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Welcome!

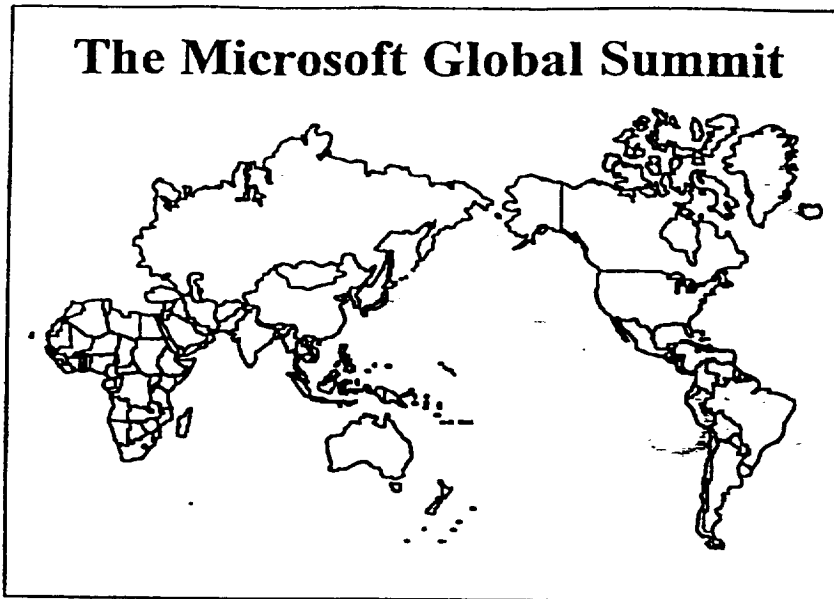
Welcome to the first Global Summit held by Microsoft.

- This the Largest Sales and Consulting Meeting ever held - 1,800 Superheroes Evolution NSM to MGS — changing everything else this year!
- NSM was the only acronym that everyone in the company knew and understood so it was time to change it.
- Global Company —> Global Meeting
- In 2 weeks we will have approximately 1,000 Sales and Consulting professionals in Seville, Spain for the second half of the Global Summit. No, you don't get to go...

Theme: Introduce Leadership Through Action theme - we're here to share our collective powers.

Transition: Let's welcome the superheroes representing Microsoft from around the world..

The Microsoft Global Summit



Superheroes:

Microsoft Sales Organization (this include Inside Sales, Organization Customer Unit, and End User Customer Unit)

Click: Canada

Click: International (Far East, AIME, APAC)

Click: Microsoft Consulting Services

Transition: So you ask yourself - why bring all these Super powers together in one place? We have a big job to do!

Why Are We Here...

- ◆ Training
- ◆ Information sharing

- ◆ Direction
- ◆ Recognition

Training - Last year ... asked for more and better targeted training - we listened and we are delivering. This year we have more training available to you than ever before and it is more focused on your business needs - We know what you want and we are giving it to you.

• There are 45 Classes which comprise 92 hours of class training available, 17 to 26 hours of training available to each individual

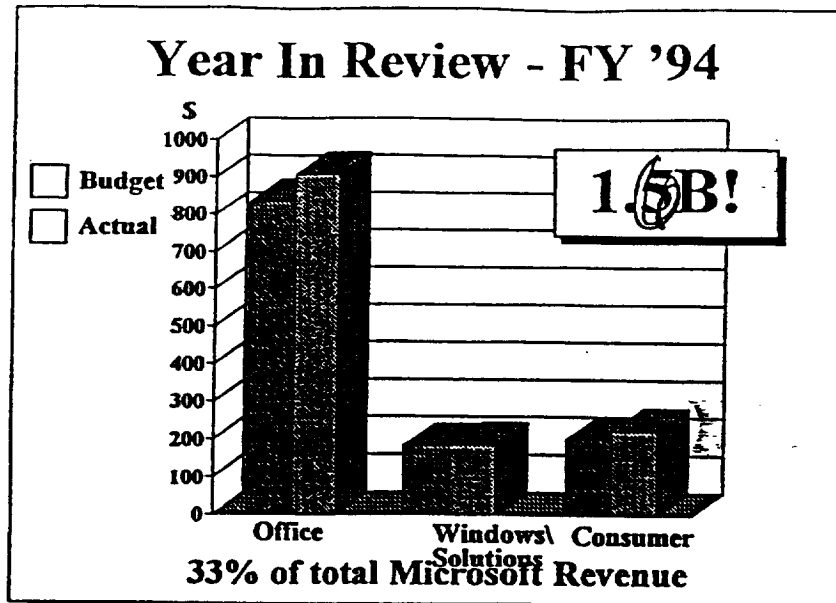
• **Click – Information Sharing** You have asked for an opportunity to share best practices and we have included time for this in the sessions. Information on new programs and products will be shared from Corporate and implementation and selling strategies will be shared between all the people in this room - ah Tent.

• 103 Expo Booths including 75 SP's and Partners - plus Seminar Series and Roundtables and targeted Lunch Meetings.

W-NA Perspective
Double Click – Direction: My focus is to discuss our critical success factors for FY95, our focus, our plan of action. Why did we reorganize? Why did we need to do this to help us be successful in FY95 and beyond? Steve Ballmer later in the week will cover international and Competition - Richard Fade and Chris Smith will be here to present International Strategies and of course we will have a guest appearance from MicroMan...who will share his long term vision for the company.

Nancy 1/27/94
Click – Recognition: FY94 was another great year. The main reason it was successful is because of all of the superheroes in this room. We are going to recognize X "Super" Superheroes that pulled out all the stops (used their superior powers) to make this happen. But, I want to take this opportunity to recognize all the people in this audience that have made and will continue to make Microsoft the number one Software Company in the World. (Applause).

Transition: You are going to have a very busy week, lots to learn and contribute and hopefully you will have some fun and accept some new challenges. So how did we do last year?



Year ago challenge.. US group ... \$800M in Office/Apps, \$350M in Windows, NT, and our solution platform products, and \$280M! So how did we do??

- Click —Office / DAD - \$870M - Turning this into a billion dollar plus business should be easy for you
- Click - Windows, NT, our Solutions products — \$370M
- Click - Consumer and our Other Products — \$300M
- Hitting on all cylinders! Well, almost all cylinders. Windows NT
- and! (applause)
- Click - And when you add Microsoft Canada, MSNA net revenue was \$1.575B - nearly \$1.6B!. That's 47% of Total Microsoft Finished Goods Revenue and 33% of all Microsoft revenue - You are a big player (contributor) in Microsoft success

Transition: There is another number that is very important to everyone in this room and that is Profitability - how did we do on that scorecard?

What Did We Contribute?

This group contributed almost \$400 million dollars to Microsoft in profitability - (applause)

\$389 Million!

This is incredible and it is due to **each and every person** managing their business in a **smarter and more cost effective way**. **Increased productivity** and better business tools like Infobase make us a **smarter sales and consulting force worldwide**. We have done a **Great job on controllable expenses with improvements every year**

FY92 30%

FY93 29%

FY94 28%

You have taken on the challenge of **slower sales headcount growth** and responded with great productivity. This means you're making **good business decisions every day**, and we will need to **continuously improve** as we move forward into the future.

\$389M - this incredible profit contribution helps to drive up the value of our company.

Transition: And what does driving up the value of the stock mean to you?

2:1 Stock Split June, 1994

You forced us to split the stock!!! (applause)

And, it is significantly up since then so you must be starting the new fiscal year off right....

(By the way, Lotus and Novell stock prices have been dropping....)

Transition: Great revenue! Great profit!! Those are all great numbers. So you ask yourself why were we so successful last year? **How did we do it?**

How Did We Do It?

- ◆ **U.S. Postal Service - \$38 million for 70,000 Select MELP**
 - **Mike Granfield, Julie Wiseman, Chris Baker**
- ◆ **Best Buy - 118% growth, 400% increase in consumer products**
 - **Randy Byrne**

How did we do it? The success for FY 94 as well as for previous years is because of the people in this room - Let me give you a couple of examples of incredible wins as:

Click - The US Postal Service - \$38 Million - 70,000 Select MELP and MELP/M for Office, Windows and DOS - also 400 Win NT to replace Novell. Thanks to the hard work of Mike Granfield, Julie Wiseman and Chris Baker.

Click - On Consumer side with 118% Growth FY93-94 and over 400% increase in sales of Consumer Products is Best Buy, managed by Randy Byrne.

Who Did It?

Many wins ... difficult to select only a few to highlight as it is difficult to only recognize a small representation of our fantastically successful sales and consulting force but we would like to let you have a peek at the Super of the Super Heroes that are being singled out for an award for their contributions in FY 94 - Would you please stand as your name is read and contrary to normal procedures I would like the audience to not hold their applause - let it rip and I'll try to make myself heard....This is a time when I really need a voice like Steve Ballmer -

Let's roll'em.

Congratulations!!

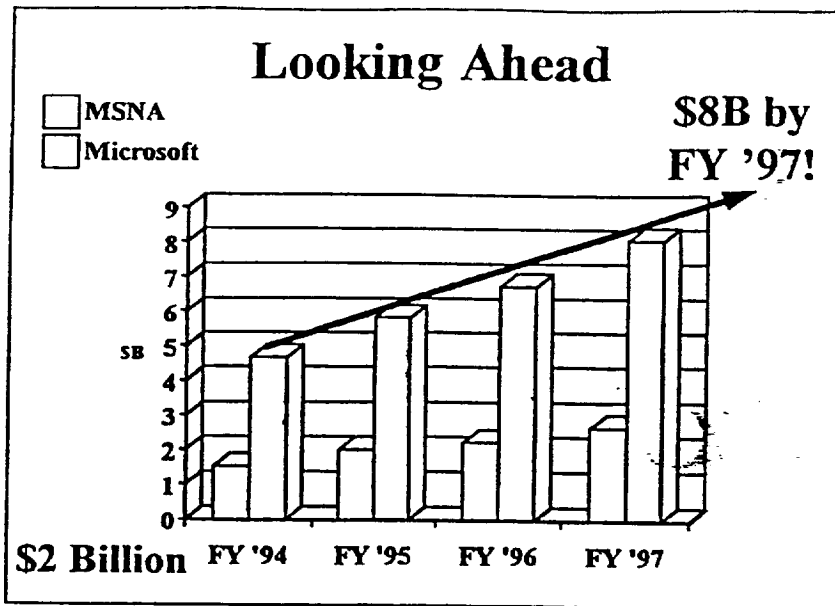
**Transition: WOW - pretty impressive group - now hears a burning question
I have heard recently - if we are so successful and doing so well why do we
want to make changes?**

**So Why Are We Changing...
Or
If It Ain't Broke - Why Fix It?**

Good Question and the answer is simple!!

We have a super opportunity before us - this next year and the rest of the decade are going to be even more challenging than the past -

Transition: To meet this opportunity we need a winning formula geared to take us beyond this year and next....



Bill Challenged us to be an \$8 Billion company by 1997 - \$8 Billion!! What does that mean to MSNA - that means that by the end of FY 97 we will be a \$3 Billion division - that's twice the size we are now.

To make this revenue goal and to continue to increase our profitability (which hopefully will reflect in the Stock price) we have to be prepared to produce twice the revenue without significantly increasing our workforce.

We have to drive our performance up!

Increase our effectiveness!

Manage costs!

Leverage our Resources and Good Ideas!

Transition: And...

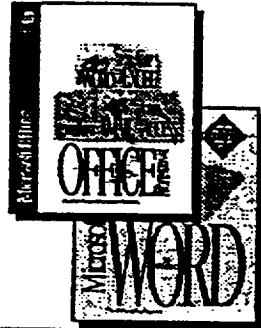
Focus!
Focus!
Focus!

We must **Focus / Focus / Focus** AND take action — **ACT, ACT, Act!!!** So let's take a look at our focus for FY95, beginning with business goals.

Plan Of Action - FY '95

Focus on products

- ◆ **OFFICE**
- ◆ **Revenue: \$1,006 billion**
 - Office share to >80%
 - Word share to >65%
- ◆ **MELP madness**



MSMA Biggest product goal — Office — \$1B

Drive share — In focusing on products, we have to be relentless in our pursuit of Market Share - it is not acceptable to me and shouldn't be to you to not have at least **80% of the Office Market** and **65% of the Word market**. Word is key challenge.

Switchers — must get the share as customers to move to Windows. MOLP is a great tool to leverage.

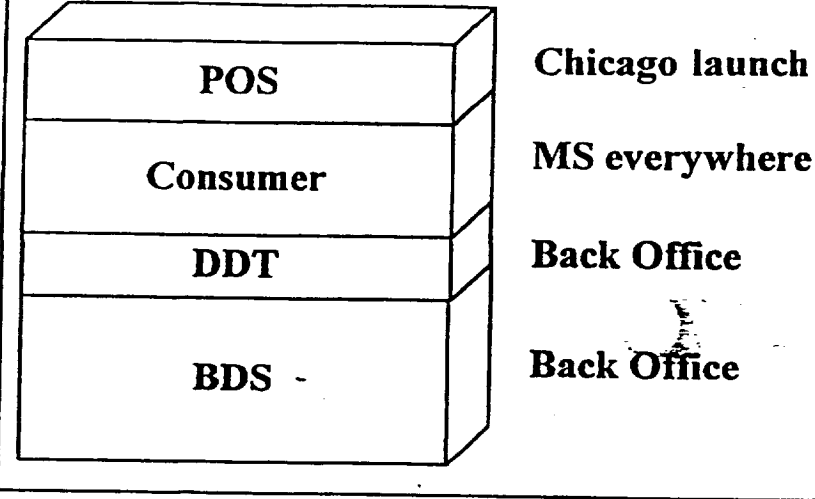
Get our **largest customers locked in**. MELP and Maintenance are excellent tools to help you in gaining and locking share - it is truly going to be the year of **MELP Madness** - we will be working with you to set MELP and maintenance goals, providing the resources you need to sell it and measuring the successes.

Think MELP madness as you go through the week and learn about all the resources available to help you sell.

Charlie Hamlin - Lotus -- will fight MS on every front

Transition: Office isn't our only challenge in FY 95 - we also have Back Offices and Homes to consider....

Looking Ahead - FY '95



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Understanding and selling the **BackOffice** is going to be key to our success this year and in the future - it is what will make us the leader in **Business Systems and Developer products**. We must leverage our key advantage have an **integrated product solution**, complimented with **consulting and partnerships with Solution Providers** to address any need.

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This year we will focus on making sure **Microsoft is everywhere** (remember that word everywhere - you will need it later in Mike's presentation) - we will embark on **new merchandising and selling models** - some never before used to sell **Consumer products** - Microsoft will be everywhere.

The **Chicago launch** will be the biggest launch in Microsoft history and will be a **necessary platform to sell our other products** - we will be success in the **Personal Operating System business** and Chicago will be a big step.

MSNA's

\$1B for Office/DAD, **\$320M** for BSD and Developer, **\$380M** for Consumer, and **\$250M** for POS

Transition: What does this add up to?? A **BIG number**. How are we going to reach these aggressive goals - **Through Customer Focus**

Focus On The Customer

- ◆ **Organizations**
 - Year of the Back Office
 - MELP madness
- ◆ **End users**
 - Microsoft everywhere
 - Chicago launch
- ◆ **World class sales and consulting**
 - Increase customer time >50%

We have great products and we must focus on them but ~~we~~ we must focus on the customer to succeed, to make the big number. This is the main reason for reorganizing into Customer Units - We are now equipped and organized to address the specific needs of the segment of the business we are working on.

Organizations:

- Guide the - Year of the back office
- Support MELP madness
- Use MCS to help drive this business

End Users:

- MS Everywhere = this is how we make the BIG numbers
- Building the channel (give an example of segment manager model)
- Prepare for the biggest launch in Microsoft's history
- Use the Launch for all product lines

All of this only works if you have a World Class Sales / Consulting Organization to implement the strategies and close business.

And we must increase the time we spend with our customers.

Transition: OK, Product Focus - check, Customer focus - check - what's in our way?

What's In Our Way

SmartSuite

Some tough Competitors are in our way - what's our plan? Simple...

Click - Smartsuite is after our high market share in Office. \

Click - We have to zap SmartSuite so Office can win,

Click - WordPerfect is taking some of our fair share in Word processing.

Click - We must wipe out WordPerfect so we will have all the market share for Word,

Click - Novell continues to have the leading position in networking --- that should belong to us.

Click - we have to nail Novell so our BackOffice Solutions will take over.

Click - Lotus Notes threatens Windows, Advanced Server, and Office.

Click - We must knock out Notes.

Click - OS/2 lingers on in some large accounts.

Click - we have to oust OS/2 and move to Chicago. ? NT

I want everyone in this audience to focus on these competitors, know them, their strategies, their products - understand how they operate in your accounts so you can use your Super Powers to overcome them. It should be a personal goal of everyone at this Summit to know and overcome our Competitors.

Transition: We will beat our competition...

We will focus on our customers...

We will get to the Big Number...

We've got the Power...

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Super Powers

Product line = super power

Each of our products are great powers — but we have **Super Power**

Our unique **product line** provides the power to fuel us to get to the big numbers. We are the leading **desktop OS** company! We have a great line of integrated applications — **MS Office!** We are unique in being able to offer a **great server platform** with the **key server apps!**

But we can get all these **super powers** working together...

Just imagine what these products could do if you were say a **mortgage company** and you wanted to use **Office with BackOffice** using **Chicago**. The **SuperPower** of these **Product Lines** coming together would...

Change the way business is done.

John Wolfe: I have product like that...

Click — Hi John. This is John Wolfe, of Computer Power. John, tell us about your product.

John goes through next two slides. I click.

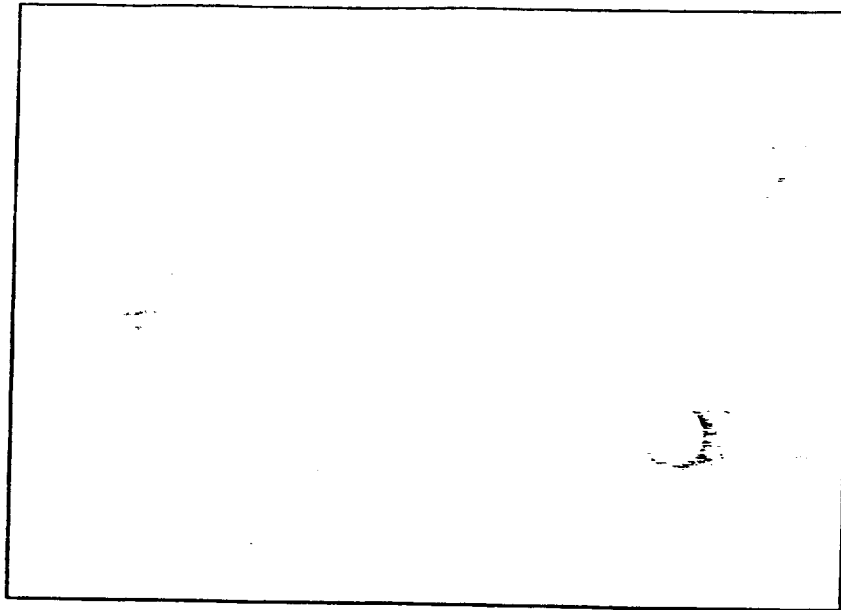
John, can you show us?

John does demo. After the demo..

Jeff: Are you going to meet me in Chicago?

John: Absolutely.

Transition: WOW - that was impressive - No other company can match our superpower for businesses. And the same is true for Microsoft in the Home. Patty and the consumer division are planning on coming out with many, many great titles. If I had more time I'd show you what's going on in the Home market....



Patty...Jeff, why don't you let me talk about the consumer division.
After all they're my products.

But Patty, I only have two minutes for this. I think I should handle
it.

Patty. No, no.... *practice out company meeting*

OK Patty, But you only have two minutes...and then I cut you off!

Patty: OK...

On MS Golf,

On Scenes-Sports: Time's up Patty!

*Patty....And MS Money...what you'll need when you get done buying all
this stuff.*

That's it?? That's all you have??

Patty....maybe I should go through those too?

No Patty.

Well that was pretty good - but she talks fast as

We'll learn a lot more of what's going on in the Consumer division during the
breakouts this week and in Patty's presentation later in the week.

Transition: You have seen how our customers can use our products - Let's
see how we can use them to manage our business! **Don't click!!!**

Super Powers

Product Line = Super Power
Performance Framework

Landed Revenue DEMO

Last year at this meeting you said you wanted a tracking system - let's take a look at what we've been working on! **DataMan can do this stuff you**

Excel Pivot know... *Even I can do this*

Tier 1 Revenues for a given month

Specific District — Southwest

Account — Motorola

Drag Product Division

Drag Product Unit Division

If you are going to focus on the customer, beat the competition and achieve aggressive revenue and profit goals you need to know how you are doing against these goals. This system should be available for use in the US in October.

Transition: We've talked about the Successes of FY 94, the challenges of FY 95, We've seen the power and the superpower — so what's the bottom line?

**The
BIG
Number**

We did nearly \$1.6 Billion in FY 94 -

Steve has asked me what MSNA is capable of doing in FY 95 - Can we do \$1.8 Billion? is that piece of cake!

So what do you think of that Steve. *Video clip of Steve*

Can we do \$1.9 Billion?

Steve, I think they're warming up!! *Video clip of Steve*

I think the superheroes of MSNA can bust through \$2B!! Can we possibly do over \$2Billion????

Steve, what do you think?? *Video clip of Steve*

Bust Through \$2 Billion

Yes, We can bust through \$2B!! That's a big number, but the MSNA superheroes can do it!

Transition: Let's recap our plan. *(Step forward and Gary will click the slides.)*

Super Hero Action Plan

- ◆ **Drive market share**
 - **Product volume**
- ◆ **Beat the competition**
- ◆ **Focus on the customer**
- ◆ **Bust through \$2B**
- ◆ **Never be satisfied**

We're going to **Relentlessly Drive Market Share** and product volume

Beat the Competition - Everywhere

Focus on the customer

Bust through \$2 Billion

You are all Super Heroes -

You are Super Successful -

Never ever be satisfied with your success

Transition: As Data Man I challenge the Super Heroes in this room to truly take...

Leadership Through Action

Take Leadership through Action!

Thank You.