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MS-PCA 2557113

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To: February 1995 WWRDM Attendees
From: Jim Allchin, Rich Tong
Date: February 1, 1995
RE: Business Systems Division FY95 Planning

The last six months have been successful for BSD with FYTD revenues at 106% of worldwide plan. Moreover, we know that once we get our products in serious consideration. For instance, the latest fall ETM seminar results show that: 75% of customers who see a presentation on the BackOffice family¹ choose to evaluate it. And, 75%-90% of customers who run a pilot of a member of the BackOffice family choose to implement a full solution. With limited resources, we need to look for customers who are already considering a change and get us into the evaluation of the BackOffice family. In the second semester of FY95 (S2FY95), they will come from three sources:

- The Desktop. Windows '95 will create a shift on the desktop, so we need to extend this to be a shift on the server as well. We will sell Windows NT Workstation to high-end customers.
- The Server. Novell will work overtime to get every network administrator to upgrade. We need to change the default choice and make it clear that buying NetWare 4.1 is not a no-brainer upgrade.
- The Development Platform. Developers are moving to new client/server tools and platforms, so we will sell our Office/BackOffice platform with our development tools as glue when they shift

The key is to turn each change from a small one to one that encompasses the client and the server and the applications. We plan to generate evaluations through the following initiatives:

- Desktop 95. Run IS seminars on the migration to the new desktop. Upsell BackOffice family as these accounts begin evaluation. Sell in NT Workstation as appropriate.
- BackOffice 95. Reach 10,000 business decision makers² and sell BackOffice families greater business value, run NetWare shoot-outs for 10,000 technical decision makers. Reach 15,000 technical implementers through technical workshops. Upsell BackOffice family in all these seminars.
- Developer 95. Promote to developers a combination of: Office as the front-end; VC, VB and Foxpro as development tools; SQL Server Workstation for back-end; Windows NT Workstation as operating system.

In addition to our evaluation objectives, we also need to defend our current revenues in:

- Defend Mail. Until the Exchange Server ships, the primary objective is maintain the current mail base with customer satisfaction programs, the Mail Resource Kit, the Mail Server for NT, and Mail training materials. We will also use the Exchange First Look beta program to hold accounts and get analyst/reviewers to understand how Mail/Workgroup application strategy.
- Client-Access Licenses. In many subsidiaries, Windows NT Server client-access revenues are below forecast and this represents a sizeable revenue opportunity for us.

NEW PRODUCTS SHIPPING AND IN BETA FOR S2FY95

Detailed information about each product is kept in the full S2FY95 plan on the share \bsdinfo\public in the file \s2plan-1.bsd\bsd95f-1.doc:

1. Windows NT Workstation 3.51. RTMs 2HFY95 with main feature being IBM PowerPC support with languages available on the same schedule as 3.5.
2. Windows NT Server 3.51. Introduces client-access license auditing, IBM PowerPC and compression
3. File and Print Service for NetWare. Goes into beta in 3QFY95. RTM 1QFY96. Detailed launch plan in \bsdinfo\public\s2plan-1.bsd\products\fpnw95f-1.doc.
4. BackOffice server and client access license. We will ship after SQL Server 95 ships.
5. SQL Server 95. This product goes into beta in FY95 with RTM in Q4FY95
6. Mail Server for NT. Will beta 3QFY95 and ship 4QFY95 an NT mail transfer agent
7. Exchange Server. Product goes to beta 3QFY95 with beta 2 in 4QFY95. RTM planned for 1HFY96
8. Internet Server. Will ship in 2QFY96, but prelaunch begins in FY95. Initial marketing plan is in \bsdinfo\public\s2Plan-1.bsd\inet95f-1.doc in the Internet Server section.
9. SNA Server 2.11. RTMs 14 days after 3.51 with PowerPC and other features
10. Systems Management Server. Beta of CSD update with Windows 95 support in 2HFY95.

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¹ We use the term BackOffice family to mean talking about the concept of an integrated family with primary effort to sell each component. The term BackOffice Server refers to the single package of all the products in a single box. BackOffice client refers to a client access license for you access any server running any member of the BackOffice family.

² For simplicity, these goals refer to worldwide targets. We will refine as bottoms-up MYR plans are completed.

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PRODUCTS AND THE COMPETITION

Windows NT Workstation

The product positioning is "the most powerful operating system for the most demanding business and technical needs." Its major competition is OS/2 Warp at the low end. We win with these features: 1) More reliable and stable foundation than Warp, 2) Preemptive multitasking and OLE support for 16-bit Windows applications (OS/2 can do one or the other), 3) Include full networking client including IPX, TCP/IP support (IBM will ship a network client in 1Q though), and 4) Remotely manageable and administrate with users accounts and control.

The high-end competition is Unix workstation. Here our main advantage is running on industry standard hardware and not just RISC systems. This leads to: 1) lower cost hardware and lower dependence on a single hardware vendor to support their proprietary systems, 2) runs the widest range of applications with both traditional Unix and PC applications available and 3) consistent with PC user interface that lowers training costs.

BackOffice Family

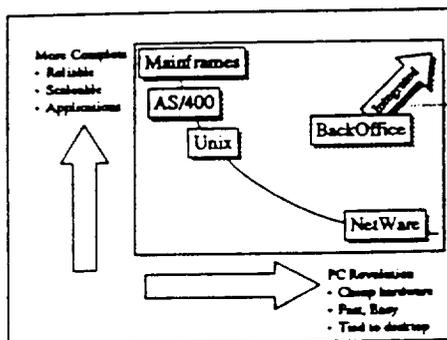
The consumer positioning of the product family is:

Microsoft BackOffice, the first integrated server suite, makes it easier for companies to improve decision-making and streamline their business

We compete with traditional minicomputer/RISC products based on Unix and PC LAN products like NetWare. Our goal is to offer the best of both these worlds with the completeness of a Unix and the accessibility of NetWare. We will beat both of them by being more integrated between the server applications and between the client and the server.

At the high-end, we compete with traditional proprietary systems primarily Unix and AS/400-based products like Oracle, Sybase, HP-UX, HP OpenMail, etc. We have the traditional strengths of software that's part of the microprocessor revolutions: 1) we run on industry standard hardware and not proprietary RISC systems, 2) we have a very tight tie to the desktop and 3) we are designed to be much simpler to administer and use.

At the low-end, we compete mainly with NetWare especially their new 4.1 release that they view as a do-or-die effort to protect their installed base. We beat them with: 1) a better architecture that means we can be a multipurpose server, 2) better scaling and choice since we run on multiprocessors and non-Intel hardware, and 3) more applications that run on top of the BackOffice family. We also compete with Lotus Notes in particular. Compared with it we have: 1) better integration with databases and other network services, 2) better development tools and open APIs which means more applications and 3) with the Exchange Client included in Windows 95, a single view into the local and remote data from a wide variety of providers including MSN, Compuserve, the Internet, etc., 4) with Exchange Server better integration of mail and groupware with enterprise-level administration tools.



CAMPAIGN SUMMARIES

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BackOffice component of Desktop 95

BSD's goal is to convert desktop trial for BackOffice family. Specifically we want customers to: 1) use Windows NT Server and Mail Servers to be the back-end servers and 2) customers to use SMS to deploy and manage these sites. Our subgoals for

- Get 500 worldwide LORG pilots of the BackOffice family as a result of their desire to move to Desktop 95.
- Get 1,500 worldwide MORG pilots to start BackOffice trials as a result of Desktop 95 shift.
- Expose 30,000 worldwide SORG to start BackOffice trials as a result of their interest in Desktop 95.
- Make sure customers considering OS/2 Warp include Windows NT Workstation in their evaluation.

Selling messages

Here are the key reasons why BackOffice family is the right choice when you are picking Windows 95 desktops:

- Windows NT Server is the best server for Windows 95 clients with support for long file names, TCP/IP support, integrated remote access built-in.

- Simplified installation of Windows 95. Every Windows NT Server has a client administrator that lets you install the basic operating system.
- For fuller use, Systems Management Server gives you complete control of all the desktops in your company.
- Upgrade your Access database simply to a full, safe, fast relational database, SQL Server
- Full connection from desktops and notebooks back to your office or across the world with full remote access, connection to mainframes via SNA Server.

BackOffice Push

The BackOffice Push will take advantage of NetWare 4.1 upgrades evaluations that are happening worldwide. There are four main components that will cover different audiences that are consider these upgrades:

- **BackOffice Business Value Seminars.** Build awareness of the business value of BackOffice amongst 10,000 business decision makers worldwide. The seminar content is generated out of BSD and can be used by the worldwide field. In these seminars, we will upsell the benefits of using Office/Windows as the front-end.
- **NetWare Technical Shootouts.** Reach 10,000 technical decision makers worldwide with NetWare vs Windows NT Server shootouts in those countries where direct comparisons are permitted. In other countries, these presentations can be used with the direct comparisons removed.
- **Windows NT JumpStart Technical Seminars.** Reach 10,000 people worldwide with Windows NT Technical Seminars. These seminars are designed for technical decision makers and IEU's, especially NetWare CNEs to give them the knowledge they need to make an informed evaluation of Windows NT Server. We will use this to cross-sell our MEC and ATEC offerings.
- **Windows NT Champions.** Recruit 500 individuals worldwide to build and maintain grassroots momentum for Windows NT Server. Participants will be recruited through technical seminars and tradeshow.

Winning the NetWare Customer with BackOffice

The three key messages for winning the server are:

- **Multi-purpose operating system.** NetWare 4.1 is good at file and print, but you need a completely different operating system, UnixWare to support real client-server applications. Position Windows NT Server as a multi-purpose server that enables business solutions without compromising file and print capabilities. Use positive reviews, ROI studies and design wins as evidence and convince SMORG resellers of these benefits
- **Use our NetWare upgrade offer, File and Print Service for NetWare and the NetWare migration tools to position Windows NT Server as the easiest, most cost effective upgrade for NetWare 3.x**
- **Better long-term choice that you won't have to change while NetWare requires a shift to a new operating system to get a true multipurpose operating system.**
- **Easier to setup, learn and manage.** Installation and support of the system are much easier due to both better integration and better administration and support tools.
- **Proven to provide real business value.** Studies show a 50-2,000% return on investment.

Developer Push

The key to this push is the migration from traditional development tools to more advanced rapid application development. The change means a new kind of application can be used with the leading issue being the type of development tool (VB, Access, Fox Pro) and what back-end (SQL Server, Exchange). The goal is to expand the evaluation into an overall one that includes both the Office as a development tool and the complete BackOffice. Another key aspect to winning with developers will be getting targeted applications over to Windows NT Workstation and the BackOffice family. Today over 1,200 server applications run on Windows NT Server and over 1,000 Win32 applications are available overall (See the detailed SD and DDT plans on this). Some key application shipping in S2FY95 are:

- **Btrieve for Windows NT Server.** This set of database routines will RTM in late Q3FY95. It means over 400 Btrieve applications including most accounting applications will run on Windows NT Server.
- **SAF.** The target is to run on SQL Server 95 and SAP has a development group working with the SQL Server group here in Redmond right now.

Winning the Platform Customers with the BackOffice family

- **Seamless tie between the server and client mean you don't have to do the integration work**
- **Visual Basic lets you tie rich client applications with a powerful server software that is reliable and fast**

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BSD MARKETING AIR COVER

This is a summary of the more detailed plans that underlie the BSD push for the second half of FY95.

BSD Marketing Programs Summary

- Public Relations. Overall air cover will include selling the BackOffice family by pushing hard on the KPMG ROI study and also a business press push to explain how we will change Business by the year 2000.
- Advertising, Direct, Collateral and Packaging. Major US campaigns include Windows NT Server, SQL Server and BackOffice family campaign to start in 2/95. Ongoing tactical ads for other products.
- Industry and events marketing. The major focus is on NetWorld and Tech*Ed
- Partner marketing. We will have tiers of partner and work with DD and OCU to integrate them.
- Magazines, eMedia, Demos and Presentations. We will ship two more issues of the BackOffice magazine, develop a BackOffice technical journal, publish onto the Internet and prepackage all our demos.
- SMORG Marketing. Focus is on seminars on business value and NetWare upgraders.
- LORG Marketing. Focus is on getting evaluations and using the Solutions Server for pilots
- EU Channel Marketing. Focus is on increasing client license sales, building channel technical depth on BackOffice, running trial programs with outbounds, and preparing for Desktop 95 with SMS
- International. Focus is on fixing our packaging and BOMs, improving information flow and pushing international responsibility to each product group in BSD.
- OEM Marketing. Focus is on getting BackOffice Server OEMs and reaching nontraditional OEMs.
- BSD Technology Marketing. This group will produce papers, give keynotes and woo analysts with the networking, objects, management, and openness technologies built into all BSD products.

BSD Product Plan Summaries

- Windows NT Workstation. Focus is on coordinating desktop evaluations with Windows 95, getting developers to use NTW as their standard desktop and getting Unix workstation customers over to NTW.
- BackOffice. Focus is on selling the family concept and launching the BackOffice server and client after SQL Server 95 ships.
- Windows NT Server. Focus is on getting NetWare customers to upgrade to NTS instead of NetWare 4.1. And on launching utilities that aid in NetWare migration.
- SQL Server. This includes the SQL Server 95 launch and sustaining plans for SQL Server 4.21a.
- Mail Server. The sustaining marketing plan for Mail Server that focuses on customer satisfaction.
- Exchange Server. Primarily the first look, beta and PR programs and holding accounts with them.
- Internet Server. This product won't ship until after FY95, but beta happens in this period.
- SNA Server. Get evaluations of SNA Server, especially NetWare. Recruit the major SNA product ISVs to resell SNA Server client licenses with their client-side products and Recruit the major SNA product ISVs and SPs to proactively sell SNA Server world-wide.
- Systems Management Server. Get evaluations of SMS and get customer satisfaction of the product up for the product.

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Channel Policies

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To: February 1995 WWRDM Attendees
 From: Jeff Sanderson
 Date: January 31, 1995
 RE: Channel Policy Pre-Reading

I. Framework: Points of Leverage and Goals

We want to optimize our policies around two things: "point of leverage" and our different businesses. "Points of leverage is a simple concept." Resellers have greater leverage than distributors as they deal directly with the end customer. The largest ones are our key points of leverage. We can't (and shouldn't) work directly with every reseller, so we look to our distributors as the "point of leverage" to those resellers with whom we don't have a marketing relationship. Today we provide all our incentives to the distributor: they get rebate based on total sellthrough and the Key Partners who happen to purchase indirect get nothing even though they are the point of leverage. We propose changing this in FY96 by rewarding the distis for their sales to accounts *other* than Key Partners and by providing rebates directly to the indirect Key Partner.

Today, the US has 80 or so resellers called "Senior Partners" to whom we provide marketing funds. They and our direct resellers receive an average of about 3% of sales (split into accrued and opportunity funds); our distis get around .6%. Some of these accounts are neither big, strategic, or growing—and in any event we can't immediately switch to providing indirect rebates to 70 accounts. Thus we propose extending the title "Key Partner" to our 5 current direct resellers and the group of 20-30 top indirects who will receive the rebate. We propose retaining the Senior Partner appellation for those accounts with whom we still want to plan, fund and execute some level of marketing activity.

Reseller Segment	Headcount	Funds and Rebates	Communication
Key Partner	Dedicated account team	"Full" marketing funding; receive rebates	face-to-face; exec. summts; inside sales; NDA briefings
Senior Partner	1-many accounts; telesales	Opportunistic funds only	partner summits; inside sales; resource kits
Masses	none	none	"mass" vehicles like Channel Update, on-line

At the same time, we need to ensure that we optimize our rebate programs around our businesses. We have two "investment" businesses, consumer and BackOffice, and three "sustaining" businesses, DAD, POS, and Developer. A summary of key goals by point of leverage and business might be:

Point of Leverage	Consumer/Retail	DAD, POS	BSD/Enterprise
Key Partner	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday); database marketing to reach the masses	rebates to reward self-through; rebates to support attachment of Office95 to Win95	rebates to reward self-through; client-to-server ratio increases; funds to support infrastructure development
General Distis	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward self-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward self-through; client-to-server ratio increases; funds to support infrastructure development
Consumer Distis	rebates to support stocking, assortment and replenishment; returns policy tuned to stocking key products and key sales periods (Holiday)	rebates to reward self-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	NA
Aggregators	NA	rebates to reward self-through to accounts other than Key Partners; rebates to support attachment of Office95 to Win95	rebates to reward self-through; client-to-server ratio increases; funds to support infrastructure development

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Finally, while we may have some consistent goals within each point of leverage, we want to move forward in empowering each account manager to tune the rebate goals to specific account requirements.

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II. Policy changes proposed for FY96

I. Introducing rebates for key indirect dealers

Proposal: Pick key indirect resellers and provide them a 4.5% rebate. Take equivalent amount of total rebate dollars away from the disti.

MS US will spend \$110 M in rebates FY95 - all of it with direct partners. For FY96 we plan to re-allocate some of the rebates to the indirect channel, i.e. take rebates from distis and spend them with in-direct dealers. The benefit is clear; we get a very powerful incentive to offer more partners. As we are only shifting around existing rebates, the underlying assumption is that we get better leverage on \$\$ by spending them closer to the customer where more resources are being spent on influencing end users while not affecting street price or revenue to MS. We also assume that the lower rebates we spend with distributors will not significantly impact the way they distribute our product line. We also believe that the kind of rebates we can apply to resellers are vastly more effective and targetable (and tunable by account) so that we can in fact increase sales growth at these accounts by applying rebates directly to them.

Current model FY95: Distributors receive 5.5% on all purchases

	Distributor		Direct reseller
	Key Partner	other indirect	
MS revenue (FPP)	\$100.00	\$100.00	\$105.56
Disti Rebate	5.5%	5.5%	NA
Disti Net Price	\$94.50	\$94.50	NA
Disti Margin	3.6%	7.4%	NA
Reseller price	\$98.03	\$102.05	\$105.56
reseller rebate (% of MS revenue)	0.0%	0.0%	9.00%
Net reseller price	\$98.03	\$102.05	\$96.06

Proposal for FY96: Lower distributor rebate to 3%; rebate Key Partners 4.5%

	Distributor		Direct reseller
	Key Partner	other indirect	
MS revenue (FPP)	\$100.00	\$100.00	\$105.56
Disti Rebate	3.0%	3.0%	NA
Disti Net Price	\$97.00	\$97.00	NA
Disti Margin	3.6%	7.4%	NA
Reseller price	\$100.62	\$104.75	\$105.56
reseller rebate (% of MS revenue)	4.5%	0.0%	9.00%
Net reseller price	\$96.12	\$104.75	\$96.06

Given the current ratio of Key Partner indirects to other indirects, this proposal is revenue neutral to Microsoft. An alternate proposal would be revenue neutral under all cases: provide today's 5.5% rebate for sales to other indirects and 1% for sales to Key Partners (the other 4.5% going directly to the key partner). We are evaluating this option as well, though it creates some unnatural operating for the disti (like pricing MS products higher to larger volume customer than small ones! plus operating issues).

The underlying assumption here is the mark-up percentages applied by distributors for different size dealers. In the proposed FY96 model an in-direct will - including rebate - have the same net price from a distributor as a direct does. This will solve the un-level playing field we have today between direct dealers and key in-direct dealers. The risk is of course that the incentive for smaller non-participating dealers to sell MS decreases as their price will get even worse compared to that of rebated dealer.

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2. Direct resellers - do we need them?

Proposal: Prepare to deal direct with largest retailers—test with biggest/easiest in FY96.

One of the major arguments for keeping accounts direct has been rebates - with in-direct rebates we will maintain that leverage regardless purchasing status. There are very few arguments for maintaining the direct logistical relationship we have today in the outbound segment - the reason some of our biggest accounts tolerate MS lack of distribution qualities is because we offer a better price than can be offered by our distributors. As shown in the examples above the cost of products FY96 will be the same regardless if you buy direct from MS or through a distributor. At the same time we are going through a full analysis of the value add chain to evaluate the cost benefits of taking on a few large retailers with few ship to points direct. For these retailers - perhaps more so than for the outbound dealers we have direct today - time to market is critical, something that could be improved with less layers of distribution, along with the greater mutual involvement in success that a direct relationship fosters.

Selling Select licenses direct to our 25 LAR's (down from 70+ in FY94) has proven successful and efficient - we are not planning to change this for FY96.

3. Rebates on MOLP and Select

Proposal: Return rebates to Select. Make change revenue neutral at expected average rebate.¹

There are no rebates being offered on Select and MOLP for resellers - sales of both count towards an accounts sales out goal but no rebates are being paid on those purchases. MOLP is only sold through distribution and paying rebate twice on the same product would affect revenue. Our direct resellers buy MOLP indirect and complain about the service on this, so we are reevaluating.

The reason for getting rid of rebates on Select MVLPS was to ensure consistent WW pricing - rebates were mostly flushed down to street price and US LARs were able to offer 9% (same as rebate) better price in Europe for European accounts that signed up in the US instead. If we believe in rebates as a way of ensuring account performance and a way accounts like to protect some margin, then restoring rebates makes sense. In addition, most of our LARs are now reaching the point where over 50% of their revenue come from Select, so our current use of rebates as a control point is weakening.

4. Flexible rebates to allow for account specific goals

Proposal: for FY96, we want to give account manager more autonomy in setting rebate goals for their accounts.

This will become increasingly important as we move away from the homogenous group (all rebated accounts from outbound segment except Egghead) that are offered rebates, to the much wider and more heterogeneous group who will get indirect rebates next semester. It is likely that the rebate structure for dealers (direct dealers in parenthesis) will be:

- 1.5% (2%) compliance (payment, reporting and street dates)
- 2% (2%) account specific goals (push for specific product, SE support etc.)
- 1% (3%) total sales out target
- (2% product specific sales goals)

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Based on the results we have with this semesters rebate on Office sales, we will provide account specific rebates for Win95. They will be designed to incent high attach rate for Win95, i.e. how many additional MS products (particularly Office95) are being sold with every copy of Win95. This would be done either by calculating a base ratio of units of Win95-related products to Win95 units and reward overachievement of

¹ Thus, the proposal is to raise base price by 6%, add back the 9% rebate and set the rebate goals to average (cluster) at 6%, with 7-9% achievement representing great achievement.

that ratio, or set a base ratio for dollars of Win95-related products to Win95 units and set a rebate schedule based on beating that.

5. Consumer/Retail specific incentives

We have tried two things that did not work: Mass Merchandiser Distributor Incentive (MMDI) funds last year gave distis 5% on all sales to a list of 25 targeted retail accounts to cover for the extra services they demanded. Most of the 5% went to street price and no extra services were offered. We then moved to earmarked opportunity funds - that did take care of the short term services like rack jobbing, but we have yet to see distributors commit to the infrastructure investments necessary to help retailers with reporting, inventory management, buying and replenishment.

We are experimenting with first tier accounts that go through distis to handle this through changing terms. For example, with GT this Fall who loaded up on software in order to fill our Home Towers at Wal-Mart, we provided extended terms that more closely matched projected sell-through on those titles. Starting shortly, we will be providing them extended terms so that in essence they will pay us monthly (weekly would be ideal) based on sell-through at Wal-Mart. This timing differential amounts to about 3% savings for GT, which will fund those additional services required of an account like Wal-Mart. GT's ideal program would be to pay us for COGs when we ship them product and the rest when the product sells through.

We introduced a distributor program for second/third tier accounts this Jan-Jun. This program gives 3% to distributors who are willing to perform the above account-management services for a list of targeted non-Partner accounts. A minimum of 2% (of the 3%) must be used for MS-only demand generation activities with the dealers such as advertising and mailings. This is likely to continue next semester.

6. The importance of EDI

Proposal: Keep the number of accounts we require EDI reporting from to the minimum set representing a large segment of revenues (say 60%), but use MS funding to assist on getting those accounts up and running instead of penalties withholding our marketing funds.

Getting accurate sales, inventory and market share reporting from a in-direct account is painful although most are technically EDI capable. The threat of losing marketing funds just isn't great enough and if enforced hurts our ability to drive business forward with the account. For the bigger accounts the introduction of in-direct rebates will take care of reporting. For the 30 or so other accounts who have an account manager (and therefore need to track market share and sales out) we propose budget incentive \$\$ to help fund consulting, EDI SW cost, server cost or recoding at customer sites. These dollars will be used on a case by case basis and should help make MS reporting a priority with internal IS departments. From requests this semester, we know it takes on an average \$10,000 to help an account to start reporting.

7. More focused marketing fund program

Proposal: Reduce # of accounts receiving marketing funds to increase effectiveness with largest, most strategic accounts.

For FY96, we will focus the group of partners we spend marketing funds with. Despite our size we are getting outspent by smaller competitors in many of our most important accounts. Next year, we suggest a senior partner must have revenues of at least \$1 million per semester (up from today's \$650K). This criterion will capture those indirect resellers that account for approximately 45% of Microsoft's reseller revenue, a total of approx. 44 resellers (down from today's 81). When the 6 direct resellers become indirect (we believe that the indirect rebate will have this effect), then the resulting 50 key resellers will account for over 80% of Microsoft's reseller revenue. Open issue is still weather or not the group that receives in-direct rebates from Microsoft should be the same as will receive marketing funds.

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We are also looking at ways to better tie funding to sales results. Example: Sony works with each account to develop a forecast and to define the marketing activities/MDF that will produce the forecast. Then Sony calculates agreed upon marketing funds as a percent of forecasted sales -- and delivers the funds as a percent of each purchase. This keeps resellers focused on results and holds them accountable for their forecasts.

8. Using new breadth to push incremental volume through - new distributor, rebate goal

Proposal: breadth is good, best method to push is to set total sellthrough goals for disti sales to "non-Key Partner" accounts.

Today MS is successful in selling to a few large resellers but our competitors are beating us at selling to a large number of small and medium sized companies. These are smaller VARs often working with a die hard installed base of Lotus, Novell, WP and Wordstar customer. We do this by forcing the distributors to focus on the accounts who are not currently buying Microsoft products. It is particularly important for Microsoft to get into these smaller accounts because the distributors are targeting them more and more due to the higher profit margins that result in selling to lower volume accounts. Microsoft has to ensure that we are part of that new business by tying the distributor's rebates to those new accounts.

Incremental revenue can also be obtained through the "Foot in the Door Theory". Through the Breadth Rebate Program, the distributors are incented to expand their breadth of distribution for key, easy-to-sell products. Resellers that begin to carry the key, easy-to-sell products are likely to subsequently pick up other Microsoft products as well. As a result, we sell more Microsoft products to a greater number of accounts.

Proof is in the numbers; during S1FY95, our distributors showed an increase in breadth of approximately 60% for Office, an increase in breadth of approximately 310% for the Win NT workstation, and an increase in breadth of approximately 45% for Win Works over S2FY94

For FY96 we will try extend the leverage of the breadth we have achieved by separate sales out goals for dealers we ourselves are not offering rebates to directly. Distributors will get a rebates assigned for meeting sales targets set for all those accounts outside our key partner program.

9. Returns

Our current policy allows for 1% un-resaleable (opened boxes) returns which we automatically credited to each account. This category of returns is higher for consumer titles than for non-consumer (Word, Office) titles. We thus plan to raise the allowable un-resaleable returns for consumer software titles from 1% to 2%. And we believe that direct outbound resellers and franchisers (with growing MOLP/Select sales) no longer need the full 1% unresaleable returns.

No changes are planned for stock-balancing returns at this time, although several are under consideration. These include tiering consumer products into A (important) and B products and providing incentives to carry version 1.0 of new Tier A titles (so we share the risk of not being able to forecast well the first 6 months' sales) as well as incentives to make sure retailers are fully stocked at Holiday time.

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Appendix 1. Competitive data

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Marketing Funds: Our competitors are out-spending us in some areas.

- Resellers: Novell and WP are not planning to merge policies or product management so we don't anticipate any surprises from that alliance. Lotus and Novell/WP (and most other vendors) are spending more as a percent of sales (and sometimes more absolute dollars) with top accounts. For example: Novell regularly offers 5% to all top accounts; and Lotus offers more than 5% and up to 7-

12% ("virtually unlimited, more than we can spend") to targeted top accounts such as CSI, 800 SW, Multiple Zones, CUSA, MicroCenter, BestBuy, etc. And they tailor their investment to each account - not just to each segment. Lotus are well aware of the legal risks involved having no guidelines for who and what they spend marketing dollars on and have explicitly positioned that flexibility as a benefit working with Lotus. Consumer-oriented competitors (EA, Broderbund, SoftKey) also spend more (5% - 12%) with top accounts on short term promotions. Lotus and Novell/WP also focus funds on a narrower product line, often a specific product. Lotus programs have fewer constraints and are "easier" in that they include very little monitoring/accountability. Usually this means their programs are less well-managed and more of their dollars go to *someone else's* bottom line - regardless it causes problems for us.

- Distributors: Lotus and Novell/WP spend more as a percent of sales - and more absolute dollars with distributors. Both fund more than one dedicated headcount and both offer significant "infrastructure" funding for internal/external training - as well as significant marketing funds (5% - 10%) for evangelizing specific products and programs. Lotus offers distributors pass-through marketing funds for smaller dealers (2% of sales to those accounts) that hasn't really worked as guidelines for spending was never enforced. Lotus do many price related offers that are only offered through distribution (last example: buy two Smartsuite and get one free) - excluding direct dealers - where direct dealers would source all campaign products through a distributor.

Rebates: Our competitors' rebate structures offer lower rebates.

- Lotus' rebates vary from 2-5% (sometimes more) depending on the account, and they vary significantly by account, not just by segment. The rebates are often focused on a specific product or category. WordPerfect's rebates are conservative: 1- 1.5%. Other vendors' rebates (EA, Broderbund, SoftKey) are situational, usually focused on short term objectives. For our top 10 accounts (CSI, ASAP, SW Spectrum etc.) Lotus rebate structure is the same as ours and they have followed us closely when we have changed in the past.

Directs: Our competitors are tightening their focus on top accounts

- Lotus, and WP have reduced their number of direct accounts and are focusing more and getting more revenue out of this smaller set of directs. Lotus, for example, spends significant marketing funds on only - 20 accounts, including distributors. Consumer-oriented competitors (EA, Broderbund, Disney, Nintendo, Sega) have direct relationships with and offer preferential pricing to a their top accounts - which are different from Lotus' top accounts in that they are all retailers such as CUSA, Wal-Mart, Best Buy, etc.

Returns: Microsoft low both in returns allowance and actuals

- WP offers 5% stock-balancing returns; Lotus offers 10%; Novell offers up to 15%. Consumer-oriented competitors offer from 0% (Nintendo) to 20% (Broderbund, Sega) up to 100% (EA, SoftKey.) Actual returns, usually including version returns, average from under 2% (Clarix, Sega, Nintendo) to 10-15% for consumer vendors.

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Appendix 2. Points of Leverage--Microsoft US

Microsoft

FYTD95 REVENUE TO SCALE

7%		58%		SELL-IN		25%		5%		5%	
Agg		Distribution			Key Partners Direct		Oth Chan	Corp & EU			
26%		34% SELL THRU			30%		5%	5%			
Small Resellers		Key Partners Indirect			Key Partners - Direct		Oth Chan	Corp & EU			
26%		22%		8%		34%		5%	5%		
Unsegmented		Retail		Dir. Mail	Outbound		Oth Chan	Corp & EU			
13%		18%		29%		30%		5%	5%		
Franchisees	SR - Indep		Key Partners - Indir (less Franchisees)		Key Partners - Direct		Oth Chan	Corp & EU			
23%		49%			29%						
LORGS		SMORGS			End Users						

Shaded area indicates point of leverage

*Also known as bids

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Consumer

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To: February 1995 WWRDM Attendees
From: Shane Kim, Craig Bartholomew
Date: January 13, 1995
RE: Consumer Division International Product Strategy

Executive Summary

The Consumer Division recently completed a lengthy process to re-evaluate our entire international product strategy. This analysis resulted in a new product portfolio strategy and a new product planning strategy, both of which were approved by CDBum and the BOOP.

We have many and significant competitive advantages internationally vis-à-vis today's competitors. We have the financial resources, a leveraged localization model, and marketing infrastructure to be successful internationally. There are also huge barriers to entry into international markets, barriers that we're able to overcome because of our competitive advantages. We should take advantage of this opportunity, the confluence of our strategic assets and limited/fragmented competition, to ensure that we will be the leading consumer software company in the biggest international markets.

The Division's international objectives are:

- Establish first mover advantage and long-term consumer software leadership in major international markets
- Increase our ability to design and develop global products that will be successful in major international markets
- Balance profitability and aggressive expansion with focus and manageability

What we are proposing for both localization and product planning is ambitious in terms of financial resources and human capital required, and we will probably be early in several markets. However, we'll make our product and marketing mistakes earlier than our competitors, and we will be well on our way to establishing long-term leadership in the largest international consumer software markets. There should be little question about our product commitment to these markets, and we must ensure that we make a similar consumer marketing investment in these subsidiaries.

Please distribute this memo internally as appropriate. Contact Shanek or Tomr with questions, comments, or suggestions. More detailed quantitative analysis is available upon request.

International Product Portfolio Strategy

In considering an expansion of our international product portfolio strategy, we closely analyzed 2 critical issues:

- **US opportunity costs.** The US Windows-capable home PC installed base is approximately 4-5 times as big as Germany, roughly 10 times the installed bases of Japan, UK, and Spanish language markets, and nearly 20 times as big as France, Italy, and Korea. Would our scarce resources be better spent on developing more products for the US market instead of localization?
- **Localization costs.** Unlike Microsoft's traditional productivity products, the localization cost for many consumer products, especially CD-ROM titles, can be as high as 20-30% of the initial development cost. This can have a significant impact on the economic profitability of our localizations.

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Product Portfolios By Language

The following is a table detailing localized product portfolios by language. Products that are currently localized are *italicized* and shaded. PRS will contain the latest RTM information for these localized versions:

	Home & Small Business Mgmt	Reference & Exploration	Kids	Entertainment
Intl English (Z versions only)	<i>Win Works</i> <i>Mac Works</i> <i>Money</i> <i>Publisher</i>	<i>AnnRoute</i> <i>Ancient Lands</i>	<i>Creative Writer</i> <i>Fine Arts</i>	
	Bob	Encarta Atlas Dogs Home Health Travel	Explorapedia Socrates GOE	Soccer Comp Soccer
German	<i>Win Works</i> <i>Mac Works</i> <i>Money</i> <i>Publisher</i> <i>Scenes</i>	<i>AnnRoute</i> <i>Brechungen</i> <i>Dinosaurs</i> <i>Dang Creatures</i> <i>Ancient Lands</i>	<i>Creative Writer</i> <i>Fine Arts</i>	<i>Flight Simulator</i> <i>Space Simulator</i> <i>Golf</i>
	Bob	Encarta Atlas Bookshelf Home Health Wine Guide Travel Dogs Oceans Monsters	Explorapedia Socrates Magic School Bus Rabbit Ears GOE	Hollywood Soccer Comp Soccer Part localizations
Japanese	<i>Win Works</i> <i>Scenes</i>		<i>Fine Arts</i> <i>Creative Writer</i>	<i>Flight Simulator</i> <i>Space Simulator</i> <i>Golf</i>
	Bob	Encarta Atlas Home Health Dinosaurs Dang Creatures Music Instruments Ancient Lands Dogs Oceans Monsters	Socrates Explorapedia Magic School Bus Rabbit Ears GOE	Baseball Hollywood Comp Baseball Soccer Comp Soccer Part localizations

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French	Win Works Mac Works Money Publisher Scenes	AutoRoute Music Instruments Dinosaurs Dang Creatures Ancient Lands	Creative Writer Fine Artist	Flight Simulator Space Simulator Golf
	Bob	Encarta Atlas Travel Dogs Oceans Monsters	Socrates Magic School Bus GOE	Soccer Comp Soccer Part localizations
Spanish	Win Works Mac Works Publisher	AutoRoute (Spain)	Creative Writer Fine Artist	Part localizations
	Bob Scenes - partial	Encarta Atlas Home Health Dinosaurs Dang Creatures Ancient Lands Dogs Oceans Monsters	Socrates Explorapedia Rabbit Ears GOE	Soccer Complete Soccer Part localizations
Italian	Win Works Mac Works Publisher	AutoRoute	Creative Writer Fine Artist	Part localizations
	Bob Scenes - partial	Encarta Atlas Dinosaurs Dang Creatures Ancient Lands Dogs Oceans Monsters	Socrates Magic School Bus GOE	Soccer Complete Soccer Part localizations
Korean	Bob	Encarta (with local publisher)	Creative Writer Fine Artist	Part localizations
Brazil Portuguese Dutch Swedish			Creative Writer Fine Artist	Part localizations

This embedded spreadsheet displays all of the Division's planned localizations by product/business unit



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Encarta Localizations

Our current plan is to localize Encarta ourselves into international English, German, Japanese, Spanish, French, and Italian. Although the cost to localize Encarta is steep (more than \$40 million over 3 years for these languages), it's absolutely critical to control development, branding, marketing, and distribution of this cornerstone title, which is why we probably will not partner with local publishers. We are confident that we can develop and market localized versions of Encarta in these markets profitably.

Korea is the only other market we will localize Encarta for at this time. However, because we cannot create a Korean Encarta profitably ourselves, we will partner with a local publisher to deliver a localized version. This may prove to be a model that we can apply to other smaller markets at a future date.

Partial Localizations

Another key part of the Division's international product portfolio strategy is to reduce the number of full localizations we do for games and increase the number of languages we partially localize (docs and packaging) our games into. In many ways, games are strategic to our market development efforts. We have seen in the UK and Germany, for example, that games can get us into new consumer channels through which we can then distribute other Microsoft Home products. An ancillary result is that we also learn a great deal about working with these channel partners and about retail merchandising.

We believe that partial localization is already an accepted industry practice, especially since many games contain little text in the software itself. We will partially localize games, including our existing games (Flight Simulator, Space Simulator, Golf, etc), into German, Japanese, Spanish, French, Italian, Korean, Brazilian Portuguese, Dutch, Swedish, and Hebrew. We will not, however, partially localize games that require country-specific content, e.g. Soccer and Baseball.

Additional Localizations

A key objective of our international product portfolio strategy is to deliver a broad portfolio or a *critical mass* of products to major international markets so we can establish ourselves as the market leader as they develop. We have explicitly rejected a strategy which would diffuse our efforts by using resources to deliver a smaller number of products to more markets. In order to focus our resources and efforts on our bigger international opportunities, we cannot consider additional product localizations at this time.

However, the Division is committed to re-evaluating our international product portfolio strategy every 6 months. We will consider adding new markets for consumer localizations at those times.

International Versions of Bookshelf

The BOOP has asked us to consider delivering additional localized versions of Bookshelf, in part to support and leverage Microsoft's Office business. The Division will be analyzing this opportunity with Desktop Applications and will submit a proposal in early 1995. If we agree to deliver more localized versions of Bookshelf, we will most likely source country-specific content from a local publisher, a la our relationship with Langenscheidt on the German version of Bookshelf. However, we should try to link a Bookshelf collaboration to access to the publisher's content for other CD-ROM titles (see *Foreign Publisher Partnerships* section below).

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Localized Macintosh Versions

We have decided not to create additional localized Macintosh versions of our products at this time so we can focus on delivering the many Windows versions we have committed to. Windows is clearly the predominant home PC platform worldwide, and Microsoft delivering more Windows consumer products will certainly help to solidify that position. However, we will closely monitor home Mac installed bases internationally, especially in France and Japan, so we can adjust this strategy if necessary.

Foreign Publisher Partnerships

As part of the Division's international strategy, we have committed to using the rest of FY95 to investigate partnerships with a select group of publishers in key international markets: Germany, France, Italy, and Japan. The reasons why this is an integral part of our strategy are:

- **Defensive competitive considerations.** Most, if not all, of these publishers are in or are planning to get into the CD-ROM title development business now. They will *eventually* learn how to produce good quality titles themselves or will partner with someone else to do so, and they will be a formidable competitor against localized versions of our CD-ROM titles. We could be faced with a slew of powerful competitors in major international markets if we do not move to partner with these publishers ourselves.
- **Efficient access to great local content.** Partnering with these publishers will give us *efficient* access to the content required to develop CD-ROM titles with the greatest local potential, eliminating the need to work with multiple smaller partners with potentially inferior content.
- **Marketing leverage.** We can turn many of the marketing assets these publishers enjoy to our advantage. Partnering with them would enable us to leverage their brand equity to more efficiently develop equity for Microsoft Home. We can also learn how to market content-oriented products to customers in these countries as well how to work with non-traditional software retail channels.

The Division's Intellectual Property group will initiate discussions with selected publishers in early 1995.

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International Product Planning Strategy

The Consumer Division has historically done a good job on localization, especially on products in revision. However, it's clear that our newer consumer products will require an international product planning effort and commitment unlike most of Microsoft's other products, especially given our aggressive localization plans.

Unfortunately, we do not have an infrastructure or processes in place to systematically and efficiently gather up-front global research and feedback on customer expectations and requirements for content, characters, user interface, or design treatment of our products. To address this growing and important need, the Division will be taking several significant steps to achieve our objective of increasing our ability to design and develop global products that will be successful in major international markets.

Director of Localization

Tomr was recently named Director of Localization for the Division. We realized we needed to create a team to focus on in-the-field product planning and customer research in the major international markets and to drive process improvements across the Division to ensure our successful development as a global products developer and publisher. Tomr will head this team and provide the full-time leadership that the challenge deserves. The Ireland localization team will continue to report to him.

International Product Planners

We need to dramatically improve our ability to conduct international product planning research and provide input to the Division's product groups early in the product design and development process. To address this critical need, we will initially hire 3 international product planners in Europe in early 1995 who will live in-country and coordinate research and other product planning efforts (other markets will be addressed later). The ultimate goal is that these international product planners will be regarded by Redmond product planners as natural extensions of the worldwide product groups. In addition, these product planners will play a primary role in defining optimal product portfolios for different international markets in the future through their research and analysis efforts.

Although these product planners may physically sit in a subsidiary office, they will report to Franksc, Division General Manager - exact logistical details are still TBD. We believe that this solution will meet our need for more concrete international product planning input without forcing us to further burden busy consumer marketing managers in the subsidiaries. Subsidiary input will of course continue to be welcome. However, this will no longer be the Division's sole source of international feedback.

International Intellectual Property

It is possible that the Division will begin to augment some of our products with local content in the future. In fact, this is the current plan with products and titles such as Soccer and Complete Soccer. In addition, our potential work with foreign publishers will require experienced intellectual property resources for content acquisition and contract negotiation. We therefore are also planning to hire 1 international intellectual property managers in Europe in FY95. Again, this manager may physically sit in a subsidiary office, but they will report to Petemo, Division Director of Intellectual Property.

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Appendix A

Win Capable PC Shipments to the Home						
	FY93	FY94	FY95	FY96	FY97	FY98
United States	4,386	5,510	6,197	6,596	6,911	7,178
Germany	1,083	1,237	1,453	1,739	2,054	2,416
Japan		642	789	925	1,036	1,144
United Kingdom	501	628	751	851	941	1,016
Spanish Markets		482	581	646	689	
France	185	244	321	401	477	543
Italy	200	265	320	372	428	483
Korea		284	322	359		
Spain	168	207	233	258	283	308
Brazil		155	198	247	292	
Switzerland	117	149	183	208	233	265
Taiwan		116	140	168		
Netherlands	90	122	146	166	184	199
PRC		85	110	144		
Australia	100	125	130	136	143	
Denmark	58	81	104	122	136	150
Belgium	56	79	93	103	110	116
Sweden	50	58	69	81	92	100
Austria	47	59	66	75	85	92

Installed Base - % of US						
	FY93	FY94	FY95	FY96	FY97	FY98
United States	14,263	18,982	24,137	29,489	34,941	40,389
Germany	18%	19%	20%	21%	22%	24%
Japan	7%	9%	9%	11%	11%	12%
United Kingdom	7%	8%	9%	10%	10%	11%
Spanish Markets	7%	8%	8%	9%	9%	
France	4%	4%	4%	5%	5%	5%
Italy	3%	3%	4%	4%	4%	5%
Korea	2%	3%	3%	4%		
Spain	3%	3%	3%	3%	3%	3%
Brazil	2%	2%	2%	3%	3%	
Switzerland	2%	2%	3%	3%	3%	3%
Netherlands	2%	2%	2%	2%	2%	2%
Taiwan	1%	2%	2%	2%		
Australia	1%	2%	2%	2%	2%	
PRC	1%	1%	1%	1%		
Denmark	1%	1%	1%	1%	1%	2%
Belgium	1%	1%	1%	1%	1%	1%
Sweden	1%	1%	1%	1%	1%	1%
Austria	1%	1%	1%	1%	1%	1%

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Desktop 95

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To: February 1995 WWRDM Attendees
From: DAD & POS Marketing Teams
Date: January 31, 1995
Subject: Executive Summary: Desktop 95 campaign

The Desktop 95 launch will be by far the biggest launch ever done by Microsoft. It is a huge and unique opportunity to create a dramatic platform shift to a new market-leading operating system and to own the new platform with our desktop applications. We need to have outstanding channel presence during the launch period, making it very hard for applications competitors to capitalize on the platform shift, and making it very difficult for OS competitors to counteract the move to Windows 95. We need to ensure that Windows 95 and Office 95 are firmly linked in the minds of customers, partners and press, and that both products are immediately perceived as must-have classics. This is the time to be creative and incredibly aggressive to ensure super-high market shares for Windows 95 and Office 95.

In addition to hitting our quantitative targets, we should strive for some visible, emotionally satisfying, big impact event that will prove to observers that Desktop 95 is a phenomenon. Things such as:

- Desktop 95 hits the news channels world-wide and gets pervasive press coverage.
- Win95 & Office95 top every distributor's top 10 list.
- The Internet explodes with positive commentary from excited customers.
- Huge queues form in front of shops in Tokyo's Akihabara, 47th Street Photo in New York, and equivalents in major cities in the world.

Key metrics

- Exceed 20 % Win95 & 25% DAD apps (25% of Word & Excel installed base after Office allocated) upgrade penetration within 12 months after ship.
- Attach rate of 35% for DAD apps on Win 95 upgrades. (Attach rate is defined as percent of Win 95 license buyers who also buy an Office or stand-alone apps license).
- Attach rate of at least 10% for Win95 Frosting (10% of Win 95 Upgraders also buy Frosting). Frosting is a Win 95 Add-on product, sometimes referred to as the "Plus Pack". Its features are Super-Compression (1:2.7), a Background Agent, RAS Server, and some fun utilities like Animated cursors and desktop themes.
- Office share reaches 90% and category share will increase significantly for Word & Excel worldwide.

Topline messaging for Windows 95

Windows 95 gives you better access to the power of your PC.

1. What you want to do and more is now possible (32 Architecture, communications/messaging)
2. Whatever you do will be more fun (Video & Game support)
3. What you do now will be easier and faster: (a) Get started and learn new things easily due to the new UI; (b) Plug and Play lets you just plug in peripherals and have them work.)

Topline messaging for Office 95

Office 95 is the essential tool for getting work done in a changing world.

1. Allows you to get work done faster and easier
2. Enables you to make better business decisions and improve work processes
3. Helps you navigate the changing world

What is Office for Windows '95?

First and best Windows 95 office suite

- Win32 only
- Consistency and integration with OS
- Tuned for performance, multitasking

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Extension of successful Office 4.x pillars

- Ease of use with new and improved IntelliSense
 - Integration with new and improved OfficeLinks
 - Programmability with enhanced support for VisualBasic and OLE technology
- Information application that allows users to find, view, and share info more easily
- Exchange, Sched+ in Office 95
 - Custom OLE properties
 - Word as your email editor

Sustaining Marketing Recommendations

We recommend the following basic guidelines for Q4 sustaining marketing programs.

- Sustain LORG sales of both Office & Windows using Select and Maintenance.
- Sustain SMORG/End User retail revenue for Office 4.x by extending Q3 "value add" marketing promotions for Office being run in some subsidiaries. The US "Business Source" campaign is available for leverage as appropriate. Further information available from OFCIPM.
- We should avoid "buy Office 4.x, get a discount on Office 95" offers in Q4. Our current position is that we should also avoid "buy W4W, get a discount on Win95" offers in Q4, but we would like to discuss the proposal for pre-selling Windows 95 below.
- We should continue to invest appropriately in Win95/Office95 pre-launch marketing activities, to ensure we are laying the foundation for H196 revenue.

Proposal for discussion: Moving revenue forward by pre-selling Windows 95

We would like to discuss the following potential opportunity to pull forward Windows 95 revenue:

- Let OEMs offer a free Windows 95 upgrade to buyers of new Windows PCs after June 1 (date discussion item too). OEMs would get coupons that they can put in their boxes and which would be fulfilled by MS (OEM pays us difference between MS-DOS/WfW and Win 95 royalty per coupon he ships).
- To satisfy retail channel needs we would also include a rebate upgrade coupon in the WfW retail upgrade box starting at the same time (June 1, 1995, or whenever we decide to do this). This is analogous to current "free" dates where customers that buy a previous product (Win3.x) at some period of time pre-street, get a free upgrade to the next version. In the case of Windows 95 this will not be a "free" product program though, but a rebate coupon saving the customer \$50 (the difference between the Win95 upgrade price and the Win3.x upgrade price).
- Issues are not only the timing, especially for subs with later availability dates, but also the direct fulfillment. Many subs do not have fulfillment capacity and therefore we may do this only in North America and parts of Europe.

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Planning for Desktop 95 (Win95 and Ofc95 Sim Ship) previously distributed January 5th

This memo summarizes the key resource issues, programs, and plans for the joint launch and marketing of Win95 and Office for Win95 (Ofc95) — to be known as “Desktop 95”. The goal is to provide everyone, particularly in the field, with the information they need to plan effectively and allocate resources properly. Of course there will be individual plans from the PSD and DAD marketing teams covering issues specific to their respective products. Any questions or comments should be forwarded to RobbieB or RuSt.

Basic Principles and Recommendations

1. “Desktop 95” is the joint launch of Win95 and Ofc95. These two product launches should be viewed as a tightly integrated effort with several components:
 - Integrated planning for a unified channel push. The goal is sim-street availability where ever practical. Plan to maximize leverage from Microsoft’s channel funds to link channel marketing and sales of Desktop 95.
 - Aggressive integrated messaging across all communications vehicles, with a disciplined focus on synergistic PR.
 - Aggressive joint effort to speed Corporate adoptions of “Desktop 95” across all segments (LORG, MORG, SORG)
 - Integrated resource planning for manufacturing, distribution, sales training, PSS and customer service logistics.

We are not saying that every Win95 effort and every Ofc95 effort must be joint. We are saying efforts should be focused on maximizing synergy and leverage. For example, while we will have significant joint PR activities, there will continue to be very important specific PR activities for each product group.

2. Budget planning for “Desktop 95” should not be distorted by the overlap of FY95 and FY96. Plan “Desktop 95” as a coherent effort, with the component budgets of Win95 and Ofc95 internally consistent as an integrated effort. For the remainder of FY95 planning you should:
 - Assume no revenue in FY95; Tier 1 countries (except Japan) should plan for revenue for both products in Q1FY96 with most other countries in Q2FY96.
 - Consider additional plans for sustaining marketing activity in Q4FY95 to sustain sales (particularly for Office products) leading up to the launch.
 - Budget in FY95 for pre-launch marketing activities for Win95 to prepare the market for this new product.

Product Schedule

We recommend the following announcement date, street date, and marketing push timing based on the latest RTM information by language. These dates were chosen with the objectives of (1) preserving the benefits of sim-availability of Win95 and Ofc95 in each language, and (2) minimizing the deferment of revenue from holding product. On the Office side, these dates apply to ALL products, including both Office SKUs and Word, XL, PPT, and Access. A complete set of schedules by language can be found in Appendix I.

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Date	Recommendation on announcement & street date
Aug 1	Win95 & Ofc95 sim-announce & street date for US & English speaking subs. Major joint marketing push begins in English language countries. All other subs begin selling English product. Subs that have localized versions of Win95 available may begin to sell it but should hold their major marketing efforts until September.

Sept 5	Western European and Latin American announcements of localized versions. Heavy marketing of Win95 & Ofc95 should begin for all Tier 1 Euro/LA languages. (German, French, Italian, Spanish, Swedish).
	Tier 2 European/Latin American languages should participate in Sept 5 announcements. Since they will not have Office for 1-4 weeks, each country will have to decide whether to hold their marketing efforts longer or begin pushing Win95 without Ofc95. (Dutch, Danish, Norwegian, Portuguese, Finnish, Brazilian).
Late Oct	Far East, Eastern European, Greek, Turkish versions sim-announce & sim-availability. Dates will vary by language but Win95 & Ofc95 should have sim-availability in each language.
Jan 1	Bi-Di versions sim-announce & sim-availability. Dates will vary by language but Win95 & Ofc95 should have sim-availability in each language.

Key Points

- The decision to have English product sim-announce & sim-availability on Aug 1 is based on the assumption that US/English subs would not wait to announce with localized European/Latin American languages on Sept 5 due to the large revenue impact of holding English product.
- Enabling subs to sell localized Win95 prior to the official announce date in early September is necessary given the market pressure to supply product for early adopters created by the availability of English language product.
- The decision to hold marketing efforts until September for European & Latin American versions is due to the fact that August is a particularly poor time to launch products and there is more marketing leverage for Tier 1 languages from pushing both Win95 and Ofc95 together in September.
- Tier 2 European languages will have to manage a delta between announce and availability of Ofc95. They will need to determine whether to begin their major marketing push for Win95 at launch in early September or when Ofc95 is actually available in late September or early October.

Business Planning

FY95 Revenue Reforecast

Based on performance in the first half of FY95 and the best information we have on shipping dates, we are reforecasting our revenue plans in the US. As it turns out, even though we won't see USFG Win95 revenue in this fiscal year, we still plan to meet the total revenue forecast in the US due to over-budget Office apps sales. So, for reference, here is the basic reforecast we are proposing in the US for PSD and DAD — this should help other markets work through their numbers.

In the US, we did not forecast any revenue for Ofc95 apps in FY95 and our forecast for Ofc 4.x apps assumed a relatively normal trendline throughout the year. Consequently, the slip itself has had little effect on our revenue planning. However, DAD US Finished Goods business was substantially over budget in the first half (estimated at 124% of revenue budget or \$117M over budget), so we are re-forecasting the second half of the year. Our initial estimate puts USFG revenue for the second half at \$500M for all DAD products which is \$58M over budget (113% of budget). This means that DAD will end the year a total of \$175M over budget.

In the US, PSD Finished Goods was also substantially over budget in the first half (estimated at 276% of plan or \$55.5M over budget). However, since we forecasted Win95 revenue starting in March, 1995, our re-forecast for the second half of the fiscal year is now \$45M for all PSD products which is \$156M under budget (22% of plan). This means that PSD will end FY95 a total of \$100M under budget.

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FY96 Revenue Planning

Based on the revised Win95 RTM dates and the related Ofc95 deltas, all revenue for these products should be budgeted in FY96. Specifically we recommend the following conservative revenue dates by language:

- English language product will begin generating revenue in August 95.
- German, French, Italian, Spanish, Swedish products should be forecasted beginning in September 95.
- Dutch, Brazilian, Portuguese, Danish, Norwegian, and Finnish versions should be forecasted beginning in October 95.
- Japanese, Chinese (traditional), and Korean will begin generating revenue in November 95.
- Tier 3 languages will generate revenue in the November to January timeframe (see Appendix I for specific languages).

We are currently planning the following US English pricing schedule. The specific "waterfall" of prices down through all Select levels will be available shortly. Note that while this is the plan of record, there is still some concern about whether the Office Std/Pro upgrade prices are too high, especially given that the user has to also buy Win95 to run the upgrade. This pricing issue will be discussed with the BOOP shortly, and will definitely be resolved before FY96 revenue planning begins.

<i>Product</i>	<i>New User (\$ERP)</i>	<i>Upgrade (\$ERP)</i>
Office Standard	\$499	\$299*
Office Pro	\$599	\$399*
Indiv Ofc Apps	\$339	\$129*
Schedule+	\$99	\$79 [†]
Win95 Retail	\$209	\$109 [‡]

*Includes \$40 rebate for version upgraders from individual app or Office itself.

†Includes \$30 rebate for version upgraders.

‡Based on \$20 rebate for version or competitive upgraders included in New User SKU.

§ Expected avg street to be \$99 and below.

We are currently developing mix and unit volume projections for Win95 and Ofc95. These will be available shortly and certainly prior to the WWRDM.

Marketing Budget

To help subsidiaries and the US field plan, we have included pivot tables from a six month Win95/Ofc95 DRAFT marketing budget. This budget divides the timing of spending into two periods: (1) the two months prior to launch (L-2) and (2) the launch plus the following four months (Launch/L+4). The data below indicates that a smaller portion of the spending will take place in FY95, in particular in markets where English language product will be sold. One major exception is for Windows pre-launch education, where we do need to spend significant marketing dollars to prepare customers. The other exception is incremental promotional work required to sustain Office sales through the late spring and early summer. In general, however most spending will fall into FY96, and this means that some planned marketing dollars should "fall to the bottom line" in FY95.

The table below summarizes the total product marketing spend for Win95 and Ofc95 in the US for the six months around the launch. Note that this does not include \$21MM in Win95 advertising that is proposed as part of the brand campaign and does not include channel marketing funds/rebates. We separated these out so that subsidiaries without brand executions or with different channel marketing models can gauge how much to spend in each category. It also assumes that there will be no Office TV executions during the launch timeframe which is still a possibility under discussion.

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Product	(All)
---------	-------

Sum of Amount	Time		Grand Total
	L-2	Launch/L+4	
Area			
Advertising	\$4,482,000	\$14,205,000	\$18,687,000
Channel Materials	\$225,000	\$400,000	\$625,000
Direct Mktg	\$200,000	\$2,650,000	\$2,850,000
Events	\$150,000	\$2,995,000	\$3,145,000
Marketing Research	\$280,000	\$380,000	\$660,000
Other	\$111,000	\$850,000	\$961,000
Packaging/Collateral	\$300,000	\$100,000	\$400,000
PR	\$1,288,000	\$1,150,000	\$2,438,000
Sales Tools	\$795,000	\$130,000	\$925,000
Samples	\$400,000	\$1,100,000	\$1,500,000
Grand Total	\$8,231,000	\$23,960,000	\$32,191,000

This table looks at the same data on a percentage basis by time period. Not surprisingly, the vast majority of spending takes place after the launch.

Product	(All)
---------	-------

Sum of Amount	Time		Grand Total
	L-2	Launch/L+4	
Area			
Advertising	24%	76%	100%
Channel Materials	36%	64%	100%
Direct Mktg	7%	93%	100%
Events	5%	95%	100%
Marketing Research	42%	58%	100%
Other	12%	88%	100%
Packaging/Collateral	75%	25%	100%
PR	53%	47%	100%
Sales Tools	86%	14%	100%
Samples	27%	73%	100%
Grand Total	26%	74%	100%

This table summarizes the data based on marketing discipline. Advertising is clearly the highest spending area, although PR is significant prior to the launch as are direct marketing/events during and after the launch.

Product	(All)
---------	-------

Sum of Amount	Time		Grand Total
	L-2	Launch/L+4	
Area			
Advertising	54%	59%	58%
Channel Materials	3%	2%	2%
Direct Mktg	2%	11%	9%
Events	2%	13%	10%
Marketing Research	3%	2%	2%
Other	1%	4%	3%

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Packaging/Collateral	4%	0%	1%
PR	16%	5%	8%
Sales Tools	10%	1%	3%
Samples	5%	5%	5%
Grand Total	100%	100%	100%

The budget file contains all of the detail from these tables. This is found on \\chammy\wwrdm\preread\final\launchbg2.xls. We recommend that you look at the specific pivot tables for Win95 and Ofc95 since some timing and functional spending areas differ significantly between the two products.

Manufacturing and Distribution Challenges

Sim-shipping Win95 and Ofc95 will strain every step of the manufacturing and distribution process. We will examine each of these key areas relative to the needs of an integrated Desktop 95 launch. Activities in process include:

- Securing enough raw materials
- Securing sufficient disk duping, CD pressing, manual printing, and assembly capacity
⇒ Mfg needs to consider capacity required under different RTM deltas between Win and Ofc
- Securing adequate storage capacity (either with assemblers, channel partners, or 3rd party warehouse) to stage the inventory pre-street
- Mapping the build schedule for all Win and Ofc SKUs across multiple build locations
- Managing the logistics of shipping all Win95 and Ofc95 SKUs assembled at multiple sites to multiple different customers
- Managing post-sell in inventory flows and stock balancing to ensure good supply levels across all accounts; this includes managing the mix of SKUs (FPP versus upgrades, Ofc95 versus Ofc 4.x, etc.) — input on this will be provided shortly.

Ali Baba provides additional manufacturing challenges. If Ali Baba is on the Win95 CD and it includes encrypted products, manufacturing will need to produce multiple Win95 CD masters (one for every 25,000 units) and track which units were made with each master. If Ofc95 is encrypted, then the Win95 CD cannot begin being pressed until Ofc95 RTMs. Given that Win95 is forecasting 35-40% CD mix, this would move a significant percentage of the Win95 assembly into an overlapping position with Ofc95 assembly.

Marketing Communications

Public Relations

Overall, the primary objective in PR is creating positive momentum for the Windows 95 platform leading up to the launch. At the same time we want influentials to perceive Microsoft Desktop 95 as the finest and first complete Win95 solution. Win95 will continue to position itself as the successor to MS-DOS and Win 3.1 that increases ease of use, with Ofc95 highlighted as the leading example of how apps can take advantage of this new environment. Likewise, we will position Ofc95 as the next generation of our leading business applications that make it easier to get your job done by specifically taking advantage of Win95's new capabilities. The net result should be a view from customers that we have one, consistent product strategy that drives both our systems and apps business. Here are some examples of PR activities for Desktop 95:

- In early February, we will conduct a joint tour to demonstrate applications support for Win95 with Office and Office Compatible apps featured along with some other smaller category applications.
- From the Office perspective, it's critical that we educate press, analysts and customers on the key attributes of a great Win95 apps — this is especially important given that our early contacts with the

press covering applications indicate they are pretty poorly informed on Win95 itself. Once they have this basic knowledge, we then need to show how our apps exploit those attributes as part of the first look/reviews process.

- Office participation in the second Win95 reviewers workshop to be held in April for industry pub cover dates in July/August. Office will also participate in the Win95 consumer pubs reviewers workshop to be held in the same rough timeframe.
- To create joint testimonial opportunities, Office marketing will mirror the Windows 95 Goliath and Marquee account seeding model. We will target 3 accounts who will verbally commit to moving to Office 95 by launch time and 25 accounts who will act as approved press references during the launch period.
- The Win95 team will be able to demo various components/features of the Office applications during tradeshows and other advanced showings of Win95. A specific set of features and capabilities that can be shown (and appropriate venues/audiences for this) will be available shortly.
- We will do a joint launch event for both products based on the retail availability dates discussed above. Specifics of how this will work are still TBD.

Advertising

A broad advertising push will kick off in both consumer and industry press at the time of launch. This will include a major TV campaign for Win95 as well as related print campaigns for both Win95 and Ofc95 (Ofc95 TV still TBD). Total expected expenditures in the US will be roughly \$40M — see the budget data above for more details. While there are no plans for joint advertising, we will utilize media placement and the general brand look to tie the work together. In addition, the Office advertising will incorporate both Win95 and BackOffice as important sub-themes in both launch and sustaining campaigns. Promotional advertising for the launch will be driven by resellers utilizing marketing opportunity funds provided through the Desktop 95 channel promotion (see below). We may provide some national promotional advertising as “air-cover” during the launch but that is still TBD.

Direct

Our direct activities will be organized into two components: Microsoft reg base activities and prospecting off of other lists. Specifically, 7MM Windows registered names will be contracted out to key Mail Order resellers who will offer both Win95 and Ofc95 apps upgrades. In addition, Office may direct mail offers for individual apps and Office to its own reg base with an emphasis on targets we can identify outside of Morg/Lorg accounts. This would include an offer for Win95 (since “batteries” are required).

The issue of whether we provide a direct mail offer (as opposed to just providing notification that refers people to the channel) is an area where the Windows and Office teams are not yet in agreement. We will resolve this in our next BOOP review meeting in January.

On the prospecting front, the Win95 team has developed a highly qualified prospect list of 80k key individuals in 52k medium-size business sites (representing nearly 8mm PC's) who will be targeted for the Win95 Preview Program. Office will leverage this prospect list (and those who participate in the preview program in particular) as a lead generation source. All preview program participants will be mailed a special Ofc95 upgrade offer when the product ships.

Seminars

We want the field to conduct joint seminars to announce and push Win95 and Ofc95. The current plan is to have one seminar event that incorporates both products so that customers only have to come once to get the information they need to move to Desktop 95. Specific scripts and content for these seminars is still being worked out and will be provided as soon as possible.

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Retail/Sorg Activities Plan

Objectives

Overall, we have four objectives in the retail (inbound) channel where we will emphasize Sorg customers:

- Maximize Win95 & MS complementary product revenues
- Launch Ofc95, establish MS as Win95 platform leader
- Achieve an attach rate of 40% of Ofc95 on new Win95 purchases
- Sustain high post-launch run-rates; prepare for Holiday 95 promotion

We will focus on a Desktop 95 channel promotion that uses three tools centered around the Win95 launch: (1) an end user offer, (2) a channel rebate, and (3) targeted marketing fund spending.

End User Offer

We are still working out the specifics for the basic end user offer. The goal is to provide a strong incentive for the customer who buys Win95 to also buy other Microsoft applications (Office or Consumer titles) at the same time. Past experience indicates the channel will use Win95 aggressively to draw consumers into the store and then sell them on other products once they are there. The primary task of the end user offer is to make sure they sell them Microsoft products at this time.

Channel Rebate

We will provide incremental rebates on "Win95 products" (Ofc95 apps and Consumer apps) revenues. The rebate will be based on the ratio of Win95 products-to-Win95 units. In general the higher the number of Win95 products purchased relative to the number of Win95 units purchased, the higher the rebate. The precise ratios to be used in the promotion are currently being defined and will be provided ASAP.

Marketing Funds

We will work with each major account to customize individual channel plans for this launch. This will enable the channel to offer a variety of differentiated offers that still map consistently to our overall goals. We will make the following funds will be available for this effort

- Funding plan
 - ⇒ 2% of Win95 & Win95 products revenues
 - ⇒ \$7 million supplemental marketing funds to be allocated
- Funding plan priorities
 - ⇒ Pre-launch channel RSP training, education, communication & events.
 - ⇒ Launch events, EU offer advertising, secure shelf & page space (retail & mail order)
 - ⇒ Collateral, sales, seminars & training kits

Other Activities

Due to Win95's visibility, there are two channel-related activities that are planned just before launch. These two programs are outlined below; details are still being defined with OEM and ECU.

- Win95 OEM coupon program -- this program is designed to minimize the disruption to OEM sales due to customers waiting for Win95. It would allow OEMs to include a Win95 coupon pre-launch in return for an incremental royalty.
- "Coming Soon" period -- Some resellers will start early and begin reserving units pre-street. We can turn this into positive sales momentum and provide more control and equity by making this into a program. The channel could start taking orders from customers 4 weeks before street, saying that the Microsoft products are 'coming soon' and providing a specific availability date. This could include Ofc95 apps as well.

Since we will still need to sell meaningful quantities of Ofc 4.x applications to users who don't buy Win95, we need to work with the channel on stocking and selling priorities. We may also need to provide

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financial support/incentives to ensure proper stocking levels for both sets of SKUs. Details on this are still being worked out.

Finally, as a follow-up to the launch promotion, we are looking at ways to sustain momentum in the retail/sorg channel. One option being considered is an extension of the "Business Source" program that the Office team is running in the US this spring to reach Sorgs and DOS switchers. This would involve a similar set of services (migration guides, SP referrals, training, etc.) as the current Business Source campaign except with an emphasis on version upgraders of both Windows and Office apps. More information will be provided on this as soon as its available.

Morg/Lorg Plan

Objectives:

- Prepare customers to begin deployment of Win95 and Ofc95 within 30 days of launch
- Move 30% of desktops to Win95 and Ofc95 within six months
- Stimulate use of SMS as deployment tool
- Identify & capitalize on other BackOffice sales opportunities

The Desktop 95 Migration Challenge

The Desktop 95 Migration Challenge program is a set of tools and a process for using them designed to lead customers through each milestone in the deployment process. The program will be executed both by the Microsoft LORG account teams and by Solution Providers. For every milestone in the planning process there is a specific deliverable which will be monitored either by the Microsoft Corporate Migration Challenge Team (for participating LORG's) or by the Solution Provider or Outbound Reseller partner. The key milestones are listed below. The associated field deliverables are currently being defined and will be distributed shortly:

Evaluation Kickoff briefing	Evaluation team formed	First phase internal testing complete	Pilot deployment plan and test complete
Pilot deployment plan revised	Final phase testing complete	Deployment begins	

Channel Promotion

As with Sorg's, we will develop customized programs with key outbound channel partners and solution providers. These programs have the same basic goals as outlined above with the added goal to encourage large and medium sized accounts to do large scale upgrade programs quickly. Details of this effort will be available shortly.

Key Field Tools

The following tools are available to implement the Windows 95 and Office 95 Migration Challenge:

<i>Windows Tool</i>	<i>Office Tool</i>	<i>Tool Description</i>
Win 95 Reviewers Guide	Ofc 95 Reviewers Guide	Comprehensive description of product features
Support Resources Listing	Part of ORK, could be separate as well	Comprehensive of information and training sources
WinNEWS data sheet		Where to get information on-line

Long Lead Kit	Long Lead Kit	SKUs, pricing, order info, marketing materials list
Desktop 95 Ad Kit	Desktop 95 Ad kit	Box shots, promo tag line, offer description
Desktop 95 Merchandising Kit	Desktop 95 Merchandising Kit	Point of Purchase materials
Desktop 95 Retail Training Kit	Desktop 95 Retail Training Kit	Training materials
Windows 95 Interactive Demo	Office 95 autodemo	Gives customers the feel of working with these new products on their existing system
Leverage Office kit	Sorg Marketing Kit	Sales tools kit that supports the field in leveraged Sorg marketing activities.
N/A	Verical Marketing Kit	Same as above, for Legal, Accounting and Health Care
Structured Trial Materials	Structured Trial Materials	PPT w/notes, demo script, setup instructions
CD/Disk set and license	Marketing beta	Product and demo files
Windows 95 Resource Kit (WRK)	Office 95 Resource Kit (ORK)	Comprehensive technical documentation on how to plan and implement the deployment of Win95
Deployment Guide	Deployment Guide	Guidelines for how to create a deployment plan (part of WRK)
Deployment Plan Gantt Chart Template	Deployment Plan Gantt Chart Template	Microsoft Project file
Windows 95 Business Case	Similar	Collateral summarizing key benefits of Windows 95 for organizations, with evidence
Windows 95 Evaluation Guide	Office 95 Evaluation Guide (Competitive and Upgraders)	Walks the customer through evaluating the desktop products.

Events & Tradeshows

Our Desktop 95 event marketing plan for CY95 will be designed to maintain the momentum that we've established via participation at industry events over the past several months. Below is a summary of the major events we have planned between January 1995 and launch. The program schedule following this section includes the timing for each of these events, as well as the largest industry tradeshows at which we'll highlight Windows 95 and Office 95.

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MSTV January through May 1995

Both Win95 and Ofc95 will make use of MSTV. The Windows 95 TrainCast is a series of broadcast events on MSTV which are geared towards high level IT managers, solution providers, VARs, IS implementers at corporate sites, corporate help desk and support professionals and trainers. Content will focus on two major issues: "Why move to Windows 95" and "How to move to Windows 95." One of these sessions will also discuss how to coordinate Office migration with Windows. Please see Appendix II for a schedule of the Windows broadcasts and topics to be covered. Office sessions will continue to run monthly (currently on show #3) with discussions about Office as a solutions platform. From Feb. April, we will add a short, 5 minute segment which will show some new capability from Ofc95 that we are willing to show publicly. In May, we will highlight an on-going case study (Muscular Dystrophy) and

how they are preparing for the move to Ofc95. Subsequent to the launch, these Office MSTV sessions will focus on the new capabilities in Ofc95 and the implications for the corporate user. A schedule for these sessions will be provided separately.

Windows 95 Multimedia Reviewers Workshop: Feb. 1&2, 1995

The Windows 95 Multimedia Reviewers Workshop will be held at Microsoft corporate campus February 1 and 2. We hope to draw at least 100 qualified, multimedia-oriented journalists. Through demo-rich sessions we will communicate the key multimedia messages. We will look to the subsidiaries to identify appropriate multimedia journalists who should attend the workshop.

Windows 95 World Tour: May through July, 1995

The North American leg of the Windows 95 World Tour will visit 22 sites in the US and Canada; each event is expected to draw 2,000 - 3,000 attendees. A preliminary schedule will be available in January. We are currently looking at ways to implement internationally. The objectives of the tour are to generate excitement for Win95 amongst PC enthusiasts and first wave customers, demonstrate the built-in networking support for Microsoft and Novell networks to VAR's, CNE's and corporate customers, deliver pre-launch Win95 messages, and demonstrate Ofc95 as a premier set of Win95 applications. Office demos will be confined to features designed to leverage Win95; this will not be an unveiling of the entire Ofc95 feature set. The field has been asked to:

- Provide a customer list of no more than 10,000 to include in each city promotional mailing.
- Help generate excitement and attendance for the event with accounts through various methods (e.g. account calls, district newsletters, word of mouth).
- Provide 5 or more staff on-site for the event to help field questions, provide general support, and show a strong MS presence.

Event Marketing Materials

In early January we will be communicating the details of a program by which the field and subsidiaries can order materials for their event and tradeshow programs including signage, lapel pins, datasheets, and "SWAT" materials which can be used to highlight booths of ISVs, IHVs and OEMs designing products to be Windows 95 compatible. Localization of the materials will need to be coordinated by the subsidiaries.

Launch Event (Date & Location TBD)

Specific launch event plans and creative are yet to be determined. Ideas and suggestions should be directed to ShaunaB.

Programs Schedule

This calendar summarizes the activities in the preceding sections and their associated timings.

Activity Type	Event	Date(s)
Event	CES Winter - Las Vegas, NV	January 6-9
Mktg Comm	Industry Analysts Day (Win 95 event)	January 20
MS Training	Regional Sales Mtgs (Desktop 95 Migration Challenge KickOff)	January
Event	MSTV - Office Broadcast	January
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	January 24
Event	Win 95 Multimedia Reviewers Workshop - MS Campus	February 1-2
Mktg Comm	PR Tech Tour — joint Ofc95/Win95 demo of 3rd Party Win95 support	February
LORG/MORG	Migration Challenge Kickoff with LORGs, SPs	February
LORG/MORG	Migration Challenge seminars with MORG's	February
Event	Office Compatible Developer's Conference	February
Event	MSTV - Office Broadcast	February
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	February 14 & 28

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LORG/MORG	Migration Challenge seminars with MORG's	March
LORG/MORG	Windows Preview Program distributed	March
LORG/MORG	Marquee and Goliath Accounts Seeding Program	March
HQ Activity	Win95 MIS Ads	March-May
Retail/SORG	Long lead kits to resellers	March
Retail/SORG	Tech training kits to resellers	March
Retail/SORG	Top reseller account visits	March
Product	Of95 US Tech Beta 1 RTM	March 8
Event	MSTV - Office Broadcast	March
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	March 14 & 28
MS Training	SE Forum - New Orleans, LA	March 28-31
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	April 11 & 25
Product	Of95 US Tech Beta 2 RTM	April 14
Event	MSTV - Office Broadcast	April
Mktg Comm	Win 95 Reviewers Workshop II	April
Mktg Comm	Win 95 Consumer Press Workshop	April
Retail/SORG	Ad kits - reserving ad space and developing ads	April
Retail/SORG	Resellers sales training kits and training prep	April
Retail/SORG	Resellers place initial orders at dists	April
Event	Windows World & Spring COMDEX - Atlanta, GA	April 24-27
Event	Windows "Windows 95" World Tour (N. American Leg) 24 sites (US & Toronto)	May-July
Event	MSTV - Office Broadcast	May
Event	MSTV TrainCast Broadcasts - Broadcast from MS Campus	May 9
Product	Of95 US Mktg Beta RTM	May 19
Reseller	Guaranteed initial reseller orders due to Microsoft to U.S.	May
MS Training	District Tour	June
Event	PC Expo - New York	June 19-21
Retail/SORG	Merchandising Kits	July
Retail/SORG	Reseller Sales Training	July
HQ Activity	Win95 "Coming Soon" Ads	July
Event	Windows World Chicago - Chicago, IL	July 26-28
HQ Activity	Windows 95/Office 95 Launch Event	Aug 1
HQ Activity	TV and print ads (consumer & industry press)	Aug
LOFG/MORG	Select 3.0 agreements	Aug
Event	Windows World Dallas - Dallas, TX	September 12-14
Event	Networld + Interop Fall - Atlanta, GA	September 25-29
Event	COMDEX/Fall 94 - Las Vegas, NV	November 13-17

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Appendix I

RTM & Ship status on August 1, 1995

This spreadsheet summarizes Win95 & Ofc95 availability situation for each language on August 1, the proposed date of the US/English announcement.

Worldwide RTM & Ship dates for Windows & Office '95

Enter announce, or street date here:

Please see explanations at bottom of page.

US Off 95 RTM=Win95+2 weeks

Tier	Language	Loc deltas		Build time	RTM		Inventory built		Street date: 7-Aug	
		Win 95	Off 95		Win 95	Off 95	Win 95	Off 95	Win 95	Off 95
1	Eng US	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	5 w build only
	Eng A	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	5 w build only
	Eng Z/AA	n/a	10 d	6 w	n/a	6-Jul	n/a	17-Aug	n/a	4 w build only
	Eng EE	14 d	n/a	4 w	26-Jun	n/a	24-Jul	n/a	Ship	n/a
	German	7 d	30 d	4 w	19-Jun	26-Jul	17-Jul	23-Aug	Ship	1 w build only
	French/FC	7 d	40 d	4 w	19-Jun	5-Aug	17-Jul	2-Sep	Ship	Not RTM'd
	Italian	21 d	30 d	4 w	3-Jul	26-Jul	31-Jul	23-Aug	Ship	1 w build only
	Spanish	21 d	40 d	4 w	3-Jul	5-Aug	31-Jul	2-Sep	Ship	Not RTM'd
	Swedish	21 d	45 d	4 w	3-Jul	10-Aug	31-Jul	7-Sep	Ship	Not RTM'd
	Japanese	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
2	Dutch	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	Not RTM'd
	Brazilian	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	Not RTM'd
	Denish	35 d	65 d	4 w	17-Jul	30-Aug	14-Aug	27-Sep	2 w build only	Not RTM'd
	Norwegian	35 d	75 d	4 w	17-Jul	9-Sep	14-Aug	7-Oct	2 w build only	Not RTM'd
	Portuguese	55 d	90 d	3 w	6-Aug	24-Sep	27-Aug	15-Oct	Not RTM'd	Not RTM'd
	Finnish	45 d	80 d	3 w	27-Jul	14-Sep	17-Aug	5-Oct	1 w build only	Not RTM'd
	Chin. Trad	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Korean	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Polish	90 d	85 d	3 w	10-Sep	19-Sep	1-Oct	10-Oct	Not RTM'd	Not RTM'd
	Hungarian	100 d	90 d	3 w	20-Sep	24-Sep	11-Oct	15-Oct	Not RTM'd	Not RTM'd
3	Czech	100 d	95 d	3 w	20-Sep	29-Sep	11-Oct	20-Oct	Not RTM'd	Not RTM'd
	Russian	90 d	100 d	3 w	10-Sep	4-Oct	1-Oct	25-Oct	Not RTM'd	Not RTM'd
	Turkish	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Greek	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Catalan	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Slovenian	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Chin. Simp.	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Arabic/US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Heb./US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Arabic/FR	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
Farsi	n/a	180 d	3 w	n/a	23-Dec	n/a	13-Jan	n/a	Not RTM'd	
Thai/US	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd	
Bah./Ind	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd	

The delta for each language is relative to US RTM. Win and Off deltas are independent of one another (except BI-D, DBCS).
 - Win95 deltas are officially 45-90 for Tier 2, 90-120 for Tier 3. For calculations purposes, a specific date within the range was assigned to each language here.
 - P & FI are Tier 3 languages for Office, but are included in Tier 2 here to map to Win95.

Number of weeks needed to build inventory and fill in channel, for each product.
 - Potential capacity problems due to Win and Off overlap not considered here.
 - Manufacturing feedback will be requested to refine these numbers.

For each product, RTM date for each language is:
 Product US
 RTM + delta

For each product and language, inventory build time is added to RTM date to calculate ship date.

For a given Street date entered at top, these colors show the status of each product and language version:
 1. "Ship": Inventory defined in "Build time" has been built.
 2. "w build only": RTM'd but inventory not fully built.
 3. "Not RTM'd".

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RTM & Ship status on September 5, 1995

This spreadsheet summarizes Win 95 & Office 95 availability situation for each language on Sept 5, the proposed date of the European & Latin American announcements.

Worldwide RTM & Ship dates for Windows & Office '95

US Off 95 RTM=Win95+2 weeks

Enter announce or
street date here:

Please see explanations at bottom of page

Tier	Language	Loc deltas		Build time	RTM		Inventory built		Street date	
		Win 95	Off 95		Win 95	Off 95	Win 95	Off 95	Win 95	Off 95
1	Eng US	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	Ship
	Eng A	0 d	0 d	6 w	12-Jun	26-Jun	24-Jul	7-Aug	Ship	Ship
	Eng Z/AA	n/a	10 d	6 w	n/a	6-Jul	n/a	17-Aug	n/a	Ship
	Eng EE	14 d	n/a	4 w	26-Jun	n/a	24-Jul	n/a	Ship	n/a
	German	7 d	30 d	4 w	19-Jun	26-Jul	17-Jul	23-Aug	Ship	Ship
	French/FC	7 d	40 d	4 w	19-Jun	5-Aug	17-Jul	2-Sep	Ship	Ship
2	Italian	21 d	30 d	4 w	3-Jul	26-Jul	31-Jul	23-Aug	Ship	Ship
	Spanish	21 d	40 d	4 w	3-Jul	5-Aug	31-Jul	2-Sep	Ship	Ship
	Swedish	21 d	45 d	4 w	3-Jul	10-Aug	31-Jul	7-Sep	Ship	4 w build only
	Japanese	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Dutch	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	2 w build only
	Brazilian	21 d	55 d	4 w	3-Jul	20-Aug	31-Jul	17-Sep	Ship	2 w build only
	Danish	35 d	65 d	4 w	17-Jul	30-Aug	14-Aug	27-Sep	Ship	1 w build only
	Norwegian	35 d	75 d	4 w	17-Jul	9-Sep	14-Aug	7-Oct	Ship	Not RTM'd
	Portuguese	55 d	90 d	3 w	6-Aug	24-Sep	27-Aug	15-Oct	Ship	Not RTM'd
	Finnish	45 d	80 d	3 w	27-Jul	14-Sep	17-Aug	5-Oct	Ship	Not RTM'd
3	Chin Trad	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Korean	90 d	90 d	4 w	10-Sep	24-Sep	8-Oct	22-Oct	Not RTM'd	Not RTM'd
	Polish	90 d	85 d	3 w	10-Sep	19-Sep	1-Oct	10-Oct	Not RTM'd	Not RTM'd
	Hungarian	100 d	90 d	3 w	20-Sep	24-Sep	11-Oct	15-Oct	Not RTM'd	Not RTM'd
	Czech	100 d	95 d	3 w	20-Sep	29-Sep	11-Oct	20-Oct	Not RTM'd	Not RTM'd
	Russian	90 d	100 d	3 w	10-Sep	4-Oct	1-Oct	25-Oct	Not RTM'd	Not RTM'd
	Turkish	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Greek	110 d	110 d	3 w	30-Sep	14-Oct	21-Oct	4-Nov	Not RTM'd	Not RTM'd
	Cardan	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Slovenian	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Chin Simp	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd
	Arab/US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Heb/US	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
	Arab/FR	180 d	180 d	3 w	9-Dec	23-Dec	30-Dec	13-Jan	Not RTM'd	Not RTM'd
Farsi	n/a	180 d	3 w	n/a	23-Dec	n/a	13-Jan	n/a	Not RTM'd	
Thai/US	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd	
Bch-Ind	120 d	120 d	3 w	10-Oct	24-Oct	31-Oct	14-Nov	Not RTM'd	Not RTM'd	

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Appendix II

Win95 TrainCast Schedule

The Microsoft Windows 95 TrainCast is broadcast via satellite. For satellite coordinates and more information call 1-800-206-3000 in the United States and Canada. Registration will be centralized through the 800 number. There is no registration fee, but if attendees wish to acquire the training materials they will need to pay \$50 per set.

Topic	Date	Length
1. <u>The IS Tour</u> : An edited version of the current IS tour with product demos and education for IS managers.	1/24/95	2 hrs
2. <u>Reducing Support Costs for Windows Desktops</u> : conference session addressing ways that organizations can reduce their desktop support costs using Windows 95, featuring industry experts from the Gartner Group, Masie Institute, Corporate Software, and Usability Sciences, Inc.	2/14/95	4 hrs
3. <u>Setup/Intsall and UI support issues</u> : Detailed training on what to expect when you set up Windows 95 in stand alone and networked environments.	2/28/95	4 hrs
4. <u>System administration and tools</u> : An MIS manager's guide and troubleshooting resource to remote administration of PCs in a heterogenous environment.	3/14/95	4 hrs
5. <u>Networking with Windows 95</u> : Supporting Windows 95 based PCs connected to Windows NT and other servers.	3/28/95	4 hrs
6. <u>Networking with Netware</u> : Supporting and troubleshooting Windows 95 based PCs connected to a Novel NetWare server.	4/11/95	4 hrs
7. <u>Printing issues</u> : Details on how to install, setup and troubledhoot the more than 800 printers that Windows 95 will support.	4/25/95	4 hrs
8. <u>What we've learned about support from the beta programs</u> : Microsoft's own support staff will provide a first look anf real-world data on what to expect in rolling out Windows 95.	5/9/95	4 hrs

There is an opportunity for Reseller, LORG, SMORG and SP field reps to build events surrounding the broadcast. Programs should be tailored for the specific audience. The following is a rough framework for potential events by audience at the field offices:

- VARs: Deliver a session to VARs which educates them on how to make money with Windows 95 and also train them on how to implement the "Desktop 95 Migration Challenge with their customers.
- LORG's: educate LORG's on benefits of Windows 95 for organizations, and deliver key tools to them to help them plan deployment.

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EU Strategy

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To: February 1995 WWRDM Attendees
From: Patty Stonesifer, Steve Ballmer, Jeff Raikes
Date: January 27, 1995
RE: Priorities for EU/Consumer/Retail

This memo summarizes some key lessons we've learned and lays out our top-line priorities in the US market for the EU customer segment and the retail channel in the next year.

Priorities for EU Segment and the Retail Channel

EU/Retail selling is one of our two highest priorities¹ in business and skill development. We expect to see dramatic growth in consumer software revenue and sales through the retail channel during the next few years. To take advantage of this growth opportunity, we must have several parts of our organization focused on the key priorities for this business.

To gain first-hand knowledge of the retail software environment, the three of us recently toured about 25 outlets encompassing the broadest cross-section of our channel partners. These were not staged visits – no advance notice was given since we wanted to see the stores as “customers.” In addition to the outlet visits, we met with senior executives at CompUSA, Best Buy, and Egghead. On an individual basis, we visited several more outlets and met with many other channel executives during the past few months, complemented by many discussions with Microsoft people.

From this knowledge base, we see the priorities as:

- Demand generation
- Instore impact and merchandising
- Inventory management

The rest of this memo summarizes what we've learned and provides detail on the priorities.

¹ “BackOffice Selling” is the other high priority.

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Demand Generation

Driving Store Traffic

We need to keep ongoing profiles of our top 10 retailers, their customer demographics, sales and marketing activities and spending, as well as competitive feedback per account. We must put together semiannual plans based on annual reviews with each account that focus our demand generation spending on the most leveraged activities for our line with that account. We should also commit in this (two page) plan to a series of logistical requirements for that account and ensure corporate (Msft HQ) adherence to that listing.

- Vehicles that work

We should work with major chains/retailers and MOR to have them present to us in an annual forum what promotion and marketing vehicles they are "selling" have in fact pulled up sales in the prior 6 months, and then we should concentrate our spending with that account on those vehicles.

- Demo days

Demo Days for Microsoft are a way to leverage our broad line; monthly demo days are a realistic goal for larger outlets. However, it is very possible that the biggest advantage to demo days is the impact the instore demos have on the retail sales personnel – we should require as part of demo days commitments that the retailer give us an opportunity to do employee training on the products and lines being highlighted.

- Logistics: early package shots and prices

This is a no-brainer - early package shots - as much as 4 months ahead, must be provided for retailers planning promotions. Pricing decisions must also be solid at that time, even though it is understood that pricing may move as additional competitive knowledge is acquired. We must set realistic release dates and make them, otherwise all marketing activity by the reseller will be out of synch with product availability.

In-store Impact and Merchandising

Promotions: In-store Demand that Works for Retail and Customers

We must keep our promotions super simple and "knowable" by even the busiest customer and retail sales rep. One of the best ways to accomplish this, is to build the promotional offer, right into the box. We must decide major promotions 5-6 months prior to rollout leveraging input for our top retail partners -there must be total agreement between channel and product groups on design and execution.

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- Section promos
 - a) #, variety, issues

In the majority of circumstances, the number and variety of promotions and the disbursed nature of our product line (in many sections) made it difficult to "find" our promotion or to quickly grasp the promotional offer in the very few seconds that the typical customer may give to the offer in a busy retail shopping experience. In our opinion this was also true for most competitors as well. We must find a way to test our offers in "true to life" situations where customers and personnel are bombarded with promotions and information – possibly, testing in a few outlets, with comparison against control outlets.

- Three best promotions
 - a) more software with software purchase

Since the entire reason that the customer is in the section is in fact to buy software, it was believed by many that the most "knowable" and energizing additional value was more "related" software – as in one scenery product free with a purchase of Flight Sim and Golf Sim, Ghost Writer free with the purchase of Creative Writer, etc.

It was also very clear that the top retailers want and in fact need to put together unique offers for their customers to differentiate themselves and that this type of offer could and would be customizable per retail chain, leading to additional stocking and time based focus on a particular product line. For instance: if Best Buy was given the opportunity to offer Great Greeting free with every copy of Bob sold in the first sixty days (with limited exclusivity²), they would in fact be very motivated to offer additional exposure to this offer and to this product.

- b) Money off software purchase

The other offer highly touted was "money off" but this would need testing.

- c) Something "free" w/ software purchase

By "something free" again what was being considered was something related to the software experience - a CD Disk holder, another product, an online experience, etc.

2 e.g. Other top retailers might have different freebie offers, but we would need to provide something of equivalent marketing value.

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Store Merchandising that Matters

We need to immediately test a series of alternative merchandising methods and should immediately "open" a trial store space in partnership with a regional retailer where we can "test" various merchandising efforts. We can and should immediately use informational merchandising (like Intuit's decision cards).

- Microsoft Kiosks

Mixed reviews were heard and mixed experiences witnessed with the Microsoft Kiosks. For the most part the kiosks were well positioned but were lightly used, oddly stocked and not much exploration was going on - it seemed more a "well let's try this" than a real effort to find the software needed. It was, however, clear that the shopping experience in most software sections remains a frustrating one, and if we could tune the existing kiosk approach to have lower maintenance and higher sales appeal then we could in fact really leverage our store presence with a dedicated kiosk effort. Handelman movie kiosks were seen at Walmart that allowed the shopper to push one "visual" button and see a short running clip - we need something that fast, that cool, that appealing, that branches the customer from a "Need" (entertainment? for ages X-Y) to a series of "fast clips" designed to showcase and sell sell sell. Having the monitor "higher" would allow the demo to be seen by many people besides the "operator" of the kiosk (e.g. the Nintendo demo center in the Best Buy Concept III stores).

- Outlet Owned Demo Stations

- a) We need to have a clear strategy for our role in outlet owned demo stations for each partner with their own demo station or kiosk plan.

- Merchandising Support (instore) Most Leveraged/Visible

- a) Signage - if it's really visible, then it works!
- b) Tear sheets/info sheets seem cheap and popular
- c) Compliance is tough and we should presume some non-compliance

Section Control/Presence

We must have a plan for section control for every major chain. Explicit goals re: # of facings and stated adjacencies³ and competitive positioning and use of endcaps, dumps, etc. should be targeted and communicated and monitored. We should consider a broad effort to persuading retailers of a customer taxonomy for sections in a way we think is meaningful based on our customer research, and then we should tag our products accordingly so they will always be stocked in that fashion. We need to use the box itself as the planagram in addition to working with the buyers on same, because a big part of the control is at the outlet and the buyers cannot "reach" the store clerk who is doing initial stocking.

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³ "Adjacencies" is the concept of getting complimentary products located next to each other on the shelf. Creative Writer along with add-on packs.

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- Microsoft Sections - "Store within a Store"

Some worked, some didn't. We should be very smart about these and consider doing them only when certain store conditions are met i.e., preferred location totally visible from all critical sections, inventory on top products also stocked in section. The right strategy will yield us an increase in overall space devoted to our products.

- Presence in Marked Sections

a) In some store environments, our best strategy will be to have a Microsoft presence within the retailers marked sections, eg. the Microsoft sub-section within the productivity apps section. This can be accomplished with signage and facings, and should be supported by appropriate adjacencies.

- End caps

When we had endcaps (which we often did) it seemed at the EXPENSE of our in section inventory - a poor tradeoff. We must negotiate highly incremental inventory when purchasing endcap space so that we ensure we are always well represented in section.

- Dumps

We must plan to use a big "dump" 3x per year, plan our product and our promotions around that "dump". Tightly linked products work best as in Intuit's dump with Tax, Deluxe Edition and Standard Intuit. Comparable might be a SOHO dump of Works/Publisher/Money. Or Bob, Bob Greeting Cards, Bob X, Y, Z. The big dumps were very impactful and the store reps seemed very aware that the chain was taking a big position on these dumps.

Inventory Management

We need to be world-class at working with top retailers to determine fail-safe initial order systems/agreements and have replenishment options that are appropriate for their own distribution systems. This means understanding how many days it takes for each outlet to receive new stock and factoring that information into the agreed upon plan for in section inventory, and working these same issues with distribution partners (primarily Ingram, Merisel, GT, and Handleman). We also need to have a by-title breadth and depth plan for the top 80% of our product line and monitor our distribution partnerships' plans to determine if we are in fact reaching those goals at our "priority 1" outlets. We are investing in an improved information system (MS Sales ++) that will allow us to know weekly sell through from our key retail accounts.

We need to get new policies and systems in place to ensure we can balance inventory more appropriately - calling back or taking back old editions and slow movers in exchange for new editions and fast moving titles, as well as doing special pricing to move inventory when required.

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We want our inventory to be the deepest but we want deep stocking on the fast moving products, and we should "over-focus" on the top retailers.⁴

Logistics/Inventory Control issues that should be covered in our plans:

- Process for determining initial orders and timely booking of those orders.
- Distribution depth and breadth goals — by product and account, because there will be significant differences.
- Replenishment programs - This is critical but the needs are different at each major retailer; we must have a plan for each.
- Old/new product - This was a big problem with mixed years on shelf of many titles; we need a rapid return policy and system for annual products.
- Returns - We think there will be a need for us to come up with a new and permanent return policy for consumer software.
- Measurement and information "flow" - This must be a priority for top retailers and must include core information required for us to plan products and promos
 - a) our information
 - b) competitive information
- Use of instore merchandising force - We will have an end-user field force who will focus a large percentage of their time on priority 1 outlets. We will supplement their efforts with a force of outsourced reps who can support merchandising activities for the priority 1 outlets, and provide support at all other retail outlets. The activity details and goals for our combined merchandising force should be clearly spelled out as part of our overall EU/retail plans.

Product Issues

In addition to the priorities discussed above, there are some key product issues that should be covered in our plans:

- Pricing - We must be competitive. Our new pricing research will help determine optimal price points.

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⁴ We were somewhat surprised to learn that retailers don't actually allocate space proportional to revenue production. Eg. At CompUSA the space allocated to software was several times their gross margin share for software.

- Packaging - Must be very legible, with age appropriateness designated clearly, clear markings for: system requirements. The differences between full packaged product and upgrades must be clear on the package, but the upgrades shouldn't be put into ugly (eg. white box) packages.
- Lines - We should build (and sell) in tight lines ala "Living Books" and "Print Shop".

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FY Planning

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To: February 1995 WWRDM Attendees
 From: Mike Huber/Corporate Planning Group
 Date: January 31, 1995
 RE: Overview of FY96 Planning Process & Key Changes

Purpose

The purpose of this memo is to provide an overview of FY96 Planning, including key enhancements and changes from FY95.

This document is organized as follows:

- FY96 Planning Process Timeline & Overview
- Key Dates & Milestones
- Key Enhancements & Changes

FY96 Planning Process Overview & Timeline

Timeline

**FY96 Planning Process
 High-level Timeline**

Timeline	January	February	March	April	May	June	July
Milestones/Major Events		WWRDM*		WWSM**			Plan Published
Planning Activities							
MYRs, Outlooks & Technical Plan	MYRs		March 1				
	3 Year Business Outlooks		March 1				
	Impact Assessments		March 20				
	Product Group Technical Plan			April 1			
Budget Process	Planning Meeting, Targets, Assumptions, & Goals/ass Commitments			April 1			
	US PG, OEM Revenue Planning				May 1		
	WPGAT Planning				May 15		
	All Subsidiaries & US Planning					May 1 - June 1	
	Corporate Cost Center (Corporate G&A) Planning ****					May 1 - June 1	
	Operational Planning ****					May 8 - June 8	
	GM Reviews & Budget Scrubs					June 15	
	All Final Plans Submitted to Corporate					June 15	
BOOP Reviews & Committee Items	FY96 Plan (BOOP) Reviews				June 15 - July 15		
	Corporate Committee Items					July 31	

* WWRDM: Worldwide Regional Directors Meeting ** Corp Cost Centers (Corp G&A) includes: HR, Legal, ITG, Corp Svcs, Corp Facilities, Finance
 ** WWSM: Worldwide Sales & Marketing Meeting **** Operations includes Operations Paper/OOOS planning

Overview

FY95 Mid Year Reviews (MYRs) - As in the past, the Mid Year Reviews will monitor alignment to strategic plans, assess performance against the fiscal year plan and also forecast performance through the remainder of the fiscal year. The FY95 MYRs will run from the beginning of January through the end of February. MYR results will be discussed at the WWRDM in February.

3 Year Business Outlooks & Impact Assessments - The 3 Year Business Outlooks and Impact Assessments will capture the company's long term objectives and strategies. The 3 Year Outlooks will be developed by the Worldwide Product Group (WPG) and Advanced Technology (AT) group. Based upon these Outlooks, Impact Assessments will be prepared by S&M, PSS, Operations, ITG, Finance and HR. This process is described in detail below in the Key Enhancements & Changes section of this document. The WPG & AT 3 Year Business Outlooks will be completed by February 27; the Impact Assessments will be completed by March 20.

Product Group Technical Plan - The product group technical plan will be produced concurrently with the 3 Year Business Outlooks. This plan is technology focused and will be reviewed and approved by the BOOP in late March. It will also be used to drive the WPG & AT budgets.

FY96 Planning Memos, Targets, Assumptions and Guidelines - As in the past, 4 different types of information will be communicated at the beginning of the planning process. This information includes: 1) planning memos - to be produced by selected corporate entities in order to provide pertinent information to subsidiaries, operations and corporate cost centers (corporate G&A) as input to their FY96 plans; 2) targets, including revenue, profit, headcount targets - to be communicated by Steve in his memo and by Joachim, Bernard and Chas in their memos to the subsidiaries; 3) corporate planning assumptions - to be collected by the corporate planning group and distributed to all subsidiaries and corporate budget units (these include the OEM processor forecast, localization lists and budget exchange rates); 4) budget guidelines - also to be collected and distributed by the corporate planning group; these address specifics of how to budget specific items such as marketing, headcount and capital (e.g., accounts and types to use, etc.). Tactical memos, targets, planning assumptions and guidelines will be distributed at the beginning of April.

Revenue Planning (USFG and OEM) - USFG and OEM revenue planning will begin the budgeting phase of the planning cycle. These revenue plans will be completed and available prior to the onset of subsidiary budgeting. USFG and OEM Revenue planning will conclude on May 1.

WPG & AT Planning - WPG and AT planning will occur concurrently with USFG and OEM revenue planning. The technical plans, to be reviewed and approved at the end of March, will provide the top down basis for the WPG and AT detailed budgets. WPG and AT planning will conclude on May 15.

All Subsidiaries & US Planning - Planning for all subsidiaries will follow USFG revenue planning. In addition, US PSS, US Marketing, US Field and US Field Facilities planning will follow USFG revenue planning. This planning will occur from May 1 through June 1. Estimates of COGS and corporate allocations will be provided to the subsidiaries by May 1 as input to their planning.

Corporate Cost Center (Corporate G&A) Planning - All Corporate Cost Center (Corporate G&A) planning will also follow USFG revenue planning. Corporate Cost Centers (Corporate G&A) include ITG, HR, Finance, Legal, Corporate Services and Corporate Facilities. These groups will plan from May 1 through June 1.

Operations Planning - Operations/COGS planning will begin shortly after completion of the USFG revenue plan and will conclude once subsidiaries have completed their revenue plans. This planning will occur from May 8 through June 8.

GM Reviews & Scrubs - All GM reviews and budget scrubs will occur at the beginning of June.

Final Plans Submitted - All FY96 plans and associated key planning assumptions will be submitted by June 15 for rollup by the Corporate Controllers group.

BOOP Reviews - BOOP reviews will occur from June 15 through July 15.

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Final Consolidations - Final corporate consolidations will begin on June 15 and end on July 31. The FY96 Plan will be published on July 31.

Key Dates & Milestones

Listed below are the key dates and milestones for FY96 Planning:

Billg Strategy Memo	January 20
Worldwide Regional Directors Meeting (WWRDM)	February 6 - 8
Executive Retreat	February 9 - 11
BOOP Review of WPG & AT Outlooks	February 14 - 16
Final Outlooks Completed	February 27
Impact Assessments Completed	March 20
Final Presentation Templates	April 1
Final OEM Processor Forecast	April 1
Final Localization List	April 1
Worldwide Sales & Marketing Meeting (WWS&MM)	April 5 - 7
Final USFG Revenue Plan Completed	May 1
Final OEM Revenue Plan Completed	May 1
Subsidiary Planning Begins	May 1
All Final Plans Completed	June 15
OEM BOOP Review	June 14
Operations/TTG/Finance BOOP Review	June 15
NA BOOP Review	June 26
ICON BOOP Review	June 27
Far East BOOP Review	June 28
HR BOOP Review	June 29
End User/Org BOOP Review	July 5
Europe BOOP Review	July 6 - 8
MCS BOOP Review	July 10
PSS BOOP Review	July 11
AT/WPG BOOP Review	July 10-14
Final Plan Published	July 31

Key Enhancements & Changes

Presented below are the key enhancements and changes for FY96 Planning:

3 Year Business Outlooks & Impact Assessments - The BOOP has received numerous comments indicating the need for an overall process of developing and updating a strategic outlook that looks forward several years. Additional feedback to the BOOP has indicated that the fiscal year budget process is loaded with rework and that the rework is often due to a lack of clarity and agreement to a set of strategic plans and initiatives.

As a result, the 3 Year Business Outlook process has been established. This process will begin with Bill developing and disseminating an overall strategic direction memo in mid-January. During January, the product divisions and AT will prepare three year outlooks, quite similar to what was prepared last year for the Worldwide Regional Directors meeting. For the product divisions, this business outlook will be their input to the mid year reviews scheduled for February 14-16.

Based on feedback from the mid year reviews and from the BOOP, by the end of February, the product divisions and AT will submit revised three year business outlooks. These outlooks will then be provided

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to Sales & Marketing, PSS, Finance, Operations, ITG and HR, who will then develop an assessment of the impact of these outlooks on their plans for FY96. These assessments will be submitted to the BOOP for comments. All organizations will then be in a position to begin their detailed FY96 budget planning. These steps should significantly simplify 1995/96 budgeting, since the major strategic questions should be resolved. (The S&M Impact Assessment will be included in Steveb's FY96 planning memo).

The 3 Year Business Outlooks will focus on the high level strategic thrusts of the organization. These outlooks will describe the basic business as well as the major initiatives that have a significant impact on the business. For example, the outlooks will include projections of the basic business in the context of market shares, market sizes, etc. In addition, they will include the major initiatives anticipated over the next three years, when they will have an impact on revenue, market share and profit, and when they will require manpower/financial support, etc.

The key steps and dates in the Outlook process are as follows:

Billg strategy memo	1/20/95
Draft Three Year Business Outlooks submitted to BOOP	2/10/95
Mid Year Reviews for Product Divisions	2/14 -2/16/95
Final Three Year Business Outlooks submitted to BOOP	2/27/95
Final Outlook consolidation by Finance submitted to BOOP with open action items	3/13/95
S&M, PSS, Operations, HR, Finance and ITG submit their assessment of the impact of the Outlooks on FY 96	3/20/95
Final Outlook consolidation and FY96 planning instructions sent out by R Herbold	4/07/95

Timeline - As reflected in the high level FY96 Planning Timeline above, the basic timing and sequence of the budget process has been changed in two ways: 1) the amount of time allotted for budgeting has been reduced and 2) entities dependent on the US revenue plan will not budget in parallel with USFG but will budget after the USFG revenue plan is complete. The objectives of these changes are to directly reduce the amount of time spent budgeting and to ease the budgeting process for the subsidiaries, as well as for US PSS and Operations. The FY96 Planning Timeline, with USFG revenue planning ending on May 1 and subsidiary revenue planning beginning on May 1, will provide a better opportunity for the subsidiaries to index their revenue plans to the US. In addition, the timeline will allow the Corporate Controllers group to consolidate all budgets and key planning assumptions by June 15 for review by the BOOP prior to the planned BOOP reviews. This would enable the BOOP reviews to be more focused on strategic issues and discussions.

FY96 Plan BOOP Reviews - The template and process changes implemented for the FY95 MYR presentations will also be implemented for the FY96 Plan BOOP Reviews. The key changes which have been made for the presentations include the addition of more discussion slides, better consistency with monthly actuals reporting and more focus on trends and changes. In addition, most of the data contained within the slides will be prepopulated by the Corporate Controllers organization so that the subsidiaries can focus more time on analysis and preparation.

Revenue/COGS Planning - Revenue planning for subsidiaries will occur for all lines on the Rev Sum report. For Office and its components and Windows 95, subsidiaries will also plan to all pricing levels (FPP, ACAD, Select, MOLP, etc). Revenue planning for the US will occur at a more detailed level, similar to FY95. The US planning level will include more product families, particularly for Consumer Division products, as well as more pricing level detail.

Preliminary COGS forecasts will be developed by Operations and communicated at the beginning of the subsidiary planning process - May 1. After the subsidiaries have completed their planning, and prior to the GM reviews and budget scrubs, the COGS forecasts will be updated and recommunicated to the subs (June 8). The preliminary estimates will be based upon COGS run rates and preliminary assumptions (e.g... mix, material costs). The updated forecasts will reflect the mix percentages in the revenue plans.

Summary Account Budgeting - Subsidiary budgeting will occur at a summary account level this year, with exceptions reserved for unique local statutory requirements. Budgeting summary accounts, and not detailed sub-accounts, will eliminate a significant amount of detail which has been captured in the past. (As examples, this change will reduce the number of budgeted accounts used by GmbH by 68% - from 188 in FY95 to 61 in FY96 - and the number of budgeted accounts used by the US Channel by 26% - from 65 in FY95 to 48 in FY96). Per head targets for specified summary accounts, such as Supplies & Equipment, will be used by controllers to further ease budgeting for operating expenses.

People/Headcount Budgeting - Budgeting for people for FY96 has been changed to better capture the estimated numbers of non Microsoft personnel (e.g., temps, contractors) who are users of the Microsoft infrastructure (offices, phones, email). This change applies mainly to corporate entities, such as WPG, AT and the Corporate Cost Centers (Corporate G&A). The objective of this change is to obtain visibility to the size and impact of these groups and more specifically, to provide more accurate information to the corporate facilities group so that they can better plan for longer term buildings and construction requirements. Guidelines for budgeting people, including types and definitions (e.g., full time equivalent basis, other basis, etc) will be communicated prior to the budget cycle.

Tools - The planning tools and overall systems environment for FY96 planning have also undergone significant changes. The planning tools which will be used this year are the Budget Workbench (BWB) and FYPlan/FYControl. The BWB will be used in Europe, North America and all corporate budget units. FYPlan/FYControl is a package software solution; it will be used in ICON and is being evaluated for use in the Far East.

Several enhancements and changes have been made to the BWB for FY96. The focus of these changes have been on stabilization and fixes, particularly in the areas of data integrity, performance and reporting. The only major functional enhancements that have been made to the BWB are in the area of revenue planning. This set of enhancements will significantly reduce the number of input screens required for revenue planning.

FYPlan/FYControl will mainly replace the small sub models used last year throughout ICON and the Far East. In addition, subsidiaries in ICON and the Far East who used the BWB last year will also use this tool. One tool for all subs within these regions will allow for easier consolidation of budget information.

Controllers Organization - The new controllers organization has now been in place for almost a year. For FY96, the controllers are expected to be the key drivers of the planning process, working in conjunction with the Corporate Planning group. It will be the responsibility of the controllers to ensure that deadlines are met, to coordinate schedules, to disseminate and handle communications and to help resolve issues for the units they support. Most importantly, it will be the responsibility of the controllers to ensure that the units they support are efficiently leveraged and are able to focus their time on their areas of responsibility - sales, product development, product support, etc. - and not on the details and complexities of budgeting.

MS-PCA 2557166

Hardware

MS-PCA 2557167

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To: February 1995 WWRDM Attendees
From: Rick Thompson, Beth Featherstone
Date: February 1, 1995
RE: Pre-Reading: Input Device (Hardware) Group

The Message

Microsoft's Input Device businesses has returned to growth. The Natural Keyboard has been a huge success. Two new products ship in September 1995 (Joysticks and Kids Mouse-Trackball). We want to build the Input Device business from \$202MM in FY94 to \$500MM in FY97.

FY95 Q3 & Q4 Unit and Revenue Objectives

1. Finish FY95 at \$260MM total Input Device Group Revenues (up from \$202MM in FY94).
2. Ramp FG Natural Keyboard business to 750K units and \$60MM from 190K units and \$15MM in the first half of FY95.
3. Sell 1.1MM Mouse 2.0 units for \$50MM (vs 1.35MM for \$67MM in first half).
4. Sell 200K Home Mouse units for \$4MM (vs 300K units for \$7MM in first half).
5. OEM: Sell 5.5MM OEM Mouse units for \$50MM (vs 4MM units for \$46MM in first half).

FY96 Unit and Revenue Objectives

1. Drive total Input Device Group Revenues from \$260MM to \$375MM (FG and OEM).
2. Build the FG Natural Keyboard business to 2MM units and \$125MM revenue in FY96.
3. Sell 1MM incremental Hardware-Only Mouse units in the 90 days following the Win95 retail launch.
4. Increase Total Mouse FG units from 3MM to 4MM, and revenues from \$128MM to \$150MM, in this Win95 launch year. Capitalize on the Upgrade!
5. Launch the Microsoft Kids Mouse-Trackball. Sell 100K FG units for \$3MM in revenue.
6. Launch the Microsoft Joysticks. Sell 750K FG units for \$30MM in revenue.
7. OEM: Sell 1MM Mouse units per month. Sell 100K Keyboard units per month. Drive OEM revenues from \$100MM to \$140MM.

Marketing Objectives

1. Drive sales of Mouse 2.0 and Natural Keyboard to meet business objectives.
2. Develop programs that will turn the Windows 95 launch into the most successful holiday selling season ever for hardware products.
3. Increase share of the Home Mouse in the low-end mouse category while maximizing revenue.
4. Create a foundation for the successful launches of Kids Mouse-Trackball and Joystick.
5. Develop a positioning framework that drives users to purchase multiple Microsoft input devices.
6. Insure that the following subsidiaries and/or regions develop and commit to a revenue development plans for Mouse 2.0: NA, UK, France, Germany, Nordic, Japan, Canada, Australia, Latin America, AIME, APAC, Far East.

Strategies

1. Increase customer awareness of Mouse 2.0 and Keyboard by developing new channel opportunities: Outbound and mail order for Keyboard, mail order and expanded retail coverage for Mouse 2.0.
2. Develop a leveraged program to make people believe they need a Microsoft Mouse 2.0 and Natural Keyboard to get the most from Windows 95.
3. Take share away from Logitech and clone manufacturers at the low end of the mouse market by decreasing the street price of Home Mouse to \$29 and increasing breadth of distribution.
4. Utilize the mid-year review process to gain backing from Steve Ballmer and commitment from the subsidiaries on Mouse revenue development plans.
5. Create solid launch plans for Kids Mouse and Joystick that are supported by the channel and are successful in generating pre-orders.
6. Consolidate existing Hardware messages into a defining Microsoft Hardware positioning statement.

Tactics

1. Increase customer awareness of Mouse 2.0 and Keyboard by developing new channel opportunities: Outbound and mail order for Natural Keyboard, mail order and expanded retail coverage for Mouse 2.0.
 - Participate in the March Office/Consumer promotion targeted at SOHO.
 - Spend \$1 mil on Mouse 2.0 and Keyboard line advertising in Spring 95; develop upgrade line advertising for Mouse 2.0 and Keyboard and POS for Windows 95 launch.
 - Direct mail to 200K MIS, Risk Management professionals. Work with LARs to follow up on sales leads.
 - Create a cost effective way to cross sell Mouse and Keyboard in-box.
 - Develop Hardware sales and marketing opportunity plans for all direct accounts and Sr. Partners.
 - Create mail order and outbound channel opportunity plans.
 - Develop long term in-store merchandising program.
2. Develop a leveraged program to make people believe they need a Microsoft Mouse 2.0 and Natural Keyboard to get the most from Windows 95.
 - Make Mouse 2.0 and Keyboard a Focus Product in the Win95 launch and channel campaigns.
 - Recommend stocking levels and secure pre-orders for Mouse 2.0 and Keyboard.
 - Make Keith Kegley an integral part of the Windows 95 marketing team.
 - Develop Hardware line advertising campaign for Windows 95 with a "We're the best gear for Windows 95" message.
 - Prepare to achieve the same breadth of distribution as Windows 95 for Mouse 2.0 and Keyboard.
 - Leverage the Windows 95 in-store activities with hardware POS that ties to both our advertising and the Windows 95 POS materials.
 - Secure end-caps for Mouse 2.0 and Keyboard in the hardware section in-store.
3. Take share away from Logitech and clone manufacturers at the low end of the mouse market by decreasing the street price of Home Mouse to \$29 and increasing breadth of distribution.
 - Increase both sell-in and sell-through of Home Mouse in Q4 by reducing the street price to \$29 on April 1, 1995.
 - Utilize price reduction to increase breadth of distribution and stocking levels in price sensitive channel segments such as mass merchants.
 - Fund circular advertising in named Home Mouse accounts to promote lower price.
 - Create a reseller awareness/training program.
 - Conduct reg. base call downs to profile customers. Learn who is buying, where they are buying, and why they are buying.
 - Meet with channel partners and segment managers in segments where it is moving and not moving to gain insights, analyze results, and recommend FY96 action plans.
 - Perform ongoing sell through analysis and collect sales data from distis and resellers.
 - Develop FY96 Holiday plans based on the above findings.

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4. Utilize the mid-year review process to gain backing from Steve Ballmer and commitment from the subsidiaries on Mouse 2.0 revenue development plans.
 - Develop hardware slide for mid-year reviews to be part of the Consumer review.
 - Create templates for the plans and distribute to the subsidiaries.
 - Tour the subs after mid-year reviews to follow up and secure commitments.

5. Create solid launch plans for Kids Mouse and Joystick that are supported by the channel and are successful in generating the forecast amount of pre-orders.
 - NDA meetings with hardware buyers at named accounts.
 - Recommend stocking levels and secure pre-orders.
 - Create PR, advertising and launch programs to drive sales and gain channel support.
 - Be everywhere consumer software is sold in the channel.
 - Seed product for maximum PR and channel exposure.
 - Develop solid merchandising program in-store.
 - Secure the budget in FY96 to support launch efforts.

6. Consolidate and crystallize existing hardware messages into a single defining Microsoft Hardware positioning statement.
 - Work with Waggener Edstrom and Consumer Division brand managers to review our product messages and perceived customer perceptions.
 - Develop the positioning framework and messages for the Hardware family of products from Microsoft that encourages multiple purchases.
 - Test and validate the framework with consumers.
 - Create sparklers that fit the message.
 - Integrate the message into all our PR, advertising, field communications, RSP training, and collateral.

Concerns we've heard which need to be addressed

1. Clear strategy of OEM vs retail: We catch OEMs dumping product, we know who they are, and we do nothing. Europe is losing the most to OEM unbundling. What is our strategy? What do we want to accomplish

2. LORG: attitude of LORG sales force is that we are not part of Select... "Hardware is not part of Select... so not a LORG responsibility." Hardware IS part of Select (attach product... as a bonus they can buy 50 packs). What do we need to do better? This is IMPORTANT because the Natural Keyboard needs to sell in volume through LORG.

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Information Publishing
Database/Sales Analysis

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To: WWRDM Attendees
 From: Jeanne Chase, Jon Anderson
 Re: Intuit merger
 Date: January 31, 1995

In October 1994 Microsoft announced a merger with Intuit Inc., the leader in personal finance products. The merger is expected to be approved in the late March time frame. The merger will give Microsoft access to a huge installed base and exceptional success in the personal finance arena.

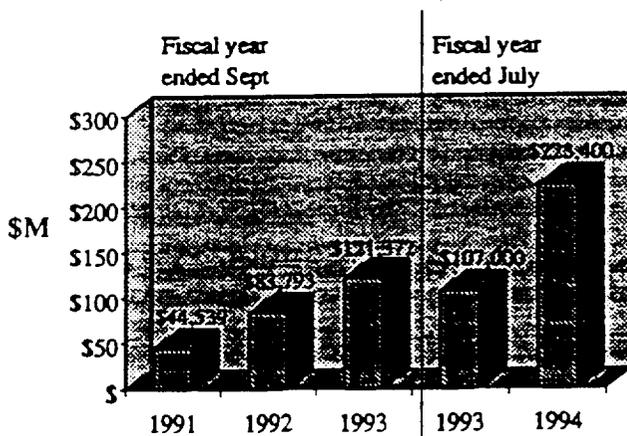
Outlined below is an overview of the business, organization, products, status and timeline of the merger. Also outlined are key sales and marketing issues that need to be resolved in the first three months following the Department of Justice approval.

Business Overview

Intuit's revenue was \$223 million in FY94. Intuit has a 65% market share in the Personal Finance category and Tax categories in the United States. Its installed base is 6 million users across Win/DOS/Mac platforms. Total revenue growth was 104% in 1993-1994 and 45% in 1992-1993. The growth was in part due to an expansion of its product line thru acquisitions. The company bought three tax and one online service provider last year. Intuit's revenue is broken out as follows: 31% from Quicken, 35% from Tax products, 19% from Supplies, 9% from QuickBooks and 6% from other products.

Intuit's international revenue is only 2% of total. However, according to SPA data, the US represents 87% of worldwide revenue for the Personal Finance category and 92% of worldwide units sold in H1 CY94. The reason Intuit's percentage is lower than worldwide SPA data is mainly due to its entering the international markets late. Intuit entered the UK in 1993, Germany in May of 1994 and plans to launch products in France in the summer of 1995. It also has a Canadian subsidiary. The products that generate the majority of international revenue are from the Quicken product line. The only share data available is in Germany where Quicken has a 55% unit share.

The charts below outlines revenue growth and p&l indicators:



Intuit		
	FY93	FY94*
Revenue	\$121m	\$223m
Net Revenue	100%	100%
CoGS	32%	34%
Gross Profit	68%	66%
Net Income	7%	7%
Costs as % Revenue		
R&D	10%	11%
Sales & Mktg	24%	22%
Manufact	7%	4%
Marketing	17%	14%
SG&A	19%	19%
Headcount		
R&D	20%	21%
S&M	22%	20%
SG&A	19%	17%
FIN	10%	17%
Revenue Per Head		
Revenue Per S&M Head	\$1,620	\$7,328
Revenue Per S&A Head	\$1,320	\$7,328
* Excludes Parsons		

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Products

Besides Intuit's flagship product, Quicken, other key products are:

- QuickBooks: a small business accounting product which does not require users to be familiar with traditional double entry accounting concepts and supports cash and accrual based A/P.
- QuickPay: an add-on product for Quicken and QuickBooks that calculates and tracks gross salary and payroll deductions for small businesses.
- Quick Invoice: add-on for Quicken allowing users to generate professional looking invoices.
- TurboTax for Business: an add-on to QuickBooks which allows software users to prepare US corporate returns.

Intuit develops and markets more than 360 software products in the US for individual tax returns which are sold under the brand name TurboTax, TurboTax ProSeries and MacInTax.

In the US, another important business is the Supplies business, a highly profitable business that represents 19% of Intuit's and ChipSoft's combined net sales. Intuit offers a range of paper supplies including checks, invoices, business envelopes, deposit slips and address stamps. These products are sold directly thru catalogs and thru "Intuit MarketPlace," a feature in Intuit's software products.

Intuit offers several automated financial services in the US, including Quicken VISA Card with IntelliCharge which allows users to integrate credit card expenditures into personal finance. It also offers Electronic Bill Payment, Tax Table Update Service and Quicken Quotes, a stock price service.

Localized product is limited to :

- Windows version of Quicken for the German market.
- Windows version of QuickBooks for the UK market.
- Windows and DOS Quicken for the UK, Australia and New Zealand markets.
- WinTax in Canada, QuickTax in the UK and Australian/New Zealand markets.

Organization

Intuit has a total of 1,704 employees including 129 in sales and marketing, 388 in product development, 514 in customer service and product support, 27 in manufacturing, 164 in finance, HR, and information service and a recent addition of 450 from the Parsons acquisition (see below). There are a total of 26 employees in Intuit's subsidiaries in Canada, UK and Germany.

Intuit has acquired four US companies since December 1993:

- Parsons Technology which develops and sells over 70 products in legal, tax, medical and advice oriented software. Major products are It's Legal (consumer legal sw), Personal Tax Edge (personal tax sw), Quickverse (Bible concordance) and Money Counts. Parsons is a direct marketing company and has 450 employees located in Cedar Rapids, Iowa. This merger was completed in Sept. 1994.
- ChipSoft, a developer of individual tax preparation products, including TurboTax, MacInTax as well as professional tax preparation software product, TurboTax Series. Intuit acquired ChipSoft in December 1993.
- Best, acquired in April 1994, which formerly had tax preparation products, is now solely a tax preparation service, located in Fredericksburg, Virginia.
- NPCI, an online banking and bill payment company with 20 employees

Since the October announcement, the organizational structure decisions that have been made are:

- Scott Cook, Chairman, will report to Bill Gates as Executive Vice President of Electronic Commerce.
- Bill Campbell, President and CEO will report to Mike Maples as Vice President, Personal Finance

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- The Intuit sales and marketing organizations will merge completely. The exact structure has not been decided.

Intuit Acquisition Status

Microsoft is in the process of responding to a Department of Justice (DOJ) second request (made 11/18/94). Microsoft will be working closely with the DOJ thru February to comply with their request. Once MS has satisfied the request, there is a 20 day waiting period before they approve the acquisition. Until the DOJ review is complete, information obtained about product development, marketing and sales and financial performance will be limited.

The optimistic timeline for the completion of the merger is as follows:

Mid February 1995	Complete response to DOJ second request
March 1995	Intuit shareholder approval of merger
March 1995	DOJ decides to not challenge the merger
April 1995	Close of merger

Transition Plan

In prior mergers and acquisitions Microsoft has done a poor job of integrating merged companies. Key employees have left, there have been significant operations problems, and, by and large, post-merger sales have been below forecast. Therefore MS is approaching the Intuit merger differently: with more resource, executive involvement and coordination.

Some key lessons learned from prior acquisitions are: 1) ensure there are clear goals throughout the process, 2) ensure there is an internal communication plan for both companies, 3) ensure key HR issues such as compensation and benefits are addressed so as to not lose key people, 4) ensure overall coordination thru a central contact, 5) ensure the right people are linked up, 6) make sure the approach is a win-win for both companies, and that the smaller company's feedback and issues have as much weight as Microsoft's.

Significant resource is being put behind transition planning. Dave Moore, Microsoft's full time coordinator of transition planning will work with Mike Ahearn (VP, HR for Intuit) coordinating from the Intuit side. There is a steering committee that will oversee the transition which includes Mike Maples. The core transition team for WW Sales and Support is Jon Anderson, Jeanne Chase, Linda Glenicki (PSS), Sharon Decker (NA), Jeff Lum (ICON), Chris Dittmer (FE), and Mike Metzger (Europe). There are focus groups organized for other major functions, including HR, Finance, ITG, Operations, Marketing, Legal and Product Development. These groups have identified components that must be transitioned, timeline, key issues and key players that must be involved. See \\global\village\meetings\wvrdm295\msplan.doc for detail on members and timeline of each area.

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Sales and Marketing Issues

Without DOJ approval, Microsoft is limited in how far it can proceed with planning in the sales and marketing area. Once approval is final, Intuit will release information needed to finalize decisions. Key issues, some of which will be addressed at the WWRDM, are:

Worldwide Product launch: will there be a coordinated worldwide push to introduce Intuit's products? Will Intuit products be under the Microsoft brand? How will MS market these products? Who will be the owners of the launch in Microsoft and Intuit? Status: to be decided by SteveB and Bill Campbell.

Organization: A decision must be made on how the UK and German subsidiaries will merge. Timeline: 60-90 days from DOJ approval. Owners: SteveB, BernardV, Bill Campbell.

Channel: Intuit markets and sells directly as well as selling through the channel and believes that direct sales will be an increasingly important channel of sales for their products. In the US, all of the tax and supplies products and approximately 60% of its personal tax products are sold using direct response marketing. Microsoft has traditionally downplayed direct selling.

supporting the strong partnerships developed through the years with the reseller channel. Microsoft's position after the merger on direct selling must be clarified and communicated to the channel. Timeline: 60 days from DOJ approval. Owners: US: Sharon Decker, Alan Gleisher; Europe: Michell Lacombe and Mike Metzger, ICON: Jeff Lum, FE: Chris Dittmer

Customer communications, sales force communications: Microsoft and Intuit customers are going to need to know what impact the merger will have on them. MS will need to educate the Global sales and consulting organization about the merger and provide the tools and information to equip them to answer customer questions in a well-informed manner. Timeline: 30 days from DOJ approval. Owners: N. America: Jeff Raikes, Sharon Decker, Alan Gleisher; Europe: Bernard Vergnes, ICON: Jeff Lum, FE: Chris Dittmer

Customer database integration: with Intuit's installed base of 6 million users¹, it will be important to have a smooth integration of the two customer databases to optimize selling, cross selling and customer information. Timeline: 30 days for overall strategy, 6 month estimate for integration. Owner: Angus Cunningham, Bill Strauss

Sales training: Sales and Product training will need to be developed and delivered to both organizations on a global bases. Who gets trained, timelines, delivery mechanisms etc. will need to be determined. Timeline: 60 days. Worldwide Owners: Cheryl Gleason and Alan Gleisher

Terms and Conditions: With differing Ts and Cs, MS will need to develop a plan for merging all Ts and Cs, communicating changes to customers and sales people and minimizing the impact of terms that must co-exist for a period. Timeline: by July 1, 1995 so as to integrate into annual contracts. Owners: Johan Liedgren, Sharon Decker, Alan Gleisher; Europe: Richard Lindh, ICON: Jeff Lum, FE: Chris Dittmer

Other areas in sales and marketing being addressed by focus groups are market research, product messaging and packaging.

Additional Information

Complete list of US products: \\globalvillage\meetings\wwrdm295\intuit.doc

List of transition teams, time lines and owners \\globalvillage\meetings\wwrdm295\msplan.doc

¹ Exact number of registered users is not known at this point.



MS-PCA 2557177

Localization

MS-PCA 2557177

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To: February 1995 WWRDM Attendees
From: David Brooks
Date: January 17, 1995
RE: FY96 Localization Planning and Business Case Process

This memo is an overview of the FY96 Localization Planning Process. A list of localized products proposed for FY96 will be attached to this cover letter when distributed to Regional Directors for review in February.

For pre-reading, we have attached a draft of the pro forma business case process to be used for requesting changes to the proposed list. Please review for WWRDM session. Key issues to discuss:

- Review of escalation path
- Accountability of subsidiaries and product units
- "Multiplier" concept merely a benchmark

Timeline

Dates will be included in planning memo distributed in February.

Localization Planning Schedule

January	Davidbr Team	fy96 localization planning - WWRDM pre-reading
February	Davidbr Team	preliminary list distributed
End Feb	Regional Directors	submit requests for changes, with business case, to IMMs
March	Regional Directors	negotiations with Int'l Marketing Managers
March	Int'l Marketing Managers	forward unresolved requests to Davidbr
March	Davidbr Team	review unresolved requests, forward to BOOP for resolution.
March	BOOP	review unresolved requests
March 31	Davidbr Team	publish final list (to be in synch with budget process/timeline)

Business Case Process

The process for handling requests from subsidiaries for changes to the list has been revised and clarified. Based on past process feedback, the key rationale behind the new process is to clarify decision making process, simplify criteria, and provide accountability.

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Changes from the past process summarized below:

	Past Process	Proposed Process
Sponsor	General Manager	Regional Director
Process & Owner	Not clear	Defined
Cost Data	Not included in sub's analysis	Included
Accountability (Sub and WPG)	Weak	At MYR and FY Planning
Escalation	Not defined	In stages, ultimately to BOOP
Criteria	Varied by product unit	Vary by product unit, with common corporate benchmark
Localization Plan	Alternatives not defined	Specific levels defined
Planning Horizon	Fiscal year	Product life cycle

Proposed business case key points:

- Requests for additional products or other changes will be the responsibility of the Regional Director. Subsidiaries should forward their requests, with a business case, to their Regional Director - not to the Product Unit in Redmond or Ireland.
- Regional Directors will be accountable for the financial impact of projects requested by their subs. Actual results of projects requested by subs will be reviewed at MYR and FY planning and compared with business case projections.
- Estimated localization cost data are being distributed to assist in business case preparation. These are rough estimates only, but they are useful in evaluating the potential bottom-line impact of additional projects, etc. More refined data will be prepared if required.
- A "multiplier" concept will be used to assist in decision making. The "multiplier" is as follows:

$$\text{Multiplier} = \text{Incremental Revenue} / \text{Localization Cost}$$

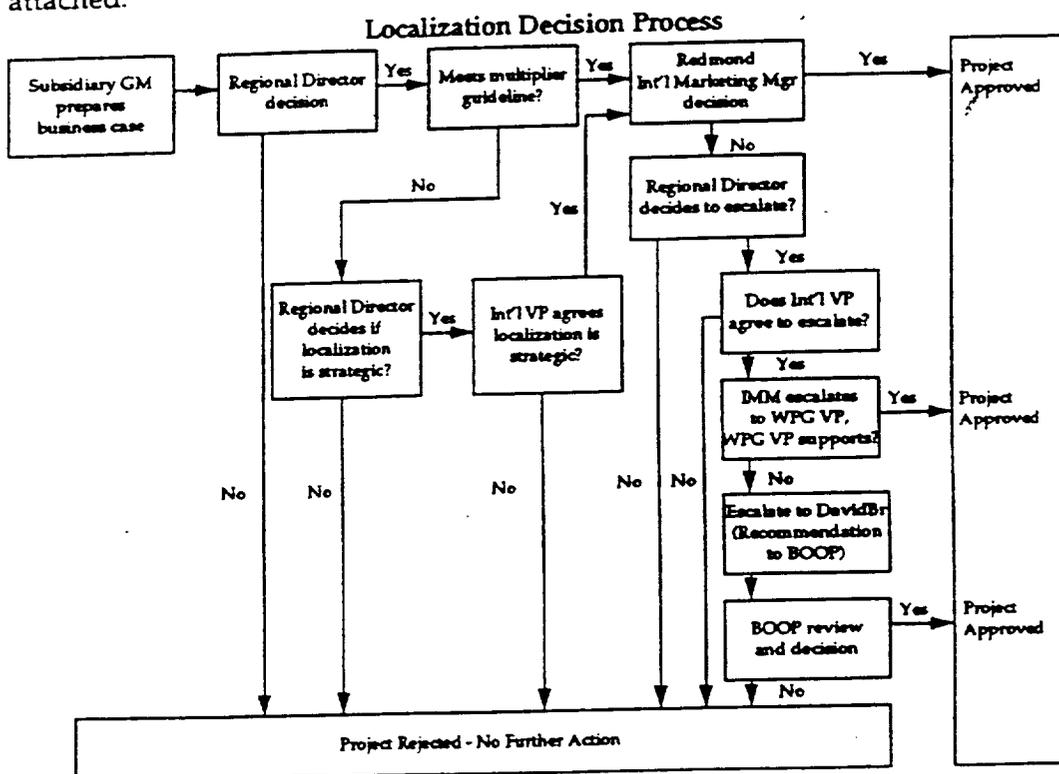
For decision-making purposes, projects with a multiplier of 5 will meet FY96 profit goals. Projects with a multiplier below 2 are unprofitable and projects in the middle are marginal.

- The "multiplier" will be calculated on a lifecycle basis - not a fiscal year basis. Evaluation of the profitability of a project will not be impacted, therefore, by delays in RTM. Per Steveb's instructions, however, subs will be held to FY96 revenue targets regardless of slips in RTM.

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- Requests will be reviewed initially by the International Marketing Manager in the appropriate product unit. If the IMM and Regional Director cannot agree, the request will be escalated to the VP level. Remaining unresolved requests will be reviewed by my group and presented to the BOOP with our recommendation.

A flow chart summarizing the process and a list of IMMs for each product are attached.



- Subs' requests channeled through Regional Director - responsible for reviewing business cases and negotiating with product units.
- Simple business case (2-3 pages) high-lights what's requested, revenue opportunity, marketing & support plans, strategic rationale, etc.
- "Multiplier" test used to identify projects likely to be unprofitable. Multiplier = incremental revenue divided by incremental cost (recommend guideline: 5). Projects that fail the test can be proposed as "strategic".

Request is initially reviewed by product group (Int'l Mktg Mgr level). Product group decision based on own financial goals, resources, vendor capabilities, etc.

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- Projects turned down by product group can be escalated through Int'l group to BOOP.
- Approved projects added to sub's FY96 revenue plan - actuals reviewed at MYR and during budget.

Decision Criteria and Other Considerations

Subs' requests will be handled on a case-by-case basis - there are no "automatic" approvals. In addition to financial impacts, other criteria that affect the decision include resource availability, strategic importance, technical issues, and vendor qualifications. Product groups may choose to apply their own criteria in reviewing proposals - these may be overturned in the escalation process. A number of considerations should be kept in mind:

- Consumer Division's international strategy is to focus on a small number of markets with significant home PC shipments. In accordance with this strategy, and due to the cost and difficulty of localizing content-rich products, Consumer Division has indicated they will not be able to approve additional requests.
- Deltas for almost all markets are planned at less than 120 days, and our ability to shorten them further is limited. Windows 95 and Office 95 will ship at approximately the same time, creating a huge peak in localization work. This will severely limit our ability to respond to requests for shorter deltas for these products.

Other Comments

The business case process is designed to provide a mechanism for subsidiaries to obtain product they believe necessary in their market. Some required products may not be profitable - this does not preclude them from consideration. The strategic rationale for an unprofitable product should be spelled out, though, in the business case submitted. Subsidiary GMs and Regional Directors will be held accountable for the commitments made in business cases - business cases should, therefore, be based on conservative revenue projections.

If you believe the data in the attachments are incorrect, are having difficulty interpreting the attachments, or wish to propose changes to the process please get in touch with me directly. Otherwise, business cases should be presented to the people identified in the attached list of IMMs.

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International Marketing Manager (IMM) Contacts by Division

Product Division	Intl Marketing Mgr - Primary Contact	Secondary Contact
DAD	Matt Mizerak	France Buvle
POS	Christian Wildfeuer	Andreas Berglund
BSD	Dwight Krossa	Thomas Reinemer
DDT	Bjorn Hovstadius	Miguel Rabay or Alfredo Pizzirani, Europe
Consumer	Shane Kim or Randy Thatcher, Hardware	

Business Case Coordinators by Language

Language	Regional Director
Arabic	Bryan Nelson
Bahasa Indonesia	Jeff Lum
Bahasa Malaysia	Jeff Lum
Basque	Umberto Paolucci
Brazilian - Portuguese	Orlando Ayala
Catalan	Umberto Paolucci
Czech	Christian Wedell
Danish	Mats Wennberg
Dutch	Patrick de Smedt
Farsi	Bryan Nelson
Finnish	Mats Wennberg
French	Jean-Philippe Courtois
French Canadian	Frank Clegg
German	Christian Wedell
Greek	Bryan Nelson
Hangeul	Charles Stevens
Hebrew	Bryan Nelson
Hungarian	Christian Wedell
Italian	Umberto Paolucci
Japanese	Charles Stevens
Mandarin	Charles Stevens
Mandarin Chinese	Charles Stevens
Norwegian	Mats Wennberg
Polish	Christian Wedell
Portuguese - Iberian	Umberto Paolucci
Russian	Christian Wedell
Spanish (Latin America)	Orlando Ayala
Spanish (Spain)	Umberto Paolucci
Swedish	Mats Wennberg
Thai Enabled	Jeff Lum
Turkish	Bryan Nelson

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PRO FORMA BUSINESS CASE

LOCALIZATION BUSINESS CASE: [Product Name] Example: Word 6.0 for Windows Slovenian

DATE: 10/14/94
 TO: [Intl Marketing Manager, Division]
 FROM: [Regional Director/Requestor, Title and Subsidiary]
 CC: Int'lstra [Davidbr Team]

SUBMITTED: During planning cycle Outside planning cycle
 Meets multiplier Strategic Change delta Change localization level

APPROVED: YES NO

BUSINESS CASE INFORMATION: Completed by Requestor.

Previous localization:	<input type="checkbox"/> Yes <input type="checkbox"/> No	<u>Cost</u>
Localization level:	1 <input type="checkbox"/> Full localization	\$450,000 (from database)
	2 <input type="checkbox"/> Localized software, doc, help, few add-ins	\$250,000
	3 <input checked="" type="checkbox"/> Enabled, localized box/doc	\$100,000
	4 <input type="checkbox"/> Enabled	\$50,000

SKUs: Retail 5.25" Retail 1.44" Upgrade Competitive Upgrade
 Academic Edition CD ROM

REVENUE OPPORTUNITY: Completed by Requestor. Over product lifecycle of 18 months.

English net revenue without localization:

	<u>Product</u>	<u>Units</u>	<u>Net Rev/Unit</u>	<u>Net Revenue</u>
First 12 months	English	500	\$300.00	\$150,000
Rest of lifecycle	English	1,000	\$300.00	\$300,000
English net revenue without localized product:				\$450,000

English net revenue with localization:

First 12 months	English	100	\$300.00	\$ 30,000
Rest of lifecycle	English	500	\$300.00	\$150,000
English net revenue with localized product:				\$180,000

Localized product net revenue:

First 12 months	Slovenian*	1,000	\$350.00	\$350,000
Rest of lifecycle	Slovenian	2,000	\$350.00	\$700,000
Net revenue of localized product:				\$1,050,000
English + localized net revenue:				\$1,230,000

*Breakdown forecast per market for languages with more than one market i.e., Spanish.

Incremental net revenue of localized product: \$780,000
 [English + localized net revenue] - [English revenue w/o localized product]

Net Revenue Multiplier: [multiplier] = [incremental sales] divided by [localization cost]
 7.8 = \$780,000/\$100,000

Metric [7.8] >= multiplier of 5? Yes No

If multiplier > 5, then proposed localization increases corporate profitability.

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APPENDIX A: Pro Forma Business Case Cont'd
Market Information and Strategic Rationale

MARKET INFORMATION: Market info derived from localization database.

Region:	Eastern Europe (list box)	
Market:	Slovenia (list box)	
GNP growth:	50%	
Per capita income:	\$ 15,000	
Population:	2,300,000	
# language speakers:	1,000,000	
PC (Intel) installed base:	75,000	PC growth rate:
PC installed base - networked:	25,000	PC networked growth rate:
PC installed base - home:	5,000	PC home growth rate:
# Windows:	30,000	
# MS product English version:	1,000	
Piracy rate:	40%	

COMPETITIVE ENVIRONMENT: Completed by Requestor.

Competitor:	Lotus AmiPro
Competitor product localized:	<input type="checkbox"/> Yes <input type="checkbox"/> No
Competitor product localization level:	<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input checked="" type="checkbox"/> 3 <input type="checkbox"/> 4
Top competitor local product units installed based:	10,000
Top competitor market share:	20%
Features, add-ins required to be competitive:	Slovenian font styles
Timing issues, need by:	Spring 95 Trade Show

STRATEGIC NEED: Completed by Requestor.

If strategic product, describe rationale and major opportunities.

MARKETING AND SUPPORT: Completed by Requestor.

Briefly describe marketing plan for product:

Support plan for product:

List those involved in marketing and support for product

<u>Name</u>	<u>Title</u>	<u>% Time</u>
-------------	--------------	---------------

% Time

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APPENDIX A: Pro Forma Business Case cont'd
 Localization Planning and Metrics Information

LOCALIZATION PLANNING/IF APPROVED: Completed by Product Division.

US release date: 1/1/95
 Target Localization RTM date: 4/1/95 Delta: 90 days
 Localization start date: 12/1/94 (if approved)
 Localization site: Dublin Redmond Far East Other:
 Manufacturing site (PEARS confirms) US Ireland Singapore Australia
 Mexico Brazil Japan Korea Taiwan
 Will be reviewed: 1/1/96 Mid-year

POST LOCALIZATION METRICS: Completed by DavidBr Team.

Actual review date: 1/1/96 Reviewed by: David Brooks
 Actual release to manufacturing: 3/20/95 Actual delta: 80 days
 Product released on time: Yes No # days off estimate:
 Product actual cost: \$100,000
 Product sales to date: Projected Actual
 (6/1/95 - 12/1/95) 500 units \$125,000 200 units \$70,000
 Actual annual rate: 1,000 units \$350,000 400 units \$140,000
 Product meeting sales target: Yes No
 Next review date: 5/1/96 (12 months)

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Market Dynamics

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To: February 1995 WWRDM Attendees
From: R.J. Herbold
Date: January 25, 1995
RE: Market Dynamics

The purpose of this document is to review the market dynamics of the personal computer business and to forecast the implications of these key trends in the desktop applications area. Also, we review our pricing practices and discuss what those practices have generated in the past year and what we believe the future may hold in the price/revenue area.

BACKGROUND - In recent years, there have been several major efforts to do a better job of quantifying the market dynamics of our categories of business. Recently the Desktop Application Division (DAD) has developed a very thorough model that we hope to reapply in other divisions. It does an excellent job of isolating key measures, enabling us to develop a forecast for the future that is far more factually based than we have ever been able to accomplish before. We will review that model and discuss the short-term implications.

Additionally, our pricing practices have become fairly complex. While Select was certainly a successful step forward in standardizing our approach with major customers, it is complicated. Most importantly, our current pricing procedures have caused drastic changes in the way people are purchasing our products. This has generated a very significant decrease in our revenue per unit and that trend could continue in the future as people learn how to take best advantage of our pricing structure. We review what has occurred recently and estimate what may happen in the future.

KEY MARKETING TRENDS - In early 1994 the DAD organization worked with a highly skilled consultant in pulling together a variety of data sources. The purpose was to develop an overall model of the market size of not only the PC business, but also key software components such as spreadsheets and word processing tools.

The consulting firm used here was International Planning and Research (IPR), headquartered in Philadelphia. This service is used by most of the hardware manufacturers such as Compaq, Apple, IBM, Intel, etc. They primarily track and forecast worldwide PC hardware shipments and market shares. For Microsoft, they are providing a forecast of PC shipments, operating system (OS) installs, and word processing (WP) and spreadsheet (SS) installs. To do this, they have developed algorithms and incorporated key judgments that have been developed over 15 years of experience. Naturally, the validity of this system depends on the breadth and quality of the data sources and none of these forecasts are perfect. On the other hand, this work is clearly the best we have been able to achieve in developing a sound quantitative model for forecasting these important trends.

THE PC FORECAST METHODOLOGY - The PC forecast begins with the development of population estimates by market segment (number of employees, schools, households, etc.). Next, PC penetration rates are applied to the population counts to calculate the size of the PC penetrated population. Then an estimate of the average number of PCs per penetrated population is applied to compute the installed base of PCs.

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The PC installed base grows through time as a result of population growth, changes in penetration rate, and growth in an average number of PCs per penetrated population. These growth factors are effected by industry events such as new products and price changes as well as overall economic climate. IPR estimates these impacts for each market segment (business, education, government, home). PC units shipped to end customers are calculated as the sum of the changes in the installed base plus the number of existing PCs that are replaced with new PCs. PC replacements are computed by multiplying the previous year's installed base by an estimated replacement rate (which is also impacted by industry events and the overall economic climate).

SOFTWARE FORECASTING - A software forecast is developed after completion of the PC forecast. While operating system installs are tracked and forecasted, we will not focus on that element here. Instead, we will focus on spreadsheets and word processors.

Software package installs are the sum of three components:

1. Software installs which are system related; that is, those packages installed at the time of the purchase of the computer, or at a point in time in the future when the system still has no packages in that software category.
2. Additional software installs which are non-system related; that is, those packages installed onto an existing computer that has one or more packages of this category already installed.
3. Software upgrades which are non-system related; that is, a new version of a software package installed on an existing computer.

There are three parallel software replacement components. The software installed base by software category at the end of a period equals the software installed base at the beginning of the period plus the sum of the installations minus the sum of the replacements. Each of the estimated three software install components by segment in software category are split into revenue status (legal versus pirated). Finally, legal installs are multiplied by an average selling price to compute software revenue.

We should point out that while estimates are made here by outside experts in areas like piracy, second home-machine dynamics, what happens when old machines are passed on, etc. they are certainly not perfect and we plan to work to better understand these things.

Analyzing all of the resulting data, the following are the key findings:

1. The US is fully saturated with word processing and spreadsheets on existing PCs. Both word processing and spreadsheets have exhibited flat penetration rates for the last couple of years. Overall word processor penetration has remained near 75%; that is, on average there are 75 word processor packages for each 100 installed PCs, including pirated packages. Overall spreadsheet penetration has remained near 50% for the last two years. It's clear from this data that saturation for a particular type of software package can occur before penetration reaches 100%.
2. Growth in the installed base of word processor and spreadsheets has come from increases in the installed base of PCs. Between the end of 1989 and the end of 1993 the installed base of workplace PCs increased by 12 million and home PCs by 13 million, totaling 25 million. These

increases were new PCs in some situations and additional PCs in others. These increases generated demand for 19 million word processor (WP) packages and 14 million spreadsheet (SS) packages. Importantly, pirates siphoned off about 40% of this new demand, leaving 11 million WP packages and 8 million SS packages for legal sale over this period.

We estimate that an additional 9 million (5 million legal) WP packages and 7 million (4 million legal) SS packages were acquired as version or competitive upgrades.

3. Microsoft accounted for a large share of the legal sales of both WPs and SSs. Specifically, Microsoft sold about 5.5 million WP packages or a share of 35% of total legal sales of 16 million. Microsoft sold about 4.5 million SS packages for a share of 38% of the total legal sales of 12 million.

4. Of Microsoft's 10 million WP/SS packages sold between 1990 and 1993, we estimate most of that can be attributed to growth in the PC market. Specifically, about 62% can be attributed to growth in PC hardware; primarily the 25 million PCs added to the installed base. About 24% can be attributed to Microsoft's success with Windows; that is, the market's acceptance of it as a WP/SS platform as well as Microsoft's high share of Windows applications. The remaining 14% is accounted for by share patterns for each operating system platform (extra high early share on Windows, rising share on Macs) and other normal software churning. All of this is summarized in Exhibit I.

Note that Exhibit I shows that 1994 has been a phenomenal year for Microsoft; a 2 million unit increase in new WP/SS units, primarily due to market share gains rather than the impact of growth in the installed base of PCs or the adoption of Windows.

5. We estimate the installed base of PCs (net PC shipments) increased less than 5% in 1994, compared with increases of 44% in 1992 and 19% in 1993. The shift toward Windows was nearly complete by 1993 (72% of WP/SS packages sold in 1993 were for Windows, rising to about 82% in 1994. This 10 percentage point increase is about half as large as the increase between 1992 and 1993). Microsoft market shares of the word processor and spreadsheet markets are provided in Exhibit II.

6. Microsoft's growth in new licenses for WP/SS in the period ahead is likely to decline steeply. 1994's large share gains by Microsoft are not likely to be repeated. We certainly hope they could be, but we need to be somewhat realistic here. Also, it is not likely that other forces of strength that accounted for Microsoft's growth for 1994 will reemerge in the period ahead. The shift to Windows '95 will not have the same impact as Windows 3.x had on Microsoft's sales, almost regardless of how many PCs adopt Windows '95 since Microsoft's share of Windows 16 bit apps is already so high. This is seen in Exhibit III.

7. The installed base of PCs in the US will continue to expand rapidly, outpacing population growth by at least a factor of five. On the other hand, the rate of change is leveling off and we will likely decline in the period ahead causing a decline in the number of new PCs needing word processors and spreadsheets. These trends are seen in Exhibit IV. It's important to note that the business market is far from full PC saturation (flat PCs per population), but it is relatively mature (60% replacement). "Keyboards" per "white collar" employee is about 70% in many business segments. About 70% of "keyboards" are already PCs.

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The home market is less mature (34% replacement) and we will capture a large percentage of the net additions to the PC installed base. The PC growth in the higher income classes is being driven by increasing the number of PCs per household, where piracy risks are likely to be great. Home PC data is in Exhibit V.

POTENTIAL OPPORTUNITIES - There are some factors that could temporarily elevate Microsoft growth versus these forecasts. For example, adoption of Windows '95 could generate a lot more replacement activity and we need to do whatever we can to encourage this.

Piracy is a huge problem. If we could come up with ways to make progress here it would have big revenue potential. Also, there may be larger increases in the PC penetration levels. Again, we need to do whatever we can to encourage this.

THE FORECASTS - Using the methodology that we have briefly described above, we provide here the estimates of PC hardware in the US as well as word processor and spreadsheet volumes. We will not go through the intricate calculations here but instead simply provide the final forecasts.

Concerning PC hardware, while we saw a 26% increase in PC shipments in 1993 and 11% in 1994, the estimates for 1995 and 1996 are 9% and 7.5% respectively.

Concerning word processors, while total market growth rates of 21% and 12% were experienced in 1993 and 1994 respectively, the estimate for the next two years is +6% annually for both years. If we basically hold our shares with existing word processor offerings and get about a 70% share of Windows 32 bit word processors (as outlined in Exhibit III), we forecast that our WP units would grow about 13% in 1995 and 10% in 1996. This is a dramatic decline from the 27% growth rate in 1993 and 51% growth rate in 1994.

Similarly with spreadsheets, the total spreadsheet market grew 23% in 1993 and 8% in 1994. The estimates for the next two years are +9% per year. Again, assuming we basically hold our shares with existing spreadsheet offerings, and get about a 70% share of Windows 32 bit spreadsheets, our units of spreadsheets should grow at 11% and 13% respectively for 1995 and 1996. This again is a major decline versus the +38% and +58% experienced in 1993 and 1994.

PRICING - Our Select pricing tools have been very valuable to us in bringing discipline to the complicated subject of selling our software to major accounts. On the other hand, the complexity of these offers and the variety of price points within a specific offer has led us to being unable to accurately forecast where all this will lead us with respect to dollars per license and the "mix" of revenue by pricing option.

In Exhibit VI we show what has occurred during the first six months of 1994/95 versus a year ago with respect to dollars per license and license mix. We see that dollars per license have decreased 28%; from a level of \$351 per license to \$252 per license. Importantly, actual number of licenses has increased 121% versus a year ago and that has led to a revenue increase of +59%. Net, while we incurred a price decrease of 28% across our line, this has led to a major gain in market share and the number of licenses sold versus a year ago and a healthy revenue increase (+59%).

Using these trends from the past year, we can forecast what might occur a year from now with respect to our price and license mix. Such a forecast is seen in Exhibit VII. We have assumed a profile for license mix for the first half of fiscal year 1995/96 that reflects recent trends, with the

key changes being a further decline in FPP and a further increase in Select and academic. The other changes are fairly modest. Assuming a 10% decrease in dollars per license as customers take best advantage of the various types of purchase options, and using this new license mix profile, if actual number of licenses only increase +20%, we would see a revenue decline of -3%. Hopefully, we will see a larger increase in actual number of licenses sold. As noted on the bottom of Exhibit VII, if we experience a +40% increase in licenses, our revenue would increase about +13%.

Net, we are probably going to be in for a significantly different type of year in 1995/96 with respect to Office. Namely, we will be impacted by the saturation levels discussed early with respect to hardware and word processor and spreadsheet penetration. This coupled with our pricing schemes could make it a challenging year from a revenue perspective with respect to Microsoft Office.

OVERALL ASSESSMENT - Stepping back from all this, we need to make sure we keep strong pressure against selling our Office and individual word processor, spreadsheet, etc. applications. We should not make these estimates self fulfilling prophecies! Our job is to overachieve in these areas! On the other hand, given our aggressive revenue goals, we need to make sure we are very successful with other elements of our line such as BackOffice and Consumer. It's very important that this be reflected in our up front planning as we tackle our business for 1995/96.

We look forward to our discussion of this material at the WWRDM.

RJH

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Exhibit I
Microsoft's Combined WP/SS Sales

<u>Year</u>	<u>WP/SS Units</u>	<u>Growth</u>	<u>Major Factors</u>
1990	1,067,000		
1991	1,977,000	85%	Windows, PC Growth
1992	3,018,000	53%	PC Growth
1993	<u>3,974,000</u>	<u>32%</u>	<u>Windows</u>
1990-93	10,036,000		PC Growth (62%), Windows (24%), Other (14%)
1994	6,162,000	54%	Share Gains in Windows

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Exhibit II
Microsoft Market Shares of Windows WPs and SSs

<u>Year</u>	<u>Word Processors</u>	<u>Spreadsheets</u>
1990	88%	98%
1991	57%	77%
1992	50%	54%
1993	47%	48%
1994	62%	65%

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Exhibit III
Microsoft Word Processor Market Shares

<u>Year</u>	<u>DOS</u>	<u>Win 16</u>	<u>Win 16 - DOS</u>	<u>Estimated Win 32</u>
1990	6%	88%	82%	
1991	6%	57%	51%	
1992	6%	50%	44%	
1993	5%	47%	42%	
1994	4%	62%	58%	
1995		63%		73%
1996		63%		70%

Exhibit IV
New PCs and Additional *PCs

<u>Year</u>	<u>Bus</u>	<u>Govt/Ed</u>	<u>Home</u>	<u>Total</u>	<u>%Home</u>
1990	1758	648	2511	4917	51%
1991	1375	713	2819	4907	58
1992	2585	1025	3440	7050	49
1993	2811	1246	4321	8378	52
1994	2587	1140	4932	8658	57
1995	2293	1066	5234	8593	61
1996	2115	1009	5200	8324	63

*Additional means the purchaser already has one PC and this purchase is for an additional PC for that household.

Exhibit V
The Home PC Market

<u>Year</u>	<u>New Home PCs</u>	<u>Additional Home PCs</u>	<u>Home Total</u>	<u>% Adds</u>
1990	1,500,000	1,011,000	2,511,000	40
1991	1,703,000	1,116,000	2,819,000	40
1992	2,307,000	1,133,000	3,440,000	33
1993	2,807,000	1,514,000	4,321,000	35
1994	2,707,000	2,225,000	4,932,000	45
1995	2,589,000	2,645,000	5,234,000	50
1996	2,409,000	2,791,000	5,200,000	54

Exhibit VI
Microsoft Office
Price and License Mix Shifts
Worldwide Data

Licenses

<u>Price Option</u>	<u>FY94 - H1</u>	<u>FY95 - H1</u>	<u>% Change</u>
Competitive Upgrade	215	688	+220%
Special Agreement	54	187	+246%
Academic	36	274	+661%
OEM	6	96	+1,500%
FPP	486	494	+2%
MLP/MOLP (STD)	185	246	+33%
Select (STD)	<u>64</u>	<u>327</u>	<u>+411%</u>
Total	1,046	2,313	+121%

\$ Per License

<u>Price Option</u>	<u>FY94 - H1</u>	<u>FY95 - H1</u>	<u>% Change</u>
Competitive Upgrade	252	229	-9%
Special Agreement	172	139	-19%
Academic	200	100	-50%
OEM	333	137	-59%
FPP	428	400	-7%
MLP/MOLP (STD)	352	332	-6%
Select (STD)	<u>331</u>	<u>243</u>	<u>-27%</u>
Average	351	252	-28%

License Mix

<u>Price Option</u>	<u>FY94 - H1</u>	<u>FY95 - H1</u>
Competitive Upgrade	21%	30%
Special Agreement	5%	8%
Academic	3%	12%
OEM	1%	4%
FPP	46%	21%
MLP/MOLP (STD)	18%	11%
Select (STD)	6%	14%

Revenue in \$ Thousands

<u>Price Option</u>	<u>FY 94 - H1</u>	<u>FY95 - H1</u>	<u>% Change</u>
Competitive Upgrade	54,158	157,657	+191%
Special Agreement	9,392	26,125	+178%
Academic	7,178	27,387	+282%
OEM	1,968	13,152	+568%
FPP	207,748	197,563	-5%
MLP/MOLP (STD)	65,112	81,719	+26%
Select (STD)	<u>21,128</u>	<u>79,516</u>	<u>+276%</u>
Total	366,684	583,119	+59%

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Exhibit VII
Microsoft Office
Price and License Mix Shift
Worldwide FY96 - H1 Forecast

License Mix

<u>Price Option</u>	<u>Actual FY95 - H1</u>	<u>Assumed FY96 - H1</u>
Competitive Upgrade	30%	30%
Special Agreement	8%	10%
Academic	12%	14%
OEM	4%	6%
FPP	21%	10%
MLP/MOLP (STD)	11%	9%
Select (STD)	14%	21%

Licenses

<u>Price Option</u>	<u>Actual FY95 - H1</u>	<u>FY96 - H1*</u>
Competitive Upgrade	688	832
Special Agreement	187	277
Academic	274	388
OEM	96	167
FPP	494	277
MLP/MOLP (STD)	246	250
Select (STD)	327	583
Total	2,312	2,774

*Total license growth of +20% broken out by license mix.

\$ Per License

<u>Price Option</u>	<u>Actual FY95 - H1</u>	<u>Assumed % Change</u>	<u>Estimated FY96 - H1</u>
Competitive Upgrade	229	-10%	206
Special Agreement	139	-10%	125
Academic	100	-10%	90
OEM	137	-10%	123
FPP	400	-10%	360
MLP/MOLP (STD)	332	-10%	299
Select (STD)	243	-10%	219
Average	252		227

Revenue (License @ \$ Per License) in % Thousands

<u>Price Option</u>	<u>Actual FY 95 - H1</u>	<u>Estimated FY96 - H1</u>	<u>% Change</u>
Competitive Upgrade	157,657	171,392	+9%
Special Agreement	26,125	34,625	+33%
Academic	27,387	34,920	+28%
OEM	13,152	20,541	+56%
FPP	197,563	99,720	-50%
MLP/MOLP (STD)	81,719	74,750	-9%
Select (STD)	79,516	127,677	+61%
Total	583,119	563,625	-3%

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Note: If actual licenses increase by +40% versus the +20% assumed above, total revenue grows by +13%.

Microsoft Network

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To: February 1995 WWRDM Attendees
From: Bill Miller
Date: February 2, 1995
RE: The Microsoft Network WWRDM Backgrounder

1. Introduction and Executive Summary

This document covers the marketing strategy and plan for The Microsoft Network. In particular, it will describe the opportunity and impact on our field organizations for FY96 including preliminary staffing and revenue budgeting recommendations. Specific strategies for End user, SMORG, LORG and markets utilizing the sales force, product marketing, Solution Providers and the channel will be discussed.

The online market is growing rapidly and is projected to be a two billion dollar market¹ within five years. This opportunity has attracted new entrants including ATT Interchange and Europe Online (based upon a technology agreement with ATT). Microsoft will enter this business during Q1/FY96. MSN will compete directly in the online services business against players such as CompuServe, Prodigy, America Online and the new entrants. There are also new services planned specifically for large and small organizations that we will compete with including AT&T Network Notes and InternetMCL. Within the next three years, the revenue impact will become significant for Microsoft. However, during FY96, customer acquisition and developing Independent Content Provider² (ICP) relationships will be the primary goals for the field organization.

Access to The Microsoft Network will be a feature of Windows 95. Our primary marketing goal is to acquire and retain a large number of subscribers. To that end, we will first build a vibrant electronic community utilizing a set of basic communications and information services. The basic services include email, BBS and Internet email and newsgroup access, chatting, and a base offering of news, sports, financial market and weather information. Additionally, MSN members will be offered access to an array of extended services such as branded information, entertainment, and shopping provided by Microsoft and Independent Content Provider companies. Many of these extended services will be built with a new development system - code named Blackbird and available in FY96 - which is an advanced publishing system for developing rich multimedia services for the MSN online environment.

MSN services will be targeted at end-users at home, in small businesses, and in large organizations. We expect that third parties will provide a wide range of information and services targeted at these customers. This includes many Microsoft large accounts who will use MSN as a tool to communicate with and provide information to their channels and customers. To insure that MSN is able to deliver a rich, valuable, and credible offering the MOS team has put a special focus on some specific customer segments. The planned focus segments (we call them beachheads³) are 1) the Microsoft enthusiast customer (depends upon Microsoft products and always wants to know the latest), 2) the PC information and support seeker, 3) the small office/ home office customer, 4) families with children in elementary and/or junior high school, and 5) the hobbyist. Other market segments will find value in MSN and we will support third parties who will provide information and services beyond these beachheads.

Because of MSN's wide availability and communications focus, we expect that large and medium organizations will want to use MSN as a communications tool for their own purposes (e.g., communicating with their sales force, channels and customers). MSN will provide our LORG customers with a managed alternative to creating an independent BBS or putting up a World Wide Web server which we call a MSN forum⁴. Late in FY96, new services will be introduced providing more comprehensive, back-end, LAN connection services targeted at large organizations. These organization services⁵ will interoperate with the Microsoft Backoffice (including Catapult) and Exchange products.

The MSN marketing plan, product features and the Independent Content Provider and beachhead plans are available on \\whitesox\vnktpublans.

¹ 1994 SIMBA research

² See MSN Terms - Section 9

³ See MSN Terms

⁴ See MSN Terms

⁵ See MSN Terms

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2. Channel Strategies

2.1 LORG and the sales force

Large organizations will want to use MSN as a tool to communicate with, market to and support their customers and channels. MSN will enable companies to publish product information, maintain private BBS services for their channels, and sell product via email forms based systems. The sales force will be trained and provided with tools to promote private (access limited to an approved list) and public MSN forums. An annual fee structure is being developed and MSN forum space will be sold to LORGs by the sales force. Additionally, the sales force (for all channels) should direct organizations interested in creating an MSN forum to the MSN developer and design conferences planned for both the US (May 95) and Europe (date TBD).

Late in FY96, new services are planned that will be specifically targeted at LORG and SMORG. These services will extend customers LANs to connect directly to the online world. These will run on Backoffice and provide: administrative control so that IS can manage what MSN services are visible and available; local replicated datastore of selected MSN information; and internal publishing capabilities based upon Blackbird. The sales force will be able to use these planned capabilities as another reason for accounts to standardize on Microsoft Backoffice. This effort will be supported by the SE's supporting Exchange who will be trained on this strategy.

Large accounts will also want to use MSN internally as a source for PC support and information from Microsoft and other vendors. Corporate account billing will be available (while end users will pay for subscriptions and usage with credit cards or direct debit.)

2.2 SMORG and Solution Providers

One of the goals of MSN is to provide small organizations with services that generally are only available in large organizations with infrastructure and scale. Wide area Email and BBS communications for internal use, interacting with suppliers, and to support their channels without capital investment or technical support are available on MSN. Additionally, business services from third parties are being developed and will provide a range of services including: database marketing, legal, accounting, printing, information databases, etc. A complete description of the plan is found in the SOHO (small office/home office) beachhead plan found on \\whitesox\mktpub\plans.

Solution providers will want to use MSN as a tool to prospect, sell to and support their customers and should be sold MSN forums for this. Some Solution Providers will also be used to provide various services to ICPs including: Blackbird design; backend database integration consulting; forum setup and maintenance; email forms based order systems development; and other custom applications based upon Blackbird or the MSN SDK.

2.3 End user channel

Since Windows 95 will be the product that retailers sell and there will be no MSN SKU to be sold, the channel promotions will be those tied directly to Windows 95. The main opportunity for retailers and the distributors will be to use MSN as a tool to better run their businesses. This includes the same applications described above - to communicate with, market to and support their customers and channels. MSN will enable distributors and retailers to publish product information, maintain private BBS services for their customers, and sell product via email forms based systems.

Online shopping for software will be possible before online delivery is practical (generally only small add in products will be practical to deliver at dial-up modem speeds.) Therefore, some of our retailers will begin experiments in online selling in FY96.

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The retail sales force will be responsible for selling MSN forum space to retailers for both shopping and communications and support applications on the same terms and in the same way that the sales force will to LORGs.

2.4 OEM

The OEM sales force will have the same opportunities to sell MSN forums to OEMs for the same applications as other channel partners. Additionally, for larger OEMs, MOS marketing people are recruiting them to run information, support and marketing areas for their customers as part of the "the PC information and support seeker" beachhead. For key OEMs we will waive the MSN forum fees.

3. MSN as a Microsoft tool

3.1 Online Product Support Services

Local PSS services will be delivered via MSN as per the PSS plan.

3.2 Marketing information and communication

In addition to PSS support services, Microsoft will have a coordinated set of services and information available for customers. Each product and service group in Redmond is planning to provide a set of services for the channel and customers on MSN. This includes product information, knowledge base and PSS support. Add in products like macros, templates and clip art will be available for download and MSN will be used to get direct customer feedback. This effort is being driven by Stevewil in the MOS group who is working with the groups responsible for Microsoft communications to our customers and is detailed as a part of the PC_indus.doc plan found on \\whitesox\mktpubplans.

Subsidiary marketing should plan to extend these areas with language and local market specific information, local newsletters, price lists, and other information can be posted to location specific BBS and download read only areas or, be added to the product areas. The Sysop⁶ management of marketing information areas should be done with existing headcount from the marketing staff.

4. FY96 Goals and Plans

4.1 FY96 Budget Goals

The primary goal for MSN in FY96 is to acquire the maximum number of Windows 95 customers as subscribers to MSN. Given modem penetrations, telecommunications charges and differences in ICP provided content, the US should attract and retain the highest percentage of customers followed by Europe. The goal is to get a high percentage of Windows 95 customers to try MSN's free offer. The trial percentages are as follows: 15% in the US and Canada, 10% in Europe and 5% in ROW. The subscription goal is to get 60% of those who trial to subscribe.

Revenues will be forecast by each subsidiary and will come primarily from customer subscriptions and hourly usage during FY96. Additional revenue will come from online transactions for information, services and products and from advertising but these will be minimal in FY96.

Worldwide revenues are projected at \$165M for FY96.

⁶ See MSN Terms

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4.2 Recruiting Independent Content Providers

Extended⁷ and base services will be developed for MSN by publishers, retailers, service businesses and others. In FY96 the sales force will recruit these third parties for MSN as a part of the overall sales mission. Currently recruitment and management of these relationships is done worldwide by MOS staff (Johnwil and Alex Knight organizations in US, Gerardb organization in Europe.) The MOS group will continue to staff personnel in EHQ and Redmond and add heads to support the ROW who will support these selling activities with marketing materials, demonstrations, multinational agreements, terms negotiation and approve non-standard terms.

In addition to organizations that Microsoft currently has relationships with (currently Microsoft customers), the volume of interest from other third parties is very high so, the MOS team has implemented a program to "automate" the relationship with potential third parties who want to be on MSN. This includes email (MSNINFO@Microsoft.com) and faxback (1/800-4MSNFAX or 908/885-6439) services for information about how to work with the MSN and developer and design conferences.

4.3 FY96 Staffing Requirements

End user marketing programs will need to be implemented in local markets including PR, promotion, ICP co-marketing, local sales training and support, pricing input, and events. An MSN product manager(s) is recommended in each of the major subsidiaries and regional offices. The MSN product manager will be responsible for the development and implementation of local programs. This person should work closely with the local Windows 95 product manager and the MOS international product manager (Mauroc). Additionally, SE's will be necessary to support the sales and marketing efforts. These heads will be hired by and report to local subsidiary management and take strong direction from MOS management. Recommended staffing levels are shown below in Section 11.

The OCU sales group will be trained to integrate MSN organizational services into their marketing and selling, but we will not add dedicated heads in OCU. MOS will add a small number of heads to support OCU selling.

5. MSN Marketing

MSN access will be a feature of Windows 95 therefore, the primary customer acquisition tool will be the offer made to new Windows 95 customers during setup. MSN marketing will be a part of Windows 95 messaging and additional MOS specific programs will be implemented to attract and retain MSN customers. A quick feed direct mail program will be initiated to offer MSN to customers who don't trial soon after registering Windows 95. Co-marketing programs will be developed with third parties to target their current customer base. The MSN marketing budget for the subsidiaries will be a percentage of the Windows 95 marketing budgets.

6. MOS Contacts

European business development: Gerardb, EHQ
Beachhead plans and ICP factory: Johnwil
International marketing plans, pricing, local access coverage: Mauroc
News, Weather, Sports, Stock content: Keithro
Sysop recruitment: Robmich
Customer service and support: Georgeme
Organization Services: Dianam
Shopping, database: Kenschn

⁷ See MSN Terms

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7. Customer Support

Customer service, product support and billing will be outsourced for MSN. The vendors supplying these services are described below. These groups will interface with Microsoft PSS and calls will be referred between PSS and these organizations as appropriate.

Customer Service

MCI's Business Markets group will provide customer service for MSN members in North and South America. MCI's primary responsibility will be to support in-bound customer service calls and MSN on-line messages. The call center will initially staff approximately 125 Microsoft Service Professionals (MSPs) offering 7 x 24 coverage.

Decisions Group will provide customer service for members in England, Scandinavia, the Far East, and other English speaking and minority languages from their facility in London, England. They will also provide Technical Support for certain small volume languages.

Merit Communications is a sister company of Decisions Group and is located outside Brussels, Belgium. They will be providing customer service to the rest of Europe and is managed by the Decisions Group. Between the two companies, they will provide service to 33 different countries in 18 languages starting with 65 MSPs between the two sites. Given the time zones covered, they will effectively have a 7 x 24 operation although there will be some limitations in service depending upon language. Toll free customer support is being provided in most countries.

Product Support

Corporate Software will provide technical product support from two locations, Dallas, Texas and Leiden, Netherlands. Corporate Software already provides technical support for many Microsoft applications including support to Microsoft Ltd. from their Dallas facility. Initially, they will have approximately 30 support people in Dallas and 15 in Leiden. MSN tech support will be a toll call.

Billing Services

Microsoft Network will be priced in 19 different currencies. We will offer two billing options, credit cards for most consumers and direct billing for Corporate Accounts. We are contracting with NABANCO, the largest credit card processor in the world to provide authorization and collection of credit cards. They will be able to provide the local currency processing we require. Corporate Account billing and collection is being outsourced to Dun and Bradstreet and will be managed out of the US and London.

8. Strategic Relationships

The Microsoft Online Services group has developed several strategic relationships to ensure wide availability of MSN and Internet services for Windows 95 customers.

In December, we announced a relationship with TCI, the largest cable operator in the US. TCI's Technology Ventures group has made a \$125M investment in the Microsoft Online Services Partnership (MOSP) for which they will own a 20% share in the profit and loss of MSN. This in no way affects our strategies, ICP relationships, relations or flexibility with other carriers, or our MOS staff.

Why did we do this? First, Microsoft — and its ICPs — gain access into TCI's 20 million homes for cable service. Given TCI's participation in the profits of MSN, we gain a strong and highly motivated marketing partner who will help ensure that cable is a popular way to access MSN services. Finally, the technical solutions that we develop with TCI will help us provide high speed access from other cable operators. Although we are open to other equity relationships it is unlikely that Microsoft will add partners to the MOSP unless another unique opportunity is found.

In January, we announced our Internet strategy. We announced a strategic relationship with UUNET, one of the original local access providers (LAPs) for the Internet. UUNET will build out a TCP/IP network with dedicated capacity to provide our customers with the quality and reliability of service which they expect from Microsoft. We believe that our entry into this market will dramatically increase the usage of

the Internet and since the existing Internet infrastructure is insufficient to support our projected demand we plan to increase the dial up infrastructure commensurate with the amount of traffic our customers will generate. The service will support up to 28.8kps modem and ISDN access. Our goal is to provide one button access to the full Internet available worldwide (staged buildout with first availability at end of 1995) for all Windows 95 customers via MSN. We have also acquired a license for NCSA standard Mosaic from Spyglass, which we will enhance and use to provide Web viewing in MSN and Windows 95 (note that this capability will not be included in Windows 95 and will be downloaded to MSN customers in late '95.)

Microsoft has previously announced agreements with AT&T, Sprint and British Telecom for dial-up X.25 network access. This UUNET agreement is in addition to those existing relationships. UUNET will be Microsoft's primary provider of dial-up access using Internet protocols. We may add other access providers (local PTTs and cable operators) in the future based upon pricing and access speed but, we believe that we have good carriage for our launch and do not expect to add carriers/new infrastructure partners, except in Japan, for some time.

Microsoft has also created and announced a Joint Venture with Telstra in Australia to provide MSN services to that continent. We will consider other strategic relationships (currently evaluating in Japan) but we are not actively looking for them.

9. Terms

Independent Content Provider - an organization who offers a service by creating a forum on MSN. Includes publishing, media, retail, and other types of organizations. Also called an ICP.

MSN forum - an area created by and managed by a ICP or a Microsoft contracted Sysop. A forum could include product and service information (price lists, collateral, advertising, dealer lists, etc.) support services, and support transactions for information, services and ordering goods. The ICP will pay a "rental" fee for the forum and a percentage of revenues generated by transactions to Microsoft.

Sysop - a system operations person. Generally called a forum manager on MSN. Manages the administrative functions of a forum and manages and drives the community of the forum (in some cases this includes creating content for download libraries, securing speakers for chat sessions and other production). Many are paid Microsoft contractors who manage forums that MOS wants to drive to both attract and retain customers. Others are employees of third parties who have MSN forums.

Beach head - a market segment that is given specific focus by MOS marketing to ensure that a critical mass of content, services and ICPs are available for that segment.

Base services - those services available for the MSN subscription price

Extended services - those services available to MSN subscribers which require additional subscriptions or transaction fees in addition to the base MSN subscription and connect fees. These can come from third parties including from Microsoft product groups (such as the Consumer Division).

Organization services - a set of services targeted at organizations enabling connection to MSN services and administration of those services from a Windows NT server. Availability is planned for end of FY96. Dianam is contact within MOS for more information.

Information Provider - a term often used for ICPs who publish information as a primary business. Same as IP.

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10. MOS Revenues

	FY96	FY97	FY98
Revenue			
Subscription & Connect Time	\$142,039	\$353,241	\$504,674
Net Premium Service Revenue	2,998	43,060	120,666
Advertising Revenue	-	35,000	56,000
Total Revenues	\$145,037	\$431,301	\$681,340
Cost of Goods Sold			
Telecom Charges	\$88,491	\$194,470	\$275,592
Royalties	9,000	12,000	16,000
Disk Duplication Costs	4,073	1,003	998
Billing & Collections	8,368	29,697	57,378
Total Cost of Goods Sold	\$109,932	\$237,170	\$349,968
Gross Profit	\$35,105	\$194,131	\$331,372
End of Period MSN Subscribers (1000's)	1,462	2,608	4,331

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11. Access and Localization

Countries w/ network access	Mktg Heads	SE Heads	Localized Client	In currency billing	In language support	Base Content
US Regions		4	X	X	X	ENGL
Europe						
Austria			X	X	X	GERM
Belgium			X	X	X	FRENCH
Bulgaria						ENGL
Czech Republic			X		X	ENGL
Denmark			X	X	X	ENGL
Finland			X	X	X	ENGL
France	2	1	X	X	X	FRENCH
Germany	2	1	X	X	X	GERM
Hungary			X		X	ENGL
Ireland			X	X	X	ENGL
Italy	1	1	X	X	X	ENGL
Luxembourg			X		X	ENGL
Netherlands			X	X	X	ENGL
Norway			X	X	X	ENGL
Portugal			X	X	X	ENGL
Romania						ENGL
Russia			X		X	ENGL
Spain	1		X	X	X	ENGL
Sweden	2	1	X	X	X	ENGL
Switzerland			X	X	X	GERM
UK	2	1	X	X	X	ENGL
APAC	1	1				
Australia			X	X	X	ENGL
Singapore			X		X	ENGL
New Zealand			X	X	X	ENGL
Indonesia						ENGL
Philippines					ENGL	ENGL
Malaysia						ENGL
Thailand					ENGL	ENGL
Far East						
Hong Kong			X		X	ENGL
Japan	2	1	X	X	X	TBD
Korea			TBD		X	ENGL
Taiwan			TBD		X	ENGL
AIME						
India					ENGL	ENGL
Israel					ENGL	ENGL
Kuwait					X	ENGL
Oman					X	ENGL
South Africa			X		X	ENGL
Turkey			X			ENGL
Latin America	1	1				
Mexico			X		X	ENGL
Venezuela			X		X	ENGL
Peru			X		X	ENGL
Colombia			X		X	ENGL

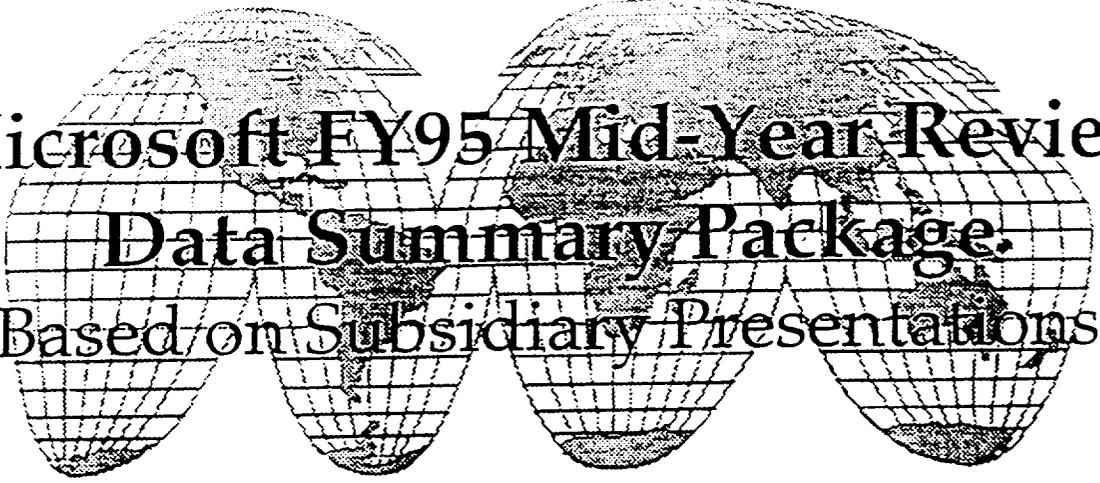
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**Microsoft FY95 Mid-Year Review
Data Summary Package.
(Based on Subsidiary Presentations)**

**Preliminary data as of January 31, 1995
(Contains FE, APAC, Europe & NA data only)**

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Changes made to FE Sub presentations after 1/5/95, APAC Sub presentations after 1/10/95, EUROPE Sub presentations after 1/17/95, or to NA Sub presentations after 1/31/95 will not be reflected in this package.

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Total Market Licenses - Spreadsheet Licenses	25
Total Market Licenses - Database Licenses	26
Total Market Licenses - Server Licenses	27
Total Microsoft Installed Base	28
Total Microsoft Installed Base - Word Processing Installed Base	29
Total Microsoft Installed Base - Spreadsheet Installed Base	30
Total Microsoft Installed Base - Databases Installed Base	31
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Street Pricing - Office, FPP	49
Street Pricing - Office, CUP	50
Street Pricing - Word, FPP	51
Street Pricing - Word, CUP	52
Street Pricing - Excel, FPP	53
Street Pricing - Excel, Cup	54

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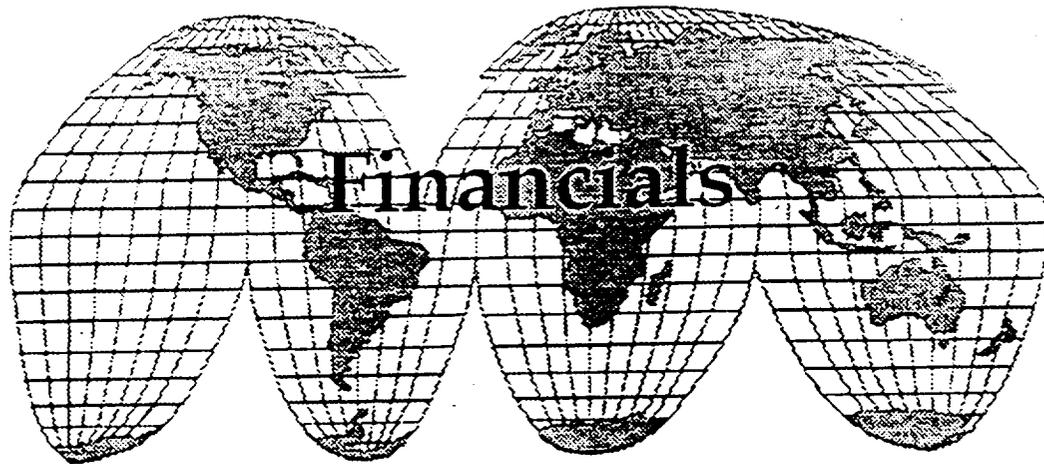
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Average Exchange Rate Assumptions for FY95 MYR

<u>Sales Location</u>	<u>Functional Currency Type</u>	<u>FY94YTD Avg Fx</u>	<u>FY95YTD Avg Fx</u>	<u>FY95FCST Avg Fx</u>	<u>FY95BJD Avg Fx</u>
North America					
Canada	LC	1.3338	1.3699	1.42	1.32
US	US\$	1	1	1	1
Europe					
Austria	LC	11.8394	10.9365	10.493	12.61
Belgium	LC	35.1556	31.9879	30.8	37.55
Czechoslovakia	US\$	1	1	1	1
Denmark	LC	6.6357	6.1065	5.8905	6.93
East Europe Other	US\$	1	1	1	1
European Headquarters, Paris	LC	5.778	5.3271	5.1273	6.09
European Operations Center, Dublin	LC	0	0	0	0
Finland	LC	5.6536	4.9395	4.5807	5.83
France	LC	5.778	5.3271	5.1273	6.09
Germany	LC	1.683	1.5537	1.4946	1.79
Greece	US\$	1	1	1	1
Holland	LC	1.8889	1.7422	1.6765	2.02
Hungary	US\$	1	1	1	1
Italy	LC	1620.4637	1579.8252	1557.5	1650
Norway	LC	7.268	6.7932	6.548	7.66
Poland	US\$	1	1	1	1
Portugal	LC	170.8572	158.9609	156.36	186
Russia	US\$	1	1	1	1
Slovenia	US\$	1	1	1	1
Spain	LC	136.3187	129.4872	126.26	148
Sweden	LC	7.958	7.5371	7.213	8.21
Switzerland	LC	1.4525	1.3048	1.2425	1.5
United Kingdom	LC	0.66751218	0.63865117	0.6132	0.69444444
APAC					
Australia	LC	0.6908	0.7412	0.738389	0.729927
Indonesia/ Philippines	US\$	1	1	1	1
Malaysia	US\$	1	1	1	1
New Zealand	LC	0.5615	0.6062	0.608606	0.59005
Singapore	US\$	1	1	1	1
Thailand	US\$	1	1	1	1
Latin America					
Argentina	US\$	1	1	1	1
Brazil	US\$	1	1	1	1
Caribbean	US\$	1	1	1	1
Chile	US\$	1	1	1	1
Colombia	US\$	1	1	1	1
Ecuador	US\$	1	1	1	1
Mexico	US\$	1	1	1	1
Peru	US\$	1	1	1	1
Venezuela	US\$	1	1	1	1
AMEE					
Dubai/Middle East	US\$	1	1	1	1
Greece	US\$	1	1	1	1
India	US\$	1	1	1	1
Israel	US\$	1	1	1	1
Morocco/ North Africa	US\$	1	1	1	1
S Africa	US\$	1	1	1	1
Turkey	US\$	1	1	1	1
Far East					
Hong Kong	US\$	1	1	1	1
Japan	LC	106.22	98.848	95.43	108.33
Korea	LC	807.88	801.0721	800.45	808
PR China	US\$	1	1	1	1
Taiwan	LC	26.6676	26.3329	26.5	26.4

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P & L Revenue and Contribution %
(US\$)

0280 0005840
31-Jan
Please RECONCILE to Budget. If there is a difference, it will be in the P&L Statement. Please refer to the use of Avg for Bids. See the APAC Revenue Analysis. See 028072 for the Assumptions.

Location
US
Canada
Total North America

Europe
European Headquarters, Paris
United Kingdom
Sweden
Norway
Denmark
Finland
Germany
Poland
Czechoslovakia
Hungary
Austria
Slovenia
Australia
Switzerland
France
Spain
Portugal
Belgium
Noland
Italy
East Europe Other
Total Europe

ICON
APAC
Australia
New Zealand
Singapore
Thailand
Malaysia
Indonesia/ Philippines
Other APAC
Total APAC

Latin America
Mexico
Brazil
Venezuela
Chile
Colombia
Argentina
Caribbean
Ecuador
Peru
Other LA
Total LA

AIME
S Africa
Turkey
Morocco/ North Africa
Dubai/Middle East
Israel
India
Greece
Other AIME
Total AIME

Other Redmond ICON
Total ICON

Far East
Japan
Korea
Taiwan
Hong Kong
PR China
Other Far East
Total Far East

WW Total

	FY95 YTD Actual				FY95 Forecast			
	FG		Total Business		FG		Total Business	
	Net Rev	Cont. %	Net Rev	Cont. %	Net Rev	Cont. %	Net Rev	Cont. %
US	881,508,592	32%	1,361,309,804	41%	1,688,424,000	23%	2,707,345,960	35%
Canada	72,685,094	37%	74,617,512	37%	133,125,676	28%	136,858,070	29%
Total North America	954,283,686	32%	1,435,927,316	40%	1,821,549,676	23%	2,844,204,030	35%
Europe	996	-8252%	179,189	-20%	2,070	-77100%	372,343	-401%
European Headquarters, Paris	146,028,637	37%	168,268,399	41%	315,716,037	33%	370,963,917	38%
United Kingdom	42,703,127	43%	46,233,427	45%	89,518,025	41%	96,479,940	42%
Sweden	14,083,389	41%	19,585,622	46%	33,177,779	40%	40,310,402	44%
Norway	14,805,777	31%	16,510,191	35%	34,465,429	34%	39,322,984	38%
Denmark	10,283,130	31%	16,866,910	46%	21,366,812	33%	37,725,880	47%
Finland	147,608,934	26%	181,422,714	28%	331,562,536	25%	467,392,722	31%
Germany	5,489,472	37%	6,981,552	40%	11,005,131	37%	15,936,414	45%
Poland	9,150,767	50%	11,097,073	62%	15,596,163	55%	19,096,163	58%
Czechoslovakia	5,374,042	41%	5,737,650	47%	10,737,426	38%	12,073,426	40%
Hungary	4,784,882	37%	5,153,054	35%	9,347,195	27%	11,263,195	31%
Austria	472,842	31%	513,310	39%	1,574,842	0%	1,733,310	8%
Slovenia	16,149,989	25%	16,886,865	25%	35,618,368	23%	38,126,612	25%
Australia	41,726,433	39%	43,897,379	40%	91,837,056	39%	94,767,839	40%
Switzerland	133,854,495	40%	144,019,640	41%	276,370,799	36%	302,846,174	38%
France	15,830,864	43%	18,819,821	46%	30,024,897	36%	36,428,395	39%
Spain	7,540,163	38%	8,127,448	40%	16,057,565	39%	17,565,926	41%
Portugal	22,131,405	40%	24,957,890	43%	43,447,446	34%	48,826,644	38%
Belgium	25,950,212	36%	31,764,057	41%	55,910,063	32%	69,383,800	38%
Noland	44,991,553	50%	60,238,519	54%	96,431,019	44%	127,631,252	50%
Italy	1,154,532	79%	1,182,316	79%	2,333,723	79%	2,677,523	82%
East Europe Other	14,155,643	37%	828,156,225	40%	1,521,594,521	34%	1,850,824,538	38%
Total Europe								
ICON								
APAC								
Australia	99,730,447	28%	118,049,389	32%	207,626,083	24%	252,300,367	29%
New Zealand	28,248,103	26%	32,170,901	32%	60,403,611	23%	68,500,800	31%
Singapore	6,850,992	41%	23,281,905	64%	12,864,469	33%	42,258,476	58%
Thailand	2,547,992	47%	2,784,792	48%	4,748,541	40%	4,746,217	37%
Malaysia	3,944,075	48%	4,074,075	43%	7,081,013	40%	8,380,504	38%
Indonesia/ Philippines	1,459,000	53%	1,464,000	53%	3,003,546	47%	2,784,931	42%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	142,780,609	29%	181,795,063	37%	296,727,463	25%	378,863,301	33%
Latin America	0	0%	0	0%	0	0%	0	0%
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0	0%	0	0%	0	0%	0	0%
AIME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%
Total AIME	0	0%	0	0%	0	0%	0	0%
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	142,780,609	29%	181,795,063	37%	296,727,463	25%	378,863,301	33%
Far East								
Japan	132,078,140	33%	192,226,728	49%	380,889,771	35%	634,278,287	46%
Korea	12,109,877	43%	14,977,915	33%	28,604,700	41%	55,837,148	44%
Taiwan	8,224,256	29%	24,734,965	60%	25,160,555	27%	66,052,136	55%
Hong Kong	8,867,872	45%	13,137,799	43%	19,713,170	38%	34,482,806	41%
PR China	1,082,832	-28%	1,271,714	-18%	4,236,367	-12%	5,789,077	14%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	142,342,597	36%	246,399,121	46%	458,503,663	33%	846,139,434	47%
WW Total	1,973,582,534	34%	2,692,276,724	41%	4,097,176,222	29%	5,720,003,543	37%

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Data Updated
31-Jan

From Historical & Budget Entries
FY08 Net Revs & Contrib Margin % are
due to the use of Avg. FY08
FY08 Net Revs & Contrib Margin %
derived from the FY08 Budget

P & L Revenue and Contribution %
(US\$)

Location	FY08 Budget		Total Business		Forecast vs Budget		Total Business	
	Net Rev	Cont. %	Net Rev	Cont. %	Net Rev	Cont. %	Net Rev	Cont. %
US	1,758,125,982	23%	2,672,553,241	31%	-69,701,982	22%	34,792,719	36%
Canada	140,983,977	28%	141,611,977	27%	-7,858,301	30%	-4,753,907	-20%
Total North America	1,899,109,959	23%	2,814,165,218	30%	-77,560,283	23%	30,038,812	42%
Europe	0	0%	0	0%	2,070	-75624%	372,343	-392%
European Headquarters, Paris	0	0%	325,606,658	34%	27,144,240	50%	45,357,260	63%
United Kingdom	288,551,798	32%	84,957,743	33%	10,718,270	112%	11,522,204	108%
Sweden	78,799,756	32%	35,006,470	38%	4,606,971	86%	5,303,932	84%
Norway	28,570,808	33%	34,766,472	35%	2,777,366	46%	4,556,512	60%
Denmark	31,688,264	33%	30,037,491	47%	4,691,791	40%	7,688,390	48%
Finland	16,675,021	31%	623,087,112	44%	-59,245,525	108%	-65,494,389	152%
Germany	390,808,061	38%	14,306,122	27%	1,830,213	199%	1,630,292	197%
Poland	9,374,918	9%	14,347,166	31%	4,388,997	141%	4,748,997	139%
Czechoslovakia	11,307,166	22%	10,088,888	25%	2,954,538	110%	1,984,938	118%
Hungary	8,380,888	17%	7,299,842	-2%	3,963,353	95%	3,963,353	95%
Russia	1,949,749	20%	1,949,749	20%	-374,907	105%	-216,439	119%
Slovenia	48,250,402	40%	50,643,030	40%	-12,632,034	86%	-12,516,478	86%
Austria	100,059,640	42%	103,423,160	42%	-8,722,845	72%	-8,655,321	64%
Switzerland	247,315,338	33%	270,752,537	34%	29,056,461	70%	31,793,637	70%
France	19,919,838	12%	26,043,464	23%	10,104,760	84%	10,384,931	81%
Spain	12,711,715	32%	13,977,875	34%	3,345,850	70%	3,584,051	66%
Portugal	33,502,989	26%	36,751,333	29%	9,988,657	60%	12,075,281	63%
Belgium	43,702,629	25%	56,704,163	33%	12,207,434	56%	12,679,336	63%
Holland	91,352,200	37%	118,303,867	44%	6,078,119	163%	9,327,385	125%
Italy	906,780	65%	1,570,980	79%	1,427,943	89%	1,106,543	86%
East Europe Other	0	0%	1,759,623,720	36%	52,343,720	35%	91,200,818	29%
Total Europe	1,469,210,801	34%	1,759,623,720	36%	52,343,720	35%	91,200,818	29%
ICON	0	0%	0	0%	0	0%	0	0%
APAC	222,904,482	23%	254,354,603	27%	-15,278,399	14%	-6,064,235	-69%
Australia	66,768,647	23%	71,573,358	27%	-6,365,086	29%	-3,074,556	-57%
New Zealand	12,535,172	23%	32,251,461	48%	329,497	312%	10,007,017	88%
Singapore	3,800,156	22%	4,394,160	29%	948,385	118%	372,052	124%
Thailand	4,096,410	23%	8,140,164	36%	984,603	137%	140,340	171%
Malaysia	3,066,838	38%	3,066,838	38%	-43,292	-38%	-809,907	6%
Indonesia/Philippines	0	0%	0	0%	0	0%	0	0%
Other APAC	0	0%	377,782,584	29%	-19,444,242	0%	1,080,717	142%
Total APAC	315,171,705	24%	377,782,584	29%	-19,444,242	0%	1,080,717	142%
Latin America	0	0%	0	0%	0	0%	0	0%
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0	0%	0	0%	0	0%	0	0%
AME	0	0%	0	0%	0	0%	0	0%
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AME	0	0%	0	0%	0	0%	0	0%
Total AME	0	0%	0	0%	0	0%	0	0%
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	315,171,705	24%	377,782,584	29%	-19,444,242	0%	1,080,717	142%
Far East	267,898,966	21%	375,609,711	33%	112,603,804	70%	148,448,576	80%
Japan	23,983,775	27%	51,015,807	46%	4,650,925	112%	4,521,640	17%
Korea	25,167,156	25%	58,485,961	49%	-6,600	-7300%	7,566,174	134%
Taiwan	18,000,000	23%	34,332,008	43%	1,713,170	149%	150,798	-384%
Hong Kong	5,784,808	-13%	5,784,808	-13%	-1,579,441	-18%	34,369	4842%
PR China	0	0%	0	0%	0	0%	0	0%
Other Far East	340,771,704	21%	525,197,936	36%	117,631,859	74%	140,941,279	81%
Total Far East	340,771,704	21%	525,197,936	36%	117,631,859	74%	140,941,279	81%
WW Total	4,024,264,169	27%	6,476,269,518	33%	72,911,053	121%	283,263,825	106%

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Data Updated
31-Jan
Note: Historical & Budget currency
F will NOT be to published reports
due to the use of Avg Ft Boxes
for the YSR Review Process. See
University of Toronto Accounting
Location

Finished Goods Revenue Summary Forecast
Group: (AIE; Budget: (AIE)
(US in thousands)

Location	Second Half of FY04	First Half of FY05	Second Half of FY05	FY05 Full Year	FY05 Budget	Var %
	US	862,441	988,239	880,918	1,869,157	1,832,250
Canada	77,019	77,907	67,800	145,717	149,925	-2.8%
Total North America	939,460	1,066,147	948,722	2,014,868	1,982,175	1.6%
Europe	1,584	5	11	16	0	0.0%
European Headquarters, Paris	160,197	148,567	171,322	319,889	296,498	7.9%
United Kingdom	44,679	43,086	47,265	90,351	81,230	11.2%
Sweden	13,619	16,866	17,281	33,747	29,498	14.4%
Norway	16,372	16,000	19,129	35,129	32,664	7.5%
Denmark	9,859	10,511	10,923	21,434	17,390	23.3%
Finland	205,131	150,098	145,601	335,699	402,244	-16.5%
Germany	3,266	5,583	5,610	11,193	9,375	19.4%
Poland	4,291	9,315	6,561	15,877	11,307	40.4%
Czechoslovakia	3,128	5,465	5,654	10,919	8,381	30.3%
Hungary	2,976	4,878	4,651	9,529	5,384	77.0%
Russia	0	473	1,102	1,575	1,950	-19.2%
Slovenia	18,224	16,442	19,126	35,567	49,758	-28.5%
Austria	50,990	41,289	46,998	88,267	104,188	-15.3%
Switzerland	125,581	138,893	144,855	283,748	254,626	11.4%
France	12,151	16,296	14,277	30,573	19,886	53.7%
Spain	4,166	7,853	8,714	16,571	12,729	30.2%
Portugal	19,381	22,987	21,391	44,378	35,203	26.1%
Belgium	26,218	26,403	31,042	57,445	46,187	24.6%
Holland	48,231	48,477	50,308	98,785	93,892	5.2%
Italy	1,293	1,155	1,179	2,334	900	157.6%
East Europe Other	773,838	730,222	812,804	1,543,024	1,513,296	2.0%
APAC	97,244	104,308	109,176	213,884	226,586	-5.9%
Australia	25,995	28,842	33,610	62,452	66,769	-6.5%
New Zealand	6,386	7,367	6,274	13,440	12,535	8.0%
Singapore	700	2,683	2,317	5,000	3,800	31.6%
Thailand	1,758	4,080	3,422	7,502	6,417	16.9%
Malaysia	0	1,791	1,501	3,292	3,057	7.3%
Indonesia/ Philippines	0	0	0	0	0	0.0%
Other APAC	0	0	0	0	0	0.0%
Total APAC	131,773	149,072	156,299	306,371	319,174	-4.3%
Latin America	0	0	0	0	0	0.0%
Mexico	0	0	0	0	0	0.0%
Brazil	0	0	0	0	0	0.0%
Venezuela	0	0	0	0	0	0.0%
Chile	0	0	0	0	0	0.0%
Colombia	0	0	0	0	0	0.0%
Argentina	0	0	0	0	0	0.0%
Caribbean	0	0	0	0	0	0.0%
Ecuador	0	0	0	0	0	0.0%
Peru	0	0	0	0	0	0.0%
Other LA	0	0	0	0	0	0.0%
Total LA	0	0	0	0	0	0.0%
AIME	0	0	0	0	0	0.0%
S Africa	0	0	0	0	0	0.0%
Turkey	0	0	0	0	0	0.0%
Morocco/ North Africa	0	0	0	0	0	0.0%
Dubai/Middle East	0	0	0	0	0	0.0%
Israel	0	0	0	0	0	0.0%
India	0	0	0	0	0	0.0%
Greece	0	0	0	0	0	0.0%
Other AIME	0	0	0	0	0	0.0%
Total AIME	0	0	0	0	0	0.0%
Other Redmond ICON	0	0	0	0	0	0.0%
Total ICON	131,773	149,072	156,299	306,371	319,174	-4.3%
Far East	23,188	173,558	210,750	384,309	277,806	40.9%
Japan	8,917	14,805	13,909	28,715	23,954	19.9%
Korea	10,568	71,115	15,122	26,237	26,080	0.6%
Taiwan	7,517	10,438	9,262	19,800	18,000	10.0%
Hong Kong	700	1,434	2,899	4,300	6,902	-36.6%
PR China	0	0	0	0	0	0.0%
Other Far East	151,000	211,351	252,043	463,394	346,842	33.6%
Total Far East	151,000	211,351	252,043	463,394	346,842	33.6%
WW Total	1,996,071	2,156,791	2,169,868	4,326,656	4,161,347	4.0%

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Data Updated
31-Jan

Total Headcount
(excludes R&D)

Location	FY14	FY15 YTD	FY15 YTD	FY15 YTD	FY15	FY15	FY14	4/30/15 Variances		FY15 YTD Averages	
	Actual	Budget	Approved	Actual	Budget	Forecast	Growth	Budget	7/1/14	Actual	Budget
US	3456	3841	3985	3688	3980	4296	24%	316	840	3562	3725
Canada	219	278	278	262	280	280	28%	0	61	253	274
Total North America	3675	4119	4263	3950	4260	4576	25%	316	901	3615	4000
Europe	40	70	72	61	70	74	83%	4	34	51	55
European Headquarters, Paris	507	604	608	527	630	640	26%	10	133	515	538
United Kingdom	171	209	242	179	214	246	44%	32	75	179	203
Sweden	18	19	24	18	21	29	61%	8	11	16	19
Norway	19	23	25	21	24	25	32%	1	6	22	23
Denmark	11	16	18	16	16	21	91%	5	10	15	15
Finland	645	665	702	643	687	670	4%	-17	25	646	689
Germany	11	16	16	16	17	19	73%	2	8	13	15
Poland	15	19	19	17	19	21	40%	2	6	16	19
Czechoslovakia	8	12	12	10	13	14	75%	1	6	9	12
Hungary	15	23	23	18	23	25	67%	2	10	17	23
Russia	0	3	3	3	3	3	N/A	0	3	2	2
Slovenia	0	3	3	3	3	3	3%	-1	1	31	33
Austria	32	33	36	33	34	33	3%	2	15	50	57
Switzerland	47	58	62	53	60	62	32%	2	30	463	478
France	463	480	480	460	472	493	6%	17	20	64	64
Spain	63	66	66	64	66	83	32%	21	20	28	26
Portugal	24	29	30	30	33	38	58%	5	14	42	43
Belgium	38	43	43	43	43	46	21%	3	8	111	121
Holland	115	121	125	109	125	122	6%	-3	7	153	153
Italy	150	165	165	154	163	177	18%	14	27	10	13
East Europe Other	10	13	13	12	14	14	40%	0	4	2454	2506
Total Europe	2402	2717	2784	2487	2747	2856	19%	108	451		
ICON											
APAC	202	220	220	198	223	213	5%	-10	11	200	220
Australia	33	44	44	39	45	46	39%	1	13	37	43
New Zealand	25	31	31	24	32	33	32%	1	8	24	26
Singapore	5	8	8	5	10	11	120%	4	6	5	6
Thailand	12	14	14	12	15	19	58%	1	7	12	13
Malaysia	1	1	1	1	1	0	N/A	-1	-1	1	1
Indonesia/ Philippines	0	0	0	0	0	0	N/A	0	0	0	0
Other APAC	0	0	0	0	0	0	N/A	0	0	0	0
Total APAC	278	318	318	279	326	322	16%	-4	44	278	309
Latin America											
Mexico	0	0	0	0	0	0	N/A	0	0	0	0
Brazil	0	0	0	0	0	0	N/A	0	0	0	0
Venezuela	0	0	0	0	0	0	N/A	0	0	0	0
Chile	0	0	0	0	0	0	N/A	0	0	0	0
Colombia	0	0	0	0	0	0	N/A	0	0	0	0
Argentina	0	0	0	0	0	0	N/A	0	0	0	0
Caribbean	0	0	0	0	0	0	N/A	0	0	0	0
Ecuador	0	0	0	0	0	0	N/A	0	0	0	0
Peru	0	0	0	0	0	0	N/A	0	0	0	0
Other LA	0	0	0	0	0	0	N/A	0	0	0	0
Total LA	0	0	0	0	0	0	N/A	0	0	0	0
AME											
S Africa	0	0	0	0	0	0	N/A	0	0	0	0
Turkey	0	0	0	0	0	0	N/A	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	N/A	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	N/A	0	0	0	0
Israel	0	0	0	0	0	0	N/A	0	0	0	0
India	0	0	0	0	0	0	N/A	0	0	0	0
Greece	0	0	0	0	0	0	N/A	0	0	0	0
Other AME	0	0	0	0	0	0	N/A	0	0	0	0
Total AME	0	0	0	0	0	0	N/A	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	N/A	0	0	0	0
Total ICON	278	318	318	279	326	322	16%	-4	44	278	309
Far East											
Japan	287	330	332	321	403	440	63%	37	153	306	311
Korea	52	71	73	60	71	80	64%	9	28	58	61
Taiwan	58	70	70	66	70	72	24%	2	14	62	61
Hong Kong	26	35	35	30	36	40	64%	4	14	28	28
PR China	11	20	20	14	23	24	118%	1	13	16	14
Other Far East	0	0	0	0	0	0	N/A	0	0	0	0
Total Far East	434	526	530	491	608	666	51%	51	222	470	469
WW Total	6789	7680	7895	7207	7996	8400	24%	473	1420	7017	7376

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FY96 Forecast Headcount
(excludes R&D)

Data Updated
31-Jan

Location	End User	Cost	QEM	ES	MCI	Corporate Marketing	F.R.A Non-Cost	F.R.A Cost	Mgmt.	Total headcount	Total FTEs
US	447	780	0	2296	392	101	122	0	158	4296	1478
Canada	51	81	0	63	25	10	36	13	2	280	74
Total North America	498	861	0	2359	417	111	158	13	160	4576	1552
Europe	11	33	0	6	1	10	4	0	5	74	4
European Headquarters, Paris	87	115	11	310	53	9	51	1	2	640	48
United Kingdom	37	39	4	114	4	5	16	5	2	246	28
Sweden	12	7	2	1	2	2	1	0	2	39	0
Norway	11	6	1	1	2	0	2	0	2	25	1
Denmark	7	4	2	1	2	1	2	0	2	21	0
Finland	88	146	22	227	44	19	92	18	14	670	85
Germany	6	5	2	3	1	0	0	0	2	19	1
Poland	5	8	1	3	1	0	0	0	2	21	2
Czechoslovakia	4	5	1	1	1	0	0	0	2	14	3
Hungary	9	7	1	2	1	1	2	2	1	3	1
Russia	1	1	0	0	0	0	0	0	2	33	2
Slovenia	9	15	1	0	2	2	2	0	2	62	1
Austria	23	28	1	0	2	0	6	0	2	403	15
Switzerland	85	112	11	172	22	23	51	15	2	43	10
France	23	20	3	17	6	4	5	1	2	38	9
Spain	11	8	1	4	6	1	4	1	2	46	1
Portugal	16	17	1	0	2	4	5	0	1	122	8
Belgium	22	23	3	49	3	3	16	2	3	177	19
Holland	8	4	0	0	0	0	0	0	2	14	0
Italy	8	4	0	0	0	0	0	0	2	14	0
East Europe Other	511	650	24	960	156	93	311	46	60	2856	241
Total Europe	511	650	24	960	156	93	311	46	60	2856	241
ICON	30	76	6	44	22	4	29	0	2	213	43
APAC	11	14	1	6	6	2	5	0	1	46	2
Australia	4	9	4	4	6	1	4	0	1	33	2
New Zealand	2	3	0	1	3	0	1	0	1	11	3
Singapore	4	8	0	1	3	0	2	0	1	19	2
Thailand	0	0	0	0	0	0	0	0	0	0	0
Malaysia	0	0	0	0	0	0	0	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0	0	0	0
Other APAC	51	110	11	56	40	7	41	0	6	322	53
Total APAC	51	110	11	56	40	7	41	0	6	322	53
Latin America	0	0	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0
AIME	0	0	0	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0	0	0	0	0	0
Total AIME	0	0	0	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0
Total ICON	51	110	11	56	40	7	41	0	6	322	53
Far East	110	88	19	164	0	6	38	11	4	440	232
Japan	12	11	8	29	2	5	10	1	2	80	18
Korea	13	14	7	22	2	1	8	1	4	72	17
Taiwan	8	10	2	8	6	1	3	1	1	40	25
Hong Kong	7	11	0	1	0	0	3	0	2	24	12
PR China	0	0	0	0	0	0	0	0	0	0	0
Other Far East	150	134	36	224	10	13	62	14	13	666	304
Total Far East	150	134	36	224	10	13	62	14	13	666	304
WW Total	764	975	121	1303	290	123	448	77	77	4113	427

MS-PCA 2557217

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Data Updated
31-Jan

Market Data

Location	Population (MM)			# CP - 2E 1/2007			# ONE 1		
	Actual FY04	YTD FY05	Forecast FY05	Actual FY04	YTD FY05	Forecast FY05	Actual FY04	YTD FY05	Forecast FY05
US	260.0	261.1	262.1	79	743	2,000	30,000	36,000	41,000
Canada	28.6	29.2	29.8	18	46	156	1,200	1,300	2,200
Total North America	288.6	290.3	291.9	97	789	2,156	31,200	37,300	43,200
Europe	0.0	0.0	0.0	0	0	0	0	0	0
European Headquarters, Paris	0.0	0.0	0.0	0	0	0	0	0	0
European Operations Center, Dublin	57.9	57.9	57.9	75	134	445	1,250	2,000	1,000
United Kingdom	8.4	8.7	8.9	189	412	488	130	153	178
Sweden	4.3	4.4	4.4	127	240	358	130	140	150
Norway	5.1	5.2	5.2	29	110	210	150	160	165
Denmark	5.0	5.1	5.1	22	61	88	25	30	75
Finland	81.2	81.8	82.3	7	46	125	1,418	1,575	1,764
Germany	38.2	38.4	38.6	50	34	100	650	670	700
Poland	15.0	15.0	15.0	0	20	60	0	0	100
Czechoslovakia	10.7	10.7	10.6	8	15	70	100	110	130
Hungary	218.0	218.0	218.0	0	20	50	-150	160	200
Russia	0.0	0.0	0.0	0	0	0	0	0	0
Slovenia	8.0	8.0	8.0	0	3	41	0	0	230
Austria	7.2	7.2	7.2	0	4	20	163	252	332
Switzerland	39.0	39.0	39.0	16	54	135	750	850	1,000
France	57.8	58.0	58.1	12	44	300	40	52	100
Spain	39.0	39.0	39.0	12	117	155	40	45	50
Portugal	9.5	9.5	9.5	5	8	48	220	240	250
Belgium	10.1	10.1	10.1	5	18	42	312	328	350
Holland	15.4	15.4	15.4	0	1	381	250	300	400
Italy	57.5	57.5	57.5	0	0	0	0	0	0
Italy	0.0	0.0	0.0	0	0	0	0	0	0
East Europe Other	0.0	0.0	0.0	0	0	0	0	0	0
Total Europe	648.3	649.6	650.8	572	1,334	3,006	5,778	7,152	8,174
ICON	0.0	0.0	0.0	0	0	0	0	0	0
APAC	17.9	18.2	18.4	40	100	230	965	1,100	1,570
Australia	3.5	3.6	3.6	0	10	185	475	500	530
New Zealand	3.0	3.1	3.1	0	6	12	290	310	350
Singapore	58.0	58.4	58.7	0	10	40	10	15	20
Thailand	18.5	18.9	19.3	0	18	35	105	110	115
Malaysia	245.0	252.5	260.0	0	0	0	210	260	330
Indonesia/Philippines	0.0	0.0	0.0	0	0	0	0	0	0
Other APAC	0.0	0.0	0.0	40	147	502	2,055	2,295	2,905
Total APAC	345.9	354.6	363.1	40	147	502	2,055	2,295	2,905
Latin America	0.0	0.0	0.0	0	0	0	0	0	0
Mexico	0.0	0.0	0.0	0	0	0	0	0	0
Brazil	0.0	0.0	0.0	0	0	0	0	0	0
Venezuela	0.0	0.0	0.0	0	0	0	0	0	0
Chile	0.0	0.0	0.0	0	0	0	0	0	0
Colombia	0.0	0.0	0.0	0	0	0	0	0	0
Argentina	0.0	0.0	0.0	0	0	0	0	0	0
Caribbean	0.0	0.0	0.0	0	0	0	0	0	0
Ecuador	0.0	0.0	0.0	0	0	0	0	0	0
Panama	0.0	0.0	0.0	0	0	0	0	0	0
Other LA	0.0	0.0	0.0	0	0	0	0	0	0
Total LA	0.0	0.0	0.0	0	0	0	0	0	0
AME	0.0	0.0	0.0	0	0	0	0	0	0
S Africa	0.0	0.0	0.0	0	0	0	0	0	0
Turkey	0.0	0.0	0.0	0	0	0	0	0	0
Morocco/ North Africa	0.0	0.0	0.0	0	0	0	0	0	0
Dubai/Middle East	0.0	0.0	0.0	0	0	0	0	0	0
Israel	0.0	0.0	0.0	0	0	0	0	0	0
India	0.0	0.0	0.0	0	0	0	0	0	0
Greece	0.0	0.0	0.0	0	0	0	0	0	0
Other AME	0.0	0.0	0.0	0	0	0	0	0	0
Total AME	0.0	0.0	0.0	0	0	0	0	0	0
Other Redmond ICON	0.0	0.0	0.0	0	0	0	0	0	0
Total ICON	345.9	354.6	363.1	40	147	502	2,055	2,295	2,905
Far East	134.8	125.0	125.1	300	1,513	3,000	2,000	2,500	3,000
Japan	44.3	44.5	44.7	0	4	25	17	22	27
Korea	21.0	21.1	21.2	3	14	200	50	60	100
Taiwan	4.1	4.2	4.2	85	215	500	100	100	150
Hong Kong	1,000.0	1,000.0	1,000.0	46	11	1,500	0	0	0
PR China	0.0	0.0	0.0	0	0	0	0	0	0
Other Far East	1,068.2	1,065.7	1,067.2	422	1,759	5,725	2,143	2,667	3,277
Total Far East	2,679.0	2,691.1	2,703.0	1,154	3,299	10,910	41,201	50,004	58,756
WW total	2,679.0	2,691.1	2,703.0	1,154	3,299	10,910	41,201	50,004	58,756

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Data updated
31-Jan

Key Metrics

Location	FG Revenue/CPU (US\$)								
	PC			MAC			Total		
	Actual FY04	Forecast FY05	Budget FY05	Actual FY04	Forecast FY05	Budget FY05	Actual FY04	Forecast FY05	Budget FY05
US	83.8	75.8	84.6	66.2	72.1	109.3	81.6	75.3	87.5
Canada	79.1	79.6	86.7	51.0	55.2	88.2	76.2	77.4	86.8
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	117.1	120.5	107.3	45.6	59.3	49.5	110.6	116.1	102.8
United Kingdom	153.0	173.8	182.9	78.5	84.3	77.4	144.0	162.2	167.7
Sweden	93.9	117.2	121.3	39.5	58.5	48.4	90.2	113.9	116.1
Norway	90.1	98.8	123.7	46.9	63.5	48.4	87.5	96.6	117.8
Denmark	45.4	61.8	66.8	11.0	17.4	7.9	44.5	60.7	63.6
Finland	99.7	99.7	116.3	54.6	74.5	64.0	128.1	98.7	114.5
Germany	131.0	99.7	38.1	37.1	9.5	27.8	33.7	45.6	38.0
Poland	33.7	45.8	75.4	0.0	13.2	0.0	70.8	103.8	74.1
Czechoslovakia	72.0	105.6	74.2	5.4	9.1	0.0	61.5	88.6	69.8
Hungary	64.5	92.0	12.0	0.0	5.3	0.0	11.9	20.1	11.6
Russia	12.3	20.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stavros	150.7	140.2	197.4	46.0	36.9	62.5	143.6	132.9	188.5
Austria	205.4	172.9	203.9	121.4	104.3	149.4	197.9	166.7	199.5
Switzerland	205.4	172.9	203.9	67.1	74.4	73.4	126.1	120.1	114.2
France	134.1	125.8	120.3	13.7	14.9	11.8	31.4	46.3	31.3
Spain	32.4	47.8	32.3	68.0	40.9	77.5	72.0	97.9	77.9
Portugal	72.2	100.0	77.9	73.8	71.0	75.9	118.8	145.6	115.5
Belgium	124.6	154.6	120.3	31.5	46.0	34.3	66.5	84.2	68.4
Netherlands	67.4	86.4	70.3	53.0	45.2	63.4	107.8	104.5	97.8
Italy	111.8	107.5	100.3	0.0	0.0	0.0	0.0	0.0	0.0
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
APAC	103.2	104.7	110.5	42.3	47.1	53.1	95.3	97.6	103.8
Australia	98.8	108.0	133.9	50.1	57.1	141.6	94.7	106.5	137.2
New Zealand	93.6	96.2	138.0	52.1	50.1	45.0	89.6	95.7	126.0
Singapore	16.7	29.4	23.8	0.0	0.0	0.0	16.1	27.8	22.4
Thailand	30.9	53.3	52.1	16.9	51.6	25.4	30.1	53.2	50.3
Malaysia	18.6	22.5	10.3	0.0	0.0	0.0	18.1	21.9	10.0
Indonesia/ Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AJME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/ North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dubai/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AJME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Redmond ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East	78.6	115.1	94.2	33.0	36.9	44.7	71.5	103.5	87.2
Japan	21.3	26.5	24.4	0.0	7.9	0.0	20.7	25.9	23.7
Korea	58.5	76.1	76.3	33.1	18.9	0.0	57.9	74.3	74.5
Taiwan	78.1	89.7	101.4	32.5	40.3	58.3	75.0	85.7	97.9
Hong Kong	4.9	4.0	8.3	0.0	3.4	0.0	4.9	4.3	8.0
PR China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Data Updated
31-Jan

Key Metrics

Location	FG Licenses/CPU								
	PC			MAC			Total		
	Actual FYM	Forecast FYFS	Budget FYFS	Actual FYM	Forecast FYFS	Budget FYFS	Actual FYM	Forecast FYFS	Budget FYFS
US	1.0	0.9	1.1	0.7	0.7	1.0	0.9	0.9	1.1
Canada	1.1	0.9	1.3	0.5	0.6	1.3	1.1	0.9	1.3
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	1.0	1.1	1.0	0.4	0.5	0.6	0.9	1.0	1.0
United Kingdom	1.4	1.7	1.4	1.0	1.0	1.0	1.3	1.6	1.4
Sweden	1.2	1.2	1.3	1.0	0.7	1.0	1.2	1.1	1.3
Norway	1.2	1.2	1.3	0.8	0.8	0.9	1.2	1.2	1.3
Denmark	0.6	1.2	1.4	1.1	0.8	1.1	1.2	0.9	1.2
Finland	1.2	0.9	1.3	0.3	0.3	0.3	0.7	0.6	0.8
Germany	0.7	0.6	0.8	0.1	0.1	0.1	0.5	0.5	0.5
Poland	0.5	0.5	0.5	0.0	0.0	0.0	0.7	1.0	0.7
Czech Republic	0.7	1.0	0.7	0.0	0.0	0.0	0.7	0.9	0.7
Hungary	0.7	0.9	0.7	0.0	0.0	0.0	0.7	0.9	0.7
Russia	0.2	0.3	0.2	0.0	0.0	0.0	0.2	0.3	0.2
Slovenia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Austria	1.2	1.4	1.2	0.5	0.2	0.4	1.2	1.3	1.2
Switzerland	1.1	1.0	1.6	0.6	0.5	0.6	1.1	1.0	1.5
France	0.9	0.8	0.9	0.4	0.5	0.5	0.8	0.8	0.9
Spain	0.5	0.6	0.4	0.1	0.1	0.1	0.5	0.6	0.4
Portugal	0.5	0.6	0.6	0.2	0.4	0.3	0.5	0.6	0.6
Belgium	1.1	1.0	0.7	0.2	0.2	0.2	1.0	0.9	0.7
Netherlands	0.7	0.6	0.7	0.2	0.1	0.1	0.7	0.6	0.6
Italy	0.9	0.8	0.9	0.3	0.5	0.3	0.9	0.7	0.8
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
APAC	1.4	1.2	1.3	0.7	0.6	0.6	1.3	1.1	1.2
Australia	1.3	1.6	1.6	0.5	0.9	1.2	1.3	1.6	1.6
New Zealand	1.1	0.7	1.7	0.3	0.5	0.4	0.5	0.7	1.5
Singapore	0.3	0.3	0.4	0.0	0.0	0.0	0.3	0.3	0.4
Thailand	0.3	0.4	0.4	0.1	0.3	0.1	0.3	0.4	0.4
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia/ Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/ North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Duba/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AIME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Reamond ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Japan	0.5	0.5	0.8	0.1	0.2	0.5	0.5	0.5	0.8
Korea	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Taiwan	0.5	0.7	0.6	0.2	0.2	0.2	0.5	0.5	0.6
Hong Kong	0.7	1.2	1.1	0.3	0.3	0.4	0.7	1.2	1.1
PR China	0.1	0.1	0.2	0.0	0.0	0.0	0.1	0.1	0.2
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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Windows SS Penetration /PC

Location	PC		
	Actual FY94	Forecast FY95	Budget FY95
US	12%	13%	10%
Canada	13%	14%	11%
Europe			
European Headquarters, Paris	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%
United Kingdom	17%	19%	16%
Sweden	17%	23%	24%
Norway	11%	14%	15%
Denmark	10%	13%	15%
Finland	6%	7%	9%
Germany	13%	14%	15%
Poland	1%	12%	8%
Czechoslovakia	4%	20%	9%
Hungary	4%	19%	11%
Russia	0%	3%	0%
Slovenia	0%	0%	0%
Austria	14%	34%	31%
Switzerland	18%	29%	16%
France	15%	19%	18%
Spain	4%	8%	7%
Portugal	13%	21%	12%
Belgium	17%	23%	19%
Holland	8%	13%	13%
Italy	16%	19%	17%
East Europe Other	0%	0%	0%
ICON			
APAC			
Australia	22%	19%	15%
New Zealand	17%	23%	22%
Singapore	19%	26%	12%
Thailand	2%	1%	1%
Malaysia	3%	15%	8%
Indonesia/Philippines	0%	0%	0%
Other APAC	0%	0%	0%
Latin America			
Mexico	0%	0%	0%
Brazil	0%	0%	0%
Venezuela	0%	0%	0%
Chile	0%	0%	0%
Colombia	0%	0%	0%
Argentina	0%	0%	0%
Caribbean	0%	0%	0%
Ecuador	0%	0%	0%
Peru	0%	0%	0%
Other LA	0%	0%	0%
AME			
S Africa	0%	0%	0%
Turkey	0%	0%	0%
Morocco/North Africa	0%	0%	0%
Dubai/Middle East	0%	0%	0%
Israel	0%	0%	0%
India	0%	0%	0%
Greece	0%	0%	0%
Other AME	0%	0%	0%
Other Redmond ICON	0%	0%	0%
Far East			
Japan	10%	14%	15%
Korea	4%	5%	5%
Taiwan	8%	16%	17%
Hong Kong	15%	13%	15%
PR China	0%	0%	1%
Other Far East	0%	0%	0%

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Windows WP Penetration /PC

Location	PC		
	Actual FY94	Forecast FY95	Budget FY95
US	12%	14%	10%
Canada	13%	16%	13%
Europe			
European Headquarters, Paris	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%
United Kingdom	19%	21%	18%
Sweden	18%	25%	24%
Norway	12%	18%	16%
Denmark	10%	15%	16%
Finland	5%	17%	8%
Germany	15%	22%	17%
Poland	12%	13%	10%
Czechoslovakia	9%	21%	11%
Hungary	9%	19%	15%
Russia	0%	6%	0%
Slovenia	0%	0%	0%
Austria	19%	34%	34%
Switzerland	19%	30%	18%
France	18%	22%	18%
Spain	4%	8%	7%
Portugal	15%	21%	14%
Belgium	19%	26%	21%
Holland	20%	17%	15%
Italy	18%	20%	18%
East Europe Other	0%	0%	0%
ICON			
APAC			
Australia	25%	22%	16%
New Zealand	15%	27%	22%
Singapore	33%	24%	16%
Thailand	3%	2%	2%
Malaysia	5%	15%	8%
Indonesia/ Philippines	0%	0%	6%
Other APAC	0%	0%	0%
Latin America			
Mexico	0%	0%	0%
Brazil	0%	0%	0%
Venezuela	0%	0%	0%
Chile	0%	0%	0%
Colombia	0%	0%	0%
Argentina	0%	0%	0%
Caribbean	0%	0%	0%
Ecuador	0%	0%	0%
Peru	0%	0%	0%
Other LA	0%	0%	0%
AME			
S.Africa	0%	0%	0%
Turkey	0%	0%	0%
Morocco/ North Africa	0%	0%	0%
Dubai/Middle East	0%	0%	0%
Israel	0%	0%	0%
India	0%	0%	0%
Greece	0%	0%	0%
Other AME	0%	0%	0%
Other Redmond ICON	0%	0%	0%
Far East			
Japan	9%	12%	13%
Korea	3%	4%	5%
Taiwan	8%	14%	12%
Hong Kong	17%	14%	15%
PR China	0%	1%	1%
Other Far East	0%	0%	0%

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Date Updated: 31-Jan
 FY18 Actuals - FY18 Actuals
 FY18 Actuals - FY18 Actuals

Competitive Sustained - Marketing Spend
 (USD, in millions)

FY18 ACTUAL MARKET SPEND					
Market	Market	Latam	EMEA	Other	
Mkt	134.0	91.0	28.0	0.0	
Canada	2.9	3.7	4.5	0.7	0.0

FY18 FORECAST MARKET SPEND					
Market	Market	Latam	EMEA	Other	
Mkt	230.0	172.0	100.0	77.0	0.0
Canada	13.0	6.0	6.0	7.0	0.0

FY18 MARKETING SPEND GROWTH %					
Market	Market	Latam	EMEA	Other	
Mkt	14.7%	-1.1%	9.9%	-3.5%	0.0%
Canada	44.9%	60.1%	33.4%	33.4%	0.0%

Location	Mkt	Market	Latam	EMEA	Other	Mkt	Market	Latam	EMEA	Other	Mkt	Market	Latam	EMEA	Other
US															
Canada															
Europe															
Subsidiary Headquarters, Post	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subscription Operations Center, I	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
United Kingdom	30.7	7.5	4.0	1.8	0.0	19.9	4.0	3.0	0.9	0.0	38.1%	-19.9%	-49.9%	-11.3%	0.0%
United States	7.3	1.8	1.3	0.1	0.0	14.0	7.9	6.3	0.5	0.0	37.3%	426.8%	670.8%	280.7%	0.0%
Germany	3.1	1.0	0.7	0.2	0.0	14.0	7.9	6.3	0.5	0.0	284.3%	480.9%	683.0%	302.9%	0.0%
France	3.2	1.9	0.9	0.3	0.0	11.7	10.0	7.4	1.5	0.0	138.4%	384.7%	491.1%	274.9%	0.0%
Italy	1.8	0.7	0.4	0.3	0.0	9.7	3.8	2.3	1.5	0.0	107.0%	84.0%	86.1%	34.9%	0.0%
Spain	31.4	11.3	8.9	3.8	0.0	66.0	21.0	11.0	4.0	0.0	107.4%	30.0%	-33.3%	0.0%	0.0%
Germany	0.4	1.0	0.2	0.0	0.0	1.4	0.4	0.1	0.0	0.0	43.8%	71.0%	18.7%	20.0%	0.0%
France	0.4	0.4	0.1	0.0	0.0	1.1	0.4	0.2	0.1	0.0	141.3%	80.0%	100.0%	0.0%	0.0%
China/Hong Kong	0.4	0.4	0.1	0.0	0.0	1.1	0.4	0.2	0.1	0.0	141.3%	100.0%	33.3%	0.0%	0.0%
Hungary	0.4	0.4	0.2	0.1	0.0	1.0	1.0	0.2	0.1	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Austria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	180.7%	140.0%	114.0%	100.0%	0.0%
Sweden	3.8	1.3	0.4	0.1	0.0	5.1	4.0	1.6	0.8	0.0	92.8%	92.7%	8.9%	30.7%	0.0%
Australia	4.3	2.1	1.4	0.3	0.0	12.1	6.8	0.0	0.0	0.0	474.1%	698.4%	188.9%	477.9%	0.0%
Brazil	23.2	0.0	0.0	0.0	0.0	27.8	0.0	0.0	0.0	0.0	2309.3%	1588.3%	1760.7%	1884.9%	0.0%
Japan	1.9	1.8	0.8	0.0	0.0	8.4	0.2	0.1	0.1	0.0	2403.3%	2403.3%	1919.3%	2383.0%	0.0%
Spain	0.9	1.8	0.2	0.0	0.0	0.2	0.1	0.0	0.0	0.0	403.8%	2342.3%	2384.4%	204.0%	0.0%
Portugal	0.5	0.2	0.2	0.3	0.0	0.1	0.1	0.0	0.0	0.0	72.8%	88.9%	114.7%	70.0%	0.0%
Belgium	0.4	0.3	1.6	0.8	0.0	11.7	10.0	3.4	0.9	0.0	20784.3%	2407.4%	28914.3%	14784.4%	0.0%
Netherlands	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
East Europe Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
EMEA															
Africa	7.6	3.4	3.7	3.3	0.0	12.6	2.9	2.5	2.1	0.0	-34.8%	-23.6%	-34.7%	-44.7%	0.0%
Australia	4.3	1.8	0.6	0.2	0.0	2.9	1.2	0.4	0.1	0.0	-32.7%	-34.6%	-42.9%	-42.7%	0.0%
New Zealand	0.9	0.0	0.0	0.0	0.0	0.9	0.7	0.4	0.1	0.0	4.9%	-4.0%	12.8%	-44.7%	0.0%
Thailand	0.9	0.8	0.3	0.2	0.0	0.3	0.2	0.2	0.1	0.0	81.8%	100.0%	80.0%	64.7%	0.0%
Indonesia	0.4	0.1	0.1	0.1	0.0	0.7	0.4	0.4	0.1	0.0	64.3%	28.7%	28.7%	-14.7%	0.0%
Malaysia	0.4	0.3	0.4	0.1	0.0	0.2	0.1	0.1	0.0	0.0	41.2%	12.8%	1.7%	0.0%	0.0%
Indonesia/Philippines	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Other APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
AMERICAS															
Mexico	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Argentina	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Costa Rica	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Peru	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
AME															
Tunisia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Indonesia/ North AMRO	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Dutch/Belgium/ East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
India	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Greece	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other AME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other Sustained COO	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Far East															
Japan	22.2	6.4	6.6	6.0	16.8	3.8	0.9	2.4	0.0	3.6	1703.0%	1384.9%	1284.4%	0.0%	1448.0%
Korea	0.9	0.5	0.4	0.4	1.9	0.0	0.7	0.3	0.4	1.4	107.1%	146128.0%	6983.7%	7171.0%	7384.7%
Taiwan	1.7	1.8	0.4	0.2	4.0	0.1	0.0	0.0	0.0	0.1	427.4%	334.9%	334.4%	301.2%	2371.8%
Hong Kong	1.3	0.7	0.4	0.1	4.0	1.9	1.0	0.4	0.1	0.0	80.0%	44.3%	10.0%	-34.0%	0.0%
PE China	0.4	0.5	0.5	0.0	0.0	0.6	0.1	0.1	0.0	0.0	41.1%	20.0%	80.0%	0.0%	100.0%
Other Far East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%

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Competitive Statistics - Headcount

	FY94 ACTUAL HEADCOUNT					FY95 FORECAST HEADCOUNT					FY95 HEADCOUNT GROWTH				
	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other	Microsoft	Novell	Lotus	Borland	Other
US	3456	2720	1316	692	0	4296	2584	1369	553	0	24.3%	-5.0%	4.0%	-20.1%	0.0%
US - Canada	719	36	70	16	0	780	54	90	16	0	27.0%	50.0%	78.6%	0.0%	0.0%
Total North America	4175	2756	1386	708	0	5076	2638	1459	569	0	24.5%	-4.7%	5.7%	-19.6%	0.0%
Europe	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
European Operations Center, Dublin	507	420	210	70	0	640	380	181	55	0	26.7%	-9.5%	-13.8%	-21.4%	0.0%
United Kingdom	171	62	38	16	0	246	16	35	0	0	41.9%	-34.7%	-7.9%	0.0%	0.0%
Sweden	18	54	8	0	0	14	13	8	0	0	-22.2%	-75.9%	0.0%	0.0%	0.0%
Norway	19	50	9	14	0	25	20	10	0	0	31.6%	-60.0%	11.7%	0.0%	0.0%
Denmark	11	32	4	1	0	21	11	4	0	0	93.9%	-65.6%	0.0%	0.0%	0.0%
Finland	645	250	128	60	0	670	210	98	50	0	3.9%	-16.0%	-23.4%	-16.7%	0.0%
Germany	11	9	2	0	0	17	10	4	0	0	54.5%	11.7%	100.0%	0.0%	0.0%
Poland	15	0	0	0	0	21	6	3	2	0	40.0%	0.0%	0.0%	0.0%	0.0%
Czechoslovakia	8	2	0	0	0	14	4	3	0	0	75.0%	100.0%	0.0%	-50.0%	0.0%
Hungary	15	0	20	8	0	25	6	20	4	0	66.7%	0.0%	0.0%	0.0%	0.0%
Russia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Slovenia	32	7	8	0	0	33	11	4	1	0	3.1%	57.1%	-80.0%	0.0%	0.0%
Austria	47	26	14	5	0	62	18	14	1	0	31.9%	30.8%	0.0%	-80.0%	0.0%
Switzerland	486	90	70	40	0	472	100	60	35	0	-2.9%	11.7%	-14.3%	-12.5%	0.0%
France	43	40	30	28	0	83	25	28	15	0	31.7%	-37.5%	-4.7%	-66.4%	0.0%
Spain	24	11	3	0	0	37	11	3	0	2	54.2%	0.0%	0.0%	0.0%	0.0%
Portugal	38	41	9	6	0	46	30	4	4	0	21.1%	-26.8%	-55.4%	-33.9%	0.0%
Belgium	115	100	34	28	0	122	93	30	24	0	6.7%	-7.0%	-11.8%	-14.3%	0.0%
Holland	150	37	18	18	0	177	42	42	0	0	14.0%	13.5%	10.5%	0.0%	0.0%
Italy	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
East Europe Other	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total Europe	2375	1231	625	294	0	2725	1005	554	190	6472	12.7%	-18.7%	-11.8%	-35.4%	0.0%
ICON	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
ASAC	207	138	88	25	0	220	150	100	23	0	6.3%	8.7%	13.6%	-4.0%	0.0%
Australia	33	14	2	6	0	46	12	6	1	0	39.4%	-14.7%	200.0%	-83.3%	0.0%
New Zealand	25	12	25	5	0	33	35	26	4	0	32.0%	9.4%	4.0%	-30.0%	0.0%
Singapore	4	1	2	1	0	10	5	4	1	0	150.0%	400.0%	100.0%	0.0%	0.0%
Indonesia	12	4	5	9	0	19	6	7	8	0	58.3%	50.0%	40.0%	-11.7%	0.0%
Indonesia/Philippines	2	0	1	0	0	1	0	2	0	0	-80.0%	0.0%	100.0%	0.0%	0.0%
Other APAC	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total APAC	283	180	123	46	0	329	208	145	37	0	14.3%	14.7%	17.9%	-19.6%	0.0%
Latin America	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Mexico	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Chile	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Colombia	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Argentina	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Caribbean	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Peru	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total LA	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
AME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
S Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Turkey	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
India	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Greece	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other AME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total AME	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Other Backward ICON	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total ICON	283	180	123	46	0	329	208	145	37	0	16.3%	10.7%	17.9%	-19.6%	0.0%
Far East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Japan	287	180	226	110	660	440	200	240	110	800	53.3%	25.0%	4.2%	0.0%	21.7%
Korea	52	20	26	29	150	80	25	30	33	190	53.8%	25.0%	15.6%	13.8%	26.7%
Taiwan	58	14	17	6	230	72	20	42	7	230	24.7%	42.9%	147.1%	16.7%	4.3%
Hong Kong	26	18	4	7	0	40	20	10	5	0	53.8%	11.7%	66.7%	-38.6%	0.0%
PR China	11	2	3	0	150	26	15	7	0	300	136.4%	650.0%	133.3%	0.0%	33.3%
Other Far East	0	0	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%
Total Far East	434	214	278	152	1180	658	280	329	155	1420	51.2%	33.5%	14.3%	2.0%	25.3%
WW Total	6767	4390	2612	1200	1180	8288	4132	2484	951	8892	-22.6%	-4.9%	1.0%	-20.6%	-29.3%

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Data Modified
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Processor Data

Location

US
Canada
Total North America

Europe
European Headquarters, Paris
European Operations Center, Dublin

United Kingdom

Sweden

Norway

Denmark

Finland

Germany

Ireland

Czechoslovakia

Hungary

Russia

Belarus

Austria

Switzerland

France

Spain

Portugal

Belgium

Holland

Italy

East Europe/Other

Total Europe

ICON

APAC

Australia

New Zealand

Singapore

Thailand

Malaysia

Indonesia/Philippines

Other APAC

Total APAC

Latin America

Mexico

Brazil

Venezuela

Chile

Colombia

Argentina

Caribbean

Ecuador

Peru

Other LA

Total LA

AME

S Africa

Turkey

Morocco/North Africa

Dubai/Middle East

Israel

India

Greece

Other AME

Total AME

Other Recommend ICON

Total ICON

Far East

Japan

Korea

Taiwan

Hong Kong

PR China

Other Far East

Total Far East

WW Total

Location	Total PC Installed Base (in millions)			Operating System Market (Thousands)						Total Operating Systems		
	Actual FYM	YTD FY95	Forecast FY95	PCI Sold			MacS Sold			Actual FYM	YTD FY95	Forecast FY95
				Actual FYM	YTD FY95	Forecast FY95	Actual FYM	YTD FY95	Forecast FY95			
US	61.7	67.3	92.8	15,274.0	10,300.0	20,000.0	2,130.0	1,207.5	2,415.0	17,404.0	11,507.5	22,415.0
Canada	5.8	4.4	6.8	1,415.0	725.0	1,595.0	158.4	83.7	158.9	1,573.4	808.7	1,753.9
Total North America	67.5	71.7	99.6	16,689.0	11,025.0	21,595.0	2,288.4	1,291.2	2,573.9	18,977.4	12,316.2	24,168.9
Europe	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Headquarters, Paris	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
European Operations Center, Dublin	4.7	7.1	8.2	2,096.0	1,176.0	2,490.0	210.0	102.0	790.0	2,306.0	1,278.0	2,440.0
United Kingdom	1.7	1.8	2.0	425.6	225.0	470.0	68.9	35.0	70.0	484.5	260.0	540.0
Sweden	0.9	0.9	1.0	230.0	131.0	270.0	16.7	9.5	16.0	266.7	140.5	286.0
Norway	1.0	1.1	1.2	290.2	150.0	330.0	18.5	10.0	21.0	308.7	160.0	351.0
Denmark	0.7	0.7	0.8	290.2	150.0	330.0	8.0	4.4	8.7	298.2	154.4	338.7
Finland	9.0	10.5	11.5	2,890.0	1,717.7	3,227.0	112.0	70.0	132.0	3,022.0	1,787.7	3,359.0
Germany	0.8	0.8	0.9	183.5	122.0	244.3	1.5	0.7	1.5	185.0	122.7	245.8
Ireland	380.0	400.0	480.0	120.0	90.0	150.0	2.0	1.5	3.0	122.0	91.5	145.0
Czechoslovakia	290.0	340.0	380.0	90.0	64.9	114.2	5.0	2.5	5.0	100.0	69.4	121.2
Hungary	2.5	2.8	3.0	354.0	230.0	450.0	12.0	8.0	15.0	366.0	258.0	465.0
Russia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Belarus	0.7	0.8	0.9	217.0	113.0	239.0	14.0	8.5	14.5	233.0	121.5	256.5
Austria	1.6	1.7	1.9	410.4	235.0	471.2	47.0	24.6	46.5	480.4	289.6	517.7
Switzerland	4.3	4.8	7.3	1,440.0	975.0	1,820.0	27.0	13.0	24.0	1,467.0	1,008.0	2,140.0
France	2.4	2.5	2.7	547.2	281.0	405.0	28.4	14.0	30.0	575.6	295.0	435.0
Spain	144.0	422.0	700.0	136.0	78.2	158.0	8.0	4.8	9.0	146.0	83.0	144.0
Portugal	1.2	1.3	1.3	235.0	147.2	244.3	30.0	17.0	32.0	265.0	164.2	298.3
Belgium	2.5	2.7	2.8	551.0	344.3	404.3	31.3	20.0	36.0	582.3	364.3	460.3
Holland	3.4	3.6	3.9	774.4	475.0	857.0	57.9	31.5	66.5	831.5	505.5	922.5
Italy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
East Europe/Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Europe	1,207.3	1,437.4	1,412.3	11,509.4	6,727.2	13,175.3	863.2	494.0	937.7	12,392.6	7,221.2	14,113.0
ICON	4.1	4.5	4.8	861.0	438.5	1,024.0	128.0	69.5	139.0	989.0	508.0	1,365.0
APAC	0.5	0.6	0.7	154.5	81.5	194.8	14.0	6.3	15.2	146.5	87.8	210.0
Australia	0.3	0.4	0.4	95.0	55.0	124.0	10.2	5.0	10.5	105.2	60.0	134.5
New Zealand	0.5	0.6	0.8	140.5	85.0	170.0	6.5	4.0	10.0	146.0	89.0	180.0
Singapore	0.4	0.6	0.6	108.0	66.0	125.0	4.8	4.0	8.0	114.8	69.0	133.0
Thailand	1.1	1.3	1.5	240.0	140.0	330.0	5.4	3.6	7.2	245.4	143.6	337.2
Malaysia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indonesia/Philippines	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other APAC	4.9	7.9	8.7	1,999.0	885.0	1,999.8	149.9	92.4	189.9	1,768.9	977.4	2,199.7
Total APAC	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Latin America	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mexico	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Venezuela	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Colombia	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Argentina	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Caribbean	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ecuador	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total LA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
S Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Turkey	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco/North Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dubai/Middle East	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Israel	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
India	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Greece	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other AME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total AME	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Recommend ICON	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total ICON	4.9	7.9	8.7	1,999.0	885.0	1,999.8	149.9	92.4	189.9	1,768.9	977.4	2,199.7
Far East	8.9	9.4	10.1	2,699.4	1,506.5	3,079.5	453.0	245.0	630.0	2,912.4	1,851.5	3,649.5
Japan	2.7	3.0	3.4	675.0	484.4	1,064.3	25.0	17.0	38.0	900.0	501.4	1,302.3
Korea	1.4	1.3	1.3	316.2	157.8	330.8	7.0	5.0	10.0	323.0	142.8	340.8
Taiwan	0.5	0.6	0.8	173.7	98.6	212.1	12.9	8.5	19.0	286.6	137.1	231.1
Hong Kong	1.0	1.5	2.1	325.0	295.6	482.8	4.0	8.0	17.0	339.0	303.6	489.5
PR China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Far East	14.5	15.8	17.7	4,349.1	2,322.8	5,279.2	501.9	283.5	610.0	4,961.0	2,846.3	5,888.2
Total Far East	1,346.2	1,564.7	1,738.3	34,146.5	20,940.0	47,019.3	3,843.4	2,161.1	4,318.5	38,909.9	23,721.1	46,334.9
WW Total	1,346.2	1,564.7	1,738.3	34,146.5	20,940.0	47,019.3	3,843					

Data Updated
31-Jan

Windows Penetration & Windows 3.1 installed Base

Location	PC's Sold		Forecast FY95		Windows 3.1			
	Into Homes		Penetration	Upgrades	Installed Base			
US	4,400,000	42%	17,000,000	85%	0	0%	26,000,000	130%
Canada	362,500	23%	1,115,416	70%	0	0%	2,749,050	172%
Total North America	4,762,500		18,115,416		0		28,749,050	
Europe	0	0%	0	0%	0	0%	0	0%
European Headquarters, Paris	0	0%	0	0%	0	0%	0	0%
European Operations Center, Dublin	0	0%	0	0%	0	0%	0	0%
United Kingdom	790,000	32%	2,091,150	85%	0	0%	4,570,000	187%
Sweden	59,000	13%	425,000	90%	0	0%	1,085,000	231%
Norway	29,000	11%	243,000	90%	0	0%	716,250	265%
Denmark	44,000	13%	280,000	85%	0	0%	918,000	278%
Finland	14,200	8%	158,000	79%	0	0%	580,000	290%
Germany	1,200,000	37%	2,190,000	68%	0	0%	6,470,000	56%
Poland	20,000	8%	156,000	63%	0	0%	210,000	23%
Czechoslovakia	15,000	10%	102,000	68%	0	0%	150,000	100%
Hungary	10,000	9%	77,000	66%	0	0%	170,000	45%
Russia	30,000	7%	200,500	45%	0	0%	280,000	42%
Slovenia	0	0%	0	0%	0	0%	0	0%
Austria	79,000	33%	147,000	62%	0	0%	560,000	63%
Switzerland	151,360	32%	377,514	80%	0	0%	1,200,000	61%
France	425,000	22%	1,520,000	79%	0	0%	5,200,000	271%
Spain	125,000	21%	498,217	82%	0	0%	1,565,000	259%
Portugal	37,125	24%	130,580	84%	0	0%	323,425	209%
Belgium	65,000	24%	245,000	92%	0	0%	850,000	0%
Holland	154,000	28%	576,000	92%	0	0%	1,450,000	0%
Italy	210,000	28%	642,750	75%	0	0%	1,852,554	0%
East Europe Other	0	0%	0	0%	0	0%	0	0%
Total Europe	3,459,645		10,089,711		0		28,150,229	
ICON								
APAC								
Australia	270,000	26%	882,599	86%	0	0%	2,500,000	244%
New Zealand	43,050	22%	169,615	87%	0	0%	494,633	258%
Singapore	28,000	23%	82,000	66%	0	0%	250,000	202%
Thailand	48,000	26%	116,000	68%	0	0%	348,000	144%
Malaysia	15,000	12%	90,000	72%	0	0%	300,000	240%
Indonesia/ Philippines	47,800	14%	95,000	28%	0	0%	230,000	69%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	451,550		1,435,214		0		4,024,633	
Latin America								
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0		0		0		0	
AME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AME	0	0%	0	0%	0	0%	0	0%
Total AME	0		0		0		0	
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	451,550		1,435,214		0		4,024,633	
Far East								
Japan	831,350	28%	1,900,000	63%	0	0%	3,380,960	112%
Korea	550,000	52%	740,000	70%	0	0%	1,200,000	113%
Taiwan	179,000	36%	198,000	60%	0	0%	392,992	119%
Hong Kong	59,400	28%	161,827	74%	0	0%	274,742	130%
PR China	30,000	8%	60,000	9%	0	0%	220,000	34%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	1,589,750		3,059,827		0		5,448,694	
WW Total	14,263,485		32,670,167		0		68,972,204	

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Data updated
31-Jan

Windows Penetration & Windows 3.1 Installed Base

Location	Budget FY95							
	PC's Sold into Homes		Windows Penetration		Windows 95 Upgrades		Windows 3.1 Installed Base	
US	7,415,000	42%	15,000,000	85%	2,775,000	16%	21,142,000	120%
Canada	0	0%	1,239,446	85%	238,530	16%	2,245,760	155%
Total North America	7,415,000		16,239,446		3,013,530		23,387,760	
Europe	0	0%	0	0%	0	0%	0	0%
European Headquarters, Paris	0	0%	0	0%	0	0%	0	0%
European Operations Center, Dublin	0	0%	0	0%	0	0%	0	0%
United Kingdom	873,000	34%	2,200,750	85%	340,837	13%	4,112,925	159%
Sweden	45,000	11%	345,000	86%	90,000	22%	1,012,000	252%
Norway	23,000	10%	195,000	85%	50,000	22%	675,000	295%
Denmark	27,000	11%	195,000	79%	50,000	20%	843,000	340%
Finland	15,200	8%	143,000	79%	35,300	19%	550,000	287%
Germany	1,300,000	39%	1,970,000	60%	415,000	13%	6,250,000	54%
Poland	0	0%	0	0%	0	0%	0	0%
Czechoslovakia	0	0%	0	0%	0	0%	0	0%
Hungary	0	0%	0	0%	0	0%	0	0%
Russia	0	0%	0	0%	0	0%	0	0%
Slovenia	0	0%	0	0%	0	0%	0	0%
Austria	91,200	38%	145,790	61%	57,000	24%	480,000	54%
Switzerland	140,000	35%	373,350	81%	90,000	12%	1,040,000	57%
France	425,000	23%	0	0%	0	0%	0	0%
Spain	0	0%	0	0%	24,143	4%	1,562,682	259%
Portugal	40,250	26%	128,500	83%	12,500	8%	0	0%
Belgium	60,000	23%	235,000	91%	49,000	19%	840,000	0%
Holland	148,000	24%	454,000	90%	64,000	11%	1,400,000	0%
Italy	0	0%	0	0%	0	0%	0	0%
East Europe Other	0	0%	0	0%	0	0%	0	0%
Total Europe	3,207,660		6,385,390		1,280,780		18,765,607	
ICON								
APAC								
Australia	232,000	25%	790,500	86%	160,000	17%	2,000,000	217%
New Zealand	27,540	17%	129,600	80%	26,750	17%	346,500	214%
Singapore	0	0%	0	0%	0	0%	0	0%
Thailand	44,000	28%	110,000	69%	0	0%	248,000	155%
Malaysia	15,000	13%	80,000	71%	12,800	11%	250,000	221%
Indonesia/ Philippines	0	0%	0	0%	0	0%	0	0%
Other APAC	0	0%	0	0%	0	0%	0	0%
Total APAC	318,540		1,110,100		199,250		2,844,500	
Latin America								
Mexico	0	0%	0	0%	0	0%	0	0%
Brazil	0	0%	0	0%	0	0%	0	0%
Venezuela	0	0%	0	0%	0	0%	0	0%
Chile	0	0%	0	0%	0	0%	0	0%
Colombia	0	0%	0	0%	0	0%	0	0%
Argentina	0	0%	0	0%	0	0%	0	0%
Caribbean	0	0%	0	0%	0	0%	0	0%
Ecuador	0	0%	0	0%	0	0%	0	0%
Peru	0	0%	0	0%	0	0%	0	0%
Other LA	0	0%	0	0%	0	0%	0	0%
Total LA	0		0		0		0	
AIME								
S Africa	0	0%	0	0%	0	0%	0	0%
Turkey	0	0%	0	0%	0	0%	0	0%
Morocco/ North Africa	0	0%	0	0%	0	0%	0	0%
Dubai/Middle East	0	0%	0	0%	0	0%	0	0%
Israel	0	0%	0	0%	0	0%	0	0%
India	0	0%	0	0%	0	0%	0	0%
Greece	0	0%	0	0%	0	0%	0	0%
Other AIME	0	0%	0	0%	0	0%	0	0%
Total AIME	0		0		0		0	
Other Redmond ICON	0	0%	0	0%	0	0%	0	0%
Total ICON	318,540		1,110,100		199,250		2,844,500	
Far East								
Japan	0	0%	1,600,000	61%	0	0%	20,120,000	110%
Korea	0	0%	660,000	67%	0	0%	1,452,000	118%
Taiwan	119,000	34%	198,000	60%	0	0%	1,297,000	119%
Hong Kong	58,537	35%	115,000	68%	17,000	10%	1,120,000	121%
PR China	30,000	4%	60,000	7%	0	0%	210,000	32%
Other Far East	0	0%	0	0%	0	0%	0	0%
Total Far East	207,537		2,633,000		17,000		4,881,192	
WW Total	11,148,727		26,367,938		4,510,560		49,879,059	

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OS Market by Period
(All)

Location	Actual FY24	Actual YTD FY25	Forecast FY25	Budget FY25
US	15,274,000 100%	10,300,000 100%	20,000,000 100%	17,655,000 100%
Canada	1,415,000 100%	725,000 100%	1,595,000 100%	1,450,000 100%
Total North America	16,689,000 49%	11,025,000 33%	21,595,000 51%	19,105,000 49%
Europe	0 0%	0 0%	0 0%	0 0%
European Headquarters, Paris	0 0%	0 0%	0 0%	0 0%
European Operations Center, Dublin	0 0%	0 0%	0 0%	0 0%
United Kingdom	2,096,000 100%	1,176,000 100%	2,450,000 100%	2,589,000 100%
Sweden	425,561 100%	225,000 100%	470,000 100%	422,350 100%
Norway	230,014 100%	131,000 100%	270,000 100%	228,583 100%
Denmark	425,561 100%	225,000 100%	470,000 100%	422,350 100%
Finland	230,014 100%	131,000 100%	270,000 100%	228,583 100%
Germany	2,890,000 100%	1,717,700 100%	3,227,000 100%	3,291,900 100%
Poland	183,500 100%	121,950 100%	244,300 100%	244,000 100%
Czechia/Slovakia	120,000 100%	78,180 100%	180,000 100%	150,000 100%
Hungary	95,000 100%	66,850 100%	114,200 100%	113,000 100%
Russia	354,000 100%	249,217 100%	450,100 100%	450,000 100%
Slovenia	0 0%	0 0%	0 0%	0 0%
Austria	217,000 100%	118,000 100%	239,000 100%	239,000 100%
Switzerland	410,440 100%	235,026 100%	471,200 100%	460,813 100%
France	1,660,000 100%	975,000 100%	1,920,000 100%	1,885,000 100%
Spain	547,222 100%	281,000 100%	605,000 100%	604,096 100%
Portugal	138,000 100%	78,150 100%	155,000 100%	155,000 100%
Belgium	235,000 100%	147,200 100%	264,300 100%	239,000 100%
Netherlands	661,000 100%	344,300 100%	624,300 99%	605,000 100%
Italy	776,376 100%	475,000 100%	857,000 100%	869,842 100%
East Europe Other	0 0%	0 0%	0 0%	0 0%
Total Europe	11,584,667 34%	6,770,543 20%	13,256,430 31%	13,178,216 34%
ICON				
APAC				
Australia	814,500 95%	438,500 100%	1,026,000 100%	921,000 100%
New Zealand	154,500 100%	81,500 100%	194,800 100%	162,000 100%
Singapore	95,000 100%	55,890 100%	124,000 100%	82,760 100%
Thailand	140,500 100%	85,000 100%	170,000 100%	160,000 100%
Malaysia	108,000 100%	65,000 100%	125,000 100%	113,200 100%
Indonesia/Philippines	240,200 100%	0 0%	333,600 100%	299,040 100%
Other APAC	0 0%	0 0%	0 0%	0 0%
Total APAC	1,552,700 100%	725,890 35%	1,973,400 48%	1,738,000 44%
Latin America				
Mexico	0 0%	0 0%	0 0%	0 0%
Brazil	0 0%	0 0%	0 0%	0 0%
Venezuela	0 0%	0 0%	0 0%	0 0%
Chile	0 0%	0 0%	0 0%	0 0%
Colombia	0 0%	0 0%	0 0%	0 0%
Argentina	0 0%	0 0%	0 0%	0 0%
Caribbean	0 0%	0 0%	0 0%	0 0%
Ecuador	0 0%	0 0%	0 0%	0 0%
Peru	0 0%	0 0%	0 0%	0 0%
Other LA	0 0%	0 0%	0 0%	0 0%
Total LA	0 0%	0 0%	0 0%	0 0%
AME				
S Africa	0 0%	0 0%	0 0%	0 0%
Turkey	0 0%	0 0%	0 0%	0 0%
Morocco/ North Africa	0 0%	0 0%	0 0%	0 0%
Duba/Middle East	0 0%	0 0%	0 0%	0 0%
Israel	0 0%	0 0%	0 0%	0 0%
India	0 0%	0 0%	0 0%	0 0%
Greece	0 0%	0 0%	0 0%	0 0%
Other AME	0 0%	0 0%	0 0%	0 0%
Total AME	0 0%	0 0%	0 0%	0 0%
Other Demand ICON	0 0%	0 0%	0 0%	0 0%
Total ICON	1,552,700 35%	725,890 35%	1,973,400 48%	1,738,000 44%
Far East				
Japan	2,462,100 100%	1,306,500 100%	3,079,500 100%	2,641,200 100%
Korea	875,000 100%	484,380 100%	1,064,300 100%	980,000 100%
Taiwan	316,000 100%	137,840 100%	330,800 100%	330,900 100%
Hong Kong	173,715 100%	98,852 100%	212,090 100%	149,121 100%
PR China	825,000 100%	296,600 100%	682,500 100%	695,000 100%
Other Far East	0 0%	0 0%	0 0%	0 0%
Total Far East	4,561,815 13%	2,322,842 11%	6,279,190 15%	4,814,321 12%
WW Total	34,178,182 100%	20,844,375 35%	42,103,020 48%	38,837,237 44%

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Local Market Licenses

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
US	745,000	1,819,000	1,440,000	2,138,000	3,096,000	4,228,000	3,099,000	4,353,000	2,690,000	3,831,000	2,270,000	3,838,000
Canada	63,000	139,000	108,000	155,000	208,000	305,000	196,000	318,000	162,000	253,000	161,000	253,000
Total North America	808,000	1,958,000	1,748,000	2,293,000	3,304,000	4,544,000	3,295,000	4,671,000	2,852,000	4,084,000	2,431,000	4,091,000
Europe	0	0	0	0	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0	0
European Operations Center, Dublin	311,809	452,297	242,758	482,810	550,000	697,700	334,983	709,070	495,000	631,466	297,416	709,070
United Kingdom	15,714	58,500	49,690	82,884	83,566	96,500	66,522	127,488	60,405	87,800	59,239	119,968
Sweden	5,634	23,792	20,997	34,587	39,908	46,340	36,008	64,567	25,186	34,290	25,524	46,467
Norway	8,069	26,300	21,560	37,587	40,661	46,600	37,338	63,487	28,270	40,128	27,152	52,687
Denmark	3,229	11,980	8,700	17,284	29,812	32,835	24,184	34,888	21,341	23,674	15,095	27,384
Finland	115,133	328,058	267,798	441,744	426,402	788,844	463,714	985,676	366,657	665,073	392,909	804,901
Germany	1,280	1,345	13,913	17,920	7,080	49,445	18,837	45,310	5,282	44,345	16,307	15,580
Poland	1,632	3,363	18,417	11,500	8,817	19,164	24,222	25,083	3,612	11,647	22,661	17,850
Czechoslovakia	1,003	1,754	12,844	13,050	3,088	4,367	15,774	22,560	2,335	4,204	14,178	17,250
Hungary	1,050	2,070	8,739	13,050	1,418	15,178	15,933	25,700	900	12,057	15,133	24,600
Russia	0	0	0	0	0	0	0	0	0	0	0	0
Slovenia	19,049	57,460	49,267	69,885	49,423	84,906	40,321	110,085	37,131	71,711	54,839	90,046
Austria	24,620	67,948	70,803	67,374	60,000	92,000	83,116	96,819	85,263	88,406	80,512	86,972
Switzerland	117,497	221,390	149,812	264,784	313,989	411,189	261,224	464,404	349,933	438,219	212,479	502,536
France	16,539	29,474	26,732	43,550	36,960	44,531	37,237	68,200	35,613	44,995	36,972	63,404
Spain	8,363	13,804	14,911	16,256	12,771	23,663	18,249	25,295	13,676	20,718	14,268	23,121
Portugal	14,600	38,100	34,099	46,500	40,600	41,300	49,070	77,200	36,600	54,100	44,735	64,100
Belgium	24,500	47,000	30,200	57,000	51,000	136,900	96,100	167,800	80,700	82,400	50,900	113,500
Holland	39,139	98,076	61,907	108,917	81,030	161,973	91,635	192,048	85,632	151,918	78,170	182,422
Italy	0	0	0	0	0	0	0	0	0	0	0	0
East Europe Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Europe	732,460	1,481,961	1,106,667	1,826,899	1,836,525	2,816,666	1,763,468	3,256,772	1,672,836	2,206,650	1,468,449	2,981,932
ICON	0	0	0	0	0	0	0	0	0	0	0	0
ADAC	78,000	128,000	109,700	145,000	162,000	241,000	161,980	234,000	132,000	216,000	144,000	217,000
Australia	11,980	14,919	19,115	32,833	19,860	26,238	21,771	42,818	22,301	31,119	21,753	42,220
New Zealand	4,626	4,292	14,871	12,193	6,946	11,012	14,798	19,960	4,671	4,457	16,729	15,815
Singapore	1,600	2,880	4,000	8,000	3,300	4,180	3,600	9,600	2,500	4,250	3,900	9,900
Taiwan	2,590	4,389	10,909	11,869	3,487	10,637	13,645	14,823	3,988	10,906	14,088	14,569
Malaysia	0	0	0	0	0	0	0	0	0	0	0	0
Indonesia/Philippines	0	0	0	0	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0	0	0	0	0
Total APAC	98,796	160,080	160,296	209,896	196,792	296,267	217,784	321,191	167,360	270,731	200,450	299,504
Latin America	0	0	0	0	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0	0	0	0	0
Dual/Middle East	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0	0	0	0	0
Total ICON	98,796	160,080	160,296	209,896	196,792	296,267	217,784	321,191	167,360	270,731	200,450	299,504
Far East	32,000	256,400	241,000	348,000	144,800	611,300	432,200	783,000	188,900	349,700	369,000	558,000
Japan	104	2,362	8,080	41,000	22,909	182,937	47,413	173,540	21,023	47,319	34,037	74,610
Korea	1,486	17,240	13,914	32,864	8,436	31,146	25,861	47,844	8,088	27,111	17,867	32,563
Taiwan	4,230	23,054	15,738	23,864	10,907	33,139	20,533	33,425	11,570	32,141	18,313	32,797
Hong Kong	100	1,680	2,868	4,300	22,130	26,966	4,048	34,000	1,390	1,822	3,023	3,900
PR China	0	0	0	0	0	0	0	0	0	0	0	0
Other Far East	38,120	300,510	281,270	449,216	208,782	688,296	529,745	1,041,830	156,117	478,099	432,240	717,170
Total Far East	1,677,376	3,900,511	3,296,232	4,778,672	5,545,099	8,511,188	5,745,997	9,289,793	4,721,772	6,339,475	4,326,179	8,089,506
WW Total												

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Data Updated
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Market Licenses
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
US	3,096,000	4,238,000	3,039,000	4,353,000	2,351,000	2,418,000	1,399,000	2,215,000
Canada	208,000	305,000	195,000	318,000	145,000	167,000	110,000	163,000
Total North America	3,304,000	4,544,000	3,235,000	4,671,000	2,496,000	2,585,000	1,509,000	2,378,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	238,591	265,403	92,225	278,970
United Kingdom	550,000	697,700	334,983	709,070	67,852	38,000	16,832	45,000
Sweden	83,566	96,500	66,522	127,488	34,274	23,048	15,010	22,100
Norway	39,908	46,240	36,008	58,587	32,592	20,300	15,778	25,900
Denmark	40,661	46,600	37,338	63,487	26,583	20,855	45,486	17,500
Finland	29,812	32,835	54,186	34,888	311,269	460,307	195,916	503,932
Germany	426,402	788,364	463,714	945,676	5,800	46,040	4,850	8,390
Poland	7,080	49,445	18,837	45,310	7,185	15,801	5,805	13,583
Czechoslovakia	8,817	19,164	24,222	25,083	2,085	4,513	3,230	9,510
Hungary	3,088	6,267	15,774	22,560	415	13,168	7,194	12,200
Russia	1,418	15,178	15,933	25,700	0	0	0	0
Slovenia	0	0	0	0	0	0	0	0
Austria	49,423	86,906	60,321	110,085	30,373	29,446	10,954	40,200
Switzerland	60,000	92,000	83,116	95,819	36,111	27,500	12,313	26,854
France	313,989	411,189	261,224	464,476	196,492	189,800	111,712	199,722
Spain	36,960	44,531	37,237	66,200	20,421	14,547	8,485	21,660
Portugal	12,771	23,663	18,289	25,295	4,408	10,159	1,338	8,540
Belgium	40,600	61,200	49,070	77,200	22,000	23,100	14,971	30,700
Holland	51,000	136,900	95,100	167,800	26,500	89,900	64,900	110,800
Italy	61,000	161,973	91,635	192,048	41,891	64,208	29,728	83,131
Italy	0	0	0	0	0	0	0	0
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,836,525	2,816,655	1,763,658	3,256,772	1,104,842	1,336,095	666,727	1,258,482
ICON	0	0	0	0	0	0	0	0
APAC	0	0	0	0	92,000	113,000	52,250	89,000
Australia	162,000	241,000	161,950	234,000	7,880	9,099	2,666	10,000
New Zealand	19,860	26,238	21,771	42,818	2,319	6,321	2,564	7,757
Singapore	4,945	11,012	16,798	19,960	1,700	3,600	1,400	4,800
Thailand	3,300	4,150	3,600	9,600	1,077	2,548	2,756	2,954
Malaysia	3,687	10,837	13,665	14,823	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	195,792	295,237	217,784	321,191	104,996	134,668	61,616	114,511
Latin America	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	195,792	295,237	217,784	321,191	104,996	134,668	61,616	114,511
Far East	0	0	0	0	0	0	0	0
Japan	144,800	611,100	432,200	753,000	112,400	356,700	148,200	405,000
Korea	22,909	152,937	47,413	173,540	22,806	150,757	39,863	136,230
Taiwan	8,436	31,165	25,361	47,865	6,750	13,923	11,637	17,801
Hong Kong	10,907	33,139	20,533	33,425	6,677	10,081	7,660	9,871
PR China	22,130	26,955	4,048	34,000	22,030	25,408	7,540	27,700
Other Far East	0	0	0	0	0	0	0	0
Total Far East	208,782	855,296	529,745	1,041,830	170,642	556,868	199,540	586,502
WW Total	5,545,099	8,511,188	5,745,997	9,289,793	3,876,509	4,612,531	2,435,843	4,547,495

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Market Licenses
Window Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,690,000	3,831,000	2,270,000	3,838,000	1,946,000	2,013,000	630,000	1,700,000
Canada	162,000	253,000	161,000	253,000	99,000	114,000	56,000	97,000
Total North America	2,852,000	4,084,000	2,431,000	4,091,000	2,045,000	2,127,000	686,000	1,797,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	495,000	631,666	297,416	709,070	183,591	179,169	54,668	226,260
Sweden	60,405	87,800	59,239	119,988	44,691	29,300	9,549	37,500
Norway	25,186	34,290	25,524	46,487	19,552	11,098	4,527	11,900
Denmark	28,270	40,128	27,152	52,687	20,701	13,828	5,592	15,100
Finland	21,741	23,674	15,095	27,384	18,512	11,694	6,395	10,000
Germany	366,657	666,073	392,909	804,901	250,525	337,015	125,111	363,157
Poland	5,282	44,245	16,307	35,580	4,000	42,900	2,289	16,712
Czechoslovakia	3,612	11,647	22,661	17,850	1,980	8,284	4,244	6,350
Hungary	2,335	4,204	14,178	17,250	1,332	2,450	1,621	4,200
Russia	900	12,057	15,133	24,600	700	10,047	6,394	11,100
Slovenia	0	0	0	0	0	0	0	0
Austria	37,131	71,711	64,839	90,046	18,082	14,252	5,672	20,161
Switzerland	55,263	88,405	80,512	86,992	31,846	32,745	9,709	21,508
France	349,933	408,219	212,479	802,526	232,436	216,830	62,967	237,772
Spain	35,613	44,595	36,972	63,424	19,074	15,256	8,220	19,874
Portugal	13,576	20,718	18,268	23,121	5,213	7,214	1,357	6,366
Belgium	36,600	54,100	44,735	44,100	18,000	16,000	10,636	17,600
Holland	50,700	82,400	50,900	113,500	26,200	35,400	20,700	56,500
Italy	85,632	151,918	78,170	182,422	46,493	52,965	16,263	73,505
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,672,836	2,506,650	1,462,489	2,981,932	942,928	1,036,447	355,704	1,166,565
ICON	0	0	0	0	0	0	0	0
APAC	132,000	216,000	144,000	217,000	84,000	88,000	34,300	72,000
Australia	22,301	31,119	21,753	42,220	10,321	15,711	2,638	9,568
New Zealand	4,671	6,657	16,729	15,815	1,945	1,746	2,156	3,622
Singapore	2,500	6,250	3,900	9,900	900	3,700	1,400	5,100
Thailand	3,988	10,905	14,058	14,569	1,398	2,616	3,159	2,700
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	167,360	270,731	200,650	299,504	88,564	111,792	43,665	92,990
Latin America	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Duba/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	167,360	270,731	200,650	299,504	88,564	111,792	43,665	92,990
Far East	188,900	369,700	369,000	688,000	156,900	119,300	87,000	210,000
Japan	21,023	47,319	24,037	74,610	20,919	45,130	15,987	37,300
Korea	8,093	27,111	17,867	44,863	6,407	20,871	3,953	14,199
Taiwan	11,370	32,141	18,313	32,797	7,140	20,833	2,575	9,243
Hong Kong	130	1,822	3,023	7,200	30	272	455	900
PR China	0	0	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0	0	0
Total Far East	229,516	478,093	432,240	717,170	191,396	143,666	93,970	271,642
WW Total	4,921,772	7,339,475	4,526,179	8,089,606	3,247,848	3,458,904	1,195,329	3,317,197

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Market Licenses
Windows Databases

Location	Windows Database - Bundled				Windows Database - Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	957,000	1,552,000	1,602,000	2,239,000	957,000	1,053,000	966,000	1,059,000
Canada	79,000	68,000	85,833	103,000	79,000	36,000	33,973	54,000
Total North America	1,036,000	1,620,000	1,687,833	2,342,000	1,036,000	1,089,000	999,973	1,113,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	95,894	302,200	144,290	366,740	95,894	128,256	39,904	115,429
Sweden	25,866	40,330	24,112	57,600	25,866	17,750	7,096	16,500
Norway	11,968	15,510	12,560	28,200	11,968	6,150	4,626	6,700
Denmark	19,398	31,963	15,456	25,987	19,398	20,800	3,593	8,800
Finland	8,459	5,899	5,542	10,865	8,459	1,620	2,230	3,000
Germany	61,692	290,848	237,352	381,339	60,260	197,061	57,633	217,613
Poland	5,000	6,628	3,289	7,565	5,000	5,128	2,210	5,765
Czechoslovakia	2,718	5,086	7,078	6,650	2,718	5,086	5,137	6,650
Hungary	486	1,207	3,917	4,777	486	1,174	2,577	4,977
Russia	920	4,989	7,215	11,000	920	4,989	6,348	11,000
Slovenia	0	0	0	0	0	0	0	0
Austria	5,338	29,189	30,066	40,101	5,338	10,371	3,922	15,670
Switzerland	41,788	38,983	39,623	46,751	41,788	10,726	4,090	12,444
France	120,277	160,443	82,774	191,946	120,277	64,336	30,071	79,521
Spain	20,868	17,186	21,104	29,155	20,868	6,670	5,635	10,337
Portugal	5,893	14,091	7,497	14,785	5,893	3,616	827	3,407
Belgium	9,400	17,200	21,677	28,300	9,300	8,600	6,685	11,300
Netherlands	6,500	15,800	21,660	36,200	6,500	7,800	11,300	16,700
Italy	29,140	47,089	28,501	54,764	29,140	24,473	11,077	25,197
Other Europe	0	0	0	0	0	0	0	0
Total Europe	471,605	1,044,562	713,693	1,344,725	490,073	524,606	204,961	581,010
ICON								
APAC								
Australia	73,000	49,000	75,100	48,000	70,540	33,000	21,500	29,000
New Zealand	11,141	10,624	10,374	10,652	11,141	6,478	1,725	4,367
Singapore	3,448	4,318	10,726	10,750	3,448	2,318	4,036	5,093
Thailand	450	1,500	2,323	2,245	450	1,425	2,089	1,925
Malaysia	2,600	5,218	7,462	7,902	2,600	2,279	1,672	2,690
Indonesia/Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	90,639	70,660	106,185	79,549	88,179	45,500	31,022	43,015
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Reclaim ICON	0	0	0	0	0	0	0	0
Total ICON	90,639	70,660	106,185	79,549	88,179	45,500	31,022	43,015
Far East								
Japan	8,900	224,700	177,800	312,000	8,900	185,800	125,800	162,000
Korea	2,517	3,667	4,423	34,510	2,517	2,810	2,348	24,500
Taiwan	2,888	10,902	9,049	26,851	2,888	2,085	6,849	14,212
Hong Kong	3,977	8,302	11,698	19,310	3,977	5,126	3,225	8,240
PR China	530	3,835	50,000	3,700	530	3,835	10,000	3,700
Other Far East	0	0	0	0	0	0	0	0
Total Far East	15,812	251,406	252,970	396,371	15,812	204,656	148,222	212,652
WW Total	1,613,261	2,986,628	2,760,581	4,162,645	1,629,769	1,863,762	1,421,878	1,939,677

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Market Licenses
WinDown Servers

Location	File and Print Servers				Mail Servers			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
US	521,000	575,000	330,000	670,000	166,000	189,000	126,000	250,000
Canada	24,000	32,000	20,000	38,000	5,000	9,000	8,000	11,000
Total North America	545,000	607,000	350,000	708,000	171,000	198,000	134,000	261,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	3,650	5,910	7,280	12,180
United Kingdom	36,200	42,800	25,080	52,250	1,725	2,500	2,483	3,150
Sweden	13,800	13,478	8,381	14,800	1,100	1,400	1,000	1,780
Norway	5,882	5,662	3,869	6,300	680	937	697	1,265
Norway	5,989	6,004	4,720	6,700	90	100	227	160
Denmark	8,590	5,833	4,148	6,800	5,143	6,422	3,502	7,393
Finland	55,200	69,274	47,700	80,285	1,000	1,586	1,000	2,100
Germany	6,000	8,337	4,938	11,700	0	87	50	110
Poland	710	1,733	1,908	2,475	210	157	220	340
Czechoslovakia	2,002	1,068	1,900	2,150	0	205	179	0
Hungary	1,025	4,064	3,733	5,120	0	0	0	0
Russia	0	0	0	0	305	580	316	984
Slovenia	4,091	3,410	1,491	4,000	1,179	1,633	960	2,205
Austria	6,067	9,877	6,000	13,000	1,783	2,125	1,500	2,480
Switzerland	36,000	37,800	21,000	41,200	0	0	984	0
France	0	0	15,375	0	0	0	150	336
Spain	1,156	1,592	984	1,864	214	307	459	1,300
Portugal	5,000	6,200	3,930	6,800	750	1,100	672	1,950
Belgium	11,823	12,750	8,100	13,610	831	1,192	818	1,536
Holland	15,349	19,209	9,505	27,614	0	0	0	0
Italy	0	0	0	0	0	0	0	0
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	211,514	249,081	172,763	296,268	19,160	27,046	22,496	39,469
ICON	0	0	0	0	0	0	0	0
ABAC	14,289	19,270	9,500	21,000	4,850	5,950	3,286	8,615
Australia	1,200	1,580	1,270	2,340	450	715	420	775
New Zealand	3,625	4,500	2,500	3,000	400	1,388	900	1,875
Singapore	880	915	1,100	1,530	0	0	233	0
Thailand	1,771	2,039	1,747	2,441	253	349	510	450
Malaysia	0	0	0	0	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	21,665	28,274	16,117	30,311	5,973	8,402	5,349	11,715
Latin America	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Richmond ICON	0	0	0	0	0	0	0	0
Total ICON	21,665	28,274	16,117	30,311	5,973	8,402	5,349	11,715
Far East	28,200	63,000	82,900	68,000	4,630	8,060	9,680	11,200
Japan	1,070	2,729	1,357	5,400	122	254	277	631
Korea	8,146	10,066	5,130	12,310	315	408	401	964
Taiwan	3,651	4,405	3,963	8,648	685	1,179	609	2,200
Hong Kong	3,214	5,935	2,700	11,000	0	0	0	0
PR China	0	0	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0	0	0
Total Far East	44,281	86,134	66,450	105,358	5,752	10,102	12,122	14,996
Total	822,260	970,889	604,330	1,139,937	201,845	243,560	173,363	327,180

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Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
Total North America	899,000	2,532,676	4,042,784	3,902,000	3,135,000	5,767,308	7,795,845	7,738,000	3,177,000	5,671,282	7,459,677	7,517,000
US	426,000	2,325,000	3,738,000	3,588,000	2,933,000	5,376,000	7,289,000	7,175,000	2,982,000	5,299,000	6,969,000	7,055,000
Canada	73,000	207,676	304,784	314,000	202,000	391,308	506,845	563,000	195,000	372,282	490,677	522,000
Europe												
European Headquarters, Paris	0	0	0	0	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0	0	0	0	0
United Kingdom	211,429	511,147	692,002	796,979	426,526	831,192	1,083,972	1,191,581	382,368	748,618	964,215	1,138,140
Sweden	14,204	68,407	100,503	132,192	90,271	166,801	220,823	253,259	88,895	161,633	212,372	250,883
Norway	4,134	21,026	37,781	45,221	43,408	71,680	97,916	104,395	33,611	57,794	77,981	91,698
Finland	5,029	27,275	43,635	51,356	28,661	58,512	82,911	93,348	36,270	66,009	85,811	99,857
France	2,429	10,532	17,132	24,017	15,912	31,421	78,099	52,800	33,991	50,983	62,698	72,779
Germany	110,296	473,945	746,318	921,467	467,032	1,055,087	1,421,054	1,773,277	391,392	874,019	1,191,281	1,484,839
Poland	1,000	2,066	14,866	18,335	2,800	36,094	52,483	72,935	2,700	36,280	50,957	67,235
Czechoslovakia	1,382	4,026	19,043	12,895	2,067	13,565	32,987	30,764	2,362	7,156	25,567	24,459
Hungary	853	2,551	14,545	16,013	2,408	7,952	22,176	34,448	1,585	8,200	18,102	23,735
Russia	50	306	7,345	16,013	968	11,892	25,275	29,415	100	8,903	20,836	25,000
Sweden	16,964	39,705	81,107	126,595	80,778	82,616	179,386	195,536	48,497	78,166	122,623	179,616
Austria	19,450	79,924	144,727	139,887	78,000	186,200	230,516	237,646	72,000	146,260	219,272	220,200
Switzerland	105,887	276,378	403,890	466,030	344,879	677,993	903,217	1,020,761	379,323	649,850	821,329	1,001,861
France	9,029	29,811	51,375	60,296	28,580	66,189	83,268	98,569	31,985	60,080	87,272	101,940
Spain	8,363	24,529	40,139	36,531	11,499	31,894	48,756	53,193	10,680	28,998	44,924	48,042
Portugal	17,296	49,486	75,278	86,360	46,826	69,397	129,367	145,862	42,544	81,138	114,177	136,567
Belgium	21,880	57,574	80,125	107,630	41,600	149,423	198,219	233,561	39,448	101,915	136,890	166,892
Holland	40,001	127,289	183,000	219,358	105,067	344,364	323,566	405,774	122,688	251,819	318,920	409,201
Italy	0	0	0	0	0	0	0	0	0	0	0	0
East Europe Other	0	0	0	0	0	0	0	0	0	0	0	0
Total Europe	589,716	1,805,977	2,752,817	3,278,125	1,807,252	3,772,072	5,140,991	6,027,124	1,740,343	3,414,221	4,575,382	5,562,947
ICON												
AD&C	99,000	201,400	294,700	315,950	221,000	394,520	522,820	567,680	179,000	336,680	450,780	499,430
Australia	13,600	29,673	48,148	40,579	14,610	41,962	42,013	80,498	22,291	49,676	69,584	87,629
New Zealand	7,384	11,795	24,180	24,659	11,143	25,666	39,045	43,130	11,294	15,891	27,720	31,949
Singapore	1,400	3,748	7,888	4,100	2,900	9,023	12,836	12,100	1,900	6,864	11,029	11,700
Thailand	1,590	4,629	15,823	14,298	397	6,284	14,334	14,937	2,236	7,993	18,146	16,562
Malaysia	0	0	0	0	0	0	0	0	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0	0	0	0	0
Total APAC	122,974	253,245	390,339	421,386	254,080	477,356	663,050	718,345	216,723	417,104	577,299	647,270
Latin America												
Mexico	0	0	0	0	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0	0	0	0	0
AME												
S Africa	0	0	0	0	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0	0	0	0	0
Other Richmond ICON	0	0	0	0	0	0	0	0	0	0	0	0
Total ICON	122,974	253,245	390,339	421,386	254,080	477,356	663,050	718,345	216,723	417,104	577,299	647,270
Far East												
Japan	3,016	134,779	369,282	372,016	95,433	307,911	564,583	619,433	125,191	366,568	661,818	795,304
Korea	104	1,112	16,812	31,477	6,032	34,834	48,987	91,282	11,028	45,499	62,886	96,330
Taiwan	2,453	22,637	37,377	58,041	8,917	37,390	57,239	81,846	10,242	36,864	51,909	70,730
Hong Kong	4,867	23,544	35,384	43,094	10,768	36,268	50,534	56,071	14,882	31,665	44,726	56,129
PR China	100	1,412	3,320	7,000	130	1,808	3,699	9,885	300	1,560	3,699	7,852
Other Far East	0	0	0	0	0	0	0	0	0	0	0	0
Total Far East	10,580	183,884	462,175	511,628	121,250	417,911	725,042	860,917	152,543	487,286	815,038	1,033,645
WW Total	1,622,230	4,775,342	7,688,115	8,113,139	5,317,552	10,434,646	14,314,928	15,344,386	5,291,773	9,583,603	13,428,556	14,820,640

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Microsoft Installed Base
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,933,000	5,376,000	7,269,000	7,175,000	2,107,000	3,051,000	3,531,000	3,587,000
Canada	202,000	391,308	526,845	563,000	129,000	183,632	222,061	250,000
Total North America	3,135,000	5,767,308	7,795,845	7,738,000	2,236,000	3,234,632	3,753,061	3,837,000
Europe	0	0	0	0	0	0	0	-0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	406,536	831,192	1,063,972	1,191,581	214,504	319,452	371,377	446,202
Sweden	90,271	166,801	220,823	253,259	77,067	99,394	110,026	122,067
Norway	43,408	71,680	97,916	104,395	39,274	50,664	60,135	59,174
Denmark	28,661	58,512	82,911	93,348	23,592	31,237	39,276	41,992
Finland	15,912	31,421	78,099	52,800	13,483	20,889	60,967	28,783
Germany	467,032	1,066,087	1,421,064	1,773,277	176,736	470,543	598,459	810,433
Poland	2,800	36,094	52,483	72,935	1,800	34,028	37,617	40,240
Czechoslovakia	2,067	13,565	32,987	30,764	685	9,539	13,944	17,869
Hungary	2,438	7,952	22,176	34,448	1,585	5,466	7,696	18,435
Russia	968	11,892	25,275	29,415	115	10,783	17,127	19,915
Slovenia	0	0	0	0	0	0	0	0
Austria	50,778	82,616	129,386	195,536	33,824	42,911	48,279	66,942
Switzerland	78,000	156,200	230,516	237,646	84,000	75,726	85,239	97,209
France	364,879	677,993	900,217	1,020,761	258,992	401,615	496,327	553,517
Spain	28,580	56,189	83,268	98,569	19,541	26,378	31,893	38,286
Portugal	11,439	31,494	48,756	53,793	3,076	6,966	8,617	16,662
Belgium	46,826	89,997	129,367	145,862	29,680	40,261	54,239	57,501
Netherlands	41,600	149,423	198,219	233,561	35,070	107,199	133,444	139,434
Italy	105,067	244,364	323,566	405,774	65,066	117,075	140,560	186,416
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,807,252	3,772,072	5,140,991	6,027,124	1,052,090	1,870,115	2,315,222	2,768,077
ICON								
APAC	221,000	394,530	522,820	567,680	86,000	157,190	192,190	215,040
Australia	18,610	41,962	62,013	80,498	6,010	13,289	14,865	20,759
New Zealand	11,143	25,566	39,045	43,130	4,759	14,771	15,865	19,671
Singapore	2,900	9,023	12,838	12,100	2,500	6,275	6,350	7,000
Thailand	397	6,284	16,334	14,937	397	1,245	2,101	2,229
Malaysia	0	0	0	0	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	254,050	477,355	653,050	718,345	99,666	192,770	231,371	264,699
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	254,050	477,355	653,050	718,345	99,666	192,770	231,371	264,699
Far East								
Japan	95,433	307,911	564,583	619,433	92,417	173,132	195,301	247,417
Korea	6,002	34,834	48,987	91,282	6,058	33,882	36,255	62,715
Taiwan	8,917	37,390	57,239	81,846	6,464	14,753	19,862	23,805
Hong Kong	10,268	34,268	50,534	58,471	5,273	14,631	17,057	14,749
PR China	130	1,508	3,699	5,885	30	96	879	2,885
Other Far East	0	0	0	0	0	0	0	0
Total Far East	121,250	417,911	725,042	860,917	110,242	236,494	263,544	361,571
WW Total	5,317,552	10,634,646	14,314,928	15,344,386	3,497,998	5,534,011	6,568,508	7,216,347

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Microsoft installed base
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	2,982,000	5,299,000	6,969,000	7,055,000	2,156,000	2,974,000	3,231,000	3,467,000
Canada	195,000	372,282	490,677	522,000	122,000	164,606	185,893	208,000
Total North America	3,177,000	5,671,282	7,459,677	7,577,000	2,278,000	3,138,606	3,416,893	3,675,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	382,368	748,618	964,215	1,138,140	170,346	236,878	271,620	340,618
Sweden	48,895	161,433	212,372	250,843	74,691	93,026	100,575	118,691
Norway	33,611	57,794	77,981	91,696	29,477	36,768	40,200	46,477
Denmark	36,270	66,009	85,811	99,857	31,201	38,734	42,176	48,501
Finland	33,991	50,983	62,698	72,779	31,562	40,451	45,566	48,762
Germany	391,392	874,019	1,191,281	1,484,839	131,096	319,475	398,686	551,996
Poland	2,700	36,280	50,957	67,235	1,700	35,178	37,055	48,900
Czechoslovakia	2,262	7,156	25,567	24,659	840	3,130	6,524	11,564
Hungary	1,545	5,200	18,102	23,735	732	2,716	3,624	7,722
Russia	100	8,903	20,836	25,000	100	8,647	13,541	15,500
Slovenia	0	0	0	0	0	0	0	0
Austria	48,497	78,166	122,523	179,616	31,543	38,461	41,416	53,022
Switzerland	72,000	146,260	219,272	220,203	49,700	63,486	71,695	77,466
France	379,323	649,850	821,329	1,001,861	273,436	373,472	417,439	534,038
Spain	31,985	60,080	87,727	101,940	22,946	30,269	36,352	41,398
Portugal	10,680	28,598	44,924	48,042	2,317	4,069	4,785	11,511
Belgium	42,548	81,138	114,177	136,667	25,120	31,520	38,767	48,666
Holland	59,448	101,915	136,890	186,892	37,052	43,825	56,249	77,971
Italy	122,648	251,819	318,920	409,201	82,687	124,530	135,914	189,843
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	1,740,343	3,414,221	4,575,542	5,562,947	996,586	1,524,635	1,762,184	2,172,636
ICON	0	0	0	0	0	0	0	0
APAC	179,000	336,680	450,780	499,430	100,000	154,560	175,360	201,360
Australia	22,291	49,676	69,884	87,629	10,691	22,003	23,436	29,090
New Zealand	11,294	15,891	22,720	31,989	3,910	4,096	4,873	7,490
Singapore	1,900	6,864	11,029	11,700	900	3,516	3,941	6,000
Thailand	2,238	7,993	14,146	16,562	648	1,364	2,323	2,264
Malaysia	0	0	0	0	0	0	0	0
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	216,723	417,104	577,259	647,270	116,149	185,539	209,933	246,204
Latin America	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Duba/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Reamond ICON	0	0	0	0	0	0	0	0
Total ICON	216,723	417,104	577,259	647,270	116,149	185,539	209,933	246,204
Far East	125,191	366,568	661,818	795,304	122,175	231,779	282,536	423,288
Japan	11,428	45,459	62,886	95,330	12,124	45,642	53,154	67,803
Korea	10,242	36,064	51,909	78,730	7,989	13,427	14,537	20,689
Taiwan	11,262	31,665	44,726	56,129	8,474	12,985	14,156	15,314
Hong Kong	130	1,540	3,699	7,932	30	329	1,579	932
PR China	0	0	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0	0	0
Total Far East	157,653	481,286	815,038	1,033,445	150,592	303,141	364,757	528,046
WW Total	5,291,719	9,983,893	13,427,566	14,820,662	3,541,327	5,152,596	5,753,767	6,721,846

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Microsoft Installed Base
Windows Databases

Location	Windows Database - Bundled				Windows Database - Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	588,000	1,363,000	1,948,000	2,382,000	588,000	1,188,000	1,377,000	1,548,000
Canada	50,000	105,115	154,865	107,000	50,000	87,353	101,772	81,000
Total North America	638,000	1,471,115	2,102,865	2,489,000	638,000	1,275,353	1,478,772	1,629,000
Europe	0	0	0	0	0	0	0	0
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	44,558	171,482	247,222	306,024	44,558	91,458	115,109	141,392
United Kingdom	9,866	34,869	50,035	77,711	9,866	18,559	22,210	28,566
Sweden	6,968	15,343	22,001	34,690	6,968	9,919	12,701	13,168
Norway	9,343	25,644	34,526	32,530	9,343	18,275	19,885	17,043
Denmark	3,459	4,991	7,492	10,023	3,459	4,257	5,346	5,569
Finland	34,190	246,436	423,541	445,767	34,190	149,334	176,667	206,803
Germany	4,100	10,728	13,820	15,992	4,100	9,228	11,284	14,992
Poland	1,413	4,025	11,391	3,749	1,413	3,591	9,424	3,749
Czechoslovakia	436	1,744	5,501	9,377	436	1,744	4,171	7,664
Hungary	210	2,199	8,414	4,710	210	2,199	7,547	4,710
Russia	0	0	0	0	0	0	0	0
Slovenia	3,309	17,276	45,392	43,956	3,309	8,070	10,042	14,722
Austria	33,848	62,269	94,892	99,202	33,848	42,858	45,948	52,813
Switzerland	63,976	130,295	180,719	188,015	63,976	88,542	103,263	106,483
France	16,396	23,958	37,054	36,203	16,396	20,665	24,780	27,281
Spain	3,961	10,848	17,996	27,707	3,961	6,501	7,039	7,068
Portugal	7,440	18,956	35,693	30,492	7,440	13,479	19,661	16,422
Belgium	4,875	11,517	25,912	27,893	4,875	9,028	15,283	15,900
Netherlands	25,885	53,660	79,813	105,005	25,885	41,793	50,532	79,795
Italy	0	0	0	0	0	0	0	0
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	274,233	446,230	1,341,414	1,498,846	274,233	539,500	620,682	704,130
ICON	0	0	0	0	0	0	0	0
ADAC	64,000	98,300	166,000	135,740	63,240	81,720	95,820	99,990
Australia	11,011	19,829	29,120	28,281	11,011	16,088	17,370	19,357
New Zealand	4,299	11,076	21,233	23,883	3,311	8,465	11,514	10,885
Singapore	200	2,995	7,930	1,325	100	547	1,242	430
Thailand	2,600	4,788	9,685	7,190	2,600	3,999	4,621	5,329
Malaysia	0	0	0	0	0	0	0	0
Indonesia/Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	82,110	137,388	233,968	196,419	80,262	110,819	131,067	136,391
Latin America	0	0	0	0	0	0	0	0
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME	0	0	0	0	0	0	0	0
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	82,110	137,388	233,968	196,419	80,262	110,819	131,067	136,391
Far East	0	18,671	56,298	326,007	0	18,352	54,893	344,007
Japan	2,101	4,522	7,473	17,711	2,101	4,597	6,975	17,711
Korea	2,593	19,524	29,466	23,190	2,593	4,579	10,228	12,549
Taiwan	2,334	9,810	17,153	13,144	2,334	5,577	18,284	5,513
Hong Kong	200	1,684	3,385	1,007	200	1,998	6,105	1,007
PR China	0	0	0	0	0	0	0	0
Other Far East	7,218	54,211	112,775	381,059	7,218	34,303	65,185	282,787
Total Far East	12,246	94,190	216,877	808,017	12,246	69,839	145,695	517,056
WW Tot	1,001,641	2,508,944	3,790,622	4,566,324	999,733	1,959,975	2,355,206	2,812,308

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Microsoft Inhaled Base
Windows Servers

Location	File and Print Servers				Mail Servers			
	Actual	Actual	MYR	Budget	Actual	Actual	MYR	Budget
	Jun-93	Jun-94	Dec-94	Jun-95	Jun-93	Jun-94	Dec-94	Jun-95
US	55,000	67,000	91,000	120,000	20,000	48,000	74,000	93,000
Canada	3,000	3,917	5,933	12,000	5,000	7,500	9,645	14,000
Total North America	58,000	70,917	96,933	132,000	25,000	55,500	83,645	107,000
Europe								
European Headquarters, Paris	0	0	0	0	0	0	0	0
European Operations Center, Dublin	0	0	0	0	0	0	0	0
United Kingdom	4,409	9,117	12,628	16,432	2,496	6,101	9,522	13,775
Sweden	7,968	8,765	9,829	15,691	1,700	2,618	3,611	3,600
Norway	2,418	2,725	3,301	4,270	290	784	1,054	1,035
Denmark	2,944	3,157	3,490	4,770	578	952	1,206	1,308
Finland	2,480	2,713	3,019	3,566	140	277	379	400
Germany	5,000	9,374	13,274	16,059	3,000	6,711	7,112	9,000
Poland	0	300	500	2,037	0	57	113	186
Czechoslovakia	10	59	427	328	0	57	88	120
Hungary	7	71	271	241	10	47	117	67
Russia	25	79	372	195	0	5	14	0
Slovenia	0	0	0	0	0	0	0	0
Austria	650	744	925	1,391	202	467	622	1,246
Switzerland	712	1,490	2,560	4,250	668	1,354	1,670	3,000
France	4,530	5,660	10,474	16,530	848	1,978	2,448	3,073
Spain	0	345	1,420	0	0	158	263	0
Portugal	122	1,714	1,922	1,158	118	258	336	463
Belgium	1,100	1,458	1,816	3,526	250	594	802	1,270
Holland	2,301	2,566	3,115	6,017	498	872	1,123	1,758
Italy	708	2,021	3,928	4,310	551	1,310	1,728	1,838
East Europe Other	0	0	0	0	0	0	0	0
Total Europe	35,384	52,357	73,271	102,971	11,349	23,610	32,608	42,139
ICON								
APAC								
Australia	2,039	5,508	7,608	9,708	2,400	3,770	4,690	6,612
New Zealand	234	498	714	1,364	150	507	721	903
Singapore	265	400	432	684	166	525	638	1,173
Thailand	20	31	136	365	0	16	111	0
Malaysia	90	222	879	492	103	142	302	242
Indonesia/ Philippines	0	0	0	0	0	0	0	0
Other APAC	0	0	0	0	0	0	0	0
Total APAC	2,648	6,669	9,969	12,613	2,819	4,960	6,462	8,930
Latin America								
Mexico	0	0	0	0	0	0	0	0
Brazil	0	0	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0
Chile	0	0	0	0	0	0	0	0
Colombia	0	0	0	0	0	0	0	0
Argentina	0	0	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0	0	0
Peru	0	0	0	0	0	0	0	0
Other LA	0	0	0	0	0	0	0	0
Total LA	0	0	0	0	0	0	0	0
AME								
S Africa	0	0	0	0	0	0	0	0
Turkey	0	0	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0	0	0
Duba/Middle East	0	0	0	0	0	0	0	0
Israel	0	0	0	0	0	0	0	0
India	0	0	0	0	0	0	0	0
Greece	0	0	0	0	0	0	0	0
Other AME	0	0	0	0	0	0	0	0
Total AME	0	0	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0	0	0
Total ICON	2,648	6,669	9,969	12,613	2,819	4,960	6,462	8,930
Far East								
Japan	5,800	6,591	7,401	10,000	0	866	1,437	3,418
Korea	400	961	1,343	3,699	29	132	187	349
Taiwan	266	266	1,082	2,070	40	124	242	342
Hong Kong	252	604	1,341	2,346	205	609	817	1,518
PR China	214	346	500	2,749	0	45	1,007	1
Other Far East	0	0	0	0	0	0	0	0
Total Far East	6,932	8,768	11,667	21,264	274	1,775	3,590	5,628
WW Total	102,964	138,731	191,840	268,847	39,442	85,845	125,805	163,697

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Microsoft Market Share

Location	Windows Office				Windows Word Processing (rounded)				Windows Spreadsheet (rounded)			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	85%	82%	89%	78%	89%	93%	94%	89%	94%	97%	121%	101%
Canada	83%	83%	90%	81%	81%	97%	103%	93%	118%	106%	110%	107%
Total North America												
Europe	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	62%	66%	75%	64%	113%	101%	125%	105%	109%	99%	136%	101%
United Kingdom	84%	84%	87%	84%	123%	125%	144%	130%	168%	142%	169%	145%
Sweden	73%	69%	80%	73%	101%	93%	136%	110%	143%	142%	156%	149%
Norway	73%	69%	76%	75%	99%	92%	116%	103%	153%	123%	134%	133%
Denmark	63%	69%	76%	75%	77%	88%	174%	100%	167%	154%	158%	157%
Finland	75%	71%	76%	84%	124%	139%	144%	143%	118%	129%	144%	140%
Germany	96%	90%	89%	91%	71%	146%	161%	155%	94%	164%	172%	169%
Poland	78%	79%	92%	91%	33%	118%	156%	128%	107%	137%	161%	159%
Czechoslovakia	83%	66%	82%	81%	155%	174%	196%	160%	123%	167%	146%	177%
Hungary	85%	94%	96%	98%	153%	172%	172%	136%	25%	154%	158%	124%
Russia	5%	13%	81%	70%	47%	153%	172%	136%	0%	0%	0%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Austria	89%	85%	84%	87%	131%	124%	127%	123%	142%	144%	135%	143%
Switzerland	79%	89%	92%	89%	147%	169%	167%	148%	141%	134%	178%	150%
France	84%	74%	85%	74%	157%	151%	170%	154%	134%	120%	151%	127%
Spain	58%	70%	73%	70%	108%	109%	134%	120%	118%	111%	149%	122%
Portugal	100%	94%	96%	90%	160%	157%	166%	160%	123%	150%	148%	157%
Belgium	84%	84%	85%	84%	130%	121%	135%	125%	147%	148%	158%	151%
Netherlands	84%	83%	75%	82%	98%	115%	126%	115%	110%	92%	136%	121%
Italy	94%	89%	90%	86%	185%	167%	165%	163%	159%	164%	159%	161%
Italy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe												
ICON												
APAC												
Australia	86%	80%	85%	79%	143%	135%	146%	139%	148%	135%	140%	140%
New Zealand	97%	95%	97%	95%	147%	169%	148%	148%	175%	160%	145%	162%
Singapore	90%	78%	83%	80%	157%	151%	121%	146%	156%	117%	118%	127%
Thailand	63%	59%	80%	67%	164%	117%	105%	108%	116%	123%	108%	116%
Malaysia	61%	61%	84%	65%	90%	90%	105%	91%	102%	80%	103%	92%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC												
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA												
AME												
S AMEA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Remaind ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON												
Far East												
Japan	9%	71%	66%	64%	100%	88%	68%	67%	92%	121%	141%	141%
Korea	100%	61%	73%	73%	82%	41%	42%	50%	104%	144%	166%	129%
Taiwan	98%	84%	83%	84%	174%	162%	143%	148%	174%	171%	144%	171%
Hong Kong	100%	81%	76%	83%	127%	118%	103%	121%	114%	107%	114%	107%
PR China	100%	90%	84%	87%	1%	8%	161%	33%	200%	171%	186%	164%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East												
WW Total												

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Microsoft Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	50%	56%	62%	56%	39%	37%	32%	33%
Canada	49%	59%	68%	58%	32%	38%	35%	35%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	58%	58%	69%	60%	55%	43%	56%	45%
Sweden	64%	72%	81%	74%	59%	53%	63%	56%
Norway	52%	54%	73%	61%	49%	39%	63%	49%
Denmark	51%	55%	65%	61%	48%	37%	51%	42%
Finland	41%	50%	66%	54%	36%	38%	48%	42%
Germany	67%	75%	79%	76%	57%	64%	65%	67%
Poland	40%	73%	47%	81%	31%	73%	74%	74%
Czechoslovakia	23%	60%	80%	64%	10%	58%	76%	59%
Hungary	79%	88%	90%	93%	76%	86%	69%	87%
Russia	19%	72%	84%	69%	28%	81%	88%	67%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	71%	73%	78%	73%	60%	51%	49%	50%
Switzerland	73%	83%	89%	85%	72%	80%	77%	80%
France	80%	73%	85%	76%	77%	76%	83%	78%
Spain	53%	62%	73%	68%	52%	47%	68%	55%
Portugal	90%	86%	93%	83%	70%	71%	72%	75%
Belgium	71%	71%	77%	72%	59%	50%	59%	53%
Holland	60%	63%	68%	63%	38%	52%	61%	52%
Italy	93%	86%	86%	83%	92%	81%	79%	80%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	78%	72%	79%	74%	65%	63%	67%	65%
New Zealand	83%	89%	92%	90%	64%	80%	59%	75%
Singapore	84%	76%	78%	76%	73%	73%	43%	70%
Thailand	76%	59%	69%	68%	88%	58%	36%	50%
Malaysia	54%	54%	74%	58%	36%	39%	31%	33%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AFME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AFME	0%	0%	0%	0%	0%	0%	0%	0%
Total AFME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	47%	40%	53%	44%	58%	18%	16%	23%
Korea	26%	21%	26%	31%	28%	20%	16%	19%
Taiwan	49%	42%	72%	63%	67%	80%	71%	80%
Hong Kong	70%	71%	70%	72%	81%	47%	33%	48%
PR China	1%	7%	83%	24%	0%	7%	26%	9%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								

WW Total

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31-Jan

Microsoft Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
	US	53%	50%	77%	61%	41%	38%	44%
Canada	65%	65%	72%	66%	53%	43%	38%	41%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	60%	58%	72%	60%	49%	37%	64%	41%
Sweden	84%	77%	86%	78%	84%	65%	79%	67%
Norway	72%	70%	79%	73%	71%	72%	76%	76%
Denmark	75%	69%	73%	71%	78%	58%	67%	62%
Finland	83%	75%	78%	77%	84%	79%	80%	80%
Germany	66%	73%	81%	76%	52%	56%	63%	64%
Poland	51%	82%	90%	87%	43%	82%	82%	82%
Czechoslovakia	63%	68%	81%	80%	44%	69%	80%	75%
Hungary	68%	86%	91%	94%	58%	81%	56%	83%
Russia	11%	73%	79%	65%	14%	89%	76%	50%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	77%	81%	81%	81%	65%	63%	54%	62%
Switzerland	76%	84%	91%	85%	65%	80%	85%	69%
France	71%	69%	81%	67%	65%	58%	70%	68%
Spain	58%	63%	73%	66%	60%	48%	74%	56%
Portugal	79%	86%	93%	85%	44%	64%	53%	72%
Belgium	78%	79%	82%	80%	69%	69%	73%	71%
Holland	64%	61%	71%	68%	46%	31%	65%	53%
Italy	84%	85%	86%	83%	75%	79%	70%	78%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	79%	73%	79%	75%	69%	62%	61%	65%
New Zealand	91%	88%	92%	89%	84%	72%	54%	73%
Singapore	85%	70%	79%	74%	71%	47%	36%	53%
Thailand	60%	61%	70%	61%	56%	62%	36%	56%
Malaysia	56%	53%	72%	69%	46%	27%	30%	33%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Tunisia	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Duba/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	42%	67%	72%	70%	49%	54%	69%	71%
Korea	52%	72%	81%	67%	52%	72%	84%	62%
Taiwan	88%	89%	80%	89%	88%	86%	69%	86%
Hong Kong	67%	69%	71%	70%	47%	38%	45%	37%
PR China	100%	89%	80%	86%	100%	82%	56%	78%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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MS-PCA 2557248

Date Updated
31-Jan

Microsoft Market Share
Windows Database

Access

Location	Quarter				Semi-Annual			
	Actual	Actual	BYR	Budget	Actual	Actual	BYR	Budget
	Jan-00	Jun-00	Dec-00	Jun-00	Jan-00	Jun-00	Dec-00	Jun-00
US	51%	41%	42%	45%	51%	44%	22%	28%
Canada	66%	56%	83%	54%	66%	65%	67%	35%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	64%	42%	52%	42%	64%	37%	50%	47%
Sweden	36%	62%	62%	63%	36%	40%	40%	52%
Norway	54%	64%	52%	56%	54%	48%	54%	55%
Denmark	48%	51%	57%	49%	48%	43%	43%	49%
Finland	41%	26%	44%	47%	41%	43%	47%	47%
Germany	55%	61%	75%	61%	43%	41%	44%	42%
Poland	82%	18%	64%	30%	82%	18%	48%	39%
Czechoslovakia	52%	16%	39%	23%	52%	16%	23%	23%
Hungary	66%	11%	46%	62%	66%	10%	19%	51%
Russia	23%	10%	30%	36%	23%	10%	20%	36%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	62%	57%	94%	60%	62%	42%	41%	49%
Switzerland	79%	47%	82%	74%	79%	64%	64%	60%
France	53%	34%	61%	34%	53%	28%	40%	33%
Spain	79%	30%	88%	32%	79%	38%	57%	38%
Portugal	67%	82%	93%	82%	67%	40%	34%	48%
Belgium	80%	48%	64%	52%	80%	44%	47%	46%
Holland	75%	38%	62%	47%	75%	45%	50%	43%
Italy	89%	59%	84%	57%	89%	65%	60%	66%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	88%	67%	85%	72%	80%	46%	48%	53%
New Zealand	98%	79%	83%	36%	98%	72%	45%	64%
Singapore	67%	78%	64%	73%	67%	54%	4%	48%
Thailand	22%	22%	29%	36%	22%	14%	17%	23%
Malaysia	81%	36%	89%	28%	81%	48%	16%	33%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	57%	34%	51%	0%	61%	49%	49%
Korea	26%	16%	20%	4%	26%	21%	27%	6%
Taiwan	53%	9%	43%	34%	53%	14%	32%	14%
Hong Kong	46%	30%	50%	43%	46%	38%	34%	18%
PR China	38%	3%	6%	19%	38%	3%	6%	7%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Units: Millions
31-Mar

Microsoft Market Share
Windows Database
FoxPro

Lesson	Quarter				Stand-Alone			
	Actual Jan-01	Actual Jun-01	MYR Dec-01	Budget Jun-02	Actual Jan-01	Actual Jun-01	MYR Dec-01	Budget Jun-02
US	11%	9%	4%	5%	11%	13%	6%	11%
Canada	4%	24%	4%	23%	4%	29%	11%	32%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	3%	3%	3%	7%	6%	10%	11%
Sweden	0%	0%	1%	0%	0%	0%	2%	1%
Norway	0%	0%	1%	0%	0%	0%	2%	1%
Denmark	0%	0%	0%	0%	0%	0%	2%	3%
Finland	0%	0%	1%	1%	0%	0%	2%	3%
Germany	6%	12%	1%	9%	4%	17%	3%	16%
Poland	18%	82%	30%	61%	18%	82%	45%	61%
Czechoslovakia	8%	43%	47%	50%	8%	43%	65%	50%
Hungary	23%	83%	50%	33%	23%	87%	76%	48%
Russia	23%	30%	56%	47%	23%	30%	64%	41%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	5%	8%	1%	8%	5%	23%	10%	20%
Switzerland	2%	6%	1%	5%	2%	20%	8%	20%
France	0%	3%	2%	4%	0%	7%	4%	9%
Spain	9%	14%	4%	10%	9%	29%	16%	29%
Portugal	9%	8%	3%	8%	9%	33%	27%	36%
Belgium	13%	9%	6%	8%	13%	17%	17%	20%
Holland	0%	7%	2%	6%	0%	14%	4%	14%
Italy	0%	11%	7%	7%	0%	17%	19%	14%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	2%	6%	3%	6%	10%	10%	18%	10%
New Zealand	1%	4%	8%	4%	1%	7%	30%	10%
Singapore	29%	14%	27%	13%	29%	27%	72%	27%
Thailand	33%	47%	49%	32%	33%	49%	58%	37%
Malaysia	19%	6%	8%	8%	19%	13%	21%	16%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	0%	0%	0%	0%	0%	0%	14%
Korea	58%	47%	25%	25%	58%	54%	50%	49%
Taiwan	47%	42%	39%	22%	47%	48%	51%	42%
Hong Kong	20%	27%	14%	27%	20%	44%	50%	64%
PR China	62%	93%	84%	81%	62%	93%	84%	81%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Data Updated:
31-Jan

Local Market Share

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheet (bundled)			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
US	14%	17%	10%	21%	12%	12%	0%	11%	3%	2%	21%	31%
Canada	16%	15%	8%	17%	9%	10%	6%	11%	20%	20%	27%	27%
Total North America												
Europe	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	34%	33%	24%	29%	26%	23%	17%	21%	4%	3%	26%	35%
United Kingdom	14%	12%	11%	12%	14%	14%	11%	12%	13%	17%	12%	19%
Sweden	27%	26%	19%	22%	9%	18%	16%	17%	23%	25%	20%	21%
Norway	37%	25%	21%	19%	12%	18%	17%	14%	18%	24%	23%	20%
Denmark	29%	22%	22%	18%	17%	16%	6%	15%	15%	19%	20%	16%
Finland	3%	9%	10%	12%	28%	14%	10%	14%	30%	23%	17%	19%
Germany	12%	11%	6%	6%	30%	19%	6%	7%	31%	15%	8%	7%
Poland	9%	21%	15%	15%	16%	17%	16%	16%	15%	17%	14%	13%
Czechoslovakia	7%	4%	3%	1%	17%	7%	4%	4%	20%	8%	6%	4%
Hungary	45%	87%	17%	22%	65%	25%	13%	21%	23%	23%	13%	20%
Russia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Slovenia	11%	14%	13%	12%	17%	17%	16%	16%	18%	17%	15%	16%
Austria	19%	10%	8%	10%	14%	10%	7%	11%	4%	10%	8%	11%
Switzerland	16%	20%	12%	20%	16%	18%	16%	17%	19%	24%	14%	23%
France	45%	30%	23%	20%	27%	19%	18%	18%	30%	28%	23%	23%
Spain	0%	2%	0%	0%	2%	2%	3%	5%	20%	9%	5%	0%
Portugal	13%	14%	12%	13%	9%	10%	9%	8%	20%	18%	15%	16%
Belgium	16%	13%	7%	12%	17%	7%	3%	5%	26%	23%	18%	26%
Netherlands	6%	10%	9%	12%	8%	7%	8%	10%	13%	12%	17%	14%
Italy	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe												
ICON												
APAC												
Australia	12%	15%	11%	16%	7%	10%	8%	11%	16%	20%	16%	18%
New Zealand	3%	3%	2%	3%	5%	3%	3%	3%	5%	8%	5%	7%
Singapore	9%	19%	9%	17%	3%	4%	14%	6%	15%	26%	14%	22%
Thailand	28%	27%	13%	23%	17%	28%	18%	28%	26%	24%	13%	27%
Malaysia	39%	27%	13%	23%	30%	23%	10%	21%	38%	34%	23%	29%
Indonesia/Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC												
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA												
AME												
S Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON												
Far East												
Japan	91%	22%	26%	26%	43%	14%	13%	18%	39%	26%	18%	23%
Korea	0%	22%	25%	17%	0%	3%	0%	0%	4%	18%	17%	18%
Taiwan	0%	19%	14%	18%	17%	14%	24%	16%	12%	16%	19%	19%
Hong Kong	0%	12%	23%	10%	0%	17%	0%	0%	17%	24%	28%	22%
PR China	0%	10%	16%	13%	0%	7%	0%	0%	0%	17%	20%	14%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East												
WW Total												

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Data Updated
131-Jan

Lotus Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	12%	12%	9%	11%	11%	9%	7%	3%
Canada	9%	10%	6%	11%	7%	5%	2%	6%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	26%	23%	17%	21%	15%	7%	5%	8%
Sweden	14%	14%	11%	12%	14%	16%	9%	11%
Norway	9%	18%	16%	17%	6%	17%	10%	10%
Denmark	12%	18%	17%	14%	6%	9%	11%	8%
Finland	11%	16%	6%	15%	9%	13%	2%	11%
Germany	28%	14%	10%	14%	36%	18%	10%	15%
Poland	30%	19%	6%	7%	34%	19%	9%	8%
Czechoslovakia	16%	17%	16%	16%	18%	16%	17%	18%
Hungary	11%	7%	4%	4%	13%	8%	8%	7%
Russia	65%	25%	13%	21%	72%	15%	8%	20%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	17%	17%	16%	16%	20%	24%	26%	24%
Switzerland	14%	10%	7%	11%	15%	10%	6%	10%
France	16%	18%	10%	17%	13%	16%	9%	13%
Spain	27%	19%	18%	18%	3%	17%	2%	14%
Portugal	2%	2%	3%	5%	6%	2%	3%	3%
Belgium	9%	10%	9%	8%	8%	2%	3%	1%
Holland	11%	7%	3%	5%	6%	3%	1%	1%
Italy	5%	7%	8%	10%	4%	4%	3%	5%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	7%	10%	8%	11%	2%	4%	2%	3%
New Zealand	5%	3%	3%	3%	6%	3%	3%	3%
Singapore	3%	4%	14%	6%	3%	4%	2%	5%
Thailand	17%	28%	16%	28%	6%	28%	27%	37%
Malaysia	30%	23%	10%	21%	9%	5%	0%	5%
Indonesia/Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	43%	16%	15%	15%	30%	12%	2%	5%
Korea	0%	3%	5%	7%	0%	3%	0%	4%
Taiwan	11%	14%	24%	15%	13%	13%	23%	16%
Hong Kong	9%	11%	8%	9%	18%	10%	9%	6%
PR China	0%	1%	15%	3%	0%	0%	12%	1%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

MS-PCA 2557252

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Data Updated
31-Jan

Lotus Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	38%	29%	21%	31%	47%	40%	50%	45%
Canada	26%	26%	23%	27%	34%	40%	51%	47%
Total North America								
Europe	0%	0%	0%	0%	0%	0%	0%	0%
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	40%	39%	26%	35%	40%	57%	33%	49%
United Kingdom	13%	17%	12%	15%	12%	26%	19%	23%
Sweden	22%	25%	20%	21%	20%	23%	22%	18%
Norway	18%	24%	23%	20%	10%	24%	29%	22%
Denmark	14%	19%	20%	16%	12%	16%	17%	14%
Finland	30%	23%	17%	19%	43%	34%	31%	28%
Germany	31%	15%	8%	7%	38%	15%	12%	8%
Poland	13%	17%	14%	13%	20%	16%	11%	10%
Czechoslovakia	20%	8%	4%	4%	28%	12%	41%	11%
Hungary	22%	23%	13%	20%	14%	10%	16%	18%
Russia	0%	0%	0%	0%	0%	0%	0%	0%
Slovenia	18%	17%	13%	16%	26%	28%	33%	29%
Austria	14%	10%	8%	11%	25%	20%	13%	15%
Switzerland	19%	24%	14%	23%	20%	28%	19%	23%
France	39%	28%	23%	28%	33%	42%	22%	36%
Spain	12%	9%	5%	9%	33%	21%	25%	13%
Portugal	20%	18%	15%	16%	27%	25%	23%	26%
Belgium	26%	23%	18%	26%	34%	42%	34%	41%
Holland	13%	12%	11%	14%	23%	17%	20%	17%
Italy	0%	0%	0%	0%	0%	0%	0%	0%
East Europe Other								
Total Europe								
ICON								
APAC								
Australia	16%	20%	16%	18%	22%	27%	29%	24%
New Zealand	8%	8%	5%	7%	13%	18%	28%	17%
Singapore	13%	26%	16%	22%	29%	48%	40%	41%
Thailand	26%	24%	13%	27%	22%	22%	34%	31%
Malaysia	38%	34%	23%	29%	36%	54%	66%	56%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	38%	26%	14%	23%	27%	34%	6%	19%
Korea	48%	19%	17%	18%	46%	18%	13%	19%
Taiwan	12%	14%	19%	13%	14%	11%	23%	11%
Hong Kong	17%	24%	28%	22%	27%	64%	51%	53%
PR China	0%	11%	20%	14%	0%	44%	22%	22%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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31-Jan

Novell Market Share

Location	Windows Office				Windows Word Processing (bundled)				Windows Spreadsheets (bundled)			
	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYE Dec-94	Budget Jun-95
US	1%	1%	1%	1%	37%	32%	29%	33%	0%	12%	2%	8%
Canada	1%	2%	2%	2%	42%	31%	26%	31%	0%	0%	5%	7%
Total North America												
Europe												
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	1%	1%	3%	16%	15%	14%	17%	0%	0%	0%	0%
Sweden	2%	4%	2%	4%	22%	15%	8%	15%	3%	6%	7%	6%
Norway	0%	5%	1%	6%	38%	28%	12%	22%	6%	5%	1%	6%
Denmark	0%	6%	3%	7%	37%	27%	18%	24%	7%	10%	4%	9%
Finland	0%	7%	2%	7%	49%	33%	8%	27%	3%	6%	3%	7%
Germany	1%	1%	1%	2%	5%	11%	11%	10%	4%	4%	2%	4%
Poland	10%	10%	2%	3%	30%	9%	6%	6%	22%	19%	4%	7%
Czechoslovakia	6%	13%	3%	4%	12%	8%	4%	6%	12%	9%	2%	2%
Hungary	4%	2%	2%	1%	10%	9%	6%	3%	67%	4%	8%	8%
Russia	45%	0%	2%	7%	16%	3%	3%	8%	0%	0%	0%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Austria	0%	1%	1%	1%	12%	9%	7%	10%	8%	7%	1%	4%
Switzerland	1%	1%	1%	1%	9%	9%	3%	3%	10%	11%	9%	10%
France	0%	6%	3%	6%	4%	7%	9%	7%	40%	10%	3%	9%
Spain	0%	10%	2%	10%	20%	19%	9%	17%	9%	8%	2%	7%
Portugal	0%	0%	0%	4%	8%	12%	2%	10%	9%	8%	2%	4%
Belgium	1%	2%	3%	3%	20%	19%	14%	20%	2%	3%	3%	4%
Netherlands	0%	4%	18%	6%	29%	32%	32%	32%	10%	14%	11%	6%
Italy	0%	1%	1%	2%	2%	7%	6%	7%	1%	3%	0%	3%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe												
ICON												
AZAC												
Australia	2%	2%	4%	8%	19%	14%	13%	16%	8%	7%	9%	7%
New Zealand	0%	2%	1%	2%	12%	8%	5%	7%	1%	4%	3%	4%
Singapore	1%	3%	6%	3%	13%	20%	8%	18%	0%	4%	8%	4%
Thailand	6%	10%	12%	6%	6%	12%	14%	11%	12%	14%	19%	10%
Malaysia	0%	13%	9%	13%	16%	21%	16%	20%	6%	13%	3%	12%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC												
Latin America												
Mexico	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total LA												
AIME												
S Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME												
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON												
Far East												
Japan	0%	7%	2%	6%	0%	3%	3%	4%	16%	4%	1%	6%
Korea	0%	17%	2%	10%	2%	1%	1%	3%	2%	13%	3%	14%
Taiwan	0%	1%	1%	1%	0%	2%	2%	1%	0%	1%	1%	2%
Hong Kong	0%	7%	1%	7%	21%	18%	22%	19%	16%	7%	1%	8%
PR China	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East												
WW Total												

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Novell Market Share
Windows Word Processing

Location	Win Word Processing-Bundled				Win Word Processing-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	37%	32%	29%	33%	40%	54%	61%	64%
Canada	42%	31%	26%	31%	61%	57%	63%	59%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	16%	19%	14%	17%	30%	50%	39%	42%
Sweden	22%	15%	8%	15%	27%	32%	28%	33%
Norway	38%	28%	12%	22%	45%	50%	26%	41%
Denmark	37%	27%	18%	24%	45%	54%	38%	50%
Finland	49%	33%	8%	27%	58%	49%	9%	47%
Germany	5%	11%	17%	10%	7%	18%	25%	18%
Poland	30%	5%	6%	6%	34%	5%	17%	8%
Czechoslovakia	12%	4%	4%	6%	14%	6%	7%	7%
Hungary	10%	5%	6%	3%	11%	6%	23%	6%
Russia	16%	3%	3%	4%	0%	4%	4%	8%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	12%	0%	7%	10%	19%	25%	25%	26%
Switzerland	9%	5%	3%	3%	13%	10%	16%	8%
France	4%	7%	8%	7%	4%	8%	6%	9%
Spain	20%	19%	9%	17%	37%	36%	33%	31%
Portugal	8%	12%	2%	10%	23%	28%	24%	22%
Belgium	8%	12%	14%	20%	16%	48%	39%	46%
Netherlands	29%	30%	32%	32%	58%	44%	39%	47%
Italy	2%	7%	6%	7%	5%	13%	16%	14%
Italy	0%	0%	0%	0%	0%	0%	0%	0%
East Europe Other								
Total Europe								
ICON								
APAC								
Australia	13%	14%	13%	16%	27%	32%	31%	32%
New Zealand	12%	8%	8%	7%	30%	17%	34%	22%
Singapore	13%	20%	8%	18%	24%	19%	53%	23%
Thailand	6%	12%	14%	17%	6%	14%	34%	17%
Malaysia	16%	21%	16%	20%	58%	66%	69%	62%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AFME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Tunisia	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AFME	0%	0%	0%	0%	0%	0%	0%	0%
Total AFME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	3%	3%	4%	0%	2%	7%	2%
Korea	2%	1%	1%	8%	2%	1%	1%	4%
Taiwan	0%	2%	2%	1%	0%	3%	3%	2%
Hong Kong	21%	18%	22%	19%	25%	43%	58%	46%
PR China	0%	0%	0%	0%	0%	0%	12%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								



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Novell Market Share
Windows Spreadsheet

Location	Win Spreadsheet-Bundled				Win Spreadsheet-Stand-Alone			
	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95	Actual Jun-93	Actual Jun-94	MYR Dec-94	Budget Jun-95
US	9%	12%	2%	8%	12%	22%	6%	15%
Canada	9%	9%	5%	7%	13%	17%	11%	16%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	3%	2%	4%	5%	6%	3%	7%
Sweden	3%	6%	2%	6%	3%	10%	2%	11%
Norway	6%	5%	1%	6%	8%	5%	2%	6%
Denmark	7%	10%	4%	9%	12%	18%	10%	17%
Finland	3%	6%	3%	7%	4%	5%	3%	6%
Germany	4%	4%	2%	5%	5%	6%	6%	8%
Poland	18%	2%	2%	4%	20%	2%	5%	5%
Czechoslovakia	22%	1%	4%	7%	15%	16%	9%	17%
Hungary	12%	5%	2%	2%	17%	7%	3%	6%
Russia	67%	4%	8%	8%	71%	5%	8%	9%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	4%	3%	4%	3%	9%	9%	13%	9%
Switzerland	8%	7%	1%	4%	10%	30%	2%	20%
France	10%	11%	5%	10%	15%	17%	11%	15%
Spain	40%	10%	3%	9%	7%	9%	4%	9%
Portugal	9%	8%	2%	7%	23%	18%	22%	13%
Belgium	2%	3%	3%	4%	4%	6%	2%	3%
Holland	10%	16%	11%	6%	20%	27%	1%	6%
Italy	1%	3%	3%	3%	2%	4%	10%	5%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	5%	7%	5%	7%	9%	11%	10%	11%
New Zealand	1%	4%	3%	4%	3%	10%	1%	10%
Singapore	0%	4%	8%	4%	0%	3%	4%	6%
Thailand	12%	14%	15%	10%	22%	16%	29%	14%
Malaysia	6%	13%	3%	12%	18%	15%	3%	17%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	16%	4%	1%	6%	19%	3%	2%	6%
Korea	2%	13%	3%	14%	2%	13%	3%	19%
Taiwan	0%	1%	1%	2%	0%	3%	1%	3%
Hong Kong	16%	7%	1%	8%	26%	8%	4%	10%
PR China	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Data Updated
31-Jan

Competitor Market Share
Windows Database

Location	Bundled				Stand-Alone			
	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05
US	30%	27%	38%	28%	30%	37%	60%	55%
Canada	30%	20%	13%	23%	30%	26%	22%	33%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	29%	11%	5%	13%	28%	20%	10%	28%
Sweden	64%	24%	13%	18%	64%	49%	43%	42%
Norway	42%	17%	12%	16%	42%	46%	32%	37%
Denmark	52%	24%	9%	23%	52%	53%	40%	45%
Finland	58%	26%	18%	22%	58%	44%	45%	40%
Germany	38%	14%	11%	13%	37%	38%	46%	38%
Poland	0%	0%	3%	0%	0%	0%	4%	0%
Czechoslovakia	7%	13%	6%	6%	7%	13%	8%	6%
Hungary	10%	6%	3%	2%	10%	3%	4%	1%
Russia	54%	60%	14%	18%	54%	60%	16%	18%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	10%	8%	3%	8%	10%	21%	31%	22%
Switzerland	19%	4%	1%	3%	19%	14%	12%	7%
France	47%	31%	14%	26%	47%	57%	40%	44%
Spain	10%	25%	4%	26%	10%	26%	15%	34%
Portugal	15%	4%	4%	5%	15%	16%	33%	11%
Belgium	7%	12%	10%	14%	6%	17%	31%	22%
Holland	16%	25%	14%	22%	15%	26%	27%	29%
Italy	11%	13%	8%	11%	11%	15%	21%	16%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	10%	19%	8%	15%	10%	29%	28%	25%
New Zealand	1%	8%	4%	8%	1%	15%	12%	21%
Singapore	4%	11%	8%	14%	4%	19%	24%	25%
Thailand	22%	13%	22%	13%	22%	14%	29%	16%
Malaysia	0%	37%	14%	45%	0%	38%	45%	48%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIIME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	13%	21%	18%	0%	10%	30%	25%
Korea	17%	29%	11%	42%	17%	25%	21%	45%
Taiwan	0%	13%	7%	23%	0%	17%	16%	38%
Hong Kong	34%	9%	5%	18%	34%	14%	14%	18%
PR China	0%	0%	3%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								

WW Total

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11/1/05

Market Share - File Servers

Location	Microsoft				IBM - OS/2			
	Actual Jun-05	Actual Jun-04	MFR Dec-04	Budget Jun-05	Actual Jun-05	Actual Jun-04	MFR Dec-04	Budget Jun-05
US	5%	6%	9%	12%	4%	4%	3%	3%
Canada	9%	12%	9%	14%	8%	8%	7%	9%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	11%	14%	14%	9%	8%	8%	8%
Sweden	22%	26%	30%	28%	11%	12%	11%	11%
Norway	19%	13%	19%	17%	5%	5%	6%	6%
Denmark	13%	12%	16%	16%	15%	16%	15%	15%
Finland	22%	24%	26%	26%	8%	8%	8%	8%
Germany	5%	6%	8%	8%	5%	6%	4%	5%
Poland	0%	3%	4%	12%	0%	1%	1%	3%
Czechoslovakia	1%	5%	10%	9%	0%	2%	2%	2%
Hungary	0%	6%	11%	7%	0%	2%	5%	2%
Russia	2%	1%	8%	2%	0%	0%	1%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	11%	10%	12%	15%	2%	2%	2%	2%
Switzerland	3%	16%	18%	21%	11%	8%	5%	6%
France	8%	14%	23%	16%	28%	16%	10%	12%
Spain	0%	0%	7%	0%	0%	0%	30%	0%
Portugal	11%	27%	25%	32%	0%	0%	0%	0%
Belgium	12%	15%	22%	22%	11%	10%	9%	8%
Holland	11%	11%	15%	17%	8%	6%	5%	4%
Italy	2%	5%	20%	9%	12%	9%	8%	9%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	9%	18%	22%	20%	3%	4%	4%	3%
New Zealand	7%	17%	17%	37%	2%	1%	2%	1%
Singapore	2%	3%	9%	12%	3%	3%	3%	3%
Thailand	3%	10%	16%	16%	2%	2%	2%	2%
Malaysia	5%	7%	37%	17%	2%	2%	2%	2%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AIME								
S. Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AIME	0%	0%	0%	0%	0%	0%	0%	0%
Total AIME								
Other Redmond ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	10%	3%	6%	4%	7%	4%	14%	4%
Korea	16%	29%	27%	48%	8%	1%	1%	2%
Taiwan	2%	6%	14%	13%	0%	0%	0%	0%
Hong Kong	3%	8%	18%	20%	5%	6%	4%	4%
PR China	7%	9%	24%	18%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Order Updated
12/1/04

Market Share - File Servers

Location	Units - OS				Revenue			
	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05
US	38%	37%	35%	33%	47%	48%	49%	49%
Canada	0%	0%	8%	0%	83%	80%	77%	77%
Total North America								
Europe								
European Headquart	0%	0%	0%	0%	0%	0%	0%	0%
European Operations	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	7%	9%	9%	9%	77%	72%	69%	69%
Sweden	7%	6%	6%	6%	60%	56%	52%	54%
Norway	10%	8%	6%	6%	68%	73%	68%	70%
Denmark	5%	4%	4%	4%	67%	64%	65%	65%
Finland	6%	5%	5%	5%	63%	61%	61%	61%
Germany	14%	13%	13%	11%	76%	79%	79%	76%
Poland	0%	12%	12%	9%	100%	84%	81%	77%
Czechoslovakia	0%	0%	0%	0%	99%	92%	79%	80%
Hungary	5%	3%	0%	5%	86%	87%	84%	85%
Russia	0%	0%	11%	0%	98%	97%	80%	98%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	9%	5%	5%	5%	82%	83%	80%	78%
Switzerland	2%	3%	3%	3%	87%	73%	76%	70%
France	3%	7%	7%	11%	61%	63%	60%	61%
Spain	0%	0%	0%	0%	0%	0%	64%	0%
Portugal	0%	0%	0%	0%	89%	73%	74%	68%
Belgium	5%	3%	3%	3%	62%	57%	51%	53%
Holland	5%	2%	4%	2%	64%	64%	62%	60%
Italy	13%	12%	18%	9%	73%	74%	54%	65%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	28%	21%	19%	20%	59%	57%	58%	57%
New Zealand	0%	0%	1%	0%	91%	82%	80%	62%
Singapore	7%	7%	8%	6%	82%	84%	80%	79%
Thailand	26%	22%	18%	16%	69%	68%	64%	68%
Malaysia	9%	9%	7%	7%	84%	82%	84%	79%
Indonesia/ Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICOP								
Total ICON								
Far East								
Japan	37%	27%	16%	29%	47%	69%	62%	80%
Korea	9%	17%	13%	9%	70%	89%	89%	43%
Taiwan	0%	0%	0%	0%	98%	94%	84%	87%
Hong Kong	6%	6%	4%	4%	85%	81%	74%	73%
PR China	37%	54%	8%	45%	56%	37%	77%	34%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Class Updated
3/1/00

Market Share - Mail Servers

Location	Microsoft				Lotus			
	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05	Actual Jun-03	Actual Jun-04	MYR Dec-04	Budget Jun-05
US	12%	15%	24%	18%	23%	24%	28%	25%
Canada	42%	47%	42%	47%	34%	40%	46%	36%
Total North America								
Europe								
European Headquarters, Paris	0%	0%	0%	0%	0%	0%	0%	0%
European Operations Center, Dublin	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	55%	61%	47%	63%	45%	39%	53%	37%
Sweden	29%	32%	40%	35%	33%	32%	35%	29%
Norway	18%	21%	27%	25%	36%	27%	28%	22%
Denmark	26%	32%	35%	34%	45%	40%	42%	38%
Finland	24%	29%	45%	33%	38%	39%	42%	35%
Germany	35%	42%	40%	45%	53%	46%	51%	41%
Poland	0%	5%	6%	5%	100%	95%	80%	95%
Czechoslovakia	0%	66%	60%	52%	0%	34%	40%	48%
Hungary	5%	24%	32%	12%	95%	76%	68%	74%
Russia	0%	2%	5%	4%	100%	98%	95%	96%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	34%	46%	49%	61%	63%	52%	47%	37%
Switzerland	29%	42%	33%	42%	58%	48%	60%	48%
France	42%	48%	58%	48%	52%	47%	37%	45%
Spain	0%	0%	11%	0%	0%	0%	87%	0%
Portugal	58%	50%	52%	57%	48%	50%	31%	43%
Belgium	30%	46%	50%	51%	58%	45%	44%	42%
Holland	33%	33%	43%	46%	46%	51%	45%	31%
Italy	45%	48%	51%	49%	55%	54%	45%	50%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	24%	23%	28%	33%	23%	35%	36%	37%
New Zealand	33%	50%	51%	51%	20%	16%	20%	22%
Singapore	25%	31%	32%	32%	38%	30%	30%	30%
Thailand	50%	61%	57%	40%	38%	29%	18%	30%
Malaysia	41%	11%	31%	20%	47%	60%	39%	51%
Indonesia/Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Africa	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME	0%	0%	0%	0%	0%	0%	0%	0%
Other Remaind ICON	0%	0%	0%	0%	0%	0%	0%	0%
Total ICON								
Far East								
Japan	0%	9%	7%	23%	70%	67%	69%	80%
Korea	20%	28%	20%	40%	49%	39%	29%	38%
Taiwan	0%	18%	29%	23%	98%	82%	71%	81%
Hong Kong	23%	34%	34%	47%	67%	48%	44%	44%
PR China	100%	84%	28%	100%	0%	18%	72%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Date Updated
2/1/00

Market Share - Mail Servers

Location	World Percent				Other (Far East Only)			
	Actual Jun-99	Actual Jun-98	MYR Dec-98	Budget Jun-98	Actual Jun-99	Actual Jun-98	MYR Dec-98	Budget Jun-98
US	7%	8%	10%	9%	0%	0%	0%	0%
Canada	24%	13%	10%	17%	0%	0%	0%	0%
Total North America								
Europe								
European Headquarter	0%	0%	0%	0%	0%	0%	0%	0%
European Operations	0%	0%	0%	0%	0%	0%	0%	0%
United Kingdom	0%	0%	0%	0%	0%	0%	0%	0%
Sweden	0%	0%	0%	0%	0%	0%	0%	0%
Norway	0%	0%	0%	0%	0%	0%	0%	0%
Denmark	0%	0%	0%	0%	0%	0%	0%	0%
Finland	0%	0%	0%	0%	0%	0%	0%	0%
Germany	12%	12%	9%	14%	0%	0%	0%	0%
Poland	0%	0%	0%	0%	0%	0%	0%	0%
Czechoslovakia	0%	0%	0%	0%	0%	0%	0%	0%
Hungary	0%	0%	0%	0%	0%	0%	0%	0%
Russia	0%	0%	0%	0%	0%	0%	0%	0%
Slovenia	0%	0%	0%	0%	0%	0%	0%	0%
Austria	0%	0%	4%	0%	0%	0%	0%	0%
Switzerland	0%	0%	2%	4%	0%	0%	0%	0%
France	6%	5%	5%	7%	0%	0%	0%	0%
Spain	0%	0%	2%	0%	0%	0%	0%	0%
Portugal	0%	0%	17%	0%	0%	0%	0%	0%
Belgium	0%	0%	7%	0%	0%	0%	0%	0%
Holland	0%	0%	12%	0%	0%	0%	0%	0%
Italy	0%	0%	4%	0%	0%	0%	0%	0%
East Europe Other	0%	0%	0%	0%	0%	0%	0%	0%
Total Europe								
ICON								
APAC								
Australia	12%	11%	14%	17%	0%	0%	0%	0%
New Zealand	24%	22%	20%	19%	0%	0%	0%	0%
Singapore	0%	5%	10%	8%	0%	0%	0%	0%
Thailand	0%	0%	23%	0%	0%	0%	0%	0%
Malaysia	12%	29%	29%	29%	0%	0%	0%	0%
Indonesia/Philippines	0%	0%	0%	0%	0%	0%	0%	0%
Other APAC	0%	0%	0%	0%	0%	0%	0%	0%
Total APAC								
Latin America								
Mexico	0%	0%	0%	0%	0%	0%	0%	0%
Brazil	0%	0%	0%	0%	0%	0%	0%	0%
Venezuela	0%	0%	0%	0%	0%	0%	0%	0%
Chile	0%	0%	0%	0%	0%	0%	0%	0%
Colombia	0%	0%	0%	0%	0%	0%	0%	0%
Argentina	0%	0%	0%	0%	0%	0%	0%	0%
Caribbean	0%	0%	0%	0%	0%	0%	0%	0%
Ecuador	0%	0%	0%	0%	0%	0%	0%	0%
Peru	0%	0%	0%	0%	0%	0%	0%	0%
Other LA	0%	0%	0%	0%	0%	0%	0%	0%
Total LA								
AME								
S Africa	0%	0%	0%	0%	0%	0%	0%	0%
Turkey	0%	0%	0%	0%	0%	0%	0%	0%
Morocco/ North Afric	0%	0%	0%	0%	0%	0%	0%	0%
Dubai/Middle East	0%	0%	0%	0%	0%	0%	0%	0%
Israel	0%	0%	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%	0%	0%
Greece	0%	0%	0%	0%	0%	0%	0%	0%
Other AME	0%	0%	0%	0%	0%	0%	0%	0%
Total AME								
Other Redmond ICO								
Total ICON								
Far East								
Japan	0%	4%	8%	10%	22%	3%	3%	4%
Korea	0%	0%	0%	0%	31%	33%	51%	26%
Taiwan	0%	0%	0%	0%	0%	0%	0%	0%
Hong Kong	6%	7%	11%	6%	14%	13%	11%	9%
PR China	0%	0%	0%	0%	0%	0%	0%	0%
Other Far East	0%	0%	0%	0%	0%	0%	0%	0%
Total Far East								
WW Total								

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Data updated
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WIN Office Pro- Street Price
(US\$)

Location	Microsoft FFP			Competition FFP			Markup		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	579	557	557	445	441	441	18%	14%	13%
Canada	0	503	0	450	432	453	-100%	7%	-100%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	656	697	671	541	531	567	47%	7%	45%
Sweden	731	826	751	499	550	500	16%	10%	13%
Norway	796	946	980	516	629	539	26%	24%	47%
Denmark	895	1,059	949	707	841	753	42%	22%	28%
Finland	849	1,065	899	686	0	0	35%	21%	37%
Germany	733	925	925	503	504	626	12%	14%	33%
Poland	540	540	0	0	0	0	95%	65%	0%
Czechoslovakia	590	590	0	500	500	0	0%	35%	0%
Hungary	0	704	0	0	799	0	0%	0%	0%
Russia	390	384	851	270	230	169	106%	96%	57%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	733	999	1,029	503	453	719	13%	4%	77%
Switzerland	1,100	1,154	1,024	480	554	480	62%	49%	31%
France	0	983	983	0	737	737	-100%	24%	24%
Spain	810	898	875	607	0	650	66%	45%	63%
Portugal	811	0	0	0	0	0	0%	0%	0%
Belgium	795	960	896	648	349	717	37%	14%	27%
Holland	799	998	944	648	323	722	45%	23%	28%
Italy	0	750	730	0	500	515	0%	26%	25%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	565	543	576	565	591	594	23%	44%	44%
New Zealand	590	653	646	533	578	533	25%	180%	53%
Singapore	500	483	510	433	440	473	35%	28%	34%
Thailand	600	680	680	500	550	550	48%	67%	67%
Malaysia	519	510	523	452	451	455	39%	35%	43%
Indonesia/ Philippines	650	625	700	500	450	500	25%	32%	37%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	0	0	0	0	686	0	0%	0%	0%
Korea	835	835	0	186	186	0	0%	0%	0%
Taiwan	0	0	0	0	0	0	0%	0%	0%
Hong Kong	0	538	577	0	382	571	0%	120%	150%
PR China	0	616	890	0	750	750	0%	0%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

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WIN Office Pro-Street Price
(US\$)

Location	Microsoft CUP			Competition CUP		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	389	359	359	294	288	288
Canada	0	315	0	0	238	0
Europe						
European Headquarter	0	0	0	0	0	0
European Operations C	0	0	0	0	0	0
United Kingdom	0	473	482	0	404	0
Sweden	548	619	563	431	385	350
Norway	587	662	715	392	475	350
Denmark	649	756	677	505	587	526
Finland	532	0	0	343	432	363
Germany	0	0	0	0	0	0
Poland	270	270	0	0	0	0
Czechoslovakia	0	0	0	0	0	0
Hungary	0	529	0	0	0	0
Russia	0	0	0	0	153	0
Slovenia	0	0	0	0	0	0
Austria	0	635	635	0	272	272
Switzerland	0	0	0	0	0	0
France	0	850	850	0	435	435
Spain	574	585	620	405	468	380
Portugal	505	0	0	0	0	0
Belgium	451	608	523	484	349	544
Holland	480	587	527	340	323	555
Italy	0	561	620	0	333	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	446	416	490	368	368	442
New Zealand	446	483	446	390	422	390
Singapore	387	387	393	260	260	266
Thailand	350	370	380	250	230	250
Malaysia	423	412	426	356	353	366
Indonesia/ Philippines	530	530	700	400	375	400
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	0	0	0	335	0
Korea	0	0	0	0	0	0
Taiwan	0	0	0	0	0	0
Hong Kong	0	435	371	0	350	369
PR China	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0

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WIN Office - Street Price
(US\$)

Location	Microsoft FFP			Competition FFP			Markup		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	484	464	463	445	421	441	18%	14%	15%
Canada	450	438	470	450	422	453	18%	15%	20%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	505	536	529	541	531	567	42%	21%	29%
Sweden	608	688	626	499	550	500	28%	22%	17%
Norway	666	788	804	516	629	539	40%	21%	41%
Denmark	750	890	798	707	841	753	42%	47%	31%
Finland	712	882	749	686	0	0	42%	94%	156%
Germany	630	728	728	503	504	626	25%	9%	32%
Poland	440	440	0	440	0	0	80%	64%	0%
Czechoslovakia	460	425	0	500	500	0	53%	32%	0%
Hungary	520	529	0	550	799	0	0%	62%	0%
Russia	300	292	693	220	184	169	100%	80%	0%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	599	745	794	549	453	322	19%	24%	58%
Switzerland	750	769	756	480	554	480	41%	22%	24%
France	650	775	813	498	737	750	17%	18%	24%
Spain	641	0	729	601	898	660	52%	0%	71%
Portugal	657	749	715	286	334	322	49%	33%	56%
Belgium	731	832	776	648	349	717	46%	20%	34%
Holland	731	834	777	648	323	722	46%	22%	27%
Italy	614	591	590	531	500	515	33%	23%	29%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	539	498	549	566	591	504	39%	80%	298%
New Zealand	550	662	521	533	578	533	34%	150%	337%
Singapore	410	407	420	433	440	473	29%	33%	39%
Thailand	460	470	550	400	450	500	42%	45%	70%
Malaysia	442	431	446	452	451	455	49%	40%	45%
Indonesia/ Philippines	525	500	575	500	450	500	28%	16%	58%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	497	538	538	414	585	448	38%	28%	68%
Korea	380	380	450	186	186	186	18%	17%	0%
Taiwan	607	490	615	627	376	653	85%	20%	31%
Hong Kong	423	384	512	372	382	571	63%	66%	102%
PR China	0	570	750	0	633	633	100%	90%	100%
Other Far East	0	0	0	0	0	0	0%	0%	0%

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Data updated
31-Jan

WIN Office - Street Price
(US\$)

Location	Microsoft CUP			Competition CUP		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	281	274	269	294	288	288
Canada	0	256	0	0	235	0
Europe						
European Headquarters, F	0	0	0	0	0	0
European Operations Cen	0	0	0	0	0	0
United Kingdom	0	409	407	0	404	0
Sweden	426	509	463	341	385	350
Norway	457	514	512	392	475	350
Denmark	505	587	526	505	587	526
Finland	429	498	0	343	432	363
Germany	0	0	0	0	0	0
Poland	230	230	0	230	230	0
Czechoslovakia	0	0	0	0	0	0
Hungary	0	270	0	0	0	0
Russia	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0
Austria	0	500	544	0	272	272
Switzerland	0	0	0	0	0	0
France	0	624	624	0	435	435
Spain	405	468	474	351	468	380
Portugal	438	467	452	286	334	322
Belgium	499	480	396	484	349	544
Holland	346	469	388	340	323	565
Italy	0	475	505	0	333	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	372	357	409	368	368	442
New Zealand	320	395	365	390	422	390
Singapore	317	320	323	260	260	266
Thailand	260	280	280	200	250	250
Malaysia	337	333	339	356	353	368
Indonesia/ Philippines	530	530	700	530	375	400
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	300	400	0	235	400
Korea	173	173	173	149	149	149
Taiwan	565	414	539	513	376	456
Hong Kong	0	294	330	0	115	369
PR China	0	185	0	0	0	0
Other Far East	0	0	0	0	0	0

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WIN Word - Street Price
(US\$)

Location	Microsoft FFP			Competition FFP			Markup		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	309	299	299	284	278	281	17%	13%	13%
Canada	250	269	304	260	263	309	5%	104%	27%
Europe	0	0	0	0	0	0	0%	0%	0%
European headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	346	366	350	327	356	354	37%	9%	11%
Sweden	414	481	438	408	496	450	19%	13%	18%
Norway	483	560	537	470	545	350	39%	22%	38%
Denmark	505	587	526	491	587	526	45%	17%	59%
Finland	429	542	489	412	558	469	23%	16%	26%
Germany	378	476	476	223	224	224	14%	9%	30%
Poland	305	305	305	295	295	295	74%	93%	84%
Czechoslovakia	290	275	275	280	280	280	46%	39%	47%
Hungary	300	390	136	200	342	244	40%	51%	69%
Russia	190	146	122	100	107	107	111%	61%	55%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	399	544	530	369	181	257	21%	31%	182%
Switzerland	523	523	504	269	269	233	56%	18%	20%
France	420	510	529	331	454	470	18%	21%	26%
Spain	371	390	398	308	356	328	37%	0%	0%
Portugal	423	455	437	103	120	116	59%	25%	28%
Belgium	429	512	478	430	480	448	22%	13%	23%
Holland	429	528	499	430	481	455	23%	18%	24%
Italy	402	390	390	380	251	430	32%	22%	29%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	325	340	357	347	323	371	51%	9%	4%
New Zealand	280	395	365	375	386	357	36%	21%	-120%
Singapore	390	397	407	327	317	340	98%	31%	52%
Thailand	250	230	220	220	150	110	40%	50%	50%
Malaysia	365	353	348	346	340	349	37%	32%	38%
Indonesia/ Philippines	375	350	375	380	325	350	43%	29%	68%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIME									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIME	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	359	389	389	356	340	366	34%	-2%	8%
Korea	217	217	217	122	122	122	45%	793%	543%
Taiwan	411	340	392	395	114	372	290%	27%	103%
Hong Kong	231	346	346	181	316	333	88%	144%	108%
PR China	0	321	495	0	324	324	-100%	18%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

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Data updated
31-Jan

WIN Word - Street Price
(US\$)

Location	Microsoft CUP			Competition CUP		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	121	119	119	102	101	101
Canada	0	111	0	0	87	0
Europe						
European Headquarters, Pt	0	0	0	0	0	0
European Operations Cent.	0	0	0	0	0	0
United Kingdom	0	191	0	0	159	0
Sweden	183	220	200	146	178	162
Norway	196	151	210	170	172	195
Denmark	216	168	240	173	0	0
Finland	146	0	0	137	182	139
Germany	0	0	0	0	0	0
Poland	95	95	95	95	95	95
Czechoslovakia	0	0	0	0	0	0
Hungary	0	137	103	0	0	0
Russia	0	0	0	0	39	0
Slovenia	0	0	0	0	0	0
Austria	0	223	272	0	164	154
Switzerland	0	0	0	0	0	0
France	0	227	227	0	187	187
Spain	168	195	208	145	163	157
Portugal	177	207	199	103	120	116
Belgium	159	224	179	130	192	179
Holland	190	206	166	190	176	166
Italy	0	0	0	0	251	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	148	145	148	148	148	148
New Zealand	135	173	160	148	167	154
Singapore	130	127	127	130	127	127
Thailand	180	180	180	140	150	150
Malaysia	115	116	117	126	126	126
Indonesia/ Philippines	150	150	170	150	150	170
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	143	200	0	200	280
Korea	77	77	87	74	74	80
Taiwan	154	131	154	154	114	148
Hong Kong	0	128	163	0	115	230
PR China	0	185	0	0	0	0
Other Far East	0	0	0	0	0	0

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Data Updated
31-Jan

WIN Excel - Street Price
(US\$)

Location	Microsoft FPE			Competition FPE			Markup		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	314	299	297	307	297	298	17%	12%	20%
Canada	280	266	299	290	274	308	32%	5%	36%
Europe									
European Headquarters, Paris	0	0	0	0	0	0	0%	0%	0%
European Operations Center, Dublin	0	0	0	0	0	0	0%	0%	0%
United Kingdom	346	364	348	363	384	366	36%	16%	18%
Sweden	414	481	438	408	495	450	19%	19%	36%
Norway	483	560	537	483	548	539	39%	-5%	4%
Denmark	505	587	526	505	587	526	45%	22%	23%
Finland	429	532	475	429	532	475	23%	-5%	24%
Germany	378	476	476	391	435	444	14%	9%	-79%
Poland	305	305	240	295	295	240	74%	64%	-103%
Czechoslovakia	290	275	190	250	250	347	46%	36%	52%
Hungary	280	386	383	200	560	324	30%	51%	75%
Russia	190	153	122	100	106	79	111%	63%	58%
Slovenia	0	0	0	0	0	0	0%	0%	0%
Austria	0	564	530	370	527	510	13%	29%	274%
Switzerland	523	523	504	413	477	413	56%	20%	15%
France	400	510	520	374	601	540	13%	21%	24%
Spain	371	0	398	337	468	364	34%	0%	0%
Portugal	423	455	437	377	440	424	57%	0%	0%
Belgium	429	512	478	439	496	463	21%	11%	48%
Holland	429	528	499	439	469	444	21%	13%	24%
Italy	402	390	390	397	390	416	32%	26%	27%
East Europe Other	0	0	0	0	0	0	0%	0%	0%
ICON									
APAC									
Australia	325	338	353	314	334	371	34%	52%	407%
New Zealand	280	395	365	371	402	372	34%	21%	264%
Singapore	400	400	400	380	387	390	60%	60%	62%
Thailand	250	250	220	220	180	200	40%	50%	50%
Malaysia	365	353	348	365	353	368	37%	32%	38%
Indonesia/ Philippines	375	350	375	200	150	250	41%	23%	85%
Other APAC	0	0	0	0	0	0	0%	0%	0%
Latin America									
Mexico	0	0	0	0	0	0	0%	0%	0%
Brazil	0	0	0	0	0	0	0%	0%	0%
Venezuela	0	0	0	0	0	0	0%	0%	0%
Chile	0	0	0	0	0	0	0%	0%	0%
Colombia	0	0	0	0	0	0	0%	0%	0%
Argentina	0	0	0	0	0	0	0%	0%	0%
Caribbean	0	0	0	0	0	0	0%	0%	0%
Ecuador	0	0	0	0	0	0	0%	0%	0%
Peru	0	0	0	0	0	0	0%	0%	0%
Other LA	0	0	0	0	0	0	0%	0%	0%
AIWE									
S Africa	0	0	0	0	0	0	0%	0%	0%
Turkey	0	0	0	0	0	0	0%	0%	0%
Morocco/ North Africa	0	0	0	0	0	0	0%	0%	0%
Dubai/Middle East	0	0	0	0	0	0	0%	0%	0%
Israel	0	0	0	0	0	0	0%	0%	0%
India	0	0	0	0	0	0	0%	0%	0%
Greece	0	0	0	0	0	0	0%	0%	0%
Other AIWE	0	0	0	0	0	0	0%	0%	0%
Other Redmond ICON	0	0	0	0	0	0	0%	0%	0%
Far East									
Japan	369	398	400	367	435	398	38%	38%	64%
Korea	297	297	305	186	186	198	76%	39%	231%
Taiwan	411	340	376	395	114	437	272%	43%	59%
Hong Kong	231	346	333	164	355	355	84%	192%	309%
PR China	445	221	495	324	324	324	197%	-18%	0%
Other Far East	0	0	0	0	0	0	0%	0%	0%

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Data Updated
31-Jan

WIN Excel - Street Price
(US\$)

Location	Microsoft CUP			Competition CUP		
	FY95 Budget	FY95 Actual	FY94 Actual	FY95 Budget	FY95 Actual	FY94 Actual
US	122	121	117	97	99	95
Canada	0	99	0	0	90	0
Europe						
European Headquarters	0	0	0	0	0	0
European Operations Co	0	0	0	0	0	0
United Kingdom	0	190	0	0	219	0
Sweden	183	220	200	158	178	162
Norway	196	232	237	196	217	203
Denmark	216	268	240	216	251	225
Finland	146	0	0	146	0	0
Germany	0	0	0	0	0	0
Poland	95	95	95	95	95	95
Czechoslovakia	0	0	0	0	0	0
Hungary	0	122	193	0	0	0
Russia	0	0	0	0	39	0
Slovenia	0	0	0	0	0	0
Austria	0	223	272	0	164	154
Switzerland	0	0	0	0	0	0
France	0	227	227	0	187	187
Spain	168	195	208	142	164	153
Portugal	177	207	199	138	162	156
Belgium	159	224	179	159	192	179
Holland	190	205	194	190	187	177
Italy	0	245	0	0	0	0
East Europe Other	0	0	0	0	0	0
ICON						
APAC						
Australia	148	145	148	148	145	148
New Zealand	135	173	160	135	152	140
Singapore	130	127	127	133	127	127
Thailand	180	180	180	140	140	140
Malaysia	115	116	117	127	125	132
Indonesia/ Philippines	150	150	170	150	150	170
Other APAC	0	0	0	0	0	0
Latin America						
Mexico	0	0	0	0	0	0
Brazil	0	0	0	0	0	0
Venezuela	0	0	0	0	0	0
Chile	0	0	0	0	0	0
Colombia	0	0	0	0	0	0
Argentina	0	0	0	0	0	0
Caribbean	0	0	0	0	0	0
Ecuador	0	0	0	0	0	0
Peru	0	0	0	0	0	0
Other LA	0	0	0	0	0	0
AIME						
S Africa	0	0	0	0	0	0
Turkey	0	0	0	0	0	0
Morocco/ North Africa	0	0	0	0	0	0
Dubai/Middle East	0	0	0	0	0	0
Israel	0	0	0	0	0	0
India	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Other AIME	0	0	0	0	0	0
Other Redmond ICON	0	0	0	0	0	0
Far East						
Japan	0	143	200	0	180	0
Korea	111	111	0	87	87	99
Taiwan	164	131	137	164	114	148
Hong Kong	0	128	128	0	115	115
PR China	0	0	0	0	0	0
Other Far East	0	0	0	0	0	0



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To: February 1995 Worldwide Regional Director Meeting Attendees
From: Joachim Kempin
Re: FY96 Perspective and FY95 Reflections: OEM
Date: January 31, 1995

Growth Perspectives:

After a slow start into FY95, the second quarter is turning out to exceed last years 20%+ growth rates. The PC industry is following more and more in the footsteps of the consumer electronic industry - with bigger and bigger bumps in the Christmas quarter. The rest of FY95 and FY96 will continue to see healthy growth rates of at least 15%, but expect different geographies to show significant differences.

1. USA

The Fed's credit policy will restrict growth to 12-15%. I am optimistic that late in FY96, we will see large businesses finally buy increased numbers of Pentium PCs to replace low end 486s and 386s. Consumers will continue to be the major force behind PC unit growth and Win95 will help this tremendously by conquering new groups of novices through ease of use and most attractive titles.

2. Latin America

Expect a very mixed picture based on how the latest currency crisis will get worked out. Brazil, having the most robust economy, will lead all other countries and might hit 1 million PC units in FY96. The buying will largely be fueled by LOGs and SMORGs and less by consumers, but great Spanish and Portuguese consumer titles are a long term "must have" if we ever want to attract the home buyer.

3. Europe

Europe's economies are roaring back to life led by Germany, which is starting to overcome it's unification pains. I expect Europe to show 15-20% growth in FY96 in PC units, knowing that LOGs and SMORGs have pent up demand and Eastern Europe is still very underdeveloped.

4. Far East

a) Japan

A 25% growth in FY96 PC shipments would not surprise me. The PC, with it's more attractive price point, is starting to replace some Japanese word processors and Japanese companies are finally accepting more and more PCs as office tools. The recovery of the local economy will do the rest to make my optimistic predictions come true.

b) PRC

As long as the Intellectual Property issues aren't getting resolved, we will see shifting policies in regard to taxation and imports, meaning our business will not prosper and we should not invest heavily either.

c) Korea

Will remain a local market served by local manufacturers. Growth will continue to be impressive in particular if the education market continues to grow. I expect some non-Korean manufacturers to try harder to gain share - but doubt that they will be very successful. Compared to Japan, Korean custom fees are too high to compete effectively.

5. South East Asia

Will continue to produce 20%+ growth rates, the key for us is to find a way to overcome piracy and establish a good distribution network (DSPs). This is a key investment area for OEM in FY96 in particular Indonesia and Philippines.

6. Middle East

As long as the peace process continues, we will see solid growth. The oil is still flowing and most countries (except Saudi Arabia) are still in investment mode. Most PCs are used for business. Key

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for our success is to continue a sensible localization strategy and to be ready when the consumer market develops (2-3 years from now).

7. Other countries:

a.) South Africa

Expect high growth based on pent up demand.

b.) Australia

Economy and government are weak, investment climate is not very favorable. Expect 15% growth at the most.

PC-distribution channels:

Depending on how fast the local markets mature, we will see a shift in buying from large mass merchant chains instead of resellers. At the same time, local assemblers will continue to deliver 20-35% of all PCs by providing customization and better attention to local customers. Many customers are just finding out that PCs do need some backup support and these large brand name manufactures are still ill equipped to supply it, knowing that their local sales partners do not have the margin structure to do it for free. The conclusion for OEM: invest even more in selling through the local assemblers and capture more "naked systems" and fight piracy/counterfeit operations. The two channels with limited growth potentials seemed to be the captive OEMs and the direct mail order OEMs. It seems to be harder and harder for them to attract attention. The captive OEMs have a lot of small outlets which can't be as attractive as super stores and the mail order OEMs seem to have reached their limits by not being able to change buying habits faster.

Technology Advances:

While CY95 might still belong to the 486 when it comes to PC volume, CY96 will see the change to Pentiums. Intel will price Pentiums more aggressively to sustain their growth as a company and to keep the lead. All other "Pentium" clone efforts will have no significant manufacturing capacity for the next 18 months even if IBM helps out. For us this means Win96 should have some advantages when running on Pentium PCs.

Over the next 12-18 months, we can expect significant advances in integrating sound, phone and video technologies. This will lead to PCs being used as smart answering machines when idle, as well as video conferencing tools. I do not expect the conferencing solutions to be very attractive - they are either too expensive or won't have the desired sound / video synchronization as well as movie characteristics. CD-ROM drives will get to 4x quality by next Christmas as a standard and we will see the first re-writable CD-ROM drives arrive at below \$500 cost. This will be the start of more local CD piracy. The greatest challenge for us will be to support all these advances well under Win95 / 96 and think through a PC subset definition which will enable us to compete with the game machine manufactures. One of the cornerstones here is the development of better graphic sub-systems with the leading component suppliers. WS graphic capabilities are needed at PC prices to make the PC environment as attractive as possible.

From the Desktop to Server:

The PC server environment will finally be the accepted standard. All RISC architectures will be measured against it and if they can't prove that they have at least a 30% price performance advantage they will lose against the x86 platforms. With the appearance of NT and an avalanche of applications, it will be harder and harder for RISC/UNIX platforms to compete. Key for the server buyer are reliable and supported hardware, availability of development tools, and integrated applications. It takes any new platform at least 2-3 years to fulfill that need. I predict that UNIX based RISC systems will continue to be too expensive and that Novell based x86 systems will not have the development tools and applications available. Maturing NT based X86 and RISC platforms will win in both aspects over the next 18 months. Therefore, I expect more companies to enter this higher margin segment, but the barriers to entry will be high as long as the contenders (Compaq, HP, DEC) can leverage their engineering strength. Today, Intel helps companies with no engineering teams to build desktop PCs. If they start doing this for servers as well, we will see a very fast margin deterioration which means a great support infrastructure.

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will determine the sales success. Expect all contenders to work this very hard and provide ease of installation as well as backup support in a way the clone manufacturers can't deliver it.

RISC vs x86

After the IBM PowerPC hardware debacle, I do not believe that IBM can pull off a PowerPC miracle during the next 18 months. Apple's continuing non cooperative behavior, a very foggy OS strategy and lackluster ISV support will make IBM's PPC strategy continue to fail through FY96. MIPS will continue to be insignificant but Alpha will increase it's presence in the server market. This is where PPC might score some points as well, long before it gets recognized on the desktop. In both cases, we are well positioned with NT and BackOffice to take significant share. In OEM, we will continue to work with solution provider OEMs who sell servers to promote NT and BackOffice solutions and direct them to work with the MS field offices primarily when it comes to local sales and cooperation. In a nutshell, no breakthrough is expected on the desktop for RISC systems. Apple will continue to shift it's user base and complement it's effort by licensing no-name companies who won't be able to compete on price, technology or distribution (most important).

While IBM will try hard and fail, not having a viable desktop operating system for PPC, we should expect a lot of hype and hope, so we in OEM will continue to preach reality.

Nevertheless, some OEMs might get tempted to jump in the water as we know from Taiwan. Some of them will start offering (at least on the server) "dual socket" machines, which would accommodate a Pentium or a PPC-CPU. This might be a good hedging tactic on the server, but on the desktop, the costs are probably prohibitive to pursue this.

Last but not least, I expect the PPC to debut in a lot of PDAs probably based on an IBM micro kernel, if they can get the size right. Unfortunately, we do not have a competitive product for these customers and I hope that our revised WinPad 96 project will enable us to defend our turf.

Windows 95/96

This is by far the key event in CY95 and beyond, no expectations needed. The successful introduction of this product requires teamwork from a lot of people on MS:

Product group	great and reliable product
ISV relationship	more ISVs to Win32 API
E/U	to create a memorable launch event and create demand
ORG	more LOGs to Win32/Win 95
OEM	make sure sufficient numbers of preinstalled systems will be sold through the OEM channel

Where are we on the OEM plan?

Marketing Development Agreement (MDA).

Understanding that the product would be late, we decided to offer approximately 70 OEMs a frame work in how to support Win95 in the market place.

Main goals:

- **Build great Win95 PCs**
 - PnP Bios
 - Win95 add on cards
- **Promote the Win95 idea in public**
 - Show compliant hardware at tradeshows
 - Tell your customers you are doing the right things to make your PCs work well with Win95
 - Use our logo to label these Win95 PCs
- **Build a support infrastructure for Win95**
 - Train your support people
 - Train your sales and marketing people

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Knowing that the industry has no margins of error left, we generated an incentive program whereby we would allow these OEMs to improve their Win95 pricing if they cooperate with us and put in the effort to do what was required. As of today, nearly all OEMs signed the MDA after some early resistance, and what is more important, they are working with us to generate the right hardware and public awareness.

Licensing of Win95

We will kick this off 2/15/95 and I am sure it will be scrutinized as the MDA agreement was, so here is your briefing:

The goal in licensing Win95 to OEMs is not to replace all Windows and WfW licenses with Win95 licenses as fast as possible. Based on first feedback, we expect this to be a 12-18 month process, whereby a slower adaptation through the OEM channel should create some profitable retail upgrade business. Consumer systems will be converted faster than LORG systems, reason being: LORGs want Win32 Applications more than ease of use. Knowing that this will be a time delayed adaptation in the OEM channel like Win 3.x was, we still don't want anybody to say, "Win95 adoption is slow". Our message should be, "we will convert these OEM systems as fast as possible and at the right price".

Not being too eager to license Win95 on all OEM systems, will allow us to sell it at a higher price. OEMs goal is 20-25% more \$/unit sold on average. While this is true for royalty OEMs, we will increase DSP pricing by less than 5%. This will equal the playing field a little bit. The reason for asking the higher OEM prices is easily explained:

We invested a lot of money in Win95 to help the OEMs to continue and hopefully accelerate their unit growth and we would like to see some pay back for our efforts. In case OEMs do not see value in licensing Win95, they can continue to license MS-DOS, Win 3.x and WfW 3.x. We are happy to upgrade the customers later. At the same time, as always, we won't be arrogant and will find a balance between moving a critical mass of OEM systems to Win95 and our pricing expectations. Our public statement should be, "we would like to get fair market value for this exciting piece of software." (please do not discuss numbers and goals with the press people).

OEM Coupon Program

Last but not least, we are considering to offer OEMs a coupon program for at least 3 months prior to RTM

Goals:

- Avoid system returns
- Avoid purchase delays
- Enable smooth transition for channel and OEMs

Only danger we can see is that people will accuse us of selling "vapor"ware = "paper"ware. We will work with the PR group to limit the damage. You should look at it as an insurance fee. We are aware of the possible retail upgrade impact and are working the numbers.

Windows 95 OEM product considerations:

- With Piracy and counterfeit being our biggest competitor, we will get more sophisticated in protecting our products.
- All Win95 deliverables will include a COA integrated into the cover of the manual. This is visible and will further educate the channel as well as the end-users.
- All products will include a 100-150 page manual which should cut support costs and increase satisfaction.
- On all DSP products, we will include the MS-Press support products. (Cue-cards on diskette version, full tutorial on CD version).
- We will guard the bits on all Win95 CDs and will not let OEMs add any content without our approval. This will pay off if we want to add Apps demos or a full Ali-Baba version one day.

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- End users will be asked to enter their COA number when using the system first time around. (Work is needed to address some LORG concerns). This should make COAs further popular and restrict counterfeit operations.
- We will start using registration cards as means to find out about pirating.

Key Competition

- Piracy and Counterfeits
We have made progress in '94 shutting down some counterfeit organizations and kept a lid on grey market activities. We have been experiencing more Consumer and Mice unbundling instead and are in the process of implementing serialization and COA programs for these products as well. But the fight will never be over. In order to really be in control, we all need to watch it and report any violations.
- Apple Units Sold
Apple on the other hand is the only true x86 volume competitor in the market when you look at units. At the same time, they have made a successful PowerMac intro and enjoying higher ASPs. With Win95, I expect them to lose some market share and it remains to be seen if they can survive on their own. Their licensing program is nothing else than a non-serious trial. Until they sign up a big OEM, nothing has changed.
- OS/2 Units Sold
OS/2 Warp remains a niche product. All the feedback I have from Germany says, this is an ultra hard product to sell and causes end user returns because of incompatibilities, missing drivers and missing apps, and it does not work well on 4MB. Only banks and insurance companies - long time Big Blue accounts - who have written some mission critical apps to the OS/2 API continue to demand it. The rest is curiosity.

Only two German accounts ESCOM and VOBIS have been seriously experimenting with it and I expect them to change their mind sooner than later. Win 95 will make it even harder for OS/2 to continue. If IBM can't clone the Win 32 APIs within 12 months, users will completely move away. Nevertheless we are taking IBMs marketing push seriously and are doubling our efforts to work with our customers in a very cooperative fashion.

The Win 95 Licensing Plan

MDA Accounts

We will license these agreements first for Win95 starting May/June 1995 and allow them to include a Win 95 upgrade coupon in all licensed systems for redemption in at least North America, Europe, Australia, New Zealand, South Africa and most parts of Latin America. The end user will be asked to prepay a nominal fee for COGs and fulfillment charges. We will only do this in countries where we can guarantee fulfillment. The enduser will pay no money to MS for royalties - because it was prepaid by the OEM.

The coupon distribution will be limited to 1-2 months after Microsoft release to manufacturing and the redemption will be limited to 4 months after MS-RTM. The coupon can only be redeemed by an enduser and a copy of the invoice is needed. The PC manufacturers name printed on the coupon must match the name on the invoice.

Non-MDA Accounts

We will offer them a per system and per copy coupon program like the MDA OEM's with smaller volume discounts.

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DSP accounts (local assemblers)

We will create a combo (MS-DOS + WfW) and upgrade coupon containing box whereby the per copy royalty will be higher than the per system royalty of the other accounts. This should enable them to compete. The fulfillment rules will be changed, whereby the coupon will NOT have the OEM name included. To avoid a secondary market in these coupons the local assembler will have to pay a high royalty for these coupons.

Key OEM Partnerships

Compaq

- Win 95 marketing partner
- Expect consumer systems to be 100%. Commercial systems to follow over 12-18 months
- Completely committed to NTAS and BackOffice
- Field will get compensated and reporting will be in place

DEC

- Expect Alpha to be more NT and less UNIX centric
- Expect us to work closer on field level
- Good cooperation on Win 95
- Expect them to push X86 servers as well

AT&T GIS

- Committed to NT; great to work with

Packard Bell

- Great customer, but too secretive to really work with on field level

Gateway 2000

- Super relationship, true friend in the marketplace and it shows in their 100% MS commitment

NEC

- Great relationship in Japan, committed to MS platforms

The IBM Company

The Chinese wall which existed for some time between Personal Systems Products and the PowerPC as well as the PC company does not exist anymore. Both the groups are on a clear sell IBM software path. The ultimate goal is to dethrone MS and Intel with PPC and OS/2 top to bottom! This is not a strategy, this is carried out as a religion until something (like the P/L statements) might break. Gerstner is known for trying hard but changing when needed as well. So for the time being assume - no cooperation, except some practical things. We will work with IBM to make their PCs Win 95 compatible and save us both embarrassment. They will probably sign a Win 95 agreement, maybe even the MDA; but they will not get behind it. I expect comparable behavior as they have shown with the Intel Pentium situation if we give them any opening. At the same time the PPC Company will offer NT as just another environment and we will work with them to let it shine - not necessarily the PPC. Joint seminars, marketing etc. all this is on hold until they find out OS/2 is not going to cut it (12-18 months from now). Then we might reconcile - and therefore let's compete in front of customers but not bash each other in public. Possible risk: If they could get a hybrid CPU (PPC + x86 combined) into the market and take advantage of both worlds before the HP/Intel alliance is starting to produce results. We will stay tuned...

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OEM FY96

Product plan/ Goals/ Policies

1. Win 95
Increase Win 95 penetration to achieve 90% of Win+WfW penetration at end of the FY without compromising \$\$/unit much
2. Frosting
Actively sell frosting to selected key accounts to help product group create momentum if needed
3. Mice
Continue to aggressively sell mice at 30-40% growth rates. Get a foothold into Compaq
4. Keyboards
Sell 1 million keyboards through the OEM channel focusing on medium tier and mail order accounts
5. Consumer Software Products
 - Expand distribution into DSP channel for Works and slow selling CD titles
 - Continue on a 25-30% growth path, but be more price conscious, without losing mega opportunities.
6. BSD Products
 - Move SP OEMs to be WW LARs instead of OEM licensees
 - License only high volume OEMs directly if the above can't be achieved
 - Separate client licenses will not be available through the OEM channel
7. DAD Products
 - Use Office 95 as an opportunity to increase \$/system sold
 - License Office + Office Pro to a few select OEMs only - if competitive pressure is high enough to lose significant share
 - Pursue single APPS opportunities for the SMORG market if local end user unit management agrees.
8. All APPS Products
Develop a model whereby the OEM/MS/Reseller can obtain more \$/system than in the traditional OEM licensing model

OEM Programs for FY 95/96

1. OEM relationship programs:
 - Design systems to help customers
 - Reorganize large account teams
 - Continue to improve DSP coverage and marketing activity by reaching out to capture the mind of the assemblers
2. Piracy/Counterfeit/Grey Market Programs
 - Tie OEM and retail approach together
 - Have a dedicated program manager to work with legal and piracy teams world wide
 - Have systems in place to easily spot violators
3. Triangle Model Program
 - Increase \$\$/unit for MS when selling APPS by bringing resellers, OEMs, and MS together in a comprehensive and attractive marketing approach

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To: February 1995 Worldwide Regional Director Meeting Attendees
Subject: Organization Customer Unit Prereading
From: John Neilson, Lindsay Sparks, Pieter Knook, Doug Martin, Nigel Burton, Judy Dulcich,
Eliza Ward, Lars Johansson
Date: January 31, 1995

This memo has three sections:

- SMORG Attack
- LORG Sources of Revenue
- Select v3.0 Launch

Each section closes with 3-4 discussion issues. If you wish to cover any additional items, please come prepared to discuss them.

I. SMORG ATTACK

Size of the Opportunity

The desktop opportunity. The worldwide revenue opportunity in the SMORG market is key to Microsoft's continuing growth. In the US alone, there are over 27 million SMORG desktops (not including the home-based business market). While our LORG desktop business is approaching saturation, less than half of installed SMORG desktops are running Windows¹, and total SMORG desktop population is growing 15-20% per year. To demonstrate the opportunity, if we can capture 20% of the installed desktops in the US SMORG market with new Office licenses and 10% of installed SMORG desktops with Office and Windows maintenance via MOLP, the revenue opportunity for SMORG is over \$2.2 billion. Worldwide this opportunity could exceed \$4.5 billion. LINK Resources estimates that the total PC software spending by SORGs alone was greater than \$10 billion worldwide in 1994.

The server opportunity The SMORG opportunity extends to the server as well. While virtually all MORGs are networked (with Novell having dominant share on file and print servers), only 20% run mission-critical or line-of-business applications on their LANs.² In this segment, we have an opportunity to displace Netware by demonstrating our superiority as a file/print, mail and application server platform. Comparatively few SORGs are currently networked, ranging from 8% of businesses with 5 to 9 employees to 33% of businesses with 50 to 99 employees. In this segment, we can exploit our superior ease of installation and administration to capture "first network" business.³ Even with this lower penetration, the SMORG segment represents a larger NOS opportunity than the LORG segment due to the sheer number of businesses in the segment.⁴ Because these opportunities vary around the world, the relative emphasis of the strategies below will differ between subsidiaries.

This memo provides an overview of the recommended strategy for attacking the SMORG market in the coming year. Underlying this strategy is the need for the following enhancements to our selling infrastructure:

- ① We must identify and build the appropriate sales and marketing skills for our SMORG sales teams so they can increase their effectiveness in one-to-many selling

¹ A June 1994 Middle Market study by BRG (Business Research Group) shows that only 29% of U.S. MORG desktops are running Windows, and LINK Resources estimated that by the end of 1994, 47% of SORGs had adopted Windows, up from 32% in 1991, a 57% growth rate. While these numbers may vary from country to country, it is generally true that penetration of Windows and Windows applications is much lower in SMORG than in LORG, and presents a large revenue opportunity.

² BRG Middle Market survey June 1994.

³ BRG Small Business Survey, December 1994.

⁴ Small business represented 65.2% of VAR & Reseller NOS revenue, compared to 21.8% for MORG and 13.0 for LORG in 1992.
Source: Technology Research Center 1992 NOS Study.

- ② We must build and empower the channel to sell Microsoft products. We must identify the key aspects of technical and selling skills training that our channels need to sell our products
- ③ We must develop an effective way to generate demand, to develop efficient selling tools and programs for our sales force and channel partners, and to measure the results of our one-to-many selling activities.

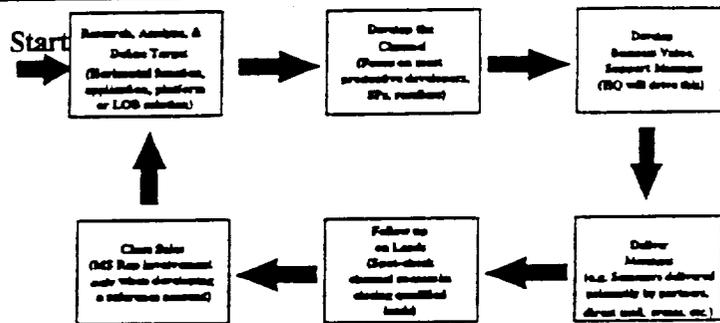
Assumptions

The discussion points in this memo assume the following things about a subsidiary's existing resources and their philosophy in selling to SMORGs:

- The only way we can approach the revenue potential discussed above is with an efficient leveraged selling model that relies heavily on partners to drive and manage customer relationships.
- The key to success is a strong channel infrastructure: a reseller community that promotes Office and Windows to very small businesses, and a network of Solution Providers (Solution Developers, installers, and training organizations) who are developing and selling and installing horizontal and line-of-business solutions for the server and the desktop

SMORG Attack Strategies

To realize the opportunity outlined above, a systematic approach for selling to the millions of small and mid-size businesses via channel partners must be employed. The diagram to the right depicts a clear, replicable process for segmenting and targeting groups of organizations with common issues, identifying and working with the top developers and SPs,



and developing and delivering horizontal and line-of business solutions messages. The first critical step is selecting the right target segments to attack within the SMORG market. Our current organization taxonomy (segmenting customers by installed PC base) is useful in helping us to determine our basic selling principles: direct selling to our largest customers, leveraged selling to SMORGs (Tier 3-5). However, to effectively sell and market solutions to these customers we need to group them by *common issues and needs*. Size of the PC installed base, size of the employee population, or company revenue do not determine the solutions needed by organizations, nor do they allow us to deliver a relevant business value message.

The best way for the company to segment customers for solution selling is by the type of business solution needed. Separate tactics can be used to reach and influence the two critical SMORG decision makers:

Sell to SMORG TDMs (technical decision makers) with horizontal functions, applications, and platform solutions. One element of our strategy for reaching SMORG customers is through horizontal solution selling to technical decision makers (note that in SMORGs, the business owner is both the technical and business decision maker). By focusing on a common function (file/print servers) ubiquitous application (accounting), or on an existing application platform, such as UNIX, VAX, or AS/400, we can reach large groups of customers with common sets of issues.

Horizontal function selling. We have a large and growing opportunity to capture new server and server upgrade share from Novell in SMORGs by selling NTS as the best file/print and mail solution for growing businesses. The key strategy here is to move the discussion off of basic file/print functions and explain to SMORG customers that, as their businesses grow, NT is the best foundation

for running LOB applications *in addition* for simple management of the file/print traffic on their networks. In addition to selling file and print services, we must be hard core selling mail, we have a huge opportunity to penetrate SMORGs with Microsoft Mail.

The three competitors in this arena are Netware, SCO UNIX, and Lotus. Novell will try to sell Netware as a 'super-NOS' that performs basic file and print *and* runs applications via NLMs. SCO has been successful selling themselves as the best choice for small business networks because of the army of small developers who have custom UNIX-based solutions for small business. Lotus is driving cc:Mail and is increasingly trying to drive Notes down into SMORGs. We need to present ourselves as the best of both worlds: fast and competent at file and print, with the additional benefit of the ability to run mail and a robust line of business applications on the same server platform.

Horizontal application selling. In the SORG market, SMORG teams should work with the top accounting solution developers to sell Office as part of a complete business management solution. In the U.S. over 85% of SORGs that have at least one PC use an accounting package, ranging from simple bookkeeping software to complete modular accounting systems. By partnering with these top developers, we gain access to their network of accounting consultants and resellers to increase our Office selling capacity. In most countries there are two or three developers that command the overwhelming majority of the SMORG accounting software market. Subsidiaries should identify these developers and develop sales and technical training for their consultant/reseller communities. We should also target and work with industry influencers. In the US, statistics show that the average Certified Public Accountant influences 22 businesses. By focusing our selling efforts on reaching these CPAs through direct methods (e.g. speaking at accounting association events) and indirect methods (reaching CPAs through the consultant/reseller community) we can dramatically increase our reach. In the MORG market, we should work with the more advanced accounting solution developers to make sure they are developing NT-based solutions and are selling Office as the optimal client for doing business analysis and customer communications.

Horizontal platform selling. Use BackOffice applications as the Trojan horse to get a toehold in customer sites (e.g. selling SMS as a tool for easier deployment of Office 95 and Windows 95, mail for communications, or SNA Server as the best gateway to an AS/400), then drive horizontal and LOB application migration to NTS. The key is to get NT Server running in these organizations to solve their immediate problem, then leverage this installation to increase the role of NT Server for LOB and mission-critical purposes over time. There are over 220,000 AS/400's worldwide, 90,000 of which reside in the U.S. If we are successful in placing even one NT Server running SNA Server in just 10% of these U.S. sites, we will have met 34% of the U.S. SMORG goal for FY 95 NTS unit sales.

Sell to SMORG BDMs (business decision makers) with line-of-business solutions using business value messages. Virtually all successful application server platforms have attained share based on the availability of compelling business solutions. The AS/400 boasts 25,000 applications, and this availability of applications is the driving force behind most AS/400 purchases. SCO is expected to ship 174,000 servers worldwide in 1994, almost entirely to small businesses. SCO's success is based on the availability of solutions and a well trained, loyal value added channel. Customers are drawn to these two competitors because they have communicated a business benefit to implementing the solutions offered on their platforms. We need to sell to BDMs by: developing a targeted message that addresses the business issues in their vertical; working with solution developers and SPs that can deliver solutions to these verticals; and driving and publicizing influential local wins in each vertical. Solution developer and SP recruiting and channel training activities should support the vertical and platform strategy. In the US, the target SMORG vertical markets were selected because of their size relative to the overall SMORG market, and because of the existing channel infrastructure (developers, installers, integrators, etc.) in place to sell and support solutions. Subsidiaries may have a different list, but should use these same two criteria to select

target verticals. The target U.S. vertical markets are listed below, along with the key statistics and opportunity in each segment.

- **Legal Market** - over 2.5 million U.S. desktops (virtually all legal desktops are in small and mid-size firms), Windows desktop penetration: 45%⁵. Current Word share: 10-12%. Strategy is to work with the key developers in legal accounting, document management, and on-line legal research to build solutions on NTS and Office.
- **Health Care Market** - over 3 million desktops worldwide, with over 90% of the customer base falling into the SMORG category. Windows penetration is very low (less than 10%) in the SMORG segment of the market. Infocorp data states that in 1994, 11% of all 486 and Pentium PCs purchased by organizations were for use in a health care industry or function. This is an emerging market in the SMORG area, as most small physician's offices, dental practices, etc. are not utilizing technology to manage patient care systems and administrative systems. Research shows that over 85% of health care companies plan to 'greatly, or significantly' increase spending on IT in the next two years. Intel-based servers shipping into this vertical industry increased 500% from 10,200 units in 1992 to over 50,000 units in 1993⁶. Strategy in this vertical is to team with key integrators to address challenges of integrating NT into existing disparate systems, and to increase awareness of NTS client-server solutions through medical trade shows, events, and seminars.
- **Real Estate (Sales, Management and Development) Market** - Early research on this market segment suggests that the overall US desktop opportunity exceeds five million desktops. The real estate vertical is comprised of four sub-industries: property management, mortgage/lending, construction/development, and brokerage/sales. Our initial strategy focuses on building Windows and Office share on the 1.2 million broker desktops by working with the developers of solutions that give brokers access to the real estate listing services throughout the U.S. Because the broker is typically at the hub of a real estate transaction, we will then leverage our success in this segment to increase share in the appraisal and mortgage lending segments.
- **Retail Market**. There are millions of retail outlets worldwide, representing the largest single vertical opportunity in the SMORG sector. In the US alone, there are over 2.4 million retail outlets. Most of these outlets, based on individual size, qualify as SMORG customers. In some cases, however, we can have the greatest impact on this market by pursuing top-down franchise and chain headquarters opportunities that will drive deployment of Microsoft-based solutions to the hundreds of thousands of outlets affiliated with these franchise headquarters operations. However, there are also a large number of retail operations whose aggregate outlet desktop population is less than 2500 PCs. In the US, there are over 500,000 SORG and 1,300 MORG retail concerns. The opportunity for NTS in these organizations is tremendous due to the potential for migrating proprietary point-of-sale systems to an NTS architecture⁷. Our efforts will focus on the four largest retail opportunities: gas station/convenience and food/drug retailers (BackOffice and point-of-sale systems), fast food retailers (BackOffice and point-of-sale systems), automotive retailers (car dealerships, parts and service inventory systems) and travel agencies (reservation systems).
- **Manufacturing Market**. There are over 600,000 manufacturing companies in the United States, and over 96% of the 11 million desktops in this industry are in companies with less than 100 desktops. With NT Workstation, that opportunity now extends to the additional 10 million workstations in the manufacturing segment. Our strategy is to work with the top developers of solutions in CAD, process control, and manufacturing systems to build share for NT on the desktop and on the server, and to sell Office as the best client for analyzing production data. We need to leverage our success in large firms (GM, Ford, Exxon, Du Pont, etc.) to win share on the desktops of the large supplier networks that use similar systems. The key competition in this vertical come from the vendors of existing dominant manufacturing platforms: IBM midrange, DEC VAX, and various flavors of UNIX (primarily AIX, UX, and SCO).

⁵ American Bar Association survey data, 1994, and American Lawyer magazine survey

⁶ Dataquest June 1994

⁷ Our analysis shows that the potential is for over 2,650,000 servers in the U.S. SMORG market alone

All subsidiaries should execute a similar SMORG attack plan by executing the following actions:

1. Identify the top SMORG vertical(s) in your geography and the top line-of-business solution developers in each vertical. Drive their focus on Microsoft-based solutions through evangelism, technical training, and selling.
2. Identify the top platforms on which your customers are currently running their business. Plan seminars with SPs and other channel partners that demonstrate the value of integrating NT Servers and server applications into those environments (e.g. selling NT Server and SNA Server into AS/400 environments)
3. Identify the top accounting solution developers. Plan sales and technical training for their consultants/resellers so that they are selling complete desktop solutions that include Office and are developing their server-based accounting solutions on NTS.
4. Identify the top SP partners you will work with to deliver seminars and sell to SMORG customers in the target verticals and on the target platforms. Make certain that you have representation from SPs who understand how to integrate BackOffice solutions into the largest platforms, or to how to migrate LOB applications off of the hosts and onto BackOffice servers.
5. Partner with business product and service providers to sell horizontal solutions to SORGs. Use services such as the local telephone company to extend their offerings to include our software as part of an overall information/communication management system. These companies have long established relationships that reach most small businesses and add credibility to our effort. Expand small business seminar delivery by using local resellers, SPs and industry trade groups (Independent, Union, Government, etc.) to deliver our seminars directly to tens of thousands of local SORGs. Seminars are one of our most effective methods for quickly moving a SORG account through the sales cycle. To get enough market penetration we must get more seminar delivery partners and in order to enlist this type of co-marketing effort, we must demonstrate how those partners will grow and profit based on their partnership with Microsoft.
6. Develop and deliver SORG-oriented solutions messages on our products, sales and service channel. SORGs do not respond as well to our traditional "technology enthusiast" advertising and PR messaging, therefore each country must allocate communication resources to a higher level solutions communication campaign in addition to their direct product or enthusiast communications.
7. Develop a sales and marketing engine to drive revenue. Determine how to build, manage, and use a database of SMORG customers and partners to drive targeted direct sales and marketing. Determine how to use a mix of Microsoft and third party telesales to drive contact, referrals, and phone management of non-named channel partners. Consider converting reseller sales headcount to telemarketing sales. Develop a system to gather leads, qualify them, and turn them into sales. Work with partners to deploy your efficient and effective lead management system.

SMORG Attack – Issues for Discussion

- Most of our sales force was hired and trained to sell one-to-one. How do we train our sales force to develop the one-to-many marketing skills necessary for success in the SMORG market?
- How do we develop an effective way to generate demand, to develop efficient selling tools and programs for our sales force and channel partners, and to measure the results of our one-to-many selling activities?
- How do we deal with the significant training investment we need to make to prepare the channel to sell BackOffice and specific BackOffice applications (SMS, Exchange)?
- What should the criteria be for applying direct sales resources to a MORG customer? Should our SMORG teams call one-to-one on MORG customers only to develop reference accounts? Or should we direct SMORG teams to have no direct contact with MORG customers?
- How do we prepare subsidiaries and districts to increase their expertise in driving local PR and advertising?

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II. LORG Sources of Revenue

1. Driving new LORG revenue from the desktop.

Office Standardization

Large corporate customers worldwide are increasingly standardizing their desktops on Microsoft Windows and Office. As a result, the LORG customer segment will approach new license saturation with Windows and Office over the next 18-24 months. However, we still need to drive the Office business. We will only be assured of hard-core penetration when every LORG customer has signed a MELP agreement. Of the US Corporate and Government LORG customer segment, less than 50% are Select customers and less than 30% have signed MELP agreements – so we still have selling challenges to drive Office penetration and share. The second priority we must drive is MELP-Maintenance. As we shift away from new license sales, we must win maintenance and we must drive high utilization rates of new versions of our desktop products. We must build an annuity business with LORGs. In the US, LORG revenue for FY94 for all new licenses, upgrades, and maintenance was approximately \$440mm. If we only sold maintenance to the 9mm pc's in US LORGs and if we got \$100 per machine, that would more than double the US LORG revenue to \$900m. The key tool to drive the annuity business is MELP-M.

Office as a solutions platform

A key means of defending our desktop base is to sell Office as a development platform. This has the effect of increasing the value a customer sees in Office standardization, helps drive MELP, and raises switching barriers. The Office group and DRG are increasingly focusing on selling and evangelizing Office as a front end for BackOffice solutions. It is vital that we get solution developers and customers to integrate Office into their information management and delivery applications.

2. Driving new LORG revenue from the server.

BackOffice Standardization

We need to focus on the server to drive new revenue growth. However, when we sell Windows NTS as an infrastructure standard we will collide with Novell's stronghold on the file and print network. We will fight a competitor who's server share rivals our success on the desktop. To combat Netware, we must use a strategy to drive customers from Netware 3.x to NT Server rather than Netware 4. We must convince LORGs that before moving to Netware 4 they must reconsider their file and print strategy in the light of Windows NT's broader usability and market momentum. *Drive comparisons between Netware and NTS on our terms and use the BackOffice family to win.* Do not be afraid to take on the Netware stronghold on file and print but do not let Novell dictate the terms of evaluation. We must encourage evaluation of NTS file and print by challenging Netware 4 as a high risk decision based on its proprietary directory services architecture and lack of application server support.

The BackOffice standardization sale will also force competition with Lotus and others on mail. We must win the mail battle. This is a hard fight but we cannot let our focus waver. Sell mail.

The key is to avoid competing against criteria established by our competitors, and if we cannot change these, we will use the approach of differentiating ourselves through selling NT as a platform for business application solutions.

BackOffice as a solutions platform

We have the opportunity to use BackOffice to solve business problems that customers have in both horizontal areas such as sales force automation and line of business functions such as retail store management. In these cases the customer faces three choices as to how they secure the solution.

1. Buy an off-the-shelf application e.g. SAP's R/3 financials or PSI's retail POS systems.
2. Have a Solution Provider bid to build a system to solve the problem.
3. Have the internal MIS function build a system.

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Our success will come from ensuring that in each case the solution is built on Microsoft products.

The \$50 billion business and mission critical systems market is dominated by mainframe and minicomputer software products though now shows a move towards a more open client/server architecture. To this market Microsoft represents the promise of new technology and a more competitive economic dynamic that could dramatically reduce cost whilst improving choice, flexibility and return on investment. Therefore we have a compelling argument for the LORG business decision maker.

Our challenges include:

- Securing BackOffice support from the established developers and integrators for whom the "New Computer Industry" can threaten the foundations of their success and business model.
- Helping customers transition to the less secure unbundled world of "best of breed" horizontal integration.
- Ensuring that our front office platform has as significant a role as our back office applications.

Solutions Selling deliverables from Corporate

So how do we make the solutions selling model work and what roles do our people play in it? We must grow Microsoft to be the credible solution platform provider for the large organization, independent of whether the customer builds or buys custom or packaged business solutions.

The following actions represent steps that need to be taken to be successful in selling solutions.

Step 1 - pick the right business areas - based on potential, revenue, competition and ease
Given our limited capacity and experience we believe Regional Directors should start by choosing a focused solutions area. OCU management will profile the vertical and horizontal markets we are addressing, and provide regional opportunity data for assessing and targeting market opportunities. When a market has been selected we suggest regional OCU teams secure a focused regional vertical marketing manager.

Our taxonomy for choosing customer prospects must evolve from that applied to Office. For example, we must drive selling effort not simply based upon how many desktop PC's a company already has, but rather how many servers and desktops the solution would drive (retail point of sale devices converting to PC's for example).

Step 2 - Work with Solution Developers to build business solutions on Microsoft technology
Vertical marketing teams target developers and integrators, then must build a compelling technical and business proposition that results in these companies delivering BackOffice solutions. A relationship between global regional partners and Microsoft's local field representatives must be enabled through communication of solution directories, and a face-to-face introduction brokered by the vertical managers. If a regional vertical marketing manager identifies the additional need for regional solutions they can use MCS to aid porting, and use our tried and tested SD business value proposition to justify partner loyalty. When partners are selected we must measure and incent our reps to work with their peers in partner companies, with a recognition that this must generate incremental opportunity for both parties.

Step 3 - Team with SP's in solution areas to gain bigger MCS projects and secure SP's
We have a hole today that we must fill. We need sufficient integrators to support our target customers with installation, integration, training, and other key infrastructure services. We will depend on integrators as more companies buy "packaged" line-of-business solutions on the Microsoft platform not just within a country, but also crossing country and regional boundaries, as multinational organizations integrate their subsidiaries on a Microsoft platform (Mail, Accounting, etc). The key issue we must drive is large scale integrators who will focus on Microsoft and not try to switch customers to Unix or alternative platforms.

During FY94 we have picked specific global integrators to work with such as EDS, Andersen Consulting, SHL Systemhouse, Ernst & Young, Cap Gemini, and others and have resourced to comprehensively support bids from these integrators as follows:

- Provide education on Microsoft technology for consultants and integrators
- Use MCS investment hours to prepare and win the bid (MCS will also be measured on this)
- Build licensing and support policies to facilitate the opportunity for the worldwide national partners.

Step 4 - Drive the success stories and change the perceptions

Each region will need local trophy wins before we can be seen as a "fighter" in a given vertical market and a major challenge is winning that first customer. OCU will deliver an initial portfolio of international case studies successes, supplemented by line-of-business demos that can be presented by local staff or the Enterprise Technical Marketing (CATM) team.

When local business is secured the regional vertical manager should work with subsidiary LORG management and PR specialists to profile success in each country, ensuring that "vertical" and business press and analysts identify Microsoft as a credible provider of enterprise business solutions.

Step 5 - Fix the support & services for enterprise customers

Our support must be integrated with that of partners so that customers feel secure as they select the Microsoft technology platform for mission critical solutions. For example, if a branch network crashes at midnight, because of a complex Windows NT problem how would they get resolution before the following morning? We must define the level of commitment from Microsoft that supports our leveraged business model, but allows this need to be met. While we have made a great deal of progress with support, including hot fix and escalation plans in some areas, we have a long way to go.

LOGR Sources of Revenue – Issues for discussion

- How do we significantly increase the percentage of LOGR accounts with signed MELP agreements for Office?
- How do we significantly increase the percentage of LOGR accounts with signed MELP-M agreements for Office, Windows, and BackOffice product family clients?
- How do we partner with LSST's that have the right skills and capacity to fill our "service gap"?
- How do we ensure effective high-close rate joint-selling between MS field and our solution developers partners?

III. Select v3.0 Launch

Select 3.0 is a major upgrade to Select that provides substantial benefits to both customers and LARs. Focus for the new version has been to simplify the whole offering to make it easier for the field, channel and customer to understand and execute. A simplified program is assumed to shorten turn around time for new agreements and renewals and allow more new agreements to be signed. It is also an important step to increase customer satisfaction with our existing Select customers and to drive more revenue through these existing agreements.

An important component of this effort to simplify the program has been to make the ordering process for licenses map the way customers do normal business and to back that up with tools to provide a smooth transition for the LAR channel. This move to an ordering process model further paves the way for our strategy to, in the future, electronically deliver licenses to Select customers.

The Select 3.0 launch on April 4, 1995 will be both a great opportunity and a drain on local resources. The Select Marketing Team has already been in contact with local Select contacts and Regional Select Champions in preparation for Select 3.0 launch. The three issues/activities which will effect subsidiary resources the most are: 1) Training of sub sales reps and channel, 2) Localization and printing of collateral and agreements, and 3) Training on the new agreement and ordering procedures.

The keys to success with Microsoft Select 3.0 are simplicity and optimization. To that end, the majority of Select 3.0 changes are focused in three key areas: 1) customer transactions, 2) simplification of license types and 3) maintenance changes. Highlights of these changes are summarized below.

- **Customer Transactions:**
 - Minimum volumes per Enrollment Agreement is lowered from 1000 units over two years to 500 units.
 - Quarterly reporting by the customer is no longer required. The process will be changed to a transaction-based model where products are simply ordered through the channel, and the channel is responsible for reporting orders back to Microsoft.
 - On a monthly basis, each Enrollment customer will receive a license confirmation which validates the number of copies they have ordered and reproduced during the previous period.
- **Simplification of License Types:**
 - Variable License customers can now standardize at the Enrollment level with Departmental Enterprise Licensing, provided they have a minimum of 250 qualifying computers (and a total of 500 units). They do not need to meet the Enterprise License minimum at the Master level.
 - Maintenance, upgrades and new licenses now have the same unit count and also count toward the overall unit forecast.
 - Level B and C forecast/commitment levels for Variable and Enterprise licenses will be increased, but Level A volumes will remain the same.
- **Maintenance Changes:**
 - Each Enrollment site may add an unlimited number of licenses to Maintenance during the first two quarters of the *Enrollment Agreement* (although such additions may occur only during the first full year of the *Master Agreement*). During the last four quarters of the *Master*, or after the first two quarters of an Enrollment, maintenance enrollments will be limited to the quantity of new licenses or upgrades purchased on the same order.
 - Maintenance begins when the customer places their order from their LAR. The first invoice/billing for maintenance will cover the first full calendar quarter.
 - MS will automatically bill maintenance quarterly.
 - Both the Variable and Enterprise licenses now include the right to purchase maintenance; no separate maintenance agreement is required and there will no longer be a need for separate MVL-P-M or MELP-M Addenda.

TARGET AUDIENCE

To achieve launch sales objectives, it is critical that the sales force target and prioritize accounts properly, with the primary goal of maximum revenue per desktop. Ultimately, it will be up to each district, subsidiary and region to create and maintain their own prioritized "hit list" of new and current customers to target for Select 3.0. However, we recommend that sales reps first target non-Select customers, as opposed to existing Select customers. We recommend the following guideline for prioritization:

1. Non-Select Customers

- Tier 1 and Tier 2 accounts
- Trend towards software standardization
- Trend towards centralization of IT and Purchasing
- BackOffice, Office, Windows users or prospects for Maintenance

2. Current Select Customers

Customers that are expiring within the next 6 months:

- Priority should be given to contracts which expire by June 30, 1995 (including all pre-April 1, 1995 expirations, which will be automatically extended to June 30).
- Secondary emphasis should be placed on contracts which expire in subsequent quarters (September 30, 1995, December 31, 1995 etc.). *Note: A marketing "push" for Select 3.0 will not occur for these customers until FY96, to leverage momentum and availability of Windows 95 and Office 95.*

Enterprise License Potential

- High-performing Variable License customers who are now ready to take advantage of the Enterprise License

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- Smaller business units with a minimum of 250 workstations at their site (and 500+ units overall) which were previously unable to qualify for the Microsoft Enterprise License Maintenance Potential
- Existing customers who may "graduate" to a higher discount level due to a large installed base, which is either currently or potentially enrolled in maintenance
- Existing customers who wish to enroll more products in maintenance than the maintenance addition rules in their 2.x contract will allow
- Existing customers who will benefit from enrolling Office, Windows and BackOffice products in maintenance.

PROGRAM GOALS

The following objectives are focused on 1) objectives for the actual Select 3.0 launch itself and 2) objectives for the subsequent six months of post-launch sustaining sales and marketing. The primary objective of Microsoft Select is to *increase revenue and marketshare* in large and medium organizations.

Key Marketing Objectives:

- Provide a smooth transition for current Select customers to entice them to renew under Select 3.0
- Increase the revenue per Select desktop by selling more Enterprise Licenses and Maintenance
- Drive more business in the Tier 1 and Tier 2 large account segment
- Deliver information, training and tools needed for sales force and channel to meet its objectives

Key Sales Objectives:

- Renew/roll-over 100% of customers whose agreements expire before October 1, 1995 (approximately 300 Master Agreements).
- Sign 180 new (vs. renewal) Master Agreements by October 1, 1995
- Ensure at least 40% of Select 3.0 agreements include Enterprise Licenses
- Leverage the renewal opportunity to sell additional license types, pools and/or products

MARKETING

Marketing Deliverables:

Please see attached spreadsheet for a list of program deliverables and due dates.

If you have any questions about Select 3.0 launch or marketing plans, please send them to the SELPUSH alias.

INTERNATIONAL IMPLEMENTATION

Select relies on the "Selchamp" marketing and sales contacts worldwide to offer program input and local subsidiary planning and implementation. We had a regional representation group of Selchamps at Redmond in early December for input and planning purposes. We have also communicated final Program Specification, Transition plans and Marketing plans to all Selchamps, and have weekly status meetings with regional contacts for updates.

Select v3.0 Launch – Issues for discussion

- How fast should we drive conversion of existing Select customers to version 3.0?
- How do we optimize channel preparation for Select v3.0? How do we prepare channel partners for electronic reporting?
- How do we minimize complexity of Select v3.0 changes and transition issues for our field and partners?

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Placy

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HIGHLY
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To: February 1995 WWRDM Attendees
From: David Curtis
Date: January 20, 1995
RE: Antipiracy Task Force - Update

Summary:

An Antipiracy Task Force was formed at the Worldwide Directors Meeting last July. It included representatives from a cross section of product, marketing and administrative groups.¹ It was charged with developing a set of top-level recommendations to be presented to the BOOP to address the problem of software piracy. Recommendations were presented to the BOOP on January 5,² resulting in the following decisions:

- An "Antipiracy Business Manager" will be hired in WWPG reporting to Chris Williams with responsibility for corporate antipiracy product and marketing issues.
- COA-like anti-counterfeiting measures will be broadly implemented on all retail product packages.
- Covert anti-counterfeiting measures will be broadly implemented on all retail product packages.
- The SMS group will assume responsibility for future technical ownership of Software ID (an internally developed tool for auditing software usage). The new Antipiracy Business Manager will be responsible for exploiting the product as an antipiracy tool.

This memo explains these recommendations and current implementation status. Feedback, including particularly additional thoughts on areas for follow up and priorities, are encouraged.

Background:

We have all seen the various published estimates of worldwide losses to software piracy, as well as internal information and estimates.³ All indications are that software piracy is a huge drain on the revenues of this company - it is not unreasonable to assume that piracy costs Microsoft at least what it makes each year.

Historically, we have approached anti-piracy work as a three-pronged effort (public policy, marketing/education, and litigation) conducted mainly through industry associations but with a significant additional Microsoft-only component, particularly in the counterfeiting area. When we started making a significant investment in anti-piracy work

¹ See the Additional Materials section below for the location of a roster of task force members.

² See the Additional Materials section below for the location of a copy of this presentation.

³ See the Additional Materials section below for the location of information on estimated losses.

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in 1987, activity was centered primarily in LCA. As time has passed, increasing attention has been focused on piracy in marketing groups, product development, PR and other areas of the company. Microsoft has steadily increased the resources it devotes to piracy across the company. We are by far the largest contributor to BSA both financially⁴ and in terms of human resources, and have significant additional resources devoted to activity we undertake independently.

It has not been clear that we are being as smart about this challenge as we can and should be. Many groups within Microsoft have an interest in this topic and often communicate with each other quite well - but we could do a much better job coordinating between groups. Many people around the company have insights and expertise that could help us all be smarter and better about the anti-piracy work we do - but we don't have a very efficient way for those insights and that expertise to be shared, or to be brought to bear on designing strategies and setting priorities. Too many projects are undertaken on an ad hoc basis rather than as part of a larger, coordinated strategy.

The Antipiracy Task Force was formed with this background in mind. Its purpose was to bring together a cross section of people from around the company to develop a set of top-level recommendations to address the problem of software piracy. The members of the Task Force met periodically between September and December, and a series of recommendations was delivered to the BOOP on January 5, 1995.

Recommendations:

1. Antipiracy Business Manager. The first recommendation was to designate an Antipiracy Business Manager in the Worldwide Products Group to assume responsibility for corporate antipiracy product and marketing issues.

Current responsibility for developing and implementing antipiracy programs is distributed among multiple product groups, multiple sales and marketing groups, and LCA. While there are many good reasons to continue to give some responsibility to multiple groups, there is also redundancy (as different groups 'reinvent the wheel' over and over again). Additionally, there has been only infrequent attention paid to initiatives which appear to offer global benefits (geographically, in terms of the universe of products and/or in terms of the range of types of piracy we encounter).

Further, to the extent any single group in the company has 'owned' piracy at a global level historically, it has been LCA. This is due to the primary focus on legislation and enforcement (litigation) which has been so important to our antipiracy efforts. However, as our efforts have evolved, more attention has been paid to initiatives which are not areas of LCA expertise - e.g., initiatives to "market" an antipiracy message, initiatives to develop product features which either deter piracy, assist in managing software use or help detect piracy, and initiatives to better measure the piracy problem and the relative success of antipiracy measures. The Task Force

⁴ For example, Microsoft will contribute approximately 43% of BSA's CY1995 budget.

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concluded that the company's antipiracy efforts would benefit significantly from designating a corporate Antipiracy Business Manager who could bring more focused product and marketing expertise to bear on the issue, working closely with LCA to better leverage the enforcement and policy activities for which it will continue to be responsible.

The Task Force recommended hiring an Antipiracy Business Manager and a technical assistant. The BOOP agreed that we should hire the Antipiracy Business Manager but deferred the technical assistant.

Status: This position will reside in Chris Williams (Director of Product Development) group. A draft job description is under review,⁵ and recruiting should be underway by the time of the WWRDM. I will update this part at the meeting.

2. Overt Anticounterfeiting Measures. The task force also recommended that we broadly implement COA-like anticounterfeiting measures on retail product packages.

We have seen increasing counterfeit activity in recent months. Beyond the products traditionally victimized by counterfeiters (MS-DOS and Windows in particular), we have started to see counterfeit business applications and consumer products, particularly CD ROM versions. Currently, few of our products include anticounterfeiting devices such as the hologram or 3M Confirm label which is used on the Certificate of Authenticity (COA). Such measures deter counterfeiting by making it more difficult to produce a high quality counterfeit, and make it easier for us (internally and through law enforcement partnerships) to detect and prove counterfeiting activity, even if the counterfeiting devices themselves are copied.

The COA includes additional covert anticounterfeiting measures (e.g., microprinting) and serialization, which has proven useful in addressing OEM unbundling issues. It would cost approximately \$0.26 per unit to add a full COA to all retail product packages (or roughly \$8.6 million for FY1995 based on budgeted shipments⁶). The task force recommended affixing a hologram and 3M Confirm label to all retail product packages, which will cost \$0.061 per unit (or roughly \$2 million for FY1995⁷).

The BOOP approved this recommendation.

Status: A working group has been formed to develop specific design and implementation recommendations to be presented to Mikemap, consisting of Alison Gilligan (LCA), Dave Thomas (Director of Product Engineering, Engineering Services), Jeff Sanborn (Strategic Materials Administrator, Operations Planning),

⁵ See the Additional Materials section below for the location of a copy of the draft job description.

⁶ See the Additional Materials section below for the location of a detailed analysis of this cost.

⁷ This cost is based on the same unit production figures contained in the detailed COA cost analysis referred to in the Additional Materials.

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Martha Dale (Print Production Group Leader, Corp. Services), Katie McAskill-White (Print Production Specialist, Corp. Services) and Cynthia Kraiger (Marketing Ops Manager, DAD). Recommendations are expected by March 13, 1995.

3. Covert Anticounterfeiting Measures. The task force also recommended that we broadly implement several low- or no-cost anticounterfeiting measures in product packages, including particularly microprinting and a 3% gray screen on various components (registration cards, boxes and manuals). These measures should provide additional assistance in detecting and proving counterfeit activity.

The BOOP approved this recommendation.

Status: The same working group referred to above will develop specific design and implementation recommendations for Mikemap, on the same timeline.

4. Software ID. Software ID is a software audit tool developed by corporate audit and LCA. It is designed to inventory software on Intel-based pc's, and to be used for formal evidence gathering, informal self-compliance checking and everything in between. It has undergone one successful beta test, and is close to being ready to use, at least internally. The BSA is interested in using it for audits and litigation, and distributing it as a software management tool.

The task force recommended that Microsoft give Software ID a permanent home for technical purposes (including maintaining and updating the database of products against which it searches), as well as for purposes of exploiting it as an antipiracy tool.

Status: The SMS group has been assigned ownership of the technology going forward. Exploitation of the product as an antipiracy tool will fall to the new Antipiracy Business Manager.

5. Research. A recommendation was made to invest in additional market research aimed at confirming the size of the problem, understanding why piracy occurs and understanding what measures and messages are likely to be effective in combating piracy.

The BOOP declined to approve any immediate research initiatives, but invited the new Antipiracy Business Manager to develop specific research proposals.

6. Other Areas For Follow-Up. The recommendations above are by no means an exhaustive or comprehensive list of things Microsoft can or should do to address the problem of software piracy. Many other ideas were presented to the task force and by task force members.⁸ One of the key benefits of the new Antipiracy Business

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⁸ See the Additional Materials section below for the location of a representative list of 20 other antipiracy ideas that surfaced during the task force's work.

Manager will be the creation of a resource that will enable us to bring more focus and follow through to many of these other ideas.

Additional Materials:

The following additional materials are available on \\gabriel\public\aptf:

<u>Reference</u>	<u>Description</u>	<u>File Name</u>
BOOP Presentation	Powerpoint presentation of Task Force recommendations, January 5, 1995	aptfboop.ppt
Roster	Task Force Members	members.doc
Losses	Estimated Microsoft piracy losses	losses.doc
Loss narrative	Explanation of how the Microsoft piracy losses were calculated	expl#s.doc
Other ideas	20 other antipiracy ideas for follow up	ideas.doc
COA Cost Analysis	Detailed analysis of the cost of adding COAs to all retail product packages	coa.xls

PSS

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To: February 1995 WWRDM Attendees
From: Peter Bladin
Date: January 26, 1995
RE: PSS initiatives and direction FY95\FY96

INTRODUCTION

In our last memo we outlined four areas for PSS focus during FY95. These areas were:

- responsiveness during Win95 launch
- establishing credibility for our mission critical support
- delivering enhanced information services
- notification that we planned to update our Microsoft Support Network

This memo will provide an update and next steps in those areas. Although readiness for Win95 launch is of critical importance, few things (except product RTM dates) have changed since last memo and we will provide only a brief update within this memo. We will provide an in-depth review of updates to the Microsoft Support Network. In February we will announce these changes in the US, Canada, Europe and Australia, other markets in early FY96. For our mission critical support focus, we will give you an update on Regional Support Centers and how they will evolve for the next 12-18 months. We will also discuss how we need to make support an integral part of the sales cycle for Backoffice as well as give an update on our efforts with partners via the ASC program. Within the context of Information Services, we will explain how we plan to utilize The Microsoft Network (MSN) that ships with Windows 95. At the end of the memo, we will outline an overview of how our Support tools will evolve.

Responsiveness during Windows 95

Responsiveness during Windows 95 and Office 95 launch is a key goal for PSS worldwide. We covered this topic in the last WWRDM, July '94 (see July PSS memo for details). Most regions now have fairly solid plans and we will use phone conferences during the rest of FY95 to review regional plans with PSS senior management. RTM delay gives us ample opportunity to reassure we have the technical depth and breadth required among our engineers, that our outsource plans are solid and training is in place. Please make sure your PSS organizations have readiness plans, participate in these conferences, and are appropriately funded with staffing or outsourcing dollars in the FY96 budget.

Microsoft Support Network Update

We launched the Microsoft Support Network in most markets in the October 93-January 95 timeframe. We have spent the summer and fall analyzing usage patterns, incident costs and listening to customers' feedback. With the financial analysis, we concluded that some changes are needed to improve the cost recovery on our fee based offerings, and to reduce the cost as a percentage of product revenue in the development products cluster. With the customer feedback, we concluded that multinational support is a key need of a small number of very important LORG customers, and that many Premier customers are struggling with managing our limitation on designated contacts. A study of incident usage and cost of Premier account support showed us that in order to improve cost recovery, we would have to significantly raise the base price or introduce an incident limit so the heavy users of support are charged accordingly and we can hold the base price down for the other 70 percent of the customers. We chose the incident limit, and happily, this also allowed us to drop the designated contact limitation and certification requirement which annoyed many customers. These changes have been designed with worldwide input from regional representatives.

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Key changes compared to current framework:

- No designated contact limitation in Premier and Priority
- No deployed base quota (difficult for customers to track and us to enforce)
- Introduction of pay for usage model with incident cap on annual Priority and Premier contracts
- New high end multi-national offering via a single contract, Premier Global
- Development cluster standard support moving from 90 days to 30 days for current major version
- New lower priced Priority Home incident based support offering
- Price changes in Premier and Priority annual contracts to improve cost recovery while maintaining competitiveness
- Incent certification via a complimentary 10-pack incident grant to certification graduates

By not having designated contact limitations, we let customers control access themselves. This is very helpful for customers who are operating mission critical applications with 3 shifts of coverage in their IT departments for example. Incident caps encourage customers to be selective when calling and will better foster self sufficiency. Customers with good internal helpdesks will benefit from this new policy.

Cost of Development products support as a percentage of revenue is higher than in any other product cluster and trending up this year over last. We discussed a variety of ways to reduce this cost, but settled for a reduction in the standard support period from 90 to 30 days as the best solution. We are also limiting standard support to current product versions in this cluster. For Subscription based products such as Visual C++ and MSDN II, we introduce a 2-pack of incidents to go with each subscription. US prices for Priority Developer support will also increase.

In the desktop applications cluster, it is worth noting that North America will continue unlimited free Standard support. Other markets will move to or stay with 90 days standard support period. We are also introducing a Priority Home incident based offering at a lower price than today's desktop incidents. Since our research shows that consumers use their software 70 percent of the time after hours and on weekends, we believe this Priority Home offering is a great competitive differentiator for MS Home products. This service is subject to availability in some regions. The framework, clusters, service types and policies are worldwide, whereas prices and hours of support are set on a regional level. For a look at the new US framework, see appendix A.

Premier Global

One key request from our large multi-national customers was to include a worldwide offering, making it easy for them to buy support in one location and have it delivered worldwide. We will introduce a new high end offering called Premier Global to address this need. Premier Global will be available in limited quantities in March 1995 and generally available in July 1995. This offering is targeted at our largest multi-national corporate customers. Premier Global use Premier services as a foundation, including Premier Support Team (TAM team) capabilities. The following are changes and additions compared to Premier: Global account management, two pro-active onsite visits, unlimited incidents with 10 designated contacts in any region, and one single worldwide contract. Like with Premier, Premier Global pro-active account management provides the customer with a long-term partnership to anticipate potential problem areas, plan for future changes, and continually assess support needs. We are working with Regional Support Centers worldwide to ensure consistent service delivery. Each Regional Center is responsible for implementing Premier Global delivery within their region as defined by the worldwide program. Contracts can be sold in each Region. We will have a Premier Global 'broker' in the US that will work with each regional contact to facilitate contract negotiation and resource coordination to ensure each region understands their deliverables. Implementation details are being worked out. Price is set to ensure full cost recovery. It also reflects what similar offerings cost from other worldwide support providers.

Contact your regional PSS Manager for more details. Field material will be available in InfoBase in February with printed collateral to follow. Appendix B contains a grid on what service is targeted for which customer. It provides a quick positioning for the field.

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Mission Critical Support

Backoffice has a complex sales cycle and support plays an integral part in the purchase decision. Recognizing this, PSS has focused on building up Microsoft's direct support infrastructure as well as teaming with ASC partners to augment our offerings, particularly for multivendor needs. Regional Support Centers are the vehicle to deliver the level of quality support Microsoft needs worldwide to be successful selling Backoffice. We are building up extensive skill sets in 6 countries around the world. These centers were picked because of the size of their local market and because of the infrastructure already present. Status of Regional Support Center implementation today:

Location	Regional Support Center (RSC*) for	Regional Escalation Center (REC*) for	Operational
Australia	Australia	RSC+ Rest of APAC	yes
France	French Speaking Europe & French Speaking AIME	RSC+ Spain, Portugal, Italy	May 95 (REC)
Germany	German Speaking Europe	RSC+ Eastern Europe	May 95 (REC)
UK	UK, Ireland, AIME (except French Speaking)	RSC + Scandinavia, Benelux (except French Speaking)	May 95 (REC + AIME RSC)
Japan	Japan	Japan	tbd
US	US, Latin America, Canada	RSC+ FE (except Japan)	FE tbd, rest yes

* Regional Support Centers provide PRG support direct to customers. Regional Escalation Centers provide SRG and escalation support for subsidiaries and direct support to customers after hours.

Each center's main focus will be on Cluster 4 and major cluster 3 products (VB, FoxPro, VC++). Initial language focus is English as well regional center's own language. Local Subsidiaries are still responsible for Cluster 1, 2 support. Our goal with all Regional Centers are to deliver the same quality and service levels to customers and partners worldwide regardless of which center they are supported from. We are sharing procedures and processes and have started regular RSC manager's meetings to meet this goal. We also do regular escalation level engineer training for key engineers in the US. Our escalation level engineers (small subset of all engineers) are treated as one worldwide (virtual) team regardless of where they reside.

We are proposing that WinAPI support (Windows SDK support), and other low volume developer products (except VB, FoxPro and VC++) will all be handled by Developer Support in the U.S., not by local subsidiary or Regional Center. Business case and transfer plans will be developed during Q4FY95. The WinSDK set of technologies requires too much critical mass to do successfully in several places. No change is planned for double byte (dbs) developer support.

During the rest of FY95 and during FY96, we plan to build up skill set and procedures in each regional center to handle the following.

- Server down Policy, incl. 7x24 capabilities
- QFE (Quick Fix Engineering) capabilities as defined in agreement with product groups
- Premier Global
- Localized product escalation capabilities, all clusters
- Localized product support for VB, FoxPro, Visual C++ and cluster 4 from each RSC
- Localized cluster 1-2 support from RSC for Premier and Premier Global customers if local Subsidiary lacks PSS capabilities for first line support
- Replication Lab
- Training Capabilities for PSS and ASC support partners

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Marketing Microsoft's Mission Critical Support Capabilities

To successfully position our enterprise support offerings it is important we make it an integral part of the sales cycle when selling Backoffice. PSS are working closely with MCS, OCU and US field to develop a complete Microsoft Service Message. We have also developed the following set of collateral, white paper and presentations to help field sales force address support with our customers. The following is available (check with Regional PSS Manager for availability in your region):

- Microsoft ASC brochure (available February)
- Data sheets from each ASC outlining key offering and how to contact them
- Mission Critical Support Services Corporate Backgrounder (available now)
- Mission Critical Support Services presentation (available now, in presentation builder)
- Microsoft Support Network data sheets (US sheets in Infobase by launch, with printed collateral to follow)

During the next 6 months we must make it a top priority for our (LORG) sales force to be able to effectively articulate and position our support offerings. Our Regional PSS Managers will help in this effort. We ask that you make it a priority for your LORG and MCS resources to understand our support message and make sure support is addressed in each backoffice sale. Each significant backoffice win must have a built in support plan to be considered complete. Support can be delivered either by MS, ASC or a combination thereof, but it must be addressed during the sales cycle.

ASC (Authorized Support Center)

In the new open systems environment some larger customers not only want the total flexibility of technology but also the choice of vendors or partners to provide support (including in-house) to address some of their key needs ("menu" approach to support). Other customers are looking for an external support provider that is able to offer a single point-of-contact solution to their multi-vendor needs (one-stop-shop). Building support partnerships to provide one more way for organizations to get the full set of support services they need to successfully deploy Microsoft technology is the goal of the SP ASC program.

During CY95 we are focused on enhancing ASC delivery skills on our products. We need to bring all ASC's to a base level where they can be one-stop-shop. In addition we are working with each ASC to develop competence areas (SNA server, SQL server, systems management, helpdesk outsource, software asset management, messaging etc.). This will give us an opportunity to utilize ASC's on support related projects, the way we today utilize other SP's for systems integration via our MCS model. The program should emphasize quality before quantity, so we recommend no more than 5-7 partners per country.

We are working with each ASC to present their service portfolio to our sales force. The portfolio can cover these three areas:

- One-stop-shop full support offering; especially attractive for SMORG business
- Service as menu items: planning, implementation, maintenance (i.e. helpdesk); mostly related to LORG business
- Per incident support

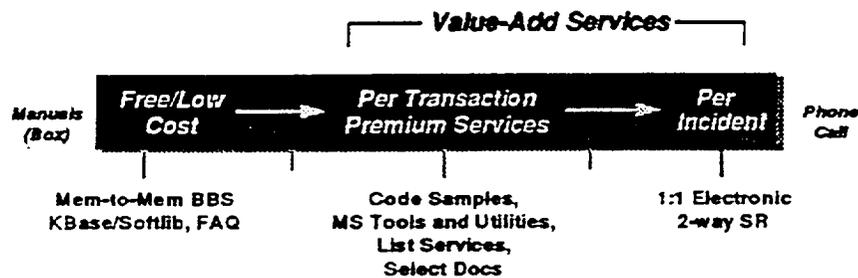
Information and Electronic Services

The goal of our Electronic and Information Services is to reduce the demand for support by providing our customers with easy and engaging access to the latest MS technical information and related services. This "self-sufficiency" approach is at the nucleus of our strategy for managing support demand and empowering customers to use our products. All current information offerings, Internet (FTP, Gopher, WWW), TechNet, CompuServe, FastTips, etc. will be retained, and will be reviewed for cost recovery opportunities. Internet, the Microsoft Network (MSN) and TechNet have great potential for reducing

support demand, providing cost recovery, and extending our implementation of technology as a solution for support. The bulk of our efforts will therefore be applied to these services.

We plan to deploy a suite of services designed to provide our customers with pervasive access to a variety of technical information and resources. Our Free/Low Cost offering will include unlimited, no-fee access via all of the major service providers (Internet, MSN, CompuServe, etc.) to the majority of our current technical support information (KB/SL, white papers, etc.) and to member-to-member level Bulletin Board Services (BBS) over CompuServe and MSN. In the U.S. we see rising costs associated with moderating BBS's, we therefore plan to deploy a cost reduction strategy. We will save money by limiting time we spend on incidents. We will take some of the money saved here to provide greater incentives for third-parties to answer questions in these forums. Microsoft's interaction in these forums will be to "facilitate" the delivery of information, by working with third-party community and point users to where they can find more information vs. actually answering 1:1 questions on the forum. Additionally, we plan to offer a fee-based, per-transaction "Premium" service which will provide our customers with the option to purchase rich, unique technical information, utilities, etc. and will allow us to recover the costs associated with developing this content. This level of service will be available only via MSN due to security and technical limitations of other service providers. To allow our customers the ability to work electronically with a MS Support Engineer, we plan to offer an electronic per-incident support option to all of our customers via MSN.

The following diagram further illustrates the Electronic and Information Services offering we plan to develop-



One key area of focus in the upcoming 6-12 months will be to leverage MSN, the Internet and TechNet to further extend our reach. MSN will provide PSS with a rich Microsoft branded environment to build a broad range of Information and Electronic Support services. With more than 100,000 users a week directly accessing our core support information via the Internet, we plan to further improve the information content on our Internet Servers. Further, we plan to greatly extend the TechNet product, which in the past 6 months has seen an increase in sales of 42%. We will run trials in the reseller channels in the U.S. during the next quarter and will also bundle it in the North America Backoffice box. In March we will upgrade our OnLine 2.0 for Windows product to the Microsoft Partner Network v1.1 product to provide our premier and priority annual customers with enhanced electronic issue submission capabilities. During FY96, we will add the support functionality MSPN 1.1 has to MSN, thereby allowing us to transition over from MSPN as the service request tool for our premier and priority customers.

We are also investigating how to sell our annual Support Services via MSN. This requires further analysis and changes to internal tools, so no timeline has been set but we are committed to make it happen. Questions regarding our Information and Electronic Services may be directed to John Martin (johnmart).

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Customer Tracking Systems

As the worldwide PSS business matures and the Regional Support/Escalations Centers become a reality, the vision of what a customer tracking system must be becomes more clear. We require a global customer system with:

- 1) data that is integrated and easily shared to support worldwide reporting and enable an account manager, for example, to easily determine the complete status of any customer account before making contact with that customer,
- 2) a basis of consistent rules and processes to enable smooth incident escalation towards increased engineer efficiency and customer satisfaction, and
- 3) configurable workflows which support local variations.

Our approach to realizing this vision is to converge systems, code bases, and data stores to enable more streamlined and efficient development, and facilitate data sharing between applications and across sites.

The table below outlines current status and our migration plan towards one system:

Systems	Purpose	Current Installation Status	Phase I	Phase II	Phase III
Work Bench/CITS	Customer Phone Issue Tracking	US and Canada (clusters 1,2 and 3) Germany, UK, France, Benelux and Italy (cluster 1-2 or all)	No major modifications planned. (Current users to stay with WorkBench/ CITS.)	No major modifications planned. (European users and US cluster 3 to migrate to MS Manager 4.0. US and Canada (clusters 1 & 2) to stay with WorkBench/CITS.)	To be replaced by MS Manager 5.0. (US and Canada (clusters 1 & 2) to migrate to MS Manager 5.0)
MS Manager	Customer Phone Issue Tracking, Sales and Marketing Functions	18 installations in subs for Support and/or Sales/Marketing	<ul style="list-style-type: none"> • MS Manager 2.5 - Target Q3 FY95 - Japan's requirements • MS Manager 3.0 - Target early Q4 FY95 - includes upgraded Sales and Marketing functionality (in addition to 2.5's PSS enhancements) • MS Manager 3.2 - Target early Q1 FY96 - Phone connectivity, PID 2.0, other PSS enhancements <p>Installations -</p> <ul style="list-style-type: none"> • 2.5 - Japan only • 3.0 - USFSG, RSCs, REC's and subs, as needed • 3.2 - rest of RSCs, REC's and (non-CITS) subs 	<p>MS Manager 4.0 - Target mid-Q2 FY96</p> <ul style="list-style-type: none"> • improved customer focus • multiple delivery channels (phone, electronic etc.) • advanced issue management (includes improved escalations) • management reporting • improved scalability and modularity <p>Installations -</p> <ul style="list-style-type: none"> • 1st - US Cluster 4 and Premier • 2nd - Europe REC's • 3rd - other REC's, RSC's, all subs, and US Cluster 3 	<p>MS Manager 5.0 - Target TBD</p> <ul style="list-style-type: none"> • full scalability • additional requirements to support US clusters 1 & 2 <p>Installations -</p> <ul style="list-style-type: none"> • 1st - US clusters 1 & 2 • 2nd - other RSC's, REC's and subs (as appropriate)
PRISM	Customer Electronic Issue Tracking and Escalations	Installed in almost every sub	<p>PRISM 2.6 - Target early Q4 FY95</p> <ul style="list-style-type: none"> • supports REC escalation rules • migrate server to NT • Major Bug Fixes <p>Installations -</p> <ul style="list-style-type: none"> • 1st - Europe REC's • 2nd - US and rest of RSC's, REC's and subs 	To be replaced by MS Manager 4.0 following installation progression discussed above.	NA

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APPENDIX A. US Framework

	Desktop Applications	Personal Operating Systems	Development	Business Systems
Premier Global Support Access Designated TAM Team Multi-national Support Full Information and Electronic Services Access 24x7/800#	Premier Global: <ul style="list-style-type: none"> \$225,000/year flat fee Premier Global TAM Team access 2 on-site visits per year Up to 10 multi-national contacts with unlimited incidents Additional contacts: \$10,000/year Additional TAM Team access for specific activities as defined by a Services Description 			
Premier Support Access Designated TAM Team/SAE Full Information and Electronic Services Access 24x7/800#	Premier: <ul style="list-style-type: none"> \$25,000 year flat fee including 150 incidents/year Premier TAM Team access Option to specify SAE coverage for development activities Unlimited named contacts Additional incidents: \$1,500/year including 10 incidents/year Additional TAM Team access for specific activities as defined by a Services Description 			
Priority Support Priority Access Full Information and Electronic Services Access Annual/ PAYG 24x7/800#	Priority Comprehensive: \$3,995/year including 35 incidents/year \$1,500/10-pack \$150/incident			
	Priority Development & Desktop: \$2,495/year including 35 incidents/year \$895/10-pack \$95/incident \$2.95/min.			
	Priority Desktop: \$395/year including 35 incidents/year \$125/5-pack \$25/incident \$2.95/min.			
	Priority Home: \$15/incident \$2.95/min.			
Electronic Services Annual/ PAYG Low Cost	<ul style="list-style-type: none"> Member-to-Member Microsoft Facilitated Forums available via CompuServe and Microsoft Network (when available). Electronic SR submission available via MSPN and Microsoft Network (when available) for Premier Global, Premier, Priority Comprehensive (35 Pack), and Priority Development & Desktop (35 Pack). 			
Standard Support Full Information Services Access No-Charge/Toll Call	UNLIMITED NO-CHARGE (NA only, rest 90 days No-charge)	90 days No-Charge	30 days No-Charge	Not Available
Information Services Annual/ PAYG Low/No Cost	<ul style="list-style-type: none"> Access the complete Microsoft Information Services content (i.e. the Microsoft KnowledgeBase, Software Library, Service Packs, HotFixes, etc.) via the Internet (FTP, Gopher, WWW), CompuServe, AOL, Prodigy, and/or Microsoft Network. Faxable quick-tips are available via Microsoft FastTips. 			

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APPENDIX B

APPENDIX B. TARGET AUDIENCE FOR EACH SERVICE OFFERING

Microsoft Support Network Target Customer Guideline

	Information Services	Standard	Electronic Services	Priority Home	Priority Desktop	Priority Development	Priority Comprehensive	Premier	Premier Plus
Multi-national LORG	X		X		X			X	X
LOGG	X		X		X	X	X	X	
SMORG	X		X		X	X	X	X	
MCP SE	X		X				X		
MCP SD	X		X			X			
SP Partner	X		X				X		
SP Member	X		X		X		X		
Retailer	X	X	X				X		
ISV/HSV	X		X			X	X	X	
OEM	X		X					X	
Consumer	X	X	X	X	X				
Computer Professional	X	X	X			X			
Business End User	X	X	X		X				

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