

**PLAINTIFF'S
EXHIBIT**
2897
Comes v. Microsoft

From: Christophe Daligault
Sent: Tuesday, May 05, 1998 3:04 PM
To: Kurt Kolb; Carl Gulledge
Cc: Bill Shaughnessy
Subject: FW: EA price grid

—Original Message—

From: Jacques Bablon
Sent: Tuesday, May 05, 1998 7:33 AM
To: Christophe Daligault
Subject: RE: EA price grid

This should help. Bonne journee. JB



EA Exec
summary-internal.doc

—Original Message—

From: Christophe Daligault
Sent: Monday, May 04, 1998 11:55 PM
To: Jacques Bablon
Subject: EA price grid

lors de notre discussion, tu m'as parle d'une grille de prix normalisee pour les EAs (i.e. prix en fonction des investissements en techno MS)
ou puis-je la trouver ?
merci

PS : j'ai un meeting demain matin a 10h00 avec nos finance people (johnmac et jona)

DEPOSITION
EXHIBIT
18
Ko/b
5/31/01

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Microsoft Internal MEMO

To: Microsoft Worldwide Executives
Cc: Deborah Willingham; Deborah Willingham direct reports; Volume Licensing Solutions
From: Peter Boit
Date: February 3, 1998
Re: Executive overview of Microsoft Enterprise Agreements

Definition

The Microsoft Enterprise Agreement is a new license option under Microsoft Select and offers the following:

- The right to install and use the Microsoft platform (Windows NTW or Windows 95, Microsoft Office or Office Pro, and the Microsoft BackOffice CAL) on every desktop. Microsoft requires the customer to commit to the entire platform in order to receive an Enterprise Agreement structure. Pricing is for the entire platform of products.
- Rights to install and use all upgrades to each of these products that become available during the three-year term of the agreement.
- An optional one-year renewal at end of the agreement term.
- A predictable, annual fee for the above software usage rights, with no monthly or quarterly reporting required.
- Annual "True-up", estimating the number of new desktops or employees added to the enterprise during the year, to adjust for growth of the organization.
- Ability to add annual, full-time services of an Enterprise Program Manager from Microsoft Consulting Services.
- Ability to add annual Premier Support, including the services of a dedicated Microsoft Technical Account Manager assigned full-time to the customer.

Key Positioning

The Enterprise Agreement is a volume license offer for committed customers. The Enterprise Agreement offers customers additional simplicity, flexibility, and business value.

Customer Benefits

Simplicity	Flexibility	Business Value
<ul style="list-style-type: none">• Administration• Budgeting• Reporting	<ul style="list-style-type: none">• Immediate access to platform• Flexible usage (Win95 or NTW)• Other products available	<ul style="list-style-type: none">• Fixed prices for 3-4 years• Ensures license compliance• Address elements of TCO

Enterprise Agreements Vs Select

Although Enterprise Agreements are well received, Enterprise Agreements are best suited for customers with centralized decision making and budgets, and for customers willing to make commitments. Conversely, Select provides customers with the ability to buy licenses when needed, a simple way to buy upgrades and future upgrades, and a discount based on volume of purchases, and is usually the best solution for customers with decentralized structures (ie for budget and acquisition).

Current Status

As of \$198 MYR; 65 closed agreements (US is 65% of closed agreements, EU is 15%, ICON 11% Canada 9%).
Average annual revenue per desktop is \$187 for entire platform agreement.
Average customer revenue for platform Enterprise Agreement was 88% greater than in previous Select.
The pipeline (Current agreements in negotiations) has increased with EA activity 50% in December.
Pipeline average annual revenue per desktop is \$195.

Pricing

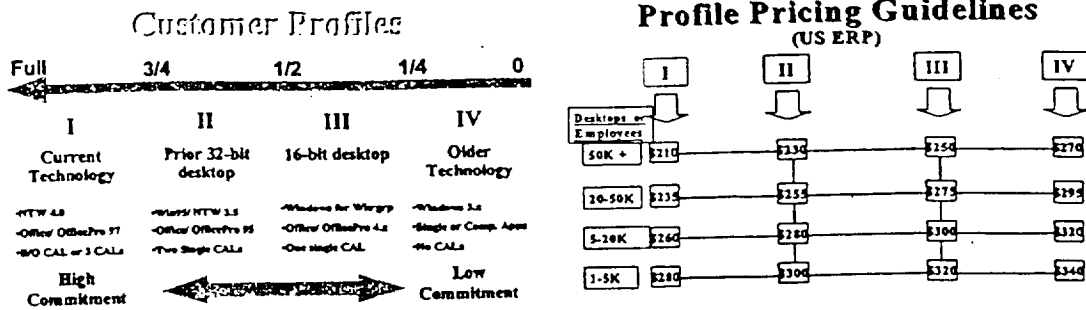
Pricing for each Enterprise Agreement is based on a combination of two factors; 1) Volume and 2) previous commitment to Microsoft technology. Four volume levels are established at 1-5K, 5-10K, 10-50K, and 50K+. In addition, there are also four different customer profile "bands" that define a customer's previous commitment to Microsoft technology. For example, a customer with 7500 PCs who has 75% of his organization licensed on Office, Win32 and NT CAL will receive a better price for

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the entire platform than a 7500 PC customer with only 50% of their organization licenses for Office, Win32 and NT CAL. The two graphs below represent the commitment profiles and pricing for each profile and volume level.



Challenges

- The Selling process is more demanding than Select.
- Enterprise Agreements require commitments; technology, budget, organization.
- Existing Select customers resistant to year over year cost increase.
- Licensing Executives (field-based agreement negotiators/specialists) provide momentum
- Best target is customer committed to the platform on prior versions and/or unlicensed (Select pricing is used as a benchmark)
- Customers/field want more standard program features
 - ie. Servers, service and support included, home business use, sub-set of platform.

Future Directions

- Expand the offering to include Servers, development tools, MCS and Premier, simplified international pricing, and home business use.
- Extend the offering to ECU Breadth customers via an empowered Large Account Reseller (LAR) channel (with pricing capabilities), and for MORGs via VAPs.
- Enhance the value proposition and build increased value into the offering. Continued focus on Select to differentiate Enterprise Agreements.

Customer Examples

Of the 65 closed Enterprise Agreements, the following four are a few examples of the customer solutions;

BOEING – One of the first Enterprise Agreements. 3 year agreement with 1 year renewal. Fixed annual payments based on single 'per-employee' price. The platform included Office Pro, Project, Win95/NTW, and the BackOffice Client for 69K desktops – which increased by 45K with the acquisition of MCD and 12K with the acquisition of Rockwell. Boeing also reported additional 24K desktops in their December report bringing the total coverage to 150K. Boeing also represents the largest Microsoft Exchange deployment. Boeing also receives the rights to all future versions of the platform products through the agreement term.

BELL CANADA, a large utility company, wanted to take advantage of a recent restructuring and comprehensive technology modernization program designed to streamline administrative processes and improve operating efficiency. Through an Enterprise Agreement they wanted to deploy a standard desktop configuration on 35,000 desktops in their organization. They were sold on the value of standardizing on the Microsoft platform of products including Win32 (Windows 95 and NTW), Microsoft Office, and Microsoft's BackOffice technology. They also included Microsoft services for 2 EPM's for 1 year, Premier Support for 3-years and 200 MSDN Universal Subscription Licenses. They wanted to make 3 simple annual payments, and ensure their entire organization had access to the most recent versions of all the Microsoft platform products. This customer also went public over their solution and was covered in local Canadian pubs as well as Business Week.

XEROX - Products included in the custom license agreement are Windows NT Workstation, Office97, IE and Exchange for all 85,000 corporate desktops worldwide, and 1000 server licenses. Xerox also purchased a Global Premier Agreement and contracted with MCS for over 500K of consulting services, including a full time EPM.

REI – Smaller ECU breadth customer from Seattle Washington. REI agreed to standardize on the Microsoft platform for 1,153 desktops. The annual desktop price was \$289 for the next three years. This Enterprise Agreement helped beat out IBM, Novell, Netscape and Oracle.

Additional Information:

Program and customer-ready information, sales tools and training material are located at <http://ecuweb/select/enterpriseagreements/>

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