

From: Bill Henningsgaard
Sent: Wednesday, February 07, 2001 4:57 PM
To: GMs of Subsidiaries
Cc: Agreement & Negotiation Solutions; Bill Henningsgaard's Extended Reports; Orlando Ayala's Direct Reports; Joseph Krawczak; Global Desktop Applications Product Mgrs
Subject: Office and EA renewals

As you know, Microsoft is planning to significantly change our volume licensing programs. We will launch the new programs in October 2001, with plans for public announce in May. This mail will provide you with guidance around the volume licensing program changes, notification of some planned changes to Office and an action plan to drive with your sales teams now, particularly around EA renewals and Office launch preparation.

Your immediate actions are:

- Ensure your sales teams do not share any planned licensing changes with customers
- Prepare to notify your customers of the changes in Office licensing
- Adopt new pricing methodology for EAs renewing prior to May (list included)

A. Future Program Changes - IMPORTANT - DO NOT SHARE THIS INFORMATION WITH CUSTOMERS!!

These program changes are part of the enhancements to sales, services and support that constitute the Sable project, and will enable us to:

- 1) Improve support for the enterprise through better integration of licensing and services while ensuring access to bits and expertise customers need to be successful
- 2) Begin the transition toward a .NET annuity business model.

As with any major change, there is a natural desire for reps to leverage these changes, often with incomplete information, to drive decisions now. However, it's critical that your sales teams **NOT SHARE INFORMATION ABOUT THESE CHANGES** before being advised to do so. Why? - Once analysts and the press find out, they will publish partial information that will cause your customers to stall sales and inundate your reps for clarification. We have had a few leaks already in Europe and the US. As of this point, any request to share these licensing futures with customers needs to be approved by me.

Communications and Training Plans

Comprehensive field rollout plan, including partner and customer notification: end February 2001
Train field and partners: April 2001 (we are scheduling training now with your teams)
Public announce: May 2001
Program launch: October 2001

B. Office XP

Office XP will ship, in the United States and Canada, on the April Select CDs and will appear on the May price lists. On a go-forward basis, we will no longer offer Technology Guarantees in volume licensing, starting with the Office XP launch. This policy recognizes the investment that our best customers make in maintenance (EA & Upgrade Advantage). Additionally, Office pricing will increase, by an average of less than 5%. In light of these changes, the best option for customers is to purchase EAs or UA. WWLP will be distributing a Licensing Brief and customer-ready letter by the end of this week that you can use to advise your customers of this information. There is no plan around a press release on these topics, but we do expect this to become public information. It is not necessary to refer to any planned licensing changes as part of your Office rollout to customers or partners.

C. EA Renewals

Immediately, we need to engage customers with EAs that will expire prior to May. I've provided a list of all expiring deals, by month and by region. We have created special EA 2-year extension pricing for this list of customers - this will be available in the next week from your Licensing Executive or Volume Licensing Program Manager. Your sales teams should, working together with your LE or VLPM, present this pricing for the renewal portion of a new deal. Note - the pricing is aggressive - *your renewal proposal should expire when the customer's current EA expires.*



EAs Expiring
(Reference Data)....

As you've all made clear in the MYRs, the revenue consequences of these licensing changes are large and our execution needs to be flawless. My group and I are committed to providing you the information and tools you need. Please let me or your LE/VLPM know if you have questions, concerns or suggestions.

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EA EXPIRATIONS - by Fiscal Quarter

Fiscal Qtr	# Expiring	# PCs	Avg Annual Rev	Total MS Rev
Feb-01	21	131,808	23,752,387	61,608,158
Mar-01	51	358,608	71,065,536	213,007,985
Apr-01	26	110,351	22,798,357	70,827,663
TOTAL	98	600,767	117,616,279	345,443,806

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Expiring Month	Customer Name	Master #	Sales Location	US District	# PCs	Avg Annual Rev	Total MS Rev	
Feb-01	Arch Chemical	01-71158	United States	New York Metro	1,981	492,378	492,378	
	Baptist Memorial Health Care System	01-05138	United States	Midamerica	3,707	939,650	2,818,950	
	CEGETEL (CGE - Vivendi)	73-50076	France		9,000	1,551,399	4,654,198	
	Credit Lyonnais	01-05086	United States	New York Metro	1,280	304,448	913,344	
	Davis Wright Tremaine	01-05047	United States	PacWest	670	154,395	463,185	
	Household International	01-05056	United States	Midwest	10,200	425,340	1,276,020	
	Manpower	71-50171	United Kingdom		1,000	280,583	841,749	
	Midamerican Energy Company	01-05021	United States	Minneapolis	3,000	575,280	1,725,840	
	MMI Insurance	74-01075	Australia		1,900	390,023	1,170,069	
	NTT	79-01090	Japan		7,378	1,423,602	4,270,806	
	OLIN CORP	01-71156	United States	New York Metro	2,362	587,075	587,075	
	REUTERS INFORMATION SERVICES INC	2299805	United States	New York Metro	17,826	3,462,344	3,462,344	
	Roy F Weston	01-05063	United States	Greater Pennsylvania	1,200	316,032	948,096	
	SANMINA CORPORATION	2299804	United States	N. California	1,500	282,705	282,705	
	Software AG Americas	01-05057	United States	Mid Atlantic	1,000	288,050	864,150	
	Solotron	01-05050	United States	N. California	7,404	1,501,659	4,504,977	
	Telenor	25-50027	Norway		15,400	3,109,181	9,327,543	
	Turner Broadcasting System	01-05022	United States	Southeast	6,000	1,599,960	4,799,880	
	Unisys Corporation	01-05068	United States	Greater Pennsylvania	35,000	5,111,533	15,334,599	
	United Companies Lending Corporation	01-05024	United States	Gulf Coast	2,500	586,400	1,759,200	
	West Teleservices Corporation	01-05029	United States	Minneapolis	1,500	370,350	1,111,050	
	Mar-01	Aalborg Kommune	23-50025	Denmark		2,912	638,767	1,916,300
		Aetna Life and Casualty Company	01-05223	United States	New England	42,500	6,534,236	16,335,590
		Alliant Techsystems	01-05136	United States	Minneapolis	4,300	1,061,670	3,185,010
		American Medical Response Inc	01-05133	United States	Rocky Mountain	2,500	617,200	1,851,600
Banca Popolare C&I		78-50033	Italy		2,196	535,333	1,605,999	
Banestylreisen		23-50025	Denmark		1,231	267,333	801,998	
Battelle Memorial Institute (2 EAS)		01-05135	United States	Great Lakes	3,917	894,995	2,684,985	
Capital Blue Cross		01-05163	United States	Greater Pennsylvania	2,000	460,880	1,382,640	
Catholic Medical Center		01-05126	United States	New York Metro	1,000	246,900	740,700	
Coastal Corporation		01-05122	United States	South Central	5,000	987,617	2,962,850	
Credit Du Nord		73-50081	France		8,400	1,064,610	3,193,830	
Crum & Foster (United States Fire Insurance Co)		01-05092	United States	New Jersey/Upstate NY	1,900	500,384	1,501,152	
D.E. Shaw & Co		01-05072	United States	New York Metro	850	176,290	528,870	
Danmarks Radio		23-50025	Denmark		5,612	1,243,362	3,730,086	
Fairchild Corporation		01-05107	United States	New England	2,100	518,490	1,555,470	
Finnnet		24-50023	Finland		10,936	1,722,708	5,168,123	
First Consulting Group		01-05132	United States	SoCal	650	278,707	836,121	
Fletcher Challenge		83-40003	New Zealand		4,346	683,213	2,049,638	
Folketinget		23-50025	Denmark		1,131	239,957	719,870	
Foreign & Commonwealth Office		71-50198	United Kingdom		10,000	2,633,225	7,899,675	
Forsvaret (Denmark)		23-50025	Denmark		11,757	2,619,378	7,858,133	
Fried Frank Harris		01-05167	United States	New York Metro	1,000	274,060	822,180	
Frontier Communication		01-05239	United States	New Jersey/Upstate NY	10,400	2,102,226	6,306,678	
Golden West Financial		01-05130	United States	N. California	5,240	1,269,742	3,809,225	
Integradora De Servicios Operativos S.A.		5Q-40016	Mexico		21,714	3,754,028	11,262,084	
IZB	72-50071	Germany		32,810	7,398,548	22,195,644		
J R Simplot Company	01-05134	United States	PacWest	3,250	748,930	2,246,790		
Kaman Aerospace	01-05181	United States	New England	1,000	230,440	691,320		
Lehman Brothers Holdings	01-05128	United States	New York Metro	7,848	1,711,648	5,134,944		

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Expiring Month	Customer Name	Master #	Sales Location	US District	# PCs	Avg Annual Rev	Total MS Rev
	Loews Companies Incorporated	01-05096	United States	Midwest	23,000	3,949,967	11,849,901
	Marks & Spencer	71-50196	United Kingdom		18,000	2,486,390	7,459,170
	Mercantile Bancorporation	01-05003	United States	Midamerica	7,500	1,635,725	4,907,175
	Molson Breweries	75-00592	Canada		2,000	434,102	1,302,306
	Neste	24-50022	Finland		5,200	1,189,070	3,567,210
	Norrell Corp	01-05250	United States	Southeast	1,000	230,440	691,320
	Nova Corporation	75-00603	Canada		3,809	877,746	2,633,238
	Perez Compans	50-40006	Argentina		4,000	419,200	838,400
	Southern Company	01-04213	United States	Southeast	17,000	3,497,696	13,990,784
	Sparebanken Nor	25-50030	Norway		4,452	734,898	2,204,694
	Standard Insurance	01-05154	United States	PacWest	1,500	345,660	1,036,980
	Stora	77-50057	Sweden		7,489	1,873,670	5,621,010
	Storage Technology Corporation	01-05164	United States	Rocky Mountain	8,238	2,705,194	8,115,583
	Sveriges Radio	77-50059	Sweden		2,270	608,767	1,826,301
	Tandy Corporation	01-05139	United States	South Central	2,361	497,790	1,493,370
	Tektronix Inc	01-05205	United States	PacWest	8,500	1,783,676	5,351,028
	The National Grid Holding	71-50193	United Kingdom		4,000	1,209,151	3,627,454
	Warner Lambert	01-05119	United States	New Jersey/Upstate NY	19,600	3,033,182	9,099,546
	Wawa Inc	01-05185	United States	Greater Pennsylvania	700	195,874	587,622
	Wilmer, Cutler & Pickering	01-05143	United States	Mid Atlantic	1,000	279,820	839,460
	Witco Corporation	01-05327	United States	New York Metro	3,489	858,573	2,575,719
	Yokogawa Electric Corporation	79-01111	Japan		5,000	804,070	2,412,210
Apr-01	Abu Dhabi National Oil Company	16-50011	Saudi Arabia	Greater Pennsylvania	5,827	1,419,240	4,257,719
	Aristech Chemical	01-05162	United States		850	195,874	587,622
	Attachmate	01-05151	United States	PacWest	1,550	300,617	901,852
	Austrian Airlines	86-50012	Austria		1,880	445,274	1,335,823
	Bacon & Woodrow	71-50217	United Kingdom		1,000	248,549	745,647
	Bausch & Lomb Inc	01-05325	United States	New Jersey/Upstate NY	7,164	1,792,361	5,377,083
	Bogle & Gates	01-05169	United States	PacWest	650	171,184	513,552
	Carl Bro	23-50026	Denmark		1,700	455,360	1,366,080
	Cox Enterprises	01-05211	United States	Southeast	8,506	1,677,729	5,033,187
	Glenayre	01-05228	United States	Southeast	1,447	357,264	1,071,792
	Glencore International	54-50038	Switzerland		1,783	406,592	1,219,775
	Herbert Smith	71-50220	United Kingdom		1,200	320,653	961,959
	International Monetary Fund	01-05241	United States	Mid Atlantic	4,039	1,163,608	3,490,823
	International Network Service	01-05281	United States	N. California	2,000	615,200	1,845,600
	Iomega	01-05265	United States	Rocky Mountain	3,500	820,960	2,462,880
	J C Bradford & Company	01-05156	United States	Midamerica	2,772	564,888	1,694,665
	Kmart	01-05184	United States	Great Lakes	16,300	2,978,180	8,934,540
	KN Energy	01-05278	United States	Rocky Mountain	1,500	341,957	1,025,871
	Memorial Sloan Kettering	01-05279	United States	New York Metro	3,857	860,252	2,580,757
	NAV Canada	75-00610	Canada		4,000	1,053,440	3,160,320
	Novacare Incorporated	01-05178	United States	Greater Pennsylvania	5,415	1,210,606	3,631,818
	Pegaso	01-05308	Mexico		1,500	321,975	965,925
	Qualcomm	01-05308	United States	SoCal	9,000	1,866,600	5,599,800
	Shearman & Sterling	01-05161	United States	New York Metro	1,600	379,232	1,137,696
	SOGEDAC	73-50008	France		20,061	2,432,594	9,730,375
	Watson Wyatt Worldwide	71-50212	United Kingdom		1,250	398,168	1,194,503

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