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**From:** John Connors  
**Sent:** Sunday, March 31, 2002 1:01 PM  
**To:** Larry Starr, Larry Starr, Steve Ballmer; Rick Belluzzo; James Cash, Raymond Gilmartin; Ann McLaughlin Korologos; Dave Marquardt; Jeff Raikes; Gary Reed; Jon Shirley; Brad Smith (LCA); John Connors  
**Cc:** 'CherylA@Vulcan.com'; Christine Turner; Jeff Ressler; Debbie Hill; Dorothy Veith; Deborah Hanson; Jean Clegg; Maggie Delissio; Sarah Agnew; Leila Parrott; Rose Patterson; Colleen Musgrave; Kathryn Foreman (LCA)  
**Subject:** Board Retreat Financial Information  
**Importance:** High

Attached you will find information that will be part of Tuesday's Board retreat agenda. Specifically

FY02 Forecast (File is March fcst-updated 032602.xls)

FY02-FY05 High level Financial Outlook (File is LRP Overview – BOD 040102.xls)

Analysis of peers and Competitors historical revenue and operating profit performance and analysts estimates for Calendar 2002 and 2003 (File is BoD Retreat – Peer Benchmarking xls)

Analysis of Debt/Equity investments life to date economic performance (File is deals – board information.ppt)  
There is also detailed information for this section in files board back up.xls, and board back up acquisitions-JVs.xls)

Review of selected acquisitions over the years – some that were successful and some that were not successful (File is deals – board information.ppt) There is also detailed information for this section in files board back up.xls, and board back up acquisitions-JVs.xls)

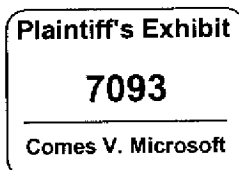
We may adjust the Forecast information for the March quarter tomorrow. We closed revenue over the weekend and will have a final review in the morning. In general we are at the low end of guidance on revenue, above guidance on operating income. We also will have lower investment income than guided due to the impairment of our AT&T investment. All in all a pretty solid quarter.

I will bring hard copy binders to be handed out Tuesday morning.

Regards

John Connors

5/23/2003



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GAAP Income Statement - as of March 28									
(In millions)									
	Q01-3*		Q02-3 1st	YOY Growth	BoD Mar 1st	Var to Mar 1st	Q02-3 Guidance		Variance to Low-end Guidance
	Low	High							
Revenue	\$6,485	100.0%	\$7,180	12%	\$7,300	(\$120)	\$7,300	\$7,400	Revenue
Cost of revenue	899	14.0	1,529	70	1,606	77	1,610	1,635	(\$50m) Commercial - OPM revenue, primarily Asia
Gross profit	5,504	86.0	5,651	3	5,694	(43)	5,690	5,765	(\$62m) Xbox lower console volumes
Operating expenses									(\$20m) Services
Research and development	1,069	16.7	1,129	6	1,171	42	1,271	1,271	\$17m MSN
Sales and marketing	1,198	18.7	1,255	5	1,303	48	1,403	1,403	(\$5m) HRD lower sales volumes
General and administrative	239	3.7	181	(24)	200	19	210	210	
Total operating expenses	2,506	39.1	2,565	2	2,674	109	2,884	2,884	CoGS
Operating income	2,998	46.8	3,086	3	3,020	66	2,806	2,881	\$65m Xbox lower console volumes and Japan warranty
Losses on equity investments and other	(46)		(19)		(20)	1	(20)	(20)	\$14m MSN support costs
Investment income	705	11.0	730		1,750	(1,020)	1,350	1,350	\$2m HRD lower volumes
Income before income taxes	3,658	57.1	3,796	4	4,750	(954)	4,156	4,211	Operating Expenses
Provision for income taxes	1,207	18.9	1,215		1,520	305	1,324	1,348	
Income before accounting change	2,451	38.3%	2,581	5	3,230	(649)	2,812	2,863	
Cumulative effect of accounting change	0		0		0	0	0	0	
Net income	\$2,451	38.3%	\$2,581	5	\$4,230	(\$649)	\$2,812	\$2,863	\$0.3b in R&D project delays, lower marketing, and reduced hiring
Average shares outstanding	5,563		5,600		5,600		5,600	5,600	
Diluted EPS before accounting change	\$ 0.44		\$ 0.46	4	\$ 0.58	(\$ 0.12)	\$ 0.50	\$ 0.51	Investment Income
Diluted EPS	\$ 0.44		\$ 0.46	4	\$ 0.58	(\$ 0.12)	\$ 0.50	\$ 0.51	(\$1.0b) impairments
									\$0.4b higher gain on hypocha site
	YTD01*		YTD02 1st	YOY Growth					
Revenue	\$18,719	100.0%	\$21,047	12%					
Cost of revenue	2,588	13.8	3,957	53					
Gross profit	16,131	86.2	17,090	6					
Operating expenses									
Research and development	3,015	16.1	3,186	6					
Sales and marketing	3,528	18.8	3,879	10					
General and administrative	621	3.3	1,201	93					
Total operating expenses	7,164	38.3	8,266	15					
Operating income	8,969	47.9	8,824	(2)					
Losses on equity investments and other	(128)		(86)						
Investment income	2,584	13.8	303						
Income before income taxes	11,427	61.0	9,040	(21)					
Provision for income taxes	3,771	20.1	2,893						
Income before accounting change	7,656	40.9%	6,147	(20)					
Cumulative effect of accounting change	(375)		0						
Net income	\$7,281	38.9%	\$6,147	(16)					
Average shares outstanding	5,575		5,574						
Diluted EPS before accounting change	\$ 1.37		\$ 1.10	(20)					
Diluted EPS	\$ 1.31		\$ 1.10	(16)					

\* Includes reclassification of hypocha merchant revenue

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Microsoft Corporation							
GAAP Income Statement - as of March 28							
(in millions)							
			YOY		FY02 Guidance		
	FY01*		FY02 Est.	Growth	Low	High	Variance to Low-end guidance
Revenue	\$23,296	135.1%	\$28,330	12%	\$28,800	\$29,100	Revenue
Cost of revenue	3,455	18.5	5,210	51	5,769	5,819	\$70m Commercial revenue
Gross profit	21,841	116.7	23,120	6	23,031	23,281	(\$14m) Services due to weak economic conditions
Operating expenses							(\$525m) Xbox decline in console volumes from 5.4m to 3.9m units
Research and development	4,379	23.1	4,549	4	4,644	4,644	(\$17m) HRD volumes and \$16m MSN
Sales and marketing	4,885	26.1	5,310	9	5,427	5,427	
General and administrative	857	4.6	1,436	68	1,460	1,460	CoGS
Total operating expenses	10,121	54.1	11,295	12	11,531	11,531	\$31m Xbox lower console volumes and Japan warranty
Operating income	11,720	62.6	11,825	1	11,500	11,750	\$27m MSN lower support costs
Losses on equity investees and other	(159)		(105)		(104)	(104)	\$10m HRD lower sales volume
Investment income	(56)	(0.2)	872		1,492	1,492	\$11m Commercial
Income before income taxes	11,525	61.6	12,592	9	12,888	13,138	
Provision for income taxes	3,804	20.3	4,029		4,124	4,204	Operating Expenses
Income before accounting change	7,721	41.2%	8,563	11	8,764	8,934	\$0.2b in R&D project delays, lower marketing and reduced licensing
Cumulative effect of accounting change	(575)		0		0	0	
Net income	\$7,346	39.2%	\$8,563	17	\$8,764	\$8,934	Investment Income
Average shares outstanding	5,574		5,583		5,584	5,584	(\$1.0b) impairments
Diluted EPS before accounting change	\$ 1.38		\$ 1.53	11	\$ 1.57	\$ 1.60	\$0.4b higher gain on Expedia sale
Diluted EPS	\$ 1.32		\$ 1.53	16	\$ 1.57	\$ 1.60	

\* Includes reclassification of Expedia merchant revenue

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# **LONG RANGE PLAN OVERVIEW**

## **Board of Directors Retreat**

**John Connors**

**April, 2002**

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FY03-05 Revenue Assumptions

(in millions unless otherwise stated)

	2001			2002			2003			2004			2005			2006			5-Year CAGR
	Act	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %		
<b>BILLED REVENUE</b>																			
Client	\$ 8,493	\$ 9,804	15.0%	\$ 11,034	6.4%	\$ 11,425	9.2%	\$ 12,651	10.7%	14,136	11.7%	15,243	7.8%	16,243	6.6%	17,243	6.1%	9.2%	
Knowledge Worker	10,663	10,951	2.7%	11,062	1.0%	11,934	7.9%	12,313	3.2%	13,920	13.1%	14,657	5.3%	16,057	9.5%	16,657	3.8%	6.0%	
Server Plus	3,510	4,121	17.4%	5,783	16.1%	5,413	13.2%	6,067	12.1%	6,794	12.0%	7,482	10.1%	8,242	10.1%	9,012	9.3%	12.7%	
Services	833	1,052	26.8%	1,177	11.9%	1,248	14.6%	1,513	12.2%	1,712	13.2%	1,912	11.7%	2,112	10.5%	2,312	9.5%	(49.3%)	
Business Solutions	225	331	47.1%	380	15.7%	500	31.6%	725	45.0%	1,140	57.2%	1,610	41.2%	2,110	31.1%	2,610	24.2%	38.3%	
MSN	1,685	1,955	16.0%	2,853	43.8%	3,250	13.9%	3,850	18.5%	4,450	15.6%	5,050	13.5%	5,650	12.0%	6,250	10.6%	15.9%	
CP	36	44	22.4%	49	11.3%	97	99.7%	177	82.7%	274	54.5%	392	43.3%	510	30.1%	628	22.9%	44.7%	
Home & Entertainment	126	2,717	21.0%	4,147	52.6%	4,750	14.5%	5,353	12.8%	5,956	11.3%	6,559	10.2%	7,162	9.1%	7,765	8.0%	4.0%	
<b>TOTAL BILLED REVENUE</b>	<b>\$ 26,765</b>	<b>\$ 30,978</b>	<b>15.7%</b>	<b>\$ 34,915</b>	<b>12.7%</b>	<b>\$ 39,267</b>	<b>12.8%</b>	<b>\$ 44,151</b>	<b>12.3%</b>	<b>\$ 49,036</b>	<b>11.3%</b>	<b>\$ 53,921</b>	<b>10.0%</b>	<b>\$ 58,806</b>	<b>9.2%</b>	<b>\$ 63,691</b>	<b>8.5%</b>	<b>11.8%</b>	
<b>ADJUSTED GROSS REVENUE</b>																			
Client	\$ 8,457	\$ 9,453	11.8%	\$ 10,125	7.2%	\$ 11,296	9.4%	\$ 12,528	10.9%	13,953	11.4%	15,059	7.9%	16,059	6.7%	17,059	6.2%	9.8%	
Knowledge Worker	10,448	9,817	(6.0%)	11,129	13.4%	11,729	5.4%	12,278	4.7%	13,396	10.7%	14,308	6.8%	15,220	6.4%	16,132	6.0%	7.8%	
Server Plus	3,516	4,013	14.3%	5,587	13.7%	5,149	12.7%	5,807	12.3%	6,395	10.0%	7,238	9.9%	8,081	11.6%	8,924	10.5%	12.5%	
Services	830	1,052	26.8%	1,177	11.9%	1,248	14.6%	1,513	12.2%	1,712	13.2%	1,912	11.7%	2,112	10.5%	2,312	9.5%	(49.3%)	
Business Solutions	225	331	47.1%	380	15.0%	500	31.5%	725	49.0%	1,140	57.2%	1,610	41.2%	2,110	31.1%	2,610	24.2%	38.3%	
MSN	1,685	1,955	16.0%	2,853	43.4%	3,250	13.9%	3,850	18.5%	4,450	15.6%	5,050	13.5%	5,650	12.0%	6,250	10.6%	15.9%	
CP	36	44	22.4%	49	11.3%	97	99.7%	177	82.7%	274	54.5%	392	43.3%	510	30.1%	628	22.9%	44.7%	
Home & Entertainment	126	2,717	21.0%	4,147	52.6%	4,750	14.5%	5,353	12.8%	5,956	11.3%	6,559	10.2%	7,162	9.1%	7,765	8.0%	4.0%	
<b>TOTAL ADJUSTED GROSS REVENUE</b>	<b>\$ 26,812</b>	<b>\$ 29,382</b>	<b>10.0%</b>	<b>\$ 31,655</b>	<b>17.9%</b>	<b>\$ 38,769</b>	<b>11.9%</b>	<b>\$ 43,732</b>	<b>12.8%</b>	<b>\$ 48,610</b>	<b>11.4%</b>	<b>\$ 53,488</b>	<b>10.0%</b>	<b>\$ 58,366</b>	<b>9.2%</b>	<b>\$ 63,244</b>	<b>8.4%</b>	<b>13.4%</b>	
<b>NET REVENUE</b>																			
Client	\$ 8,365	\$ 9,404	12.4%	\$ 10,195	8.5%	\$ 11,148	9.3%	\$ 12,335	10.6%	13,750	11.5%	14,833	7.9%	15,916	7.5%	17,000	7.0%	9.5%	
Knowledge Worker	9,775	9,549	(2.3%)	10,214	12.2%	11,281	10.5%	11,856	4.7%	13,100	10.5%	14,283	9.0%	15,466	8.3%	16,649	7.6%	7.8%	
Server Plus	3,463	3,756	12.0%	5,382	16.1%	4,941	12.7%	5,574	12.1%	6,331	13.6%	7,088	9.9%	7,845	10.6%	8,602	9.3%	13.1%	
Services	830	1,052	26.8%	1,177	11.9%	1,248	14.6%	1,513	12.2%	1,712	13.2%	1,912	11.7%	2,112	10.5%	2,312	9.5%	(49.3%)	
Business Solutions	225	330	46.7%	379	14.9%	500	31.4%	725	48.9%	1,140	57.2%	1,610	41.1%	2,110	31.0%	2,610	24.1%	38.2%	
MSN	1,717	1,987	15.8%	2,890	44.2%	3,274	13.1%	3,877	17.6%	4,480	15.1%	5,083	13.0%	5,686	11.5%	6,289	10.0%	15.7%	
CP	36	43	19.4%	49	12.0%	97	99.7%	177	82.7%	274	54.5%	392	43.3%	510	30.1%	628	22.9%	44.7%	
Home & Entertainment	152	2,598	16.5%	4,011	54.3%	4,533	13.3%	5,128	12.7%	5,630	9.8%	6,132	9.0%	6,634	8.2%	7,136	7.6%	4.0%	
Corporate	203	297	46.3%	0	(100.0%)	0	(100.0%)	0	0%	0	0%	0	0%	0	0%	0	0%	(13.2%)	
<b>TOTAL NET REVENUE</b>	<b>\$ 25,630</b>	<b>\$ 28,619</b>	<b>11.7%</b>	<b>\$ 31,197</b>	<b>16.9%</b>	<b>\$ 37,341</b>	<b>12.1%</b>	<b>\$ 41,214</b>	<b>13.4%</b>	<b>\$ 45,087</b>	<b>11.9%</b>	<b>\$ 48,960</b>	<b>10.0%</b>	<b>\$ 52,833</b>	<b>9.2%</b>	<b>\$ 56,706</b>	<b>8.4%</b>	<b>12.5%</b>	

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	2001		2002		2003		2004		2005		2006		2007		
	Act	Est	Act	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	
<b>CLIENT/KNOWLEDGE WORKER METRICS</b>															
<b>PC Shipments (In millions)</b>															
Total Business	79	75	(4.5%)	78	4.1%	82	5.1%	85	3.5%	84	(1.7%)	86	2.4%	88	2.3%
Consumer	43	39	(9.0%)	39	0.1%	43	10.6%	46	7.2%	47	2.3%	48	2.1%	49	2.1%
Total	121	114	(6.1%)	117	2.6%	125	6.8%	131	4.8%	131	(0.1%)	134	2.3%	138	3.0%
<b>PC Replacements (% Shipped)</b>															
Total Business	74%	65%		72%		74%		76%		69%		72%		73%	
Consumer	30%	41%		44%		48%		51%		37%		39%		39%	
Total	59%	66%		63%		65%		67%		57%		59%		60%	
<b>PC Installed Base (In millions)</b>															
Total Business	270	293	8.5%	315	7.5%	336	6.8%	357	6.1%	376	5.3%	392	4.7%	402	2.6%
Consumer	204	224	9.8%	248	10.6%	271	9.3%	293	8.1%	311	6.1%	325	4.5%	335	3.1%
Total	474	517	9.1%	563	8.4%	607	7.8%	650	7.1%	687	5.7%	717	4.4%	737	2.8%
<b>Client Average Payable Rates</b>															
Windows Pro	\$ 99.07	\$ 103.12	3.1%	\$ 103.50	2.4%	\$ 103.21	(0.3%)	\$ 102.44	(0.7%)	\$ 102.44	0.0%	\$ 103.26	0.8%	\$ 103.26	0.0%
Windows XP Home/Pro	\$ 52.50	\$ 51.70	(1.5%)	\$ 50.51	(2.3%)	\$ 48.43	(4.1%)	\$ 47.96	(1.1%)	\$ 47.96	0.0%	\$ 48.57	1.2%	\$ 48.57	0.0%
<b>Client Average Pre-Min</b>															
Total Payments	42%	31%		39%		43%		43%		43%		43%		43%	
<b>CLIENT/NEW PC &amp; PC</b>															
SPPC Installed Base (Adjusted)	\$ 22.79	\$ 20.62	(9.5%)	\$ 21.84	5.9%	\$ 21.52	(1.4%)	\$ 21.60	0.4%	\$ 21.60	0.0%	\$ 21.60	0.0%	\$ 21.60	0.0%
SPPC Installed Base (Billed)	\$ 24.82	\$ 25.45	2.5%	\$ 21.92	(6.7%)	\$ 22.07	0.7%	\$ 22.15	0.4%	\$ 22.15	0.0%	\$ 22.15	0.0%	\$ 22.15	0.0%
<b>SERVER PLUS METRICS</b>															
<b>Server Shipments (In thousands)</b>															
Total New Server Units shipped by MSN	4,833.0	4,320.7	(10.5%)	5,383.3	11.3%	5,561.4	3.3%	6,109.6	9.7%	6,109.6	0.0%	6,109.6	0.0%	6,109.6	0.0%
MS Share	46.5%	50.9%	9.5%	51.7%	2.1%	53.9%	4.3%	54.7%	1.5%	54.7%	0.0%	54.7%	0.0%	54.7%	0.0%
NI Server Shipped	2,157.4	2,401	11.5%	2,677	11.5%	2,907	8.6%	3,340	14.7%	3,340	0.0%	3,340	0.0%	3,340	0.0%
Server OS SNT Shipped	\$ 622.76	\$ 644.14	3.5%	\$ 648.73	0.8%	\$ 648.36	(0.1%)	\$ 641.68	(1.0%)	\$ 641.68	0.0%	\$ 641.68	0.0%	\$ 641.68	0.0%
Server Appl. SNT Shipped	\$ 409.58	\$ 504.03	23.1%	\$ 611.00	22.2%	\$ 683.56	12.0%	\$ 702.14	2.6%	\$ 702.14	0.0%	\$ 702.14	0.0%	\$ 702.14	0.0%
<b>MSN METRICS</b>															
<b>WW Market - Advertising Spend (\$B)</b>															
Internet Advertising % of Total Advertising	\$ 392.019	\$ 364.912	(6.9%)	\$ 371.050	2.5%	\$ 406.382	9.3%	\$ 446.227	9.8%	\$ 446.227	0.0%	\$ 446.227	0.0%	\$ 446.227	0.0%
MSN Share of Internet Advertising	2.0%	1.9%	(4.5%)	2.1%	5.3%	1.4%	2.7%	11.0%	11.0%	11.0%	0.0%	11.0%	0.0%	11.0%	0.0%
US Market Internet Access Acct Growth %	na	11.2%		9.3%		6.6%		7.2%		7.2%		7.2%		7.2%	
MSN Access Share of IA Accounts	na	6.8%		7.7%		10.2%		11.3%		11.3%		11.3%		11.3%	
<b>Avg MSN Subscribers (M)</b>															
Narrowband	1.8	3.7	48.3%	7.4	20.8%	8.3	12.1%	9.3	12.2%	12.0%	12.0%	13.2%	10.0%	13.2%	0.0%
Broadband	0.0	0.3	na	0.5	96.7%	1.0	106.8%	1.9	86.8%	6.57.56	(9.7%)	6.57.56	0.0%	6.57.56	0.0%
Other MSN	1.1	1.1	0.0%	2.4	115.0%	4.2	83.3%	7.7	79.0%	79.0%	79.0%	801.19	7.5%	840.89	6.1%
Total Avg MSN Subscribers	3.8	7.1	84.0%	10.3	65.9%	13.6	32.9%	19.0	39.3%	801.19	7.5%	840.89	6.1%	840.89	0.0%
<b>Retail Price/Sub-Month</b>															
Narrowband	\$21.05	\$21.05	0.0%	\$22.93	8.4%	\$23.90	4.3%	\$23.90	0.0%	\$23.90	0.0%	\$23.90	0.0%	\$23.90	0.0%
Broadband	\$49.05	\$49.05	0.0%	\$49.95	1.8%	\$54.95	10.0%	\$54.95	0.0%	\$54.95	0.0%	\$54.95	0.0%	\$54.95	0.0%
<b>HOME &amp; ENTERTAINMENT - XBOX METRICS</b>															
<b>Cumulative Installed Base (M)</b>															
Cumulative Inst. & 3rd Party Games Attach R:	3.9	4.2	7.7%	5.1	28.6%	6.4	25.5%	7.2	11.9%	8.4	16.7%	9.2	9.5%	10.3	8.7%
Console Retail Price - North America	\$ 269.99	\$ 269.99	0.0%	\$ 269.99	0.0%	\$ 269.99	0.0%	\$ 269.99	0.0%	\$ 269.99	0.0%	\$ 269.99	0.0%	\$ 269.99	0.0%
Console Retail Price - EMEA	\$ 418.25	\$ 418.25	0.0%	\$ 418.25	0.0%	\$ 418.25	0.0%	\$ 418.25	0.0%	\$ 418.25	0.0%	\$ 418.25	0.0%	\$ 418.25	0.0%
Gross Margin/Console (Console Only)	\$ 172.60	\$ 172.60	0.0%	\$ 172.60	0.0%	\$ 172.60	0.0%	\$ 172.60	0.0%	\$ 172.60	0.0%	\$ 172.60	0.0%	\$ 172.60	0.0%
Gross Margin/Console (Games and Peripherals)	\$ 51.23	\$ 51.23	0.0%	\$ 51.23	0.0%	\$ 51.23	0.0%	\$ 51.23	0.0%	\$ 51.23	0.0%	\$ 51.23	0.0%	\$ 51.23	0.0%
Linux Margin/Console Combined	\$ (15.44)	\$ (15.44)	0.0%	\$ (15.44)	0.0%	\$ (15.44)	0.0%	\$ (15.44)	0.0%	\$ (15.44)	0.0%	\$ (15.44)	0.0%	\$ (15.44)	0.0%
<b>MSNA ARPU - Narrowband</b>															
MSNA ARPU - Broadband	\$ 10.28	\$ 0.06	(99.4%)	\$ 0.06	(3.5%)	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%
MSNA ARPU - Total	\$ 10.28	\$ 0.06	(99.4%)	\$ 0.06	(3.5%)	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%	\$ 0.06	0.0%

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Microsoft Consolidated Executive F&L SLT Template Consolidation (WPYESTD)													
(in millions)													
	Source/Amendment For FY03 SunSum03	Commercial	MCS	PSS	CDG	Revenue OEM	Total Commercial	Client	Embedded	Client	Knowledge Worker	Servers	CDG
Billed Revenue													
Office											7,824	1,166	
Productivity & Bus Svcs								9,125		9,125			
Windows Desktop OS											1,228		
Desktop CAL												1,639	
Windows Server												943	
SQL												55	
Servers / Non-Win & SQL												672	
Developer								4		4			
Windows Digital Media													
OS/Server									175	175			
Client													
General Plans													
Embedded/Mobility													
MSN Services													
Access													
TV													
MP3 & PC Games													
XBox								(14)		(14)			
Other												22	
CDG													637
Billed Budget								\$9,134	\$175	\$9,289	\$10,748	\$3,921	\$67
Revenue Adjustments								461	(11)	450	37	(284)	(183)
Billed Forecast								\$9,675	\$164	\$9,739	\$10,785	\$3,634	\$485
Adjusted Gross Revenue								\$1,267	50	\$1,267	\$4,825	\$1,240	34
Expense								493		493	2,396	1,705	
S&D								411		411	325	25	
Customer								90		90	582	169	
Assume								151		151	215	169	
NSP												155	
Other								2,404		2,404	8,479	3,531	253
Total FG								1,032		1,032	1,534		
COEM								164		164			
Embedded								5,849		5,849			
DEV								6,883	164	7,047	1,584		
Total OEM													
Professional Services													
Client Services													
Professional/Online Services													
Front								9,238	164	9,452	9,583	3,631	485
Adjusted Gross Revenue								9,238	164	9,452	9,583	3,631	485
Revenue Adjustments													
Adjusted Gross Revenue Forecast													
Commercial Services	Comm alloc as % of FFP	194			(3)		102	56		56	4	3	(3)
Mobile	Comm alloc as % of FFP	(196)			(2)		(113)	(117)		(117)	(350)	(146)	(2)
Price Adjustments/Other	Comm alloc as % of FFP	(38)			213		177	(6)		(6)	(23)	(2)	
FY Budget								(67)		(67)	(495)	(152)	(4)
Revenue Adjustments								28	(3)	25	61	9	(102)
Parent Adjustment								(47)	(1)	(48)	(433)	(143)	(166)
Revenue Adjustments Forecast													
Net Revenue								9,241	163	9,464	9,545	3,387	378
CoGS													
Product CoGS	Commercial alloc as % of FG	58			390	21	722	107		107	306	125	190
MCS/PSS CoGS													
CoGS								107	6	107	300	125	198
Forecast Adjustment								47	8	53	(33)	(48)	(96)
CoGS - Forecast								154	8	168	266	84	104
Gross Margin								9,087	156	9,243	9,283	3,303	278



Microsoft Consolidated Executive P&L SIT Template Consolidation (R/V/S/F/D)												
(In millions)												
Source/Assumption	Commercial	MCR	PSS	CDDG	Royalty/OCM	Total Commercial	Client	Embedded	Client	Knowledge Worker	Servers	CDDG
<b>R&amp;D</b>												
Services Platform Division R&D												
Platform Infrastructure Services Div												
Other R&D Services												
MSA Acquisition Assumptions												
<b>Personal Services Group</b>												
Live Experience Platform									33		33	
Network Security Group									64			25
Networking & Communications									310			
Win Integrating Solutions & Dev												287
Windows Net Server									210		210	
Windows L'net									61		61	
Windows Core Technology									20		20	
Windows Management												114
Win Apps Business Unit												366
Windows		396				396	698		628			
WDM AV Plat & UDRM							23		23			
WDM Baseline							25		25			
WDM DDM Everywhere							35		35			
WDM Marketing							16		16			
WDM Mgmt & Support							17		17			
WDM uDRM Core							5		5			
WDM uDRM Plat							40		40			
Windows Digital Media		146				146	161		161			
Offline Bt Facade/Dev							8		8			
Offline Subscriptions							2		2			
Offline Prod Dev							22		22			
Offline		63				63	63		63			
Net Enterprise Solution Group												46
Net Server Mgmt												6
Net UE/Lite												56
E-Business Servers												82
Enterprise Prop Mgmt												3
Exchange												22
Mobile Information Server												146
SQL												411
Net Enterprise Servers		396				396						106
NET Developer Platform												17
Dev Dev Release Team												2
Dev Int & UE Group												99
Dev Marketing & Enterprise Tools												2
Desktop Mgmt												90
Product Staff												313
Developer Division & Marketing		303				303	30		30			
Platform Strategy & Dev Mgmt							24		24			
Platform Management							54		54			
Platform Management		51				51						
R&D People												190
Other R&D												67
CDDG												217
R&D People									67		67	
Other R&D									21		21	
Embedded									88		88	
<b>Platform + Embedded + CDDG</b>		1,954				1,954	976	88	1,063		1,089	217
Office		482				482						
Etc Tools		121				121						111
Integrating Technologies		112				112	17		17			96
Small Biz & Business App		8				8						8
PSS Mgmt		44				44						44
PSS Acquisition Assumptions		213				213						210
<b>Production Business Services</b>		488				488						
MSA		165				165			17		17	
MSA Acquisition Assumptions		19				19						
MS Research		184				184						
Advanced Strategy (Craig Mundie)		13				13						
Net Strategy (Shirley Reddy)		41				41						41
C.O. Business (Steve Dwyer/S)		25				25						
Procure R&D		160				160						
MSNBC/Other Verticals												
Verticals												

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(In millions)		Commercial	MCS	PSS	CDDG	Royalty OEM	Total Commercial	Client	Embedded	Client	Knowledge Worker	Server	CDDG
MSR & Core R&D	Source/Assignment	423					423					41	
R&D People					150		150						
Acquisition Amortization					67		67						
Other R&D					217		217						
Direct Development Costs												41	
Other R&D								916	105	1,080	872	1,430	217
R&D								(15)	(23)	(43)	(27)	(47)	(43)
Forecast Adjustment								901	77	1,038	844	1,483	204
R&D total		3,265			217		3,483						
Net Services	on per YTD US Clusters												235
IT&MS								22		22	15	194	
Product Support								34		34	12	94	
Professional/Fee								36		36	27	523	
Prod Support Costs													
Free								97		97	45	68	
Programs								5		5	2	12	
Internet								3		3	-	-	
MSN, ZBODX, Other								0		0	-	-	
Overhead								105	0	106	48	111	
Free Support Costs								8	(9)	(1)	(2)	(5)	
Forecast Adjustment								(22)		(22)	(15)	37	
Elim - Fe								(34)		(34)	(28)	(94)	
Elim - Pn											(4)	(88)	
Elim - Rev								(55)		(55)	54	(45)	
Elimination								13	0	13	13	136	
Net PSS Support								5		5	5	130	
MSUC													774
MCS Costs													(236)
Forecast Adjustment													(614)
MISC Revenue Credit													(79)
Net MCS								118	8	118	256	66	
Net Services total													
Service Elimination													
Marketing								155		155	80	226	
Substantive Product Marketing								72		72	37	104	
S&M Marketing												88	
CMO Marketing													
Product Marketing								227		227	117	438	
Customer acquisition													
Samples								18	0	19	30	(109)	(3)
Forecast Adjustment								245	0	245	287	309	(3)
Marketing total								7,763	79	7,841	7,975	1,945	78
Pre Sales/Commercial Margin								84.0%	84.6%	83.4%	85.7%	54.5%	20.5%
SA Net Revenue													
Sales & Marketing Expenses - Product related	Client -OEM, RW-S&M, Services-ENG											158	684
Special on on quote												26	41
Travel/Hotel (Developer and Desktop)												184	725
S&M Expenses Product Related													
Sales & Marketing Expenses - Channel related								44	12	56	68	105	14
Acc. Infrastructure								44	12	56	252	828	15
Reseller		1,451	724	895	15	43	3,719	69	11	80	258	218	25
Channel Marketing								1		1	6	130	
IME													
Other S&M		362	30	221	7	43	663	42	1	44	33	172	7
Activities		96	73				169						
Learning/Training								(4)		(4)			
Commercial Q&A													
Sales and Support IT - S & M													
Commercial Mgmt (Office and other)													
Unallocated S&M													
R&D debt and other S&M								39	1	40	33	173	3
Forecast Adjustment								(43)	(1)	(44)	(85)	81	(1)
S&M Expenses - Channel related								139	24	163	231	723	48

(In Millions)		Commercial	MCS	FSS	CDDG	Royalty OLM	Total Commercial	Client	Embedded	Client	Knowledge Market	Server	CDDG
Source/Assumptions													
Commissions													
Server	% of SMB Server to SMB	10%										179	
NSP	% of NSP revenue to CE	10%						15		15	55	16	
Windows	% of Retail Win to WW Retail	15%						62		62			
Windows	% of Enterprise Win to EPG	5%						3		3			
Windows	% of CE to Embedded	10%						49		49			
Windows	% of SMB Win to SMB	5%											
Office	% of Office Revenue to SMB	5%									261		
Office	% of Office Revenue to EPG	5%									49		
Office	% of Office Retail to WW Retail	15%											
Embedded	% of Embedded to CE	5%							8	8			
Commissions Out								189	8	197	325	195	
Server	% of SMB Server to SMB	10%											
NSP	% of NSP revenue to CE	10%											
Windows	% of Retail Win to WW Retail	15%											(63)
Windows	% of Enterprise Win to EPG	5%											
Windows	% of CE to Embedded	10%							(4)	(4)			
Windows	% of SMB Win to SMB	10%									(43)		
Windows	% of CE to Embedded	10%									(15)		
Office	% of Office Revenue to SMB	5%										(241)	
Office	% of Office Revenue to EPG	5%											
Office	% of Office Retail to WW Retail	15%											
Embedded	% of Embedded to CE	5%											
Commissions In									(4)	(5)	(244)	(194)	
Server	% of SMB Server to SMB	10%											
NSP	% of NSP revenue to CE	10%						15		15	(129)	179	
Windows	% of Retail Win to WW Retail	15%						62		62	55	16	
Windows	% of Enterprise Win to EPG	5%						3		3			
Windows	% of CE to Embedded	10%						49		49			
Windows	% of SMB Win to SMB	5%											
Office	% of Office Revenue to SMB	5%									261		
Office	% of Office Revenue to EPG	5%									49		
Office	% of Office Retail to WW Retail	15%											
Embedded	% of Embedded to CE	5%											
Net Commissions								189	4	193	91	(109)	
State Expense Total								328	28	356	517	1,334	44
G&A													
LCA													
HR/ABS													
BLD													
ITG													
Finance													
Corporate Services													
Corporate Development													
Procurement (Special Bulk/Rack/Renewal)													
Special Non-Pool G&A													
HR Distribution Pools													
ITG Distribution Pools													
Finance Distribution Pools													
Corporate Services Distribution													
Other/Non-Pool													
Net Distribution (over/under)													
Total G&A													
Management Charges													
MGD Charges Acquisition Award													
Management Charges													
Forecast Adjustments													
G&A/Other													
FY02 Contribution Margin								\$7,435	\$51	\$7,486	\$7,458	\$506	\$31
FY03 Contribution Margin (version 1)								\$8,024	\$53	\$8,076	\$8,296	\$809	\$13
Investment Summary													
FY02 Contribution Margin								\$7,435	\$51	\$7,486	\$7,458	\$506	\$31

Microsoft Consolidated Executive P&L													
S17 Template Consolidation (REVISED)													
(In millions)													
	Source/Assumptions	Commercial	MSN	FSR	CDIG	Royalty OEM	Total Commercial	Client	Embedded	Client	Knowledge Workers	Servers	CDIG
Change in gross margin (a)													
Other (b)								793	5	3	1,071	618	(4)
GM and variable								798	2	306	1,090	615	(4)
Pay raise (5%)								(24)	(2)	(33)	(23)	(55)	(4)
Box wave								(15)	(2)	(23)	(22)	(27)	(1)
Efficiency, net of pay		2%						18	1	20	19	27	2
<b>FY03 Contribution Margin, pre-investment</b>								<b>8,288</b>	<b>56</b>	<b>8,308</b>	<b>8,454</b>	<b>1,067</b>	<b>25</b>
% Growth										0%	13%		
De-Invest										130			
Project										31	34		
Reduce Expense											34		
Subtotal De-Invest										361			
Investment													
Sales & Marketing												(5)	
Specialist												(25)	
Programs												(15)	
Acquisition												(22)	
Channel Marketing												(58)	
Marketing													
Customer Acq												(185)	
Franch & Channel Support												(17)	
R&D													
Initiation												(30)	
Ramp up												(7)	
Completion												(14)	
Other													
Subtotal Investment												(246)	
Acquisition													
Net Investment												(45)	
Service gross margin												36	
Service savings												34	
<b>FY03 Contribution Margin, post-investment</b>								<b>8,242</b>	<b>56</b>	<b>8,021</b>	<b>8,000</b>	<b>1,067</b>	<b>25</b>
% Growth										10%	8%	11%	-2%
<b>FY03 Operating Expenses</b>								<b>3,069</b>	<b>1,806</b>	<b>1,806</b>	<b>2,688</b>	<b>348</b>	
<b>FY03 Operating Expenses</b>								<b>3,039</b>	<b>2,224</b>	<b>2,224</b>	<b>2,743</b>	<b>358</b>	
Oper Growth								4.1%	76.7%	76.7%	2.0%	7.1%	
FY04													
2077 GM Growth Assumption												296	(15)
GM and variable												587	(4)
Pay raise (5%)												(28)	
Box wave												(15)	
Payr (1/2% of operating expenses)												(75)	
Efficiency													
Non-recurring FY03 estimates												183	
Other Tech Offset												15	
<b>FY04 Contribution Margin, pre-investment</b>								<b>822</b>	<b>686</b>	<b>1,605</b>	<b>1,605</b>	<b>1,067</b>	<b>73</b>
% Growth								0.0%	1.2%	8.7%	5%	1.0%	298%
Available for Investment													
<b>FY04 Contribution Margin, post-investment</b>													
% Growth													

Microsoft Confidential Executive F&B SIT Template Control#4200 (REVISED)										
(in millions)										
Source/Assumption	Commercial	MCS	PSS	CDDG	Rooney OUM	Total Commercial	Client	Embedded	Client	Knowledge Worker
<b>Headcount Summary</b>										
FY03 Headcount LDP							4,902	507	5,409	4,638
FY03 Headcount Average							4,305	461	4,766	4,428
<b>Net Investment</b>										
<b>Investment</b>										
Sales & Marketing										
Specialists										40
Evangelists										210
Accounting/HR									12	460
Marketing										
Customer Acq.										
Training & Incentive										
Support										
R&D									100	160
Toolboxes									40	
Ramp up									30	5
Complexion										
QEA										
Operations										
Net Investments									382	375
FY03 Headcount EOP									5,291	4,998
% Growth									2%	29%
FY03 Headcount Average									5,500	5,068
<b>Additions</b>										
Server - Core EndRn \$10m										
Server - Increase all TS, SEE, SE from "recommended" to "ask" for big strategy, bet 543 hands and \$100m										
Corporate - Add buffer										
<b>Total Additions</b>										
<b>Reductions</b>										
KW - Reduce 15 Mktg hands										
KW - Reduce 25 SMH marketing hands										
KW - Reduce RPA/KWSG marketing/BIP										
KW - Support infrastructure										
Server - 641 Professional Support salaries to \$10.20m, remove MVT program and P&PD change										
Server - Cut other marketing programs, except Linux marketing at \$20m										
Server - Remove expanded table coverage and Learning Specialist resource rate - assumed to be in place										
MSN - Reduce R&D ask to \$4.0m										
New TV - Disengagement from getting out of China and Israel										
New TV - Reduce Online investment										
New TV - Reduce Silver pricing scenario to \$100m										
New TV - Remove MSFTV table operator - assumed to be portfolio investment										
Corporate - Remove SMSG 60 buffer hands										
Corporate - Remove 10 hands \$1m of Craig's ask and 23 hands \$3m of David's ask - remove Prod Dev ask \$15m										
<b>Total Reductions</b>										
<b>Transfers</b>										
Agency campaign from Corporate to Server (\$41m)										
Premier Support and MCS baseline increases to Server volume (\$ 16m)										
Professional Support baseline response to KW (\$12m)										
<b>Net Additions/Reductions</b>										





Server Pkg	Pre Support	Printer Support	MCS	GPSI	bCentral	Business Solutions	MSN Advertising	Personal Services	MSNIA	MSN TL	MSN	CC	HPD-Soft	HPD-Hard	PC Games	WW Retail
41					10	10	25	29	(16)	19	25					
				69	63	32	199	29		19	240	47	50	31	73	
				42	5	51	14	10		4	24	5			32	
				33	11	92	20	8	3	4	141	20	49	39	31	
				144	89	235	306	47	(13)	23	363	72	102	70	127	
-1				144	99	243	333	47	(13)	23	398	72	102	70	127	
1,347				144	99	243	333	329	(13)	23	671	92	189	70	127	
(60)				(21)	(25)	(47)	(7)	(12)	43	67	97	(3)	(17)	(11)	3	
1,288				223	73	196	338	316	38	90	769	70	83	89	130	
235																
194																1
94																
523																
68													14		14	
31															0	
12															0	
					0	0	5				5	2	5	7	7	
111					0	0	3				5	2	23	7	21	
(83)					(8)	(8)	1		(8)	8	1	(8)	(18)	(2)	(15)	
37																
(94)																
(388)																
(445)																
136							6		(8)	0	6	2	2	3	6	
777																
(235)																
(615)																
(70)							6		(8)	8	6	2	7	5	6	
66	(81)	(75)	73													
276				50	22	72	213	5		21	239	63	60	32	13	53
104																
89																
418				50	22	72	213	5		21	239	63	60	32	13	53
										317	11					
										118						
(112)				(13)	21	8	(82)	(8)	(94)	23	(124)	(16)	(28)	(1)	68	(52)
206				37	43	80	181	4	389	58	361	47	38	30	81	
1,823				44	(98)	(39)	(175)	(323)	(57)	(28)	(961)	(75)	244	82	(65)	
31.4%	n/a	n/a	n/a	18.9%	-22.6%	-11.8%	-32.0%	-87.7%	-4.8%	-12.6%	-35.4%	-17.2%	60.7%	15.1%	-24.0%	n/a
684										15						
41											18					
725										18						
118				102	1	103	73			18	4	95	42	14	12	6
843				102	1	103	73			36	4	112	120	14	12	6
252																
139																
179				44	1	45	89	1	124	4	214	1	5	3	0	9
							(7)				(7)					
179				44	1	45	96	1	124	4	202	81	5	3	0	8
21				(9)	1	(9)	(9)	(1)	(43)	18	(39)	4	(8)	1	43	(84)
759				148	3	143	149	8	198	27	367	128	12	16	48	21

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Server Plus	Pro Support	Premier Support	MCS	GPS1	Central	Business Solutions	MSN Advertising	Personal Services	MSN IA	MSN TV	MSN	CE	HFD Soft	HFD Hard	PC Games	WW Retail
79	16															
				15		15						4				
192				15		15						4				
(63)												(65)				(62)
(241)																(49)
(34)												(8)				(17)
119												(74)				(17)
16												(66)				(62)
(63)												4				
(241)				15		15										(49)
(189)				15		15						(8)				(49)
				15		15						(79)				(17)
1285				156	3	158	340	0	118	27	285	136	12	16	49	(188)
5238				5(95)	5(102)	5(197)	5(345)	5(321)	5(155)	5(85)	5(241)	5(280)	5(21)	566	5(183)	5(18)
3971				5(224)		5(224)	5(374)	5(332)	5(258)	5(16)	5(241)	5(135)	5(8)	561	5(54)	5(15)
5238				5(98)	5(102)	5(197)	5(345)	5(321)	5(155)	5(85)	5(241)	5(280)	5(21)	566	5(183)	5(18)

MS-CC-Sun 00001211675  
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Server Name	Product	Version	Architecture	OS	Service Pack	Configuration	Logon	Logoff	Logon Time	Logoff Time	Logon Duration	Logoff Duration	Logon Success	Logoff Success	Logon Failure	Logoff Failure	Logon Error	Logoff Error	Logon Count	Logoff Count	Logon Error Count	Logoff Error Count
Server 001	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 002	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 003	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 004	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 005	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 006	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 007	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 008	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 009	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0
Server 010	Windows	5.0	x86	Windows Server 2003	SP2	Default	Administrator	10/10/2003 10:00:00	10/10/2003 10:05:00	10/10/2003 10:05:00	10/10/2003 10:00:00	10/10/2003 10:05:00	Success	Success	Failure	Failure	None	None	1	1	0	0

MS-CC-Sun 000001211676  
HIGHLY CONFIDENTIAL



Item	MS1V	Item & Environment	SA/M Other	Comp Other	Corporate	Total	Orlando only
1						666	
2						1,405	
3						2,477	
4						2,477	
5						4,362	
6						1,418	
7						5,780	
8						7,248	
9						8,663	
10						10,078	
11						11,493	
12						12,908	
13						14,323	
14						15,738	
15						17,153	
16						18,568	
17						19,983	
18						21,398	
19						22,813	
20						24,228	
21						25,643	
22						27,058	
23						28,473	
24						29,888	
25						31,303	
26						32,718	
27						34,133	
28						35,548	
29						36,963	
30						38,378	
31						39,793	
32						41,208	
33						42,623	
34						44,038	
35						45,453	
36						46,868	
37						48,283	
38						49,698	
39						51,113	
40						52,528	
41						53,943	
42						55,358	
43						56,773	
44						58,188	
45						59,603	
46						61,018	
47						62,433	
48						63,848	
49						65,263	
50						66,678	
51						68,093	
52						69,508	
53						70,923	
54						72,338	
55						73,753	
56						75,168	
57						76,583	
58						77,998	
59						79,413	
60						80,828	
61						82,243	
62						83,658	
63						85,073	
64						86,488	
65						87,903	
66						89,318	
67						90,733	
68						92,148	
69						93,563	
70						94,978	
71						96,393	
72						97,808	
73						99,223	
74						100,638	
75						102,053	
76						103,468	
77						104,883	
78						106,298	
79						107,713	
80						109,128	
81						110,543	
82						111,958	
83						113,373	
84						114,788	
85						116,203	
86						117,618	
87						119,033	
88						120,448	
89						121,863	
90						123,278	
91						124,693	
92						126,108	
93						127,523	
94						128,938	
95						130,353	
96						131,768	
97						133,183	
98						134,598	
99						136,013	
100						137,428	

MS-CC-Sun 000001211678  
HIGHLY CONFIDENTIAL

State	MSTU	Fine & Enforcement	S&M Other	Corp Other	Corporate	Total	Outside state
14							
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MS-CC-Sun 000001211679  
HIGHLY CONFIDENTIAL

Acct	VSTY	Home & Entertainment	S&M Other	Corp Other	Corporate	Total	Orlando only
161	72	-87				366	
13		35				116	
218	65	283				520	
392	217	865		(13)	(13)	1,574	
292	217	305		391	181	2,072	
392	217	305		381	381	5,878	
(18)	(16)	(139)		(14)	(14)	(234)	
374	121	766		368	368	5,338	
						25	
				8	8	283	
				0	0	142	
				8	8	614	
						24	
		27		5	5	61	
		0		23	23	35	
		0		40	40	56	
6	0	31				35	
				23	123	123	
7	0	58		191	191	521	
(11)	0	(34)		(6)	(6)	(88)	
						(497)	
						(497)	
6	0	24		192	192	599	
						125	
						779	
						(238)	
						(614)	
						(79)	
6	0	24		192	192	(88)	
385	10	475	(5)		(5)	1,354	
			51		51	211	
			46		46	1,054	
306	10	475				335	
9		9				118	
3	(10)	(30)	18	(8)	7	(148)	
306	9	463	68	(5)	63	1,064	
(728)	(129)	(587)	(60)	(256)	(115)	16,362	
-28.3%	-11659.3%	-27844.2%	#DIV/0!	n/a	n/a	#VALUE!	
						237	
						57	
						1,004	
31	43	132	212		212	826	
31	42	132	212		212	1,830	
						143	
						550	
12	2	35				(5)	
						(4)	
						30	
12	2	35				518	
5	(29)	(15)	47	0	47	(15)	
59	21	152	286	0	286	1,122	

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MS-CC-Sun 000001211680  
HIGHLY CONFIDENTIAL

XBAL	MSTY	Home & Environment	S&M Order	Copy Order	Corporate	Total	Orlando only
31700							
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FY02-FY05 MSFT Results

MSFT Consolidated P&L

(in millions, unless otherwise stated)

	2001				2002				2003				2004				2005				2006				2007		5-Year CAGR				
	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est		% Net Rev	Growth %		
Billed Revenue	26,768	\$30,973	104.2%	16%	34,917	107.2%	18%	33,767	101.7%	12%	33,767	101.7%	12%	42,732	103.2%	13%	41,788	17.5%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	
Adjusted Gross Revenue	26,530	29,282	102.6%	13%	34,653	104.4%	18%	33,769	104.1%	12%	33,769	104.1%	12%	42,732	103.2%	13%	41,788	17.5%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	55,494	8.0%	13.6%	
Revenue Adjustments	(900)	(756)	(3.0%)	15%	(1,257)	(4.0%)	(23%)	(1,528)	(4.1%)	(3%)	(1,528)	(4.1%)	(3%)	(1,518)	(3.8%)	1%	(1,748)	(15.1%)	(2,013)	(15.2%)	(21.6%)	(2,013)	(15.2%)	(21.6%)	(2,013)	(15.2%)	(21.6%)	(2,013)	(15.2%)	(21.6%)	
Net Revenue	25,630	28,527	100.0%	12%	33,397	100.0%	16%	32,241	100.0%	12%	32,241	100.0%	12%	41,214	100.0%	13%	40,040	17.6%	53,481	7.7%	13.3%	53,481	7.7%	13.3%	53,481	7.7%	13.3%	53,481	7.7%	13.3%	
COGS	3,062	4,907	0.0%	55%	674	20.3%	46%	7,612	20.4%	13%	7,612	20.4%	13%	9,214	21.8%	21%	10,935	18.9%	11,155	1.8%	19.3%	11,155	1.8%	19.3%	11,155	1.8%	19.3%	11,155	1.8%	19.3%	
Gross Margin	22,568	24,020	83.3%	6%	26,463	79.7%	10%	24,629	76.4%	12%	24,629	76.4%	12%	32,000	77.6%	11%	29,105	17.2%	42,327	9.4%	12.0%	42,327	9.4%	12.0%	42,327	9.4%	12.0%	42,327	9.4%	12.0%	
R&D	5,049	5,317	18.8%	4%	5,874	17.7%	10%	6,482	17.4%	10%	6,482	17.4%	10%	6,803	16.4%	6%	7,352	6.5%	7,788	5.9%	7.9%	7,788	5.9%	7.9%	7,788	5.9%	7.9%	7,788	5.9%	7.9%	
Net Services	442	577	2.0%	11%	666	2.0%	16%	808	2.2%	21%	808	2.2%	21%	914	2.2%	13%	1,424	53.7%	1,254	9.1%	21.9%	1,254	9.1%	21.9%	1,254	9.1%	21.9%	1,254	9.1%	21.9%	
Marketing	2,625	2,671	0.3%	2%	3,194	9.3%	20%	3,051	8.2%	(4%)	3,051	8.2%	(4%)	3,306	7.8%	8%	4,139	25.2%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	
Marketing	2,625	2,671	0.3%	2%	3,194	9.3%	20%	3,051	8.2%	(4%)	3,051	8.2%	(4%)	3,306	7.8%	8%	4,139	25.2%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	4,498	7.4%	10.7%	
Sales Expenses	2,117	2,429	8.5%	15%	2,821	8.5%	17%	3,115	8.4%	1%	3,115	8.4%	1%	3,419	8.1%	10%	3,840	11.6%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	
Sales Expenses	2,117	2,429	8.5%	15%	2,821	8.5%	17%	3,115	8.4%	1%	3,115	8.4%	1%	3,419	8.1%	10%	3,840	11.6%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	
SG&A Expenses, net of patty	1,117	2,429	8.5%	15%	2,821	8.5%	17%	3,115	8.4%	1%	3,115	8.4%	1%	3,419	8.1%	10%	3,840	11.6%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	
Sales Expenses	1,117	2,429	8.5%	15%	2,821	8.5%	17%	3,115	8.4%	1%	3,115	8.4%	1%	3,419	8.1%	10%	3,840	11.6%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	4,233	10.3%	11.8%	
SG&A Expenses/Other	701	711	2.6%	4%	766	2.3%	5%	801	2.2%	5%	801	2.2%	5%	840	2.0%	5%	918	9.1%	1,033	9.1%	6.5%	1,033	9.1%	6.5%	1,033	9.1%	6.5%	1,033	9.1%	6.5%	
SG&A Expenses/Other	(98)	(74)	(0.3%)	24%	(196)	(0.3%)	(43%)	(600)	1.6%	0%	(600)	1.6%	0%	(1,206)	2.8%	(100%)															
CPD Judgment																															
Contribution Margin	11,733	12,369	43.2%	5%	15,339	40.2%	8%	14,713	39.7%	11%	14,713	39.7%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%

Contribution Margin by Business

(in millions, unless otherwise stated)

	2001				2002				2003				2004				2005				2006				2007		5-Year CAGR				
	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est	% Net Rev	Growth %	Act	Est		% Net Rev	Growth %		
Client	6,618	\$7,486	79.6%	13%	\$8,243	80.8%	10%	\$8,732	76.3%	6%	\$9,490	76.3%	5%	10,907	13.9%	11,645	1.8%	9,236	9.2%	13.6%	9,236	9.2%	13.6%	9,236	9.2%	13.6%	9,236	9.2%	13.6%		
Knowledge Worker	7,760	7,658	78.1%	(4%)	8,021	74.9%	8%	8,485	75.2%	6%	8,832	75.0%	4%	9,937	12.5%	10,532	5.6%	7,151	7.1%	13.6%	7,151	7.1%	13.6%	7,151	7.1%	13.6%	7,151	7.1%	13.6%		
Server Plus	427	338	14.9%	23%	763	17.4%	42%	927	18.8%	21%	1,226	22.0%	12%	1,690	17.9%	2,015	20.4%	30,551	30.5%	13.6%	30,551	30.5%	13.6%	30,551	30.5%	13.6%	30,551	30.5%	13.6%		
Business Solutions	(369)	(197)	(39.6%)	58%	(335)	(88.1%)	(10%)	(153)	(30.5%)	54%	(19)	(2.1%)	87%	57	3.0%	225	296.9%	202,951	202.9%	13.6%	202,951	202.9%	13.6%	202,951	202.9%	13.6%	202,951	202.9%	13.6%		
MSN	(1,150)	(846)	(53.3%)	38%	(760)	(31.2%)	10%	(553)	(10.3%)	5%	110	2.3%	131%	299	173.2%	1,103	268.8%	225,551	225.5%	13.6%	225,551	225.5%	13.6%	225,551	225.5%	13.6%	225,551	225.5%	13.6%		
GP	(147)	(211)	nm	(43%)	(190)	nm	nm	(72)	(74.8%)	6%	(9)	(2.2%)	94%	76	176.1%	156,851	156.8%	13.6%	156,851	156.8%	13.6%	156,851	156.8%	13.6%	156,851	156.8%	13.6%				
Home & Entertainment	(811)	(629)	(24.2%)	(381%)	(640)	(16.9%)	(2%)	(199)	(4.4%)	62%	(136)	(169%)	13%	496	589.8%	699	(21.1%)	202,151	202.1%	13.6%	202,151	202.1%	13.6%	202,151	202.1%	13.6%	202,151	202.1%	13.6%		
Corporate	(1,008)	(1,231)	nm	(22%)	(1,762)	nm	(33%)	(1,992)	nm	(23%)	(1,980)	nm	(100%)	(2,376)	(8.3%)	(2,704)	(13.8%)	(17,151)	(17.1%)	13.6%	(17,151)	(17.1%)	13.6%	(17,151)	(17.1%)	13.6%	(17,151)	(17.1%)	13.6%		
CPD Judgment																															
TOTAL MICROSOFT	11,733	12,369	43.2%	5%	15,339	40.2%	8%	14,713	39.7%	11%	14,713	39.7%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%	16,399	38.8%	11%

Microsoft Consolidated P&L																																			
<ul style="list-style-type: none"> <li>FY03 Contribution margin increases 8% to \$13.3m vs. 5% growth in FY02. This growth is driven by:           <ul style="list-style-type: none"> <li>16% net revenue growth               <table border="1" data-bbox="584 199 868 325"> <thead> <tr> <th>\$ in millions</th> <th>FY02</th> <th>FY03</th> <th>% change</th> </tr> </thead> <tbody> <tr> <td>Client</td> <td>5,404</td> <td>10,195</td> <td>8%</td> </tr> <tr> <td>Knowledge Worker</td> <td>6,549</td> <td>10,714</td> <td>12%</td> </tr> <tr> <td>Server Plus</td> <td>3,766</td> <td>4,382</td> <td>16%</td> </tr> <tr> <td>MSN</td> <td>1,587</td> <td>2,256</td> <td>46%</td> </tr> <tr> <td>Home &amp; Entertainment</td> <td>2,598</td> <td>4,011</td> <td>54%</td> </tr> <tr> <td>Res</td> <td>1,722</td> <td>1,605</td> <td>-7%</td> </tr> <tr> <td>Total Net Revenue</td> <td>25,627</td> <td>33,197</td> <td>16%</td> </tr> </tbody> </table> </li> <li>22% expense growth               <ul style="list-style-type: none"> <li>46% COGS growth driven by MSN Access growth including broadband rollout and Home &amp; Entertainment Plus unit volume</li> <li>13% operating expense growth attributable primarily to investment in sales force and R&amp;D headcount and marketing spend</li> </ul> </li> <li>FY03 contribution margin as a % of net revenue declines to 47.2% vs. 43.2% in FY02 as expense growth outpaces revenue growth by a larger margin in FY03</li> </ul> </li> <li>Contribution margin in FY04 and FY05 increases by 11%. This growth is driven by:           <ul style="list-style-type: none"> <li>Continued strong net revenue growth of 13% in FY04 and 13% in FY05</li> <li>Moderating COGS growth of 13% in FY04 and 21% in FY05 as cost efficiencies are introduced in MSN and Xbox</li> <li>Consistent operating expense growth of 13% in FY04 and 12% in FY05</li> <li>FY04 and FY05 contribution margin as a % of net revenue continues to decline to 39.7% and 38.8%, respectively, as expense growth continues to outpace revenue growth.</li> </ul> </li> </ul>				\$ in millions	FY02	FY03	% change	Client	5,404	10,195	8%	Knowledge Worker	6,549	10,714	12%	Server Plus	3,766	4,382	16%	MSN	1,587	2,256	46%	Home & Entertainment	2,598	4,011	54%	Res	1,722	1,605	-7%	Total Net Revenue	25,627	33,197	16%
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FY02-FY05 Headcount

Regular Headcount By Business

(End of Period)

	2001			2002			2003			2004			2005			2006			2007		5-Year CAGR
	Act	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %		
Client	4,979	5,409	8.6%	5,591	3.4%	5,737	2.6%	5,911	3.0%	6,090	3.0%	6,267	2.9%	6,456	2.9%	6,651	3.0%	6,851	3.0%	3.0%	
Knowledge Worker	3,853	4,630	20.2%	5,505	18.9%	5,884	6.9%	6,267	6.5%	6,656	6.2%	7,051	5.9%	7,456	5.7%	7,871	5.5%	8,296	5.3%	8.8%	
Server Plus	11,933	12,431	4.2%	14,238	14.9%	14,604	2.6%	14,986	2.6%	15,369	2.6%	15,756	2.5%	16,149	2.4%	16,542	2.4%	16,935	2.3%	4.9%	
Services	10,365	11,321	9.2%	12,089	6.8%	12,865	6.4%	13,709	6.6%	14,553	6.1%	15,407	5.8%	16,271	5.6%	17,145	5.4%	18,029	5.2%	(9.4%)	
Business Solutions	2,397	2,475	3.3%	2,944	18.9%	2,944	0.0%	3,150	7.0%	3,623	15.0%	4,166	15.0%	4,739	13.5%	5,342	13.5%	5,975	12.0%	11.0%	
MSN	4,321	4,677	8.2%	4,977	6.4%	5,168	3.9%	5,524	6.9%	5,799	5.0%	6,078	4.8%	6,361	4.6%	6,648	4.5%	6,939	4.4%	5.4%	
CE	702	779	11.0%	920	18.1%	942	2.4%	965	2.4%	988	2.5%	1,012	2.4%	1,037	2.5%	1,062	2.4%	1,087	2.3%	5.4%	
Home & Entertainment	2,714	3,101	14.3%	3,225	4.0%	3,292	1.8%	3,294	0.4%	3,306	0.4%	3,318	0.4%	3,330	0.4%	3,342	0.4%	3,354	0.4%	1.4%	
Corporate	6,436	6,919	7.5%	7,436	7.5%	7,711	3.7%	8,080	4.8%	8,454	4.6%	8,838	4.5%	9,222	4.3%	9,606	4.2%	9,990	4.1%	5.0%	
<b>TOTAL MICROSOFT</b>	<b>47,700</b>	<b>51,742</b>	<b>8.4%</b>	<b>56,925</b>	<b>10.0%</b>	<b>59,137</b>	<b>3.9%</b>	<b>61,885</b>	<b>4.6%</b>	<b>64,633</b>	<b>4.5%</b>	<b>67,381</b>	<b>4.4%</b>	<b>70,129</b>	<b>4.3%</b>	<b>72,877</b>	<b>4.2%</b>	<b>75,625</b>	<b>4.1%</b>	<b>2.8%</b>	

Regular CPH By Business

(In Thousands, unless otherwise stated)

	2001			2002			2003			2004			2005			2006			2007		5-Year CAGR
	Act	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %		
Client	\$ 142	\$ 151	6.0%	\$ 156	3.8%	\$ 161	3.2%	\$ 167	3.3%	\$ 184	10.3%	\$ 193	5.0%	\$ 203	5.2%	\$ 213	5.0%	\$ 223	4.7%	5.1%	
Knowledge Worker	151	155	2.4%	160	3.1%	164	3.1%	170	3.2%	193	13.7%	203	5.4%	213	5.0%	223	4.7%	233	4.5%	5.6%	
Server Plus	145	148	2.2%	152	3.2%	157	3.3%	163	3.3%	172	5.9%	179	4.0%	187	4.4%	194	3.8%	201	3.6%	3.9%	
Services	129	130	1.3%	135	3.6%	140	3.7%	145	3.7%	142	(2.5%)	149	5.0%	156	4.7%	163	4.5%	170	4.4%	2.7%	
Business Solutions	109	123	12.9%	128	4.0%	133	3.9%	138	4.0%	108	(21.9%)	114	5.3%	121	6.1%	127	5.0%	134	5.2%	(1.5%)	
MSN	162	171	5.6%	176	3.3%	181	2.9%	187	2.9%	196	5.0%	207	5.3%	217	4.8%	227	4.6%	237	4.5%	3.9%	
CE	159	162	2.3%	167	2.9%	172	3.0%	177	3.0%	182	2.6%	188	3.6%	193	2.7%	198	2.6%	203	2.5%	3.0%	
Home & Entertainment	148	168	13.6%	173	3.4%	178	2.9%	184	3.0%	197	7.1%	205	4.3%	213	4.0%	221	3.7%	229	3.6%	4.1%	
Corporate	\$ 147	\$ 153	4.2%	\$ 158	3.1%	\$ 163	3.2%	\$ 168	3.2%	\$ 154	(8.4%)	\$ 163	6.7%	\$ 172	5.5%	\$ 181	5.2%	\$ 190	5.0%	4.4%	
<b>TOTAL MICROSOFT</b>	<b>\$ 147</b>	<b>\$ 151</b>	<b>2.5%</b>	<b>\$ 156</b>	<b>3.3%</b>	<b>\$ 161</b>	<b>3.2%</b>	<b>\$ 166</b>	<b>3.3%</b>	<b>\$ 170</b>	<b>2.5%</b>	<b>\$ 178</b>	<b>4.7%</b>	<b>\$ 186</b>	<b>4.5%</b>	<b>\$ 194</b>	<b>4.4%</b>	<b>\$ 202</b>	<b>4.3%</b>	<b>3.4%</b>	

CPH calculation normalized for operations/COGS headcount.

Rate as reflected in LRM. Actual FY03 may be different once all "efficiencies" as tasked in the investment template are distributed.



FY02-05 Billed Revenue by Product

(\$ in mill on)	Fiscal Year Ended June 30th											YOY Growth	CAGR		
	Actual	\$ in millions					Delta	2002	2003	2004	2005			2006	2007
	2001	2002	2003	2004	2005	2006	2007	2002	2003	2004	2005			2006	2007
<b>Core Business (2)</b>															
<b>CLAY</b>															
Windows Desktop OS HG	2,602	2,753	2,812	3,041	3,713	5,539	6,016	3,282	37.6%	2.1%	8.2%	22.1%	49.2%	8.5%	16.2%
Windows Desktop OS OEM	6,332	6,887	7,398	7,927	8,245	7,398	8,014	1,127	8.9%	7.4%	7.2%	4.1%	(7.9%)	5.5%	5.1%
Tablet PC	0	0	35	259	435	710	884	884	0.0%	0.0%	574.4%	82.3%	63.0%	24.4%	0.0%
Embedded	160	164	174	200	236	271	312	148	2.5%	5.0%	13.0%	18.0%	13.0%	15.2%	15.7%
WDM and Other	0	0	16	18	17	17	18	18	0.0%	0.0%	13.1%	(0.4%)	(0.4%)	2.2%	0.0%
<b>Total CLAY</b>	<b>8,493</b>	<b>9,894</b>	<b>10,434</b>	<b>11,425</b>	<b>12,651</b>	<b>14,136</b>	<b>15,243</b>	<b>5,439</b>	<b>18.4%</b>	<b>6.4%</b>	<b>9.5%</b>	<b>10.7%</b>	<b>11.7%</b>	<b>7.8%</b>	<b>9.2%</b>
<b>KNOWLEDGE WORKPR</b>															
Office	2,809	2,897	2,963	3,488	3,538	3,733	10,154	2,257	1.1%	0.8%	6.6%	0.8%	13.7%	4.1%	5.2%
Productivity & Business Services	1,130	1,031	940	1,047	1,096	1,162	1,215	181	(8.3%)	(9.1%)	13.3%	4.1%	6.0%	4.6%	3.3%
Desktop CAL (non-SQL)	1,725	2,021	2,159	2,490	2,659	3,026	3,288	1,268	17.1%	5.8%	11.1%	10.6%	13.8%	8.7%	10.2%
<b>Total Knowledge Worker</b>	<b>10,663</b>	<b>10,951</b>	<b>11,062</b>	<b>11,934</b>	<b>12,313</b>	<b>13,920</b>	<b>14,687</b>	<b>3,706</b>	<b>3.7%</b>	<b>1.0%</b>	<b>7.9%</b>	<b>3.3%</b>	<b>13.1%</b>	<b>8.2%</b>	<b>8.0%</b>
<b>SERVER PLUS</b>															
Windows Server	1,413	1,708	1,904	2,045	2,248	2,459	2,679	971	30.9%	1.1%	7.4%	9.9%	9.4%	9.0%	9.4%
Services Apps	325	1,330	1,709	2,179	2,599	3,044	3,469	2,149	42.7%	29.4%	27.5%	19.3%	17.1%	14.0%	21.2%
Developer	966	659	718	736	767	839	881	272	0.5%	18.0%	2.0%	4.2%	9.5%	5.0%	7.2%
MCP, Courseware, Technet, CTEC	267	251	239	239	259	239	239	(12)	(6.0%)	(4.8%)	0.0%	0.0%	0.0%	0.0%	(1.0%)
Press	293	234	214	214	214	214	214	(20)	(21.9%)	(8.6%)	0.0%	0.0%	0.0%	0.0%	(1.8%)
CDG	485	485	453	453	453	453	453	0	0.0%	(6.6%)	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Server Plus</b>	<b>3,510</b>	<b>4,111</b>	<b>4,783</b>	<b>5,413</b>	<b>6,067</b>	<b>6,794</b>	<b>7,482</b>	<b>3,568</b>	<b>17.4%</b>	<b>16.1%</b>	<b>13.2%</b>	<b>13.1%</b>	<b>12.4%</b>	<b>10.1%</b>	<b>13.7%</b>
Pre-Support	18	19	21	25	29	33	36	16	7.5%	10.6%	20.4%	15.0%	10.8%	10.8%	13.1%
Premier Support	336	418	467	550	633	728	837	419	24.7%	11.5%	18.0%	16.4%	15.8%	15.4%	14.9%
MCS	478	614	689	772	890	953	1,076	462	29.8%	12.1%	12.1%	10.1%	12.4%	13.4%	11.3%
<b>TOTAL COMMERCIAL</b>	<b>25,496</b>	<b>28,928</b>	<b>27,156</b>	<b>30,120</b>	<b>31,544</b>				<b>18.4%</b>	<b>8.9%</b>	<b>9.7%</b>	<b>8.4%</b>			
<b>Business Solutions</b>	<b>325</b>	<b>331</b>	<b>380</b>	<b>500</b>	<b>725</b>	<b>1,140</b>	<b>1,671</b>	<b>1,340</b>	<b>1.7%</b>	<b>15.0%</b>	<b>31.5%</b>	<b>45.0%</b>	<b>57.1%</b>	<b>46.4%</b>	<b>38.1%</b>
<b>MSN</b>															
MSN Advertising	604	593	710	899	1,167	1,461	1,754	1,161	(1.7%)	19.6%	26.8%	29.8%	25.2%	20.1%	24.2%
Personal Services Subscription	0	4	30	257	631	1,040	1,480	1,480	0.0%	nan	409.8%	146.2%	64.3%	42.7%	289.0%
MSNIA Subscription	799	1,125	1,940	2,512	3,257	3,891	4,280	6,134	40.9%	72.4%	29.4%	31.3%	72.8%	27.3%	43.3%
MSN TV Subscription	283	233	182	192	212	414	727	494	(17.6%)	(21.6%)	6.5%	14.2%	38.6%	75.9%	25.8%
<b>Total MSN</b>	<b>1,685</b>	<b>1,955</b>	<b>2,862</b>	<b>3,860</b>	<b>5,316</b>	<b>6,605</b>	<b>11,244</b>	<b>9,389</b>	<b>16.0%</b>	<b>47.6%</b>	<b>33.9%</b>	<b>37.7%</b>	<b>61.9%</b>	<b>30.7%</b>	<b>41.9%</b>
<b>CE</b>	<b>36</b>	<b>44</b>	<b>49</b>	<b>97</b>	<b>171</b>	<b>274</b>	<b>392</b>	<b>348</b>	<b>33.4%</b>	<b>33.3%</b>	<b>99.7%</b>	<b>82.7%</b>	<b>84.5%</b>	<b>43.3%</b>	<b>55.2%</b>
<b>HOME &amp; ENTERTAINMENT</b>															
Xbox Consoles	0	1,143	1,882	2,214	2,456	4,095	2,135	992	nan	84.7%	17.6%	10.9%	66.8%	(47.9%)	13.3%
Xbox Games	276	819	1,067	1,067	1,332	1,332	1,332	1,332	0.0%	197.0%	30.3%	24.8%			
Xbox Peripherals	134	237	237	217	236	236	236	236	0.0%	77.0%	(8.6%)	9.0%			
Xbox Other	0	0	8	15	15	15	15	15	0.0%	0.0%	23.7%	20.8%			
Xbox	0	1,559	2,946	3,507	4,026	4,026	4,026	4,026	0.0%	89.8%	19.1%	15.1%			
PC Games	237	241	249	407	463	503	511	293	1.4%	45.0%	35.8%	11.5%	8.6%	6.1%	17.3%
MP3 Software	454	423	392	349	297	237	190	(233)	(6.4%)	(7.4%)	(11.0%)	(14.9%)	(20.0%)	(20.0%)	(14.8%)
MP3 Hardware	535	501	460	474	493	518	549	48	(6.4%)	(8.0%)	3.0%	4.0%	3.0%	6.0%	1.9%
MP3	0	1,164	1,201	1,230	1,253	1,01	0	0	0.0%	7.2%	2.4%	1.8%			
MS TV	0	0	0	52	101	0	0	0	0.0%	0.0%	0.0%	92.1%	(100.0%)	0.0%	0.0%
<b>Total Home &amp; Entertainment</b>	<b>3,228</b>	<b>2,717</b>	<b>4,147</b>	<b>4,790</b>	<b>5,389</b>	<b>5,383</b>	<b>3,407</b>	<b>689</b>	<b>121.4%</b>	<b>53.6%</b>	<b>15.5%</b>	<b>12.5%</b>	<b>(0.7%)</b>	<b>(36.4%)</b>	<b>4.6%</b>
<b>TOTAL MICROSOFT (Billed)</b>	<b>26,788</b>	<b>30,975</b>	<b>24,915</b>	<b>39,267</b>	<b>44,151</b>	<b>53,234</b>	<b>56,045</b>	<b>75,069</b>	<b>15.7%</b>	<b>12.7%</b>	<b>12.8%</b>	<b>12.2%</b>	<b>17.4%</b>	<b>7.5%</b>	<b>12.6%</b>



FY02-05 Adjusted Gross Revenue by Product

(\$ in millions)

Core Business (2)

	Fiscal Year Ended June 30th							Delta 02-07	YOY Growth					CAGR 02-07	
	Actual 2001	2002	2003	2004	2005	2006	2007		2002	2003	2004	2005	2006		2007
	\$ in millions														
<b>CLIENT</b>															
Windows Desktop OS FG	1,965	2,401	2,702	2,912	3,590	5,358	4,831	3,431	22.2%	12.5%	7.8%	23.2%	49.2%	8.8%	19.4%
Windows Desktop OS OEM	6,312	6,887	7,358	7,921	8,449	7,598	8,014	1,127	8.8%	7.4%	7.2%	4.1%	(7.9%)	5.2%	3.1%
Tablet PC	0	0	35	239	436	710	884	684	0.0%	0.0%	374.4%	82.3%	63.0%	24.4%	0.0%
Embedded	160	164	174	200	236	271	312	148	2.5%	6.0%	15.0%	18.0%	15.0%	15.0%	13.7%
WDM and Other	0	0	16	18	17	17	18	18	0.0%	0.0%	11.1%	10.0%	(0.4%)	2.2%	0.0%
<b>Total Client</b>	<b>8,467</b>	<b>9,452</b>	<b>10,125</b>	<b>11,296</b>	<b>12,528</b>	<b>13,955</b>	<b>15,049</b>	<b>5,607</b>	<b>11.8%</b>	<b>9.2%</b>	<b>9.4%</b>	<b>10.9%</b>	<b>11.4%</b>	<b>7.9%</b>	<b>9.8%</b>
<b>KNOWLEDGE WORKER</b>															
Office	7,616	6,385	8,150	8,940	8,711	9,605	10,020	3,016	(8.3%)	16.7%	4.8%	2.0%	10.2%	4.1%	7.4%
Productivity & Business Services	1,113	967	976	1,006	1,057	1,118	1,169	202	(13.3%)	1.0%	3.1%	5.1%	5.7%	4.6%	3.9%
Desktop CALs (non-SQL)	1,719	1,866	2,003	2,183	2,510	2,875	3,133	1,268	8.5%	7.4%	9.0%	15.0%	4.1%	9.0%	10.9%
<b>Total Knowledge Worker</b>	<b>10,448</b>	<b>9,817</b>	<b>11,129</b>	<b>11,729</b>	<b>12,278</b>	<b>13,596</b>	<b>14,303</b>	<b>4,486</b>	<b>(6.0%)</b>	<b>13.4%</b>	<b>5.4%</b>	<b>4.7%</b>	<b>10.7%</b>	<b>5.2%</b>	<b>7.8%</b>
<b>SERVER PLUS</b>															
Windows Server	1,415	1,656	1,767	1,943	2,141	2,338	2,548	892	17.0%	6.5%	10.2%	10.3%	9.1%	9.0%	9.0%
Server Apps	931	1,296	1,671	2,048	2,490	2,959	3,376	2,080	39.1%	29.4%	22.2%	21.1%	18.5%	14.9%	21.1%
Developer	603	579	689	722	749	883	890	311	(4.0%)	19.1%	4.8%	3.7%	17.9%	0.8%	9.0%
MCP, Courseware, Technet, CTEC	267	251	223	221	221	222	221	(30)	(6.0%)	(11.1%)	(0.9%)	0.1%	0.0%	(0.2%)	(2.2%)
Press	259	234	214	214	214	214	214	(20)	(21.9%)	(8.6%)	0.8%	0.0%	0.0%	0.0%	(1.8%)
CTDGI		485	437	435	435				0.0%	(9.6%)	(0.4%)	0.0%			
<b>Total Server Plus</b>	<b>3,816</b>	<b>4,015</b>	<b>4,567</b>	<b>5,149</b>	<b>5,807</b>	<b>6,595</b>	<b>7,148</b>	<b>3,233</b>	<b>14.2%</b>	<b>13.7%</b>	<b>11.7%</b>	<b>12.8%</b>	<b>13.6%</b>	<b>9.0%</b>	<b>12.5%</b>
Pro Support	18	19	21	25	29	32	35	16	7.5%	10.6%	10.0%	15.0%	10.0%	10.0%	13.1%
Premier Support	336	418	467	550	633	728	837	419	24.7%	11.5%	18.0%	15.0%	15.0%	15.0%	14.9%
MCS	476	614	689	772	858	953	1,076	465	29.0%	12.1%	12.1%	10.1%	12.0%	13.0%	11.9%
<b>TOTAL COMMERCIAL</b>	<b>23,160</b>	<b>24,335</b>	<b>27,197</b>	<b>29,432</b>	<b>31,125</b>				<b>4.7%</b>	<b>11.8%</b>	<b>8.6%</b>	<b>8.8%</b>			
<b>Business Solutions</b>	<b>325</b>	<b>331</b>	<b>380</b>	<b>500</b>	<b>725</b>	<b>1,140</b>	<b>1,671</b>	<b>1,340</b>	<b>1.7%</b>	<b>15.0%</b>	<b>31.5%</b>	<b>46.0%</b>	<b>57.2%</b>	<b>46.6%</b>	<b>38.3%</b>
<b>MSN</b>															
MSN Advertising	604	593	710	899	1,167	1,461	1,754	1,161	(1.7%)	19.6%	36.6%	20.8%	25.2%	20.1%	24.2%
Personal Services Subscriptions	0	4	50	257	535	1,040	1,484	1,480	9.0%	nm	409.8%	146.2%	64.3%	42.7%	229.0%
MSNIA Subscriptions	799	1,125	1,940	2,512	3,297	5,691	7,280	6,154	48.3%	72.4%	29.4%	31.3%	72.6%	27.9%	45.3%
MSN TV Subscriptions	283	239	382	392	219	414	727	484	(17.6%)	(21.6%)	5.5%	14.0%	88.6%	75.6%	25.6%
<b>Total MSN</b>	<b>1,685</b>	<b>1,959</b>	<b>2,883</b>	<b>3,860</b>	<b>5,316</b>	<b>8,606</b>	<b>11,244</b>	<b>9,289</b>	<b>16.0%</b>	<b>47.4%</b>	<b>33.0%</b>	<b>37.7%</b>	<b>64.9%</b>	<b>38.7%</b>	<b>41.8%</b>
<b>Cl.</b>	<b>36</b>	<b>44</b>	<b>49</b>	<b>97</b>	<b>177</b>	<b>274</b>	<b>392</b>	<b>348</b>	<b>22.4%</b>	<b>11.3%</b>	<b>99.7%</b>	<b>82.7%</b>	<b>54.4%</b>	<b>43.3%</b>	<b>55.2%</b>
<b>HOME &amp; ENTERTAINMENT</b>															
Xbox Consoles	0	1,143	1,882	2,214	2,456	4,095	2,135	990	nm	84.7%	17.6%	10.9%	66.8%	(47.9%)	13.1%
Xbox Games	276	819	1,067	1,352	1,352				0.0%	197.0%	30.3%	24.8%			
Xbox Peripherals	134	237	217	226					0.0%	77.3%	(8.6%)	9.0%			
Xbox Other	0	4	10	12					0.0%	0.0%	23.7%	20.8%			
PC Games	237	1,582	2,946	3,507	4,036				0.0%	89.8%	19.1%	15.1%			
PC Software	454	241	349	407	463	503	533	293	1.4%	45.0%	19.3%	3.5%	8.0%	5.1%	17.3%
HPD Software	454	423	392	349	297	237	190	(233)	(6.8%)	(7.4%)	(11.0%)	(14.9%)	(20.0%)	(20.0%)	(14.8%)
HPD Hardware	535	501	560	474	493	518	549	48	(6.4%)	(3.0%)	3.0%	4.0%	5.0%	6.0%	1.9%
HRD		1,164	1,201	1,230	1,233				0.0%	3.2%	2.4%	1.8%			
NSTV		0	0	52	101	1,461	1,754	1,754	0.0%	0.0%	0.0%	92.1%			
<b>Total Home &amp; Entertainment</b>	<b>1,226</b>	<b>2,717</b>	<b>4,147</b>	<b>4,790</b>	<b>5,389</b>	<b>6,814</b>	<b>5,141</b>	<b>2,444</b>	<b>121.6%</b>	<b>52.6%</b>	<b>15.5%</b>	<b>12.5%</b>	<b>26.4%</b>	<b>(24.1%)</b>	<b>13.7%</b>
<b>TOTAL MICROSOFT (Adjusted Gross)</b>	<b>26,522</b>	<b>29,282</b>	<b>34,655</b>	<b>38,769</b>	<b>43,732</b>	<b>52,609</b>	<b>67,028</b>	<b>27,645</b>	<b>10.8%</b>	<b>17.9%</b>	<b>11.9%</b>	<b>12.8%</b>	<b>20.5%</b>	<b>8.2%</b>	<b>14.2%</b>





**FY02-05 Billed Vs. Adjusted Gross Revenue by Product**

(\$ in millions)															
	Actual	\$ in millions						Delta	Difference in YOY Growth Rates					CAGR	
2001	2002	2003	2004	2005	2006	2007	02-07	2002	2003	2004	2005	2006	2007	02-07	
<b>Core Business (2)</b>															
<b>CLIENT</b>															
Windows Desktop OS FG	36	353	110	129	123	181	184	(168)	15.4%	(10.4%)	0.4%	(1.2%)	(0.1%)	(0.2%)	(2.5%)
Windows Desktop OS OEM	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tablet PC	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Embedded	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
WDM and Other	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Total Client</b>	<b>36</b>	<b>353</b>	<b>110</b>	<b>129</b>	<b>123</b>	<b>181</b>	<b>184</b>	<b>(168)</b>	<b>3.7%</b>	<b>(2.8%)</b>	<b>0.1%</b>	<b>(0.2%)</b>	<b>0.4%</b>	<b>(0.1%)</b>	<b>(0.5%)</b>
<b>KNOWLEDGE WORKER</b>															
Office	192	913	(187)	(52)	(152)	130	154	(759)	9.4%	(15.8%)	1.8%	(1.2%)	3.5%	0.2%	(2.3%)
Productivity & Business Services	17	67	(36)	40	39	44	46	(21)	4.6%	(10.0%)	8.2%	(0.3%)	0.2%	(0.0%)	(0.6%)
Desktop CALs (non-SQL)	6	155	156	217	149	151	155	(0)	8.6%	(0.5%)	2.2%	(4.2%)	(0.7%)	(0.3%)	(0.7%)
<b>Total Knowledge Worker</b>	<b>216</b>	<b>1,134</b>	<b>(67)</b>	<b>205</b>	<b>36</b>	<b>324</b>	<b>354</b>	<b>(781)</b>	<b>8.7%</b>	<b>(12.4%)</b>	<b>2.5%</b>	<b>(1.5%)</b>	<b>2.3%</b>	<b>0.1%</b>	<b>(1.8%)</b>
<b>SERVER PLUS</b>															
Windows Server	(2)	52	141	103	105	120	131	80	3.9%	5.0%	(2.8%)	(0.4%)	0.2%	0.0%	0.4%
Server Apps	(6)	24	32	130	119	105	93	69	3.6%	0.0%	5.4%	(1.8%)	(1.4%)	(0.9%)	0.2%
Developer	3	30	29	14	19	(44)	(9)	(39)	4.5%	(1.2%)	(2.2%)	0.5%	(8.6%)	4.2%	(1.3%)
MCP, Courseware, Technet, CTEC	0	0	16	18	17	17	18	18	(0.0%)	6.2%	0.9%	(0.1%)	(0.0%)	0.2%	1.5%
Press	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CDDG	0	0	16	18	17	0	0	0	0.0%	3.2%	0.4%	(0.0%)			
<b>Total Server Plus</b>	<b>(6)</b>	<b>106</b>	<b>217</b>	<b>265</b>	<b>260</b>	<b>199</b>	<b>233</b>	<b>127</b>	<b>3.2%</b>	<b>2.3%</b>	<b>0.4%</b>	<b>(0.7%)</b>	<b>(1.6%)</b>	<b>0.2%</b>	<b>0.1%</b>
<b>Pro Support</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Premier Support</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>MCS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>TOTAL COMMERCIAL</b>	<b>246</b>	<b>1,593</b>	<b>260</b>	<b>598</b>	<b>419</b>	<b>704</b>	<b>771</b>	<b>(822)</b>	<b>4.9%</b>	<b>(5.2%)</b>	<b>0.9%</b>	<b>(0.7%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Check	246	1,593	260	598	419	(756)	(983)								

**Client FY02-05 Revenue & Metrics**

(in millions, unless otherwise stated)

	Client Revenue												5-Year CAGR			
	2001		2002		2003		2004		2005		2006			2007		
	Act	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est		Growth %		
<b>BILLED REVENUE</b>																
Windows Desktop OS FG	1,062	2,753	37.6%	2,812	2.1%	3,041	8.2%	3,713	22.1%	3,539	49.2%	6,035	8.6%	16.0%		
Windows Desktop OS OEM	6,532	6,887	8.8%	7,398	7.4%	7,927	7.2%	8,249	4.1%	7,598	(7.9%)	8,034	5.5%	3.1%		
Tablet PC	0	0	0.0%	35	0.0%	239	374.4%	436	82.3%	271	(15.0%)	312	15.0%	13.7%		
Embedded	160	164	2.5%	174	6.0%	200	15.0%	236	18.0%	17	(0.4%)	18	2.2%	0.0%		
WDM and Other	0	0	0.0%	16	0.0%	18	11.1%	17	(0.9%)	14,136	11.7%	15,243	7.8%	9.2%		
<b>Total Client</b>	<b>8,493</b>	<b>9,804</b>	<b>15.4%</b>	<b>10,434</b>	<b>6.4%</b>	<b>11,425</b>	<b>9.5%</b>	<b>12,651</b>	<b>10.7%</b>							
<b>ADJUSTED GROSS REVENUE</b>																
Windows Desktop OS FG	1,965	2,401	22.2%	2,702	12.5%	2,912	7.8%	3,590	23.3%	1,118	(85.4%)	1,169	4.0%	(29.9%)		
Windows Desktop OS OEM	6,312	6,887	8.8%	7,398	7.4%	7,927	7.2%	8,249	4.1%	2,875	559.8%	3,133	9.0%	0.0%		
Tablet PC	0	0	0.0%	35	0.0%	239	574.4%	436	82.3%	13,596	nm	14,301	5.2%	144.4%		
Embedded	160	164	2.5%	174	6.0%	200	15.0%	236	18.0%	0	(100.0%)	0	0.0%	0.0%		
WDM and Other	0	0	0.0%	16	0.0%	18	11.1%	17	(0.9%)	27,191	117.1%	28,686	5.2%	24.8%		
<b>Total Client</b>	<b>8,457</b>	<b>9,452</b>	<b>11.8%</b>	<b>10,325</b>	<b>9.2%</b>	<b>11,296</b>	<b>9.4%</b>	<b>12,528</b>	<b>10.9%</b>							
<b>Client Metrics</b>																
	2001		2002		2003		2004		2005		2006		2007		5-Year CAGR	
	Act	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %			
<b>PC Shipments (in millions)</b>																
Total Business	79	75	(4.5%)	78	4.1%	82	5.1%	85	3.5%	131.1	(0.1%)	134.0	2.2%	3.5%		
Consumer	43	39	(9.0%)	39	0.1%	43	10.0%	46	7.3%							
<b>Total</b>	<b>121.4</b>	<b>114</b>	<b>(6.1%)</b>	<b>117</b>	<b>2.8%</b>	<b>125</b>	<b>6.9%</b>	<b>131</b>	<b>4.8%</b>							
<b>PC Replacements (% Shipped)</b>																
Total Business	74%	69%		72%		74%		76%								
Consumer	30%	41%		44%		48%		51%								
<b>Total</b>	<b>59%</b>	<b>60%</b>		<b>63%</b>		<b>65%</b>		<b>67%</b>								
<b>PC Shipments Share</b>																
Panasonic/Other OS/Reporting Staff	18.3%	16.7%		18.0%		18.9%		19.5%								
MS OS	81.3%	83.3%		82.0%		81.1%		80.5%								
<b>Microsoft PC Shipments</b>																
Panasonic/Other OS/Reporting Staff	22.5	19.0	(15.3%)	21.1	10.8%	23.6	12.1%	25.6	9.2%							
MS OS	99.0	95.0	(4.0%)	96.1	1.2%	101.7	5.8%	105.7	4.0%							
										17.6%		17.0%				
										82.4%		81.0%				
										23.0	(10.0%)	22.8	(1.0%)	3.7%		
										108.1	3.3%	111.2	2.9%	3.2%		
										63.9%		64.3%				
										69.1	(1.9%)	71.5	3.5%	2.7%		
										74.8%		78.0%				

	Client Metrics															
	2002		2003		2004		2005									
	Est	Growth %	Est	Growth %	Est	Growth %	Est	Growth %								
<b>MS PC Shipments by Customer Segment</b>																
% Shipments to Business	64.9%	66.0%	(2.4%)	66.9%	64.3	2.9%	65.8%	4.9%	61.0%			39.0	3.0%	39.7	1.8%	4.2%
Shipments to Business	64.2	62.7		64.3			66.9		70.2			56.6%		62.6%		
% Professional OS on Shipments	31.5%	45.8%		38.9%			62.4%		65.4%							
% Shipments to Consumers	33.1%	34.0%	(7.1%)	33.1%			34.2%		35.9%							
Shipments to Consumers	34.7	32.3		31.8			34.8		37.9							
% Professional OS on Shipments	7.0%	3.0%		4.0%			5.0%		7.0%							
<b>OEM Windows Pro Max</b>																
Total Shipments	27.3%	31%		39%			43%		45%							
<b>MS PC Shipments by OEM Segment</b>																
<b>Professional OS</b>																
MNA/Named Share	89.6%	87.4%		86.4%			86.3%		88.0%			84.8%		84.6%		
System Builder Share	10.4%	12.6%		13.6%			13.7%		12.0%			15.2%		15.2%		
<b>HomePr OS</b>																
MNA/Named Share	89.2%	89.6%		90.8%			91.4%		92.5%			90.6%		90.5%		
System Builder Share	10.8%	10.4%		9.2%			8.6%		7.3%			9.4%		9.5%		
<b>Total Share</b>																
MNA/Named Share	89.9%	88.9%		89.1%			89.2%		90.5%			87.3%		86.8%		
System Builder Share	10.7%	11.1%		10.9%			10.8%		9.9%			12.7%		13.2%		
<b>OEM Average Royalty Rates</b>																
<b>Professional OS</b>																
MNA/Named	\$ 98.78	\$ 98.15	2.5%	\$ 99.38	1.2%		\$ 98.99	(0.4%)	\$ 98.73	(0.3%)						
System Builder	\$ 127.43	\$ 129.61	1.7%	\$ 129.65	0.0%		\$ 129.65	0.0%	\$ 129.65	0.0%						
<b>HomePr OS</b>																
MNA/Named	\$ 49.11	\$ 55.96	32.1%	\$ 57.48	4.4%		\$ 56.46	(1.9%)	\$ 56.21	(0.4%)						
System Builder	\$ 80.58	\$ 80.35	(0.3%)	\$ 79.63	(0.9%)		\$ 79.50	(0.2%)	\$ 79.50	0.0%						
<b>Weighted Average Royalty</b>																
Professional OS	\$ 99.07	\$ 102.12	3.1%	\$ 103.50	1.4%		\$ 103.21	(0.3%)	\$ 102.44	(0.7%)						
HomePr OS	\$ 52.50	\$ 57.70	9.9%	\$ 59.51	3.1%		\$ 58.45	(1.8%)	\$ 57.96	(0.8%)						
												\$ 129.65	0.0%	\$ 129.65	0.0%	0.0%
<b>Windows FG KPC</b>																
KPC Installed Base (Adjusted)	\$ 4.15	\$ 4.62	11.3%	\$ 4.80	3.8%		\$ 4.80	0.0%	\$ 5.52	15.1%		\$ 56.31	6.2%	\$ 56.16	(0.3%)	0.4%
KPC Installed Base (Billed)	\$ 4.23	\$ 5.30	25.4%	\$ 4.99	(5.8%)		\$ 5.01	0.4%	\$ 5.71	14.0%		\$ 79.50	0.0%	\$ 79.50	0.0%	(0.2%)
												\$ 103.40	0.9%	\$ 103.76	(0.1%)	0.2%
												\$ 58.49	0.0%	\$ 58.37	(0.2%)	0.2%

# Knowledge Worker FY02-05 Revenue & Metrics

(in millions, unless otherwise stated)	Knowledge Worker Revenue									
	2001	2002		2003		2004		2005		
	Act	Fcst	Grwth %	Fcst	Grwth %	Fcst	Grwth %	Fcst	Grwth %	
<b>BILLED REVENUE</b>										
Office	7,809	7,897	1.1%	7,963	0.8%	8,488	6.6%	8,558	0.8%	
Productivity & Business Services	1,130	1,033	(8.5%)	940	(9.1%)	1,047	11.3%	1,096	4.7%	
Desktop CALs (non-SQL)	1,725	2,021	17.1%	2,159	6.8%	2,400	11.1%	2,659	10.8%	
<b>Total Knowledge Worker</b>	<b>10,663</b>	<b>10,951</b>	<b>2.7%</b>	<b>11,062</b>	<b>1.0%</b>	<b>11,934</b>	<b>7.9%</b>	<b>12,313</b>	<b>3.2%</b>	
<b>ADJUSTED GROSS REVENUE</b>										
Office	7,616	6,985	(8.3%)	8,150	16.7%	8,540	4.8%	8,711	2.0%	
Productivity & Business Services	1,113	967	(13.1%)	976	1.0%	1,006	3.1%	1,057	5.1%	
Desktop CALs (non-SQL)	1,719	1,866	8.5%	2,003	7.4%	2,183	9.0%	2,510	15.0%	
<b>Total Knowledge Worker</b>	<b>10,448</b>	<b>9,817</b>	<b>(6.0%)</b>	<b>11,129</b>	<b>13.4%</b>	<b>11,729</b>	<b>5.4%</b>	<b>12,278</b>	<b>4.7%</b>	
<b>Knowledge Worker Metrics</b>										
	2001	2002		2003		2004		2005		
	Act	Fcst	Grwth %	Fcst	Grwth %	Fcst	Grwth %	Fcst	Grwth %	
<b>PC Installed Base (in millions)</b>										
Business	270.0	293.1	8.5%	314.9	7.5%	336.4	6.8%	356.8	6.1%	
Consumer	203.6	226.6	11.3%	248.4	9.6%	270.6	9.0%	293.2	8.4%	
<b>Total PC Installed Base</b>	<b>473.6</b>	<b>519.6</b>	<b>9.7%</b>	<b>563.3</b>	<b>8.4%</b>	<b>607.0</b>	<b>7.8%</b>	<b>650.1</b>	<b>7.1%</b>	
<b>Enterprise Agreements</b>										
Desktops Covered	16.8	23.5	39.6%	29.2	24.3%	35.6	21.9%	38.9	9.1%	
% of EPG/SMB Desktops	7.1%	9.2%	-	10.7%	-	12.2%	-	12.6%	-	
EA \$/PC	194.4	180.0	(7.4%)	175.0	(2.8%)	170.9	(2.3%)	171.1	0.1%	

	Knowledge Worker Metrics								
	2002		2003		2004		2005		
	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	
<b>Office</b>									
<b>PC IB Penetration Rates</b>									
EPG	82.0%	83.0%	84.0%		85.0%		86.0%		
SMB	65.0%	66.0%	67.0%		68.0%		69.0%		
Academic	75.0%	75.0%	75.5%		75.5%		75.5%		
Consumer	60.0%	61.0%	62.0%		62.0%		62.0%		
<b>Piracy Mix</b>									
EPG	12.0%	12.0%	12.0%		12.0%		12.0%		
SMB	55.0%	55.0%	55.0%		55.0%		55.0%		
Academic	60.0%	60.0%	59.0%		58.0%		57.8%		
Consumer	60.0%	60.0%	60.0%		60.0%		60.0%		
<b>Product Installed Base</b>									
Legal (incl EA)	159.5	176.9	10.9%	194.1	9.8%	210.8	8.6%	226.6	7.5%
Pirated	153.0	170.1	11.2%	186.7	9.8%	201.8	8.1%	217.6	7.8%
Total w/Piracy	312.5	347.0	11.0%	380.9	9.8%	412.6	8.3%	444.1	7.6%
<b>Licenses (excluding EA)</b>	31.4	31.6	0.6%	28.3	(10.5%)	31.0	9.8%	33.0	6.4%
<b>Knowledge Worker FG \$/PC</b>									
\$/PC Installed Base (Adjusted)	\$ 18.64	\$ 16.00	(14.2%)	\$ 17.04	6.5%	\$ 16.73	(1.9%)	\$ 16.38	(2.1%)
\$/PC Installed Base (Billed)	\$ 19.09	\$ 18.18	(4.8%)	\$ 16.92	(6.9%)	\$ 17.06	0.8%	\$ 16.43	(3.7%)

# Server Plus FY02-05 Revenue & Metrics

(in millions, unless otherwise stated)

	Server Revenue													
	2001	2002		2003		2004		2005		2006		2007		5-Year
	Act	Fest	Growth %	Fest	Growth %	Fest	Growth %	Fest	Growth %	Fest	Growth %	Fest	Growth %	CAGR
<b>BILLED REVENUE</b>														
Windows Server	1,413	1,708	20.9%	1,904	11.5%	2,046	7.4%	2,248	9.9%	2,459	9.4%	2,679	9.0%	9.4%
Application Platform	709	1,023	44.3%	1,309	27.9%	1,720	31.4%	2,058	19.7%	2,433	18.2%	2,795	14.9%	22.3%
Knowledge Worker	152	184	21.4%	226	22.6%	253	12.1%	296	16.8%	333	12.3%	364	9.3%	14.5%
Infrastructure Server	64	113	75.4%	174	54.2%	205	18.2%	245	19.2%	278	13.7%	310	11.3%	22.4%
Server Apps	925	1,320	42.7%	1,709	29.4%	2,179	27.5%	2,599	19.3%	3,044	17.1%	3,469	14.0%	21.3%
Developer	606	609	0.5%	718	18.0%	736	2.6%	767	4.2%	839	9.3%	881	5.0%	7.7%
Courseware, CTBC, Technet & Other	267	251	(6.0%)	239	(4.8%)	239	0.0%	239	0.0%	239	0.0%	239	0.0%	(1.0%)
Press	299	234	(21.9%)	214	(8.6%)	214	0.0%	214	0.0%	214	0.0%	214	0.0%	(1.8%)
CDDG	566	485	(14.4%)	453	(6.6%)	453	0.0%	453	0.0%	453	0.0%	453	0.0%	(1.8%)
<b>Servers Plus Total</b>	<b>3,510</b>	<b>4,121</b>	<b>17.4%</b>	<b>4,783</b>	<b>16.1%</b>	<b>5,413</b>	<b>13.2%</b>	<b>6,067</b>	<b>12.1%</b>	<b>6,794</b>	<b>12.0%</b>	<b>7,482</b>	<b>10.1%</b>	<b>12.7%</b>
NT CAL	451	579	28.5%	644	11.2%	699	8.6%	780	11.7%	911	16.7%	1,020	12.0%	12.0%
TS CAL	144	173	19.8%	200	16.0%	232	15.6%	268	15.5%	316	18.0%	349	10.6%	15.1%
SQL CAL (BKO Allocation)	492	423	(14.0%)	256	(39.5%)	231	(1.0%)	238	(5.1%)	225	(5.8%)	152	(32.4%)	(18.5%)
Exchange CAL	477	600	25.9%	703	17.3%	696	(1.3%)	729	4.8%	795	9.0%	836	5.2%	6.9%
RTC CAL	0	0	0.0%	19	0.0%	39	103.5%	62	59.3%	90	45.2%	121	34.2%	0.0%
Sharepoint CAL	1	61	nm	132	116.9%	226	71.2%	302	33.2%	382	26.7%	478	25.2%	51.0%
SMS CAL	160	185	15.4%	203	9.5%	257	26.9%	279	8.8%	308	10.4%	333	7.8%	12.5%
CALs	1,725	2,021	17.1%	2,139	6.8%	2,400	11.1%	2,659	10.8%	3,026	13.8%	3,288	8.7%	10.2%
<b>SERVER PLUS AND CALS</b>	<b>5,235</b>	<b>6,142</b>	<b>17.3%</b>	<b>6,942</b>	<b>13.0%</b>	<b>7,813</b>	<b>12.5%</b>	<b>8,726</b>	<b>11.7%</b>	<b>9,820</b>	<b>12.5%</b>	<b>10,770</b>	<b>9.7%</b>	<b>11.9%</b>
<b>ADJUSTED GROSS REVENUE</b>														
Windows Server	1,415	1,656	17.0%	1,763	6.5%	1,943	10.2%	2,143	10.3%	2,338	9.1%	2,548	9.0%	9.0%
Application Platform	713	994	39.4%	1,309	31.6%	1,624	24.1%	1,967	21.1%	2,349	19.4%	2,721	15.8%	22.3%
Knowledge Worker	153	189	23.6%	209	10.9%	236	12.8%	282	19.5%	322	14.1%	354	10.1%	13.4%
Infrastructure Server	65	113	72.7%	159	40.9%	188	18.8%	231	22.5%	267	15.9%	300	12.2%	21.7%
Server Apps	931	1,296	39.1%	1,677	29.4%	2,048	22.2%	2,480	21.1%	2,939	18.5%	3,376	14.9%	21.1%
Developer	603	579	(4.0%)	689	19.1%	722	4.8%	749	3.7%	883	17.9%	890	0.8%	9.0%
Courseware, CTBC, Technet & Other	267	231	(6.0%)	223	(11.1%)	221	(0.9%)	221	0.1%	222	0.4%	221	(0.2%)	(2.5%)
Press	299	234	(21.9%)	214	(8.6%)	214	0.0%	214	0.0%	214	0.0%	214	0.0%	(1.8%)
CDDG	566	485	(14.4%)	437	(9.9%)	437	(0.4%)	435	(0.4%)	435	0.0%	435	0.0%	(1.8%)
<b>Servers Plus</b>	<b>3,516</b>	<b>4,015</b>	<b>14.2%</b>	<b>4,567</b>	<b>13.7%</b>	<b>5,149</b>	<b>12.7%</b>	<b>5,807</b>	<b>12.8%</b>	<b>6,595</b>	<b>13.6%</b>	<b>7,248</b>	<b>9.9%</b>	<b>12.5%</b>
NT CAL	444	499	12.3%	576	15.4%	642	11.5%	718	11.8%	836	16.5%	933	11.6%	13.3%
TS CAL	144	172	19.5%	196	13.9%	229	16.6%	262	14.6%	308	17.5%	340	10.4%	14.6%
SQL CAL (BKO Allocation)	492	458	(7.0%)	337	(26.3%)	249	(26.2%)	242	(2.6%)	236	(2.4%)	188	(20.4%)	(16.3%)
Exchange CAL	477	525	10.2%	593	12.9%	625	5.4%	695	11.1%	703	9.8%	806	5.6%	8.9%
RTC CAL	0	0	0.0%	18	0.0%	37	164.4%	59	59.7%	87	46.0%	117	35.1%	0.0%
Sharepoint CAL	1	47	nm	94	100.4%	178	90.4%	269	50.9%	348	29.1%	431	23.9%	55.9%
SMS CAL	160	165	2.8%	189	14.7%	223	18.0%	264	18.5%	297	12.4%	319	7.3%	14.1%
CALs	1,719	1,866	8.5%	2,003	7.4%	2,183	9.0%	2,510	15.0%	2,875	14.5%	3,133	9.0%	10.9%
<b>SERVER PLUS AND CALS</b>	<b>5,234</b>	<b>5,881</b>	<b>12.3%</b>	<b>6,570</b>	<b>11.7%</b>	<b>7,391</b>	<b>11.6%</b>	<b>8,317</b>	<b>13.4%</b>	<b>9,470</b>	<b>13.9%</b>	<b>10,382</b>	<b>9.6%</b>	<b>12.0%</b>

<i>NTCAL</i>															
# of New CALs (M)	23.5	28.8	22.5%	32.0	11.1%	34.8	8.8%	37.2	6.9%	40.8	9.8%	44.8	9.7%	9.2%	
NT CAL \$/NT Shipped - Adjusted	\$ 196.82	\$ 207.88	5.6%	\$ 215.09	3.5%	\$ 214.19	(0.4%)	\$ 214.95	0.4%	\$ 227.94	6.0%	\$ 233.45	2.4%	2.3%	
<i>TS CAL</i>															
# of New CALs (M)	2.4	2.9	21.7%	3.4	17.6%	4.2	22.2%	4.9	19.0%	5.5	11.8%	6.0	9.1%	15.8%	
TS CAL \$/NT Shipped - Adjusted	\$ 63.86	\$ 71.72	12.3%	\$ 73.26	2.1%	\$ 76.32	4.2%	\$ 78.51	2.9%	\$ 84.00	7.0%	\$ 85.14	1.4%	3.5%	
<i>SQL CAL</i>															
# of New CALs (M)	0.0	7.1	0.0%	2.1	(70.1%)	0.0	(99.6%)	0.0	3.8%	10.1	(1.7%)	10.3	2.8%	(0.1%)	
SQL CAL \$/NT Shipped - Adjusted	\$ 218.04	\$ 190.61	(12.6%)	\$ 125.92	(33.9%)	\$ 82.97	(34.1%)	\$ 72.53	(12.6%)	\$ 207.91	(0.0%)	\$ 201.62	(3.0%)	(1.6%)	
<i>Exchange CAL</i>															
# of New CALs (M)	8.9	0.4	16.7%	9.4	(9.3%)	9.9	5.1%	10.2	3.5%	3.4	31.0%	4.3	28.5%	0.0%	
Exchange CAL \$/NT Shipped - Adjusted	\$ 211.19	\$ 218.78	3.6%	\$ 221.61	1.3%	\$ 208.57	(5.9%)	\$ 208.00	(0.3%)	\$ 23.66	32.9%	\$ 29.33	24.0%	0.0%	
<i>RTC CAL</i>															
# of New CALs (M)	0.0	0.0	0.0%	0.8	0.0%	1.6	110.3%	2.6	55.2%	4.2	(1.6%)	4.4	3.0%	24.4%	
RTC CAL \$/NT Shipped - Adjusted	\$ -	\$ -	0.0%	\$ 6.80	0.0%	\$ 12.42	82.6%	\$ 17.80	43.3%	\$ 94.77	17.7%	\$ 107.80	13.7%	40.8%	
<i>Sharepoint CAL</i>															
# of New CALs (M)	0.0	1.5	nn	1.9	26.2%	2.9	55.6%	4.3	49.4%	5.5	(0.2%)	3.8	4.4%	5.0%	
Sharepoint CAL \$/NT Shipped - Adjusted	\$ 0.52	\$ 19.45	nn	\$ 34.96	79.7%	\$ 59.47	70.1%	\$ 80.53	35.4%	\$ 80.97	2.4%	\$ 79.77	(1.5%)	3.1%	
<i>SMS CAL</i>															
# of New CALs (M)	4.6	4.5	(1.6%)	4.9	9.1%	5.3	6.8%	5.5	5.1%						
SMS CAL \$/NT Shipped - Adjusted	\$ 70.97	\$ 68.61	(3.3%)	\$ 70.58	2.9%	\$ 74.39	5.4%	\$ 79.11	6.4%						



<b>Channel Judgement - Billed</b>								
Windows Server			63					
Server Apps			60					
Desktop CALs			42					
<b>Server Apps Billed Mix</b>								
Application Platform	77%	77%	77%	79%	79%	80%	81%	
Knowledge Worker	16%	14%	13%	12%	11%	11%	10%	
Infrastructure Server	7%	9%	10%	9%	9%	9%	9%	
<b>Desktop CALs Billed Mix</b>								
NT CAL	26%	29%	30%	29%	29%	30%	31%	
TS CAL	8%	9%	9%	10%	10%	10%	11%	
SQL CAL (BKO Allocation)	29%	21%	12%	10%	9%	7%	5%	
Exchange CAL	28%	30%	33%	28%	27%	26%	25%	
RTC CAL	0%	0%	1%	2%	2%	3%	4%	
Sharepoint CAL	0%	3%	6%	5%	11%	13%	15%	
SMS CAL	9%	9%	9%	11%	11%	10%	10%	
<b>Plug to Tie - Adjusted</b>								
Windows Server	10	110	27					
Server Apps	7	86	25					
Desktop CALs								
<b>Adjusted Mix</b>								
Application Platform	77%	77%	78%	79%	79%	80%	81%	
Knowledge Worker	16%	15%	12%	12%	11%	11%	10%	
Infrastructure Server	7%	9%	9%	9%	9%	9%	9%	
<b>Adjusted Mix</b>								
NT CAL	26%	27%	29%	29%	29%	29%	30%	
TS CAL	8%	9%	10%	10%	10%	11%	11%	
SQL CAL (BKO Allocation)	29%	25%	17%	11%	10%	6%	6%	
Exchange CAL	28%	28%	30%	29%	28%	27%	26%	
RTC CAL	0%	0%	1%	2%	2%	3%	4%	
Sharepoint CAL	0%	3%	5%	8%	11%	12%	14%	
SMS CAL	9%	9%	9%	10%	11%	10%	10%	

	Server Metrics													
	2001		2002		2003		2004		2005					
	Act	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %	Fest	Grwth %					
<b>Server Shipments (in thousands)</b>														
Total New Server units shipments by NOS	4,853.0	4,720.7	(2.7%)	5,083.3	7.7%	5,561.4	9.4%	6,108.6	9.8%	6,125.4	0.3%	6,571.8	7.3%	6.8%
MS Share	46.5%	50.9%	-	52.7%	-	53.9%	-	54.7%	-	59.9%	-	60.8%	-	-
NT Server Shipped (K)	2,257.4	2,401	6.4%	2,677	11.5%	2,997	11.9%	3,340	11.4%	3,668.1	9.8%	3,993.7	8.9%	10.7%
<b>Windows Server</b>														
Server OS Mix - Enterprise	6.6%	9.3%	-	10.4%	-	11.3%	-	12.0%	-	12.6%	-	13.2%	-	-
Server OS \$/NT Shipped - Adjusted	\$ 622.36	\$ 644.14	3.5%	\$ 648.75	0.7%	\$ 648.36	(0.1%)	\$ 641.68	(1.0%)	\$ 637.50	(0.7%)	\$ 637.66	0.0%	(0.2%)
<b>Applications Platform</b>														
Unit Shipments (K)	304.0	341.3	12.3%	397.3	16.4%	482.6	21.5%	554.4	14.9%	660.2	19.1%	771.2	16.8%	17.7%
App Plat Mix - Enterprise	8.1%	9.7%	-	11.7%	-	13.6%	-	13.9%	-	13.6%	-	13.3%	-	-
App Plat \$/NT Shipped - Adjusted	\$ 313.71	\$ 386.79	23.3%	\$ 481.61	24.5%	\$ 541.91	12.5%	\$ 588.97	8.7%	\$ 640.52	8.8%	\$ 681.08	6.3%	12.0%
<b>Knowledge Worker</b>														
Unit Shipments (K)	135.4	169.6	25.3%	163.3	(3.8%)	171.9	5.3%	180.4	4.9%	190.7	5.8%	199.8	4.7%	3.3%
KW Mix - Enterprise	27.9%	16.9%	-	13.4%	-	14.6%	-	13.0%	-	11.8%	-	10.7%	-	-
KW \$/NT Shipped - Adjusted	\$ 67.20	\$ 73.45	9.3%	\$ 77.04	4.9%	\$ 78.80	2.3%	\$ 84.52	7.3%	\$ 87.77	3.8%	\$ 88.70	1.1%	3.8%
<b>Infrastructure Server</b>														
Unit Shipments (K)	178.4	201.5	12.9%	285.9	41.9%	328.6	15.0%	376.8	14.6%	430.0	14.1%	488.0	13.5%	19.3%
Infrastructure Server Mix - Enterprise	0.7%	9.3%	-	1.7%	-	2.0%	-	2.3%	-	2.4%	-	2.6%	-	-
Infrastructure Server \$/NT Shipped - Adjusted	\$ 23.67	\$ 43.79	52.7%	\$ 58.35	33.3%	\$ 62.85	7.7%	\$ 69.06	9.9%	\$ 72.90	5.6%	\$ 75.11	3.0%	11.4%
<b>Windows Server</b>														
Windows Server includes Windows Server, Windows Advanced Server, and Windows Datacenter Server														
<b>Server Apps</b>														
<ul style="list-style-type: none"> <li>Application Platform includes SQL Server and SQL CAL revenue along with Host Integration Server, BizTalk Server, Commerce Server, and Content Mgmt Server (SQL BackOffice CAL Allocation reported in CALs)</li> <li>Knowledge Worker includes Exchange Server, Mobile Information Server, Sharepoint Portal Server, Exchange Conferencing Server, Small Business Server (Exchange CAL, R1C CAL, and Sharepoint Portal CAL are included in CALs reported in Desktop)</li> <li>Infrastructure Server includes Systems Management Server, Microsoft Operations Manager, Application Center, Digital Asset Server, and Internet Security and Acceleration Server (SMS CALs are included in CALs reported in Desktop)</li> </ul>														

# Business Solutions FY02-05 Financials and Metrics

	Biz Solutions P&L Summary Financials (\$m)				Key Metrics				
	2002	2003	2004	2005	2002	2003	2004	2005	
	Adjusted Gross Revenue	331	380	500	725				
Rev. Adjustments	(1)	-	-	-	Customer Acquisitions (thousands)	4.7	6.8	10.2	17.6
Net Revenue	330	380	500	725	Customer Acquisition ASP (thousands)	\$ 21.7	\$ 17.6	\$ 16.3	\$ 14.1
COGS	93	110	134	181	% Marketshare	2.2%	2.5%	3.2%	4.3%
Gross Margin	237	270	366	544	% new/existing/other	36/54/10	36/54/10	37/54/9	37/56/8
% Net Revenue	72%	71%	73%	75%	% Domestic/International	80/20	79/21	78/22	78/22
Development	196	227	280	273	% License/Service/OutLinc	34/56/10	34/56/10	36/55/9	39/53/9
Sales & Marketing	238	378	239	290	Headcount	2,475	2,944	2,944	3,150
Other Costs	-	-	-	-					
Total Costs	434	605	519	563					
Contribution Margin	(197)	(335)	(153)	(119)					
% Net Revenue	-60%	-88%	-31%	-16%					
Adjusted Gross Revenue Composition (\$m)									
	2002	2003	2004	2005					
License	133	150	203	309					
Services	169	195	261	378					
Other	29	35	36	37					
Total	331	380	500	725					

MSN Business FY02-05 Financials and Metrics \*\*\*

MSN Summary Financials (\$M)					Key Metrics-Access				
	2002	2003	2004	2005		2002	2003	2004	2005
Adjusted Gross Revenue	1,362.1	2,172.9	2,961.8	4,149.0	Market Share				
Rev Adjustments	40.0				Total US Access - Access	69.8	74.6	79.5	85.2
Net Revenue	1,402.1	2,172.9	2,961.8	4,149.0	% US Access Narrowband	74%	69%	64%	59%
COGS	544.9	890.0	1,256.7	1,849.2	% US Access Broadband	26%	31%	36%	41%
Bad Debt	104.0	105.0	114.0	148.0	MSN Access Market Share				
Gross Margin	753.2	1,158.9	1,591.1	2,151.8	% MSN US Access NB	12.0%	14.8%	17.0%	19.2%
% of Net Rev	54%	54%	53%	52%	% MSN US Access BR	1.4%	4.0%	6.6%	10.6%
Committed	529.0	637.5	290.0	148.0	% MSN US Access Total	6.8%	8.7%	10.2%	1.3%
Discretionary	460.2	730.5	1,240.3	1,652.8					
Portal*	(113.9)	(176.0)	(344.0)	(346.0)					
Customer Acquisition Costs	875.3	1,192.0	1,186.3	1,234.8					
Sales & Marketing Development	15.2	12.5	14.0	14.0					
	709.1	724.5	733.0	773.0					
Contribution Margin	(846.3)	(760.0)	(355.6)	116.8	Annual Access Subscriber Economics - avg/sub				
Net Revenue Composition					2002 2003 2004 2005				
Narrowband	1,096.2	1,677.7	1,978.9	2,354.4	<b>NARROWBAND</b>				
Broadband	87.8	289.8	580.9	1,652.8	Revenue	\$ 263.40	\$ 275.10	\$ 286.80	\$ 286.80
TV	226.1	178.4	162.1	143.9	Costs				
Other MSN - H/M/S/B/Y/Q/Mobile	1.0	27.0	259.1	584.3	IP Cost	36.09	36.22	33.15	30.43
					PSS	25.56	23.00	24.18	23.12
COGS Composition					Bad Debt/Taxes	13.24	14.62	11.97	12.01
Narrowband	364.0	561.5	661.2	786.2	Billing	7.38	5.76	6.11	6.11
Broadband	71.3	229.4	444.3	893.5	Data Center	5.04	4.38	4.38	4.31
TV	105.8	79.6	72.1	68.4	Other	11.31	19.29	19.29	19.57
Other MSN - H/M/S/B/Y/Q/Mobile	3.8	24.5	89.1	189.1	Total Costs	\$ 77.31	\$ 97.28	\$ 99.58	\$ 95.57
	102.2	23.8	96.8	119.5	Annual Margin	\$ 176.09	\$ 177.81	\$ 187.22	\$ 191.23
					Customer Acquisition Cost	\$ 132.62	\$ 153.00	\$ 112.13	\$ 102.68
					Annual H/M/S/B/Y/Q Economics - avg/sub				
					2002 2003 2004 2005				
					<b>BROADBAND</b>				
					Revenue	\$599.40	\$599.40	\$639.40	\$659.40
					Costs				
					Line - Egress	312.32	330.21	371.52	356.82
					PSS	104.81	28.42	27.82	29.18
					Bad Debt/Taxes	29.67	32.31	26.97	27.84
					Billing	12.10	13.10	13.69	16.38
					Datacenter	18.03	7.89	5.40	4.38
					Other	3.51	36.51	30.35	36.92
					Total Costs	\$ 483.44	\$ 488.56	\$ 488.56	\$ 488.56
					Annual Margin	\$ 115.96	\$ 149.02	\$ 170.84	\$ 148.17
					Customer Acquisition Costs	\$ 155.00	\$ 185.01	\$ 264.63	\$ 298.85
					Annual H/M/S/B/Y/Q Economics - avg/sub				
					2002 2003 2004 2005				
					<b>Internet Extra Storage</b>				
					Revenue	\$ 17.16	\$ 19.95	\$ 19.95	\$ 19.95
					COGS	7.57	7.38	7.19	7.01
					Annual Margin	9.59	12.57	12.76	12.94
					<b>Bring-Your-Own-Access</b>				
					Revenue	\$ 119.40	\$ 119.40	\$ 119.40	\$ 119.40
					COGS	22.90	23.13	24.29	25.30
					Annual Margin	96.50	96.27	95.11	95.90
					Key Metrics-Advertising				
					2002 2003 2004 2005				
					(In millions)				
					WW Market Ad spend & Internet Advertising %	\$364,932	\$371,069	\$406,882	\$446,027
					MSN Share of market	1.9%	2.1%	2.4%	2.7%
						9.1%	9.6%	10.2%	11.0%

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### Xbox FY02-05 Financials and Metrics

	XBOX P&I Summary Financials (\$m)					Key Metrics			
	2002	2003	2004	2005		2002	2003	2004	2005
Adjusted Gross Revenue	1,552.0	2,945.7	3,507.1	4,035.8	WW - Console Gross Margin				
Rev Adjustments	(65.2)	(82.7)	(182.5)	(5.8)	Console Rev/Unit	\$ 283.7	\$ 209.0	\$ 189.2	\$ 186.0
Net Revenue	1,486.9	2,863.0	3,324.7	4,030.0	Console COGS/Unit	\$ 356.3	\$ 364.1	\$ 257.1	\$ 246.7
COGS	1,547.0	2,894.1	2,999.0	3,467.8	GM/Console	\$ (72.7)	\$ (95.2)	\$ (67.9)	\$ (60.7)
Gross Margin	(60.1)	(31.1)	325.7	562.2	GM/Console - 1st Party Games	\$ 31.0	\$ 51.6	\$ 54.6	\$ 54.3
% Net Revenue	-4.0%	-1.1%	9.8%	13.9%	GM/Console - 3rd Party Games	22.2	33.2	37.2	42.9
Development	353.6	446.3	462.2	474.0	GM/Console - Peripherals	4.0	6.8	6.0	6.1
Sales & Marketing	360.7	337.6	270.1	267.6	GM Console Combined	\$ 57.2	\$ (3.5)	\$ 29.9	\$ 42.6
Other Costs	5.8	28.6	44.0	55.9	MS Consoles Shipped - WW (M)	3.9	8.8	10.9	13.2
Total Costs	720.0	812.5	776.3	797.4	Cumulative Installed Base (M)	3.9	12.7	23.7	36.9
Contribution Margin	(780.2)	(843.6)	(450.6)	(235.3)	Game Units Sold (M)	16.4	56.7	78.6	112.7
% Net Revenue	-52.8%	-29.5%	-14%	-6%	Cum. 1st+ 3rd Party Games Attach Rate	4.2	5.7	6.4	7.2
	Adjusted Gross Revenue Composition (\$m)								
	2002	2003	2004	2005	Retail Price - Console				
Console	1,142.7	1,882.2	2,214.0	2,456.1	WW Blended	\$ 322.00	\$ 237.73	\$ 220.68	\$ 217.39
1st Party Games	189.0	525.5	660.2	765.9	North America	299.99	215.15	199.00	199.00
3rd Party Games	86.7	293.2	406.7	566.1	EMEA	418.23	269.57	241.92	241.92
Peripherals	133.7	237.1	216.8	236.2	Japan	283.62	229.23	229.23	190.77
Other	-	7.7	9.5	11.5	ROW	299.00	299.00	199.00	199.00
Total	1,552.0	2,945.7	3,507.1	4,035.8	Retail Price - 1st Party Games				
					WW Blended	\$ 53.31	\$ 50.83	\$ 48.55	\$ 42.71
					North America	49.99	45.99	41.99	34.99
					EMEA	63.89	57.85	53.40	48.95
					Japan	55.42	52.31	50.00	44.62
					ROW	55.00	55.00	50.00	45.00
					Retail Price - Total Peripherals				
					WW Blended	\$ 20.64	\$ 17.78	\$ 17.19	\$ 15.66
					North America	20.50	17.31	15.51	14.18
					EMEA	21.37	16.85	16.53	14.20
					Japan	22.13	20.89	20.89	20.89
					ROW	n/a	24.85	24.85	24.85
					* \$299 dropping to \$199 pre holiday in FY03				

	Online Costs in Xbox P&L		
	2003	2004	2005
Revenue	\$ 46	\$ 78	\$ 206
COGS (mostly Variable)	\$ 22	\$ 33	\$ 78
Gross Margin	\$ 24	\$ 45	\$ 128
Cpex (mostly fixed)	\$ 34	\$ 29	\$ 32
Marketing (mostly Variable)	\$ 36	\$ 87	\$ 102
Content Acquisition/Other (mostly Fixed)	\$ 24	\$ 36	\$ 32
Total Costs	\$ 94	\$ 152	\$ 166
RM - Online	\$ (70)	\$ (107)	\$ (38)
Costs - variable	\$ 58	\$ 120	\$ 180
Costs - fixed	\$ 58	\$ 65	\$ 64
Avg Subscribers - WW	150k	600k	1.4m
1. Online model very preliminary - items still being worked through include broadband adoption, broadband connectivity, exclusive online content, billing, customer support and marketing/customer acquisition costs. Should be better defined by BPR.			
2. Subscriber projections are very small. Note variable costs will not be incurred if the subscribers aren't acquired.			
3. Fixed costs are associated with headcount and content acquisition.			
<b>% Net Revenue</b>			
Console	73.6%	63.9%	63.1%
1st Party Games	12.2%	17.8%	19.0%
3rd Party Games	5.8%	10.0%	11.8%
Peripherals	8.6%	8.0%	6.2%
Other	0.0%	0.3%	0.3%
Total	100.0%	100.0%	100.0%



Historical Financials

Revenue and Operating Income - Millions

Company	Year End	Fiscal	Fiscal Year 2001				Fiscal Year 2000				Fiscal Year 1999				Fiscal Year 1998				Fiscal Year 1997	
			Revenue	YOY %	Oper. Inc.	YOY %	Revenue	YOY %	Oper. Inc.	YOY %	Revenue	YOY %	Oper. Inc.	YOY %	Revenue	YOY %	Oper. Inc.	YOY %	Revenue	Oper. Inc.
Microsoft (1)	June	MSFT	25,295	30%	11,220	4%	22,956	16%	11,286	13%	19,747	29%	10,010	45%	15,262	28%	5,881	41%	11,956	4,871
IBM	December	IBM	85,865	-3%	11,286	0%	88,196	3%	11,264	-6%	87,548	7%	11,327	30%	81,667	4%	9,164	1%	78,208	9,098
3M	December	ACI	39,225	5%	9,244	14%	37,216	14%	8,210	0%	32,525	n/a	8,175	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Motorola	December	MOT	27,328	1%	4,489	-14%	28,558	54%	5,465	51%	18,263	48%	3,310	57%	12,309	51%	2,259	75%	8,174	1,214
Lucent	July	LUCN	22,293	18%	3,348	-33%	18,928	55%	5,012	47%	12,173	44%	1,421	27%	8,459	31%	2,598	26%	6,440	2,156
Oracle	May	ORCL	15,850	7%	3,777	23%	10,130	15%	3,080	64%	8,827	24%	1,873	51%	7,144	26%	1,244	-15%	3,684	1,263
Sony (2)	March	SNE	66,498	10%	2,049	2%	60,240	12%	2,011	-27%	53,576	-7%	2,742	-36%	55,418	10%	4,309	10%	50,554	3,307
SAP (3)	December	SAP	6,570	17%	1,174	63%	5,502	33%	718	1%	4,574	18%	713	-12%	3,862	43%	806	16%	2,704	694
Sun Microsystems	June	SUNW	18,250	16%	1,845	-28%	15,721	33%	2,573	47%	11,806	20%	1,723	23%	9,862	15%	1,377	31%	8,598	1,049
Comcast Associates	March	CA	4,198	-31%	604	-82%	6,103	31%	3,318	31%	4,666	1%	2,529	7%	4,206	4%	2,365	15%	4,040	2,036
ETL Corp	December	ETL	7,091	-25%	21	-99%	8,873	32%	2,257	54%	6,716	24%	1,665	51%	5,436	21%	969	39%	4,488	717
Veritas	December	VRTS	1,442	24%	392	2%	1,207	163%	383	103%	596	183%	187	246%	211	74%	54	90%	121	29
Autoliv	September	AUTV	1,534	37%	379	45%	1,114	78%	261	77%	627	57%	147	78%	406	n/a	85	n/a	n/a	n/a
Schiel	December	SEEL	2,048	14%	358	0%	1,795	121%	359	123%	813	93%	161	107%	418	89%	78	126%	222	35
VeriSign	December	VRSN	961	107%	167	276%	475	400%	44	n/a	35	118%	(3)	83%	39	191%	(20)	5%	13	(15)
Adobe Systems	November	ADBE	1,030	3%	404	-4%	1,266	25%	421	45%	1,015	13%	291	70%	892	-2%	171	-28%	912	239
Intel	July	INTC	1,262	13%	220	42%	1,094	16%	155	13%	940	36%	137	104%	689	15%	67	36%	559	49
Procter & Gamble	December	PG	2,073	19%	252	142%	1,737	22%	104	855%	1,429	-5%	11	-96%	1,475	58%	246	31%	932	181
Coach Inc.	December	COOP	928	24%	387	47%	425	94%	229	174%	230	55%	97	45%	142	64%	67	74%	96	38
Johnson & Johnson	March	JNJ	1,322	-7%	(26)	-117%	1,420	16%	160	7%	1,222	34%	149	56%	909	55%	96	53%	673	63
Comcast	March	CPWR	2,010	-10%	193	-65%	2,231	36%	551	10%	1,638	64%	501	83%	1,129	40%	273	90%	813	144
Waste Management	March	WM	854	16%	110	-19%	745	26%	135	360%	593	11%	26	-49%	533	n/a	55	n/a	n/a	n/a
BEA Systems (4)	January	BEAS	976	19%	177	-7%	820	77%	120	143%	464	61%	49	122%	289	n/a	22	n/a	n/a	n/a
Core Software Inc.	December	CRSF	592	26%	184	21%	470	17%	152	-15%	401	62%	192	69%	249	101%	114	95%	124	59
Raytheon Software (5)	March	RATL	815	42%	131	14%	572	39%	115	63%	412	33%	71	288%	311	12%	18	-59%	278	45
EMC Software (6)	March	EMC	1,504	-13%	200	-64%	1,719	32%	560	10%	1,204	32%	471	39%	585	24%	338	33%	792	254
Network Associates (6)	December	NET	773	11%	3	105%	699	6%	(35)	-81%	659	-32%	(10)	-110%	590	4%	299	n/a	n/a	n/a
Yahoo	December	YHOO	717	-35%	(22)	-106%	1,110	89%	385	105%	589	140%	188	n/a	243	191%	14	157%	84	(24)
3Com Technologies	December	ITRO	585	-12%	(242)	-257%	1,126	97%	154	219%	571	55%	48	125%	369	66%	21	92%	222	11

Notes

The above data represents pro-forma views of historical financial statements

- Microsoft's 2000 operating income includes the Caldera and NetScout Charge and 1998 excludes MSN TV acquired in process technology charge
- 3M's Year-Over operating income is BEI/DA classified as per FAS 142. 1999 data is per company disclosures and not as per analyst pro-forma (in relatively closed 1998 and 1997 data is not available as annual revenues of AOL and Time Warner financials (merged) were not available)
- Yahoo's 1997 1998 income statements is 700 and 1999 (per analyst) is 1997 Operating income for 1997-1999 is not available as per analyst pro-forma (in relatively closed 1998 and 1997 data is not available as annual revenues of AOL and Time Warner financials (merged) were not available)
- State Street's data from March of the following calendar year. The "Fiscal Year" column has been revised 2001 reflects Sony's fiscal 2000 ending in March 2001
- SAP revenue and operating income numbers have been converted to USD based on a fixed exchange rate of 0.895 Euros.
- BEA Systems' fiscal 2001 and 2002 financials were classified as fiscal year 2000 and 2001 for better comparability with its fiscal year ends in January
- Raytheon Software fiscal year pro-forma operating income has been selected based on its annual reports
- Network Associates revenue and operating income for 1998 includes McAfee.com. All other numbers include McAfee.com

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**Investments & Acquisitions**

April 2, 2002

## Agenda

- Equity/debt/VC summary
- Acquisition summary
- Joint Venture summary
- Acquisition details
- Appendix
  - Acquisition key themes
  - List of 85 acquisitions life to date
  - List of 17 Joint Ventures life to date

2

2

## Equity / Debt / VC summary (Life to Date)

Business Unit	# of Positions	Original Cost Basis (\$M's)	Trading Gains/(Losses) incl. dividends (\$M's)	Book Value (\$M's)	Market Value (\$M's)	Economic Gains/(Losses) (\$M's)*
Client / Server	61	\$997	\$719	\$236	\$246	\$406
KW	13	\$213	\$14	\$87	\$91	(\$117)
Business Solutions	2	\$30	\$0	\$10	\$10	\$0
MSN	42	\$3,859	\$1,001	\$2,343	\$2,788	\$2,284**
TV	19	\$10,834	\$3,438	\$5,981	\$5,081	(\$865)
Home & Entertainment	5	\$45	(\$0)	\$31	\$31	(\$14)
NSP / Mobility	41	\$2,337	\$386	\$921	\$1,850	\$58
Commercial	40	\$1,713	\$24	\$418	\$354	(\$1,171)
Research	3	\$102	\$7	\$3	\$4	\$100
Corp	11	\$47	\$22	\$9	\$9	\$3
VC / Incubator	22	\$113	\$1	\$34	\$34	(\$79)
<b>Total</b>	<b>259</b>	<b>\$20,292</b>	<b>\$8,613</b>	<b>\$10,071</b>	<b>\$10,297</b>	<b>\$605</b>

\*Economic gain/losses = Trading gains/losses + Unrealized gains/losses + Accounting adjustments (Treasury definition)

\*\*Includes \$1.28 gain for Expedia (\$216M cost basis)

Other Notes:

1 Numbers do not foot across due to holdings that have been partially sold (original cost includes the cost of sold position)

2 Source of data is LTI as of 3/29/02

## Acquisitions (Life to Date)

Business Unit	# Acquisitions	Original Cost (\$M's)	Impairments (\$M's)*	Impaired Deals
Client/Server	33	\$653.7	(\$101.3)	Sendit
KW	12	\$1,147.9	(\$265.0)	LinkExchange
Business Solutions	3	\$1,775.0		
MSN	19	\$837.4	(\$36.4)	Firefly
TV	4	\$507.5	(\$75.8)	Peach
Home & Entertainment	8	\$224.7		
NSP / Mobility	2	\$19.1		
Research	4	\$190.7		
<b>Total</b>	<b>86</b>	<b>\$6,356.0</b>	<b>(\$478.5)</b>	

- 1 Impairments do not include write-offs for in process R&D (IPRD) at time of acquisition
- 2 Source is MS Deal (some acquisitions updated to reflect true cost of acquisition)
- 3 See slide 16 for name/amount of each acquisition

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## Joint Ventures (Active)

Business Unit	#JV's	Amount (\$M's)
Client/Server	1	\$20.0
KW	1	\$50.0
MSN	4	\$821.9
TV	3	\$9.7
Commercial	3	\$20.3
<b>Total</b>	<b>12</b>	<b>\$921.9</b>

1. Deals such as Avanade and CIS are categorized as investments even though initially they were structured as joint ventures.
2. See slide 17 for summary of joint ventures life to date.

## Review of Selected Acquisitions

### LinkExchange

#### Highlights

#### Lowlights

value: \$268M  
acquired HC: 104  
attrition: 80 (77%)  
date closed: 11/4/98

- Helped MSFT better understand Online services
- Banner exchange still generates around \$3-5M of annual revenues

- Lack of understanding of strategy/vision
- Sponsor of deal left shortly after deal close resulting in BU not knowing why we bought company or what to do with it within 5 months of acquisition close
- Fully written off, deal instigated during .com craze
- Transition "disaster", remote operations (San Francisco)

**Note:** LinkExchange was internet company that had large advertising network with membership of consumers & small businesses. Goal was to aggregate advertising, leverage across MSN properties & bCentral and monetize.

No Financial Data / Model available

### Firefly Networks

#### Highlights

#### Lowlights

value: \$38M  
acquired HC: 20 (total approx. 60)  
attrition: 15 (75%)  
date closed: 4/98

- No highlights

- Acquisition closed in April 98, fully written off in May 98
- Changes in strategy and business mgmt (MSFT) within days of close
- 14 of the 20 employees left shortly after deal close

**Note:** Company provider of Internet privacy and profiling technology. Acquired to accelerate MS' ability to implement products and services that meet the Platform for Privacy Preferences (P3P) privacy protocols. Employees planned to work in Web Essentials Group.

No acquisition model

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# Review of Selected Acquisitions

## WebTV

value: \$425M  
 acquired HC: 266  
 attrition: 167 (63%)  
 date closed: 4/5/97

### Highlights

- Acquired technology base for new MSTV platforms
- Quickly moved to MS infrastructure (SAP, CorpNet, Benefits, etc.)

### Lowlights

- Accumulated \$1.3B of cash operating losses from FY95-FY01 - excl. purchase price
- Goal of 5-10MM customers never met
- Expectations set as "business as usual"

\$ in millions

	Actual				Total2
	FY96	FY99	FY00	FY01	
Revenue	134	156	200	267	860
Opex	376	499	643	831	2,151
Responsibility Margin	(244)	(343)	(383)	(544)	(1,281)

No acquisition model

## Peach

value: \$72M  
 acquired HC: 47  
 attrition: 7 (15%)  
 date closed: 3/3/00

### Highlights

- None

### Lowlights

- Fully written off
- Cost to complete and deploy product greater than expected
- Poor technical due diligence

Note: Low end solution for MS TV platform based in Israel (technology, team and time to market)

\$ in millions	Pre Form Acquisition Model				Total1	Plan / BPR Budget				Total2	Total 2-1 % diff
	FY00	FY01	FY02	FY03		FY00	FY01	FY02	FY03		
Revenue	2	22	87	186	(275)	0	0	0	1	(275)	-100%
COGS	0	1	4	8	14	0	0	0	0	(14)	
Gross Margin	2	21	82	150	262	0	0	0	1	(262)	
Opex	8	31	40	42	120	8	32	12	14	65	-48%
Responsibility Margin	(6)	(10)	43	116	142	(8)	(32)	(12)	(13)	(65)	(46%) NS

Note: Numbers don't include goodwill amortization

# Review of Selected Acquisitions

## Sendit

value: \$127M  
 acquired HC: 106  
 attrition: 44 (42%)  
 date closed: 6/12/99

### Highlights

- Acquired IP & talent focused on telecom carrier market
- Learned key info about mobile data business

### Lowlights

- Lack of clear business strategy (goal was to increase end-user market share but acquired carrier focused company)
- Extreme mismatch with MSFT culture, business model, language, physical separation, product dev. process
- Challenge to integrate (remote location, lack of coordination with MS AE, revenue stream, R&D, etc.)
- Revenue never materialized - projected \$20M per year vs. actual of \$8.4M to date (2.5 years)

Note: Developer of server-side software allowing mobile phone users to access e-mail/internet based in Sweden

No Financial Data / Model available

## Softimage

value: \$130M  
 acquired HC: 119  
 attrition: 116 (97%)  
 date closed: 6/94

### Highlights

- Ported Softimage's high-end 3D animation product from Unix to Windows NT
- Helped drive improvements in x86 architecture (PCI bus, graphics chipsets, AGP)
- Created a high-end integrated Digital Studio media creation architecture and toolset on Windows NT

### Lowlights

- No contribution to Microsoft's core business
- Could have accomplished same results via strong partnership/investments with key industry leaders
- Extreme mismatch with MSFT culture, business model, language, physical separation, product dev. process
- Loss of MSFT credibility due to inconsistent behavior (in then out of high-end media creation)

Sold to Avid 8/98 \$165M

\$ in thousands	Pro Forma Acquisition Model					Actuals					
	FY94	FY95	FY96	FY97	FY98	FY94	FY95	FY96	FY97	FY98	FY95 - FY99
Revenue	32,000	30,000	37,000	48,000	61,000	-	36,288	33,038	39,040	58,519	16%
COGS/CAPEX	31,300	25,800	29,800	36,800	44,700	-	37,444	55,530	37,640	32,563	18%
Reserve/ability Margin	700	4,200	7,100	11,100	16,300	-	(1,156)	(22,492)	2,000	6,469	nm

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# Review of Selected Acquisitions

## Visio

value: \$1.3 B  
 acquired HC: 483 (total approx 650)  
 attrition: 152 (31%)  
 date closed: 1/7/00

### Highlights

- IP used in dev tools & BizTalk
- Similar culture and business processes

### Lowlights

- Lack of post-acquisition sales strategy
- Attrition and integration in sales and marketing

(\$ in millions)	Acquisition Forecast					Pro Forma Actuals & Forecasts					Change in Year Acq. Cost	
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004	2000	2001
Total Revenue	136	344	432	611	1,417	141	366	589	708	854	(633)	-39%
Adjusted Revenue	136	343	432	611	1,417	141	347	564	700	844	(633)	-39%
COGS	5	23	32	42	120	8	32	42	54	68	34	25%
Operating Profit	126	318	400	569	1,297	133	334	547	654	786	(507)	-37%
Other	na	258	238	431	1,117	73	234	249	245	238	387	35%
Responsibility Margin	na	293	268	138	187	106	198	308	409	448	(155)	-38%
Operating Amortization	na	65	139	162	188	12	62	62	122	128	(161)	-24%
Responsibility Margin Less Amortization	na	228	129	(24)	94	136	246	287	320	(100)	-31%	
EBITDA	na	41%	48%	52%	59%	30%	31%	35%	36%	44%	17%	34%

1. Acquisition forecast compares allocated expense to the business. Includes: R&D, support and S&A.  
 2. Pro Forma Actuals and Forecasts include allocated expense to the business. Includes: R&D, support and S&A.  
 3. Cumulative variance of Actuals & Forecasts to Pro Forma Actuals and Forecasts is the change over course of total years 2000-2004.

## Mongo Music

value: \$65M  
 acquired HC: 59  
 attrition: 13 (22%)  
 date closed: 9/00

### Highlights

- Acquired 125,000 encoded songs
- Acquisition played a role in launch of the MSN Music channel

### Lowlights

- MSF™ unable to use the acquired personalization technology as expected (industry litigation)
- Revenues anticipated never materialized therefore headcount had to be adjusted (13 employees involuntarily terminated)

Note: Has over 125,000 encoded songs and technology for personalized radio

(\$ in thousands)	Pro Forma Expenses/EBITDA					Budget / Forecast					Actual	
	FY00	FY01	FY02	FY03	FY04	FY00	FY01	FY02	FY03	FY04	Y1	FY02
Personnel	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360	1,360
COGS	200	200	200	200	200	200	200	200	200	200	200	200
Operating Profit	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160	1,160
Other	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Adjusted Revenue	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160
EBITDA	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160
Responsibility Margin	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160	11,160

Note 1: Pro Forma numbers include the acquisition of the business and the assets and liabilities of the acquired company.  
 Note 2: Pro Forma numbers include the acquisition of the business and the assets and liabilities of the acquired company.  
 Note 3: FY02 Actuals are for 2002.

# Review of Selected Acquisitions

## Vermeer

value: \$126M  
 acquired HC: 27  
 attrition: 19 (70%)  
 date closed: 1/1/96

Note: Acquired Front Page technology (people and time to market)

### Highlights

- Over half a billion of aggregate revenue growth
- Standardized on MS infrastructure to allow seamless flow and collaboration between interdependent orgs

### Lowlights

- Large attrition spike in 2-4 year timeframe attrition surge believed to result from final vesting of converted Vermeer options

In millions	Actual				
	FY97	FY98	FY99	FY00	Total
Revenue	65	89	112	141	397
Op	108	18	108	109	2
Responsibility Margin					25

No acquisition model

Note: Numbers don't include goodwill amortization

## Hotmail

value: \$400M  
 acquired HC: 69  
 attrition: 43 (73%)  
 date closed: 12/97

### Highlights

- Acquisition of 9MM Users
- Augment MSN products and services
- Provided the foundation for Passport and MSN subscriber initiatives

### Lowlights

- Built on competing platform Transition to MSFT platform slow
- Significant cultural challenges and employee resistance to MSFT culture

In thousands	Actual	
	FY97	FY98
Revenue	41,000	95,000
Op	165,000	45,000
Responsibility Margin	110,000	100,000
Revenue Amortization		100,000
Responsibility Margin w/ Amortization		0

Note - Financials are estimated as there is no separate Hotmail P&L

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# Review of Selected Acquisitions

## Intrinsa

value: \$60M  
 acquired HC: 6 (total approx 30)  
 attrition: 0 (0%)  
 date closed: 6/99

Note: Developer of bug-finding software product called PREX - improve internal code development

## Highlights

- 100% employee retention
- MS regarded as industry leader in static analysis research
- Technology used across MSFT internally and contributed to reliability improvements and development cost savings
- Developing the technology internally would have taken at least three additional years
- Cost savings based on the number of bugs identified by the Intrinsa tool are significant

## Lowlights

No Financial Data / Model available

## Bungie

value: \$28M  
 acquired HC: 40  
 attrition: 5 (13%)  
 date closed: 6/00

Note: Game Developer - Need 1st party titles for xbox, Halo is a highly anticipated game

## Highlights

- Halo Xbox exclusive and lead launch title
- Acquired strong talent and technologies

## Lowlights

• None

in thousands	Pre Form 8 Acquisition Model		Actual/Projected	
	FY02	FY03 through Q4	FY02	FY03 through Q4
Price/ac	59,000		59,000	59,000
VC/SI/CAPEX	16,000		16,000	16,000
Revenue/Net Margin	10,000		10,000	10,000

Note: Acquisition includes 4 months of development for excess capacity production and future needs

## Review of Selected Acquisitions

### eShop

value: \$40M  
acquired HC: 20 (total approx 35)  
attrition: 8 (40%)  
date closed: 6/96

**Note:** eHTML technology which integrates with standard HTML browsers and provides improved wallet payment and merchandising features to ship as MS Merchant 1.0, Shopping Plaza to migrate to MSN

### Highlights

- Hired senior team staff in key positions in MSFT (one VP and several level 66 - 68's)
- Quickly shipped Merchant Server 1.0, followed by several more releases of Site Server and Commerce Server using key personal from acquisition
- Issued several patents in Electronic Commerce
- Market penetration of Commerce Server excellent relative to competition

### Lowlights

- Half the team formed an early hosted merchant mall in MSN, which failed
- Market adoption of Commerce Server based technologies much slower to develop than projected

No Financial Data / Model available

# Review of Selected Acquisitions

## Great Plains

value: \$1.1 B  
 acquired HC: 2036  
 attrition: 143 (7%)  
 date closed: 4/5/01

## Highlights

- Entry into mid-market ERP space
- Attrition lower than plan

## Lowlights

- Significantly lowered forecasts – deal is non-accretive by year 3, and GP is now projected to have negative RM in FY04 (excluding goodwill amortization)
- Lack of communication and engagement principles between independent GP channel + MS Sales
- Lack of international platform & strategy

\$ in millions	Pro Forma Acquisition Model				Plan/SFR Budget				Total 2-1	% JT
	FY02	FY03	FY04	Total 2-1	FY02	FY03	FY04	Total 2		
Revenue	42	573	808	1,803	290	345	434	1,099	1,834	58%
COGS	14	180	257	590	85	95	115	295	1,294	71%
Gross Margin	372	393	549	1,213	205	250	319	804	540	14%
SG&A	35	395	415	1,205	257	386	438	1,081	1,241	10%
Operating Margin	(40)	(3)	(15)	6	(52)	(136)	(119)	(222)	(1,026)	NM

Note: Numbers don't include goodwill amortization

## NCompass Labs

value: \$43M  
 acquired HC: 104  
 attrition: 0 (0%)  
 date closed: 5/23/01

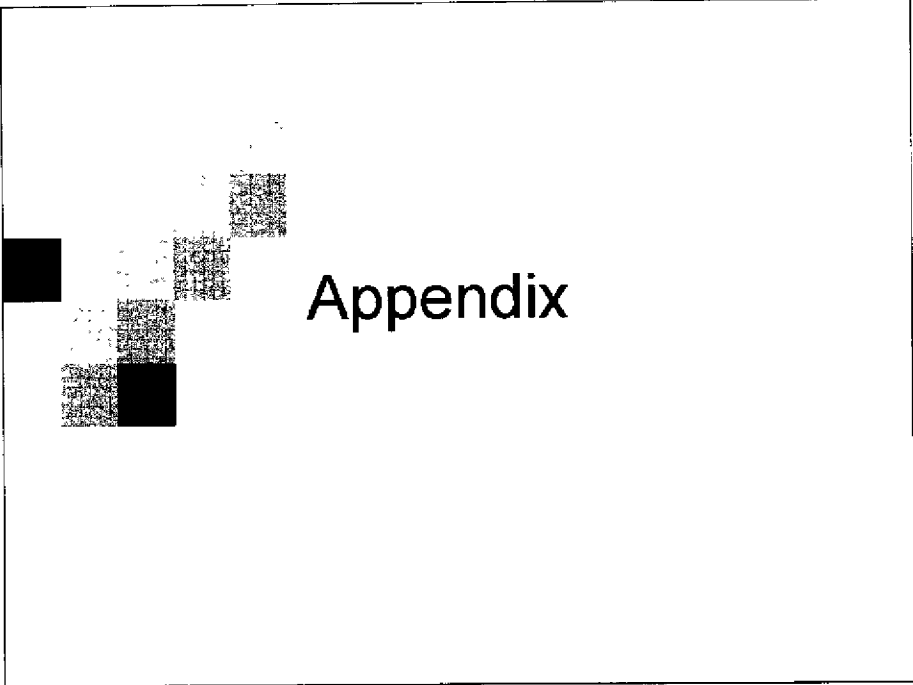
## Highlights

- Dev and Marketing teams RTM and launched MS CMS 8 weeks after close
- Smooth transition of business and employees to Redmond
- Established cross functional business priorities dependencies and planning assumptions early

## Lowlights

- To date, slow US field (sales and consulting) traction
- \$30MM budget for FY02 at risk (budget \$5MM higher than acquisition model)
  - Marketing and sales team still believe \$25MM is possible
  - Finance conservatively estimates \$15-17MM

Note: nCompass develops Content Management solutions for middle market vendors based on MS technology - Ensure we have partners building CM solutions on MS technology



## Acquisitions – Key Themes

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<b>Clear Business Strategy</b>	- LinkExchange - Firefly - Peach - Sendit	- Vermeer - Mongomusic - Hotmail - Intrinsic	- Bungie - Softimage
<b>Understand Target &amp; Market / Effective Due Diligence</b>	- Peach - Hotmail - Mongomusic - Sendit	- LinkExchange?	- Vermeer - Intrinsic - Bungie - Softimage
<b>Post Acquisition Management</b>	- Visio - WebTV - Peach - Firefly	- Hotmail - Sendit - Softimage - LinkExchange?	- Vermeer - Intrinsic - Bungie
<b>Geography</b>	- WebTV - Peach - Hotmail - Sendit	- Softimage - LinkExchange	- Visio

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## Acquisition Detail

<b>Client / Server</b>	<ul style="list-style-type: none"> <li>■ Fox Software-\$140M</li> <li>■ Send1 AG-\$126M</li> <li>■ Vstream-\$65M</li> <li>■ nCompass-\$42.6M</li> <li>■ LinkAge Software-\$30M</li> <li>■ Intense Corp-\$25M</li> <li>■ Zoomit Int-\$21M</li> <li>■ Netvaria-\$20M</li> <li>■ Dimension X-\$18M</li> </ul>	<ul style="list-style-type: none"> <li>■ The Merge Group-\$14.5M</li> <li>■ Network Managers-\$13.5M</li> <li>■ One Tree Software-\$13.4M</li> <li>■ Signal Com-\$13.1M</li> <li>■ Panorama Software-\$12.8M</li> <li>■ Aspect Software-\$12.5M</li> <li>■ Netwise-\$12.5M</li> <li>■ Cclusa Software-\$12M</li> <li>■ Pacific Microseries-\$12M</li> </ul>	<ul style="list-style-type: none"> <li>■ Dynamical Systems-\$10M</li> <li>■ Extera Systems-\$7.6M</li> <li>■ Valence Research-\$7.5M</li> <li>■ Blue Ribbon-\$6.5M</li> <li>■ Bowler Enterprises-\$6M</li> <li>■ Solway Systems-\$4.9M</li> <li>■ Render Morphics-\$3.5M</li> <li>■ Herod-\$3M</li> <li>■ Wakabout Software-\$2.6M</li> </ul>	<ul style="list-style-type: none"> <li>■ MicroQual / Sabote-\$2.7M</li> <li>■ Cooper &amp; Peters-\$2M</li> <li>■ ResaNova Software-\$1.5M</li> <li>■ Navis Systems-\$1M</li> <li>■ Commerce.com-\$0.9M</li> <li>■ Exclusion Software-\$0.2M</li> </ul>
<b>KW</b>	<ul style="list-style-type: none"> <li>■ Vico-\$1,301.1M</li> <li>■ LinkExchange-\$269M</li> <li>■ Vermeer-\$125.9M</li> </ul>	<ul style="list-style-type: none"> <li>■ Design Intelligence-\$20M</li> <li>■ Forethought-\$17M</li> <li>■ SoftDesign-\$15M</li> </ul>	<ul style="list-style-type: none"> <li>■ eLabor.com-\$13M</li> <li>■ Naomal-\$7.2M</li> <li>■ Altamira Software-\$5.6M</li> </ul>	<ul style="list-style-type: none"> <li>■ 3G-\$1.1M</li> <li>■ Equi-\$0.3M</li> <li>■ PSI-\$0</li> </ul>
<b>Business Solutions</b>	<ul style="list-style-type: none"> <li>■ Great Plans-\$1,125M</li> </ul>	<ul style="list-style-type: none"> <li>■ iCommunicate-\$15M</li> </ul>	<ul style="list-style-type: none"> <li>■ WebAppoint-\$7.9M</li> </ul>	
<b>MSN</b>	<ul style="list-style-type: none"> <li>■ Home4-\$365M</li> <li>■ Entropie-\$90.6M</li> <li>■ CompareNet-\$71.5M</li> <li>■ MongoMusic-\$64.7M</li> <li>■ eShop-\$60M</li> </ul>	<ul style="list-style-type: none"> <li>■ Firefly Networks-\$57.5M</li> <li>■ Jump Networks-\$34.4M</li> <li>■ NextBase-\$23.6M</li> <li>■ Dare to Dream-\$20M</li> <li>■ Tuttle Decision Systems-\$20M</li> </ul>	<ul style="list-style-type: none"> <li>■ Oncoff.com-\$12.7M</li> <li>■ Flash Comm-\$7M</li> <li>■ Exos-\$5.9M</li> <li>■ Dr. Matema-\$4.6M</li> <li>■ ADM-\$4.6M</li> </ul>	<ul style="list-style-type: none"> <li>■ Omnibrowse-\$3M</li> <li>■ Mysterious Pursuit-\$1.7M</li> <li>■ Shadow Factor-\$0.4M</li> <li>■ Thinklink-\$0.3M</li> </ul>
<b>TV</b>	<ul style="list-style-type: none"> <li>■ WebTV-\$425M</li> </ul>	<ul style="list-style-type: none"> <li>■ Peach-\$72M</li> </ul>	<ul style="list-style-type: none"> <li>■ CapEnt-\$9.2M</li> </ul>	<ul style="list-style-type: none"> <li>■ Scoutfire-\$1.2M</li> </ul>
<b>Home &amp; Entertainment</b>	<ul style="list-style-type: none"> <li>■ Ensemble-\$84.5M</li> <li>■ Access Software-\$40.4M</li> </ul>	<ul style="list-style-type: none"> <li>■ Bruce Arvick Org-\$35M</li> <li>■ Virtual Worlds-\$30M</li> </ul>	<ul style="list-style-type: none"> <li>■ Bungle Software-\$26M</li> <li>■ Digital Anvil-\$3M</li> </ul>	<ul style="list-style-type: none"> <li>■ NetGames-\$2.6M</li> <li>■ Electric Gravity-\$1M</li> </ul>
<b>NSP / Mobility</b>	<ul style="list-style-type: none"> <li>■ STNC Enterprises Ltd-\$18M</li> </ul>	<ul style="list-style-type: none"> <li>■ AHA Software-\$1.1M</li> </ul>		
<b>Research</b>	<ul style="list-style-type: none"> <li>■ SolImage-\$130M</li> </ul>	<ul style="list-style-type: none"> <li>■ iMarsa-\$50M</li> </ul>	<ul style="list-style-type: none"> <li>■ Numerous-\$3.5M</li> </ul>	<ul style="list-style-type: none"> <li>■ Natural Language Inc-\$1.3M</li> </ul>



## Joint Ventures

Business Unit	Name	Amount (\$M)	P/L Impact (\$M)	Book Value (\$M)
<b>ACTIVE JVs</b>				
Client/Server	Music Choice	\$20.0	(\$3.0)	\$17.0
KW	ContentGuard	\$50.0	(\$36.3)	\$12.0
MSN	MSNBC Cable	\$624.8	(\$498.0)	\$126.8
	Internet Gold	\$0.1	\$0.0	\$0.1
	Nine MSN	\$171.6	(\$169.3)	\$2.3
	T1 MSN	\$25.5	(\$13.7)	\$11.8
TV	TAK	\$3.5	(\$3.5)	\$0.0
	TAK II	\$6.2	(\$6.2)	\$0.0
	WebTV	?	?	
Commercial	bNexus	\$11.4	(\$11.4)	\$0.0
	Nextide	\$4.8	\$0.0	\$4.8
	Mobimagic	\$4.1	(\$0.2)	\$3.9
<b>CLOSED or RESTRUCTURED JVs</b>				
MSN	Radioshack.com	\$100.0	(\$12.0)	\$88.0
	Starband	\$50.0	(\$50.0)	\$0.0
	MSBET	\$5.0	(\$5.0)	\$0.0
NSP/Mobility	Wireless Knowledge	\$34.0	(\$34.0)	\$0.0
Commercial	Avanade	\$385.0	(\$237.0)	\$148.0

Explanation of LTI Calculations

<i>Original Cost Basis</i>	The original funding amount for the investment
<i>Step-up/Step-down</i>	Accounting basis adjustments due to gains or losses on mergers/acquisitions. These adjustments are run through the income statement in the quarter in which they occur. An excellent example in the Microsoft portfolio is the Healtheon/WebMD investment. Microsoft was forced to take a \$201 million step-up due to the Healtheon acquisition of WebMD. The cost basis per share was raised from \$30.16 to \$37.06 on the common shares, and from \$17.14 to \$25.87 on the warrants. When the stock declined, the subsequent loss on the investment appeared to be greater because of this step-up in the cost basis.
<i>Impairment</i>	According to the FASB, an investment should be impaired and taken through the income statement when there is "an other than a temporary decline in its value." Traditionally, Microsoft had only impaired investments when it was clear that the company had gone bankrupt. However, recent accounting guidelines have suggested that prolonged losses of any nature be run through the P/(L) statement as well.
<i>FAS 133</i>	FASB Rule 133 states that changes in the market values of derivatives need to be run through to the income statement. Microsoft has been calculating the intra-quarter change in market values since the beginning of FY01. The rule especially affects Microsoft's hedge transactions and net-share settle warrants.
<i>Accounting Adjustments</i>	The sum of step-up/step down + Impairment + FAS 133
<i>Dividend &amp; Accretion</i>	Contains all cash dividends, paid-in-kind stock dividends, and accretive basis adjustments.
<i>Realized Trading Gain/(Loss)</i>	Reflects all gains/losses on sales of an investment minus the portion of the cost associated with the shares that are sold.
<i>P/(L) Impact</i>	Sums all accounting adjustments with all gains from sales to reflect any gains taken over the life of the investment.
<i>Book Value</i>	Portion of the original cost that remains on the gains/losses yet to be realized.
<i>Market Value</i>	The mark-to-market value of all shares remaining from the initial investment.
<i>Unrealized Gain/(Loss)</i>	The market value of remaining shares minus the new (remaining) cost basis.
<i>Economic Gain/(Loss)</i>	Sums all realized gains/losses with unrealized gains/losses to produce a total gain/loss number for an investment.

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Company	Business Unit	VL Gov Status	# of Pos/Secs	A										Book Value
				Original Cost Basis (\$M)	Step Up/Down	Impairment	IFAS 133	Accounting Adjustments	Dividends + Accretion	Trading Chg	Trading Gains/Losses incl. derivatives (net)	P/L Impact		
Adco, Inc.	Client / Server	Past	1	\$5	\$0	(\$0)	\$0	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)	\$0
Alkerm	Client / Server	Treasury	1	\$0	(\$1)	\$0	(\$1)	(\$1)	\$0	\$0	\$0	(\$0)	(\$0)	\$0
Alkerm (partially hedged)	Client / Server	Treasury	1	\$75	(\$1)	(\$34)	(\$0)	(\$35)	\$1	(\$4)	(\$3)	(\$38)	(\$38)	\$4
Apple	Client / Server	Past	1	\$130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Artisoft	Client / Server	Active	1	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Avcon	Client / Server	Active	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
Avcon Preferred	Client / Server	Active	1	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2
Avcon Warrants	Client / Server	Active	1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Bohard (partially hedged)	Client / Server	Treasury	1	\$36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27
Comcast.com	Client / Server	Active	1	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Cross Edge	Client / Server	Treasury	1	\$1	(\$1)	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$0)	(\$0)	\$0
Cruz Hedge	Client / Server	Past	1	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$142	\$142	\$142	\$0
Comscore Inc	Client / Server	Active	1	\$99	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$49
Domit Vail Systems	Client / Server	Active	1	\$18	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18
Cooper Winans	Client / Server	Past	1	\$6	\$0	\$0	(\$5)	(\$5)	\$0	\$0	\$0	(\$5)	(\$5)	\$1
Component Source Convert	Client / Server	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Coal	Client / Server	Active	1	\$135	\$0	(\$85)	\$0	(\$85)	\$0	\$0	\$0	(\$85)	(\$85)	\$50
CSI (Chesapeake, Inc.)	Client / Server	Past	1	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	(\$0)	\$0
DBC ABCD Alliance (Compaq)	Client / Server	Past	1	\$40	\$0	(\$40)	\$0	(\$40)	\$0	\$0	\$0	(\$40)	(\$40)	\$0
Dialogic	Client / Server	Past	1	\$34	\$0	\$0	\$0	\$0	\$0	\$0	\$16	\$16	\$16	\$0
Digital Entertainment Network	Client / Server	Treasury	1	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	(\$4)	\$0
Evols	Client / Server	Past	1	\$5	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	(\$4)	\$1
Genetec Wang Lab	Client / Server	Past	1	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25
Glaxo	Client / Server	Active	1	\$34	(\$0)	(\$11)	(\$1)	(\$12)	\$0	(\$0)	(\$0)	(\$12)	(\$12)	\$0
Infotage II	Client / Server	Active	1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Infotage Inc.	Client / Server	Active	1	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	(\$0)	\$0
Infobase	Client / Server	Active	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
Intermec Common	Client / Server	Active	1	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	(\$4)	\$0
Intermec Convert	Client / Server	Active	1	\$66	\$0	(\$37)	\$0	(\$37)	\$6	\$0	\$6	(\$31)	(\$31)	\$25
Intermec II	Client / Server	Active	1	\$5	\$0	\$0	\$0	\$0	\$6	\$0	\$0	\$0	\$0	\$5

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InfoVU	Client / Server	Treasury		52	50	50	50	50	50	50	50	50	50	50
logica	Client / Server	Pat		53	50	(35)	50	(51)	50	50	50	50	50	50
Sybase, Inc	Client / Server	Active		58	50	(58)	50	(58)	50	50	50	50	50	50
Itax Communications Ltd	Client / Server	Active		55	50	(55)	50	(55)	50	50	50	50	50	50
Loudbye	Client / Server	Active	1	510	50	(59)	50	(59)	50	50	50	50	(59)	51
Microstock	Client / Server	Treasury	1	51	50	(51)	50	(51)	50	50	50	50	(51)	51
Media Wave	Client / Server	Active	1	53	50	(53)	50	(53)	50	50	50	50	(53)	54
MTSL	Client / Server	Pat	1	510	50	50	50	50	50	50	50	50	50	50
Norval	Client / Server	Treasury	1	53	50	50	50	50	50	50	50	50	50	50
Radi Networks	Client / Server	Pat	1	538	50	50	50	50	50	50	50	50	50	50
Reciprocal (and Brand Investment)	Client / Server	Pat	1	51	50	(51)	50	(51)	50	50	50	50	(51)	50
Reciprocal (Rights Exchange)	Client / Server	Pat	1	515	50	(515)	50	(515)	50	50	50	50	(515)	50
Reciprocal Inc.	Client / Server	Pat	1	510	50	(510)	50	(510)	50	50	50	50	(510)	50
RioPort.com	Client / Server	Treasury	1	52	50	(51)	50	(51)	50	50	50	50	(51)	51
Santa Cruz	Client / Server	Pat	1	529	50	50	50	50	50	50	50	50	50	50
SeaChange	Client / Server	Active	1	510	50	(55)	50	(55)	50	50	50	50	(55)	55
Sigal	Client / Server	Pat	1	509	50	50	50	50	50	50	50	50	50	50
C-Span	Client / Server	Active	1	518	50	(54)	50	(54)	50	50	50	50	(54)	56
SmartPipes	Client / Server	Active	1	50	50	50	50	50	50	50	50	50	50	50
Spyglass/ OpenTV	Client / Server	Pat	1	54	50	50	50	50	50	50	(55)	50	50	50
SRS Labs	Client / Server	Treasury	1	53	50	(54)	50	(54)	50	50	50	50	(54)	51
Stac	Client / Server	Pat	1	50	50	50	50	50	50	50	(52)	50	(52)	50
Theragworld	Client / Server	Pat	1	54	50	(54)	50	(54)	50	50	50	50	(54)	50
Time Communications	Client / Server	Pat	1	512	50	(51)	50	(51)	50	50	50	50	(51)	50
VideoProform	Client / Server	Treasury	1	54	50	50	50	50	50	50	50	50	50	50
VenustCom, Inc	Client / Server	Active	1	53	50	(53)	50	(53)	50	50	50	50	(53)	52
VenustCom, Inc (Round 2)	Client / Server	Active	1	52	50	50	50	50	50	50	50	50	50	50
Vorhagen (Ledges)	Client / Server	Pat	1	57	50	50	50	50	50	50	50	50	50	50
Wang	Client / Server	Pat	1	571	50	50	50	50	50	50	50	50	50	50
Wildfire	Client / Server	Pat	1	50	50	50	50	50	50	50	50	50	50	50
Zenith Technologies	Client / Server	Active	61	597	50	(522)	(51)	(525)	(51)	514	50	50	50	50
Ashton Cooper	KW	Active	1	585	50	(54)	50	(54)	50	50	50	50	(53)	511
Connect Commerce LP	KW	Active	1	511	50	(56)	50	(56)	50	50	50	50	(56)	55
elabor.com	KW	Active	1	510	50	(55)	50	(55)	50	50	50	50	(55)	55
General Mgmt	KW	Treasury	1	54	50	(51)	50	(51)	50	50	50	50	(51)	50
Groove Networks	KW	Active	1	551	50	50	50	50	50	50	50	50	50	551
Groove Networks Round 2	KW	Active	0	50	50	50	50	50	50	50	50	50	50	50

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Neatly	KW	Treasury	1		\$5	\$8	\$5	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$5	
Natural Language Inc.	KW	Treasury	1		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
N Krishan Warran	KW	Treasury	0		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
N Krishna, LLC	KW	Part	1		\$1	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$1	
Nycor, Inc	KW	Active	1		\$1	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$1	
Owens Corning Fiberglas	KW	Active	1		\$3	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
Tractor	KW	Active	1		\$3	\$8	(\$3)	\$8	(\$3)	\$8	\$8	\$8	\$8	(\$3)	\$8	
Valco	KW	Active	1		\$8	\$8	(\$8)	\$8	(\$8)	\$8	\$8	\$8	\$8	(\$8)	\$8	
Venocite Preferred	KW	Active	1		\$108	\$8	(\$136)	(\$189)	\$8	(\$136)	(\$189)	\$11	\$8	\$11	(\$18)	\$2
	KW		13	\$213	\$8	(\$136)	(\$189)	\$8	(\$136)	(\$189)	\$11	\$8	\$11	(\$18)	\$2	
Bizjournals.com	Business Solutions	Active	1		\$28	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
CPA2Biz	Business Solutions	Active	1		\$18	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$18	
Advanced Video Communications	Business Solutions	Part	2	\$38	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$10	
	MSN	Part	1		\$1	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$1	
Best Buy (partially hedged)	MSN	Active	1		\$218	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$284	
Bot.com	MSN	Treasury	1		\$3	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$3	
Case (Ander) Connect	MSN	Part	1		\$48	\$8	(\$28)	(\$8)	(\$43)	\$8	\$8	\$8	\$8	\$8	\$48	
Casebuster	MSN	Part	1		\$18	\$8	\$8	(\$1)	(\$1)	\$8	(\$7)	(\$7)	(\$7)	(\$8)	\$8	
Carpoint	MSN	Active	1		\$18	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$18	
Chadline (partially hedged)	MSN	Active	1		\$48	\$8	(\$24)	\$8	(\$24)	\$8	\$8	\$8	\$8	(\$18)	\$18	
CMGI	MSN	Active	1		\$7	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$7	
Comcast	MSN	Treasury	1		\$28	\$8	(\$13)	\$8	(\$13)	\$8	\$8	\$8	\$8	(\$13)	\$8	
Deering Kunderle	MSN	Part	1		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
Expedia	MSN	Part	1		\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
Expedia (now USA)	MSN	Part	0		\$216	\$1,241	\$8	\$8	\$1,241	\$8	\$8	\$8	\$8	\$1,241	\$8	
Facebook	MSN	Active	1		\$8	\$8	(\$1)	(\$7)	(\$8)	\$8	\$8	\$8	\$8	(\$8)	\$8	
FairfaxFinancial	MSN	Treasury	1		\$1	\$8	(\$1)	\$8	(\$1)	\$8	\$8	\$8	\$8	(\$1)	\$8	
Globe Cable Commco	MSN	Active	1		\$126	\$8	(\$15)	(\$15)	(\$78)	\$8	\$8	\$8	\$8	(\$78)	\$8	
Government	MSN	Active	1		\$12	\$8	(\$6)	(\$6)	(\$12)	\$8	\$8	\$8	\$8	(\$12)	\$8	
InfoSpace	MSN	Part	1		\$8	\$23	(\$32)	\$8	\$1	\$8	\$8	\$8	\$8	\$1	\$8	
International ThruLink Bridge*	MSN	Part	1		\$25	\$8	\$8	\$8	(\$25)	\$8	\$8	\$8	\$8	(\$25)	\$8	
Kontron	MSN	Active	1		\$5	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$5	
Korea Telecom	MSN	Active	1		\$46	\$8	(\$38)	\$8	(\$38)	\$8	\$8	\$8	\$8	(\$38)	\$8	
KL Fintel	MSN	Active	1		\$113	\$8	(\$42)	(\$38)	(\$42)	\$8	\$8	\$8	\$8	(\$42)	\$8	
Lamont	MSN	Active	1		\$88	\$8	(\$13)	\$8	(\$13)	\$8	\$76	\$76	\$84	(\$8)	\$8	
Ligand	MSN	Treasury	1		\$21	\$8	(\$17)	\$8	(\$17)	\$8	\$8	\$8	\$8	(\$17)	\$8	
Ligand Warran	MSN	Active	0		\$8	\$8	\$8	\$8	\$1	\$8	\$8	\$8	\$8	\$1	\$8	
Moment	MSN	Active	1		\$78	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	
Moticon	MSN	Active	1		\$18	\$8	\$8	\$8	\$8	\$8	\$11	\$11	\$11	\$11	\$8	
New Edge Networks	MSN	Part	1		\$5	\$8	(\$5)	\$8	(\$5)	\$8	\$8	\$8	\$8	(\$5)	\$8	
Newedge	MSN	Active	1		\$11	\$8	(\$18)	\$8	(\$18)	\$8	\$8	\$8	\$8	(\$18)	\$8	

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Radford.com	MSN	Active	1	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
RealNews	MSN	Active	1	\$30	\$0	(\$30)	\$0	(\$30)	\$0	\$0	\$0	(\$30)	\$0
RealNews*	MSN	Active	1	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25
Samsonnet (Infopace)	MSN	Part	1	\$0	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0
Silverlink (now Ticketmaster)	MSN	Part	1	\$07	\$156	\$0	\$0	\$156	\$0	\$0	\$0	\$156	\$0
Simplecity Inc.	MSN	Active	1	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0
Simplecity Inc.	MSN	Active	1	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Starband	MSN	Active	1	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0
Starband	MSN	Active	0	\$00	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telecom New Zealand	MSN	Active	1	\$120	\$0	(\$3)	\$0	(\$3)	\$4	\$0	\$4	(\$29)	\$95
Ticketmaster	MSN	Treasury	1	\$00	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)	\$0
Ticketmaster (partially hedged)	MSN	Treasury	1	\$100	\$0	(\$93)	(\$0)	(\$93)	\$0	\$13	\$13	(\$70)	\$60
Transport (now Checkline)	MSN	Active	1	\$170	\$303	\$0	\$0	\$243	\$0	\$0	\$0	\$243	\$0
Table Decision Systems, Inc.	MSN	Treasury	1	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Telco System	MSN	Treasury	0	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12
USA Convertible	MSN	Active	0	\$737	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$737
USA Networks	MSN	Active	1	\$070	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$070
USA Wizards	MSN	Active	0	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100
WorldCom	MSN	Active	1	\$16	\$0	\$0	\$0	\$0	\$0	\$016	\$016	\$016	\$0
Worldcom Wizards	MSN	Active	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Yan D'agra. Technology	MSN MSN	Active	42	\$1,859	\$1,694	(\$721)	(\$109)	\$130	\$0	\$0	\$0	\$1,859	\$1,341
@Home Network Sekizans	TV	Part	1	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$1	\$1	\$0
AT&T Convertible	TV	Active	1	\$5,000	\$0	\$0	(\$200)	(\$200)	\$0	\$0	\$0	\$0	\$4,800
Chiefs	TV	Active	1	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7
Chrysler	TV	Treasury	1	\$0	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0
Comcast	TV	Active	1	\$1,000	\$0	\$0	(\$0)	(\$0)	\$97	\$2,364	\$1,467	\$2,464	\$0
Digital (formerly Time Communications)	TV	Active	1	\$200	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$200
NFL (partially hedged)	TV	Active	1	\$479	\$0	(\$405)	(\$33)	(\$477)	\$0	\$16	\$16	(\$461)	\$0
PT Multimedia	TV	Active	1	\$09	\$0	(\$16)	(\$5)	(\$21)	\$0	\$0	\$0	(\$21)	\$0
PTN.Com	TV	Active	1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Roadrunner	TV	Part	1	\$113	\$0	(\$0)	\$0	(\$0)	\$0	\$175	\$175	\$175	\$0
Rogers Preferred	TV	Active	1	\$00	\$0	\$0	(\$0)	(\$0)	\$42	\$0	\$42	\$42	\$0
TAK 2 (equal contribution)	TV	Active	1	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Telewest	TV	Active	1	\$2,750	\$0	(\$2,000)	\$0	(\$2,000)	\$0	\$0	\$0	(\$2,000)	\$750
Thomson (partially hedged)	TV	Active	1	\$102	\$0	\$0	\$0	\$0	\$0	\$100	\$100	\$100	\$0
To-ka To-ka	TV	Active	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
To-ka To-ka	TV	Active	1	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14

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United Pan Europe	TV	Active	1	52%	50	(1132)	38	(1132)	38	24	34	(548)	50
United Pan Europe Warrants	TV	Active	1	56	50	0	(218)	(218)	50	(228)	(219)	(356)	50
Wick	TV	Active	1	50	50	(324)	(321)	(324)	50	50	50	(325)	52
	TV	Active	39	\$10,834	\$306	(\$3,599)	(\$331)	(\$3,484)	\$788	\$2,451	\$3,408	\$34	\$4,981
Big Huge Games	Home & Entertainment	Active	1	54	50	50	50	50	50	50	50	50	54
Comcast	Home & Entertainment	Treasury	1	51	50	(50)	50	(50)	50	(50)	(50)	(51)	50
Digital Asia	Home & Entertainment	Put	1	513	50	(59)	50	(59)	50	50	50	(55)	50
Discovery SKG	Home & Entertainment	Active	-	527	50	50	50	50	50	50	50	50	527
Infogrames	Home & Entertainment Home & Entertainment	Treasury	5	51	50	(51)	50	(51)	50	50	50	(51)	50
			5	545	50	(50)	50	(50)	50	(50)	(50)	(57)	531
2nd Century Communications	NSP / Mobility	Treasury	1	510	50	(518)	50	(518)	50	50	50	(510)	50
Autodesk Technology Systems	NSP / Mobility	Active	1	53	50	(53)	50	(53)	50	50	50	(53)	50
Avango	NSP / Mobility	Put	1	55	50	(54)	50	(54)	50	(50)	(50)	(54)	50
Broadband Office	NSP / Mobility	Treasury	1	525	50	(525)	50	(525)	50	50	50	(525)	50
BroadbandView (named changed from ISS)	NSP / Mobility	Treasury	1	528	50	(528)	50	(528)	50	50	50	(528)	50
Cablebeam 1st Round (previously Starburst)	NSP / Mobility	Active	1	53	50	(53)	50	(53)	50	50	50	(53)	50
Cablebeam 2nd Round (previously Starburst)	NSP / Mobility	Active	1	53	50	50	50	50	50	50	50	50	53
Cablebeam	NSP / Mobility	Treasury	1	518	50	(59)	50	(59)	50	50	50	(59)	51
Data Return	NSP / Mobility	Put	1	55	50	(55)	50	(55)	50	50	50	(55)	50
Digital Preferred	NSP / Mobility	Active	1	530	50	(510)	(512)	(522)	54	50	54	(518)	524
Digital Island	NSP / Mobility	Put	1	525	50	(514)	50	(514)	50	51	51	(523)	50
Dirtec	NSP / Mobility	Active	1	583	50	(569)	50	(569)	50	50	50	(569)	518
DSLnet	NSP / Mobility	Put	1	515	50	(514)	50	(514)	50	(50)	(50)	(514)	50
Eurocom	NSP / Mobility	Other	0	521	50	(521)	50	(521)	50	50	50	(521)	50
FutureTel Convert	NSP / Mobility	Treasury	1	518	50	(518)	50	(518)	51	50	51	(518)	50
High Speed Access Corporation	NSP / Mobility	Put	1	518	50	(59)	50	(59)	50	(50)	(50)	(518)	50
InterNet	NSP / Mobility	Active	1	513	50	(57)	(52)	(59)	50	50	50	(59)	53
InterNet Convert	NSP / Mobility	Put	1	519	50	(519)	50	(519)	51	52	52	(519)	50
ISI (International Computers)	NSP / Mobility	Active	1	562	50	50	50	50	50	50	50	50	562
ITXC	NSP / Mobility	Treasury	1	53	(54)	(52)	50	(52)	50	51	51	(52)	50
Neo Communications	NSP / Mobility	Treasury	1	530	50	(518)	50	(518)	50	50	50	(518)	50
Keen Telecom Bonds	NSP / Mobility	Active	1	5485	50	50	50	50	50	50	50	50	5485
Keen Telecom Calls	NSP / Mobility	Active	0	(511)	50	50	50	50	50	50	50	50	(511)
Keen Telecom Warrants	NSP / Mobility	Active	1	514	50	50	50	50	50	50	50	50	514
Keen Group T3 Warrants	NSP / Mobility	Active	1	50	50	50	50	50	50	50	50	50	50
Marsatec	NSP / Mobility	Put	1	57	50	(57)	50	(57)	50	50	50	(57)	50
Nexel (partially hedged)	NSP / Mobility	Put	1	5482	50	(528)	50	(528)	50	5202	5282	5174	5258

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Neuhuk Preferred	NSP / Mobility	Treasury		\$49	\$38	(\$15)	(\$4)	(\$53)	\$14	\$0	\$18	(\$42)	\$8
Novel	NSP / Mobility	Active		\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$4	\$0
Northpost Communications	NSP / Mobility	Treasury		\$30	\$4	(\$23)	(\$1)	(\$13)	\$0	\$0	\$0	(\$23)	\$7
Oracle Access Convert	NSP / Mobility	Put	1	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0
Palisport	NSP / Mobility	Put	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Quest	NSP / Mobility	Put	1	\$212	\$0	\$0	\$0	\$0	\$0	\$114	\$114	\$114	\$0
Rhythms Reconnection	NSP / Mobility	Treasury	1	\$0	\$0	(\$17)	\$0	(\$17)	\$0	(\$0)	(\$0)	(\$17)	\$3
Sando	NSP / Mobility	Active	1	\$11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12
Sando Holdings plc - Loan*	NSP / Mobility	Active	1	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14
Taligent Preferred	NSP / Mobility	Treasury	1	\$196	\$0	(\$71)	\$0	(\$21)	\$38	\$0	\$38	(\$191)	\$5
Uasys	NSP / Mobility	Put	1	\$12	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	(\$0)	(\$0)	\$0
Unicommercing	NSP / Mobility	Active	1	\$0	\$0	(\$46)	\$10	(\$36)	\$0	\$0	\$0	(\$36)	\$14
USWeb	NSP / Mobility	Put	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
USWeb Warrants	NSP / Mobility	Put	0	\$15	\$12	\$0	(\$27)	(\$15)	\$0	\$0	\$0	(\$15)	\$0
Verata	NSP / Mobility	Treasury	1	\$12	\$0	(\$0)	(\$4)	(\$12)	\$0	(\$0)	(\$0)	(\$12)	\$0
Wireless Preferred	NSP / Mobility	Treasury	1	\$219	\$0	(\$25)	(\$14)	(\$34)	\$10	\$0	\$20	(\$219)	\$1
Wireless Knowledge Bridge Loan*	NSP / Mobility	Put	1	\$0	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0
Wireless Knowledge Private	NSP / Mobility	Put	41	\$1	\$0	(\$1,045)	(\$05)	(\$1,067)	\$64	\$0	\$0	(\$071)	\$01
				\$2,337	\$00				\$321	\$386		\$921	
Accurate	Commercial	Active	1	\$31	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)	\$31
Allian SA	Commercial	Active	1	\$3	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$3
Asubal	Commercial	Active	1	\$20	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$9
Amcare Convertible	Commercial	Active	1	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
Ask Global Crossing	Commercial	Active	1	\$324	\$0	(\$231)	\$0	(\$231)	\$0	\$0	\$0	(\$231)	\$00
Avanade	Commercial	Active	1	\$100	\$0	(\$130)	\$0	(\$130)	\$0	\$0	\$0	(\$130)	\$140
BlackBoard	Commercial	Active	1	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
Blaze	Commercial	Active	1	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$3
CTP (Cambridge Technology Partners)	Commercial	Put	1	\$0	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0
Dialogic Communications Corp	Commercial	Active	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
Elemental Software / KPMG	Commercial	Active	1	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2
Encore	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure (E-Development) common	Commercial	Active	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure (E-Development) preferred	Commercial	Active	1	\$10	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$5

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Adas	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ePresence (formerly Warnata)	Commercial	Active	1	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$1	\$1
ePresence (formerly Bayan)	Commercial	Active	0	\$10	\$0	(\$8)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0
Estimate Logic	Commercial	Active	1	\$13	\$0	(\$11)	\$0	(\$11)	\$0	\$0	\$0	(\$11)	\$0
G.A. Sullivan	Commercial	Active	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
Genesis Design Automation	Commercial	Part	1	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0
GigaMedia	Commercial	Treasury	1	\$30	\$0	(\$10)	(\$10)	(\$20)	\$0	\$0	\$0	(\$20)	\$0
Healthcare/WebMD	Commercial	Active	-	\$300	\$0	(\$30)	\$0	(\$30)	\$0	\$24	\$24	(\$105)	\$0
Healthcare/WebMD Warnata	Commercial	Active	0	\$204	\$119	\$0	(\$132)	(\$132)	\$0	\$0	\$0	(\$132)	\$1
Intel	Commercial	Active	-	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
Isaac	Commercial	Part	1	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0
KMPG	Commercial	Active	1	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
KPMG/US LLC	Commercial	Active	0	\$2	\$0	\$0	(\$2)	(\$2)	\$0	\$0	\$0	(\$2)	\$0
Luxat/US Alliance	Commercial	Active	1	\$21	\$0	(\$21)	\$0	(\$21)	\$0	\$0	\$0	(\$21)	\$0
MarchFirst (formerly USWeb/CKS)	Commercial	Part	1	\$30	\$0	(\$30)	\$0	(\$30)	\$0	\$0	\$0	(\$30)	\$0
Microsoft Alliance	Commercial	Part	1	\$12	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$0
NTP Seattle/Custom/Calsonic Inc.	Commercial	Active	1	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0
OpenWeb	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plural	Commercial	Active	1	\$20	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$10
Plural II	Commercial	Active	-	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Qology (Solitech)	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rare Media Alliance	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Silicon Software Warnata	Commercial	Part	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Silicon Software, Inc	Commercial	Part	1	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0
Speednet	Commercial	Active	1	\$7	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0
Superior Consulting	Commercial	Active	1	\$6	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0
Superior Consulting Warnata	Commercial	Active	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tandon	Commercial	Part	1	\$25	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0
Webbox Technologies	Commercial	Active	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Webbox Technologies	Commercial	Active	0	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Xerox (formerly XI Connect)	Commercial	Active	1	\$5	\$0	\$0	\$0	\$0	\$0	\$24	\$24	(\$1,107)	\$418
			40	\$1,713	\$202	(\$940)	(\$372)	(\$1,311)	\$0	\$24	\$24	(\$1,107)	\$418
Avid	Research	Treasury	1	\$07	\$0	(\$40)	(\$21)	(\$60)	\$0	\$7	\$7	(\$41)	\$1
Avid Technology	Research	Treasury	-	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2
Software (now Avid)	Research	Treasury	-	\$13	\$161	\$161	\$0	\$0	\$161	\$0	\$0	\$0	\$161
Research	Research	Treasury	-	\$102	\$161	(\$48)	(\$11)	\$92	\$0	\$7	\$7	\$0	\$3
Amazon	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Arise	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Avance	Corp	Part	1	\$3	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0
Broadcom	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Ciena Forward	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0
Cisco	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0
Comcast	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equifax	Corp	Part	1	\$3	\$0	(\$5)	\$0	(\$3)	\$0	\$2	\$2	(\$1)	\$0
Exxon	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	(\$0)	\$0
HP	Corp	Part	1	\$16	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$10	\$0
Malibu	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Integrated Systems Co, Ltd	Corp	Part	0	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0
ITW	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0
Kam	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Level 2	Corp	Treasury	1	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0
Open Port Technology	Corp	Active	1	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0
Photo Imulex	Corp	Treasury	1	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0
PVC Sierra	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Proton	Corp	Part	1	\$1	\$0	(\$1)	\$0	(\$1)	\$0	(\$1)	(\$1)	(\$1)	\$0
Rambow Multimedia	Corp	Part	1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Ramtec Technology Inc	Corp	Part	1	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4
Ramtec Technology-Compaq payoff	Corp	Part	0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ranier Tech Warnat	Corp	Part	0	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0
SolidState Systems	Corp	Part	1	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0
UCOMA	Corp	Part	1	\$4	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$2	\$0
Vento	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WebX	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Yahoo	Corp	Part	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
@Venture Expansion Fund	VC / Incubator	Active	11	\$47	\$0	(\$19)	\$0	(\$19)	\$0	\$22	\$22	\$3	\$0
@Venture III LP	VC / Incubator	Active	1	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0
Accel Internet Fund II LLC	VC / Incubator	Active	1	\$9	\$0	(\$9)	\$0	(\$9)	\$0	\$0	\$0	(\$9)	\$1
Accel Internet Fund III LLC	VC / Incubator	Active	1	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$0)	\$1
ADG Orion Fund, LP	VC / Incubator	Active	1	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1
Aradigm I	VC / Incubator	Active	0	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1
Aradigm II	VC / Incubator	Active	1	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1
Angel (Q) Investors II	VC / Incubator	Active	1	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$1
Azure Venture Partners	VC / Incubator	Active	1	\$11	\$0	(\$7)	\$0	(\$7)	\$0	\$0	\$0	(\$7)	\$4
Chrysalis Venture Fund	VC / Incubator	Active	1	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1
Connect Capital Fund	VC / Incubator	Active	1	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2
Cyber Pulse Networks	VC / Incubator	Active	1	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0
Faustas	VC / Incubator	Active	1	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$1	\$1	(\$1)	\$0
Globe Investment Fund II	VC / Incubator	Active	1	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1
Insight Venture Capital Partners III	VC / Incubator	Active	1	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1
Kim I Venture Services S.A. (Italian VC fund)	VC / Incubator	Active	0	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0
Kim II Venture Services S.A. (Italian VC fund)	VC / Incubator	Active	1	\$4	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1
Madison Venture Fund	VC / Incubator	Active	1	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1
Maurit Renaissance, Inc.	VC / Incubator	Active	1	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0
MicroUnity	VC / Incubator	Active	1	\$25	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0
Modern Access Growth Fund I, P.	VC / Incubator	Active	1	\$4	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1
New Enterprise Associates (NEA) 9	VC / Incubator	Active	0	\$0	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1
New Enterprise Associates (NEA) VIII	VC / Incubator	Active	1	\$10	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$1
Ventures III I, C, II	Other	VC	0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Ventures III LLC, I	Other	Active	1	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Warhog	Other	Part	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VC / Incubator			21	\$113	\$0	(\$80)	\$0	(\$80)	\$0	\$0	\$1	(\$79)	\$14
Total			209	\$20,292	\$1,618	(\$4,918)	(\$0)	(\$4,918)	\$0	\$4,725	\$5,613	(\$80)	\$18,971

Note - Original cost basis above \$50M more than 100 days following following included  
 Thinklink bridge \$25M  
 Sea/Norco \$25M  
 Seeds Holdings \$10M  
 Wireless Knowledge bridge \$8M  
 Wireless \$1M

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I		G		H	
G = F + E		H = G + D		Commercial Summary	
Market Value (\$M)	Unrealized G/L	Economic Value (\$.000)	(35%)*		
\$0		\$0		(85)	Company is out of business. No longer hold shares.
					AKAMAI Commercial / NetCredite agreement updated. BU and Akamai considering new deal. Original deal done to boost CDN space and WM format adoption. Co uses Linux OS for in-stream (despite commitment to go to MS platform) but is about 50% MS for media streaming apps. Co now potential competitor in Enterprise space. Prior to deal Co only supported Real / Quacore. INTERVU (12/23/1999 close) invested to encourage their investment in DiscoverMedia so we could keep our LDM share under 20%, and because they were building large sales force and momentum and we wanted their customers on the WM platform. NOTE - Treasury seeking to acf make. \$45 mil cost = \$30M investment in Intervu and \$15M investment in Akamai. 10-30-01
\$0	(\$0)				AKAMAI Commercial / NetCredite agreement updated. BU and Akamai considering new deal. Original deal done to boost CDN space and WM format adoption. Co uses Linux OS for in-stream (despite commitment to go to MS platform) but is about 50% MS for media streaming apps. Co now potential competitor in Enterprise space. Prior to deal Co only supported Real / Quacore. INTERVU (12/23/1999 close) invested to encourage their investment in DiscoverMedia so we could keep our LDM share under 20%, and because they were building large sales force and momentum and we wanted their customers on the WM platform. NOTE - Treasury seeking to acf make. \$45 mil cost = \$30M investment in Intervu and \$15M investment in Akamai. 10-30-01
\$6	\$1			(134)	No longer hold shares and no commercial agreement currently in place (Redecl).
\$0	\$0				Driven by need for conversion to VB from other formats. Deal going well with Autodesk response although difficult to precisely judge because dev plan no longer up to date. Need to monitor steering committee to ensure we extract maximum value.
\$3	\$0			\$8	
					Co produces tools / apps aimed at enabling business users / analysts to specify and support development of web services to VS NET. Deal mean to produce customer when it evidences an MSF. Enterprise Solutions Platform and Avicore NetScience app. Too early to determine success. 3-12-02
\$4	\$0			\$0	
					Co produces tools / apps aimed at enabling business users / analysts to specify and support development of web services to VS NET. Deal mean to produce customer when it evidences an MSF. Enterprise Solutions Platform and Avicore NetScience app. Too early to determine success. 3-12-02
\$2	\$0			\$0	
					Co produces tools / apps aimed at enabling business users / analysts to specify and support development of web services to VS NET. Deal mean to produce customer when it evidences an MSF. Enterprise Solutions Platform and Avicore NetScience app. Too early to determine success. 3-12-02
\$4	\$0			\$9	No Comm. Ag in place. Deal settled patent dispute issue. MS has universal gain of \$38 million on original investment. Treasury working on sale of stake (closing shares).
\$49	\$23			\$31	
					Deal was to get only commercially available movie library on web to be avail in WM (only W3) and to get closer to Blockbuster using WM for streaming.
\$5	\$0			\$6	Currently in talks with Blockbuster to use CinemaNow as their TP offering. 1-16-02
\$6	\$0			\$0	Close Logic acquired Shareware.
\$6	\$0			\$14	No longer hold shares.
\$19	\$0				Working on restructuring financial deal to accelerate repayment of \$19M funded to date. CI not meeting milestones in BU opinion but structure of agreement makes this difficult to prove. Repayment expected shortly with repayment secured through cash collateral. 3-12-02
\$35	\$0			\$8	Platform adoption deal in storage in right space. Company is approx 50% MS server. Relationship currently being restructured.
\$1	(\$0)			(85)	
					NET partner. Co is equipment aggregator working in / around developer tools. Comm. Ag / Marketing Agreement in effect until 2002 - on compliance on terms. Difficult business model in today's mkt - Co is missing their (revised) strategic goals. 1-16-02
\$3	\$0			\$9	Driven by patent dispute settlement and NET adoption. 12/24/01
\$18	(\$12)			(89)	Company out of business.
\$0	\$0			(94)	Company out of business.
\$0	\$0			(94)	Company out of business.
\$0	\$0			(94)	Company out of business.
\$0	\$0			\$16	Company out of business.
\$0	\$0			(84)	Company is bankrupt.
					Invented for looking and tripping enterprise to have solution in WM format w/ Windows back end. Limited success - shortly after invention they changed strategy and didn't meet commercial obligations in commercial agreement. We discussed commercial ag and nothing done. 1-16-02
\$2	\$0			\$0	No longer hold shares.
\$25	\$0				Co was Chapter 11 and was acquired by Williams Communications. Inspired by \$10M, Treasury seeking to acf IDEAM. Original NetCredite/comm. ag formed out. Co was one of first CDNs and 90% of their work for their 100 enterprise accts in a WM format. INTERVU - Invented to ensure our format was recommended. Co had ability to dictate WM platform for Fortune 1000 accts. 1-16-02. NETV/PNUP (\$4.1M/36000 close - Acquired by IDEAM Broadcasting, Inc.)
\$0	(\$6)			(12)	
\$1	\$0			\$0	All commercial terms were met during FY 00/01 w/ no open commercial items for FY 02. Co is in financial difficulty - seeking buyer.
\$0	\$0			(8)	All commercial terms were met during FY 00/01 w/ no open commercial items for FY 02. Co is in financial difficulty - seeking buyer. Second round investment was \$2M additional \$3M originally planned.
					Co wired \$1M of closing to prepay for MSFT licenses that netting zero cost for investment. Inhibits skills appliance based solutions to accelerate message delivery of streaming media. As part of investment Inhibits ordered w/ 2 strategic dev agreements to enhance its content mgmt solution and related technologies using MS technologies. 1-16-02
\$4	\$0			\$8	Recent rounds of funding completed but company is burning cash. Ownership between MSN and Windows Digital Media (WDM) will need to be determined if impairment is required. CD working to try to reduce company burn rate. Need to monitor financial health. 2/22/02
\$0	\$0			\$0	Recent rounds of funding completed but company is burning cash. Ownership between MSN and Windows Digital Media (WDM) will need to be determined if impairment is required. CD working to try to reduce company burn rate. Need to monitor financial health. 2/22/02
\$25	\$0			(34)	Recent rounds of funding completed but company is burning cash. Ownership between MSN and Windows Digital Media (WDM) will need to be determined if impairment is required. CD working to try to reduce company burn rate. Need to monitor financial health. 2/22/02
\$5	\$0			\$8	Recent rounds of funding completed but company is burning cash. Ownership between MSN and Windows Digital Media (WDM) will need to be determined if impairment is required. CD working to try to reduce company burn rate. Need to monitor financial health. 2/22/02

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			AKAMAI - Commercial / Post/Order agreement expired. BU and Akamai considering new deal. Original deal done to boost CDN space and WM format adoption. Co uses Linux OS for streaming (despite investment to go to MS platform) but is about 50% MS for media streaming apps. Co now potential competitor in this space. Prior to deal Co only supported Real / Quicktime. IPI/HRV14 (12/23/1999 clause) involved in encourage that investment in Discover/Share as we could have our DM share under 20%, and because they were building large scale force and maintenance and we wanted their investments on the WM platform. NOTE: Treasury seeking to sell stake. \$45 mil cash - \$30M investment in Interval and \$15M investment in Akamai. 13-30-01
\$4	\$0		
\$4	\$0		(87) Syndicate purchased by Yellowbox. Syndicate was leading content source for syndication - provided content for syndicated WM content to be easily adopted but was early in their niche for the mkt. No current content. No outstanding collaborations or issues re syndication deal agreement. All terms met prior to the end of the term of the agreement, June 30, 2001 per case. 10-25-01
\$0	\$0		
\$0	\$0		Weak commercial agreement. Mike Ruff recently left MS. Kishin, Fran Dougherty and Kevin are trying to leverage relationship. Outlook for relationship in (88) weak but not small we can do from an investment perspective. Treasury sold co. Consider classifying as Treasury. 2/22/02
\$0	\$0		
\$1	\$0		Deal Modica Real Drive acquiring co. DM converted 42 readers + to WM from Real. Sites purchased by Loudey are being transitioned in mid-recently lost
\$0	(\$0)		(89) key assets Amazon & Tower Records. No other commercial agreement. 1-16-02 (ISM 9/16/99 - encoding case, ISM 2/23/99 - discover/share)
\$0	\$0		(91) No business owner or current commercial agreement. To be sold by Treasury. 1-16-02
\$0	\$0		Co bankrupt and out of business. Platform selected deal with Forecast CDN. Co was to deploy major streaming events with WM & MSN. Co purchased (90) WTK servers but not at expected levels. 1-16-02
\$0	\$0		
\$0	\$0		(93) Co acquired by WorldCom. Need to follow up to see if warrants held by MS are valuable. Warrants per Brian Fitzgerald in Treasury are under review
\$0	\$0		(94) No longer own shares any shares. Deal to promote development of web-based CE telephone. -16-02
\$0	\$0		(95) Licensed technology later acquired with other acquired real MS developed technology
\$0	\$0		(97) Focused on debt position and in the process of selling off assets.
\$0	\$0		(98) Focused on debt position and in the process of selling off assets.
\$0	\$0		(99) Focused on debt position and in the process of selling off assets.
\$1	\$0		(101) performing well by getting all their customers to support WM. Co needs to raise more cash by Q4. 1-16-02
\$0	\$0		(102) No longer hold shares
\$0	\$0		Developed MPEG2 support for WMT in VOD cable space and partner for scalable VOD infrastructure in the IP mkt. Deal supported entry of WTK and WVC technologies into cable. MSO head calls BU working on getting Co to change video pump with WMT and better integrate WM in services. Too early to (103) determine strategic success. 1-16-02
\$7	\$3		
\$0	\$0		(104) company acquired by WorldCom. Need to follow up to see if warrants held by MS are valuable. Warrants per Brian Fitzgerald in Treasury are under review
\$0	\$0		(105) BU, CI and VI Co working in successful removal of potential \$3.9M capital and liability. 2/22/02
\$0	\$0		(106) Original \$5M in Debt (closed 10/19/01) and an additional \$2.5M Equity exchanged for \$7.5M equity
\$0	\$0		(107) No longer own shares any shares. Deal to promote development of web-based CE telephone. 1-16-02
\$0	\$0		
\$1	\$0		Invested in 92S to enable enhancement of WMP. Two audio digital signal enhancing technology. The deal offered 2 benefits (1) MS software benefit that previous audio built into WMP, and (2) MS benefit from portfolio as the customer technical parity with Real and yields a business advantage for WDM as (108) Real changes for their premium services. Commercial contracts satisfied and no new com mgt is contemplated by RU. Treasury to sell. 1-16-02
\$0	\$0		(109) Deal successfully settled premium dispute. No longer hold shares
\$0	\$0		
\$0	\$0		(110) No longer hold shares. Bankrupt. Co was early IBM entry with ability to wrap content with security. Format adoption deal for WMP. 10-25-01
\$0	\$0		(111) Agreement terminated on August 27, 1999 with all contracts successfully completed. \$1M funded 12/16/97 & \$0.7M funding 12/16/99
\$0	\$0		(112) No Comm Ag in place (license only). Still hold shares, bankrupt?
\$0	\$0		(113) No Comm Ag (license / Dev Ag) - very closely aligned to MS (ip distributor / systems integrator) and overall relationship successful.
\$0	\$0		(114) No Comm Ag (license / Dev Ag) - very closely aligned to MS (ip distributor / systems integrator) and overall relationship successful.
\$0	\$0		Commercial success TBD, no longer own shares. Deal originally driven for platform adoption (NT servers). 1.0M now in place for new non-investment deal in support. JNET. Treasury realized \$100 million gain on 1996 deal
\$0	\$0		(116) No longer hold shares
\$0	\$0		Platform adoption deal (NT servers / windows). Commercial success TBD. No longer hold shares. Treasury realized gain of \$7.5 million on sale. MS to receive approx \$10,236,253 given the narrow holdback after acquisition of Wildlife by Omega Pk
\$0	\$0		Strong partnership. In-Media continues to extend MS platform adoption to Wtk by convincing companies to deploy their digital media sites in MSF1 format.
\$0	\$0		(118) No current commercial agreement. 1-16-02
\$246	\$11	\$406	
\$17	\$5		Commercial agreement being reviewed. Comm. Ag not in LCA-approved format. Granted access to technology for WMP and licensing Tech (eBooks)
\$0	\$0		(119) 1/4/01 (\$5M closed 12/8/98, \$10M closed 2/8/01)
\$0	\$0		CC (aka Brill) was web site catering to publishing industry. Deal driven by platform adoption - MS e-commerce platform and E-book technology. MS Consulting co-owned deal - deal driven by interest in distributing e-Book technology and MS Server platform ownership. Bankrupt, out of business, no value (120) extractable from remaining assets. 1-14-02
\$5	\$0		\$10M equity investment and \$1.5M asset acquisition. Acquired site to market advantage for MS Project online and 6 people (no attention to date). Impaired (121) by \$20M. 1-16-02
\$0	\$0		No commercial agreement in place, early license agreement (voice recognition technology). No deal owner for this deal in BU. Treasury in process of selling (122) MS stake.
\$0	\$0		Provider of decentralized software for business collaboration. Initial commercial relationship being established between Groove and PBS. In-depth commercial agreement to be explored and developed. Intel Capital recently made modest investment on same terms as MS (Intel Capital was on-going investment).
\$0	\$0		Provider of decentralized software for business collaboration. Initial commercial relationship being established between Groove and PBS. In-depth commercial agreement to be explored and developed. Intel Capital recently made modest investment on same terms as MS (Intel Capital was on-going investment).
\$0	\$0		

55	50	58	Treasury cert. sell shares above NASDAQ is presently held. Further it appears that there is a strategic relationship at the exec level (JP involvement) and NASDAQ is using our .Net Alerts product. 2/22/02
56	50	58	Technology deal for code supporting multimedia content production done in advance o-Book platform and prevent NK from being acquired by a competitor. 2/22/02
57	50	58	Co closed down operations pending impairment. 3-7-02
58	50	58	Technology deal for code supporting multimedia content production done in advance o-Book platform and prevent NK from being acquired by a competitor. 2/22/02
59	50	58	Co closed down operations pending impairment. 3-7-02
60	50	58	Co is a digital asset server. Several development of tools to support open eBooks standard. Contentwise offers electronic publishing tools + services and IBM solutions based on MS Digital Asset Server. SFTOR E is board observer. Preferred MS partner for eBooks, developing publishing tools for MS LIT format. (67) Investment to create a relationship and license technology to create a content production and lower internet cost. Successful. Deal goals achieved. Accepted Handwriting recognition technology. Little ongoing BU contact with Co--MS get code and 1 yr support and now we are on our own. Deal impaired by \$7.5 million.
61	50	58	Enhance MS position in B2B marketplace -- expand bCentral scope. Reannounced in April, 2001. Impaired for \$109 mil (includes impairment of stepped up warrants).
62	50	58	Deal offers bCentral positioning. Per Nigdy, commits being met as of Q1 FY02 (agreement to MS platform, maintenance of content, URL, etc). Post-transaction investment by BU - need \$10M of investment back. Also need \$1.2M contract to purchase software and related marketing spend commitments. 1-16-02
63	50	58	Restructuring commercial agreement on MSFT eliminated financial management offering and GP introduced "deal". Restructure may involve approx \$3M additional investment to eliminate \$10M MSFT investment obligation.
64	50	58	AVC is majority owned by the World Economic Forum, MSFT no longer holds shares. 2/22/02
65	50	58	BU Via BU & JSC actively monitoring commitments. Successful for market share -2.1 million subs. Lowest in renegotiation. Exec strategy meeting occurred in mid-January '02. 2/22/02
66	50	58	Invested \$2M on 2/1/02, sold JV to Inc.com, not being money. No commercial agreement in place. Investment no longer strategic. 2/22/02
67	50	58	No investment, no commercial agreement, just deal. 2/22/02
68	50	58	Divest partial interest to Ford and retained Ford as a partner to share in the losses however profitability expected soon. Separate books being maintained to date. BU/CD working on capital structure to address NivKies needs and layout of Ford. 10/22/02
69	50	58	Commercial agreement signed. MS to pay \$120M over 2 yrs however MS willing only 10% of services purchased. Unable to leverage investment and deal (67) low priority. 2/22/02
70	50	58	Shares sold. 2/22/02
71	50	58	MS has a commercial agreement w/ Comstock for MSN Israel, however relationship is INDEPENDENT of investment. Treasury clearing shares (on loan currently) and will try to sell. 2/22/02
72	50	58	Inactive - MSFT no longer holds shares 2/22/02
73	50	58	11,541 New agreement commits MS to pay 4 over next year. RENEGOTIATE AGREEMENT? Commercial relationship still exists however, BU looking for other (57) service providers. Treasury raising plans to sell shares. BU provided approval to sell. 2/22/02
74	50	58	System that was acquired by GoodHome.com. BU (1) has no service user/Dan DeKanger) does not have a commercial relationship with GoodHome according (57) this investment is classified as "Treasury". 2/22/02
75	50	58	Working to involve various vesting issues. Outlook for Clubs appears weak due to poor cash constraints, poor economic outlook and significant regional competition. MSN and MSN TV working towards improved relationship need to leverage board seat. 2/22/02
76	50	58	Missing articles of Inc. and Registration Rights Agreement. Don working to get \$150k in 1/01 and \$750k in 4/02. Improvement appears to be defaulting on (57) payment commitments. 2/22/02
77	50	58	\$1.0
78	50	58	Company went bankrupt & defaulted on \$13M bridge loan. We allocated PV of acquired IP assets (-\$75m) from fact balance and impaired -\$18M. Asset (57) purchase price \$30M. Patents are valuable. LCA trying to leverage patents & BU using acquired tech. 2/22/02
79	50	58	3 commercial agreements w/ Korea. Korea struggling financially and missed revenue payments. MSN successfully coordinated various stakeholders in MSFT (57) and negotiated repayment on almost \$2M in funds owed to MSFT. 2/22/02
80	50	58	\$17M in commercial revenue by year end and global reference site for 52K, w/ over 6 million users. Missed software sales (including ERP) and joint-partial opportunity. Problems with a \$6.6M receivable owed to MSN from Korea.com which was spun out from ThruNet. ThruNet has agreed to guarantee but MSFT (57) has not received payment. 2/22/02 (1/12/02), 1/15/02 (closing)
81	50	58	Commercial agreement in place. Co-Successful joint deal. Successful based on reach of wireless devices in Korea. MSN Korea currently \$2 wireless portfolio (58) Corp Dev working to expand relationship. See Korea Telecom deal. 2/22/02
82	50	58	Company bankrupt. Negotiating new commercial relationship with Samsung. Patent technology license is significant for supporting existing products. Book value due to derivatives. 2/22/02
83	50	58	(57) No commercial agreement. No BU support for this investment. Treasury selling investment. No strategic support for this relationship with MS. 2/22/02
84	50	58	Commercial agreement in place. Leveraging arrangement with revert share for MS. URL directory company. 1/14/02
85	50	58	Reframing par right and next steps. Commercial agreement in place. Relationship is important, put option could be exercised Q1 to collect investment.
86	50	58	Corporate development active on deal. LCA should review put right. Sanjay holds board observer seat. 2/22/02
87	50	58	31. Treasury has sold all shares. 2/22/02
88	50	58	Investing in very strategic to MSFT as it currently provides out of region backbone services for MSN/A, especially critical after Ethos failure. BU working to negotiate alternatives and improved pricing. 2/22/02
89	50	58	Commercial agreement appears to have been in place (agreement has not been finalized) then individual was acquired by Winstar. You told to member MS no (58) longer holds shares. 2/22/02

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508	\$0	\$0	50	RN having financial difficulties and working with Verizon who may be interested in acquiring. Original investment \$33M plus a recent loan/advance for \$25M for payments due to MS. Strategically significance of relationship has changed due to market changes. Relationship not as strong as anticipated from a revenue perspective. On hold until 6/30/02. 2/22/02
509	\$0	\$0	50	RN having financial difficulties and working with Verizon who may be interested in acquiring. Original investment \$33M plus a recent loan/advance for \$25M for payments due to MS. Strategically significance of relationship has changed due to market changes. Relationship not as strong as anticipated from a revenue perspective. On hold until 6/30/02. 2/22/02
510	\$0	\$0	50	50
511	\$0	\$0	50	50
512	\$0	\$0	50	50
513	\$0	\$0	50	50
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526	\$0	\$0	50	50
527	\$0	\$0	50	50
528	\$0	\$0	50	50
529	\$0	\$0	50	50
530	\$0	\$0	50	50
531	\$0	\$0	50	50
532	\$0	\$0	50	50
533	\$0	\$0	50	50
534	\$0	\$0	50	50
535	\$0	\$0	50	50
536	\$0	\$0	50	50
537	\$0	\$0	50	50
538	\$0	\$0	50	50
539	\$0	\$0	50	50
540	\$0	\$0	50	50
541	\$0	\$0	50	50
542	\$0	\$0	50	50
543	\$0	\$0	50	50
544	\$0	\$0	50	50
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596	\$0	\$0	50	50
597	\$0	\$0	50	50
598	\$0	\$0	50	50
599	\$0	\$0	50	50
600	\$0	\$0	50	50

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			Signed LOI for set up bonus Commercial agreement not yet in place. UPC having significant financial difficulties. Need to determine if MSFT will hold (100) shares. 2/22/02
	\$0	\$0	Signed LOI for set up bonus Commercial agreement not yet in place. UPC having significant financial difficulties. Need to determine if MSFT will hold (50) shares. 2/22/02
55,091	(5904)	(3846)	Commercial agreement in place. Successful investment thus far. Work has redrafted efforts towards an MS search platform. Work to begin paying MS (317) royalties for distribution of Wink technology. Friends recommends that we hold our position (11000) until we can get a better price for our position. 2/22/02
	\$0	\$0	Commercial agreement where MS agreed to publish & distribute DHO titles. BEG developing PC title Age Min in which bobble FVY2 and Xbox games. Seanlin and Stuart on board & monitoring financial health & product delivery performance. 2/22/02
	\$0	\$0	No commercial agreement. Investment should be liquidated. Continuous investment by product of investment relationship with VR-1. MS and VR-1 have (51) agreement of relationship but Comstock has no influence on the VR-1 relationship. 2/22/02
	\$0	\$0	(113) B11M loan made to DA. Subsequently MSFT acquired DA. See DA acquisition. 2/22/02
	\$0	\$0	No commercial agreements in place. MS still has shares in DreamWorks SKG however SKG is privately held. High-level discussions at the Subtribe level are ongoing. 2/22/02
	\$0	\$0	MS has a commercial agreement with Single Frac (now InfoCrimes) but it appears this relationship is independent of the investment. Relationship too small (91) and old to monitor. 2/22/02
531	\$0	(514)	No commercial agreement signed at deal close. Deal no longer actively managed by MSP. BANKRUPT. Veto work with LLA to attempt to collect \$4 in (394) bankruptcy court. 2/22/02
	\$0	\$0	AM needs restructuring of Symbol bridge loan. MSFT is largest creditor but ownership is < 25%. Helped drive Procter PC adoption. 100% MS platform. (83) which accelerates adoption of Procter. BU leveraging relationship to get closer to Symbol. Need to watch financial health. 2/22/02
	\$0	\$0	Commercial agreement in place. Average provides MS with jacks that give an MS pocket PC to provide users of major access to Average. No licensing fees to (84) MS or Average. Treasury has sold our investment. 2/22/02
	\$0	\$0	(314) Company filed chapter 11. Commercial agreement never signed. BANKRUPT. 2/22/02
	\$0	\$0	BBN being restructured. Bankruptcy possible. Fromcorp indicated it unlikely MS will ever have a meaningful commercial relationship with BBN. Treasury (826) DK to sell. 2/22/02
	\$0	\$0	Commercial agreement in place. Major milestones 100% commitment to MSFT (Met). Reeds requested that Treasury hold shares for now. Note that Patrick (81) is open to selling the shares. Company is having financial difficulties. should watch financial health. 2/22/02
	\$0	\$0	Commercial agreement in place. Major milestones 100% commitment to MSFT (Met). Centerbeam in good shape relative to competitors. Reeds requested (80) that Treasury hold shares for now. Note that Patrick is open to selling the shares. Need to watch financial health. 2/22/02
	\$0	\$0	Currently zero revenue from this deal. Reeds and Patrick authorized treasury to sell these shares. 2/22/02
	\$0	\$0	Commercial agreement in place. 100% commitment to MSFT platform (Met). Digital feedback loop (Met). Imaging (Met). Patrick/Reeds act as no longer on (80) DR line. DR was added to Divina. BU working on negotiating deal with Divina. DR shares are in process of being converted into Divina. Classified DR as (85) Part. Classified Divina as Activa. 2/22/02
	\$0	(80)	Agreement in place. Uses MS platform, large number of certified professionals. WorldCom proposed potential restructuring. Company MSFT disclosed (812) offer as it was too low. If 100% purchased by WorldCom then MS should sell (Patrick). Do not sell now. (Reeds) Worldcom is putting on additional (813) investment. Classified as Part. Patrick and Rob Green were involved in restructuring commercial relationship. 2/22/02
	\$0	\$0	Patrick working to negotiate a new commercial agreement. Divina acquired Data Return and a number of other companies. Divina went through major (873) transition from 37 unrelated companies invested in, 40 have died, then bought Whitehouse-Barst and First One which include approx 2000 consultants. 2/22/02
	\$0	\$0	(314) Company filed chapter 11. MSFT hold shares. 2/22/02
	\$0	\$0	(313) Have received shares - need to remove from books
	\$0	(84)	(318) Treasury to sell. 2/22/02
	\$0	\$0	(318) No commercial agreement. Treasury hold shares. HAS was acquired. 2/22/02
	\$0	\$0	Commercial agreement in place. MS reached IP that we used for our large customers. Per BU: IP value > investment. Intel/and being purchased by Micron, (83) MS should NOT sell MICRON shares when we receive them. Hold shares. (Reeds) 2/22/02 (STM closed 12/15/99, \$56 closed 7/24/00)
	\$0	(80)	Commercial agreement in place. We met terms, they did not. BU just signed new commercial agreement but Intel/and does nothing for MS. Treasury (80) authorized to sell by BU. 2/22/02
	\$0	\$0	0
	\$0	(80)	(82) Commercial relationship exists however investment is not required to sustain commercial relationship. BU authorized treasury to sell. 2/22/02
	\$0	\$0	Commercial agreement was in place but company went under before any contracts became due. Deal no longer managed by MSP. BANKRUPT. VI to work (91) with BU to see if we can collect \$3 in bankruptcy court. 2/22/02
\$486	\$1	\$1	Multiple complex commercial agreements (MCS, MSN, NSP, EPG, etc.). Scorecard close to completion. Working with BU and CD to maximize commercial (81) value from this investment. 2/22/02
(314)	(83)	(83)	Multiple complex commercial agreements (MCS, MSN, NSP, EPG, etc.). Scorecard close to completion. Working with BU and CD to maximize commercial (82) value from this investment. 2/22/02
\$30	\$0	\$0	Multiple complex commercial agreements (MCS, MSN, NSP, EPG, etc.). Scorecard close to completion. Working with BU and CD to maximize commercial (84) value from this investment. 2/22/02
\$0	\$0	\$0	0
\$0	\$0	\$0	No commercial agreement. DM/D Deal. Nymark was related to CMU and this business disappeared. Currently for sale. CHEP1 was delayed due to (87) approved restructuring. Treasury trying to close down on sell, low position. 2/22/02
\$96	\$73	\$91	NSP commercial agreement in place. Need purchasing services from MSFT. Quid Nitel working on establishing a new commercial agreement (last one (89) expired) for MSN services. 2/22/02

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			Agreement was w/ Concentra. XO is looking over 10K SOBIC General meeting customers. Need to monitor financial health in company is looking with
50	(48)	(30)	possible bankruptcy BU indicated we should not sell shares at this time. (Frederic De Wolf, Tech), 2/22/02
50	50	54	0
50	(37)	(30)	Commercial agreement was in place but company went under before any software license deal. Deal no longer managed by NSP. BANKRUPT VI to work
50	50	54	with BU to see if we can collect \$5 in bankruptcy court. 2/22/02
50	50	(31)	Later Agreement signed required Commercial agreement never signed. Clip 1 - funds were obligated to be available to unsecured creditors. No longer
50	54	50	managed by NSP. Bankrupt VI to work with BU to see if we can collect \$5 in bankruptcy court. 2/22/02
50	50	54	0
50	50	514	MSFT no longer has an investment in Ovest. However, MS has multiple commercial agreements. 1) 3 yr EA contract plus for 65k employees on exchange, 2
50	50	54	Narrowband, broadband and broadband MSNLA agreements. Investment was catalyst for commercial agreements. MSNLA Agreement signed retroactive
50	50	54	\$14 \$10M (variable right to use) for capacity 2/22/02
50	50	(3)	Commercial agreement was signed but was weak w/ variable value per business. Deal no longer managed by NSP. BANKRUPT VI to work with BU to see
50	50	(3)	if we can collect \$5 in bankruptcy court. 2/22/02
50	50	54	Sendo currently working on development effort. Product sales/attach not anticipated to CY02. Merger for Sendo to be included in BU account
50	50	54	Additional \$10M cost approved and committed 2/22/02
50	50	54	0
50	50	(2)	No Commercial Agreement/bankrupt, Deal no longer managed by NSP. BANKRUPT VI to work with BU, to see if we can collect \$5 in bankruptcy court.
50	50	(1)	2/22/02
50	50	(1)	0
50	50	(14)	USI recently delisted. Zendo/Christine are working on new commercial agreement. USDX reorg with Baa. BU working to secure commercial agreement
50	50	(14)	with Baa. Should consider moving to Pat or Treasury 2/22/02
50	50	54	bankrupt 2/22/02
50	50	54	bankrupt 2/22/02
50	50	(1)	Initial intent was to have First World adopt MS platform. Commercial relationship in place but is not significant. BU indicated n.k. to sell our investment.
50	50	(1)	2/22/02
50	50	(1)	Agreement was in place but CRP11 MSN and Homestead revenue guarantees total \$20M. Kanda, Fuchs and Mike Mitchell (J.C.A) filed motion to recover
50	50	(1)	assets. VI to follow up with BU to check on progress of motion. 2/22/02
50	50	(1)	Unpleasant to estimate MSFT from this JV. Need to monitor reserves to make sure they are sufficient to accommodate lease expenses. \$2.8M set aside for 5%
50	50	(1)	of obligation. Monitor status of real estate, reserve appropriations. 2/22/02
50	50	(1)	Unpleasant to estimate MSFT from this JV. Need to monitor reserves to make sure they are sufficient to accommodate lease expenses. \$2.8M set aside for 5%
50	50	(1)	of obligation. Monitor status of real estate, reserve appropriations. 2/22/02
50	50	54	0
50	50	54	Restructuring commercial agreement. Investment agreement restructured - MS reduced investment of Avacade (JV w/ Accenture) from 48% to 19% with
50	50	54	Accenture increasing its holding proportionately. Microsoft if approved the remaining \$169M funding obligation to Avacade and received \$11.5M in
50	50	54	Accenture stock. MS retains one voting board seat and two non-voting board seats and Accenture retains its original obligations to MS including printing and
50	50	54	business solution development.
50	50	54	French BV. Working on second funding-\$2.5M funded initially-will fund \$945K of possible \$1M this month. Company on goal with approx 80% of
50	50	54	80
50	50	(1)	2/22/02
50	50	(1)	\$10 million convertible debt deal in health care space (additional \$5 if terms are met). Avacade is a JV promoted by Pfizer which plan to provide a mobile
50	50	54	technology solution to small physician practices focused on prescriptions. VI, CD and BU meeting regularly w/ Pfizer regarding to monitor progress. MSFT
50	50	54	investment is guaranteed by Pfizer. 2/22/02
50	50	(1)	Attempting to restructure and sell capacity reorganization. MSFT committed to \$100M capacity commitment (\$75M remaining payable in November FY01).
50	50	(1)	\$100M invested in AGC and \$164,387,981 in Healthcare. No commercial agreement in place. Financial health in question. 2/22/02
50	50	(1)	0
50	50	(1)	In 2000 MS reduced its investment of Avacade (JV w/ Accenture) from 48% to 19% with Accenture increasing its holding proportionately. Microsoft
50	50	(1)	eliminated the remaining \$100M funding obligation to Avacade and received \$11.5M in Accenture stock. This resulted in a \$41M favorable variance to FY02
50	50	(1)	Budget for Worldwide MCS Management P&L noting that \$20.0M of this variance was attributable to a reduction in Goodwill from the \$10M write-down of
50	50	(1)	our investment in OI 2001. Accenture will consolidate Avacade into their unit eliminating the Accenture-Avacade chartered conflict by neutralizing the profitability
50	50	(1)	advantage for an Accenture partner to utilize Accenture people vs. Avacade people to deliver services. Avacade will remain a separate company for
50	50	(1)	feasible times. MS retains one voting board seat and two non-voting board seats and Accenture retains its original material obligations to MS including
50	50	(1)	printing and business solution development. 3/15/02
50	50	54	0
50	50	54	Blackboard is a provider of enterprise solutions selling to schools, colleges, universities and other education providers. 1) help platform Blackboard 5 offers
50	50	54	functionality encompassing course mgmt, interactive portals, campus communities, and integration with multiple back-end administrative systems. Our alliance
50	50	54	is a strategic partnership in higher education and a showcase MSFT win. Deal progressing with commitments, or close to, goal. 1-15-02
50	50	54	0
50	50	(1)	to-vital report to Fabio and Pedro to identify owners and terms of relationship. 2/22/02
50	50	(1)	Least rapid as Ed. E-mail sent to owner and school to find out if there is a commercial agreement. 2/22/02
50	50	(1)	Working w/BU on finding law deal owner at PPG. Needs new up-to-date commercial agreement to be structured by new deal owner. Company's Receipts
50	50	(1)	product gaining traction since Sept 11. Legal docs being restructured by Corp Dev 1-13-02
50	50	(1)	0
50	50	(1)	Weak commercial agreement, poor financial health. MSFT financed BU. Elbert on board. James trying to determine ways to leverage investment and
50	50	(1)	relationship. 2/22/02
50	50	(1)	Weak commercial agreement. Business model changed. Poor documentation of \$1M min payment commits to MS. Relationship should be restructured
50	50	(1)	however MSFT has very little leverage. 2/22/02
50	50	(1)	Weak commercial agreement. Business model changed. Poor documentation of \$1M min payment commits to MS. Relationship should be restructured
50	50	(1)	however MSFT has very little leverage. 2/22/02

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33	\$0	Acquired by Thomson on 5/1/00. Original loan was for \$3M fixed. We held 715,230 of warrants at an exercise price of \$7.55 that should have been released as Thomson Treasury is evaluating this to make sure we obtain those warrants. Loans should be paid off by 6/02. Mobility in negotiations with Siemens however agreement to change front in initial negotiations w/ Siemens. Trying to locate CD and BU owners. 2/22/02
34	\$0	(91) New agreement worked out 7/01—faster repayment schedule and changed terms of the original agreement to that of presence is now motivated to monetarily Microsoft/MCSE/MCSD. The original agreement had loophole that motivated them by only giving them "credit" for sources since that MS paid for - own
35	(\$0)	(91) those people took other jobs than in fact no motivation from MS to hire/own new people. 1-14-02
36	\$0	(91) New agreement worked out 7/01—faster repayment schedule and changed terms of the original agreement to that of presence is now motivated to monetarily Microsoft/MCSE/MCSD. The original agreement had loophole that motivated them by only giving them "credit" for sources since that MS paid for - once
37	\$0	(91) those people took other jobs than in fact no motivation from MS to hire/own new people. 1-14-02
38	\$0	(91) Total funding = \$15M, warrants included. If P3701 targets are met then MS will fund additional \$5M. Meeting most commitments, but numbers short on case
39	\$0	(91) 100% of possible advances have been advanced to CIA before. \$10.5M in total. Payment to MSFT to occur as follows \$2M @ 1/03, \$2M 2/03, \$3M
40	\$0	(91) \$1.5M, \$1.5M 2/03. Should continue to monitor commercial progress and financial health. 2/22/02
41	\$0	(91) Company is bankrupt. MSFT has shares that have no value.
42	\$5	(91) David Uhl converting board seat to observer status. Strategic value of relationship may be limited. David Uhl o.k.M. Equivalence of our investment. 2/22/02
43	(\$0)	(91) Need to monitor financial health of AOL, capturing a more cooperative relationship with Web MD 2/22/02
44	\$0	(91) Need to monitor financial health of Web MD and other partners as content is very strategic to MSFT and accounts for significant revenue stream to MSN. Need
45	\$0	(91) to continue to monitor David of AOL, capturing a more cooperative relationship with Web MD 2/22/02
46	\$0	(91) Thomson involved. Relationship being upgraded. Meeting scheduled with TI for 2/25/02. 2/22/02
47	\$0	(91) Treasury has sold all shares. Investment and relationship are too old and small to monitor. 2/22/02
48	\$0	(91) 0
49	(\$0)	(91) 0
50	\$0	(91) Treasury continues to hold warrants in Lucent as a result of the transaction. However, we also appear to have loans outstanding with Lucent via EPO which
51	\$0	(91) need to be understood/monitored. 2/22/02
52	\$0	(91) New commercial agreement in process. Company went through major transition from 52 incubator companies merged in 40 have died, then bought Whitman
53	\$0	(91) last and Host One which include 2000 people and focus on consulting and services. MSFT no longer holds shares. 2/22/02
54	\$0	(91) New commercial agreement in process. Company went through major transition from 52 incubator companies merged in 40 have died, then bought Whitman
55	\$0	(91) last and Host One which include 2000 people and focus on consulting and services. MSFT no longer holds shares. 2/22/02
56	\$0	(91) See comments for Identifago. Investment in NTT was rolled into existing investment with Mob Design. 2/22/02
57	\$0	(91) MSFT has its shares in open water. Not working to establish a commercial relationship with DW. However, if a commercial agreement is not put into place
58	\$0	(91) then MSFT has the right to request repayment of \$20M from CW. 2/22/02
59	\$0	(91) Plural is an IT services provider / 100% MS partner focused on financial services industry. Metrics for Plural are centered around building solutions and
60	\$0	(91) applications on our platform and Co is compliant with spirit of agreement but not conditions have resulted in that Rev being at 50% of their prior FY—they
61	\$0	(91) also had 50% of their people. Need to monitor financial condition closely. 1-16-02
62	\$0	(91) Plural is an IT services provider / 100% MS partner focused on financial services industry. Metrics for Plural are centered around building solutions and
63	\$0	(91) applications on our platform and Co is compliant with spirit of agreement but not conditions have resulted in that Rev being at 50% of their prior FY—they
64	\$0	(91) also had 50% of their people. Need to monitor financial condition closely. 1-16-02
65	\$0	(91) \$6M of our \$11.5M funding commitment has been advanced to Quilogy. The final \$5.5M advance is due 5/15/02 if Q is in compliance with metrics. Q may
66	\$0	(91) request one additional \$5M advance on 11/15/02 if in compliance. Repayment schedule depends on whether or not 4th draw is advanced. Relationship
67	\$0	(91) currently performing as agreed. 2/22/02
68	\$0	(91) Legal involved in getting our MSCIC advance returned. Working to identify who owns relationship for VI Gov. Need to follow up to find out statement steps
69	\$0	(91) 2/22/02
70	\$0	(91) Company out of business and impacted. Assets sold at auction in past yr to eLabor with no apparent recovery / funds available. 2/22/02
71	\$0	(91) Was a JV where MS was subject to capital call requirements. MS 32% ownership was diluted to ~11%. Right to basic reimbursement not exercised however
72	\$0	(91) Nobuo Sugiyama is a board observer for MS. Need to determine/understand next steps. 1/08/02
73	\$0	(91) Active - still on books with treasury. E-mail sent to Jerome Brantwell to determine ownership and status. 2/22/02
74	(\$0)	(91) Active - still on books with treasury. E-mail sent to Jerome Brantwell to determine ownership and status. 2/22/02
75	\$0	(91) Woburn did not meet all milestones in agreement hence additional \$3M not funded until issues resolved. VI Gov lead restructuring efforts with BU & CD
76	\$0	(91) 03/13/02
77	\$0	(91) Woburn did not meet all milestones in agreement hence additional \$3M not funded until issues resolved. VI Gov lead restructuring efforts with BU & CD
78	\$0	(91) 03/13/02
79	\$0	(91) 03/13/02
80	\$1	(91) 03/13/02
81	\$1	(91) 03/13/02
82	\$1	(91) 03/13/02
83	\$1	(91) 03/13/02
84	\$1	(91) 03/13/02
85	\$1	(91) 03/13/02
86	\$1	(91) 03/13/02
87	\$1	(91) 03/13/02
88	\$1	(91) 03/13/02
89	\$1	(91) 03/13/02
90	\$1	(91) 03/13/02
91	\$1	(91) 03/13/02
92	\$1	(91) 03/13/02
93	\$1	(91) 03/13/02
94	\$1	(91) 03/13/02
95	\$1	(91) 03/13/02
96	\$1	(91) 03/13/02
97	\$1	(91) 03/13/02
98	\$1	(91) 03/13/02
99	\$1	(91) 03/13/02
100	\$1	(91) 03/13/02

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50	50	51	VC Distribution	
50	50	51	VC Distribution	
50	50	50	VC Distribution	
50	50	(81)	MS no longer holds shares in Equiry 2/22/02	
50	(80)	(80)	VC Distribution	
50	50	510		
50	(80)	50	VC Distribution	
50	50	(90)		
50	50	51	VC Distribution	
50	50	50	VC Distribution	
50	50	(59)	Merged with Incent - Petaric left board No active commercial relationships. Treasury to manage investment. 2/22/02	
50	50			
50	50		(58) Private shares. Having difficulty finding owners for this relationship. If this persons we should consider moving this to classification under Treasury 2/22/02	
50	50		(53) All Pluto assets purchased by Avad for cash. Pluto shares still held by treasury as of 2/20/01 2/22/02	
50	50		50	VC Distribution
50	50		(51)	
50	50		50	
54	50	50	MSFT no longer holds shares in Rainier Company was acquired by Compaq and we sold our position to Compaq. Classify as Pat. 2/22/02	
54	50	50	MSFT no longer holds shares in Rainier Company was acquired by Compaq and we sold our position to Compaq. Classify as Pat. 2/22/02	
50	50	(81)	MSFT no longer holds shares in Rainier Company was acquired by Compaq and we sold our position to Compaq. Classify as Pat. 2/22/02	
50	50	(81)		
50	50	51		
50	50	50	VC Distribution	
50	50	50	VC Distribution	
50	50	50	VC Distribution	
59	51	53		
50	50	(81)	VC Fund / Incubator Positions	
51	50	(84)	VC Fund / Incubator Positions	
53	50	(85)	VC Fund / Incubator Positions	
53	50	(83)	VC Fund / Incubator Positions	
51	50	(81)	VC Fund / Incubator Positions	
53	50	(81)	VC Fund / Incubator Positions	
51	50	(81)	VC Fund / Incubator Positions	
54	50	(87)	VC Fund / Incubator Positions	
51	50	(87)	VC Fund / Incubator Positions	
53	50	(89)	VC Fund / Incubator Positions	
50	50		Evaluating desirability of our put right and guarantees. BU values commercial relationship. BU trying to exercise our put and simultaneously maintain strong	
50	50	(82)	commercial relationship. 2/22/02	
53	50	(82)	VC Fund / Incubator Positions	
51	50	(82)	VC Fund / Incubator Positions	
50	50	(82)	VC Fund / Incubator Positions	
50	50	(81)	VC Fund / Incubator Positions	
50	50	(87)	VC Fund / Incubator Positions	
51	50	(81)	VC Fund / Incubator Positions	
50	50		VC Fund / Incubator Positions, MSFT continues to hold equity in Matrix however company has no revenues. Mobility is working on developing/launching	
50	50	(88)	strategic relationship with Matrix. Need to continue to monitor financial health. 03/22/02	
50	50	(81)	VC Fund / Incubator Positions	
51	50	(87)	VC Fund / Incubator Positions	
53	50	(87)	VC Fund / Incubator Positions	
53	50	(86)	VC Fund / Incubator Positions	
51	50	50	VC	
51	50	50	VC Fund / Incubator Positions	
50	50	50	Acquisition Distribution	
524	50	(3779)		
514,297	5227	5805		

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Position	Original Cost Basis	Step Up/Down	Impairment	FAS 133	Accounting Adjustments	Dividends + Accretion	Trading G/(L)	Dividends + Trading G/(L)	P/(L) Impact	Book Value	Market Value	Unrealized G/(L)	Economic G/(L)
	A	C	D	E	B	G	H	C	D	E	F	G	H
								D = B + C				G = F - E	H = G + D
<b>Cable Positions</b>													
@Home Network Solutions	\$5	\$0	\$0	\$0	\$0	\$1	\$0	\$1	\$1	\$6	\$6	\$0	\$1
AT&T Convertible	\$5,005	\$0	\$0	(\$259)	(\$259)	\$647	\$0	\$647	\$389	\$4,769	\$3,678	(\$1,091)	(\$702)
China	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7	\$7	\$0	\$0
Comcast	\$1,086	\$0	\$0	(\$0)	(\$0)	\$97	\$2,364	\$2,462	\$2,461	\$55	\$146	\$91	\$2,553
Globe Cabo Common	\$126	\$0	(\$55)	(\$15)	(\$70)	\$0	\$0	\$0	(\$70)	\$56	\$47	(\$9)	(\$79)
Jupiter (formerly Titus Communications)	\$289	\$506	(\$459)	\$0	\$48	\$0	\$0	\$0	\$48	\$337	\$337	\$0	\$48
Korea ThruNet	\$46	\$0	(\$38)	\$0	(\$38)	\$0	\$0	\$0	(\$38)	\$0	\$0	\$0	(\$37)
NTL (partially hedged)	\$479	\$0	(\$445)	(\$32)	(\$477)	\$0	\$16	\$16	(\$461)	\$0	\$0	(\$0)	(\$461)
Rogers Preferred	\$404	\$0	\$0	(\$6)	(\$6)	\$42	\$0	\$42	\$35	\$397	\$363	(\$34)	\$1
Telewest	\$2,756	\$0	(\$2,450)	\$0	(\$2,450)	\$0	\$0	\$0	(\$2,450)	\$306	\$139	(\$167)	(\$2,617)
Tu-ka Toka	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Tu-ka Tokyo	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14	\$14	\$0	\$0
United Pan Europe	\$276	\$0	(\$132)	\$0	(\$132)	\$0	\$24	\$24	(\$108)	\$0	\$0	\$0	(\$108)
United Pan Europe Warrants	\$56	\$0	\$0	(\$28)	(\$28)	\$0	(\$28)	(\$28)	(\$56)	\$0	\$0	\$0	(\$56)
<b>Cable total</b>	<b>\$10,554</b>	<b>\$506</b>	<b>(\$3,579)</b>	<b>(\$340)</b>	<b>(\$3,412)</b>	<b>\$788</b>	<b>\$2,375</b>	<b>\$3,163</b>	<b>(\$249)</b>	<b>\$5,960</b>	<b>\$4,751</b>	<b>(\$1,209)</b>	<b>(\$1,459)</b>

Position	Original Cost Basis	Step Up/Down	Impairment	FAS 133	Accounting Adjustments	Dividends + Accretion	Trading G/(L)	Dividends + Trading G/(L)	P/(L) Impact	Book Value	Market Value	Unrealized G/(L)	Economic G/(L)
	A	C	D	E	B	G	H	C	D	E	F	G	H
								D = B + C				G = F - E	H = G + D
<b>ASP/Web Hosting Positions</b>													
2nd Century Communications	\$10	\$0	(\$10)	\$0	(\$10)	\$0	\$0	\$0	(\$10)	\$0	\$0	\$0	(\$10)
Broadband Office	\$25	\$0	(\$25)	\$0	(\$25)	\$0	\$0	\$0	(\$25)	\$0	\$0	\$0	(\$25)
Centerbeam 1st Round (previously Starburst)	\$3	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$2	\$2	\$0	(\$1)
Centerbeam 2nd Round (previously Starburst)	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Cayron	\$6	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Cono	\$10	\$0	(\$9)	\$0	(\$9)	\$0	\$0	\$0	(\$9)	\$1	\$2	\$1	(\$8)
Data Return	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	(\$0)	(\$5)
Digex Preferred	\$50	\$0	(\$10)	(\$12)	(\$23)	\$4	\$0	\$4	(\$18)	\$32	\$39	\$7	(\$12)
Exodus	\$21	\$0	(\$21)	\$0	(\$21)	\$0	\$0	\$0	(\$21)	\$0	\$0	(\$0)	(\$21)
Futurelink Convert	\$10	\$0	(\$10)	\$0	(\$10)	\$1	\$0	\$1	(\$9)	\$1	\$0	(\$1)	(\$10)
Interland	\$13	\$0	(\$7)	(\$2)	(\$9)	\$0	\$0	\$0	(\$9)	\$3	\$7	\$4	(\$5)
Interlink Convert	\$10	\$0	(\$10)	\$0	(\$10)	\$1	\$1	\$2	(\$8)	\$0	\$0	(\$0)	(\$8)
Navisate	\$7	\$0	(\$7)	\$0	(\$7)	\$0	\$0	\$0	(\$7)	\$0	\$0	\$0	(\$7)
Nexlink Preferred	\$50	\$38	(\$85)	(\$6)	(\$53)	\$10	\$0	\$10	(\$42)	\$8	\$0	(\$8)	(\$50)
Onsite Access Convert	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
Qwest	\$212	\$0	\$0	\$0	\$0	\$0	\$114	\$114	\$114	\$0	\$0	\$0	\$114
Simplexity Inc	\$8	\$0	(\$6)	\$0	(\$6)	\$0	\$0	\$0	(\$6)	\$1	\$1	\$0	(\$6)
Simplexity Inc	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Teligent Preferred	\$196	\$0	(\$221)	\$0	(\$221)	\$30	\$0	\$30	(\$191)	\$5	\$0	(\$5)	(\$196)
Usinternetworking	\$50	\$0	(\$46)	\$10	(\$36)	\$0	\$0	\$0	(\$36)	\$14	\$0	(\$14)	(\$50)
USWeb Warrants	\$15	\$12	\$0	(\$27)	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
Versado	\$12	\$0	(\$8)	(\$4)	(\$12)	\$0	(\$0)	(\$0)	(\$12)	\$0	\$0	(\$0)	(\$12)
Winstar Preferred	\$319	\$0	(\$325)	(\$14)	(\$338)	\$20	\$0	\$20	(\$319)	\$1	\$0	(\$1)	(\$319)
<b>ASP/Web Hosting total</b>	<b>\$1,052</b>	<b>\$50</b>	<b>(\$825)</b>	<b>(\$54)</b>	<b>(\$830)</b>	<b>\$66</b>	<b>\$115</b>	<b>\$181</b>	<b>(\$649)</b>	<b>\$73</b>	<b>\$58</b>	<b>(\$16)</b>	<b>(\$665)</b>

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Positions	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P(L) Impact	Book Value	Market	Unrealized	Economic
	Basis	Up/Down		133	Adjustments	Accretion	G/L	Trading G/L			Value	G/L	G/L
	A			B			C	D		L	F	G	H
		C	D	E	G	H		D = B + C				G = F - E	H = G + D
<b>Wireless Positions</b>													
Skytel	\$59	\$0	\$0	\$0	\$0	\$0	\$8	\$8	\$8	\$0	\$0	\$0	\$8
<b>Wireless total</b>	<b>\$59</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8</b>	<b>\$8</b>	<b>\$8</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8</b>
<b>Wireless - Fixed Positions</b>													
Speednet	\$7	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$3	\$3	\$0	(\$4)
<b>Wireless - Fixed total</b>	<b>\$7</b>	<b>\$0</b>	<b>(\$4)</b>	<b>\$0</b>	<b>(\$4)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4)</b>	<b>\$3</b>	<b>\$3</b>	<b>\$0</b>	<b>(\$4)</b>
<b>Wireless - Mobile Positions</b>													
KT Freetel	\$112	\$0	(\$42)	(\$20)	(\$62)	\$0	\$7	\$7	(\$55)	\$67	\$84	\$17	(\$38)
Metrom	\$10	\$0	\$0	\$0	\$0	\$0	\$11	\$11	\$11	\$0	\$0	\$0	\$11
MILL	\$10	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$3	\$0	\$0	\$0	\$3
Nextel (partially hedged)	\$482	\$0	(\$28)	\$0	(\$28)	\$0	\$202	\$202	\$174	\$258	\$996	\$737	\$911
Starband	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Wireless Knowledge Private	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
<b>Wireless - Mobile total</b>	<b>\$618</b>	<b>\$0</b>	<b>(\$73)</b>	<b>(\$20)</b>	<b>(\$92)</b>	<b>\$0</b>	<b>\$222</b>	<b>\$222</b>	<b>\$130</b>	<b>\$326</b>	<b>\$1,081</b>	<b>\$755</b>	<b>\$885</b>
<b>Telen Positions</b>													
Asia Global Crossing	\$324	\$0	(\$231)	\$0	(\$231)	\$0	\$0	\$0	(\$231)	\$93	\$21	(\$73)	(\$303)
Korea Telecom Bonds	\$486	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$486	\$486	\$1	\$1
Korea Telecom Warrants	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$30	\$20	\$20
Korea Telecom Calls	(\$11)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$11)	(\$14)	(\$3)	(\$3)
Telecom New Zealand	\$128	\$0	(\$33)	\$0	(\$33)	\$4	\$4	\$4	(\$29)	\$95	\$118	\$23	(\$6)
Worldcom	\$16	\$0	\$0	\$0	\$0	\$0	\$516	\$516	\$516	\$0	\$0	\$0	\$516
Zerotee Technologies	\$4	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$3	\$0	(\$3)	(\$4)
<b>Telen total</b>	<b>\$957</b>	<b>\$0</b>	<b>(\$264)</b>	<b>\$0</b>	<b>(\$264)</b>	<b>\$4</b>	<b>\$516</b>	<b>\$520</b>	<b>\$256</b>	<b>\$676</b>	<b>\$641</b>	<b>(\$35)</b>	<b>\$221</b>
<b>Retail Positions</b>													
Best Buy (partially hedged)	\$215	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$204	\$265	\$61	\$61
Radioshack.com	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$88	\$88	\$0	\$0
<b>Retail total</b>	<b>\$315</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$292</b>	<b>\$353</b>	<b>\$61</b>	<b>\$61</b>
<b>ISP Positions</b>													
BroadbandNow (named changed from 138)	\$20	\$0	(\$20)	\$0	(\$20)	\$0	\$0	\$0	(\$20)	\$0	\$0	\$0	(\$20)
Roadrunner	\$213	\$0	(\$38)	\$0	(\$38)	\$0	\$175	\$175	\$137	\$0	\$0	\$0	\$137
<b>ISP total</b>	<b>\$233</b>	<b>\$0</b>	<b>(\$58)</b>	<b>\$0</b>	<b>(\$58)</b>	<b>\$0</b>	<b>\$175</b>	<b>\$175</b>	<b>\$117</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$117</b>
<b>CDN Positions</b>													
Adero, Inc	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
<b>CDN total</b>	<b>\$5</b>	<b>\$0</b>	<b>(\$5)</b>	<b>\$0</b>	<b>(\$5)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$5)</b>

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## Position

Position	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P/(L) Impact	Book Value	Market	Unrealized	Economic
	Basis	Up/Down		133	Adjustments	Accretion	G/(L)	Trading G/(L)			Value	G/(L)	G/(L)
A	B			C			D	E	F	G	H	I	
	C	D	E	G	H	D = B + C			G = I - F			H = G + D	
<b>DSL Positions</b>													
DSL.net	\$15	\$0	(\$14)	\$0	(\$14)	\$0	(\$0)	(\$0)	(\$14)	\$0	\$0	\$0	(\$14)
High Speed Access Corporation	\$10	\$0	(\$9)	\$0	(\$9)	\$0	(\$0)	(\$0)	(\$10)	\$0	\$0	\$0	(\$10)
Jato Communications	\$10	\$0	(\$10)	\$0	(\$10)	\$0	\$0	\$0	(\$10)	\$0	\$0	\$0	(\$10)
New Edge Networks	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Northern Communications	\$30	\$0	(\$23)	(\$1)	(\$23)	\$0	\$0	\$0	(\$23)	\$7	\$0	(\$7)	(\$30)
Rhythms Telecommunications	\$30	\$0	(\$27)	\$0	(\$27)	\$0	(\$0)	(\$0)	(\$27)	\$3	\$0	(\$3)	(\$30)
<b>DSL total</b>	<b>\$100</b>	<b>\$0</b>	<b>(\$88)</b>	<b>(\$1)</b>	<b>(\$89)</b>	<b>\$0</b>	<b>(\$1)</b>	<b>(\$1)</b>	<b>(\$90)</b>	<b>\$9</b>	<b>\$0</b>	<b>(\$9)</b>	<b>(\$99)</b>
<b>Satellite Positions</b>													
Satband	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Satellite total	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>IT Consulting Positions</b>													
Accenture	\$31	\$0	\$0	(\$0)	(\$0)	\$0	\$0	\$0	(\$0)	\$31	\$34	\$3	\$3
Allium SA	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Avanade	\$385	\$0	(\$130)	\$0	(\$130)	\$0	\$0	\$0	(\$130)	\$148	\$148	\$0	(\$130)
Avion	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Avion Preferred	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$0	\$0
Bluxer	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Component Source Convert	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
CTP (Cambridge Technology Partners)	\$8	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$6	\$6	\$0	(\$2)
Divine	\$85	\$0	(\$69)	\$0	(\$69)	\$0	\$0	\$0	(\$69)	\$11	\$9	(\$2)	(\$71)
Encompys	\$9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9	\$9	\$0	\$0
ePresence (Banyan Warrants)	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$1	\$1	\$1	(\$0)	\$1
ePresence (formerly Banyan)	\$10	\$0	(\$8)	\$0	(\$8)	\$0	\$0	\$0	(\$8)	\$2	\$2	\$0	(\$8)
Extreme Logic	\$13	\$0	(\$11)	\$0	(\$11)	\$0	\$0	\$0	(\$11)	\$2	\$2	\$0	(\$11)
G.A. Sullivan	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
InfoImage Inc	\$8	\$0	(\$8)	\$0	(\$8)	\$0	\$0	\$0	(\$8)	\$0	\$0	\$0	(\$8)
InfoImage II	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Lucent Warrants	\$3	\$0	\$0	(\$3)	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	(\$0)	(\$3)
Lucent/INS Alliance	\$21	\$0	(\$21)	\$0	(\$21)	\$0	\$0	\$0	(\$21)	\$0	\$0	\$0	(\$21)
MarchFirst (formerly USWeb/CKS)	\$58	\$0	(\$58)	\$0	(\$58)	\$0	\$0	\$0	(\$58)	\$0	\$0	\$0	(\$58)
MarchFirst Advance	\$12	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$0	\$0	\$0	(\$12)
Plural	\$25	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$10	\$10	\$0	(\$15)
Plural II	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Quilogy (Solutech)	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Rare Medium Advance	\$9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9	\$9	\$0	\$0
Skilset Software, Inc	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
Superior Consulting	\$6	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$2	\$2	\$0	(\$4)
Webtone Technologies	\$8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8	\$8	\$0	\$0

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Position	Original Cost Basis	Step Up/Down	Impairment	FAS 133	Accounting Adjustments	Dividends+ Accretion	Trading G/(L)	Dividends+ Trading G/(L)	P/(L) Impact	Book Value	Market Value	Unrealized G/(L)	Economic G/(L)
	A	B	C	D	E	F	G	H	I	J	K	L	M
	C	D	E	F	G	H	I	J	K	L	M	N	O
Xerox (formerly XLConnect)	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
IT Consulting total	\$731	\$0	(\$346)	(\$2)	(\$348)	\$0	\$0	\$0	(\$348)	\$271	\$272	\$1	(\$347)
<b>Internet Enabling Technologies Positions</b>													
Akamai (partially hedged)	\$75	(\$1)	(\$34)	(\$0)	(\$35)	\$1	(\$4)	(\$3)	(\$38)	\$4	\$6	\$2	(\$36)
Digital Island	\$15	\$0	(\$14)	\$0	(\$14)	\$0	\$1	\$1	(\$13)	\$0	\$0	\$0	(\$13)
Equinix	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$2	\$2	(\$1)	\$0	\$0	\$0	(\$1)
Groove Networks	\$51	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$51	\$51	\$0	\$0
iBeam	\$14	(\$0)	(\$11)	(\$1)	(\$12)	\$0	(\$0)	(\$0)	(\$12)	\$0	\$0	(\$0)	(\$12)
InterVU	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Media Wave	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
SmartPipes	\$8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8	\$8	\$0	\$0
Internet Enabling Technologies total	\$173	(\$1)	(\$67)	(\$1)	(\$69)	\$1	(\$2)	(\$1)	(\$70)	\$63	\$65	\$2	(\$68)
<b>Hardware Positions</b>													
Avanex	\$5	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0	\$0	\$0	\$1
Compuq Warrants	\$6	\$0	\$0	(\$5)	(\$5)	\$0	\$0	\$0	(\$5)	\$1	\$1	(\$0)	(\$5)
DEC AECII Alliance (Compaq)	\$40	\$0	(\$40)	\$0	(\$40)	\$0	\$0	\$0	(\$40)	\$0	\$0	\$0	(\$40)
Dialogic	\$34	\$0	\$0	\$0	\$0	\$0	\$16	\$16	\$16	\$0	\$0	\$0	\$16
Dialogic Communications Corp	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Getronics Wang Labs	\$25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$25	\$0	\$0
ioptus	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Iran Communications Ltd	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Smart	\$10	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$6	\$6	\$0	(\$4)
Tandem	\$35	\$0	(\$35)	\$0	(\$35)	\$0	\$0	\$0	(\$35)	\$0	\$0	\$0	(\$35)
Thomson (partially hedged)	\$162	\$0	\$0	\$0	\$0	\$0	\$101	\$101	\$101	\$70	\$367	\$298	\$399
Tuts Communications	\$12	\$0	(\$11)	\$0	(\$11)	\$0	\$0	\$0	(\$11)	\$0	\$0	\$0	(\$11)
Hardware total	\$339	\$0	(\$97)	(\$5)	(\$102)	\$0	\$118	\$118	\$16	\$106	\$403	\$297	\$314
<b>Software Positions</b>													
Ameranth Technology Systems	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Apple	\$150	\$0	\$0	\$0	\$0	\$0	\$59	\$59	\$59	\$0	\$0	\$0	\$59
Artisoft	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Audible Convert	\$15	\$0	(\$4)	\$0	(\$4)	\$1	\$0	\$1	(\$3)	\$12	\$17	\$5	\$2
Big Huge Games	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
BizJournals.com	\$20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
BlackBoard	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$0	\$0
Borland (partially hedged)	\$26	\$0	\$0	\$0	\$0	\$0	\$9	\$9	\$9	\$27	\$49	\$22	\$31
Cirrus Logic	\$1	(\$1)	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)
Citrix Hedge	\$2	\$0	\$0	\$0	\$0	\$0	\$142	\$142	\$142	\$0	\$0	\$0	\$142
Commerce One	\$19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$19	\$19	\$0	\$0
Commtouch	\$20	\$0	(\$15)	\$0	(\$15)	\$0	\$1	\$1	(\$14)	\$0	\$0	\$0	(\$14)

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Position	Original Cost Basis	Step Up/Down	Impairment	FAS 133	Accounting Adjustments	Dividends + Appreciation	Trading G/L	Dividends - Trading G/L	P(L) Impact	Book Value	Market Value	Unrealized G/L	Economic G/L
	A	C	D	E	B	G	H	C	D	E	F	G	II
									D = B + C			G = F - E	II = G + D
ComnVault Systems	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15	\$15	\$0	\$0
Content Commerce LP	\$11	\$0	(\$6)	\$0	(\$6)	\$0	\$0	\$0	(\$6)	\$5	\$5	\$0	(\$6)
Corel	\$135	\$0	(\$85)	\$0	(\$85)	\$0	\$0	\$0	(\$85)	\$50	\$38	(\$12)	(\$97)
CPA2Biz	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$0	\$0
Digital Anyal	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Dreamworks SKG	\$27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$27	\$27	\$0	\$0
elabor.com	\$10	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$5	\$5	\$0	(\$5)
Elemental Software / KPMG	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Evoke	\$5	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$1	\$2	\$0	(\$3)
Genedax Design Automation	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
General Magic	\$4	\$0	(\$1)	\$0	(\$1)	\$0	\$2	\$2	\$1	\$0	\$0	\$0	\$1
stDeal	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$0	\$0
Infogrames	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Internout	\$58	\$0	(\$12)	\$0	(\$12)	\$0	\$76	\$76	\$64	(\$5)	\$0	\$5	\$69
Macromedia	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	(\$0)	(\$1)
N Kitchen, LLC	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Navitel	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Pluto Technologies	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Prognest	\$2	\$0	(\$1)	\$0	(\$1)	\$0	(\$1)	(\$1)	(\$1)	\$0	\$0	\$0	(\$1)
Real Networks	\$30	\$0	\$0	\$0	\$0	\$0	\$251	\$251	\$251	\$0	\$0	\$0	\$251
RealNames	\$38	\$0	(\$38)	\$0	(\$38)	\$0	\$0	\$0	(\$38)	\$0	\$0	\$0	(\$38)
Reciprocal (2nd Round Investment)	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Reciprocal (Rights Exchange)	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
Reciprocal Inc	\$10	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$5	\$5	\$0	(\$5)
RioPort.com	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1	\$1	\$0	(\$1)
SoftImage (now Avid)	\$13	\$161	\$0	\$0	\$161	\$0	\$0	\$0	\$161	\$0	\$0	\$0	\$161
Spyglass/OpenTV	\$4	\$8	\$0	\$0	\$8	\$0	(\$5)	(\$5)	\$3	\$0	\$0	\$0	\$3
SRS Labs	\$5	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$1	\$1	\$0	(\$4)
Stac	\$8	\$0	\$0	\$0	\$0	\$0	(\$2)	(\$2)	(\$2)	\$0	\$0	\$0	(\$2)
Trados	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Vadem	\$8	\$0	(\$8)	\$0	(\$8)	\$0	\$0	\$0	(\$8)	\$0	\$0	\$0	(\$8)
VDOnet Preferred	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
VenturCom, Inc	\$3	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$2	\$2	\$0	(\$1)
VenturCom, Inc (Round 2)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$0	\$0
Verisign (Hedged)	\$7	\$0	\$0	\$0	\$0	\$0	\$107	\$107	\$107	\$0	\$0	\$0	\$107
Wang	\$71	\$0	\$0	\$0	\$0	\$0	\$50	\$50	\$50	\$0	\$0	\$0	\$50
Wikifire	\$5	\$0	\$0	\$0	\$0	\$0	\$8	\$8	\$8	\$0	\$0	\$0	\$8
<b>Software total</b>	<b>\$804</b>	<b>\$168</b>	<b>(\$223)</b>	<b>\$0</b>	<b>(\$54)</b>	<b>\$1</b>	<b>\$697</b>	<b>\$698</b>	<b>\$644</b>	<b>\$212</b>	<b>\$233</b>	<b>\$20</b>	<b>\$665</b>
<b>Content Positions</b>													
Amscore Convertible	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$0	\$0
Bet.com	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Careerbuilder	\$19	\$0	\$0	(\$1)	(\$1)	\$0	(\$7)	(\$7)	(\$8)	\$0	\$0	\$0	(\$8)

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Position	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P/(L) Impact	Book Value	Market	Unrealized	Economic
	Basis	Up/Down		133	Adjustments	Accretion	G/L	Trading G/L			Value	G/L	G/L
	A			B			C		D	E	F	G	H
		C	D	E	G	H		D = B + C				G = F - E	H = G + D
Carpoint	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$64	\$54	\$54
Expedia (now USA)	\$216	\$1,241	\$0	\$0	\$1,241	\$0	\$0	\$1,241	\$0	\$0	\$0	\$0	\$1,241
Healthcon/WebMD	\$360	\$82	(\$391)	\$0	(\$309)	\$0	\$24	\$24	(\$285)	\$0	(\$0)	(\$0)	(\$285)
Healthcon/WebMD Warrants	\$234	\$119	\$0	(\$352)	(\$233)	\$0	\$0	\$0	(\$233)	\$1	\$2	\$0	(\$233)
Improvnet	\$12	\$0	(\$6)	(\$6)	(\$12)	\$0	\$0	\$0	(\$12)	\$0	\$0	(\$0)	(\$12)
InfoSpace	\$0	\$53	(\$52)	\$0	\$1	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Koum.com	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Savesmart (Infospace)	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Sidewalk (now Ticketmaster)	\$67	\$156	\$0	\$0	\$156	\$0	\$0	\$0	\$156	\$0	\$0	\$0	\$156
USA Convertible	\$737	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$737	\$871	\$134	\$134
USA Networks	\$579	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$579	\$620	\$41	\$41
USA Warrants	\$140	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$140	\$188	\$48	\$48
Yam Digital Technology	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
<b>Content total</b>	<b>\$2,403</b>	<b>\$1,652</b>	<b>(\$455)</b>	<b>(\$359)</b>	<b>\$839</b>	<b>\$0</b>	<b>\$17</b>	<b>\$17</b>	<b>\$856</b>	<b>\$1,492</b>	<b>\$1,769</b>	<b>\$277</b>	<b>\$1,133</b>
<b>Services Positions</b>													
Avanigo	\$5	\$0	(\$4)	\$0	(\$4)	\$0	(\$0)	(\$0)	(\$4)	\$0	\$0	\$0	(\$4)
Cas (Ardent) Convert	\$40	\$0	(\$35)	(\$8)	(\$43)	\$3	\$0	\$3	(\$40)	\$0	\$0	(\$0)	(\$40)
Cinemanow.com	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Digital Entertainment Network	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
FairMarket	\$9	\$0	(\$1)	(\$7)	(\$8)	\$0	\$0	\$0	(\$8)	\$0	\$1	\$0	(\$7)
iSyndicate, Inc	\$8	\$0	(\$8)	\$0	(\$8)	\$0	\$0	\$0	(\$8)	\$0	\$0	\$0	(\$8)
Learn2	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Lightspan	\$21	\$0	(\$17)	\$0	(\$17)	\$0	\$0	\$0	(\$17)	\$3	\$3	(\$1)	(\$18)
Measat	\$75	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$83	\$83	\$0	\$0
Open Port Technology	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Overdrive preferred Shares	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
PT Multimedia	\$39	\$0	(\$26)	(\$3)	(\$29)	\$0	\$0	\$0	(\$29)	\$9	\$12	\$2	(\$27)
PTM Com	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$3	\$2	\$2
SeaChange	\$10	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$5	\$7	\$2	(\$3)
TAK 3 (capital contribution)	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Thingworld	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
Titile Decision Systems, Inc	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Tuttle Systems	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12	\$12	\$0	\$0
Wink	\$30	\$0	(\$24)	(\$3)	(\$28)	\$0	\$0	\$0	(\$28)	\$2	\$3	\$0	(\$27)
<b>Services total</b>	<b>\$281</b>	<b>\$0</b>	<b>(\$139)</b>	<b>(\$21)</b>	<b>(\$159)</b>	<b>\$11</b>	<b>(\$0)</b>	<b>\$11</b>	<b>(\$148)</b>	<b>\$131</b>	<b>\$136</b>	<b>\$6</b>	<b>(\$142)</b>
<b>Internet Services Positions</b>													
Checkfree (partially hedged)	\$463	\$0	(\$256)	\$0	(\$256)	\$0	\$0	\$0	(\$256)	\$158	\$143	(\$15)	(\$271)
Expedia	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
InfoBna	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Intertainer Common	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)

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Position	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P/(L) Impact	Book Value	Market	Unrealized	Economic	
	Basis	Up/Down		133	Adjustments	Accretion	G/(L)	Trading G/(L)			Value	G/(L)	G/(L)	
	A		D	E	B		G	H	C	D	E	F	G	H
		C								D = B + C			G = F + E	H = G + D
Intertainer: II	\$5	\$0	\$0	\$0	\$0	\$6	\$0	\$0	\$0	\$5	\$5	\$0	\$0	
Intertainer: Convert	\$56	\$0	(\$37)	\$0	(\$37)	\$6	\$0	\$6	(\$31)	\$25	\$25	\$0	(\$31)	
Transport (now Checkfree)	\$170	\$243	\$0	\$0	\$243	\$0	\$0	\$0	\$243	\$0	\$0	\$0	\$243	
Unisys	\$12	\$0	(\$8)	\$0	(\$8)	\$0	(\$1)	(\$1)	(\$9)	\$0	\$0	\$0	(\$9)	
<b>Internet Services total</b>	<b>\$714</b>	<b>\$243</b>	<b>(\$305)</b>	<b>\$0</b>	<b>(\$62)</b>	<b>\$13</b>	<b>(\$1)</b>	<b>\$5</b>	<b>(\$56)</b>	<b>\$192</b>	<b>\$177</b>	<b>(\$15)</b>	<b>(\$72)</b>	

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Position	Original Cost Basis	Step Up/Down	Impairment	FAS 133	Accounting Adjustments	Dividends + Accretion	Trading G/(L)	Dividends + Trading G/(L)	P/(L) Impact	Book Value	Market Value	Unrealized G/(L)	Economic G/(L)
	A	C	D	E	B	G	H	C	D	E	F	G	H
									D = B + C			G = F - E	H = G + D
<b>VC/Incubator Positions</b>													
@Ventures Expansion Fund	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
@Ventures III, L.P.	\$6	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$2	\$2	\$0	(\$4)
Accel Internet Fund II LLC	\$9	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$3	\$3	\$0	(\$5)
Accel Internet Fund III LLC	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$2	\$2	\$0	(\$2)
AIG Orion Fund, LP	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1	\$1	\$0	(\$1)
Amadeus I	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$2	\$2	\$0	(\$2)
Amadeus II	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1	\$1	\$0	(\$1)
Angel (Q) Investors II	\$5	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1	\$1	\$0	(\$3)
Azure Venture Partners	\$11	\$0	(\$7)	\$0	(\$7)	\$0	\$0	\$0	(\$7)	\$4	\$4	\$0	(\$7)
Chrysalis Venture Fund	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1	\$1	\$0	(\$2)
CMGI	\$7	\$0	\$0	\$0	\$0	\$0	\$293	\$293	\$293	(\$0)	\$0	\$0	\$293
Connect Capital Fund	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$0	\$0
Cyber Pulse Networks	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Flanders	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$1	\$1	(\$2)	\$0	\$0	\$0	(\$2)
Galde Investment Fund II	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$2	\$2	\$0	(\$2)
Insight Venture Capital Partners III	\$4	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$1	\$1	\$0	(\$2)
Kawi I Ventura Services S.A. (Italian VC fund)	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Kawi II Ventura Services S.A. (Italian VC fund)	\$4	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$2	\$2	\$0	(\$3)
Madrona Venture Fund	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1	\$1	\$0	(\$1)
Matrix Semiconductor, Inc	\$8	\$0	(\$8)	\$0	(\$8)	\$0	\$0	\$0	(\$8)	\$0	\$0	\$0	(\$8)
MicroUnity	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
Modern Africa Growth Fund L.P.	\$4	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1	\$1	\$0	(\$3)
New Enterprises Associates (NEA) 9	\$5	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$2	\$2	\$0	(\$3)
New Enterprises Associates (NEA) VIII	\$10	\$0	(\$6)	\$0	(\$6)	\$0	\$0	\$0	(\$6)	\$3	\$3	\$0	(\$6)
Ventures III LLC, I	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
<b>VC/Incubator total</b>	<b>\$119</b>	<b>\$0</b>	<b>(\$80)</b>	<b>\$0</b>	<b>(\$80)</b>	<b>\$0</b>	<b>\$294</b>	<b>\$294</b>	<b>\$214</b>	<b>\$33</b>	<b>\$33</b>	<b>\$0</b>	<b>\$214</b>
iManage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0
Ciena Forward	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0	\$0	\$0	\$1
USWeb	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Broadcom	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0	\$0	\$0	\$1
Arha	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$3	\$0	\$0	\$0	\$3
MCI Group TS Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ruiner Technology Inc.	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Nasdaq	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
EnInfrastructure (h-Developments) preferred	\$10	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$5	\$5	\$0	(\$5)
Worldcom Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Avinton Warrants	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Nortel	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$4	\$0	\$0	\$0	\$4
Inacorn	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)
Skilset Software Warrant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Superior Consulting Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0

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Position	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P(L) Impact	Book Value	Market	Unrealized	Economic
	Basis	Up/Down		133	Adjustments	Accretion	G(L)	Trading G(L)			Value	G(L)	G(L)
	A	C	D	E	B	G	H	C	D	E	F	G	H
									D = B + C			C = F + E	H = G + D
Akamai	\$0	(\$1)	\$0	(\$1)	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	(\$0)	(\$2)
Groove Networks Round 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advanced Video Communications	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Cardence	\$1	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	(\$0)	(\$1)	\$0	\$0	\$0	(\$1)
N Kitchen Warrant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OpenWebs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amazon	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Looksmart Warrants	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$1	\$1	\$1	\$1	\$1
Pulsepoint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cisco	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0	\$0	\$0	\$1
Connecho	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Enfrastucture (I-Developments) common	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exelon	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	(\$0)	\$0	\$0	(\$0)	(\$0)
iTwo	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$0	\$0	\$0	\$1
Kana	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PMC Sierra	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Rainier Technology-Compaq payoff	(\$4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Rainier Tech Warrants	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Ventro	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ventures III LLC, II	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Yahoo	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Integrated Systems Co, Ltd	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	\$0
Internet Gold (MSN Israel)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Natural Language Inc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
N11 Satellite Communications Inc	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Nytec, Inc.	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Rainbow Multimedia	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Warthog	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
WebX	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amdahl	\$20	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$9	\$9	\$0	(\$12)
Avid	\$87	\$0	(\$48)	(\$21)	(\$69)	\$0	\$7	\$7	(\$61)	\$1	\$2	\$1	(\$61)
Avid Technology	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$0	\$0
CSI (ChoiceSeats, Inc )	\$9	\$0	(\$9)	\$0	(\$9)	\$0	\$0	\$0	(\$9)	\$0	\$0	\$0	(\$9)
Doring Kundersley	\$0	\$0	\$0	\$0	\$0	\$0	\$75	\$75	\$75	\$0	\$0	\$0	\$75
Estex	\$9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
FurnitureFind warrants	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
GigaMedia	\$35	\$0	(\$10)	(\$18)	(\$28)	\$0	\$0	\$0	(\$28)	\$7	\$12	\$5	(\$23)
HIFN	\$16	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$10	\$0	\$0	\$0	\$10
ICL (International Computers)	\$62	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$62	\$62	\$0	\$0

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Position	Original Cost	Step	Impairment	FAS	Accounting	Dividends +	Trading	Dividends +	P(L) Impact	Book Value	Market	Unrealized	Economic
	Base	Up/Down		133	Adjustments	Accretion	G/L	Trading G/L			Value	G/L	G/L
	A		B	E	D	G	H	C	D	L	F	G	H
		C	D	E		G	H	D = B + C				G = F - E	H = G + D
ITXC	\$3	(\$0)	(\$2)	\$0	(\$2)	\$0	\$1	\$1	(\$2)	\$0	\$0	(\$0)	(\$2)
KMPG	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$10	\$0	\$0
KPMG/FIS LLC	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$2	\$2	\$0	(\$1)
LoadEye	\$10	\$0	(\$9)	\$0	(\$9)	\$0	\$0	\$0	(\$9)	\$1	\$1	\$0	(\$9)
Newsedge	\$11	\$0	(\$10)	\$0	(\$10)	\$0	\$0	\$0	(\$10)	\$0	\$0	\$0	(\$10)
Santa Cruz	\$20	\$0	\$0	\$0	\$0	\$0	\$70	\$70	\$70	\$0	\$0	\$0	\$70
Sendo	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12	\$12	\$0	\$0
Softek Info Systems	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Ticketmaster	\$60	\$0	\$0	(\$54)	(\$54)	\$0	\$0	\$0	(\$54)	\$6	\$17	\$11	(\$43)
Ticketmaster (partially hedged)	\$200	\$0	(\$91)	(\$0)	(\$91)	\$0	\$13	\$13	(\$78)	\$53	\$128	\$74	(\$3)
UCOMA	\$4	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$2	\$0	\$0	\$0	\$2
VerticalNet Preferred	\$100	\$0	(\$109)	\$0	(\$109)	\$11	\$0	\$11	(\$98)	\$2	\$1	(\$0)	(\$99)
Other total	\$695	(\$1)	(\$311)	(\$93)	(\$405)	\$11	\$191	\$202	(\$204)	\$190	\$282	\$92	(\$111)
<b>Total of all Positions</b>	<b>\$20,209</b>	<b>\$2,618</b>	<b>(\$6,918)</b>	<b>(\$894)</b>	<b>(\$4,194)</b>	<b>\$894</b>	<b>\$4,725</b>	<b>\$5,613</b>	<b>\$419</b>	<b>\$10,029</b>	<b>\$10,255</b>	<b>\$227</b>	<b>\$646</b>

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Position	Original Cost Basis	Step-Up/Down	Losses/Revs	FAS 113	Adjustable Adjustments	Dividends & Accruals	Trading Gains	Dividends & Trading (G/L)	B/L Impact	Book Value	Market Value	Unrealized G/L	Revenue, Cost
A	B	C	D	E	F	G	H	I	J	K	L	M	N
			D = B + C			G = F - E	H = G + D						
Vesta W-2	\$5	\$4	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Alcatel int	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
Madden Africa Growth Fund I, F	\$4	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$1	\$1	\$0	(\$3)
Nanlan	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Nasdaq	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
New Edge Networks	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
New Enterprise Associates (NEA) V	\$5	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$2	\$2	\$0	(\$3)
New Enterprise Associates (NEA) VII	\$14	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$3	\$3	\$0	(\$4)
Onite Access Convert	\$2.5	\$0	(\$1.5)	\$0	(\$1.5)	\$0	\$0	\$0	(\$1.5)	\$0	\$0	\$0	(\$1.5)
Open Port Technology	\$5	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Overline preferred Shares	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Plaza	\$25	\$0	(\$18)	\$0	(\$18)	\$0	\$0	\$0	(\$18)	\$10	\$10	\$0	(\$18)
Plaza II	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Plaza Technologies	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Quincy (Sohio) b1	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$5	\$0	\$0
Redwood.com	\$100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$88	\$88	\$0	\$0
Rain/Neuro	\$30	\$0	(\$30)	\$0	(\$30)	\$0	\$0	\$0	(\$30)	\$0	\$0	\$0	(\$30)
Raymond (Intl Bond Investment)	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Raymond (Rights Exchange)	\$15	\$0	(\$15)	\$0	(\$15)	\$0	\$0	\$0	(\$15)	\$0	\$0	\$0	(\$15)
RePort.com	\$2	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$1	\$1	\$0	(\$1)
Redwood	\$213	\$0	(\$30)	\$0	(\$30)	\$0	\$175	\$175	\$175	\$17	\$0	\$0	\$17
Savantest (Infopass)	\$5	\$0	(\$5)	\$0	(\$5)	\$0	\$0	\$0	(\$5)	\$0	\$0	\$0	(\$5)
Sendo	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12	\$12	\$0	\$0
Simplecity Inc	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Stargate Inc	\$0	\$0	(\$6)	\$0	(\$6)	\$0	\$0	\$0	(\$6)	\$1	\$1	\$0	(\$6)
Smart	\$30	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$6	\$6	\$0	(\$4)
Socartops	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spoolnet	\$7	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$3	\$3	\$0	(\$4)
Starburst	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Starburst	\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TAK 3 (capital contribution)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$3	\$0	\$0
Thangwork	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
Tonics	\$3	\$0	(\$3)	\$0	(\$3)	\$0	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$3)
Tu Lu Tu Lu	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Tu Lu Tu Lu	\$14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14	\$14	\$0	\$0
Tu Lu Tu Lu	\$12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12	\$12	\$0	\$0
Vadant	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)
VDOnet Pro Ired	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Vidaco.com, Inc.	\$3	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$2	\$2	\$0	(\$1)
Vidaco.com, Inc (Round 2)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$2	\$0	\$0
Venocore (D.L.L.C.), I	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Wildfire	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wireless Knowledge Private	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Yan Diga al Technology	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0	\$0
Private debt & equities total	\$1,504	\$306	(\$1,225)	\$0	(\$119)	\$11	\$182	\$197	(\$337)	\$1,090	\$1,094	\$04	(\$284)
Private warrants													
Parsons/Prod warrants	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Private warrants total	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Business sales													
Esperio (now USA)	\$216	\$1,241	\$0	\$0	\$1,241	\$0	\$0	\$0	\$1,241	\$0	\$0	\$0	\$1,241
Sidekick (now Proximate)	\$67	\$156	\$0	\$0	\$156	\$0	\$0	\$0	\$156	\$0	\$0	\$0	\$156
Software (now Avad)	\$13	\$161	\$0	\$0	\$161	\$0	\$0	\$0	\$161	\$0	\$0	\$0	\$161
Intrepid (now Checkfree)	\$170	\$243	\$0	\$0	\$243	\$0	\$0	\$0	\$243	\$0	\$0	\$0	\$243
Business sales total	\$466	\$1,801	\$0	\$0	\$1,801	\$0	\$0	\$0	\$1,801	\$0	\$0	\$0	\$1,801

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Portfolio	Original Cost Basis	Step Up/Down	Innocent	T.A.S. (H)	Accounting Adjustments	Dividends + Accretion	Trading G/L	Dividends + Trading S/L	P/L Adjustments	Book Value	Market Value	Adjusted G/L	Unrealized G/L
	A			B			C		D	E	F	G	H
	D = B + C - E										G = F - D		H = G + D
MSCC & advances													
@Home Network Solutions	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Albany SA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amidat	\$20	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$0	\$0	\$0	(\$12)
Avad Technology	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Big Hero Gaming	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Continuum One	\$19	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Forward Commerce LP	\$11	\$0	(\$6)	\$0	(\$6)	\$0	\$0	\$0	(\$6)	\$0	\$0	\$0	(\$6)
CTP (Cambridge Technology Partners)	\$0	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
DEC ABC Alliance (Compix)	\$40	\$0	(\$40)	\$0	(\$40)	\$0	\$0	\$0	(\$40)	\$0	\$0	\$0	(\$40)
Dalight Communications Corp	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Datax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
eFinance (Formerly Baymax)	\$10	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
G.A. Software	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Genesis Way Lab	\$24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
K.L. International Computers	\$42	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
KMPG	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Laurens PMS Alliance	\$21	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$0	\$0	\$0	(\$12)
MarchLine (Formerly U/S Web/CKS)	\$25	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
MarchNet Advance	\$12	\$0	(\$12)	\$0	(\$12)	\$0	\$0	\$0	(\$12)	\$0	\$0	\$0	(\$12)
N. Kitchin, LLC	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rantor Technology, Inc.	\$4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rare Median Advance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reaportal, Inc.	\$10	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Sleight Software, Inc.	\$4	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
Softjet Info Systems	\$2	\$0	(\$2)	\$0	(\$2)	\$0	\$0	\$0	(\$2)	\$0	\$0	\$0	(\$2)
Supertec Consulting	\$6	\$0	(\$4)	\$0	(\$4)	\$0	\$0	\$0	(\$4)	\$0	\$0	\$0	(\$4)
Tarcom	\$35	\$0	(\$35)	\$0	(\$35)	\$0	\$0	\$0	(\$35)	\$0	\$0	\$0	(\$35)
Tuffie Decision Systems, Inc.	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Velocity Technologies	\$8	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Verco (Formerly XL Connect)	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MSCC & advances total	\$410	\$0	(\$26)	\$0	(\$26)	\$0	\$0	\$0	(\$26)	\$197	\$197	\$0	(\$207)
Other													
AMerigo	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0
U/Web	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MCI Group TS Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Worldcom Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0
Avaya Warrants	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0
Incom	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)
Silicon Software Warrant	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sanyo Consulting Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	\$0
Alarna	\$0	(\$1)	\$0	(\$1)	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Greene Networks Round 2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Advanced Video Communications	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0
Cardinalis	\$1	\$0	(\$0)	\$0	(\$0)	\$0	(\$0)	(\$0)	(\$1)	\$0	\$0	\$0	(\$1)
N. Kitchin Warrants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
OpenVista	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amazoo	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Liberty Warrants	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$0	\$1	\$1	\$1	\$1
Pulsopoint	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cyber	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$1
Connectics	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Endwestcom (E-Development) contract	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Eselon	\$0	\$0	\$0	\$0	\$0	\$0	(\$0)	(\$0)	(\$0)	\$0	\$0	(\$0)	(\$0)
Flux	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0	\$1
Kovm	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PMSC Sierra	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rantor Technology - Cooper payoff	(\$4)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4	\$4	\$0
Rantor Tech Warrants	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	(\$1)	\$0	\$0	\$0	(\$1)
Veneto	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Veracruz III LLC, II	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0
Video	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Integrational Systems Co., Ltd	\$0	\$0	(\$0)	\$0	(\$0)	\$0	\$0	\$0	(\$0)	\$0	\$0	\$0	(\$0)
Internet Cold (MSN Asset)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Natural Language Inc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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Position	Original Cost Basis	Short-Lived/Down	Impairment	IAS 18	Accounting Adjustments	Dividends + Income Tax	Dividends + Income Tax	Dividends + Income Tax	Market Impact	Book Value	Market Value	Unrealized Gain	Economic Gain
	A			B		C	D	E	F	G	H		
							D = B + C			G = F - E	H = G + D		
N FT Satellite Communications Inc	\$1	\$0	(\$1)	\$0	(\$1)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1)
Nvax, Inc	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0	\$0
Rainbow Multimedia	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$1	\$0	\$0
Wardog	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Waxix	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other total	\$2	(\$1)	(\$3)	(\$2)	(\$4)	\$0	\$0	\$1	(\$3)	\$0	\$0	\$1	(\$1)
Private investments grand total	\$2,794	\$2,346	(\$1,138)	(\$0)	\$1,208	\$22	\$184	\$200	\$1,260	\$1,265	\$1,300	\$35	\$1,334
Total of All Positions	\$24,209	\$2,618	(\$4,918)	(\$894)	(\$5,196)	\$894	\$4,735	\$5,613	\$419	\$48,020	\$18,255	\$27	\$66

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Acquisitions

Company	status	GNP	Close Date	# of Acquisitions	Original Basis (Hedge & Warrants)	Cost (Includes)	Accounting Adjustments	Book Value	Current Value	Economic Gain/(Loss)	Total Acquired HC
Great Plains Software, Inc	Active	jeffr	4/5/2001	1		\$1,125.0					2081
iCommunicate Holdings Inc	Active	jeffr	4/13/2001	1		\$15.0					11
WebappointLogic, Inc.	Active	jeffr	10/26/2000	1		\$7.9					3
<b>Business Solutions</b>				<b>3</b>		<b>\$1,147.9</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>2095</b>
Design Intelligence Inc.	Active	jeffr	12/8/2000	1		\$20.0					14
eLabor.com Inc	Active	jeffr	8/17/2000	1		\$13.0					6
Equal	Active	jeffr	12/28/2001	1		\$0.3					4
LinkExchange, Inc	Active	jeffr	11/4/1999	1		\$268.5	(\$265.0)				104
Maximal Innovative Intelligence, Ltd	Active	jeffr	6/19/2001	1		\$7.2					7
<b>Active</b>				<b>5</b>		<b>309,022</b>	<b>(\$265.0)</b>				
3G	Past	jeffr	7/1/1985	1		\$1.1					
Alamara software	Past	jeffr	9/1/1984	1		\$5.9					
Forethought	Past	jeffr	7/1/1988	1		\$17.0					
PSI	Past	jeffr	1/1/1980	1		\$0.0					
Soft Design	Past	jeffr	1/1/1980	1		\$15.0					
Vinnover Technologies	Past	jeffr	1/1/1996	1		\$125.9					27
Viso, Inc	Past	jeffr	12/2/1986	1		\$1,301.1					462
<b>KW</b>	<b>Past</b>			<b>7</b>		<b>\$1,468.0</b>	<b>(\$265.0)</b>				<b>2722</b>
Compass Net, Inc	Active	daavid	3/4/1999	1		\$71.5					20
Dr. Marlene	Active	daavid	11/20/2000	1		\$4.6					
Entropy	Active	daavid	11/3/1999	1		\$90.8					42
Hollmell Corporation	Active	daavid	12/31/1997	1		\$125.0					56
International ThinkLink Corporation	Active	daavid	2/28/2001	1		\$0.3					
Jump Nitecrite	Active	daavid	4/30/1999	1		\$34.4					11
Mangonius, Inc.	Active	daavid	8/12/2000	1		\$64.7					59

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Acquisitions

Company	status	GVF	Close Date	# of Acquisitions	Original Basis (Hedgco & Warrants)	Cost (includes Hedgco & Warrants)	Accounting Adjustments	Book Value	Current Value	Economic Gain/(Loss)	Total Acquired HC
Shadow Factor Software	Active	Davidco	6/8/1999	1		\$0.4					
Tulio Database Systems	Active	Treasury Davidco	9/30/2000	1		\$20.0					
Automotive Dealers Marketing, Inc. (aka ADM)	Past	Davidco	4/7/2000	1		\$4.5					
Dare-to-Dream	Past	Davidco	7/1/1995	1		\$20.0					
Driveoff.com	Past	Davidco	9/25/2000	1		\$12.7					
eShop Inc.	Past	Davidco	6/20/1998	1		\$40.0					20
EXOS Inc.	Past	Davidco	4/1/1998	1		\$5.9					3
Fifty Networks	Past	Davidco	4/15/1998	1		\$37.5	(\$38.4)				20
Fifth Communications, Inc.	Past	Davidco	2/8/1998	1		\$7.0					6
Mysterious Pursuit (Australia)	Past	Davidco	12/5/1987	1		\$1.7					2
Newbase LTD	Past	Davidco	10/1/1994	1		\$23.5					1
Ombrowae, Inc.	Past	Davidco	8/15/1999	1		\$3.0					3
<b>MSN</b>	<b>Past</b>			<b>10</b>		<b>\$155.9</b>	<b>(\$38.4)</b>				
Commeze.com Inc.	Active	Jmail	12/10/2000	<b>19</b>		<b>\$837.4</b>	<b>(\$38.4)</b>				<b>245</b>
Exera Systems, LLC	Active	Jmail	11/30/2000	1		\$7.6					2
iCompass Labs, Inc.	Active	Jmail	5/23/2001	1		\$42.8					104
Nihvis Systems, Inc.	Active	Jmail	7/3/2001	1		\$1.0					1
Pacific Microsonics, Inc.	Active	Jmail	8/7/2000	1		\$12.0					5
Sand AB	Active	Jmail	5/12/1999	1		\$126.0	(\$101.3)				106
SignalCom, Inc.	Active	Jmail	3/31/2000	1		\$13.1					8
Software Systems, Inc.	Active	Jmail	9/21/1999	1		\$4.9					9
Zcomit International Inc.	Active	Jmail	7/1/1999	1		\$21.0					13
Aspect Software Engineering, Inc.	Past	Jmail	3/1/1996	1		\$12.6					7
Blue Ribbon Soundworks, Ltd.	Past	Jmail	10/1/1995	1		\$8.5					6

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Acquisitions

Company	Status	GVF	Close Date	# of Acquisitions	Original Basis (Hedge & Warrants)	Cost (includes Hedge & Warrants)	Accounting Adjustments	Book Value	Current Value	Economic (Gain/Loss)	Total Acquired HC
Bower Enterprise	Past	ymail	4/1/1989	1		\$8.0					
Collins Software	Past	ymail	2/1/1988	1		\$12.0					2
Cooper & Polera	Past	ymail	5/11/1987	1		\$2.0					1
Dimension X	Past	ymail	5/7/1987	1		\$18.0					19
Dynamical Systems	Past	ymail	1/1/1988	1		\$10.0					
Eschelon Software (Canada)	Past	ymail	11/20/1987	1		\$8.2					
Fox Software	Past	ymail	6/1/1982	1		\$140.0					75
Intec Corporation	Past	ymail	2/25/1987	1		\$25.0					13
LinkAge Software Inc. (Toronto)	Past	ymail	6/30/1987	1		\$30.0					25
Micro-Quil/Gabek	Past	ymail	7/9/1987	1		\$2.7					4
Mozzaria	Past	ymail	1/31/1997	1		\$20.0					9
Netwise, Inc.	Past	ymail	10/1/1995	1		\$12.5					21
Network managers (UK) limited	Past	ymail	6/1/1995	1		\$13.5					22
Novod, Inc.	Past	ymail	1/8/1999	1		\$3.0					2
One Tree Software	Past	ymail	11/1/1994	1		\$3.4					4
Panorama Software Systems (Norco)	Past	ymail	10/22/1986	1		\$12.8					6
Render Morphics Ltd. (UK)	Past	ymail	2/1/1995	1		\$3.5					1
ResQvia Software, Inc.	Past	ymail	11/14/1986	1		\$1.5					5
The Mean Group, Inc.	Past	ymail	4/24/1988	1		\$14.5					8
Valence Research Incorporated	Past	ymail	8/25/1988	1		\$7.5					4
Vixtrine	Past	ymail	8/5/1987	1		\$55.0					48
Wakabout Software	Past	ymail	10/8/1987	1		\$2.8					4
<b>Client/Server</b>	<b>Past</b>			<b>24</b>		<b>\$424.7</b>					
				<b>33</b>		<b>\$653.7</b>	<b>(\$101.3)</b>				<b>538</b>
CapEnt	Active	moshel	4/7/1998	1		\$9.2					
Reach Networks, Ltd	Active	moshel	3/30/2000	1		\$72.0	(\$75.8)				48
Scoutfire, Inc.	Active	moshel	11/20/2000	1		\$12.2					9
	<b>Active</b>			<b>3</b>		<b>\$82.5</b>					
Web TV Networks, Inc. (Acquisition)	Past	moshel	4/5/1997	1		\$425.0					284
	<b>Past</b>			<b>1</b>		<b>\$425.0</b>					
<b>TV</b>				<b>4</b>		<b>\$507.5</b>	<b>(\$75.8)</b>				<b>319</b>
Anal Software Corp	Past	preark	3/26/1999	1		\$1.1					2
STNC Enterprise Limited	Active	stnab	7/18/1999	1		\$18.0					40
<b>NSP / Mobility</b>				<b>2</b>		<b>\$19.1</b>					<b>42</b>
Access Software, Inc.	Active	robbeeb	4/29/1989	1		\$40.9					92
Bunge Software Products Corp	Active	robbeeb	6/16/2000	1		\$29.0					40
Digital Atwl, Inc.	Active	robbeeb	12/27/2000	1		\$3.0					66

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Acquisitions

Company	Status	GVP	Close Date	# of Acquisitions	Original Basis (Hedges & Warrants)	Cost (Includes Hedges & Warrants)	Accounting Adjustments	Book Value	Current Value	Economic Gain/(Loss)	Total Acquired HC
Ensemble	Active	rob/rob	5/4/2001	1		\$94.5					51
NEGames USA, Inc.	Active	rob/rob	8/2/2000	1		\$2.8					4
Virtual World Entertainment Group Inc. (FASB Interactive)	Active	rob/rob	1/7/1999	1		\$30.0					35
<b>Active</b>				6		\$185.7					
Bruce Atwick Organization	Past	rob/rob	11/1/1995	1		\$55.0					14
Electric Gravity Inc.	Past	rob/rob	5/23/1998	1		\$1.0					
<b>Past</b>				2		\$36.8					
<b>Home &amp; Entertainment</b>				8		\$224.7					313
Intrix Corporation	Active	rob/rob	6/10/1999	1		\$98.0					6
Natmos Technologies Inc.	Active	rob/rob	5/3/1999	1		\$3.5					2
<b>Active</b>				2		\$59.5					
Natural Language Incorporated (NL)	Past	rob/rob	2/1/1995	1		\$1.3					
Softimage	Past	rob/rob	8/1/1994	1		\$130.0					118
<b>Past</b>				2		\$131.3					
<b>Research</b>				4		\$190.7					128
<b>Total</b>				62		\$4,208.1	(\$478.5)				4305

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Total Term Count	Vol Term Rate	Invest Term Rate	Total Term Rate (Voluntary & Involuntary)	Commercial Agreement/Business Summary
128	4%	7%	6%	Acquired to build SME bus apps business. High- Successful corp integration execution & Collaborative MS-GP team approach. Low- critical functional orgs not proactively engaged end-to-end (i.e. sales). No overall MS decision maker for day-to-day integration decisions. Underestimated cultural differences between companies. Close to plan for H1 FY02--GP org has since been combined with cCentral making comparisons to original projs difficult. 1-18-02
0	0%	0%	0%	Acquired to (1) fill out CRM strategy and accelerate offering in eServices and (2) acquire people. Product manages knowledge base, email, service requests, order status, services status, incident tracking and customer surveys aimed at SME businesses. Change in strategy post GP-acquisition means we're no longer focused on small med ASP services--now focused on med server based product. 1-11-02
0	0%	0%	0%	Acquired eScheduling technology for bCentral and 3 people (No attrition to date). RTW (bCentral Appointment Mgr) in July on schedule.
128	4%	2%	6%	
0	0%	0%	0%	Technology deal for code supporting adaptive layout (different devices / screens / mediums) for electronic publishing to advance e-Book platform and prevent DI from being acquired by competitor. Market conditions / e-Book revenue shortfall have constrained resources and slowed integration. Technology will be integrated into eDocuments in PPG. Acquired 14 employees.
0	0%	0%	0%	\$10M equity investment and \$13M asset acquisition. Successfully acquired time to market advantage for MS Project online and 6 people (no attrition to date). Investment impaired by \$10M. 1-9-02
0	0%	0%	0%	Deal driven by acquisition of code, technologies, and hiring of 4 people. IP allows for HTML web page annotation and collaboration. 1-8-02
80	55%	19%	77%	Acquired for small business web services / functionality. MS (MSN) and LinkExchange in flux at time of acquisition leading to lack of executable business plan.
0	0%	0%	0%	Deal driven by interest in Business Intelligence, in enhancing Excel's query tools / SQL Analysis Services, and talent. Integration successful. Also expecting incremental sales of current products enhanced with BI features. Acquired 11 people. Maximal wage going concern risk at time of acq. Successful RTM. 1-10-02
				Deal expanded clip art for Publisher and other MS products.
				Acquired PowerPoint for estimated \$17 M.
				Built our consumer productivity business on MAC platform.
				Acquired Project application.
19	75%	0%	70%	Acquired FrontPage. Technology enabled next gen Office features & html/web capability on time. Low attrition overall due to good fit with leadership, culture, technology, and people although sooner than expected attrition of 2 founders.
142	16%	13%	31%	High- Good culture fit w/MS. Successful integration (GSA, Ops) and realized efficiencies. Low- Integrated sales org into MS structure too quickly. Didn't have right level of accountability in WW Sales org to drive revenue. Substantial revenue shortfall vs forecast (FY01 revenue \$248m, 6% Y/Y growth, below initial estimate of \$345m). High attrition in sales and PSS.
369			14%	
8	30%	0%	30%	Technology from acquisition has been leveraged into MSN shopping platform and plays a role in the \$100M/yr revenue generated from this service. No additional monitoring required. 2/22/02
				Technology license acquisition. 2/22/02
9	17%	5%	21%	Expensive way of acquiring good people. Acquired good people but technology was not as useful to MS as anticipated. 2/22/02
42	47%	5%	72%	110M Potential accounts, instrumental in driving MSN traffic and strategically significant. However, overall RM loss for HM for '01 was ~\$100M. 2/22/02
				Company went bankrupt & defaulted on \$25M bridge loan. We allocated PV of acquired IP assets (~\$7mm) from loan balance and impaired ~\$18M. Asset purchase price \$300k. Patents are valuable. LCA trying to leverage patents & BU using acquired tech. 2/22/02
3	27%	0%	27%	Acquired people and technology however (time to market savings was less than expected). 2/22/02
13	0%	23%	23%	Acquisition. Revenues below expectations (FY'01 \$700K vs \$10.3M) and (FY'02 \$13.3M vs \$36.7M). 2/22/02

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Total Term Count	Vol Term Rate	Invol Term Rate	Total Term Rate (Voluntary & Involuntary)	Commercial Agreement/Business Summary
				Technology was used in the game/Voice devices that were shipped by the hardware group. Too small to monitor. 2/22/02 10/01/98 MS invested \$12M in Tuttle, 09/30/03 MS acquired Tuttle for additional \$20M. 10/2/00 MS sold 1/3rd of HA to Chase, RFC for \$110M on 3/23/01 MS repurchased shares \$116M from Chase & RFC & sold off Tuttle to Freddie Mac (~\$28M incl in the \$116M) 2/22/02
				ADM acquired by CarRent. ADM had relationships with AARP and airlines. Purchased in 400 and sold in 1100. All 20 employees gone. 2/22/02
				Barney acquisition for Activates products. Key learning contract should have structured so MS didn't bear 100% of product risk. Unable to sell the product at a price-costs. MS lost money on the acquisition and products that were sold. 2/22/02 Acquisition which was immediately shut down. After 3 months determined wasn't successful. Closed down. Driveoff on 2/14/01. Deal was burning cash of ~\$1M/month. 2/22/02 MS no longer holds shares. Too old to monitor. 2/22/02
8	35%	5%	40%	
0	0%	0%	0%	
15	75%	0%	75%	Acquisition of people and technology for hardware division. 2/22/02 Acquisition. Change in business strategy resulted in deal written off and approx 27 out of 28 people left shortly after acquisition. Need to verify that company was properly shut down. 2/22/02
5	85%	0%	83%	Funds used to acquire assets and 5 key people. The acquired technologies were used as the core of the Exchange Instant Messaging Service that first shipped in the Exchange 2000 server products. Wanted to use technology in Hotmail IM but this is a different technology. Overall successful from a strategic perspective. Only 1 employee left. Too old to monitor. 2/22/02
1	50%	0%	50%	Too old and small to monitor. 2/22/02
0	0%	0%	0%	Too old and small to monitor. 2/22/02
3	100%	0%	100%	Code provided original foundation for MSN Mobile. However, code has since changed considerably since acquisition. Classify as past due to age, size and age of acquired code. 2/22/02
<b>105</b>			<b>43%</b>	
0	0%	0%	0%	Acquired developer talent with domain expertise in Supplier enablement. No attrition to date. 1-8-02
0	0%	0%	0%	Acquired technology fortifying SQL Server data warehousing / scaling capabilities and 2 people (both still w/MS). IP to be used in Yukon release in late FY03/ early FY04. IP functioning in pre-release milestones. Commerce Server not yet using IP however. 1-8-02
0	0%	0%	0%	Acquired basis for MS Content Mgmt Server, revenue stream and talent. Successful RTM B/01 as planned. Progress thru FY02 Q2 \$8.2M vs FY02 goal of \$25M. 1-11-02
0	0%	0%	0%	Acquired audio jukebox & digital switch technology to support eHome functionality over legacy equipment and people. Technology being utilized and people still here. 1-11-02
0	0%	0%	0%	Successfully acquired and utilizing (in WMP) high definition CD technology, and talent, for encoding/ decoding to help extend use of CD technology in mkt (vs. move to audio DVDs). Divested (thru lease) acquired hardware business to Euphonix with their commitment (subsidized by MS) to sell 10 HDDC encoders per quarter. 1-11-02
44	42%	0%	42%	Acquired IP, developer & other talent focused on telecommunications carrier mkt, and revenue. Product became competitive with MS enterprise products leading to low internal support for product /strategy. Impaired by \$101M. Transferred to Paulie. 1-15-02
3	13%	25%	38%	Successfully acquired & utilizing speech compression technology for WMP and talent (no attrition to date). Deal included battlefield speech transmission technology being used by NATO. Final escrow cleared. 1-11-02
1	11%	0%	11%	Deal driven by need for existence of Interx interoperability technology between NT and Unix to sell MS technology to federal government.
0	0%	0%	0%	Acquired emergent technology / IP / content and talent for strategic reasons, so no revenue targets set. It was necessary to get technology to sell additional advanced windows servers. There have been delays in getting the Microsoft version of product out the door. Should have been done 1 yr ago but the code was more of a mess than thought. Current estimate is that it will ship in the next 6-9 months with Windows. Net servers. While it will be a separate product—we don't charge for it, we just require advanced server for it to run thus we assume upgrade revenue. 1-14-02
3	43%	0%	43%	Deal added imaging code (2d graphics) and expertise.
4	67%	0%	67%	Acquired developer and marketer of interactive music technology and products.

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Total Term Count	Vol Term Rate	Invol Term Rate	Total Term Rate (Voluntary & Involuntary)	Commercial Agreement/Business Summary
1	50%	0%	50%	Acquired print driver technology
0	0%	0%	0%	Acquired developer of software that enables creation of memory protected high performance internet components in popular programming language (i.e. C and C++)
13	88%	0%	88%	Acquired developer of object-oriented user-interface framework technologies for Java
				Acquired Java MM authoring tool (Liquid Motion) and Java based VRML browser and runtime technology (Liquid Reality)
27	32%	4%	36%	Acquired installation software
9	23%	0%	23%	Acquired developer of FoxPro
				Acquired web site usage software (Interse market focus)
3	12%	0%	12%	Acquired email connectivity and directory synchronization software Technology allows Lotus Notes and MS Exchange users to share email, directories, email links, and attachments
2	50%	0%	50%	Acquired 4 developers to build Outlook message store's database features
2	22%	0%	22%	Acquired WebMapper web site mgmt tool for MS BackOffice
5	22%	3%	25%	Acquired technology for SQL Server database mgmt system, Visual Tools and OLE technologies.
2	9%	0%	9%	Acquired provider of network mgmt software
2	100%	0%	100%	Acquired 2 person Co that developed Internet networking software, specifically network address translation technology
2	50%	0%	50%	Acquired technology to incorporate into Visual C++ / Visual Basic / FoxPro and talent.
0	0%	0%	0%	Acquired online analytical processing technology
0	0%	0%	0%	Acquired real time E-3D programming tools and graphics rendering capabilities
0	0%	0%	0%	Acquired internet server and web page creation software for the MAC
4	50%	0%	50%	Acquired tool developer for migrating Lotus Notes apps onto MS Exchange server
1	25%	0%	25%	Acquired technology and talent for NT (TCP / IP load balancing and fault tolerance software)
26	57%	0%	57%	Acquired to gain streaming video / audio technology and talent Lowlight-transition plan (left remote in CA & ambiguous goals) led to 100% attrition of Sales Team
0	0%	0%	0%	Acquired HTML browsing engine that extends HTML to deliver multimedia experiences over the web
149			28%	Web TV Acquisition Too old and small to monitor going forward People and IP acquired to speed time to market for WebTV next generation set top boxes 2/22/02
7	9%	7%	16%	Struggling to leverage the people and technology acquired from this acquisition Market changes are also diminishing the value of this purchase, BU preparing strategy to address these issues. 2/22/02
0	0%	0%	0%	Too old and small to monitor going forward People and IP acquired to build MSTV platform and associated cable TV applications 2/22/02
187	59%	4%	63%	Group has grown to 3 groups (MSN TV, Ultimate TV & MSTV), Generated \$1.5 billion of operating losses. Excl purchase price 1 mill on customers versus 5-10 mill on projected Resources being reallocated within MSFT 2/22/02
174			55%	ADM acquired by CarPoint ADM had relationships with AARP and airlines Purchased in 4/00 and sold in 11/00 All 20 employees gone 2/22/02
0	0%	0%	0%	Appeared to be a successful acquisition of microbrowser technology However the division was closed down - 12/01 as microbrowser technology is no longer strategic to MSFT Acquired people being laid off or redeployed Should MSFT sell technology that was developed by STNC team? 2/22/02
12	26%	10%	36%	
12			29%	
26	12%	15%	28%	Acquisition met strategic objective of obtaining industry leading golf games & employees Access developing Amped - a highly anticipated Xbox title Revenues behind proforma (\$63.9M vs \$134M cumulative for '00-'02) Access not profitable to MS 2/22/02
5	10%	3%	13%	Acquisition, Successful retention of 40 employees/key executives Halo launched simultaneously with Xbox In Nov \$28M in revenue projected for the Halo title in FY'02 2/22/02
9	14%	0%	14%	Successful retention of approximately 75 employees DA currently working on Brute Force and Freelancer titles Revenues of \$10.0M projected for Brute force for FY'02, \$0 Revenues projected for Freelancer for FY'02 Cumulative loans royalties and funding of \$50M Unlikely MS will realize positive ROI from this in near future 2/22/02

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Total Term Count	Vol Term Rate	Invol Term Rate	Total Term Rate (Voluntary & Involuntary)	Commercial Agreement/Business Summary
4	7%	0%	7%	Age of Mythology has projected revenue of \$9.5M for FY02. Quarterly monitoring via Games division scorecard. Purchase price includes option value that was exchanged. 2/22/02
0	0%	0%	0%	PRD's Sims and scoring tech improved user experience on Zone.com. CON's Small impact on Infric, tech not yet leveraged on Xbox and could be leveraged further. Ongoing monitoring via quarterly metrics scorecard. 2/22/02
3	8%	0%	8%	Acquisition included in BU scorecard. Acquisition of Battle Tech and Mech Warrior gaming IP. 2/22/02
7	21%	29%	50%	\$35M acquisition of flight simulator. 2/22/02
				Provided MS with (1) matchmaking technologies, (2) pay for use technologies and (3) board games that were necessary to round out MS Zone.com on-line game offering. The two key employees stayed to term but are no longer with MS. 2/22/02
<b>54</b>			<b>17%</b>	
1	17%	0%	17%	Very successful acquisition. Resulted in cost savings to BU. 10/11/01
0	0%	0%	0%	Objectives were to acquire 2 key people, technology and help the UW's technology program. Objectives were met. Employees still at MSFT. Classify as Past due to size and age of acquisition. 2/22/02
116	31%	66%	97%	Too old and small to monitor. 2/22/02
				Software was sold. Avid acquired Software. 2/22/02
<b>116</b>			<b>92%</b>	
<b>979</b>			<b>23%</b>	

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JV's

Company	Close Date	Status	Strategic Rationale	# of JVs	Original Basis (Hedges & Warrants)	Cost (Includes Hedging)	Accounting Adjustments	Book Value	Current Value	Economic Gain/(Loss)	Comments/Agreement/News Summary
MSNBC Cable	5/15/1999	Active	Vehicle for the new cable news operation and access to content for on-line	1		\$24.8	\$0.0	\$136.8	\$126.8		MSN actively monitoring MSNBC JV. Strategically significant due to news license and brand (468.0) recognition but unlikely that MSNBC will ever be self-funding 2/22/02
MSN Internet Ltd (aka Internet Ltd - Cable Lines Ltd)	7/18/1999	Active	Work with the leading Israeli ISP on a co-branded portal and e-commerce opportunities	1		\$3.0	\$0.0	\$0.1	\$0.1		MSN & Internet Gold JV. Currently profitable for MS as IQ covers most costs. Upcoming challenges as IQ having financial issues. MS needs action plan if IQ decides to pull out of this JV. Quarterly loss (Net IQ) variable 2/22/02
MSN Pty (India)	7/1/1998	Active	Partner with #1 media in Australia for content and distribution for MSN	1		\$171.8	\$0.0	\$2.3	\$7.3		JV is actively monitored by MSN BU Finance. NineMSN is #1 in Australia. #1 in Australia. Approximately \$10M in revenues in Q1. Currently breaking even with positive PM projected for 3rd Q FY02. Commercial agreement expires 6/02. BU currently in regulatory contact 2/22/02
TIMSN Corp	12/30/2000	Active	Partnering with #1 telco in Mexico to launch new co-branded Spanish portal	1		\$25.5	\$0.0	\$11.8	\$14.8		TIMSN is actively monitored by MSN BU Finance. TIMSN acquired (Kip) to reduce responsibility margin losses for FY02-FY04. Performance is good but not as strong as projected at deal close 2/22/02
David Cole				4		\$821.9	\$0.0	\$144.0	\$141.0	(\$81.0)	
Media Corp (Palm Content/ward Holdings, E.C.)	4/27/2000	Active	Streaming Media BPC and eBooks require DRM technology to protect business. Patent has strategic patent position	1		\$58.0	(\$15.7)	\$12.0	\$12.0	(\$22.3)	Investment driven by IP license (Streaming Media BPC and eBooks require DRM technology to support business) from this Xerox spinoff. Being restructured by Corp Dev - expected liquidity event 2001 happens during need for restructuring to get our 525 mg out. Content Guard to collaborate with MS on standards efforts related to eBooks and DRM. Content Guard to collaborate with MS on DRM technologies. MS to license CD DRM IP. Open question - does CD have sustainable business model? 1-16-02
Jeff Ralikes				1		\$50.0	(\$15.7)	\$12.0	\$12.0	(\$22.3)	
Media Choice	5/1/2000	Active	Streaming media, download, and portable	1		\$20.0	\$0.0	\$17.0	\$17.0	(\$3.0)	Company is profitable but expected IPO is not a current option. MM is their only format on the market but other side of business (all cable content) ATTT and Content2Go supports multiple formats. Complicated with investment from AOL/TW. MS has strong relationship with CC and Co holding questions. New Content deal being to be developed by check. Continuous PAL impact expected unless deal restructured due to goodwill amort 1-16-02
Jim Aichin				1		\$20.0	\$0.0	\$17.0	\$17.0	(\$3.0)	
TAK (aka 144 Content)	9/6/1999	Active	Residual portion of Thomson partnership, TVPAK design presence in Europe	1		\$3.5	\$0.0	\$0.0	\$0.0	(\$3.5)	Total TAK 1 and TAK 2 funding = \$9,744,111. Relationship restructured to reduce MSFT investment below 20%. Investment/relationship remains strategic due to involvement of Thomson. No additional cap call commitments 2/22/02
TAK II (aka 144 Content)	2/25/2000	Active	Service provider using MSTV	1		\$5.0	\$0.0	\$0.0	\$0.0	(\$5.0)	Total TAK 1 and TAK 2 funding = \$6,744,111. Relationship restructured to reduce MSFT investment below 20%. Investment/relationship remains strategic due to involvement of Thomson. No additional cap call commitments 2/22/02
MS TV KK (MSKK Japan)	5/28/2000	Pass	International webTV franchise	1		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	JV with Fujitsu being shut down. David Pomery involved for BU finance. Analysts Cliff involved for VI integration. No follow up items anticipated after JV is shut down 2/22/02
Mouhe Lichtman				3		\$9.7	\$0.0	\$0.0	\$0.0	(\$9.7)	
News Inc	4/18/2001	Active	disruptive incremental MS office expense	1		\$11.8	\$0.0	\$0.0	\$0.0	(\$11.8)	Potential acquisition of remaining 10% not owned by MS underway 12/04/01
News Inc (via AOL)	1/30/2000	Active	Increase market share (expansion) through IT services commercial deal and investment	1		\$4.0	\$0.0	\$4.8	\$4.8	\$4.0	MS committed to pay a total of \$12.5M. JV review completed in November 01. JV business struggling due to low utilization of content and lower than planned ads from MSFT. Also over last four months NewsInc has created realistic business plan and is working hard to be successful. Meeting scheduled to review next steps with H-16-02
MedMag.a	4/10/2001	Active	Team with the world's largest and most advanced wireless operator	1		\$4.1	\$0.0	\$3.9	\$3.9	(\$2.2)	CD on the board and CD/VI Dev working with Co on viable business plan. Byronoid to visit with MOH in Japan early in March 2/22/02
Orlando Ayala				3		\$20.3	\$0.0	\$8.7	\$8.7	(\$14.7)	JV with Australia Telecom. This JV transaction is classified as Pass. However, MSP continues to court a relationship with Telstra.
Telstra		Pass									
<b>Total</b>				<b>12</b>		<b>\$922.0</b>	<b>(\$15.7)</b>	<b>\$178.6</b>	<b>\$178.6</b>	<b>(\$727.6)</b>	

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