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PURSUANT TO  
PROTECTIVE ORDER

Cheng@GW2KUSA, Ted

To: Bart Brown@GW2KUSA  
Waitt@GW2KUSA  
From: Jim Collas@GW2KUSA  
Cc:  
Bcc:  
Subject: re: office 97  
Attachment:  
Date: 8/13/96 5:48 PM

I have some input on your list:

1. SBE pricing. We should offer them \$50 a copy for 100% of the business or \$60 a copy on 70% of the business and a request that they help us get a \$30 solution on the remaining 30% but no guarantees that we would end up with Microsoft. The \$50 price on 100% will help us average out high-end and low-end. This is essentially our \$30 offer pushed up to \$50.
2. We have some time to work out the SBE branding issue but we should let them know that we would like to see it changed.
3. Agreed on Intl. This would give us a significant advantage in Europe and Japan.
4. Upgrade royalties for Gateway customers should be the same as bundled. If they still want to protect retail then we should charge more and make some money.
5. A good deal on OfficePro '97 in Q4 is one of the main reasons to consider the Microsoft deal. We would have a significant advantage in Q4 if we could offer our customers a free upgrade from Office'95 to OfficePro'97. Street price will be several hundred dollars. There is a catch to this that could hurt us. We must require Microsoft to continue providing OfficePro'97 at the SBE price until SBE (or whatever its called) is available. We need them to do this because an aggressive OfficePro'97 push in Q4 will start making Office'95 obsolete and will create a bad situation if Office Pro '97 goes to \$210 in Q1 and SBE is not available. This will also keep pressure on them to maintain an aggressive SBE schedule.
- 6) One additional note is that we should only use the Netscape and Quicken angle if required to close the deal. If they stick to \$60 and \$150 for 100% of the business then we should not consider dropping Netscape and Quicken but I still think we should do the deal. I don't think that not loading Netscape and Quicken will hurt our sales since most of our customers will already have both Netscape and Quicken.

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Original text

From Ted Waitt@GW2KUSA, on 8/13/96 5:11 PM:

I need a list of what we want and what we are willing to do before my call with Joachim tomorrow at 11. The points are. but not limited to:

1. Office SBE pricing. Do we hold at \$50 and say no to \$60?
2. SBE branding. We don't want to call it Small Business.
3. Int'l no upcharge or exclusions.
4. Upgrade Royalties.
5. Office Pro 97 in Q4.

In other words get me a list of what we want, and I'll do the best I can to get it.

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From Bart Brown@GW2KUSA, on 8/13/96 5:00 PM:

Talked to Mike and did not get much. Joachim would like to walk through the following elements tomorrow with Ted:

**GW 031175.**

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1. Royalties ..... Mike knows :
  2. Upgrade / Coupon program
  3. Overall upsell program
  4. Distribution ..... channels / countries
  5. T's and C's .. they want to be paid monthly instead of quarterly
  6. Intellimouse
  7. Core functionality specifically internet and finance..... imagine that..... I wonder what they want ?????

Ballmer and Jochim met on monday and are meeting again tonight but I got the impression Mike is no longer privy to the negotiating so I have no good info. Mike did say that his opinion was that \$50 would not fly but I think he's bluffing or stupid I'm not sure.

**GW 031176.**