

HIGHLY
CONFIDENTIAL

From georged Fri Jan 25 17:50:59 1991
To: melvinh richardf
Subject: RE: Is this progressing ?
Date: Fri Jan 25 17:49:01 PDT 1991

done and on your desk!

>From richardf Sun Jan 6 22:07:54 1991
To: georged melvinh
Subject: Is this progressing ?

Date: Sun Jan 6 22:07:52 1991

if not please let me know in mail what needs to be done ?
thanks

>From davevr Wed Jan 2 09:55:16 1991
To: joachink
Cc: melvinh richardf
Subject: RE: revenue
Date: Wed Jan 02 09:54:24 PDT 1991

I may have worded this incorrectly in the first place but it is actually their Windows royalty that is dropping when we are licensing them Dos 5.0. And to answer your question, no we are not tying, it is simply a raise in their min commits (by over \$2,000,000 annually) for both products (Dos & Win) therefore we are dropping the rates of both Dos and Win.

--DOS--

--WIN--

Current pricing: \$22.00/processor \$22.50/processor
(based on 75k unit commit on both products—Dos 4.01 and Win 3.0)

Dos 5.0 quote \$25.00/processor no change
(based on 75k unit commit on both products— Dos 5.0 and Win 3.0)

Dos 5.0 quote \$23.00/processor **\$21.50/processor
(based on 125k unit commit on both products—Dos 5.0 and Win 3.0)

** Rate drops for Win due to the raised annual min commit of 50k units.

Ted Waitt (Pres of Gateway) doesn't really care what his individual royalty rate is (Dos or Win) but is more interested in what his per machine cost is (Dos AND Win) being as he ships both on 95% of their machines (they only ship Dos on 286s). If you notice what this proposal does is to keep their per machine royalty the same (\$44.50) although their Dos price goes up a buck and Win down the same. Ted has agreed to this proposal in principle but due to his illness and his Grandmother passing away within the last 15 days of December, it was not signed and returned in time to book for the year. I will keep everyone posted of the progress of this amendment.

'DOS'

>From joachink Wed Jan 2 09:23 46 1991
To: davevr
Cc: melvinh richardf
Subject: RE: revenue

Date: Wed Jan 02 10:07:00 1991

fine, one more question:

Why does DOS royalty go down when they license WIN? Are we tying?

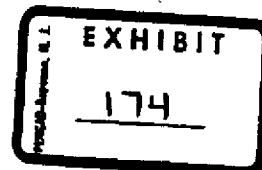
>From davevr Thu Dec 27 17:05:27 1990
To: joachink
Cc: melvinh richardf
Subject: RE: revenue

Date: Thu Dec 27 17:07:21 PDT 1990

I don't quite follow Tim's reasons but there are currently two amendments in the signature process at Gateway.

One is to put in writing some inaccuracies done originally in the

MS 5004402
CONFIDENTIAL



Plaintiff's Exhibit

5430

Comes V. Microsoft

MS-PCA 1158118
CONFIDENTIAL

HIGHLY
CONFIDENTIAL

license such as exclude royalties from systems that were shipped before they had Windows shippable, (including those systems shipped before we even announced Win 3.0), correcting the CUSTOMER's mailing addresses, allowing past non accrued min commits paid from previous licenses to apply toward the min commits in the current license. The bottom line is that we will gain no additional monies (billed or accrued) from this amendment being signed, as Gateway is already paying us the amount they should have and we have billed properly (according to the intent rather than the exact original wording). This amendment was started in October of this year. It was not finally approved by finance until the end of November or early December. They received the final draft in early December. Early last week, (before the storm) I was told that in principle everything is OK but they had one final finance review on the changes this amendment would make.

The second is to license MS-Dos 5.0 to Gateway. The agreed upon answer for Gateway to keep their royalty rates down was to increase their min commits by 67%. This will also mean that their Win 3.0 royalty rate will go down. All of these changes being in place (at MS) before the end of the quarter would have benefited Gateway by lowering their royalty rate starting in January, but would not necessarily benefit MS during Q2FY91. It would have an effect for Q3 in the amount that we bill (as that amount would have gone up by 67%), but that is closer to their actual run rate anyway so we will actually be able to report that higher amount next April as that higher amount is what they will end up reporting. Once again, this amendment would not have meant anything to MS during Q2FY91 billings.

I know I have made this all sound confusing, but I have tried to summarize two amendments with 11 different points and 4 new amendments into 2 paragraphs of email. If you have anymore questions I can go into more detail. Both amendments should get signed in early January. MS-Dos 5.0 amendments may require some minor changes (which would cause some delays) but there is a good chance not.

'DSW'

>From joachiak Thu Dec 27 15:57:07 1990
To: davew; kellyw; petep
Cc: john; melvinh; richardf; tedha
Subject: revenue

Date: Thu Dec 27 16:43:14 1990

In talking to Timb he mentioned that we need GATEWAY and INTEL amendments to make the quarter as well as collecting the DEC money. Books are closing tomorrow, I hope we can get this done.

MS 5004403
CONFIDENTIAL

MS-PCA 1158119
CONFIDENTIAL