

Lynn E. Williams (Legal)

From: Steve Ballmer
To: bradc; jeffr; mikeap
Cc: bradsi; rickde
Subject: RE: MS-DOS 6 Upgrade
Date: Thu, Apr 22, 1993 8:07AM

are you saying we really have a backorder of 1.8 million units or total orders of 1.8 million units
i think you are saying we have total orders for 3 million units of which we have shipped 1.2 if so I agree with your plan thx I will wait us to start thinking now about a promotion to run in the snowball/win plus timeframe that includes dos 6 again as a kicker perhaps

From: Mike Appe
To: Brad Chase; Jeff Raikes; Steve Ballmer
Cc: Brad Silverberg; Rick Devenuti
Subject: RE: MS-DOS 6 Upgrade
Date: Tuesday, April 20, 1993 8:26AM

Bradc, Bradsi, Rickde and I met last night on this. We've sold @ 1.2MM units in the US and by telling the resellers we need "final" promo orders by yesterday at 4:00PM - we now have a backlog of @ 1.8MM units (Ingram bought a boatload!). Our plan (KEPT VERY CLOSE TO THE VEST BY A FEW FOLKS IN THE US) is to tell our resellers these will be delivered by end of May - but to measure sell through and actually build them out as demand warrants and dictates through end of June (we don't want the phenomena of full channel warehouses - and we need to make a bug or other fix - and need to ship it all back for re-work or have to do some other crazy inventory thing). We want the pressure on with the channel to continue to promote these - and we are telling them our promo pricing (to them) ended yesterday (these are their "final" promo priced order units). Likely with this kind of back-order we have 3-4 months (up through end of August - early September) of units that will be in the channel. We think the price will stay down through this period in the channel. When this inventory clears out - then we can decide if we want to run another promo. Gives us lots of options if we stay on top of sell-thru, inventory and channel/street price trends.

mikeap

From: Steve Ballmer
To: Brad Chase; Jeff Raikes
Cc: Brad Silverberg; Mike Appe
Subject: RE: MS-DOS 6 Upgrade
Date: Monday, April 19, 1993 7:33AM

what do you and mike think jeff should we continue the promo or not I think it is an impt decision of course my gut says to extend it but we might get more mileage out of cutting it off having the channel load and then coming back when snowball ships with another big promo what say

From: Brad Chase
To: Steve Ballmer
Cc: Brad Silverberg
Subject: RE: MS-DOS 6 Upgrade
Date: Wednesday, April 14, 1993 9:29AM

correct \$79.95 at aggressive resellers, \$99.95 at less aggressive resellers

From: Steve Ballmer

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To: Brad Chase
Cc: Brad Silverberg
Subject: RE: MS-DOS 6 Upgrade
Date: Wednesday, April 14, 1993 5:24AM

what does mikene expect the street price to be if we let the list rise to 129 75-85??

From: Brad Chase
To: Steve Ballmer
Cc: Brad Chase; Brad Silverberg
Subject: MS-DOS 6 Upgrade
Date: Monday, April 12, 1993 9:28PM

i lean towards getting the price up, seeing what happens and then adjusting if necessary. that is what i am doing now unless anyone screams. mikeap said he thought we should let it go up b/c it will be in the channel for \$49.95 for awhile anyway and we should see what happens. my marketing team thinks we should let it go up. bradsi leans towards keeping it down and also contemplates \$99.95 though he can live with letting it go up since we will get big orders before the price goes up and we will have low price product in the channel for awhile anyway and then can adjust as necessary. mikene is worried about novell and thought we should keep it down. problem is that we need to decide now b/c we have to send letters to resellers reminding them about the price change.

i mentioned a lot of other guards like Stockon and Isiah and Price to Peter as well. Of course i'm not surprised you would say isiah!!!

From: Steve Ballmer
To: Brad Chase
Cc: Patty Stonesifer
Subject: RE: MS-DOS 6 Upgrade Update II (Long)
Date: Sunday, April 11, 1993 9:00PM

we are isiah thomas of course I am fine i think we should wait and see what happens with sell thru but i am inclined to let the price rise how about you

From: Brad Chase
To: Steve Ballmer
Cc: Patty Stonesifer
Subject: RE: MS-DOS 6 Upgrade Update II (Long)
Date: Friday, April 09, 1993 5:01PM

the promo has been great for unit volume and enthusaism, jeez for the first week or two we are selling thru over 100K per day!!! i still believe we will make less profits b/c of it, though.
do you think we should raise the price to \$129.95 SRP as planned?

the 22 minute call time does not surprise me, i was more surprised at the forecast. you have almost all new techs on a new product that has some major new features that we knew would require material support. Plus b/c people have to wait a long time now to get through now they want every last question answered.

How you doing?

I got interviewed by Peter Lewis for SoundBytes, article ran last sunday in ny times biz section. one of the questions and answer i knew you would get a kick out of. I am pharaprasing. Peter said "I know you are basketball fan, if ms-dos was a bball player who would it be?"

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My answer "not Shaquille O'Neal, he would be Windows NT, not Charles Barkley, he is too mean. It would have to be someone small, fast and reliable, tim hardaway or kevin johnson. they are small fast reliable and control the court, that is MS-DOS"

From: Steve Ballmer
To: Brad Chase
Cc: Patty Stonesifer
Subject: RE: MS-DOS 6 Upgrade Update II (Long)
Date: Friday, April 09, 1993 9:51PM

are you happy with the price decision I am the 22 minute calls worry me what is up

From: Brad Chase
To: Executive Staff
Cc: Brad Chase
Subject: MS-DOS 6 Upgrade Update II (Long)
Date: Thursday, April 08, 1993 6:21PM

Summary (all data as of 4/6 = 7 days)

* US Sell-thru is still incredibly high, this is probably the biggest opening week for a retail software product in the history of the industry
* Our Back-orders in the US are also very high. We have blown through even our significant reserves. We are building as fast as we can. Some resellers are experiencing out of stocks, particularly on 3.5"
* PSS is swamped. It is hard to tell for sure but the volume does not seem disproportionate to the sell-thru. Lots of people not getting through. Lots of calls on Dbospace, Memmaker and Set-up but there does not seem to be any one set of serious must fix bugs that are killing us.
* Extended reach PR in the US has been very impressive
* Intl data still coming in but the early feedback is very positive. Canada thinks they may be doing as much as 3 times what they did for the MS-DOS 5 Upgrade

US Sell-thru (based on telephone call downs to accounts)

* We have shipped 1.2M units and sold thru 611K.
* If Distributors' customers' backorder (as reported) is added to sell-through, sell-thru goes to 906K. As a point of reference from the launch of the MS-DOS 5 Upgrade (June 11) thru the end of June sell-thru was 459K.
* Conclusion: Sell-through does not appear to be slowing yet.
Average daily rate of [sell-through + distribs' customers' b/o] was:
- 133K/day for the 1st five days
- 129K/day for the 1st 7 days
- 120K/day for just Mon & Tues

Backorders & Manufacturing

* Backorders with us are 462K units, 333K of that is 3.5"
* Some resellers have run out of stock but a lot of the backorder is resellers who anticipate running out of stock soon and are getting their orders in to their distributors
* For 3.5" we are building and shipping about 140K units this week, 120K next week, 100K the week of 4/19 and 200K the week of 4/26. We will move up any builds if we get any raw materials more quickly
* Our current plan assumes orders for approximately 1.9 million MS-DOS 6 Upgrade licenses in the US alone, by EOD April 15th (launch plus 16 days). We hope to ship it all by April 29th. 4/15 is the last day

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resellers can buy at the promo price and thus we expect large orders then followed by a dry spell

PSS US

- * Call times are 50% higher than forecast (22min vs 15min)
- * Volumes are significantly higher than forecast. The number of callers that are getting through to the screeners are 25% higher than forecast but we can't compute the actual number of calls b/c we are busying out calls too when volume gets too high. My own guess is that the call volumes are not disproportionate with the volume. (Assume we are getting as high as 5,000 customers wanting to call us a day and that we are selling 100K units thru per day now. That is one call per 20 customers. Even if you assume some # of calls come later we aren't much different that the low 1/10 ratio for the MS-DOS 5 Upgrade)
- * Lots of demand for Stacker conversion utility (while customers our own hold we remind them about the coupon in the manual)
- * Volume of MS-DOS callers on the lines has also choked off some of the Windows calls from being able to get in.
- * Telecom problems have hampered our ability to handle as many callers as possible. Neile is aware of the problems and his people have fixed many of the problems and are working on others
- * So far the list of what people have called about is pretty much what we expected Dblspace, Memmaker, Setup and back-up. Some strange issues that we need to explore but nothing too worrisome with the one important note in the next bullet
- * We have gotten a number of reports via people calling executives, pss and even Jim Seymour of people who claim that DoubleSpace roasted their disk. So far everyone we have been able to track down has had a good explanation (bad hard drive, the doublespace drive needed to be mounted, they tried to run SuperStor and DoubleSpace at the same time) but the people perceiving that DoubleSpace has destroyed their hard drive concerns me, even if it didn't. we are tracking very closely

Monday's stats:

Product	Calls Offered	Custs Handled	% Hdd in Svc	% Aband	Avg Call	Avg Delay
MS-DOS 900/CC	263	208	60.2%	20.9%	11.9	10.7min
MS-DOS Toll	2172	1626	19.7%	25.2%	22.8	11.8min

100,000 busies given between MS-DOS, Windows and Access (don't have breakout between each product at this time). Tuesday busies were down to 81,000.

Extended Reach PR

We have gotten great extended reach PR, even beyond Seattle and SF (location of launch event)
The list below is just the radio and TV that we know about. We also believe we got lots of local newspaper articles

SCHEDULE OF BROADCAST ACTIVITY
"MICROSOFT DOS RELEASED"
3/28 - 4/5

DATE	PROGRAM	STATION	TIME	LOCATION
3/28	King 5 News at 5 SEATTLE	KING-TV (NBC)		5 - 6 PM
3/28	Kiro News at 6 SEATTLE	KIRO-TV (CBS)		6 - 7 PM
3/28	Kiro News at 11	KIRO-TV (CBS)		11 - 11:30 PM

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SEATTLE
3/29 NBC News Nightside NBC-TV (NBC) 3:10-4:30 AM
NETWORK
3/29 This Morning's Business WNBC-TV (NBC) 5 - 5:30 AM NY
3/29 New York Today WNBC-TV (NBC) 6 - 7 AM
NY
3/29 Eyewitness News WBZ-TV (NBC) 6 - 7 AM
BT
3/29 Fox Morning News WTTG-TV (FOX) 6:30 - 7 AM
WASH.
3/29 Eyewitness this Morning WJBK-TV (CBS) 7 - 9 AM
DETROIT
3/29 CNBC World Business CNBC-TV 6 - 7 AM CABLE
3/29 CNBC World Business CNBC-TV 7 - 8 AM CABLE
3/29 The Money Wheel CNBC-TV 8 - 9 AM CABLE
3/29 WMAQ-AM News 67 WMAQ-AM 6 - 7 AM CHICAGO
3/29 WGN-AM Radio WGN-AM 8 - 8:10 AM CHICAGO
3/29 Stock Market Observer WCIU-TV (IND) 8:30 - 9 AM
CHICAGO
3/29 2 News Early Morning KTVI-TV (ABC) 6:30 - 7 AM ST.
LOUIS
3/29 1010 Morning News WINS-AM 9 - 10 AM NY
3/29 The Money Wheel CNBC-TV 10 - 11 AM CABLE
3/29 Eyewitness News at 6am. KTRK-TV (ABC) 6 - 7 AM
HOUSTON
3/29 Good Morning San Jose KNTV-TV (ABC) 6 - 7 AM
SAN JOSE
3/29 KOVR 13 News KOVR-TV (ABC) 6 - 7 AM
SACRAMENTO
3/29 Action News Good Morning KFSN-TV (ABC) 6 - 7 AM
FRESNO
3/29 The Money Wheel CNBC-TV 11 - 12 PM CABLE
3/29 The Money Wheel CNBC-TV 1 - 2 PM CABLE
3/29 The Money Wheel CNBC-TV 4 - 5 PM CABLE
3/29 Action News WPVI-TV (ABC) 5 - 6 PM
PHIL.
3/29 Nightly Business Report PBS-TV 6:30 - 7 PM
NETWORK
3/30 Morning Drive WBBR-AM 7 - 8 AM NY
3/30 Morning Drive KNBR-AM 6 - 9 AM SF
3/30 King 5 Morning News KING-TV (NBC) 6 - 7 AM
SEATTLE
3/30 First in the Morning News KIRO-TV (CBS) 6 - 7 AM
SEATTLE
3/30 The Money Wheel CNBC-TV 12 - 1 PM CABLE
3/30 Komo News Four KOMO-TV (ABC) 11 - 11:30 PM
SEATTLE
3/30 Kiro News at Noon KIRO-TV (CBS) 12 - 1 PM
SEATTLE
3/30 The Money Wheel CNBC-TV 2 - 3 PM CABLE
3/30 WTOP News Radio WTOP-AM 4 - 7 PM WASH.
3/30 Evening Edition News 12 - Long Island 5 - 6 PM
NY
3/30 Market Wrap CNBC-TV 5 - 6 PM CABLE
3/30 Business Tonight CNBC-TV 6:30 - 7 PM CABLE
3/30 WBBM NewsRadio 78 WBBM-AM 4 - 5 PM
CHICAGO
3/30 WBBM NewsRadio 78 WBBM-AM 6 - 7 PM
CHICAGO
3/30 Money Talk CNBC-TV 7:30 - 8 PM CABLE
3/30 Komo News Four KOMO-TV (ABC) 5 - 6 PM
SEATTLE
3/30 Channel 7 News KGO-TV (ABC) 6 - 7 PM

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SF
3/30 King 5 News at 6:30 KING-TV (NBC) 6:30 - 7 PM
SEATTLE
3/30 Komo News Four KOMO-TV (ABC) 6:30 - 7 PM
SEATTLE
3/30 Komo News Four KOMO-TV (ABC) 11 - 11:30 PM
SEATTLE
3/30 Channel 7 News Tonight KGO-TV (ABC) 11 - 11:30 PM SF
3/31 This Morning's Business WNBC-TV (NBC) 5 - 5:30 AM NY
3/31 First Business USA-TV 6:30 - 7 AM CABLE
3/31 CNBC World Business CNBC-TV 7 - 8 AM CABLE
3/31 The Money Wheel CNBC-TV 9 - 10 AM CABLE
3/31 Daytime Edition News 12 - Long Island 9 - 10 AM
NY
3/31 Stock Market Observer WCIU-TV (IND) 8:30 - 9 AM
CHICAGO
3/31 The Money Wheel CNBC-TV 10 - 11 AM CABLE
3/31 Good Morning San Jose KNTV-TV (ABC) 6 - 7 AM
SAN JOSE
3/31 Channel 7 News KGO-TV (ABC) 6 - 7 AM
SF
3/31 Morning Drive KNBR-AM 6 - 9 AM SF
3/31 KOVR 13 News KOVR-TV (ABC) 6 - 7 AM
SAC.
3/31 Action News Good Morning KFSN-TV (ABC) 6 - 7 AM
FRESNO
3/31 The Money Wheel CNBC-TV 11 - 12 PM CABLE
3/31 The Money Wheel CNBC-TV 1 - 2 PM CABLE
3/31 Stock Market Observer WCIU-TV (IND) 2 - 2:30 PM
CHICAGO
3/31 Noon News WBAP - AM 12 - 1 PM
DALLAS
3/31 Nine News KUSA-TV (ABC) 12 - 1 PM
DENVER
3/31 Eyewitness News at Noon KPIX-TV (CBS) 12 - 1 PM
SF
3/31 Kiro News at Noon KIRO-TV (CBS) 12 - 1 PM
SEATTLE
3/31 News WBZ-AM 4 - 5 PM
BOSTON
3/31 News WHDH-AM 4 - 5 PM BOSTON
3/31 News WBZ-AM 5 - 6 PM
BOSTON
3/31 Business Insiders CNBC-TV 6 - 6:30 PM CABLE
3/31 Business Tonight CNBC-TV 6:30 - 7 PM CABLE
3/31 KNX 1070 Newsradio KNX-AM 4 - 7 PM
LA
3/31 King 5 News at 6:30 KING-TV (NBC) 6:30 - 7 PM
SEATTLE
3/31 Channel 3 Reports KCRA-TV (NBC) 6:30 - 7 PM
SAC.
3/31 The Ten O'Clock News WKLY-TV (IND) 10 - 11 PM W.
PALM BEACH
3/31 News 35 KCBA-TV (FOX) 10 - 11 PM
SALINAS
4/1 Eyewitness News WTVT-TV (CBS) 6 - 7 AM
TAMPA
4/1 News WRKO-AM 6:30 - 6:40 AM BOSTON
4/1 News WBZ-AM 7 - 8 AM
BOSTON
4/1 Good Morning Colorado KUSA-TV (ABC) 6 - 7 AM
DENVER
4/1 Eyewitness News KPIX-TV (CBS) 6 - 7 AM

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SF

4/2	Morning Report				
	Texas News 5	KXAS-TV (NBC)	12 - 12:30 AM	DALLAS	
	The 12 o'clock Report				
4/3	Financial Times	CNBC-TV	6 - 6:30 AM	CABLE	
4/3	Business Weekly	CNBC-TV	9 - 9:30 AM	CABLE	
4/3	Strictly Business	CNBC-TV	9:30 - 10 AM	CABLE	
4/3	Afternoon Drive	WBBR-AM	4 - 5 PM	NY	
4/3	News/Future Watch	CNN-TV	4:30 - 5 PM	CABLE	

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Summarized in separate mail

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