

PLAINTIFF'S
EXHIBIT
2971
Comes v. Microsoft

From: Gayle McClain
Sent: Monday, November 02, 1998 1:05 PM
To: Pascal Martin
Subject: FY99 Apps deal 11-3.ppt

Have the majority done. Will be in mtgs the remainder of the afternoon. Will stop by after Dr.s appt. Thanks


FY99 Apps deal
11-3.ppt

EXHIBIT
5
Brack
10/10/01

MS-PCA 1492152
HIGHLY CONFIDENTIAL

Gateway Applications Deal

11/3/98

Objectives Achieved

- MS
 - 100% coverage
 - SBE price increase
 - Waterfall protection (tbd)
 - Commitment to consumer bundles
- GW
 - Provide value with good apps bundle
 - Maintain flexibility with W/S as low base pkg and consumer bundles per copy
 - Keep adv. prices low but increase ASPs with upsells
 - Max. sales efficiency w/segment focused solutions

Affect on FY99 Revenue

- FY99 budget: \$163,891,375
- FY99 forecast: \$174,235,115
- New FY99 forecast w/deal:
\$197,656,794
- Risks:
 - Does not account for 2/99 W/S re-negotiation
 - Per system vs. per copy shift on consumer bundles
 - W/S to SBE upsell rate unknown

Revenue Details

- *will add spreadsheet here*

New Deal
Per System, Office Per Copy, IMG
Per Copy

- **Per System**

- **SBE \$77 w/\$5 MDA:**

- MDA for 40% coverage and marketing exposure

- Pricing effective w/ Office 2000 (4/98)

- **W/S \$12 w/option to renegotiate low-end 2/1/99**

- Pricing effective 12/1/98

- **W/S-Choice bundle at \$60 continues**

- Until 1/1/99

**Office Per Copy Effective
1/1/99**

- **SBE to Pro Upsell \$230 (\$158 plus \$72 SBE)**
 - Minimum advertised price of \$229
 - Joint after sales mktg to reg base (timed w/Office 2k)
- **W/S to SBE Upsell \$144 (\$132 plus \$12 W/S)**
 - Minimum advertised price of \$199
 - Joint after sales mktg to reg base (timed w/Office 2k)

IMG Per Copy Effective 1/1/99 Consumer Bundle Upsells

- Tiered Pricing:
 - 0% -11% \$46
 - 12% -20% \$43
 - 21% -32% \$41
 - >32% \$35
- \$1 of each sale goes into a marketing fund
- Price achieved is effective on all units for that month

Timeline

- Signed LOA by 11/6
- Signed and executed contract by 11/30

Affects on Other Areas

- OEM sales
 - Obtain commitment of min ad price from other upsell partners
 - Consider other OEMs may want W/S to SBE upsell
- OEM Marketing
 - Create plan for after-sale marketing for Office 2k
 - Create mktg plan to leverage \$1/unit mktg fund
- IMG