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*Manfred, good report -
 pls get handle on*

MS-GmbH OEM Report - October 1990

*your budget for
 next month. It
 will no doubt*

Sales - is on 302% of monthly, 73% of cumulative budget. We were not able to recognize on-signing payments from Robotron and AEG Olympia, but had a high royalty payment from Siemens-Nixdorf. By December cumulative sales will reach budget.

Customers report a satisfying growth of computer sales. As 8088/386 computers do not attract customers any more, pc vendors of low-cost 80286 and 80386SX systems face a strong growing demand, high-end systems however do not grow enthusiastically.

*High
 Priority!*

Siemens-Nixdorf Informationssysteme AG (SNI) - the 2 new license agreements effective Oct 1st with a minimum volume of more than \$5m p.a. have not been closed. We are still working on details, all finally arisen major issues have been solved, we will freeze contract work by Nov 16 and will cover all remaining issues by an amendment.

Schneider Rundfunkwerke - are waiting for their final issue of their contract. Contract work will come to an end in November as all details have been brought in.

VOBIS - is going to amend their license agreement for Works, adding Windows. Delay of DOS 5 hurts as VOBIS will not sign any commitment for a product that is not close to its release date. We will find a way to get a DOS 5 per-processor license signed by December.

OEM Technology Briefing - was well attended by 15 customers and they were satisfied with the information they received. On the other hand, there was still some confusion regarding our Windows and OS/2 strategy that could be cleared after the meeting.

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New Business signed

Company	Products	ann. volume
AEG Olympia	DOS, OS/2, Win	\$ 402k
Comtec	DOS, OS/2, Win	\$ 66k
Kontron	DOS, OS/2	\$ 180k
Robotron	DOS, Shell	\$ 520k
Total p.a.:		\$ 1,168k

Awesome

*Have these
 been signed
 by MS?*

IBM - we were invited to a 1-week System Center seminars (high-level dealers) and had a joint press conference explaining the IBM-Microsoft relation. There is still confusion in IBM about how to position Windows.

Packaged DOS business - FRG: 19,156 units, CH: 340 units, last month: FRG: 14,740 CH: 1,670. However, order entry in FRG was 39,434 units w/o EAST, we expect 32,000 in November and 30,000 in December.

Counterfeit PackDOS - we stopped RTH from selling counterfeited DOS. It turned out that they sold about 4,500 copies in August and September!

Sold

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Plaintiff's Exhibit
5168
 Comes V. Microsoft

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OEM Financial

Royalties	month	budget	% budget	ytd	ytd budget	% of budget
actual	\$ 1,187	\$ 394	302%	\$ 3,421	\$ 4,690	73%
Forecast:						
month+1	\$ 1,300	\$ 739	176%	\$ 4,721	\$ 5,429	87%
month+2	\$ 3,400	\$ 2,436	140%	\$ 8,121	\$ 7,865	103%
month+3	\$ 280	\$ 1,104	25%	\$ 8,401	\$ 8,970	94%
PackDOS	month	budget	% budget	ytd	ytd budget	% of budget
Revenue	DM 1,961	DM 1,829	107%	DM 6,301	DM 6,616	95%
Units	19,156	13,517	142%	58,644	48,908	120%

Royalty Business

We have not been able to recognize the on-signing payments from Robotron, Aquarius and AEG Olympia, in total \$911k. But, we realized a very high royalty payment from Siemens (\$814k) and \$300k on-signing payment from VOBIS. Therefore, actual revenues are close to my forecast.

However, cumulative sales is still below budget (73%), but this will recover in December (103%) so that result 1H/FY91 will be on target.

As customer tend to license Windows 3, revenues for entire FY will exceed \$17.6m, 17% above budget. Considering additional opportunities my (aggressive) revenue forecast of \$19m for entire FY becomes increasingly realistic.

You have a revised budget

Packaged DOS business

Compared with the logistics problems we faced in the last 3 months, Packaged DOS business is gearing up. This month order entry was a little bit more than 39,000 units! This was caused by closing direct Packaged DOS deals with customers who bought from a "grey" distributor. In addition to that, our efforts in fighting piracy paid off. A couple of new customer showed up, signing PackDOS contracts with us and contributing a lot of more sales because penetration of PackDOS increased significantly with those customers.

Revenues are still below budget because we still sell PackDOS based on Dollar prices. With DOS 5 we will change that and will rework the pricing structure. Almost all big customer buy PackDOS for \$64. This price is our most powerful weapon to fight DR-DOS and to pre-occupy the market place for DOS 5.

But this is not the end. The PackDOS market has still a huge potential. We were able to identify pc manufacturers who simply sell more than 20,000 systems a year into the market without any DOS on it! The run rate for Packaged DOS over the next three months will be more than 20,000 copies a month and this is just a conservative view, for in the past we had 10,000 to 15,000 packages a month.

Windows/DOS combo sales is still zero but we will start in November.

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OEM Mice

Although new business is signed, we had a logistics hole. As soon as we receive OEM Mice from Ireland sales will continue.

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