

MICROSOFT CH / Retail, OEM & NBU Status FY92
June Monthly Report

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Date: July 11, 1992

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1. Summary

Retail sales increased 3% than previous month and achieved 70.8% of MTD budget in June.
400 ppl serial mouse started to ship and 1,704 units are shipped with W87,714K revenue.
In addition to Samsung Works, 1,000 units of H Works has shipped to Kolon to bundle with their
new PCs.

SBK problem was solved and we shipped products to SBK with W110,212K revenue.
2,740 copies of Hangeul Works for Samsung was shipped in June and 5,000 is expected in July.
Large account seminar and dealer training were continued in June with 2 times for each. So far,
LA Seminar generates good feedback and responses from LA. Especially for network strategy.

NBU put efforts to win Samsung group in June. SQL downsizing seminar was made for 22 MIS
people in Samsung group with SDS(Samsung Data System). SDS is one of our focus for SQL
Specialist program which will launch soon in July.

Goldstar recruited 10 SNS and all of them have got RAC training in June.
Another seminar was made for MOD(Ministry of Defense) for strategic supports to make LM as
standard MOD NOS environment. HQ's support will be highly appreciated to provide any
evidence of success with U.S. DOD.
Sales was W18,565K in June.

In OEM business, revenue is \$1,890,00 versus budget \$5,205,000 in June. YTD is 82.6% of
budget. The result is due to the pended invoice caused by K FTC issue. FTC finally noticed to
OEMs to revise the agreement with system base.

Upon the FTC decision, we changed Goldstar, Hyundai and Onix agreement to per system
agreement and all of them filed the revised one to MTI for approval.
MS and Goldstar announced the joint development plan for Hangeul handwriting recognition.
Assignment agreement from Daewoo Electronics to Daewoo Telecom was signed.

Windows World at SEK'92

In one word, Windows override OS/2 and spread out Windows platform as a de facto standard in
Korea. All of OEMs participating at SEK'92 displayed Windows logo and softwares.

ISVs participating at Windows World showed their new developed products to visitors.
Windows network solution was demonstrated with Network specialists.

Other major outstandings are as follows;
Major OEMs like Samsung, Goldstar and Daewoo showed Multimedia PC technology.
PCSDATA and NCR showed Pen-PC.
K-DOS got Grand Prize award at S/W contest hosted by SEK promoters.

KFTC Issue

The per processor agreements submitted by Goldstar and Onix were rejected by KFTC again.
We expected KFTC would approve the agreements because MTI officers and KFTC staffs
agreed. But, the management of KFTC rejected to accept the agreements abruptly. MTI
explained the result to OEMs and asked to amend the agreements. We've closed the

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amendments with Goldstar, Hyundai and Onix and let them submit the amendments with the faxed copies of the signed pages to get the governmental approval within June. It took time to finish the governmental procedures and the approval was delayed to July.

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Retail Business

June Actual	June Budget	June %	YTD Actual	YTD Budget	YTD %
W329,915K	W465,958K	70.8%	W3,822,272K	W4,497,968K	85.0%

OEM Business

June Actual	June Budget	June %	YTD Actual	YTD Budget	YTD %
\$1,680,000	\$5,205,000	32.3%	\$17,343,250	\$21,002,750	82.6%

2. Three Month Forecast

Retail Sales Forecast

		Forecast	Budget	%
July	Month	370,000,000	481,415,000	76.9%
	YTD	370,000,000	481,415,000	76.9%
August	Month	380,000,000	495,837,240	76.6%
	YTD	750,000,000	977,252,240	76.8%
September	Month	580,000,000	509,968,500	113.7%
	YTD	1,330,000,000	1,487,220,740	89.4%
October	Month	750,000,000	731,827,059	102.5%
	YTD	2,080,000,000	2,218,847,799	93.7%

OEM Sales Forecast

		Forecast	Budget	%
July	Month	\$3,952,000	\$0	-
	YTD	\$3,952,000	\$0	-
August	Month	\$1,860,000	\$0	-
	YTD	\$5,812,000	\$0	-
September	Month	\$5,432,000	\$5,198,000	104.5%
	YTD	\$11,244,000	\$5,198,000	216.3%
October	Month	\$0	\$0	-
	YTD	\$11,244,000	\$5,198,000	216.3%

3. Revenue Details

Retail Revenue Detail

Please refer to the attached "Retail Revenue in Detail".

OEM Revenue Detail

Please refer to the attached "OEM Revenue in Detail".

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4. Business Status

Retail Business Status

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Dealer/Distributor Sales

In June, dealer/distributor sales was really good compare with last month. This channel sales was achieved W211,663,748, which is 64.2% of retail sales. Major products in this month were Hangeul Multiplan and Serial Mouse. 530 units of Hangeul Multiplan and 1,700 units of Serial Mouse were shipped to this channel.

Since SBK, a distributor, cleared all delayed payments, products were restarted to ship from June. Sales amount to SBK was W110,212,248 in June.

As MS merges Fox System, CH started to discuss with Tricom, a distributor of Fox System in Korea, for new distribution of Fox product line. Since Tricom has a special arrangement with DMACS for Hangeul version of FoxBase, the discussion will be needed a lot of time.

Two Dealer educations were conducted for Hangeul Excel and PowerPoint, 55 people was attend in these education.

Packaged MS-DOS sales

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150 units of Packaged MS-DOS was shipped to Union System in June. And 1,000 units of sales is expected in July to Cloud and NaeWo Semiconductor.

Kolon has a plan to sell NoteBook PC, we are discussing bundling of Hangeul MS-DOS. We are competing with DR-DOS in this account. With WoongJin Media, Packaged MS-DOS bundling is under discussion, but their plan is not fixed yet.

Large Account Sales

Multiplan sales was not bad to Large accounts in June. 300 units of Hangeul Multiplan to Hyundai Insurance and ShinDongA and Commercial Bank.

As Korea Exchange Bank selected Microsoft Windows as the platform, we demonstrated Hangeul Excel. Total number of Hangeul Excel to Korea Exchange Bank will be 600 units in this year.

Microsoft Strategy seminars to large corporators continued in June. Two seminars were conducted in June, 22 companies were attended in these seminars.

OEM Packaged Product Sales

2,740 units of Hangeul Works were shipped with W58,910,000 to Samsung Electronics. In July, more than 5,000 units of Hangeul Works is expected to ship to Samsung.

Hangeul Works bundling deal with Kolon was closed in June, 1,000 units of Hangeul Works was shipped. Hangeul Works bundling deal to Union System is under discussion, expected quantity is 600 units in July.

Government/Education Sales

Korea Educational Development Institute are preparing the standard of next year's educational PCs. We are contacting KEDI for making Hangeul Windows as standard platform. This spec will be opened in July and actual purchasing will be in next year.

With Ministry of Defence, Hangeul Windows have been discussing for a standard platform of Defence Computer Network.

Competitor News

Lotus 1-2-3 for Windows is named as "A-Reum-Geul"(Korean name) and advertised thru most of monthly magazines. Product itself will be released at the end of July.

Borland strengthened its organization and newly set up a company named "Daou Information System" which will sell solely Borland's products. They started promotion program like "buy

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dBase III, get Quattro free* and more.
IBM Korea held a OS/2 seminar and announced Hangeul OS/2 in June.

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OEM Account Status

Samsung Electronics (SEC)

Made a draft for per system agreement as requested by Samsung. Samsung requested not to increase the minimum commitment according to per system MS-DOS royalty increase. We've rejected their several offers for no increase M/C. They changed their claims to delay the no shipment notice and started to focus on \$5M M/C with several reasons why the M/C cannot be increased. They didn't sign the amendment yet. And the delivery of final OAK products has been held.

Hyundai Electronics

Hyundai's per processor agreement was returned from Redmond. But we've amended the agreement due to FTC decision. We determined to submit faced copies of the signed pages of the amendment to get the governmental approval within June. But the governmental procedures cannot be shortened as expected due to new director of MTL. The approval was delayed to July.

HEI officially requested to change the contact point from HEI to HEA. We've delayed the issue because of governmental approval for the original agreement. Still, new purchasing VP of HEA are trying to assign the agreement to HEA for price negotiation with MS.

Trigem Computer (TG)

The submittance of Trigem per processor agreement to MTL was refused. After KFTC decision, Trigem is reluctant to increase M/C according to per system terms and conditions. The amendment deal has been delayed. With the decision, Trigem is considering to ship DR-DOS only with their 286 HPC and requested a price deal with the leverage of their DR-DOS price.

Goldstar Co., Ltd. (GS)

KFTC decision has been followed up and 3 years amendment was executed as we've done with Hyundai.

We signed the Letter of Intent for joint development of Hangeul recognition. the press release was announce during Software Exhibition Korea '92.

The entertainment package deal has been negotiated and it's on the final stage. The Entertainment Pack will be shipped with all domestic Windows PCs. The forecasted annual number is 45,000 unit. The deal will be closed in July with localization plan.

Daewoo Telecom (DWT) / Daewoo Electronics (DWE)

The assignment agreement was signed by DWE and DWT and sent to Redmond for the counter signature.

The terms and conditions of new agreements was closed. Old DWT agreement will be changed to cover only applications. and old DWE agreement is terminated and new system software agreement will be executed.

Minimum commitments are agreed as \$3,700K and \$400K each. DWT will continue to ship WinWorks and PC Works will be shipped for domestic market.

Tonyano Nylon (TYN)

TYN have no plan for export PC business. They will determine whether they will

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continue PC business or not after selling out their current inventories, 4,000 units of PCs.

Onix Computer (ONX)

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KFTC decision is same result to Onix agreement in case of Hyundai and Goldstar's.

Others

OEM account managers attended the OEM sales meeting.
Chcho is closing the license agreement of Hangeul BIOS with Mitac.
Held a OEM technical seminar for adaptation with the release of Hangeul Windows OAK.

NBU Status(Network Specialists)

(1) TriGem Computer, Inc. (TG)

According to prospect for increase of Korean LAN Market, TG newly set up Network Solution Dept. to help TG's sales force and TG has been training LAN Manager 2.1 to Korean Police Bureau people as second step following 64 LAN Man Servers at each Police station.

(2) GoldStar Information & Communication, Ltd. (GS)

GS add 10 network resellers to GS's Sub Network Specialist Channel and got them trained through MSU LAN/FAC1. Recently GS has installed more than 10 LAN Man sites and contacted five potential customers including KwangJu Bank.

(3) Korea Information of Securities Service Co.(KISS)

KISS secured Major booth space for SEK'92 Show and displayed SQL & LM application such as Image processing, Accounting, Library and enjoyed popularity from many MIS people. KISS expects to link these potential customers to contract successfully after SEK'92 through case by case contact.

(4) Hycorn Data communication, Ltd.(HYC)

HYC showed LAN Man based Mail System at SEK'92. HYC would install LAN Manager 2.1 for two pilot projects in Namyang and Shinho Electronics.

(5) Daewoo Electronics, Ltd. (DWE)

DWE focused to do system solution business including LAN Man, SQL and Mail 3.0 and had several total network demo for press. DWE had trained LAN Manager for its branch's sales force to handle local demand for LAN Man.

(6) Onix Computer Co., Ltd.(ONIX)

Onix almost finish Daehan Paint Downsizing Project. There was some difficulties regarding to optimization and customization because of lack of expertise. Onix also displayed its Mail application at SEK'92. Right now, 4 or 5 big sites for instance, Kyeoung In Oil, were contacted.

(7) SSangYong Computer Co., Ltd (SSY)

SSY held IBM connectivity seminar using MS Network Solution at SWISS Grand Hotel. CH NBU and SSY finished to exchange Network Specialist Agreement this month.

5. Retail Business Analysis

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a) Top 5 Products

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June

	Product	Qty	Amount
1	Hangeul Works	3,758	115,118,000
2	Serial Mouse	1,704	87,714,000
3	Hangeul Multiplan	605	52,862,000
4	MS Excel	63	17,077,500
5	MS Windows	166	13,350,000

YTD

	Product	Qty	Amount
1	Serial Mouse	8,992	428,058,018
2	Hangeul Works	14,810	412,836,200
3	Hangeul Multiplan	4,911	410,224,400
4	Hangeul Windows	8,227	394,784,950
5	Hangeul MS-DOS	4,213	160,431,000

b) Sales by Products

	MTD		YTD	
Books	1,031,000	0.3%	78,627,050	2.1%
Hardware	52,784,000	16.0%	658,619,418	17.2%
Language	27,263,100	8.3%	281,339,700	8.8%
Windows	22,008,000	6.7%	601,788,650	15.7%
MS-DOS	8,557,882	2.6%	403,957,342	10.6%
Application	201,288,620	61.0%	1,217,877,712	31.9%
Network	16,565,000	5.0%	484,680,500	12.2%
MSU	0	0.0%	31,503,847	0.8%
Others	411,274	0.1%	104,397,348	2.7%

c) Sales by Channel

	MTD		YTD	
Distributor	211,663,748	64.2%	1,994,478,018	51.2%
Dealer	558,000	0.2%	141,690,650	3.7%
Network Specialist	16,565,000	5.0%	483,756,000	12.1%
Large Account	17,051,000	5.2%	474,789,768	12.4%
OEM Sales	67,910,000	20.6%	439,381,347	11.5%
Government /Education	134,774	0.0%	8,631,288	0.3%
Package DOS	5,250,000	1.6%	214,508,000	5.6%
End User	10,782,358	3.3%	84,018,498	2.2%

6. Others

OEM Account Receivable Collected

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In June, Onix, TongYang Nylon and Daewoo Telecom remitted their dues as follows:

Onix Computer	\$78,000
Onix Computer	\$47,500
TongYang Nylon	\$180,000
Daewoo Telecom	\$860,000

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Total

\$1,165,500

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OEM Tech Support

Tech Support by Phone and Fax :

43 TSRs are received.(DOS(25), Win(15), Works(0), OS/2(0), Other(3))

OEM Email usage :

MIAMS is still down and will be cured by July 15.

Hangeul OAK seminar was held for major OEMs and 20 attended.
Trigem is implementing H MS-DOS 5 ROM version with banked ROM but our current OAK does not contain necessary information about it. Intensive support was made for the issue.
Samsung and Daewoo Telecom experienced problems with Power Suspend/Resume and the problem was solved.
Daewoo Telecom did not implement APM BIOS and is trying to find out solutions.
KS C 5880-1992 is revised and under review for MS-DOS localization.

MSU

*Four courses were conducted for Win PE(11 students), C++(8 students), LAN MAN RAC I(18 students) and Netork Admin(7 students).

Press

June Press sales is W1,031,00 with 68 copies. YTD is W78,627,050(7,516 copies).
KyoBo participated at SEK'92 with MS Press books.
Due to the delay of shipment from HQ, we could not sell Win 3.1 books at SEK.
MSJ Coupon was designed for SEK'92 and distributed to customers.
Translation publication business for "Programming Windows, 3rd Ed." and "Graphics Programming in Win 3.1" was requested to HQ but no response yet.

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The OEM Sales Summary

June-82

Month	Monthly	Monthly	Cumulative	Cumulative	Achievement
	Actual Sales	Budget	Actual Sales	Budget	
Jul	\$0	\$0	\$0	\$0	
Aug	\$0	\$0	\$0	\$0	
Sep	\$7,767,750	\$4,992,250	\$7,767,750	\$4,992,250	155.60%
Oct	\$0	\$0	\$7,767,750	\$4,992,250	155.60%
Nov	\$0	\$0	\$7,767,750	\$4,992,250	155.60%
Dec	\$4,214,250	\$5,599,250	\$11,982,000	\$10,591,500	113.13%
Jan	\$860,000	\$0	\$12,842,000	\$10,591,500	121.25%
Feb	\$0	\$0	\$12,842,000	\$10,591,500	121.25%
Mar	\$2,821,250	\$5,206,250	\$15,663,250	\$15,797,750	99.15%
Apr	\$0	\$0	\$15,663,250	\$15,797,750	99.15%
May	\$0	\$0	\$15,663,250	\$15,797,750	99.15%
Jun	\$1,680,000	\$5,205,999	\$17,343,250	\$21,003,749	82.57%
Total	\$17,343,250	\$21,003,749	\$17,343,250	\$21,003,749	82.57%

OEM Revenue in Detail

Company	MTD	YTD	Remarks
Daewoo Telecom	\$0	\$2,580,000	
Goldstar	\$0	\$1,175,000	
Samsung Electronics	\$0	\$1,500,000	
Hyundai Electronics	\$0	\$4,000,000	
Daewoo Electronics	\$860,000	\$3,440,000	
Trigem	\$820,000	\$3,280,000	
Tongyang Nylon	\$0	\$720,000	
Koryo Systems	\$0	\$141,000	
Onix	\$0	\$203,500	
Handok	\$0	\$303,750	
Total	\$0	\$17,343,250	

OEM Revenues Forecast

Company	July	August	September	Total
Daewoo Telecom	\$0	\$0	\$1,037,500	\$1,037,500
Goldstar	\$1,850,000	\$0	\$825,000	\$2,775,000
Samsung Electronics	\$0	\$1,800,000	\$1,325,000	\$3,125,000
Hyundai Electronics	\$2,000,000	\$0	\$1,000,000	\$3,000,000
Trigem	\$0	\$0	\$1,025,000	\$1,025,000
Tongyang Nylon	\$0	\$60,000	\$60,000	\$120,000
Onix	\$102,000	\$0	\$60,000	\$162,000
Handok	\$0	\$0	\$0	\$0
Total	\$3,952,000	\$1,860,000	\$5,432,500	\$11,244,500

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