

Microsoft Corporation Every Day Low Prices Analysis MSUS: Scenario #1

BUDGET:					PROPOSED:				
Street Prices*					Street Prices:				7
	Office	XL	Word			Office	XL	Word	
FPP	\$479	\$287	\$300	-	FPP	\$375	\$250	\$250	7
C-Upgrade	\$300	5120	\$120		C-Upgrade	2300	\$120	\$120	· }
V-Upgrade	\$269	\$120	\$120		V-Upgrade	\$211	\$105	\$100	
Revenue/Unit*					Revenue/Unit:				
	Office	XL	Word	_		Office	XL	Word	
FPP	\$396	\$262	\$262	-	FPP	\$310	\$228	\$218	_
C-Upgrade	\$272	\$105	\$105		C-Upgrade	\$272	\$105	\$105	
V-Upgrade	\$243	\$84	\$84		V-Upgrade	\$190	\$73	\$70	
Channel Markup*					Channel Markup:				
•	Office	XL	Word		•	Office	XL	Word	
FPP	21%	10%		•	FPP	21%	10%	15%	5
C-Upgrade	10%	14%	14%		C-Upgrade	10%	14%	14%	•
V-Upgrade	11%	43%	43%		V-Upgrade	11%	43%	43%	•
Units*					Units				
	Office	XL	Word			Office	XL	Word	
FPP	413,715	205,480	319,025	-	FPP	413,715	205,480	319,025	Ī
C-Upgrade	157,355	211,276	294,562		C-Upgrade	157,355	211,276	294,562	!
V-Upgrade	48,297	547,697	581,231		V-Upgrade	48,297	547,697	581,231	
Revenue \$000's**					Revenue \$000's				
	Office	XL	Word	Total		Office	ХĽ	Word	Total
FPP	\$173,9 7 3	\$53,781	\$83,502	\$311,256	FPP	\$128,260	\$46,895	\$69,654	\$244,809
C-Upgrado	\$45,342	\$22,240	\$31,007	\$98,588	C-Upgrade	\$42,801	\$22,184	530,929	\$95,914
Other New Users	\$92,501	\$27,915	\$41,466	\$161,883	Other New Users	\$92,501	\$27,915	\$41,466	\$161,883
Total New Users	\$311,816	\$103,936	\$155 ,9 75	\$571,727	Total New Users	\$263,562	\$96,994	\$142,049	\$502,606
V-Upgrade	\$11,736	\$32,738	\$49,069	\$93,543	V-Upgrade	\$9,188	\$40,075	\$40,686	\$89,950
Other Excisting Users	\$30,875	\$6,966	\$6,097	\$43,938	Other Existing Users	\$30,875	\$6,966	\$6,097	\$43,938
Total Existing Users	\$42,611	\$39,704	\$55,166	\$137,481	Total Existing Users	\$40,063	\$47,042	\$46,783	\$133,887
All Other Products			_	\$716,851	All Other Products				\$716,851
Total Budgeted Revenue			_	\$1,426,059	Total Budgeted Revenue				\$1,353,344
			•						

^{*} Excludes Office Pro and license and academic products

Estimated volume increase needed to offset	
revenue loss from price decrease =	17%

Change in Revenue \$'s	Office	XL.	Word	Total
FPP	(\$45,713)	(\$6,886)	(\$13,848)	(\$66,447)
C-Upgrade	(\$2,541)	(\$56)	(\$78)	(\$2,675)
V-Upgrade	(\$2,548)	\$7,338	(\$8,383)	(\$3,594)
	(\$50,802)	\$396	(\$22,309)	(\$72,715)

% Change in Revenue S's				
	Office	XL.	Word	Total
FPP	(26%)	(13%)	(17%)	(21%)
C-Upgrade .	(6%)	0%	0%	(3%)
V-Upgrade	(22%)	22%	(17%)	(4%)
	(22%)	0%	(14%)	(14%)

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^{**} Includes all Office Families, excludes liceuse and academic products

Note: This model varies the revenue per unit associated with \$503 million of

\$1,426 million MSUS budgeted revenue (35%)

Microsoft Corporation Every Day Low Prices Analysis MSUS: Scenario #2

PROPOSED:

BUDGET:				
Street Prices*	Office	ХL	117	
FPP	\$479		Word \$300	_
C-Upgrade	\$300	\$120		
V-Upgrade	\$269	\$120		
. 368-223	4207	3120	\$120	
Revenue/Unit*				
	Office	XL	Word	
FPP	\$396	\$262	\$262	_
C-Upgrade	\$272	\$105	\$105	
V-Upgrade	\$243	\$84	\$84	
,			•••	
Channel Markup*				
	Office	XL.	Word	
FPP	21%	10%	15%	5
C-Upgrade	10%	14%	14%	,
V-Upgrade	11%	43%	43%	
Units*				
	Office	XL	Word	
FPP	413,715	205,480	319,025	-
C-Upgrade	157,355	211,276	-	
V-Upgrade	48,297	547,697	581_231	
		,	,	
Revenue \$000's**				
	Office	XI.	Word	Total
FPP	\$173,973	\$53,781	\$83,502	\$311,256
C-Upgrade	\$45,342	\$22,240	\$31,007	\$98,588
Other New Users	\$92,501	\$27,915	\$41,466	\$161,883
Total New Users	\$311,816	\$103,936	\$155,975	\$571,727
V-Upgrade	\$11,736	\$32,738	\$49,069	\$93,543
Other Existing Users	\$30,875	\$6,966	\$6,097	\$43,938
Total Existing Users	\$42,611	\$39,704	\$55,166	\$137,481
All Other Products				\$716,851
Total Budgeted Revenue			-	\$1,426,059

Street Prices:				7
	Office	XL	Word	j
FPP	\$299	\$199	\$199	-
C-Upgrade	\$249	\$120	\$120	
V-Upgrade	\$168	S83	\$80	J
Revenue/Unit:				
	Office	XL	Word	
FPP	\$247	\$182	\$174	_
C-Upgrade	\$226	\$ 105	\$105	
V-Upgrade	\$152	\$58	\$ 56	
Channel Markup:				
	Office	XL.	Word	
FPP	21%	10%	15%	•
C-Upgrade	10%	14%	14%	
V-Upgrade	11%	43%	43%	
Units				
	Office	XL	Word	
FPP	413,715	205,480	319,025	
C-Upgrade	157,355	211,276	294,562	
V-Upgrade	48,297	547,697	581,231	
Revenue \$000's				
	Office	XL	Word	Total
PP .	\$102,266	\$37,329	\$55,444	\$195,039
~Upgrade	\$35,524	\$22,184	\$30,929	\$88,637
Other New Users	\$92,501	\$27,915	\$41,466	\$161,883
Total New Users	\$230,292	\$87,427	\$127,840	\$445,559
/-Upgrade	\$7,326	\$31,900	\$32,386	\$71,612
Other Excisting Users	\$30,875	\$6,966	\$6,097	\$43,938
Total Existing Users	538,201	\$38,866	\$38,483	\$115,550
Il Other Products				\$716,851
otal Budgeted Revenue			ſ	\$1,277,961

* Excludes Office Pro and liceuse and academic products
** includes all Office Families, excludes license and academic products
Note: This model varies the revenue per unit associated with \$503 million of
\$1 426 million 185110 builded a surrous (1854)

Estimated and	
Estimated volume increase needed to offset	
revenue loss from price decrease *	47%

Change in Revenue S's				
	Office	XL.	Word	Total
FPP	(\$71,707)	(\$16,453)	(\$28,057)	(\$116,217)
C-Upgrade	(\$9,817)	(\$56)	(\$78)	(\$9,951)
V-Upgrade	(\$4,410)	(\$838)	(\$16,683)	(\$21,931)
	(\$85,934)	(\$17,346)	(\$44,818)	(\$148,099)
Potential additional exposure:	o license & acad	emic reven	ue	(\$60,553)

% Change in Revenue S's				
	Office	XL	Word	Total
FPP	(41%)	(31%)	(34%)	(37%)
C-Upgrade	(22%)	0%	0%	(10%)
V-Upgrade	(38%)	(3%)	(34%)	(23%)
	(37%)	(16%)	(27%)	(29%)

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Microsoft Corporation Every Day Low Prices Analysis — MS U S Scenario #3

BUDGET:				
Street Prices*				
	Office	XL.	'Vord	ı
FPP	\$479	\$28		
C-Upgrade	\$300	\$120	S12	xO
V-Upgrade	\$269	\$120	\$12	0
Revenue/Unit*				
	Office	XL	Word	
FPP	\$396	\$262	\$26	2
C-Upgrade	\$272	\$105	\$10	S
V-Upgrade	\$243	\$84	284	4
Channel Markup*				
	Office	ΧĽ	Word	_
FPP	21%	10%		<u> </u>
C-Upgrade	10%	14%	149	6
V-Upgrade	11%	43%	439	6
Units*				
	Office	XIL	Word	_
FPP	413,715	205,4 80		5
C-Upgrade	157,355	211,276		!
V-Up grade	48,297	547,697	581,231	l
Revenue \$000's**				
	Office	XI.	Word	Total
FPP .	\$173,973	\$53,781	\$83,502	\$311,256
C-Upgrade	\$45,342	\$22,240	\$31,007	. \$98,588
Other New Users	_\$92,50 <u>i</u>	\$27,915	\$41,466	\$161,883
Total New Users	\$311,816	\$103,936	\$155,975	\$571,727
V-Upgrade	\$11,736	\$32,738	\$49,069	\$93,543
Other Existing Users	\$30,875	\$6,966	\$6,097	\$43,938
Total Existing Users	\$42,611	\$39,704	\$55,166	\$137,481
All Other Products				\$716,851
Total Budgeted Revenue			•	\$1,426,059

\$1,426 million MSUS budgeted revenue (35%)

stimated volume increase needed to offset	
evenue loss from price decrease =	68%

PROPOSED:				
Street Prices:				7
	Office	XL	Word	1
FPP	\$299	\$120		7
C-Upgrade	\$299	S120	\$120	1
V-Upgrade	8912	550	\$48	J
Revenue/Unit:				_
	Offiœ	XL	Word	
FPP	\$247	\$110		-
C-Upgrade	\$271	\$105		
V-Upgrade	\$152	\$35	\$34	
Channel Markup:				
-	Office	XL.	Word	
FPP	21%	10%		-
C-Upgrade	10%	14%	14%	
V-Upgrade	11%	43%	43%	
Units		•		
TD0	Office	XL_	Word	
FPP CU	413,715	205,480		
C-Upgrade	157,355		•	
V-Up grade	48,297	547,697	581,231	
Revenue \$000's				
	<u>065</u> ∞	XL	Word	Total
SPP .	\$102,266	\$22,510	\$33,434	\$158,2
Upgrade	\$42,658	\$22,184	\$30,929	\$95,7
Other New Users	\$92,501	\$27,915	\$41,466	\$161,8
Total New Users	\$237,425	\$72,609	\$105,829	\$415,8
/-Upgrade	\$7,326	\$19,236	\$19,529	\$46,0
Other Existing Users	\$30,875	\$6,966	\$6,097	\$43,9
Total Existing Users	\$38,201	\$26,202	\$25,626	\$90,0
Il Other Products			_	\$716.83
otal Budgeted Revenue			- 13	\$1,222,74

	Office	XI.	Word	Total
FPP	(\$71,707)	(\$31,272)	(\$50,068)	(\$153,046
C-Upgrade V-Upgrade	(\$2,684)	(336)	(\$78)	(\$2,817
V-Upgrade	(\$4,410)	(\$13,502)	(\$29,540)	(\$47,452
	(\$78,801)	(\$44,829)	(\$79,686)	(\$203,316

% Change in Revenue \$'s	·			
	Office	XI.	Word	Total
FPP	(41%)	(58%)	(60%)	(49%)
C-Upgrade	(6%)	0%	0%	(3%)
V-Upgrade	(38%)	(41%)	(60%)	(51%)
· · · .	(34%)	(41%)	(49%)	(40%)

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Microsoft Corporation Every Day Low Prices Analysis — MSUS Scenario #4

				-
BUDGET:				
Street Prices*				
	Office	ХL	Word	
FPP	\$479	\$287		_
C-Upgrade	\$300	\$120	\$120	1
V-Upgrade	5269	\$120	\$120	
Revenue/Unit*				
	Office	XI.	Word	
FPP	\$396	\$262	\$262	-
C-Upgrade	\$272	\$105	\$105	
V-Upgrade	\$243	\$84	\$84	
Channel Markup*				
	Office	XL.	Word	
FPP	21%	10%	15%	•
C-Upgrade	10%	14%	14%	
V-Upgrade	11%	43%	43%	
Units*		*		
	Office	XI.	Word	
FPP	413,715		319,025	
C-Upgrade	157,355	211,276	294,562	
V-Upgrade	48,297	547,697	581,231	
Revenue \$000's**				
	Office	XL_	Word	· Total
TPP	\$173,973	\$53,781	\$83,502	\$311,256
C-Upgrade	\$45,342	\$72,240	\$31,007	\$98,588
Other New Users	\$92,501	\$27,915	541,466	\$161,883
Total Many Vienne	A	***		

Properties Pro		70,000	341,072	341,43	•
FPP \$173,973 \$33,781 \$83,502 \$311,256 C-Upgrade \$45,342 \$22,240 \$31,007 \$98,588 Other New Users \$92,501 \$27,915 \$41,466 \$161,883 Total New Users \$311,816 \$103,936 \$155,975 \$571,727 V-Upgrade \$11,736 \$32,738 \$49,069 \$93,543 Other Existing Users \$30,875 \$6,966 \$6,097 \$43,938 Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 MI Other Products \$716,851	Revenue \$000's**				
C-Upgrade \$45,342 \$22,240 \$31,007 \$98,588 Other New Users \$92,501 \$27,915 \$41,466 \$161,883 Total New Users \$311,816 \$103,936 \$155,975 \$571,727 V-Upgrade \$11,736 \$32,738 \$49,069 \$93,543 Other Existing Users \$30,875 \$6,966 \$6,097 \$43,938 Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 All Other Products \$716,851	•	Office	XL_	Word	Total
Other New Users \$92.501 \$22,915 \$41,466 \$161,883 Total New Users \$311,816 \$103,936 \$155,975 \$571,727 V-Upgrade \$11,736 \$32,738 \$49,069 \$93,543 Other Existing Users \$30,875 \$6,966 \$6,097 \$43,938 Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 All Other Products \$716,851		\$173,973	\$\$3,781	\$83,502	\$311,256
Total New Users \$311,816 \$103,936 \$155,975 \$571,727 V-Upgrade \$11,736 \$32,738 \$49,069 \$93,543 Other Existing Users \$30,875 \$6,966 \$6,097 \$43,938 Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 UI Other Products \$716,851		\$45,342	\$22,240	\$31,007	\$98,588
Total New Users \$311,816 \$103,936 \$155,975 \$271,727	Other New Users	_\$92,50I	\$27,915	\$41,466	\$161.883
Other Existing Users \$30,875 \$6,966 \$6,097 \$43,938 Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 VII Other Products \$716,851	Total New Users	\$311,816	\$103,936		
Total Existing Users \$42,611 \$39,704 \$55,166 \$137,481 All Other Products \$716,851		\$11,736	\$32,738	\$49,069	\$93,543
All Other Products		\$30,875	\$6,966	\$6,097	\$43,938
3/10,831	Total Existing Users	\$42,611	\$39,704	\$55,166	\$137,481
Total Destant Des	VII Other Products				\$716.851
	Total Budgeted Revenue				

Excludes Office Pro and license and academic products
"Includes all Office Families, excludes license and academic products
vote: This model varies the revenue per unit associated with \$503 million of
\$1,426 million MSUS badgeted revenue (35%)

stimated volume increase needed to offset	
versee loss from price decrease =	154%

±4				
PROPOSED:				
Street Prices:				7
	Offiœ	XI.	Word	
FPP	\$150	. \$99		5
C-Upgrade	\$150	\$99	\$99)
V-Upgrade	\$84	S41	\$40	<u>)</u>
Revenue/Unit:				
	Office	XL	Word	
FPP	\$124	\$90	586	-
C-Upgrade	\$136	\$87	\$87	
V-Upgrade	\$76	\$29	\$28	
Channel Markup:				
	Office	XI.	Word	
FPP	21%	10%	15%	,
C-Upgrade	10%	14%	14%	,
V-Upgrade	11%	43%	43%	•
Units				
	Office	XL_	Word	_
FPP	413,715	205,480	319,025	
C-Upgrade	157,355	211,276	294,562	
V-Upgrade	48,297	547,697	581,231	1
Revenue \$000's	•			
	Office	XL	Word	Total
FPP ·	\$51,304	\$18,571	\$27,583	\$97,45
C-Upgrade	\$21,400	\$18,302	-	•
Other New Users	\$92,501	\$27,915	\$41,466	\$161,88
Total New Users	\$165,206	\$64,787	\$94,566	\$324,55
/-Upgrade	\$3,675	\$15,870	\$16,112	. \$35,65
Other Existing Users	\$30,875	\$6,966	\$6,097	\$43,93
Total Existing Users	\$34,550	\$22,836	\$22,208	\$79,594
VI Other Products	•		_	\$716,851
Fotal Reviewed Designer			ſ	C1 171 004

Change in Revenue \$'s	Office	XI.	Word	Total
FPP	(\$122,669)	(\$35,211)	(\$55,919)	(\$213,799
C-Upgrade	(\$23,941)	(\$3,938)	(\$5,490)	(\$33,370
C-Upgrade V-Upgrade	(28,061)	(\$16,868)	(\$32,958)	(\$57,887
	(\$154,671)	(\$56,017)	(\$94,367)	(\$305,055

% Change in Revenue \$'s				
	Office	XL.	₩ord	Total
FPP	(71%)	(65%)	(67%)	(69%)
C-Upgrade	(53%)	(18%)	(18%)	(34%)
V-Upgrade	(69%)	(52%)	(67%)	(62%)
	(67%)	(52%)	(58%)	(61%)

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\$716,851 \$1,121,005

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Total Budgeted Revenue

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