

From: Joachim Kempin
Sent: Friday, January 08, 1999 9:28 AM
To: Richard Fade; Allen Wilcox (LCA)
Cc: Joe Williams
Subject: RE: FATTORNEY CLIENT PRIVILEGED COMMUNICATION: Confirmation re Office 2000 Upgrade Program Price

-----Original Message-----

From: Richard Fade
Sent: Friday, January 08, 1999 8:12 AM
To: Allen Wilcox (LCA); Joachim Kempin
Cc: Joe Williams
Subject: FATTORNEY CLIENT PRIVILEGED COMMUNICATION: Confirmation re Office 2000 Upgrade Program Price

We (I) offered Dell the low end of what we agreed could be negotiated for Office 2000 upgrade. Dell will go per system in US, and I need an update from Joe, per copy in Europe. Does DG IV or any other legal convention in Europe cause me to offer exactly the same price to other OEMs independent of volume ?

[Joachim Kempin] NO

Couldn't I use Dells sales volume (of Office) to justify a different rate for this upgrade for them ? **[Joachim Kempin] NO**, better not. Just offer a differnet rate this is short term a promotion and not sensitive at all. No lawyer needed. thanks

-----Original Message-----

From: Matthew Cocks
Sent: Friday, January 08, 1999 4:27 AM
To: Richard Fade
Cc: Natalie Ayres; Joe Williams; Amy Acher (LCA)
Subject: RE: ATTORNEY CLIENT PRIVILEGED COMMUNICATION: Confirmation re Office 2000 Upgrade Program Price

Thanks for your prompt response. I have not had the ability to draft a response with Natalie's input but following our discussions and her request for me to drive this matter with you in her absence our top line concerns are as follows: I have also copied Amy due to Attorney Client Privileged Communication, regarding the information mentioned within.

- Consistency of price is the issue, be it \$15 / \$25 or \$20 / \$30, it does not matter as long as it is level across Europe.
- Under the "European Treaty of Rome" it is implied that all offers should be made consistent to all parties unless through volume changes, and that their should be a level playing field with all. This together the other steps made to standardise OEM Office pricing in Europe for MN's, and those around MFN's in contracts, means that in order to avoid issues that will arise re level playing fields and fair play to all, we should strive to keep consistency of pricing in Europe.
- After feedback from the other MN BM's, most European MN's will be per copy as you state, however the offer made to Dell includes a reduced per copy price which needs to be offered to all others for the reasons above. If both prices are offered it may result in others moving to per system, especially as the true deficit could be 50% - \$15. Eg: If all offered per copy \$30 inc Dell (to keep level playing field), Dell offered per system \$15 - Others \$20.
- The difference in price would be noted by all, but probably from Gateway initially due to the nature of their close tracking of Dell. Once realised by others, this will become an issue for the BM's.
- Finally, if Dell can obtain parity for a price on Office upgrade WW it could set a precedent, their next step may be to go for WW parity on the full product, re -opening this issue once again.

Working alongside Joe as the European Dell BM we are not trying to cause a major issue as this will assist me, but with an overall MN Europe hat on, price sensitivity is a big concern which is why we need to offer consistency of pricing in Europe otherwise the impact to/escalation from the OEM's, will be evident to the group.

I will discuss this further with Natalie on her return on Monday and will respond accordingly, but if you need any other information, please let me know.

Kind regards
Matt Cocks
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-----Original Message-----
From: Richard Fade
Sent: 07 January 1999 18:55
To: Matthew Cocks
Cc: Joe Williams
Subject: RE: Confirmation re Office 2000 Upgrade Program Price

I had a conversation with Natalie about this and agreed to confirm the WW pricing. It is as you mention below 20 and 30 . Dell's reflects the volume they do with us today.
Remind me why you and Natalie believe this will need to be the price adopted by all Euro OEMs ?
It will not for example be the price adopted by all US OEMs.
Dell is going to go with per system pricing who else in Europe would do that ?
In reality who does this impact ? Gateway Europe and who ?

-----Original Message-----
From: **Matthew Cocks**
Sent: Thursday, January 07, 1999 9:32 AM
To: Richard Fade
Cc: Natalie Ayres
Subject: Confirmation re Office 2000 Upgrade Program Price

In Natalie's absence (on hols) and following your discussions with her, due you have an update as to the pricing to be adopted in Europe for the Office 2000 upgrade for the Multinationals.

We currently have \$20 per system and \$30 per copy, but Dell are still pushing for their WW price of \$15 and \$25, which if agreed will need to be adopted by all the European OEM's.

Thanks in advance,

Matt Cocks
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