

From: Richard Fade
Sent: Tuesday, March 02, 1999 11:35 AM
To: Joachim Kempin; Bill Gates; Allen Wilcox (LCA)
Cc: Steve Ballmer; Steven Sinofsky; Bob Muglia (Exchange); Robert (Robbie) Bach; Ruthann Lorentzen
Subject: Gateway

Attorney client privileged

We renegotiated Gateway's application agreement in November. This included Office 2000 on the G-Pro and high end of the G-Series models. It also included renewing their Work Suite license for those G-Series products not shipped with Office SBE. At that time they were planning a new platform which would allow them to offer configurations < \$1,000. Gateway prices are for full systems including a monitor. At that time they were unsure of their costs and held back committing to Works Suite on this low end product line. So these low end systems are not covered by our existing contract. They have now divided G-Series into "Performance" and "Essential" lines, the Corel bundle is on the Essential line. We stayed close to this development and had been negotiating daily with them for a WS bundle for these systems as well. They did this deal with Corel and informed us after the fact. Gateway represented that their low end buyers were indifferent about the WP / tools they provided. Price was their decision criteria - we have not been complacent. We believe the Corel offer for WP Suite is \$2 - \$3. We had a similar situation in the past 60 days at Dell, where we were able to retain all of our current business. We are working on recovering this business, I met with Peter Ashkin (now Gateway Sr. VP for Products) last Friday on this and other issues. We have a shot at regaining for this summer.

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

From: Joachim Kempin
Sent: Monday, March 01, 1999 3:59 PM
To: Richard Fade
Subject: FW: Gateway

could you update us on all the details please.

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

From: Bill Gates
Sent: Sunday, February 28, 1999 4:56 PM
To: Joachim Kempin
Cc: Bob Muglia (Exchange); Bill Neukom (LCA); Steven Sinofsky; Steve Ballmer
Subject: Gateway

Attorney client privileged

I am reading about the Gateway adoption of the Corel software. I am interested to understand what this means better and how it relates to any contracts we have with them.

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