

Document Separator Sheet

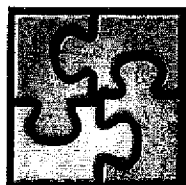
Plaintiff's Exhibit

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Comes v. Microsoft

MS/CR 0051478

**HIGHLY
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Microsoft Office^{XP}

Carel Talens, Shannon Jones
Home and Retail Division, Retail Marketing

Introduction by AM: appr. 5 minutes:

- Introduction attendees.
- Purpose of the meeting/objectives.

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Agenda

- Messaging, Timing
- Product Details
- Product Demo
- Launch Objectives, Opportunity
- Account Details
- Marketing Plans
- Next Steps

Outline today's agenda:

This will be a 2 hour meeting where we will cover our overall (retail) plans for the introduction/launch of Office XP. What you can expect from Microsoft, but in return what we expect from you to make this launch a success.

There will also be a short 20 minute demo to show the key features and benefits of Office XP.

This ppt needs is the basis for a discussion. I would like to hear the feedback on the information we will provide and would like to discuss next steps.

At the end I would like you to be as excited about the coming launch of Office XP as we are.

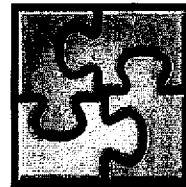
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Customer Promise

Office^{XP}

Experience the Smarter Way to Work
Experience the Effective Way to Collaborate
Extend your Experience



I am very excited to announce the new name for the next version of Office: Office XP ("Experience")

Office will share the "XP" naming convention with Whistler which will be launched as Microsoft Windows XP. XP is shorthand for "experience" - the "experience" messaging theme will be used to drive all marketing communications for Office and the Windows client.

The Office product group had three key marketing goals for the new Office name.

- Signal a significant change from Office 2000.
- Help create a tremendous amount of end user excitement.
- Enhance marketing synergy between Office 10 and Whistler.

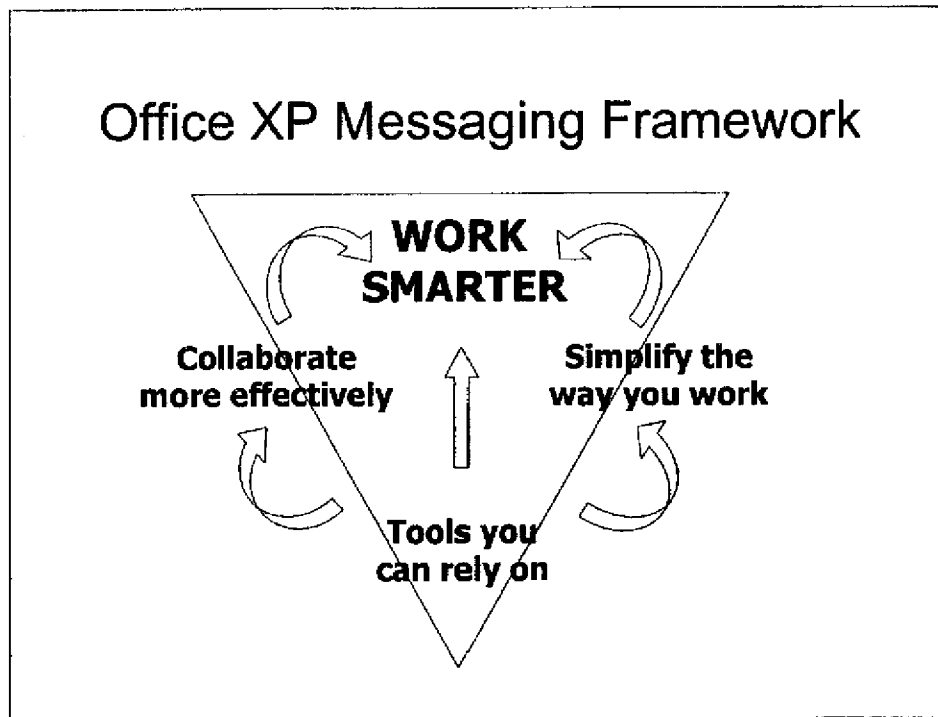
Office XP - XP will only be used with Office (and Windows). We will not use XP as part of the individual application names.

Office XP puts the features you need within easy reach at all times. Working alone, you'll experience simple productivity. Working with others, you'll collaborate more effectively. And enhancing your work with the web has never been easier.

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Office XP Messaging Framework



Office XP Messaging Framework.

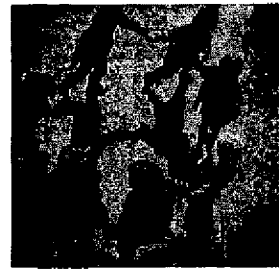
The tools you can rely on, better and more effective collaboration and simplifying the way your work results in a smarter way to work.

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Office XP Timing

- May 31: Launch Date
- May 1-May 30: Awareness Campaign
- April 2-June 30: Technology Guarantee



Key dates to remember for the Office XP Launch
I will go into more detail later in the presentation.

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Office XP Lineup

	Professional Special Edition	Professional	Standard
Microsoft Word	□	□	□
Microsoft Excel	□	□	□
Microsoft Outlook	□	□	□
Microsoft PowerPoint	□	□	□
Microsoft Access	□	□	
Microsoft Publisher	□		
Microsoft FrontPage	□		
Full Version ERP	-	\$579	\$479
Upgrade ERP	\$499	\$329	\$239
In Box Rebate	\$25	-	-

Product Line Up and Pricing:

We will discontinue the Premium and Small Business SKU. Those 2 represents only 10 % of the total FPP Sales. Customers did not have a compelling reason to buy either Premium or Small Business.

This results in 3 Versions for Office XP:

- Office Standard
- Office Professional
- Office Professional Special Edition; this is a special promo SKU for a limited (90 days only)

(Office Subscription??). Create back up slide!!

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Office XP Lineup

	Professional Special Edition	Professional	Standard	Professional Subscription
Microsoft Word	□	□	□	□
Microsoft Excel	□	□	□	□
Microsoft Outlook	□	□	□	□
Microsoft PowerPoint	□	□	□	□
Microsoft Access	□	□		□
Microsoft Publisher	□			□
Microsoft FrontPage	□			□
Full Version ERP	-	\$579	\$479	\$159
Upgrade ERP	\$499	\$329	\$239	-
In Box Rebate	\$25	-	-	-

Product Line Up and Pricing:

We will discontinue the Premium and Small Business SKU. Those 2 represents only 10 % of the total FPP Sales. Customers did not have a compelling reason to buy either Premium or Small Business.

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Target Customer

The Individual End User:

- Knowledge Worker (KW)
 - Tech-savvy Knowledge Worker
 - Influential Knowledge Worker
 - anyone who has a PC in the workplace, excluding IT Pros
- IT Business Decision Maker
- Small Office Home Office
- Home User



US KW – Anyone who has a PC in the workplace outside IT – 70 Million of the 280,000,00 people in the US

A subset is the IKW is 25-33% of the TSKW =17.5 million

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Office XP Features & Benefits

- Work Smarter
 - Simplify the way you work
 - Effective resource use
 - Developing creative solutions
- Tools you can rely on
 - Working with confidence
 - Protecting work

Features: Task Pane, Smart Tags, AutoCorrect Options, Paste options, Speech, Multiple e-mail accounts, Formula Evaluator, New look & feel



Feature

1) Work Smarter:

Work Smarter:

Simplify the way you work -- benefits:

-efficiency – saves you time with exposure of relevant features to what you're working on; fewer steps to complete common/mundane tasks

-Easy and intuitive; features at your fingertips; encourages experimentation

-Familiar and flexible; increase confidence

Use your resources effectively – benefits

-store, manage, and find the information you need; take the important information with you

-Easy to learn and to use; get more out of the product; improved discovery of new and existing features

-Integration to combine elements from multiple programs

-Extends Office's feature set; continuously add value to the product

Develop creative solutions – benefits:

-Professional results and expression; presentation of information in unique, compelling, and creative ways

-Flexibility; not one size fits all

-Innovation; allows you to find new ways to streamline processes

-Maps to top TSKW needs

Tools you can rely on

Work with confidence – benefits

-Consistent performance; familiarity and confidence

-Greater control over Office; adapts to the way I work

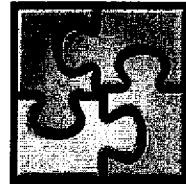
-No recreation of work; ensures the protection of your data

-Continuous improvement; error reporting allows you to be notified when solution is available

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Office XP Demo



This will be a 20 minutes demo highlighting the key features and benefits: Smart Tags/Task Panes/Auto Correction etc.

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Retail Launch Objectives

- Maximize retail revenues
- Augment end user demand and excitement
- Extend launch to Office family (FrontPage, Publisher)
- Excellent execution



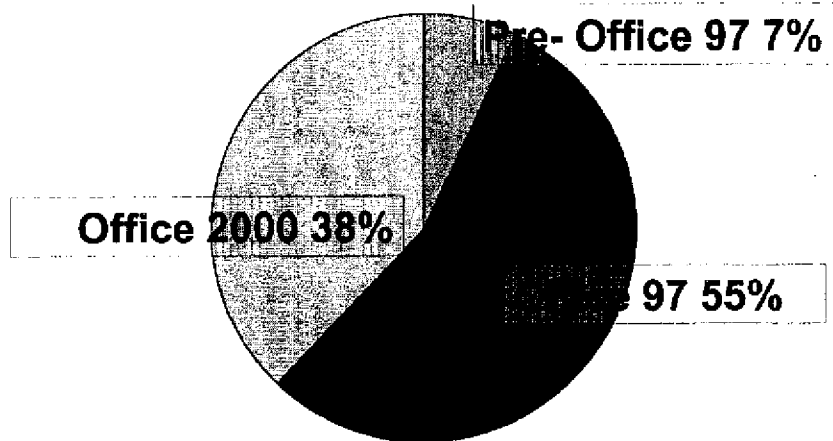
Summarize what our Retail Launch Objectives are and explain why.

List all 4.

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Launch Opportunity



Over 120 million legal Office users worldwide
90-day retail opportunity: 230,000 units

Product group is working on a more compelling number for the US. Need to add that to the slide. Consumer and Corp focused.

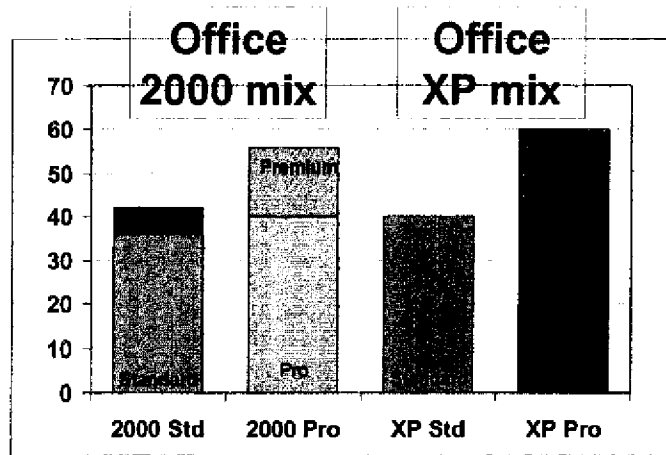
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Launch Opportunity

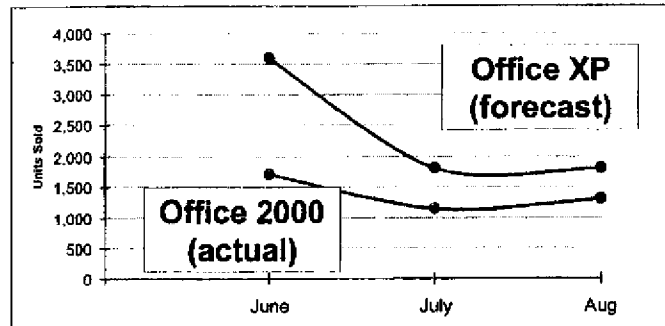


90-day retail opportunity: 230,000 units

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Sales Opportunity

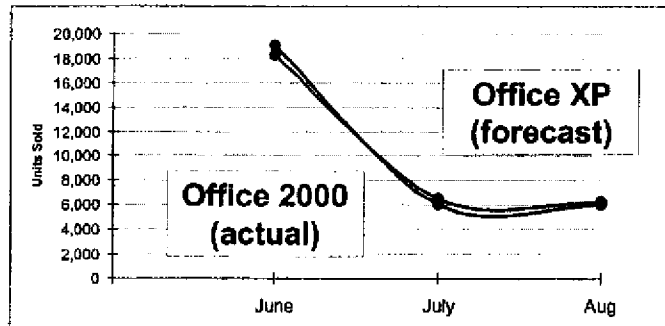


<i>Circuit City</i>	June	July	Aug	90-day Total
Office 2000 (Actual)	1,708	1,142	1,306	4,156
Office XP (Forecast)	3,600	1,800	1,800	7,200

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Sales Opportunity



<i>Office Depot</i>	June	July	Aug	90-day Total
Office 2000 (Actual)	18,242	6,508	6,282	31,032
Office XP (Forecast)	19,000	6,000	6,000	31,000

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Marketing Strategies

- Build excitement through Awareness Campaign
- Encourage Reseller-specific promotions
- Strong cross-sell programs through launch
- Focus on Pro in promotional activities, advertising and merchandising
- Sustaining marketing through CY2001

What are our marketing strategies to support our objectives.

List all 5 strategies and explain why these are important:

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Marketing Tactics

- Technology Guarantee
- Awareness Campaign
- Street Date and MAP
- Training programs
- Merchandising, Web elements
- Launch events and demand generation
- Office XP Add-on Sales



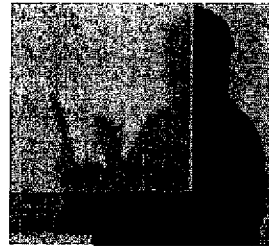
What are the actual tactics/programs which support our strategies

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Technology Guarantee

- For full package products only
- April 2 – June 30
- Microsoft will not aggressively promote Tech Guarantee
- Online coupons only



From a customer satisfaction perspective we reckon that having a technology guarantee is important. However research teaches us that not that many people in the past took advantage of the TG or made a decision based on the availability of a Technology Guarantee program.

We've decided to start the TG Program on April 2nd and will last until June 30th.

Microsoft will not aggressively promote the Technology Guarantee program, but will of course inform customers and partners about the existence/availability.

Microsoft will not create TG coupons, but will make online coupons available for use on the Microsoft Website or partner website. Customers who want to take advantage of the TG program need to download the coupon from the web.

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Retail Awareness Campaign

- Drive awareness and enthusiasm before launch
- Cool POP to create excitement
- 30 days prior to launch
- End User trial CDs
- Auto demo CDs



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Street Date & MAP

- Street Date: Thursday, May 31
- MAP: May 31 – June 30
 - All versions of Office XP



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RSP Training

- Team Microsoft Live! will train more than 15,000 RSPs
- 60 cities nationwide
- April 8 – May 17
- Online training available
- Sign up beginning February



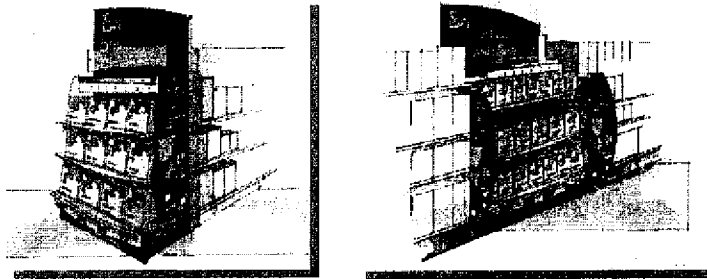
Will cover Office, Publisher, FP, Visio, MappPoint, Hardware and any software attach offers, MS Press

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Merchandising

- Attractive, informative POP
- Matching Web elements



Concepts subject to change

2 Floorstand options:

- Floorstands: 1 for empty boxes and 1 for life product
 - Life product floorstand will hold a maximum of 48 units.
- Traypacks; masterpack quantities of 10

Other POP:

Several options

New: Blade signs (red signs)

Forecast go out to AM's on February 9th.

Forecast display due: February 23rd.

Forecast other POP due: March 14th.

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Office Depot Merchandising

Recommended:

- Empty box display on floor
- Custom tray for Special Edition
- Floor graphics
- Inline backer cards
- Banners
- Monitor wraps
- Flip book
- "Which office is right for you?" chart
- Pull-down shades
- Posters
- Videos

2 Floorstand options:

-Floorstands: 1 for empty boxes and 1 for live product. 2 or 4 sided, 8-16 empty boxes per display

•Life product floorstand will hold a maximum of 48 units.

Traypacks; masterpack quantities of 10

Other POP:

Several options

New: Blade signs (red signs)

Forecast go out to AM's on February 9th.

Forecast display due: February 23rd.

Forecast other POP due: March 14th.

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Circuit City Merchandising

Recommended:

- Tray pack for Pro, Standard
- Custom tray for Special Edition
- "Which office is right for you?" chart
- Videos
- Others as appropriate: Banners, posters, flip guides, channel strips, monitor wraps, oversized boxes, etc.

2 Floorstand options:

-Floorstands: 1 for empty boxes and 1 for life product

•Life product floorstand will hold a maximum of 48 units.

Traypacks; masterpack quantities of 10

Other POP:

Several options

New: Blade signs (red signs)

Forecast go out to AM's on February 9th.

Forecast display due: February 23rd.

Forecast other POP due: March 14th.

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Demand Generation

- \$11.5 million (May – June) in advertising to create broad awareness, enthusiasm and demand
- Launch event will Bill Gates on May 31
- Large-scale “Seeing is Believing” end user events in 50 top cities
 - Reach 75K end users
 - Email, newsletters, web sites
 - May 31 – June 9
- Contest and promotions and offers
- 35 million end user trial CDs

PR Reach

Broad PR news/buzz/visual images

Be on the evening news and other broadcast media

Buzz coverage locally and in top 10-15 US geographies (local media)

End Users - Reach >50,000 (US) through High Touch Events

Focus on IEUs and find “Super IEUs”. Leverage Whistler excitement as appropriate.

Ride momentum of interest in new product to drive attendance.

Deliver on “Seeing is believing”.

Increase size of FPP spike, and kick of strong influence model for organizations

Drive trial/purchase. Special offers to purchase in 30-60 days

IT/BDM – Reach >20,000 (US) through High Touch Events

Focus on End User productivity benefits and Solutions

“Connected” sales and marketing engine in place – closed loop selling process

Continue Corporate Evaluation Program

Continue momentum after launch with Monthly events

“Why” and “How to” Events for IT

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Office XP Add-on Sales

- Great opportunity for Office XP add-on sales
 - Mice, Keyboards
 - MS Press publications
 - MSN
 - Publisher, FrontPage, Visio, MapPoint
 - Works Home Plus Pack, Works Home Companion
- Additional incentives for participating resellers
- Merchandise products near Office XP
- Advertise offers in circulars

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Microsoft FrontPage

- Only available in limited edition Professional SE
- Significant upgrade, great new features
 - Publishing Performance Enhancements
 - Background Publishing
 - Page Tabs
 - Photo Gallery
 - Improved Usage Analysis Reports
- Standard ERP \$169, upgrade \$89

Publishing Performance Enhancements – Makes publishing even faster – with 2-3x speed improvements for publishing your web page or web site.

Background Publishing – allows users to continue to work on their site while publishing takes place in the background

Page Tabs – allows users to edit many pages at once – it's easier to open several pages at once and switch from page to page with a single click

Photo Gallery – allows for easy set up of photo galleries without setting up a table and thumbnails for each image

Usage Analysis Reports – allows users who administer their web sites to quickly find out what pages are getting the most hits, and how many customers find their site using referring URL's in a given day, week, month, etc. Reports can then be exported into HTML or MS Excel.

Great opportunity for FrontPage

Market has grown 66% since last launch (source: PCData)

No longer included in Office Premium edition – additional 50k customer potential

Forecasted to grow 21% in revenue over the previous launch (forecast vs. actual FrontPage 2000 revenue)

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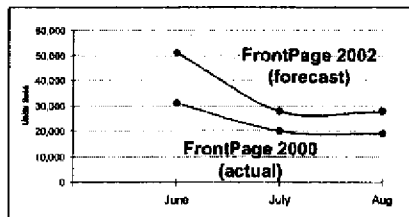
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Microsoft FrontPage 2002

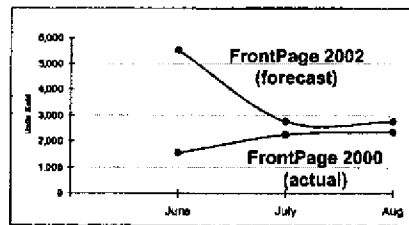
Office Depot

- Web publishing market has grown 66% since last launch (source: PCData)
- 21% growth forecasted (revenue)

FrontPage Forecast



Office Depot forecast



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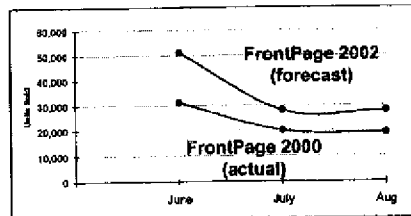
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Microsoft FrontPage 2002

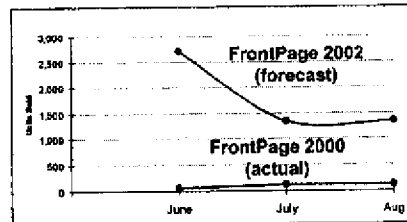
Circuit City

- Web publishing market has grown 66% since last launch (source: PCData)
- 21% growth forecasted (revenue)

FrontPage Forecast



Circuit City forecast



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Microsoft Publisher 2002

- Only available in limited edition Professional SE
- Standard ERP \$129 (\$20 rebate)
- A compelling companion to Office XP
 - Office Clipboard
 - Smart Tags
 - New Office toolbars
 - Thousands of new publication templates

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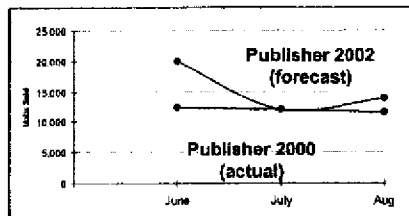
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Microsoft Publisher 2002

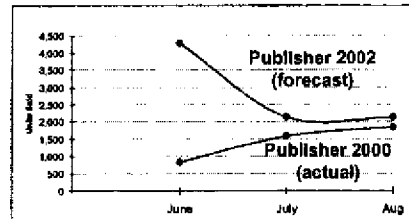
Office Depot

- 30% growth forecasted (revenue)

Publisher Forecast



Office Depot forecast



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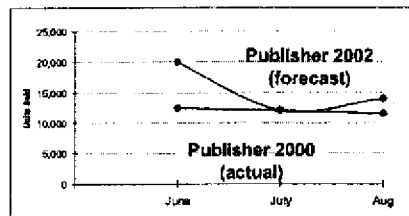
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Microsoft Publisher 2002

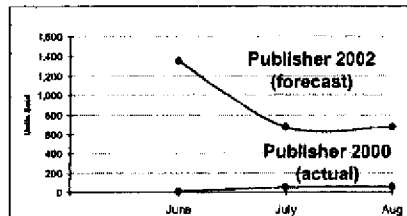
Circuit City

- 30% growth forecasted (revenue)
- New chain-wide focus on software to bring more attention on business applications

Publisher Forecast



Circuit City forecast



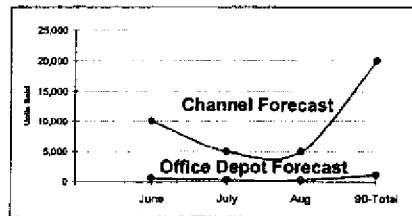
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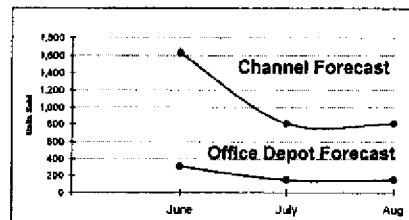
Other Opportunities Office Depot

- Visio forecasting 15% unit channel growth
- MapPoint, 45% unit growth, great new features
- Individual Office apps available May 31

Visio Forecast



MapPoint forecast



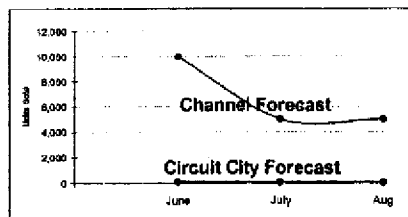
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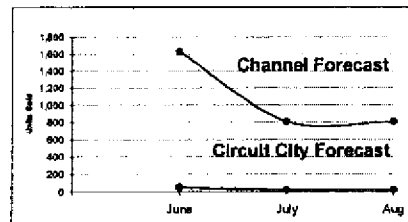
Other Opportunities Circuit City

- Visio forecasting 15% unit channel growth
- MapPoint, 45% unit growth, great new features
- Individual Office apps available May 31

Visio Forecast



MapPoint forecast



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New Office Add-on SKUs

Home Plus Pack

- 300 Word templates
- 120 Excel templates
- 90 PowerPoint templates
- 90 Outlook templates
- One easy interface, launcher
- ERP \$19.95 no rebates
- MSD 4/26
- One CD

Home Companion

- Plus Pack +more templates
- Encarta Standard 2002
- Money Standard 2002
- Picture It! Photo 2002
- ERP \$49.95 no rebates
- MSD 4/26
- 3 or 4 CDs

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Keys to a Successful Launch

- Advertising
- Merchandising and incremental display
- Unique offers
- Support awareness campaign
- RSP training and education
- Web support
- Cross-sell program



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Next Steps



- Street Date and MAP letter
- POP orders due February 23
- IPQs due by March 2
- Launch Account Plan due March 5
- Microsoft communicates launch tie details
- Order auto demo and trial CDs
- Sign up for RSP training up by April 1
- Awareness POP up May 11
- Launch May 31

Displays:

- Traypacks; masterpack quantities of 10
- Floorstands: 1 for empty boxes and 1 for life product
- Life product floorstand will hold a maximum of 48 units.

Forecast go out to AM's on February 9th.

Forecast display due: February 23rd.

Forecast other POP due: March 14th.

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Summary

- Compelling new products with advanced features
- Greater focus on end users
- Excellent sales opportunity
- High impact demand generation
- Exciting new POP and merchandising



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The Experience is Coming

Office^{XP}

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Questions?

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