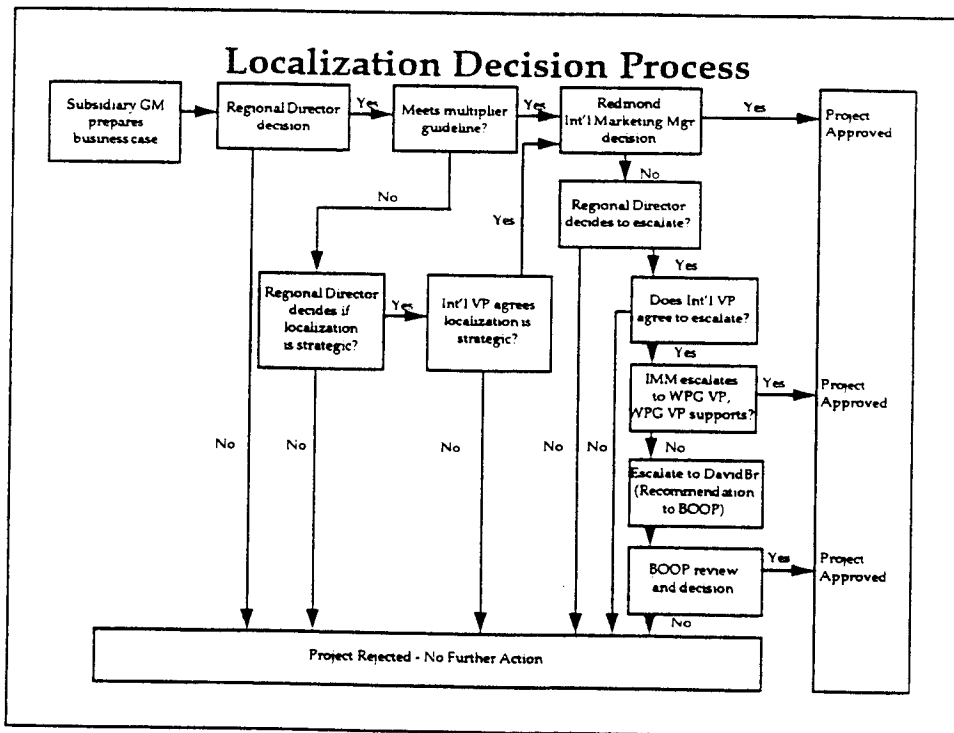
To: February 1995 WWRDM Attendees
From: David Brooks
Date: January 17, 1995
RE: FY96 Localization Planning and Business Case Process

This memo is an overview of the FY96 Localization Planning Process. A list of localized products proposed for FY96 will be attached to this cover letter when distributed to Regional Directors for review in February.

For pre-reading, we have attached a draft of the pro forma business case process to be used for requesting changes to the proposed list. Please review for WWRDM session. Key issues to discuss:

- Review of escalation path
- Accountability of subsidiaries and product units
- "Multiplier" concept: merely a benchmark

Timeline

Dates will be included in planning memo distributed in February.

Localization Planning Schedule

January	Davidbr Team	fy96 localization planning - WWRDM pre-reading
February	Davidbr Team	preliminary list distributed
End Feb	Regional Directors	submit requests for changes, with business case, to IMMs
March	Regional Directors	negotiations with Int'l Marketing Managers
March	Int'l Marketing Managers	forward unresolved requests to Davidbr
March	Davidbr Team	review unresolved requests, forward to BOOP for resolution.
March	BOOP	review unresolved requests
March 31	Davidbr Team	publish final list (to be in synch with budget process/timeline)

Business Case Process

The process for handling requests from subsidiaries for changes to the list has been revised and clarified. Based on past process feedback, the key rationale behind the new process is to clarify decision making process, simplify criteria, and provide accountability.

Changes from the past process summarized below:

	Past Process	Proposed Process
Sponsor	General Manager	Regional Director
Process & Owner	Not clear	Defined
Cost Data	Not included in sub's analysis	Included
Accountability (Sub and WPG)	Weak	At MYR and FY Planning
Escalation	Not defined	In stages, ultimately to BOOP
Criteria	Varied by product unit	Vary by product unit, with common corporate benchmark
Localization Plan	Alternatives not defined	Specific levels defined
Planning Horizon	Fiscal year	Product life cycle

Proposed business case key points:

- Requests for additional products or other changes will be the responsibility of the Regional Director. Subsidiaries should forward their requests, with a business case, to their Regional Director - not to the Product Unit in Redmond or Ireland.

- Regional Directors will be accountable for the financial impact of projects requested by their subs. Actual results of projects requested by subs will be reviewed at MYR and FY planning and compared with business case projections.

- Estimated localization cost data are being distributed to assist in business case preparation. These are rough estimates only, but they are useful in evaluating the potential bottom-line impact of additional projects, etc. More refined data will be prepared if required.

- A "multiplier" concept will be used to assist in decision making. The "multiplier" is as follows:

    Multiplier = Incremental Revenue / Localization Cost

    For decision-making purposes, projects with a multiplier of 5 will meet FY96 profit goals. Projects with a multiplier below 2 are unprofitable, and projects in the middle are marginal.

- The "multiplier" will be calculated on a lifecycle basis - not a fiscal year basis. Evaluation of the profitability of a project will not be impacted, therefore, by delays in RTM. Per Steveb's instructions, however, subs will be held to FY96 revenue targets regardless of slips in RTM.

MS-PCA 2615009

- Requests will be reviewed initially by the International Marketing Manager in the appropriate product unit. If the IMM and Regional Director cannot agree, the request will be escalated to the VP level. Remaining unresolved requests will be reviewed by my group and presented to the BOOP with our recommendation.

A flow chart summarizing the process and a list of IMMs for each product are attached.

Localization Decision Process
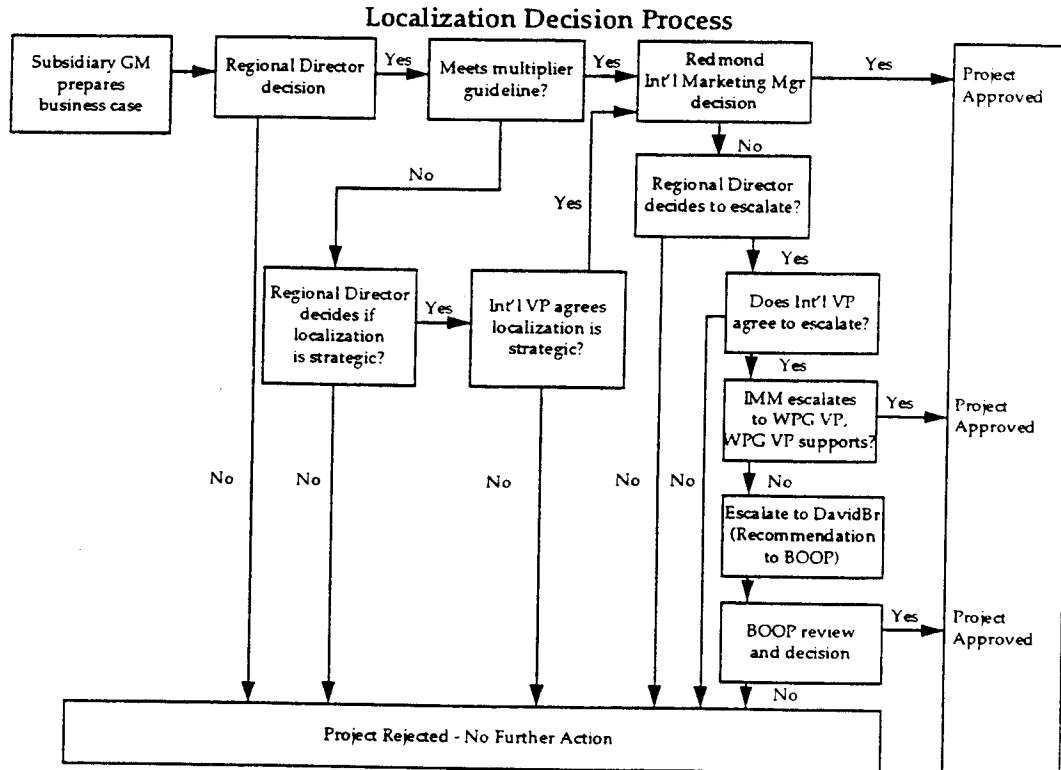
- Subs' requests channeled through Regional Director - responsible for reviewing business cases and negotiating with product units.

- Simple business case (2-3 pages) high-lights what's requested, revenue opportunity, marketing & support plans, strategic rationale, etc.

- "Multiplier" test used to identify projects likely to be unprofitable. Multiplier = incremental revenue divided by incremental cost (recommend guideline: 5). Projects that fail the test can be proposed as "strategic".

  Request is initially reviewed by product group (Int'l Mktg Mgr level). Product group decision based on own financial goals, resources, vendor capabilities, etc.

MS-PCA 2615010

- Projects turned down by product group can be escalated through Int'l group to BOOP.

- Approved projects added to sub's FY96 revenue plan - actuals reviewed at MYR and during budget.

Decision Criteria and Other Considerations

Subs' requests will be handled on a case-by-case basis - there are no "automatic" approvals. In addition to financial impacts, other criteria that affect the decision include resource availability, strategic importance, technical issues, and vendor qualifications. Product groups may choose to apply their own criteria in reviewing proposals - these may be overturned in the escalation process. A number of considerations should be kept in mind:

- Consumer Division's international strategy is to focus on a small number of markets with significant home PC shipments. In accordance with this strategy, and due to the cost and difficulty of localizing content-rich products, Consumer Division has indicated they will not be able to approve additional requests.

- Deltas for almost all markets are planned at less than 120 days, and our ability to shorten them further is limited. Windows 95 and Office 95 will ship at approximately the same time, creating a huge peak in localization work. This will severely limit our ability to respond to requests for shorter deltas for these products.

Other Comments

The business case process is designed to provide a mechanism for subsidiaries to obtain product they believe necessary in their market. Some required products may not be profitable -- this does not preclude them from consideration. The strategic rationale for an unprofitable product should be spelled out, though, in the business case submitted. Subsidiary GMs and Regional Directors will be held accountable for the commitments made in business cases - business cases should, therefore, be based on conservative revenue projections.

If you believe the data in the attachments are incorrect, are having difficulty interpreting the attachments, or wish to propose changes to the process please get in touch with me directly. Otherwise, business cases should be presented to the people identified in the attached list of IMMs.

MS-PCA 2615011

International Marketing Manager (IMM) Contacts by Division

Product Division	Intl Marketing Mgr - Primary Contact	Secondary Contact
DAD	Matt Mizerak	France Buvle
POS	Christian Wildfeuer	Andreas Berglund
BSD	Dwight Krossa	Thomas Reinemer
DDT	Bjorn Hovstadius	Miguel Rabay or Alfredo Pizzirani, Europe
Consumer	Shane Kim or Randy Thatcher, Hardware	

Business Case Coordinators by Language

Language	Regional Director
Arabic	Brvan Nelson
Bahasa Indonesia	Jeff Lum
Bahasa Malavsia	Jeff Lum
Basque	Umberto Paolucci
Brazilian - Portuguese	Orlando Avala
Catalan	Umberto Paolucci
Czech	Christian Wedell
Danish	Mats Wennberg
Dutch	Patrick de Smedt
Farsi	Bryan Nelson
Finnish	Mats Wennberg
French	Jean-Philippe Courtois
French Canadian	Frank Clegg
German	Christian Wedell
Greek	Brvan Nelson
Hangeul	Charles Stevens
Hebrew	Brvan Nelson
Hungarian	Christian Wedell
Italian	Umberto Paolucci
Japanese	Charles Stevens
Mandarin	Charles Stevens
Mandarin Chinese	Charles Stevens
Norwegian	Mats Wennberg
Polish	Christian Wedell
Portuguese - Iberian	Umberto Paolucci
Russian	Christian Wedell
Spanish (Latin America)	Orlando Avala
Spanish (Spain)	Umberto Paolucci
Swedish	Mats Wennberg
Thai Enabled	Jeff Lum
Turkish	Bryan Nelson

APPENDIX A

PRO FORMA BUSINESS CASE

LOCALIZATION BUSINESS CASE: [Product Name] Example: Word 6.0 for Windows Slovenian

DATE: 10/14/94
TO: [Intl Marketing Manager, Division]
FROM: [Regional Director/Requestor, Title and Subsidiary]
CC: IntlStra [Davidbr Team]

SUBMITTED: [X] During planning cycle   [ ] Outside planning cycle
           [X] Meets multiplier [ ] Strategic [ ] Change delta [ ] Change localization level

APPROVED: [X] YES [ ] NO

BUSINESS CASE INFORMATION: Completed by Requestor.

		Cost
Previous localization:	[ ] Yes [ ] No	
Localization level:	1 [ ] Full localization	$450,000 (from database)
	2 [ ] Localized software, doc, help, few add-ins	$250,000
	3 [X] Enabled, localized box/doc	$100,000
	4 [ ] Enabled	$50,000

SKUs: [X] Retail 5.25" [X] Retail 1.44" [ ] Upgrade [X] Competitive Upgrade
           [ ] Academic Edition [ ] CD ROM

REVENUE OPPORTUNITY: Completed by Requestor. Over product lifecycle of 18 months.

English net revenue _without_ localization:

	Product	Units	Net Rev/Unit	Net Revenue
First 12 months	English	500	$300.00	$150,000
Rest of lifecycle	English	1,000	$300.00	$300,000
		English net revenue without localized product		$450,000

English net revenue _with_ localization:

	Product	Units	Net Rev/Unit	Net Revenue
First 12 months	English	100	$300.00	$ 30,000
Rest of lifecycle	English	500	$300.00	$150,000
		English net revenue with localized product		$180,000

Localized product net revenue:

	Product	Units	Net Rev/Unit	Net Revenue
First 12 months	Slovenian*	1,000	$350.00	$350,000
Rest of lifecycle	Slovenian	2,000	$350.00	$700,000
		Net revenue of localized product:		$1,050,000
		English + localized net revenue:		$1,230,000

*Breakdown forecast per market for languages with more than one market i.e., Spanish.

Incremental net revenue of localized product $780,000
[English + localized net revenue] - [English revenue w/o localized product]

Net Revenue Multiplier: [multiplier]   = [incremental sales] divided by [localization cost]
                          7.8   = $780,000/$100,000
Metric: [7.8]   >= multiplier of 5?   [X] Yes [ ] No
If multiplier > 5, then proposed localization increases corporate profitability.

APPENDIX A: Pro Forma Business Case Cont'd
Market Information and Strategic Rationale

MARKET INFORMATION: Market info derived from localization database.

Region: Eastern Europe (list box)
Market: Slovenia (list box)
GNP growth: 50%
Per capita income: $ 15,000
Population: 2,300,000
language speakers: 1,000,000
PC (Intel) installed base: 75,000   PC growth rate:
PC installed base - networked: 25,000   PC networked growth rate:
PC installed base - home: 5,000   PC home growth rate:
Windows: 30,000
MS product English version: 1,000
Piracy rate: 40%

COMPETITIVE ENVIRONMENT: Completed by Requestor.
Competitor: Lotus AmiPro
Competitor product localized: [ ] Yes [ ] No
Competitor product localization level: [ ] 1 [ ] 2 [X] 3 [ ] 4
Top competitor local product units installed based: 10,000
Top competitor market share: 20%
Features, add-ins required to be competitive: Slovenian font styles
Timing issues, need by: Spring 95 Trade Show

STRATEGIC NEED: Completed by Requestor.

If strategic product, describe rationale and major opportunities.

MARKETING AND SUPPORT: Completed by Requestor.

Briefly describe marketing plan for product:

Support plan for product:

List those involved in marketing and support for product:
Name   Title   % Time

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LOCALIZATION PLANNING/IF APPROVED: Completed by Product Division.

US release date:	1/1/95
Target Localization RTM date:	4/1/95 **Delta:** 90 days
Localization start date:	12/1/94 (if approved)
Localization site:	[X] Dublin [ ] Redmond [ ] Far East [ ] Other:
Manufacturing site (PEARS confirms)	[ ] US [ ] Ireland [ ] Singapore [ ] Australia
	[ ] Mexico [ ] Brazil [ ] Japan [ ] Korea [ ] Taiwan

Will be reviewed: 1/1/96 Mid-year

POST LOCALIZATION METRICS: Completed by DavidBr Team.

Actual review date:	1/1/96	**Reviewed by:**	David Brooks
Actual release to manufacturing:	3/20/95	**Actual delta:**	80 days
Product released on time:	[X] Yes [ ] No	**# days off estimate:**	
Product actual cost:	$100,000		

	Projected		Actual	
Product sales to date:				
(6/1/95 - 12/1/95)	500 units	$125,000	200 units	$70,000
Actual annual rate:	1,000 units	$350,000	400 units	$140,000
Product meeting sales target:	[ ] Yes [ ] No			

Next review date: 5/1/96 (12 months)

MS-PCA 2615016

Antipiracy Task Force Review

David Curtis
General Counsel, International
Law and Corporate Affairs
Microsoft Corporation

Start

Antipiracy Task Force
Recommendations and Status

◆ Antipiracy Business Manager

◆ COA-like anti-counterfeiting measures

◆ Covert anti-counterfeiting measures

◆ Software ID

◆ Other issues

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Next Steps

- ◆ Complete implementation of approved measures
- ◆ Develop a business plan and metrics
- ◆ Identify/prioritize other steps
- ◆ Make a measurable, demonstrable impact on revenue

MS-PCA 2615018

Microsoft·

To: February 1995 WWRDM Attendees
From: David Curtis
Date: January 20, 1995
RE: Antipiracy Task Force - Update

Summary:

An Antipiracy Task Force was formed at the Worldwide Directors Meeting last July. It included representatives from a cross section of product, marketing and administrative groups. [1] It was charged with developing a set of top-level recommendations to be presented to the BOOP to address the problem of software piracy. Recommendations were presented to the BOOP on January 5,[2] resulting in the following decisions:

- An "Antipiracy Business Manager" will be hired in WWPG reporting to Chris Williams with responsibility for corporate antipiracy product and marketing issues.
- COA-like anti-counterfeiting measures will be broadly implemented on all retail product packages.
- Covert anti-counterfeiting measures will be broadly implemented on all retail product packages.
- The SMS group will assume responsibility for future technical ownership of Software ID (an internally developed tool for auditing software usage). The new Antipiracy Business Manager will be responsible for exploiting the product as an antipiracy tool.

This memo explains these recommendations and current implementation status. Feedback, including particularly additional thoughts on areas for follow up and priorities, are encouraged.

Background:

We have all seen the various published estimates of worldwide losses to software piracy, as well as internal information and estimates.[3] All indications are that software piracy is a huge drain on the revenues of this company - it is not unreasonable to assume that piracy costs Microsoft at least what it makes each year.

Historically, we have approached anti-piracy work as a three-pronged effort (public policy, marketing/education, and litigation) conducted mainly through industry associations but with a significant additional Microsoft-only component, particularly in the counterfeiting area. When we started making a significant investment in anti-piracy work

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[1] See the Additional Materials section below for the location of a roster of task force members.
[2] See the Additional Materials section below for the location of a copy of this presentation.
[3] See the Additional Materials section below for the location of information on estimated losses.

in 1987, activity was centered primarily in LCA. As time has passed, increasing attention has been focused on piracy in marketing groups, product development, PR and other areas of the company. Microsoft has steadily increased the resources it devotes to piracy across the company. We are by far the largest contributor to BSA both financially[4] and in terms of human resources, and have significant additional resources devoted to activity we undertake independently.

It has not been clear that we are being as smart about this challenge as we can and should be. Many groups within Microsoft have an interest in this topic and often communicate with each other quite well - but we could do a much better job coordinating between groups. Many people around the company have insights and expertise that could help us all be smarter and better about the anti-piracy work we do - but we don't have a very efficient way for those insights and that expertise to be shared, or to be brought to bear on designing strategies and setting priorities. Too many projects are undertaken on an ad hoc basis rather than as part of a larger, coordinated strategy.

The Antipiracy Task Force was formed with this background in mind. Its purpose was to bring together a cross section of people from around the company to develop a set of top-level recommendations to address the problem of software piracy. The members of the Task Force met periodically between September and December, and a series of recommendations was delivered to the BOOP on January 5, 1995.

Recommendations:

1. <u>Antipiracy Business Manager</u>. The first recommendation was to designate an Antipiracy Business Manager in the Worldwide Products Group to assume responsibility for corporate antipiracy product and marketing issues.

   Current responsibility for developing and implementing antipiracy programs is distributed among multiple product groups, multiple sales and marketing groups, and LCA. While there are many good reasons to continue to give some responsibility to multiple groups, there is also redundancy (as different groups 'reinvent the wheel' over and over again). Additionally, there has been only infrequent attention paid to initiatives which appear to offer global benefits (geographically, in terms of the universe of products and/or in terms of the range of types of piracy we encounter).

   Further, to the extent any single group in the company has 'owned' piracy at a global level historically, it has been LCA. This is due to the primary focus on legislation and enforcement (litigation) which has been so important to our antipiracy efforts. However, as our efforts have evolved, more attention has been paid to initiatives which are not areas of LCA expertise - e.g., initiatives to "market" an antipiracy message, initiatives to develop product features which either deter piracy, assist in managing software use or help detect piracy, and initiatives to better measure the piracy problem and the relative success of antipiracy measures. The Task Force

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[4] For example, Microsoft will contribute approximately 43% of BSA's CY1995 budget.

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concluded that the company's antipiracy efforts would benefit significantly from designating a corporate Antipiracy Business Manager who could bring more focused product and marketing expertise to bear on the issue, working closely with LCA to better leverage the enforcement and policy activities for which it will continue to be responsible.

The Task Force recommended hiring an Antipiracy Business Manager and a technical assistant. The BOOP agreed that we should hire the Antipiracy Business Manager but deferred the technical assistant.

Status: This position will reside in Chris Williams (Director of Product Development) group. A draft job description is under review,[5] and recruiting should be underway by the time of the WWRDM. I will update this part at the meeting.

2. Overt Anticounterfeiting Measures. The task force also recommended that we broadly implement COA-like anticounterfeiting measures on retail product packages.

    We have seen increasing counterfeit activity in recent months. Beyond the products traditionally victimized by counterfeiters (MS-DOS and Windows in particular), we have started to see counterfeit business applications and consumer products, particularly CD ROM versions. Currently, few of our products include anticounterfeiting devices such as the hologram or 3M Confirm label which is used on the Certificate of Authenticity (COA). Such measures deter counterfeiting by making it more difficult to product a high quality counterfeit, and make it easier for us (internally and through law enforcement partnerships) to detect and prove counterfeiting activity, even if the counterfeiting devices themselves are copied.

    The COA includes additional covert anticounterfeiting measures (e.g., microprinting) and serialization, which has proven useful in addressing OEM unbundling issues. It would cost approximately $0.26 per unit to add a full COA to all retail product packages (or roughly $8.6 million for FY1995 based on budgeted shipments[6]). The task force recommended affixing a hologram and 3M Confirm label to all retail product packages, which will cost $0.061 per unit (or roughly $2 million for FY1995[7]).

    The BOOP approved this recommendation.

    Status: A working group has been formed to develop specific design and implementation recommendations to be presented to Mikemap, consisting of Alison Gilligan (LCA), Dave Thomas (Director of Product Engineering, Engineering Services), Jeff Sanborn (Strategic Materials Administrator, Operations Planning),

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[5] See the Additional Materials section below for the location of a copy of the draft job description.

[6] See the Additional Materials section below for the location of a detailed analysis of this cost.

[7] This cost is based on the same unit production figures contained in the detailed COA cost analysis referred to in the Additional Materials.

Martha Dale (Print Production Group Leader, Corp. Services), Katie McAskill-White (Print Production Specialist, Corp. Services) and Cynthia Kraiger (Marketing Ops Manager, DAD). Recommendations are expected by March 13, 1995.

3. <u>Covert Anticounterfeiting Measures</u>. The task force also recommended that we broadly implement several low- or no-cost anticounterfeiting measures in product packages, including particularly microprinting and a 3% gray screen on various components (registration cards, boxes and manuals). These measures should provide additional assistance in detecting and proving counterfeit activity.

   The BOOP approved this recommendation.

   Status: The same working group referred to above will develop specific design and implementation recommendations for Mikemap, on the same timeline.

4. <u>Software ID</u>. Software ID is a software audit tool developed by corporate audit and LCA. It is designed to inventory software on Intel-based pc's, and to be used for formal evidence gathering, informal self-compliance checking and everything in between. It has undergone one successful beta test, and is close to being ready to use, at least internally. The BSA is interested in using it for audits and litigation, and distributing it as a software management tool.

   The task force recommended that Microsoft give Software ID a permanent home for technical purposes (including maintaining and updating the database of products against which it searches), as well as for purposes of exploiting it as an antipiracy tool.

   Status: The SMS group has been assigned ownership of the technology going forward. Exploitation of the product as an antipiracy tool will fall to the new Antipiracy Business Manager.

5. <u>Research</u>. A recommendation was made to invest in additional market research aimed at confirming the size of the problem, understanding why piracy occurs and understanding what measures and messages are likely to be effective in combating piracy.

   The BOOP declined to approve any immediate research initiatives, but invited the new Antipiracy Business Manager to develop specific research proposals.

6. <u>Other Areas For Follow-Up</u>. The recommendations above are by no means an exhaustive or comprehensive list of things Microsoft can or should do to address the problem of software piracy. Many other ideas were presented to the task force and by task force members.[8] One of the key benefits of then new Antipiracy Business

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[8] See the Additional Materials section below for the location of a representative list of 20 other antipiracy ideas that surfaced during the task force's work.

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Manager will be the creation of a resource that will enable us to bring more focus and follow through to many of these other ideas.

Additional Materials:

The following additional materials are available on \\gabriel\public\aptf:

Reference	Description	File Name
BOOP Presentation	Powerpoint presentation of Task Force recommendations, January 5, 1995	aptfboop.ppt
Roster	Task Force Members	members.doc
Losses	Estimated Microsoft piracy losses	losses.doc
Loss narrative	Explanation of how the Microsoft piracy losses were calculated	expl#s.doc
Other ideas	20 other antipiracy ideas for follow up	ideas.doc
COA Cost Analysis	Detailed analysis of the cost of adding COAs to all retail product packages	coa.xls

MS-PCA 2615023

MS-PCA 2615024

Input Device Group (Hardware)

Rick Thompson
GM
IDG / Works
Microsoft Corporation

`Start`

The Conclusions

- <u>We'll make Hardware a $500MM BU by FY97, by bringing focused Sales and Marketing to:</u>

- Market/Sell $125MM worth of Keyboards in FY96.

- Market/Sell Mouse-Win95-Upgrade Soft Bundle Programs. Get Home Mouse down to a $29 Street price.

- Sell 1MM (we're close!), then 2MM OEM mice per month!

- Market/Launch Joystick and Kids Mouse.

- Maximize the Thumb-Wheel / Office'96 opportunity.

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Four Upside Opportunities for you to Consider:

- Huge Keyboard volumes are arriving!

- The Mouse-Win95-Upgrade (soft) bundle
    >Super cross-selling opportunity!

- A Retail "Burst" against Logitech

- The Office'96 Thumb-Wheel Mouse

Keyboard Development Direction

- We've struck gold! Build all we can make!
- Built 95,000 in December
- Keytronic at 200K/month capacity in April.
- Second Source on-line June '95.
    » Lower Keyboard COGs: Down from $27 to $17!
- Overall capacity above 300K by August!
- No version 2 till at least FY97.

Thumb-Wheel Mouse (for Office '96)

- A Wheel built into our Mouse: Zoom in and out in XL and Word.
- Potential Upgrade Generator? Bundle with Upgrade?
- Piracy stopper?
- Adds less than $1 COGs. Total Mouse COGs of $6.
- Means a Mac Mouse version?
- Huge Opportunity!

New Products Summer '95

- **Joystick:**
  - » Cool gameport joystick.
  - » Two SKUs: Stand-alone and bundled with MS Game
  - » Bundle $59 street price. $46 to distribution. COGs: $25.
  - » Stand-alone: $49 street. $38 to distribution. COGs: $20

- **Kids Mouse:**
  - » Large Trackball with a multiple input device driver.
  - » Target market is 2+ year old first time computer learners (400K to 600K per year in USA)
  - » $39 street price. $31 to distribution. COGs goal: $17.

Microsoft

What Bets Are We Making in the Input Devices:

- We bet we can sell a new Mouse to more than half of Microsoft Office ('96 & beyond) users:
  - » That's 15M retail mice over 5 years (FY96 through FY2000).
- We'll be the OEM Mouse share leaders by FY98.
- Keyboards are a long term sustainable business:
  - » This biz will settle out at $125M/year as soon as FY96.
- Joysticks will be a $50M business for us by FY98.
- Someday, we'll sell a ton of TV and ITV Remotes.
- Kids Mouse will lead its category.
- We'll ship a cool pen product in 1996.
- We'll be THE player for all sorts of Input Devices.

Microsoft·

To: February 1995 WWRDM Attendees
From: Rick Thompson, Beth Featherstone
Date: February 1, 1995
RE: Pre-Reading: Input Device (Hardware) Group

The Message

Microsoft's Input Device businesses has returned to growth. The Natural Keyboard has been a huge success. Two new products ship in September 1995 (Joysticks and Kids Mouse-Trackball). We want to build the Input Device business from $202MM in FY94 to $500MM in FY97.

FY95 Q3 & Q4 Unit and Revenue Objectives

1. Finish FY95 at $260MM total Input Device Group Revenues (up from $202MM in FY94).
2. Ramp FG Natural Keyboard business to 750K units and $60MM from 190K units and $15MM in the first half of FY95.
3. Sell 1.1MM Mouse 2.0 units for $50MM (vs 1.35MM for $67MM in first half).
4. Sell 200K Home Mouse units for $4MM (vs 300K units for $7MM in first half).
5. OEM: Sell 5.5MM OEM Mouse units for $50MM (vs 4MM units for $46MM in first half).

FY96 Unit and Revenue Objectives

1. Drive total Input Device Group Revenues from $260MM to $375MM (FG and OEM).
2. Build the FG Natural Keyboard business to 2MM units and $125MM revenue in FY96.
3. Sell 1MM incremental Hardware-Only Mouse units in the 90 days following the Win95 retail launch.
4. Increase Total Mouse FG units from 3MM to 4MM, and revenues from $128MM to $150MM, in this Win95 launch year. Capitalize on the Upgrade!
5. Launch the Microsoft Kids Mouse-Trackball. Sell 100K FG units for $3MM in revenue.
6. Launch the Microsoft Joysticks. Sell 750K FG units for $30MM in revenue.
7. OEM: Sell 1MM Mouse units per month. Sell 100K Keyboard units per month. Drive OEM revenues from $100MM to $140MM.

Marketing Objectives

1. Drive sales of Mouse 2.0 and Natural Keyboard to meet business objectives.
2. Develop programs that will turn the Windows 95 launch into the most successful holiday selling season ever for hardware products.
3. Increase share of the Home Mouse in the low-end mouse category while maximizing revenue.
4. Create a foundation for the successful launches of Kids Mouse-Trackball and Joystick.
5. Develop a positioning framework that drives users to purchase multiple Microsoft input devices.
6. Insure that the following subsidiaries and/or regions develop and commit to a revenue development plans for Mouse 2.0: NA, UK, France, Germany, Nordic, Japan, Canada, Australia, Latin America, AIME, APAC, Far East.

Strategies

1. Increase customer awareness of Mouse 2.0 and Keyboard by developing new channel opportunities: Outbound and mail order for Keyboard, mail order and expanded retail coverage for Mouse 2.0.
2. Develop a leveraged program to make people believe they need a Microsoft Mouse 2.0 and Natural Keyboard to get the most from Windows 95.
3. Take share away from Logitech and clone manufacturers at the low end of the mouse market by decreasing the street price of Home Mouse to $29 and increasing breadth of distribution.
4. Utilize the mid-year review process to gain backing from Steve Ballmer and commitment from the subsidiaries on Mouse revenue development plans.
5. Create solid launch plans for Kids Mouse and Joystick that are supported by the channel and are successful in generating pre-orders.
6. Consolidate existing Hardware messages into a defining Microsoft Hardware positioning statement.

Tactics

1. Increase customer awareness of Mouse 2.0 and Keyboard by developing new channel opportunities: Outbound and mail order for Natural Keyboard, mail order and expanded retail coverage for Mouse 2.0.

   - Participate in the March Office/Consumer promotion targeted at SOHO.
   - Spend $1 mil on Mouse 2.0 and Keyboard line advertising in Spring 95; develop upgrade line advertising for Mouse 2.0 and Keyboard and POS for Windows 95 launch.
   - Direct mail to 200K MIS, Risk Management professionals. Work with LARs to follow up on sales leads.
   - Create a cost effective way to cross sell Mouse and Keyboard in-box.
   - Develop Hardware sales and marketing opportunity plans for all direct accounts and Sr. Partners.
   - Create mail order and outbound channel opportunity plans.
   - Develop long term in-store merchandising program.

2. Develop a leveraged program to make people believe they need a Microsoft Mouse 2.0 and Natural Keyboard to get the most from Windows 95.

   - Make Mouse 2.0 and Keyboard a Focus Product in the Win95 launch and channel campaigns.
   - Recommend stocking levels and secure pre-orders for Mouse 2.0 and Keyboard.
   - Make Keith Kegley an integral part of the Windows 95 marketing team.
   - Develop Hardware line advertising campaign for Windows 95 with a "We're the best gear for Windows 95" message.
   - Prepare to achieve the same breadth of distribution as Windows 95 for Mouse 2.0 and Keyboard.
   - Leverage the Windows 95 in-store activities with hardware POS that ties to both our advertising and the Windows 95 POS materials.
   - Secure end-caps for Mouse 2.0 and Keyboard in the hardware section in-store.

3. Take share away from Logitech and clone manufacturers at the low end of the mouse market by decreasing the street price of Home Mouse to $29 and increasing breadth of distribution.

   - Increase both sell-in and sell-through of Home Mouse in Q4 by reducing the street price to $29 on April 1, 1995.
   - Utilize price reduction to increase breadth of distribution and stocking levels in price sensitive channel segments such as mass merchants.
   - Fund circular advertising in named Home Mouse accounts to promote lower price.
   - Create a reseller awareness/training program.
   - Conduct reg. base call downs to profile customers. Learn who is buying, where they are buying, and why they are buying.
   - Meet with channel partners and segment managers in segments where it is moving and not moving to gain insights, analyze results, and recommend FY96 action plans.
   - Perform ongoing sell through analysis and collect sales data from distis and resellers.
   - Develop FY96 Holiday plans based on the above findings.

4. Utilize the mid-year review process to gain backing from Steve Ballmer and commitment from the subsidiaries on Mouse 2.0 revenue development plans.

   - Develop hardware slide for mid-year reviews to be part of the Consumer review.
   - Create templates for the plans and distribute to the subsidiaries.
     Tour the subs after mid-year reviews to follow up and secure commitments.

5. Create solid launch plans for Kids Mouse and Joystick that are supported by the channel and are successful in generating the forecast amount of pre-orders.

   - NDA meetings with hardware buyers at named accounts.
   - Recommend stocking levels and secure pre-orders.
     Create PR, advertising and launch programs to drive sales and gain channel support.
   - Be everywhere consumer software is sold in the channel.
   - Seed product for maximum PR and channel exposure.
   - Develop solid merchandising program in-store.
   - Secure the budget in FY96 to support launch efforts.

6. Consolidate and crystallize existing hardware messages into a single defining Microsoft Hardware positioning statement.

   - Work with Waggener Edstrom and Consumer Division brand managers to review our product messages and perceived customer perceptions.
   - Develop the positioning framework and messages for the Hardware family of products from Microsoft that encourages multiple purchases.
   - Test and validate the framework with consumers.
   - Create sparklers that fit the message.
   - Integrate the message into all our PR, advertising, field communications, RSP training, and collateral.

Concerns we've heard which need to be addressed:

1. Clear strategy of OEM vs retail: We catch OEMs dumping product, we know who they are, and we do nothing. Europe is losing the most to OEM unbundling. What is our strategy? What do we want to accomplish

2. LORG: attitude of LORG sales force is that we are not part of Select.... "Hardware is not part of Select... so not a LORG responsibility." Hardware IS part of Select (attach product... as a bonus they can buy 50 packs). What do we need to do better? This is IMPORTANT because the Natural Keyboard needs to sell in volume through LORG.

MS-PCA 2615032

Advanced Technology Sales Update FY95

February 8, 1995

AT Sales Mission

Own account relationships,
secure MS product design wins,

with leading network operators
and their partners,

for use in electronic commerce.
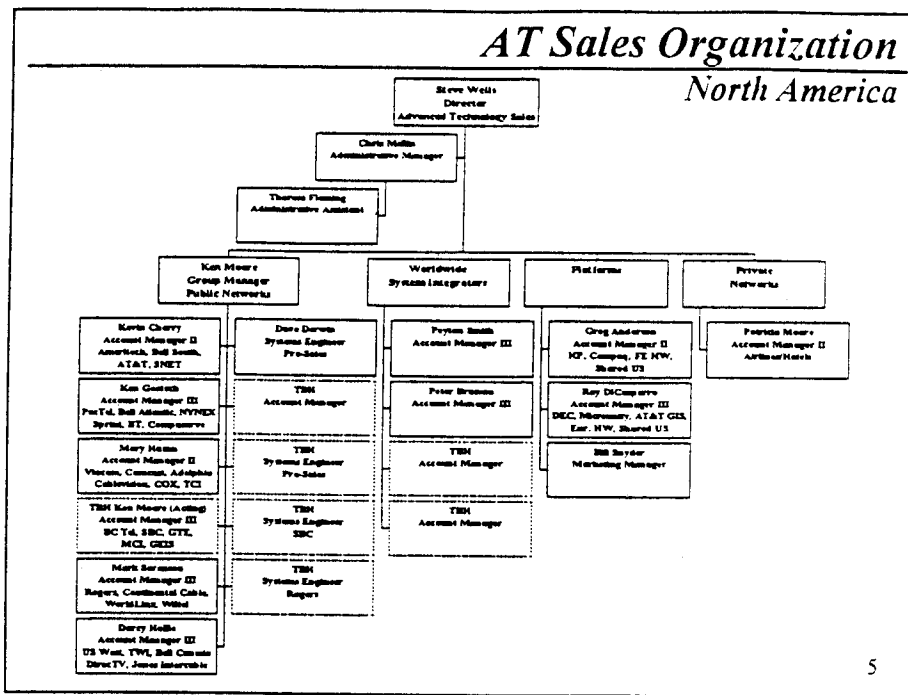
2

FY95 Goals

- ◆ Complete AT Sales team
- ◆ Identify and establish relationships with core Netops worldwide
- ◆ Actively engage target partners in MS BBN evaluation
- ◆ Secure systems integrator and OEM partners in support of ACT business
- ◆ Achieve design win with Microsoft Exchange in at least one Netop

3

AT Sales Organization

4

AT Sales Organization
North America
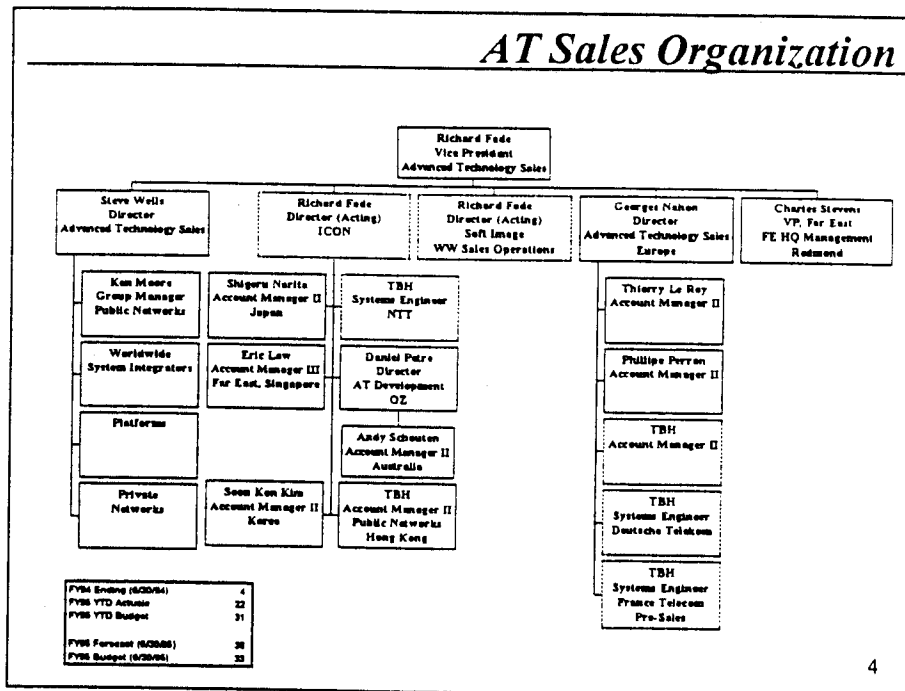
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1H FY95

- ♦ Alpha trial commitment with Rogers, SBC, Deutsche Telekom, NTT, Telstra, US West

- ♦ Participation of 18 Netops, 4 OEMs, 5 SIs, represented by over 180 staff at ACT Summit, Nov.. '94

- ♦ "We were surprised by that one - we don't know why they chose Microsoft" referring to SBC's selection of MS technology for their Richardson trial

Larry Ellison, Barron's, Jan. 9, 1995

6

MS-PCA 2615035

Netop Summary

North America

Product Focus:

	Broadband	Exchange	NT Services
AT&T		TR3	MS Fax
Ameritech	Disney	TR3	SMORG Desktop
Bell Atlantic	Insight Observer / PlatCo		ISDN
Bell South	Disney		
Nynex	PlatCo		ISDN
Pacific Telesis	Insight Observer / PlatCo	TR2	ISDN
Southwestern Bell	Dvlp Partner / Disney		ISDN
US West	Insight Alpha	TR3	Octel, ISDN
GTE	Insight Observer	Evaluation	
MCI		TR3	
Sprint	Insight Observer	TR3, Mail 3.2	MS Fax
Comcast	Insight Observer		
Rogers	Insight Alpha		
Time Warner (US West)	Insight Observer		
Viacom	Insight Observer		

Netop Summary

Europe, FE/Asia

Product Focus

Europe

	Broadband	Exchange	NT Services
Belgacom	Insight Observer	TR3	
British Telecom	Insight Observer	TR3	
Deutsche Telekom	Insight Alpha	Datex J MCS trial	
France Telecom	Insight Alpha	TR3, Mail 3.2	
Italia Telecom	Insight Observer		

Far East / Asia

	Broadband	Exchange	NT Services
Hong Kong	Insight Observer	Interest	
Korea Telecom	Insight Observer		
NTT	Insight Alpha		FAX/FNET
Singapore Telecom			Internet access
Telstra	Insight Alpha/MSN JV	Committed	

FY'95 AT Sales Midyear Business Review

4

Insight Partners

Network Operators

TCI
SBVS
NTT

Rogers
France Tel
Telstra
DT
US West

OEMs - Server

Intel
Compaq
NEC

SONY

System Integrators

SI for TCI
Lockheed
NTT Data

Olivetti
Alcatel
Anderson

OEMs - STB
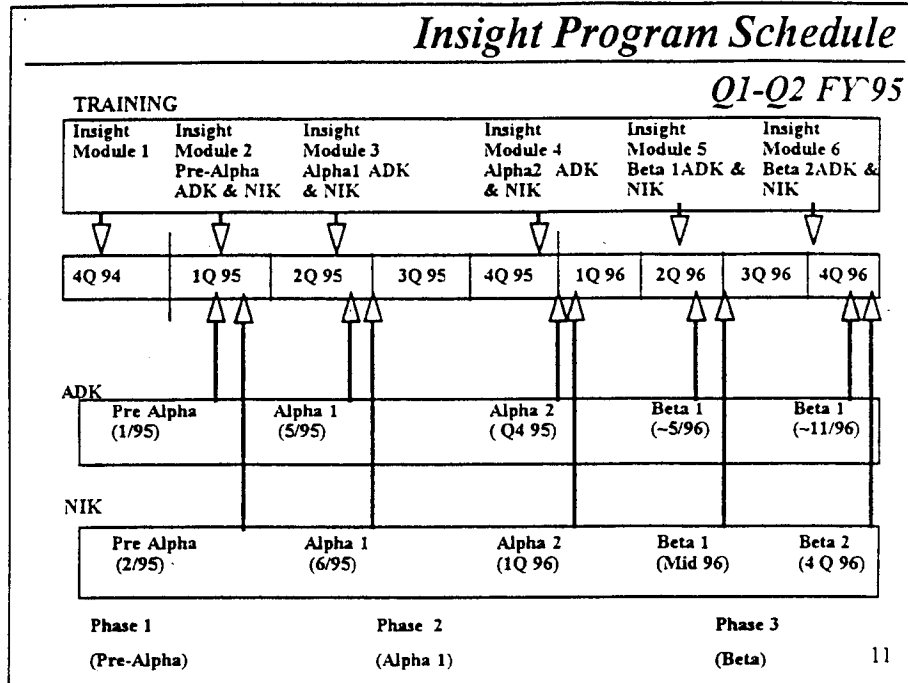
HP
NEC
SONY

GI

9
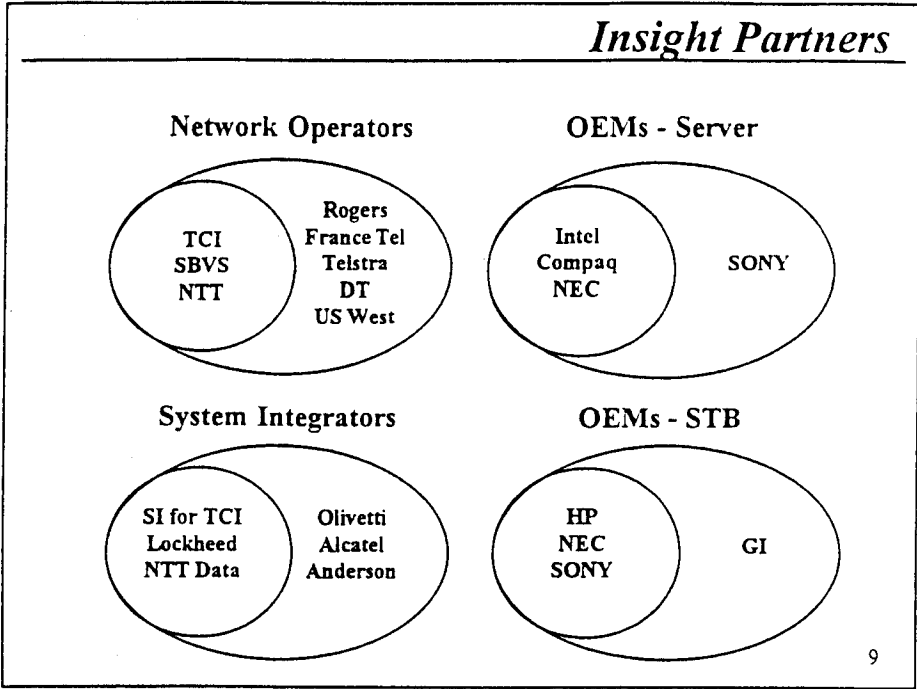
Insight Program

- ◆ 16 worldwide network operators and 5 worldwide system integrators
- ◆ Collaborative program providing
  - ➤ Training
  - ➤ Test "Viewing"
  - ➤ Design reviews
  - ➤ Pre-release beta code testing
- ◆ Further refines the system
- ◆ Provides network operators with competitive advantage for early deployment
- ◆ Assist network operators in evaluating IBN options

Belgacom , BT , Cox Cable , GTE, Hong Kong Tele. ,
Korean Telecom , Pacific Telesis, Sprint, Viacom

10

Insight Program Schedule

Q1-Q2 FY'95

TRAINING

Insight Module 1	Insight Module 2 Pre-Alpha ADK & NIK	Insight Module 3 Alpha1 ADK & NIK	Insight Module 4 Alpha2 ADK & NIK	Insight Module 5 Beta 1ADK & NIK	Insight Module 6 Beta 2 ADK & NIK

4Q 94	1Q 95	2Q 95	3Q 95	4Q 95	1Q 96	2Q 96	3Q 96	4Q 96

ADK

Pre Alpha (1/95)	Alpha 1 (5/95)	Alpha 2 (Q4 95)	Beta 1 (~5/96)	Beta 1 (~11/96)

NIK

Pre Alpha (2/95)	Alpha 1 (6/95)	Alpha 2 (1Q 96)	Beta 1 (Mid 96)	Beta 2 (4 Q 96)

Phase 1 (Pre-Alpha)   Phase 2 (Alpha 1)   Phase 3 (Beta)   11

Netop Goals Q3/Q4

- ◆ **Continued focus core accounts**
- ◆ **Negotiate business terms on % of revenue model by May**
- ◆ **Implement I-Program (CD, Online, events)**
- ◆ **Focused NT activities with LORG team, BSD marketing**
    - ➤ Exchange
    - ➤ RAS
    - ➤ MS Fax
    - ➤ Internet Access

12

System Integrator Goals Q3/Q4

- ◆ Establish Anderson and Olivetti netop engagements
- ◆ Assist Rogers' with SI selection
- ◆ Continue evaluation of AT&T and Northern Telecom as SI partners
- ◆ Execute SI phase 2 plan

13

OEM Goals Q3/Q4

- ◆ Resolve HP evaluation of Penguin business case, secure commitment to build for TCI
- ◆ Establish European set-top partners
- ◆ Sign definitive agreements with Compaq on server plans
- ◆ Match OEM suppliers with Alpha partners
- ◆ Establish marketing and branding programs with OEM partners

14

2H FY95 Summary

- ♦ Ongoing competition / Market Window
- ♦ MSN Complexity
- ♦ Continued focus approach to BBN
  - ➤ I-Program
- ♦ Expand BSD product focus
- ♦ Increased support / cooperation with field
- ♦ FY96 ACT Products Plan

15

MS-PCA 2615040

Microsoft Memo

DATE: October 20, 1994

TO: Jeff Raikes

FROM: Bruce Petersen

CC: Barry Kurland, Laura Torina

RE: Special Agreement information

As we discussed, there were mistakes made in large license agreements in the past. As you stated, these are mistakes we don't want to repeat. To ensure that you have sufficient information prior to the Price Waterhouse discussion tomorow, here are some details that Anne Roe and Eileen Conover have put together.

Select was developed in response to the demands of dissatisfied special agreement customers. Before the development of Select, special, direct agreements were Microsoft's only method to address the needs of large, worldwide, volume-purchasing customers. Legal concerns forced Microsoft to work directly with these customers, frequently at very low prices and always shrouded by a strict, however unenforced, confidentiality clause. These agreements took as long as two years to negotiate and were a constant administrative headache to both parties throughout their term.

Problems in creating another direct agreement.
- Lack of Confidentiality
- Erosion of per-license revenue
- Inefficient administration
- Former special agreement customers are dissatisfied and are gradually transitioning to standard Select agreements.

Our past experience and the feedback from our largest customers tells us that Select is the best solution for volume licensing customers.

1

MS-PCA 2615041

1. Lack of Confidentiality

- ARCO: In spite of the strict Confidentiality clause included in the ARCO Special Agreement, shortly after finalizing the Agreement, the cover of <u>PC Week</u> contained an article describing the very first "Site License" Microsoft had just finished negotiating with ARCO - along with amazing accuracy of the details of the Agreement such as number of desktops and price per desktop.

- GENERAL ELECTRIC: Weeks before the General Electric Special Agreement was finalized our PR agency received a call from Rob Kelly of Infoweek asking for confirmation of the details of the Special Agreement. All of the information we were asked to confirm was surprisingly accurate, such as number of PC's covered, products and price.

- CHEVRON: Despite the fact that Chevron agreed to be bound by a strict confidentiality clause, they neglected to inform Microsoft that they had sought the assistance of a LAR to handle the cumbersome administration of their special, direct agreement. We realized that Chevron had violated their confidentiality clause when we began receiving payment for purchases made under this special, direct agreement from Egghead Software on behalf of Chevron.

2. Erosion of Per-License Revenue

- CHEVRON: Under their special, direct agreement, Chevron is able to purchase each of the products that are components of Microsoft® Office for a total package price of $141.11. They are able to use each of the products separately and concurrently off a server.

- GENERAL ELECTRIC: General Electric paid $12.5 Million for the right to run Office Professional and Schedule Plus on all 71,450 PC's. This included maintenance on all PC's as well. This translates into approximately $175 price per desktop, as a comparison under Select on a per desktop basis would be $300.

- INTEL: Intel Special "Package Pricing Options" i.e. $285.00 for Excel, Word, PowerPoint , DOS-Upgrade and Windows. Individual Apps. pricing, i.e. $80.00 each for Word, Excel or PowerPoint

3

3. Inefficient Administration

- INTEL: Despite the fact that Intel sought out a direct relationship with Microsoft, Intel recently requested that Microsoft allow a LAR to administer their special, direct agreement to off-load the administrative burden associated with the agreement.

- REUTERS: Inside Sales was responsible for manually accumulating over 100 Disk Sets in localized languages and distributing to multiple locations worldwide. In addition all P.O.s were administered through Inside Sales.

- ARCO: Inside Sales was responsible for manually shipping disk sets, manuals and upgrades to multiple locations.

- THE COCA-COLA COMPANY: The Coca-Cola Company's special agreement required extensive reporting to be collected from approximately 100 different reporting sites worldwide and compiled by The Coca-Cola Company on a quarterly basis. The administration of the Agreement was so burdensome that, after working for over a year to negotiate this "special deal", The Coca-Cola Company was willing to throw it out and start over with Select.

- THE COCA-COLA COMPANY: Because of the unique, international accommodations which were granted in The Coca-Cola Company's special agreement, Microsoft found that its internal systems would not support the agreement and we have not been able to bill The Coca-Cola Company for the products it has consumed during the two quarters that the agreement has been in place. Microsoft Treasury will establish a special, multi-currency account to collect a one-time payment after the agreement is terminated.

MS-PCA 2615044

**HIGHLY
CONFIDENTIAL**

4. Transition of Special Agreement Customers to Select

Transitions from Special, direct agreements have been completed or are in the process of being completed for:

- Bankers Trust
- Chase Manhattan Bank,
- Northern Telecom
- Nestle
- PPG Industries
- The Coca-Cola Company
- Ernst & Young
- Baxter Healthcare
- Exxon

5

SPECIFIC AGREEMENT INFORMATION

1. GENERAL ELECTRIC:

- $12.5 Million total
- 71,450 PCs
- $175 per desktop

2. CHEVRON:

- $141.11 for components of Office
- Separate, concurrent use of components
- 2 year term
- U.S., limited international distribution

3. INTEL:

- $285 for Word, Excel, PowerPoint, MS-DOS Upgrade and Windows
- $80 per each individual application

4. ARCO:

- $4,286,598 total
- $380 per desktop for MD-DOS Upgrade, Windows, Word, Excel, PowerPoint, Mail, Project, Schedule+
- 5 Premier PSS enrollments and 10 MS Support Coordinator Program enrollments
- 1 SE on site for 6 months
- 10,000 PCs
- 10% off MCS engagements of 3+ months, 20% off MCS engagements of 6+ months.
- 10 one-day transition seminars given by MS personnel
- 3 year term

5. THE COCA-COLA COMPANY

- $4.5 million total
- Participation of non-owned or controlled bottlers
- 2 year term

MS-PCA 2615046

6. KPMG

- $5,965,200 total
- MacWord, MacExcel, MacPowerPoint, Mail Client for Mac

- 3 year term
- Maintenance