

Bill -

I want you!

RECEIVED
OCT 4 1993
WM. H. NEUKOM

Mary -

Oct. 11, 12, or 13?

(503) 378-4620
931-3423 - Message Phone

Plaintiff's Exhibit
7695
Comes V. Microsoft

INV 003

March Status Report
Germany OEM Sales
 Jürgen Hüts, OEM Sales Mgr

1992

Revenue (see attachment for details)

Area	March Actual	March Budget	FYQ3 Actual	FYQ3 Budget	FYQ3 Diff.	Qtr. % of Budget
Germany	\$5,326,973	\$2,798,937	\$7,008,444	\$5,360,075	\$1,648,369	131%

Comments on revenue:

In March we were able to bill overall \$5.326m. This is lower than the amount we forecasted because we were not able to bill any mincommits from Vobis. They exceeded the committed units by far and they are only paying based on their royalty reports. So we will see revenue from this quarter being billed next month or the month after. We signed two major new agreements where we see the revenue in Q3 FY92 and other revenue in Q4 FY92. These customers are Actebis and Escom where we invoiced more than \$2.2m in March.

Stefanie Reichel and Michael John did a very good job on getting these contracts signed.

New Business Signed

Account	Product	Min/Com	Units	Comments
ME Computer	DOS/Windows	US \$1,368,000	25,000	
Connex	DOS/Windows	US \$ 133,800	2,000	
Schadt Computer	WinWorks	US \$ 82,600	2,500	
Synelec	DOS/Windows	US \$ 168,000	3,000	

We were able to clean up several old contracts and contracts where we had to change paragraphs according to new contract language that was developed in the US. We signed the Escom amendments #1 and #2, Schneider amendments #1 and #2 and new contracts with Connex, Synelec, ME-Computer and Schadt.

There is still no new amendment or contract with IPC because we decided, that we don't want to allow sublicensing to IPC.

Area Summaries

Finished Goods DOS sales

Germany	Actual Month	Budget Month	Actual FYQ3	Budget FYQ3	Diff. FYQ3	Qtr. % of Budget
Package MS-DOS	\$1,294,260	\$4,179,378	\$9,476,394	\$11,797,597	(\$2,321,203)	80%
DOS/Win Combo	\$348,635	0	\$2,273,061	0	\$2,273,061	0%
Total	\$1,642,895	\$4,179,378	\$11,749,455	\$11,797,597	(\$48,142)	100%
OEM Mice	\$348,000	\$314,750	\$1,068,543	\$888,450	\$200,093	123%

MICROSOFT SECRET

INV 004

have to produce a similar presentation for Office, whose interest for NT is less relevant but not anyways as an OS for the desktop.

Works. R&D started having second thoughts on Works on HD for AGOC, agreed with Jeff to quote a super attractive proposal for Works on any support (incl PCMCIA cards) but only if per-system: Office purchasing is sponsoring this solution. Waiting for news.

ETV. Office officially cancelled the ETV development plans, will go ahead only until 12/31. No need for WinWord, then, but they came out with a request for Excel to replace a proprietary charting product, expected from TA but very late. They played with quotations for 3.0, for 2.1c (this one formalized), evaluated their own product, and last status was they will go with their own late stuff. The issue is not closed, however, it has anyways minor proportions.

OSE. Olivetti gave final internal green light, but Lorin found out that PSS had very confused ideas on how to implement the physical links with an overseas customer like Olivetti. Lori spent lots of time determining how to coordinate the OSE, Online service, Italian and Corp PSS. Apparently she reached a solid status, and is now changing the draft agreement to mirror what she found. We hope to finalize everything in October. Meanwhile we recommended to PSS to start the hiring process, as the OSE (or TAM, now) will have to start on 1/1/91 after training (that includes a long trip to Italy).

Research Machines plc (Dave Bradley)

Amendment number 2 has finally been signed with amendment number 3 completed and with the customer. This amendment adds OS/2 version 2 and also adds a number of INTEL 486 machines to RM's product line.

Dave is negotiating for a new license as the current one expires at the end of December. The typical issues will have to be resolved - pricing, current PPB, etc. Per processor pricing with the incentives appears attractive to them right now.

LANMAN meetings after the briefings: The purpose of these meetings was to allow RM the forum to present their developments and enhancements to their variant of the Lan Manager product, and to share their findings of their 10 years experience in the networks business. RM were also trying to interest MS in their developments with a view to MS acquiring them. NOTE - It was initially understood and agreed, by all concerned, that any potential agreement for MS to acquire any of the RM developments would, in no way, influence the present, or future, OEM agreement. The meetings were very successful and have resulted in MS suggesting RM send out 2 of their engineers for further discussions of "porting" some of the RM implementation to the MS product and RM also to put a dollar value onto these developments with a view to some payment by Microsoft. (Obviously, Research Machines were very grateful and happy with this outcome and feel that their MS relationship has been further enhanced.)

Multimedia Windows: RM are intending to ship before the end of the year at the latest 2 machines which are configured for Multimedia and I am arranging to have one of each of these machines sent to the US for testing of present and future products. These machines are an entry level 286/16 and a 386/20.

Schmitt Computersysteme (Michael John)

Customer was impressed by the professionally organized OEM Briefing in Redmond. We had a meeting with Joachim Kemplin and Jeff Lum. Main point of the discussion was to raise the commitment to 100k units a year and to extend the contract for Third Party OEM's. In general MS agreed in 100K units without raising the minimum commitment and 5 additional OEMs. Other applications that shall be included in the new contract are PEN; MULTIMEDIA, and all EBU products. They will check whether they will be able to implement pre-installation of DOS and Windows.

Ulman Schmitt

*** MICROSOFT SECRET ***

Schneider Rundfunkwerke (Michael Rohhuber)

PC shipments are going down, Schneider said that they are in the range of 60,000 systems a year, compared with the 150,000 systems they had 2 years ago this is a dramatic drop. Schneider has not been able to bring up sales of the 386 and 486 systems. Declining margins of the 286 systems caused severe financial impacts. Contract - This month there was a meeting with Mr. Rusniok (Schneider) and Jeff Lum. Main topic of this meeting were the existing agreement and the new one. A new agreement would solve some difficulties we have at the moment with Schneider. DRI DOS - Schneider decided not to buy the hand-held with DRI-ROMDOS. Schneider will now buy the hand-held only if Calcomp is able to deliver them with MS-DOS. Schneider already sold 2000 Units which they promised to deliver in October.

Siemens Nbdorf Informationssysteme AG (SNI) (Jaap VanArkel)

- Business analysts anticipate that SNI will have losses this year (FY closes in October) between 500 and 1.000K DM caused by a big overhead and immense costs of to the merger of Siemens and Nbdorf. SNI board members claim that it is not a structural problem, a lot of cost went into the personnel reorganization. The new (east) German market will help SNI. PC sales is still growing, SNI reported 47K units in FY90 Q4.

SNI did not report DOS 5.0 upgrades over this period. Lan Manager 146 units, OS/2 966 units.

SNI continues to invest in Lan Manager. Together with Cogent Data they are developing a fault tolerant Lan Manager server. Two SNI people attended the September Lan Manager Council.

As Lan Manager is a strategic product for SNI, so is Lan Manager for Unbc. This month we had a Meeting with Tony Laudico, product manager Lan Manager for Unbc. The outcome was very positive, SNI will get more direct support from MS Corp. and SNI will license 2.0 for a range of computers with Intel processors and the Targon Mini computer.

OEM Technical Briefing - Three SNI people attended the OEM Technical Briefing. Reactions were positive on the stable strategy we focussed on. No big surprises, news was the change of Multi Media packaging and peer services for Windows. Mr. Feldmann (director of Planning) expressed his concern on our system strategy change. He believes in the strategy we have now but expects NT far from being a grown up and that there is a big gap in our system platform. Mr. Feldmann reported accordingly to the board of directors. SNI needs support from Microsoft in porting their OS/2 apps they developed in their banking division to NT OS/2 2.0 - License signed.

Tulp (Hans Ranselaar)

Tom Heijnen of Tulp was present at the LM council. Despite the pessimistic tendency of the presentations with respect to LM and OS/2 is Tulp still enthusiastic about LM. They will extend their business from the Netherlands and the UK into Sweden. However due to some problems with the NDIS driver in combination with a hard disk controller card is Tulp still not shipping. The peer to peer networking facilities announced in Windows came as a pleasant surprise. The Tulp Vision I is ready for these new network extensions because the network card is integrated on the motherboard.

A large order of 2000 Notebooks from the Dutch IRS is bundled with Windows and our Ballpoint mouse. Thousand units came from our standard retail stock, the remaining units are ordered as white boxes. The delay of the Dutch OAK caused many problems. DOS 5 is such a huge success that Tulp could not longer wait for the OAK. We were able to secure a special deal with 2,550 DOS 5 Upgrades. The upgrades are offered to Tulp at a price of Dfl. 50,- with a credit for the same amount in royalties. Tulp is satisfied with this deal and we showed them that we are much more flexible than they think.

Victor (Magnus Larsson)

Victor is very active on Multimedia. They believe that they can introduce product in November. We are pursuing an opportunity to bundle one of our titles, as an introductory offer together with Victor's new systems.

** MICROSOFT SECRET **