

From: Susan Voeller  
To: Darryl Rubin; Jeff Harbers; Mike Murray; Rob Glaser; Susan Voeller;  
Tandy Trower  
Cc: Bill Gates; Brad Silverberg; Carrie Tibbetts; Edward Jung; Jim Allchin;  
Mike Maples; Natalie Yount; Nathan Myhrvold; Paul Leach; Rick Rashid;  
Roy Levien; Tom Corddry  
Subject: Jef Raskin/TODAY  
Date: Tuesday, March 31, 1992 7:16PM

Based on the feedback and conversations with TandyT, JimAll  
and NathanM it's been decided not to bring Jef back for  
further interviews at this time.

Thanks for seeing Jef today. SusanV

From: Brad Chase  
To: Paul Maritz  
Cc: Brad Chase; Brad Silverberg  
Subject: Please call  
Date: Tuesday, March 31, 1992 7:31PM

Hi Paul, if you are reading email I would appreciate it if you gave  
me a call. Bradsi would like me to go over the compression deals we  
are working on to get your input and guidelines. I can be reached at  
206-936-3198 or at home 206-329-0303. The reason I am asking you to  
call is because I am flying to Stac tomorrow afternoon and of course  
given our time schedule time is of the essence.

thanks  
bradc

Readers Digest Summary

Stacker

We have an offer outstanding to Stacker, the dominant market leader.  
The offer involves the following:  
- we can license stacker to OEMs immediately  
- we can incorporate Stacker into Cougar/Jaguar at no charge  
- we can put Stacker into the Astro product for a royalty that nets  
out to be between \$4 and \$5.50 per unit. The details are below but  
the deal is structured so we pay more if we cannabilize more of his sales

This latter condition is the one where we are at odds. Gary is  
worried about losing a 100K per month unit (\$5 mil approx) business.

Addstor

Number 2 in the market and in dr dos. they asked for \$25 million to  
buy the company. my guess is we may be able to get it for half.  
when i said i expected them to ask for \$2 to \$4mil they indicated  
that they have already been offered more twice (i believe them) and  
that they get that much from dr alone.

DoubleDisk

Much smaller company, their current product is sold mainly through  
direct mail and has an installed base of about 200,000 units.  
However it is not feature competitive. Their new version which they  
claim is as good as Stacker is near code complete and being sent to  
us fedx. They claim it will be done in June. They asked for \$2.5 to  
\$4 million with no attribution and less if we gave attribution.  
Richf is negotiating with them and thinks we could get it for a  
million. Big risk is the new version is obviously not tested.

As I fly down to Stacker tomorrow afternoon I'd like to get an talk  
with you to work out my parameters.

Stacker Proposal (addressed to Gary Clow at Stacker)

Note that Felix=Astro

Assumptions:

- We do not know the cannibalization rate of Felix with Stacker
- When cannibalization is high is when you lose
- If it is not (for example if we double the market) then MS royalty paid to

Plaintiff's Exhibit

5462

Comes V. Microsoft

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you is a bonus

### The Proposal

OEM deal remains the same.  
Technology deal does not change  
Coupon deal before Felix is your choice. As we have sold almost  
2 million copies of the Upgrade in the US, we think you would reach  
new Stacker users

We will add a "Bonus Royalty" to the Upgrade Felix deal. On top of  
the \$4 per unit. MS will pay you more money if your sales decline off a  
base line.

Specifically our proposal is as follows:

- Royalty per unit is \$4, this is Worldwide (WW) whenever we include  
Stacker in the Upgrade Felix box
- We assume on average WW we will sell 200K units per month over  
the life of Felix Upgrade
- We assume you will do 50K per month WW on average over the  
same period
- We will pay you \$10 per unit (an additional \$6 per unit) for every  
unit your sales decline below 50K as long as our sales increase by  
the same amount.

This adds additional protection for you. It also protects us, for  
example if someone comes out with an awesome compression  
product that hurts both of us (i.e. we do not pay you a bonus  
royalty when we do not cannibalize your sales)

#### Examples:

you sell 20K, we sell 230K - you get \$920,000 + a bonus royalty of \$180,000  
you sell 20K we sell 220K - you get \$880,000 + a bonus royalty of \$120,000  
you sell 100K and we sell 300K - no (BR)we both are rich

- We support
- We will give you any localizations we do of your product. Typically  
we budget 100K per translation and we could do up to 4 languages  
you have no plans for (Swedish, spanish, italian, dutch)

In return for doing the bonus royalty and the translations we do want  
the following:

- you do not release a Stacker for OS/2 until at least 6 months from  
when they ship the product into the retail channel
- you may license Stacker to any OEM except IBM

#### More \$ - Names:

We are glad to give you the names if you want. We are also  
glad to allow you to mail to our regbase of low-end users if we  
do a low-end product.

You indicated that the names had no \$ value to you. If so then we'd  
just assume not give them to you. However, we would argue that  
at a bare minimum the names are worth \$3 each (ask lois) - so at 40%  
registration that adds another \$1.20 per unit. Some names you will  
have or get anyway, but even so this is very conservatively worth \$1.

#### World wide means more \$

Don't forget that this is a worldwide deal too. We will give you at least  
\$4 per unit in many places where you would not sell otherwise. We  
have a huge infrastructure of subs worldwide that bring in more than  
50% of our revenue and profit. No matter how well you do you will not  
be able to duplicate the summation of their efforts with the Felix Upgrade.

In addition, keep in mind our int'l efforts will jump start your  
retail business  
where Stacker is still not well known.

#### Technological knowledge - More \$

Working with us you will gain a much better understanding  
of the insides of MS-DOS. I do not have to tell you what that  
can mean to product quality and how it could help  
lower your support burden.

#### Summary

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Gary we didn't mess around with this proposal.  
The extra \$6 does not come easy but we figured that we  
could spend less time haggling and more time crossing Is  
and t's if we made this proposal significant. We tried very  
hard to demonstrate the true spirit of partnership by thinking  
about how to make you money while keeping within our constraints.

From: Brad Chase  
To: Brad Silverberg  
Subject: FW: MS-DOS meeting  
Date: Tuesday, March 31, 1992 7:32PM

this will be more of an update - we can not change direction then

From: Cathy Walker  
To: Brad Chase; Lori Sill; Mack Mccauley; Richard Freedman; Sharon Hornstein  
Subject: Re: MS-DOS meeting  
Date: Tue, Mar 31, 1992 3:27PM

Lori, Mike will be unavailable for 3 1/2 weeks beginning April 19th.

Again, let's move the MS-DOS planning session to :  
Wednesday, May 13th, 2:00, 17W/3059  
(whew)

From: Lori Sill  
Cathy, Bradc is in Europe 4/12 - 4/17....he is back week of 4/19.

From: Cathy Walker  
Please move the MS-DOS brainstorming to :  
Wednesday, April 15th, 9:00 AM, 17W/3059

>From cathyw Sat Mar 21 19:12:18 1992  
can we plan for a discussion on Astro  
Thursday, April 2nd, at 3:00 for one hour in 17W/3059?

From: Brad Chase  
Bradsi talked to mikemap today and he is interested in  
brainstorming on our future ms-dos plans, in particular the  
Astro project. Could you work with cathy and see if he has  
any time early next week?  
Attendees I believe would be myself, bradsi, mackm, richf and  
i believe ericst (check with mack).

From: Brad Chase  
To: Lori Sill  
Cc: Brad Silverberg; Sharon Hornstein  
Subject: pls set-up  
Date: Tuesday, March 31, 1992 7:33PM

a meeting with myself, bradsi, richt, tonya, steveb, paulma to decide  
whether or not we announce blue janus at winworld. do everything you  
can to make this meeting happen friday  
thanks

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