

Word/Excel Upgrade *JS*

To: Bill Gates, Mike Hallman, Scott Oki, Frank Gaudette, Jeremy Butler,
Steve Ballmer, Mike Maples, Rich Macintosh, Pete Higgins, Jeff Raikes

Cc: See Distribution List

Re: Upgrade Promotion for Win Excel 3.0 and Word for Windows

The next six months will be critical for Excel and Word. WordPerfect and Lotus will be poised to announce their Windows versions. Now is the time to get influential end-users to try our Windows applications. An aggressive upgrade offer is a way to do that. Unit estimates for the four months from Jan 1 to April 30 are:

	Excel	Word	Total
Full price retail	37,908	32,292	70,200
Direct Upgrade	60,000	45,300	105,300
Reseller Upgrades	30,300	20,200	50,500
Total Units	128,208	97,792	226,000

Base Forecast (w/o program)	76,500	64,500	141,000
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(Note- Base and Full price estimates include Win Office, split between Excel and Word.)

Upgrade Program Summary

The end-user offer:

- For owners of other spreadsheets, an upgrade to Win Excel 3.0 for \$129
- For owners of other word processors, Word for Windows for \$129.
- The upgrade program will run from January 28, 1991 to April 30, 1991.

We will communicate the offer in two ways:

- Direct mail from Microsoft to the Windows reg base. Customers must sign a statement of competitive product ownership.
- Resellers will offer the upgrade to owners of other spreadsheets and word processors. Signed statement of competitive product ownership is required for upgrade purchase in the channel.

We will not advertise the upgrade, although resellers are free to do so. We will have a press release separate from Excel 3.0 announcement releases that positions the upgrade as a limited time trial offer to get users to try Windows applications.

Long-term Upgrade Program

If the short-term program is successful, we will develop a long-term program to upgrade customers from Lotus and WordPerfect. The long-term program is not covered in this document.

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12/13/90 9:18 AM

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MICROSOFT DIRECT MAIL PROGRAM

We will direct mail influential end-users of spreadsheets and word processors on primarily Windows-related lists with an offer to buy directly from Microsoft.

The Offer: \$129 Competitive Upgrade

From January 28 to April 30, 1991, we will make the following offers to Windows-related mailing lists (and to qualified non-Windows-related lists):

- \$129 for Win Excel 3.0 if you own Lotus 1-2-3, Quattro Pro, Supercalc, Multiplan, VP Planner, Symphony or Excel 2.x.
- \$129 for Word for Windows if you own WordPerfect, DisplayWrite, WordStar, Multimate, or Microsoft Word for DOS.

In a separate update mailing to Excel reg base, we will offer:

- \$129 for Win Excel 3.0, if you own Win Excel 2.1D or earlier.

Controls and the Fine Print

Users can order a copy of Word and/or Excel by:

- Mailing back the enclosed non-OCR order form. The order form requires a signature testifying ownership of a competitive product.
- Calling an 800 number. If you order by phone, we will ship the product immediately. The product sent will include a signature card that the customer must sign testifying that they own a competitive product. They will return the signature card (which is postage paid) to Microsoft.

Limits on numbers of units that can be purchased:

- One unit of Excel and one unit of Word per signature card
- Offer good only to April 30, 1991

Those wanting to buy more than one unit of Excel or Word must:

- Call us by phone since the non-OCR order form is only for single units
- We will send them the units and ask them to return the signature cards.
- Large orders will go to Corporate Account Inside Sales for processing and verification

Customers who want to upgrade via MLP can pay \$129 and must call us.

Owners of Win Excel 2.x can order Win Excel 3.0 by:

- Getting the reg base mailing and sending back the registered-owner OCR order form back with payment.
- Calling an 800 number during promotion. If they call during this promotion, we will send them the same SKU as the one used for competitive upgrades. It includes the signature card that they are required to send back to us testifying to ownership of Excel 2.x.
- Calling an 800 number after the promotion. If they call after the promotion, we will go back to standard update kits, proof of purchase and procedures.

Creative Development

For Windows lists, positioned as "Dear Windows user....upgrade your current spreadsheet and word processor to Win Excel 3.0 and Word for Windows."

For Win Excel reg base, positioned as "Update to Win Excel 3.0 now"

For non-Windows lists being tested, we are investigating positioning this as "Dear Windows users..." or positioning as "Dear spreadsheet or word processing user....upgrade your current spreadsheet and word processor to Excel 3 and Word for Windows."

Mailing Lists

Core Windows Mailings

The initial mailing estimated at 850,000 pieces will drop at the end of January. It will be mailed to Windows and Win apps registered users, Working Model lists, and related external lists.

The second mailing will drop in February to the core of Windows and Windows-related lists. The third mailing in March will drop to lists that pull well in the first two mailings. In the offer letter for the second and third mailing, we will ask customers to please disregard if they have already ordered an upgrade.

Excel Reg Base Update Mailing

We will mail registered Win Excel users in a separate mailing in January. In March, they get a postcard reminding them to update.

Lotus and WordPerfect List Mailings

Several weeks after the initial mailing, we will test 30 non-Windows-related lists. These test lists are proxies for Lotus and WordPerfect owners. The size of the test mailings will be 7K names per list. This is the minimum mailing size we need for statistical validity. All test offers will include special copy noting that these are very special and that lots of restrictions apply.

Overall, the list tests will use approximately 200,000 pieces. If there are any test mailings that do particularly well, we will add those complete lists to the third or perhaps the second mailing.

Test Mailings

We will test \$99 and \$149 prices in cells of 10K each to the Windows 3 list. We will also test OCR vs. non-OCR mailings to a 7K Windows 3 cell. We will also only mail a 7K Windows 3 cell once, to test single mailing response.

Fulfillment and Logistics

End-User Sales and Support Capacity

Based on other software mailings, our consultant, Roy Fidler, estimates that 30%-50% of the response will be by phone. This is higher than the Win 3.0 experience, but we will use a 40% estimate initially for planning phone capacity.

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Order Management and Fulfillment

Fulfillment will require additional personnel to handle non-OCR load. Initial cost and schedule estimate on 12/7, final estimate on 12/17. They will fulfill from:

- Non-OCR order forms from the competitive upgrade mailing
- Phone orders from End-User Sales entered from OK or internal-only OCR forms filled in by End-User Sales if OK gets overloaded
- OCR order forms from the Excel update mailing

They will fulfill from these SKUs:

- 3.5-inch 1.44 MB single media upgrade/update SKU
- 5.25 inch 1.2MB single media upgrade/update SKU

For 3.5-inch 720KB single media, we will put a conversion kit order form in the 1.44MB package.

Less than 1% of the response will be for 5.25 360KB and we will fulfill with a 360KB conversion kit in the 1.2MB SKU.

Product and Manufacturing

All direct units will be a new single-media product in retail packaging. Manufacturing will put them in a generic shipper.

This will serve for both updates and upgrade programs.

Part Numbers:

Excel

3.5" 065-051-300

5.25" 065-050-900

Word

3.5" 059-051-355

5.25" 059-050-585

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RESELLER UPDATE/UPGRADE PROGRAM

The upgrade in the channel starts January 28 and runs until April 30, 1991.

The program below allows us to work with the channel to sell upgrades and:

- Adds only one SKU to the channel, a combined update/upgrade SKU that is dual media in a white box with a sticker.
- Merges the update and upgrade policies for simplicity.
- Does not affect the Windows update program. Resellers will continue to sell Windows 3.0 update SKUs at \$50 with 10% discount.

End-User Offer

\$129 Suggested Price for Win Excel 3.0 if the customer owns:

- Win Excel (as a service for unregistered Win Excel owners)
- Lotus 1-2-3, any version
- Lotus Symphony, any version
- Quattro Pro, 1.0 or 2.0
- Supercalc, any version
- Multiplan, any version
- VP Planner, any version

\$129 Suggested Price for Word for Windows if the customer owns:

- WordPerfect
- IBM DisplayWrite
- WordStar
- Multimate
- MS Word for DOS, any version

Customer Proof of Purchase Requirements

Applies to both updates and upgrades for the duration of the upgrade program:

1. Reseller gets the customer to sign a signature card certifying that they own the spreadsheet or word processor as appropriate.
2. If customers wants multiple updates or upgrades, they sign a Master Update/Upgrade Agreement. The reseller references the agreement number on the signature coupon.
3. Reseller adds his or her name to the signature card and mails it postage-paid back to Microsoft.

Reseller Requirements

Any direct or indirect reseller may deal directly with Microsoft for this limited period promotion. In the long-term program, we will move indirects back to using distribution.

No distributors carry upgrade/update SKUs, so indirect resellers will have to sign a limited-time direct-purchase agreement. Indirects must prepay for upgrade units, so we do not need to make credit checks.

Indirects must return unused upgrade SKUs at the end of the promotional period. We will reimburse them with a refund check so that no credit accounts will need to be maintained for indirects.

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Reseller Pricing

Suggested price is \$129. We will sell direct to resellers with a 20% discount; no marketing funds or rebates will be offered. We expect the street price to be \$105-\$115.

There will be no upgrade MLPs in the channel. Customers can only purchase these by calling Microsoft directly.

Sell-in Requirements

Minimum purchase will be either 25 Word or 25 Excel upgrade units.

No formal maximum purchase requirement will be required. We will informally discourage excessive purchase of upgrade/update units to prevent resellers from overstocking more than their sell-through during the promotional period. We will also threaten them with mandatory returns of unused units at end of promotion.

Restock Requirements

We will threaten that resellers cannot reorder more than the number of signed coupons they have returned to Microsoft. We will hire temps to count the cards by reseller. Minimum reorder size is 25 units of Word or 25 units of Excel.

Ending the Program by April 30, 1991

Resellers who are not Authorized Update Resellers cannot reorder upgrade SKUs as of March 30. We will allow them to sell their inventory of upgrade SKUs after March 30. However, we will threaten that they must return unused upgrade SKUs after April 30.

After April 30, Authorized Update Resellers will be the only ones able to purchase update SKUs. They will only be able to sell these SKUs to Excel 2.1D or earlier owners or Word for Windows 1.0 owners. Standard proof of purchase or a Master Update Agreement will be required after April 30.

SKUs Stocked by Resellers

No shelf stocking of upgrade SKUs allowed.

The SKU used in the channel is different from the SKUs Microsoft fulfills direct. It will be a new dual-media SKU in white box with sticker. The same sticker is used for Word and Excel. It says: "\$129 Suggested Price. Certain requirements apply. Ask your reseller for details. Must complete special signature card."

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Part numbers: Excel 065-050-895, Word 059-050-580.

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There will be a signature card distributed separately to resellers. This card is similar to the one found in Microsoft-direct SKUs. The signature card has:

- Space for name, address, organization, and phone number of purchaser
- Space for name of reseller
- Space for legalese and a signature testifying to ownership

ATTACHMENT 1. ROLLOUT OF PROGRAM

Operations Review Committee

We had the initial meeting 11/30. We met with ORC, key inside sales, fulfillment and End-User Sales groups on 12/3. Addition meetings if needed.

Regional and District Managers

Richmac to coordinate communication of the program to Regional and District Managers.

CAMs and RAMs

District managers will present program to CAMs and RAMs. Date TBD. Formal information on the program will be routed in January, date TBD. Product marketing will generate presentation for them to be given to their staff and accounts.

RMR/ASRs and Rest of the Field at the RKO

Rollout to entire field in January. Richmac to coordinate and date TBD.

End-User Sales and Support, Inside Sales

Product Marketing will present to them in January.

Corporate Accounts

Key corporate accounts will be notified of the program in January. Richmac to coordinate with District Managers. We will stress that this is a short-term program and temporary pricing should not affect long-term contracts being negotiated in this period. Product marketing will develop a corporate account presentation.

Distributors

We will present our estimates of full-price retail sales during this promotion to distributors. We will continue rate-based distribution (RBD) with reduced full-price retail unit forecasts for 1/91 and 2/91. Currently plan not to use distributors for upgrade units. Key goal will be to keep them from being conservative in stocking of full-price retail units.

IMD was initially notified at their 12/7 visit to Microsoft; Merisel is TBD.

Directs

Will discuss with them in January, working with RAMs. Will work with RBD directs early. As with distributors, a key goal will be to keep them from stocking too conservatively.

Indirects

Investigating a late January FLASH article explaining program to indirects. Other notification of the program will be through press like *Computer Reseller News*.

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ATTACHMENT 2. KEY ISSUES AND PLANS BY GROUP

Positioning to Field and Resellers

It's important to correctly position this program to resellers and field:

- This is good for the channel, temporary direct selling units now will mean lots of full-price units later.
- This is a great opportunity for the channel to generate traffic in-store and to have something to talk about in outbound visits. Win apps are hot and it is easier than ever to try them.
- This is a terrific program for corporate accounts. You can now try units or get end-user departments to try the product at very low cost. After the promo ends, you can "harvest" the full-price units that people will want after sampling Excel and Word.

USSMD Organizations

Field Sales

Richmac's staff to develop plan to adjust field sales and inside sales quotas and compensation to reflect this upgrade program.

End-User Sales

Estimate and schedule to add additional trunks and staff by 12/7.

Inside Sales

Product marketing will work with inside sales on re-estimating sell-in of Excel 3.0 SKUs and reestimate Word sell-in. Compensation will be adjusted to reduce finish goods quotas and we will make the upgrade program compensation-neutral for inside sales.

Registered User List

Work with Lauraki to have a fast way to register all upgraders.

Order Management and Fulfillment

Initial estimates of additional hires on 12/17, final estimates on 12/17. We will also hire temps to count the response cards from dealers to limit reordering based on returned cards. We could even threaten to bill for cards not returned.

LVA Sales

Rework Master Update Agreement to work also as Master Upgrade Agreements in the promotional period.

Corpcom

New pieces to be developed:

- Sticker for the dual-media white-box in channel. Art needed 12/15.
- Signature coupon for upgrade users. This goes into the Microsoft-direct units and is distributed separately to participating resellers. Art by 12/15.
- OCR upgrade order form for End-User Sales to be send to Order Management when OK reaches capacity. Available in quantity by 1/15.
- OCR order form for testing against non-OCR in the direct mail program.
- OCR Conversion Kit Form for 360KB/720KB fulfillment for Winword

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Public Relations

PR will develop:

- Rude Q&A for the program to be used with initial press coverage
- Press release and information for distribution after Excel 3.0 launch. The exact date of the release is TBD.

Channel Marketing Programs

RBD: Reduce January and February Forecasts

Work with RBD accounts need to forecast full-price retail units with the promotion.

SWAP: Will Not Modify During This Promotion.

We will not modify the SWAP program in this 90-day period. With multiple units allowed in the upgrade promotion, we don't have to. SWAP remains the current long-term program.

Vertical Markets Mailing: Test in February, Drop Later

Will include selected vertical market mailing lists in test mailings.

Academic Edition: Will Not Change Pricing

We will not change academic edition pricing. This means we may want to reduce builds. We will also have to cutback quotas for education since they won't get compensation except for AEDs. Will determine ASAP what will happen with ACIS bundle pricing during this period.

T1 Outbound Penetration Program Incentive Delayed to May 1991

T1 will delay installation incentive until the promotion completes. ASRs will still visit outbound hardware resellers in February.

T1 Sell-in Visits

Occurring now. Investigating need to revisit accounts to explain this program.

PST Pricing Moves to \$129

In the promotional period, Word and Excel will move to \$129. We will keep Office at \$250. Project will not be offered during the promotion per Maryen. Donmi investigating whether PowerPoint will be offered.

MRSS Will Offer \$129 Price

MRSS will be able to offer \$129 Suggested Price to customers with same terms and conditions as upgrade program. End-users will be required to fill-out signature card and return to Microsoft.

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Manufacturing

Re-working builds for Word and Excel now. Net effect will be to increase builds and reallocate them to the upgrade/update SKUs away from finished goods. Current build forecast is below. February and March builds may be increased to insure adequate capacity. All build schedules will be reviewed as soon as we have actual demand information.

Excel	December	January	February	March
Retail units	20,000	18,800	8,000	8,000
Channel upgrades	20,000	25,000	5,000	
Direct upgrades		80,000	34,000	13,000
Word				
Retail units	27,000	9,050	10,000	
Channel upgrades		20,000	15,000	5,000
Direct upgrades		35,000	25,000	9,000

International

Canada will participate in the upgrade program. We will work with them to mail their reg base and will work to prepare Canadian-oriented mailings, order coupons, etc. Will coordinate with Timst.

Will work with key English-speaking countries with potential grey market problems immediately, especially Microsoft Ltd, PTY, AB, and BV.

PSS Needs Additional Capacity

The upgrade program will increase the support burden on PSS. An immediate increase in PSS staff will be needed for January. Product marketing will investigate additional resource required and hiring schedule with PSS.

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ATTACHMENT 3. UNIT AND FINANCIAL FORECASTS.

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REVISED FINAL

Date: December 11, 1990
To: Hank Vigil, Joe Krawczak
From: Rick Devenuti
RE: Upgrade Promotion for Win Excel and Win Word

OVERVIEW

Per your request we have completed the attached profitability model for the Win Excel and Win Word upgrade promotion. Please note that the FY 91 budget for January through April has been adjusted for incremental sales of both Win Excel, Win Word and Win Office. This adjustment was made in order to analyze the effects of this program on your current estimate of Win Excel, Win Word and Win Office sales rather than our FY 91 budget assumptions. The revised budget is 57,000 units of Win Word, 69,000 units of Win Excel, and 15,000 units of Win Office. This revised budget substantially increases the profitability for USSMD during the January through April period. The attached model assumes that all revenue above the 141,000 combined base forecast is incremental, therefore, only those costs which are affected by incremental revenue have been revised.

ASSUMPTIONS

The following notes (indexed to the model) explain the assumptions used to estimate the effect of this promotion.

Note 1:

Revised Budget: Win Word units of 57,000 at \$257.40, less budgeted Win Word of 52,000 at \$257.40 less MLP budgeted units of 11,550 at \$205.40. Win Excel units of 69,000 at \$257.40 less budgeted Win Excel of 43,087 at \$257.40 less MLP budgeted units of 9,229 at \$205.85. Win Office units of 15,000 at \$517.40 less budgeted Win Office of 4,000 units at \$517.40.

Direct: Win Word direct consists of 48,650 units at \$129 per unit. Win Excel direct consists of 56,650 at \$129 per unit.

Channel: Win Word and Win Excel channel upgrade revenue is calculated as 25,250 for each product, at \$129 less a 20% discount. This model assumes Win Word full price unit sales will be 28,380 units (28,620 full price units are cannibalized) at the budgeted amount of \$257.40, Win Excel sales are estimated at 34,355 units (34,645 full price units are cannibalized) also at \$257.40. Win Office sales are estimated at 15,000 units (7,535 full price units are cannibalized) at the budgeted amount of \$517.40.

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Note 2: There are no rebates for sales under this program. Full price units sold through the channel include rebates from the FY 91 USSMD budget of 5.4%.

Note 3: Win Word and Win Excel product costs sold direct are estimated at \$17 per unit. Win Word and Win Excel product costs sold through the channel are estimated at \$19 per unit.

Note 4: Win Word royalties are .7% of gross revenue. Win Excel royalties are \$1.00 per unit and .25% of gross revenue.

Note 5: Manufacturing and Distribution expenses for Win Word and Win Excel are estimated at \$5 per unit on all units sold direct.

Note 6: Administrative services represents the cost of temporary employees for fulfillment. Costs estimated for 20 temporary employees at a average of \$10.50 per hour for the 90 day period of the promotion.

Note 7: There are no marketing funds related to units sold under this promotion. Marketing funds related to cannibalized units are calculated per the FY 91 USSMD budget of 3.1%.

Note 8: Incremental marketing expenses of \$3 million have been allocated by the total projected units sold.

Note 9: Bad debt expense of .5% and taxes, licenses, and settlements of .9% are per the USSMD FY 91 budget.

Note 10: PSS costs have been estimated at \$8.04 for Win Word, \$9.72 for Win Excel and \$16.00 for Win Office on all incremental units sold above the 141,000 base.

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MICROSOFT CORPORATION - USSMD
WIN EXCEL-WIN WORD DIRECT MARKETING PROPOSAL
FOR THE MONTHS ENDED JANUARY-APRIL 1991 (IN THOUSANDS)
"CANNIBALIZED UNITS AT 50.21%"

"REVISED FINAL"

	Budget Jan- April	% Of Net Revenue	Adjusted Budget For Win Word & Excel	Revised Budget	Subtotal Direct Win Word & Excel	Subtotal Channel Win Word & Excel	Total Direct & Channel	Total USSMD	% Of Net Revenue	Notes
REVENUES										
APPLICATIONS	98,374	67.6%	9,376	107,750	13,584	-14,970	-1,386	106,364	69.1%	Note 1
SPAG	27,131	18.7%		27,131				27,131	17.6%	
LANGUAGES	7,926	5.4%		7,926				7,926	5.1%	
MULTI MEDIA	294	0.2%		294				294	0.2%	
SYSTEMS	20,416	14.0%		20,416				20,416	13.3%	
GROSS REVENUES	\$154,141	106.0%	\$9,376	\$163,517	\$13,584	(\$14,970)	(\$1,386)	\$162,131	105.3%	
REVENUE ADJUSTMENTS										
PROVISIONS-SALES RETURNS	800	0.6%		800				800	0.5%	
REBATES	7,909	5.4%	506	8,415		-1090	-1090	7,325	4.8%	Note 2
TOTAL REVENUE ADJUSTMENTS	\$8,709	6.0%	\$506	\$9,215	\$0	(\$1,090)	(\$1,090)	\$8,125	5.3%	
NET REVENUES	\$145,432	100.0%	\$8,870	\$154,302	\$13,584	(\$13,880)	(\$296)	\$154,006	100.0%	
COST OF GOODS SOLD										
APPLICATIONS	11,358	7.8%	1,005	12,363	1,790	-699	1,091	13,454	8.7%	Note 3
SPAG	9,776	6.7%		9,776				9,776	6.3%	
LANGUAGES	1,275	0.9%		1,275				1,275	0.8%	
MULTI MEDIA	9	0.0%		9				9	0.0%	
SYSTEMS	3,681	2.5%		3,681				3,681	2.4%	
ROYALTIES	2,098	1.4%	32	2,130	79	-31	48	2,178	1.4%	Note 4
ALLOC - MFG & DST	7,030	4.8%		7,030	526		526	7,556	4.9%	Note 5
TOTAL COST OF SALES	\$35,227	24.2%	\$1,037	\$36,264	\$2,395	(\$730)	\$1,665	\$37,929	24.6%	
GROSS PROFIT	\$110,205	75.8%	\$7,833	\$118,038	\$11,189	(\$13,150)	(\$1,961)	\$116,077	75.4%	
OPERATING EXPENSES										
PAYROLL & PAYROLL TAXES	11,705	8.0%		11,705				11,705	7.6%	
EMPLOYEE FRINGES	1,113	0.8%		1,113				1,113	0.7%	
EMPLOYEE RECRUITING	244	0.2%		244				244	0.2%	
TRAVEL & ENTERTAINMENT	2,489	1.7%		2,489				2,489	1.6%	
PROFESSIONAL FEES	401	0.3%		401				401	0.3%	
ADMINISTRATIVE SERVICES	653	0.4%		653	100		100	753	0.5%	Note 6
MAINTENANCE & REPAIR	208	0.1%		208				208	0.1%	
COMMISSIONS	100	0.1%		100				100	0.1%	
SUPPLIES & EQUIPMENT	1,034	0.7%		1,034				1,034	0.7%	
POSTAGE & FREIGHT	247	0.2%		247				247	0.2%	
MRKTG FUNDS/INCENTIVE PRG	5,085	3.5%	275	5,360		-464	-464	4,896	3.2%	Note 7
MARKETING	22,845	15.7%		22,845	1,996	958	2,954	25,799	16.8%	Note 8
TELECOMMUNICATIONS	1,018	0.7%		1,018				1,018	0.7%	
RENT & UTILITIES	2,334	1.6%		2,334				2,334	1.5%	
DEPRECIATION & AMORTIZATION	1,936	1.3%		1,936				1,936	1.3%	
BAD DEBT EXPENSE	774	0.5%	44	818	68	-69	-1	817	0.5%	Note 9
TAXES, LIC, SETTLMNTS, INS	1,249	0.9%	80	1,329	122	-124	-2	1,327	0.9%	Note 9
MISCELLANEOUS	-1,099	-0.8%		-1,099				-1,099	-0.7%	
GENERAL DISTRIBUTION	1,526	1.0%		1,526				1,526	1.0%	
BLDGGRNDS DIST	671	0.5%		671				671	0.4%	
TOTAL OPERATING EXPENSES	\$54,533	37.5%	\$399	\$54,932	\$2,286	\$301	\$2,587	\$57,519	37.3%	
INCOME BEFORE ALLOC.	\$55,672	38.3%	\$7,434	\$63,106	\$8,903	(\$13,451)	(\$4,548)	\$58,558	38.0%	
ALLOCATIONS										
Alloc to-USSMD	-806	-0.6%		-806				-806	-0.5%	
Alloc to-CORP COM	2,728	1.9%		2,728				2,728	1.8%	
Alloc to-PR/Trade Shows	743	0.5%		743				743	0.5%	
Alloc to-Executives	72	0.0%		72				72	0.0%	
Alloc to-Administration	2,605	1.8%		2,605				2,605	1.7%	
Alloc to-Legal	141	0.1%		141				141	0.1%	
Alloc to-PSS Operations	10,485	7.2%		10,485	942	53	995	11,480	7.5%	Note 10
Alloc to-Applications	14,865	10.2%		14,865				14,865	9.7%	
Alloc to-SPAG	976	0.7%		976				976	0.6%	
Alloc to-Multi Media	653	0.4%		653				653	0.4%	
Alloc to-Systems	2,045	1.4%		2,045				2,045	1.3%	
Alloc to-Languages	2,728	1.9%		2,728				2,728	1.8%	
TOTAL ALLOCATIONS	\$37,235	25.6%	\$0	\$37,235	\$942	\$53	\$995	\$38,230	24.8%	
OPERATING EXPENSES	\$91,768	63.1%	\$399	\$92,167	\$3,228	\$354	\$3,582	\$95,749	62.2%	
OPERATING INCOME	\$18,437	12.7%	\$7,434	\$25,871	\$7,961	(\$13,504)	(\$5,543)	\$20,328	13.2%	
UNITS										
Win Word	63,550		-6,550	57,000	48,650	25,250	130,900	130,900		
Win Excel	52,316		16,684	69,000	56,650	25,250	150,900	150,900		
Win Office	4,000		11,000	15,000	0	0	15,000	15,000		
Cannibalized Units 50.21%	0		0	0	0	-70,800	-70,800	-70,800		
Total Units	119,866		21,134	141,000	105,300	-20,300	226,000	226,000		

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ATTACHMENT 4. PROJECT SCHEDULE

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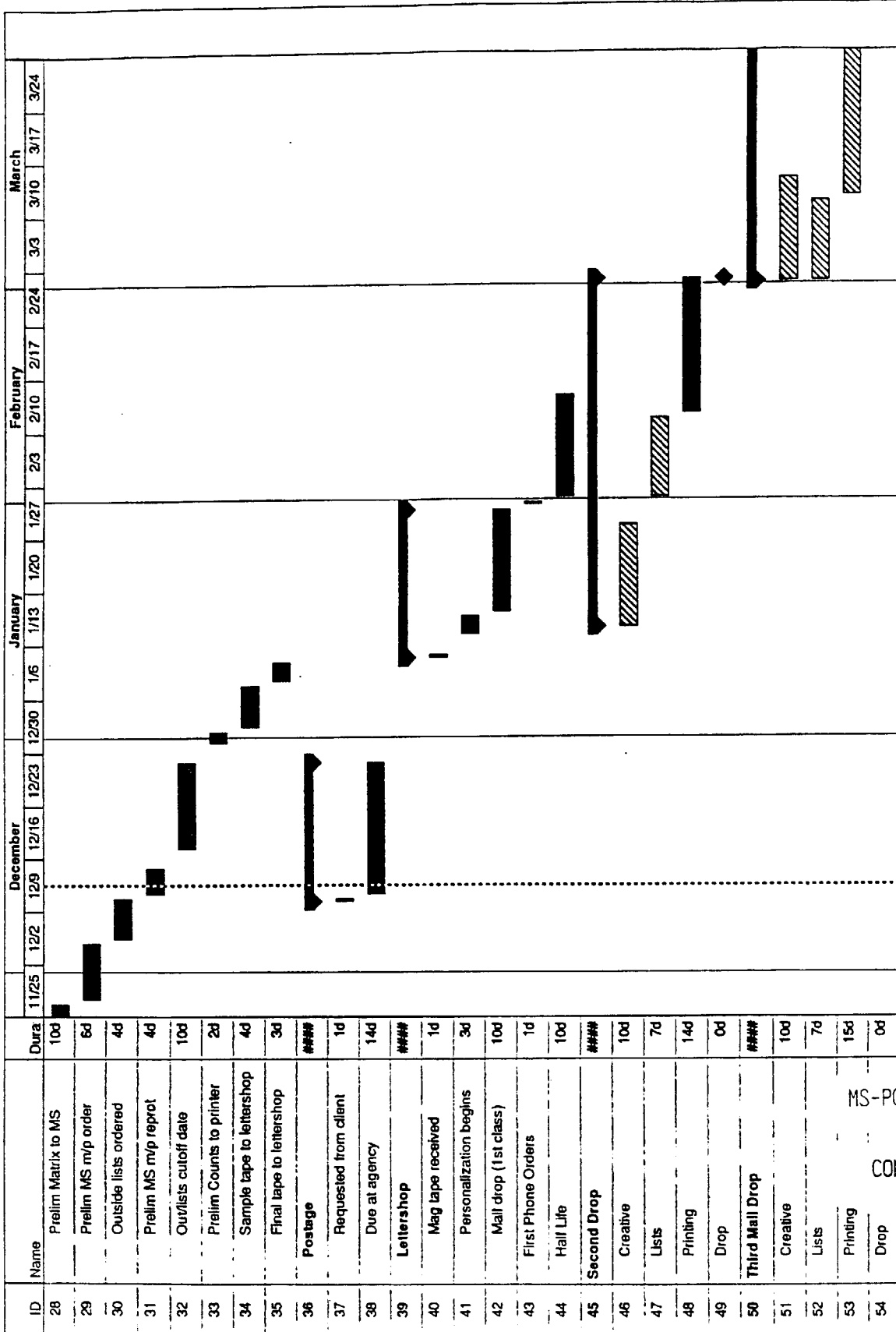
ID	Name	Dura	December					January					February					March		
			11/25	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24
1	Word/Excel Upgrd	1d																		
2	First Mail Drop	###																		
3	Strategy	###																		
4	Begin	1d																		
5	HN Strategy to MS	4d																		
6	MS input to HM	2d																		
7	Creative	###																		
8	Input from MS	5d																		
9	Copy to MS	5d																		
10	Client feedback	4d																		
11	Revision to MS	4d																		
12	Final revise OKd	3d																		
13	To production	0d																		
14	Mechanicals	###																		
15	Begin	1d																		
16	Fulfillment BOO# provided	0d																		
17	To client	4d																		
18	To printer	2d																		
19	Printing	###																		
20	Estimate request	5d																		
21	Estimate OK/Assign	14d																		
22	Papers ordered	2d																		
23	Blues due/OK	5d																		
24	On press	10d																		
25	All materials at mailer	1d																		
26	Lists	###																		
27	DB develop begins	0d																		



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Project:
Date: 12/19/90

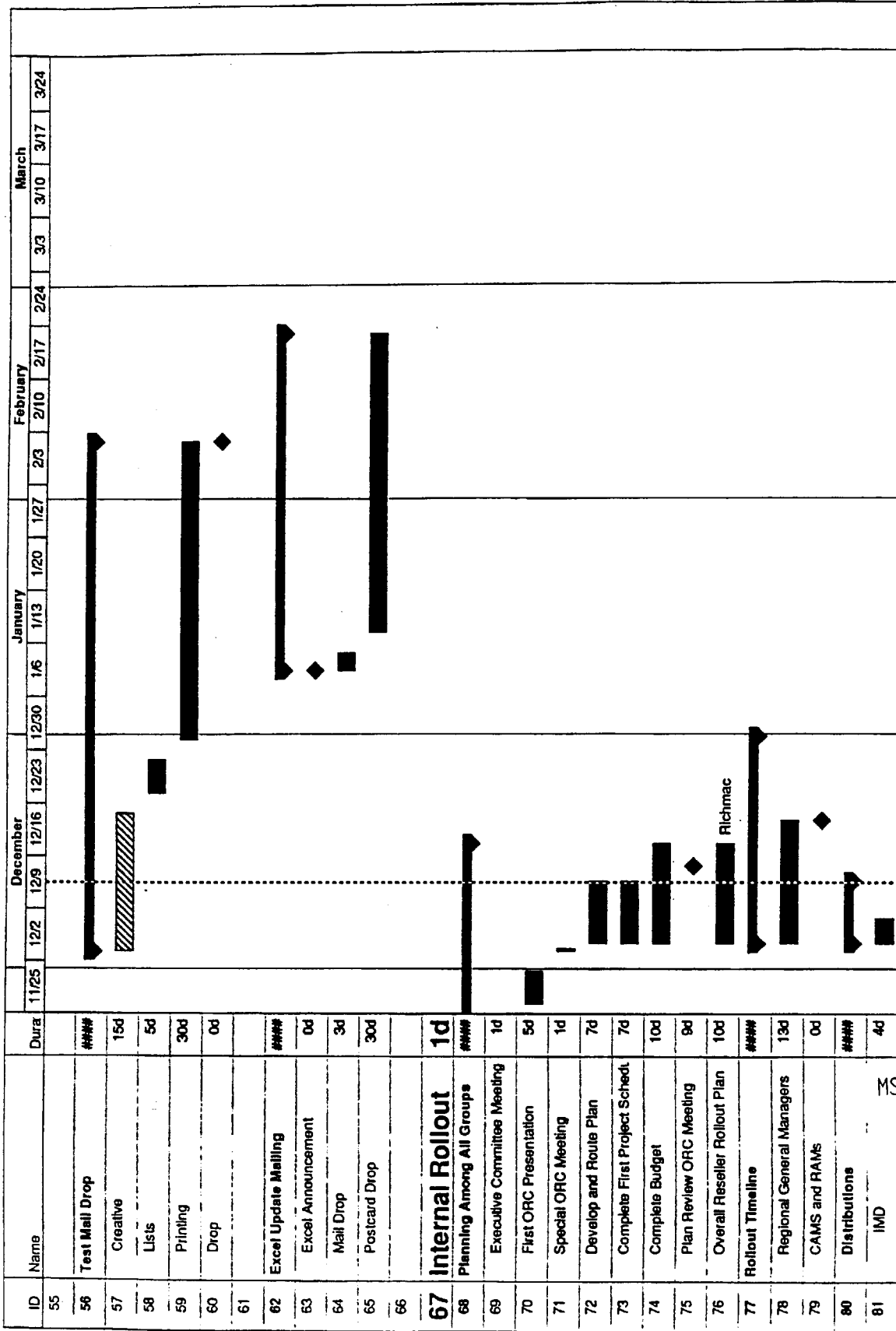
MS-PCA 1284473



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Project:
Date: 12/12/90



MS-PCA 1284475

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Project:
Date: 12/12/90

ID	Name	Durat	December					January					February				March			
			11/25	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24
82	Merisel	7d																		
83	Directs	###																		
84	Eghead	5d																		
85	800 Software	10d																		
86	Corporate Software	10d																		
87	Softmart	5d																		
88	Univar	10d																		
89	Others	10d																		
90	Indirects	###																		
91	Work on Flash	20d																		
92	Flash Notification	0d																		
93	Taking orders for upgrade	10d																		
94	Shipping orders	5d																		
95																				
96	Fulfillment	###																		
97	First Meeting	1d																		
98	Initial Unit Forecast	4d																		
99	Final Unit Forecast	6d																		
100	Hire Temps	21d																		
101	Temp Training	11d																		
102	Ready to Process Orders	0d																		
103	Order Entry	###																		
104	Initial Presentation	1d																		
105	Cost and Resource Estimates	4d																		
106	Final Resource Estimate	6d																		
107	Hire Temps	21d																		
108	Temp Training	11d																		



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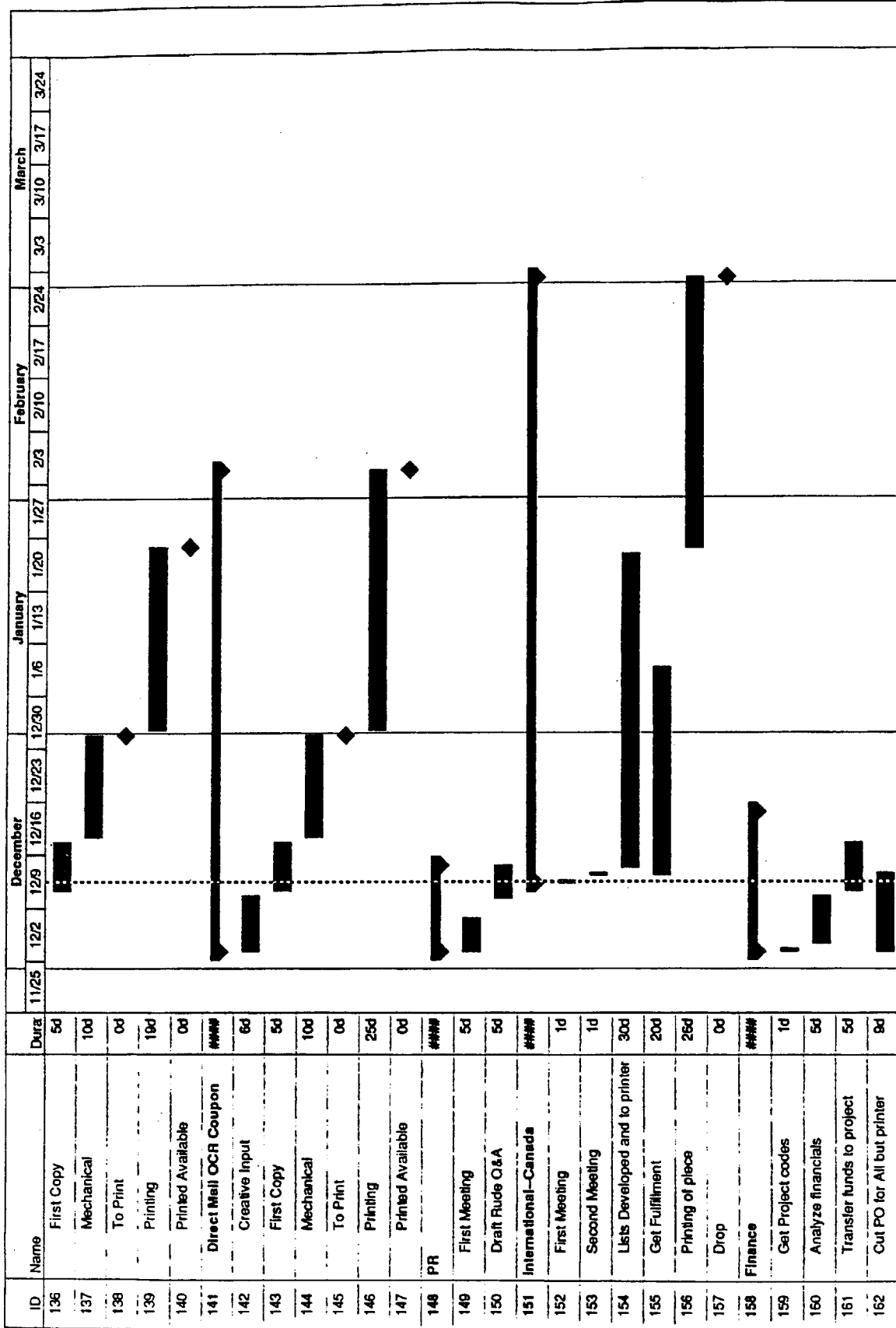
Project:
 Date: 12/12/90

ID	Name	Dura	December					January					February					March		
			11/25	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24
109	Ready to Process Orders	0d																		
110	End-User Sales	###																		
111	Initial Presentation	1d																		
112	Cost and Resource Estimates	4d																		
113	Final Resource Estimate	6d																		
114	Hire Temps	21d																		
115	Temp Training	11d																		
116	On the Phones	0d																		
117	MIS	###																		
118	Initial Presentation	1d																		
119	Reporting Codes Meeting	6d																		
120	Report Plan Complete	15d																		
121	Begin Reporting	0d																		
122	PSS	###																		
123	First Meeting	10d																		
124	Capacity Needs Estimate	5d																		
125	Resource Allocation	10d																		
126	Additional Hiring	10d																		
127	Training	13d																		
128	On the Phones	0d																		
129	Corpcom	###																		
130	Sig Card	###																		
131	Sig Card Mechanical	7d																		
132	Reseller Upgrade Sticker	###																		
133	Sig Card To Print	6d																		
134	Internal OCR Order Form	###																		
135	Creative Input	6d																		



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Project:
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ID	Name	Dura	December					January					February					March				
			11/25	12/2	12/9	12/16	12/23	12/30	1/6	1/13	1/20	1/27	2/3	2/10	2/17	2/24	3/3	3/10	3/17	3/24		
163	PO for printer	15d																				
164	Manufacturing	###																				
165	Initial Meeting	1d																				
166	Reengineer SKU	1d																				
167	New Build Schedules	2d																				
168	Revise Builds	2d																				
169	Start Builds	10d																				
170	Build Reseller Upgrades	30d																				
171	Build Direct Upgrades	20d																				
172	LVA Sales	###																				
173	Initial Meeting	1d																				
174	Agreement for Upgrades/Updat	8d																				

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Project: _____ Date: 12/12/90

 Critical
 Noncritical
 Progress
 Milestone
 Summary