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**Microsoft Canada OEM Sales
 Monthly Report
 March 1991**

Summary

- The OEM royalty billings for March were US\$ 259,391 vs a budget of US\$ 45,416. OEM billings YTD are at US\$ 991,520 vs a budget of US\$ 556,591.
- Micro Tempus requested their LAN Manager agreement to be further postponed by one year due to LAN MAN sales delay. This, once executed, will reverse US\$75,000 from revenue.
- NEW OEM business signed and billed in March; Corel Systems.
- The IBM-Novell agreement is seriously shaking the OEM commitment to LAN Manager.
- Packaged DOS shipped 9,107 units against a budget of 5,605. Revenue was \$564,031 against a budget of \$459,125. Total finished goods revenue in March was \$610,147 TD of \$4,656,442. Within the first week of April, we will be out of the back-order situation for the 5.25" DOS.
- Total customer visits during March were 15; planned visits this month are 15.
- Recruitment is coming together. Expected first offer by first week of April. Dave Carter started the transition to retail sales this month. He will continue to do both function until one OEM rep is hired. This will be done in April.

Section I. Packaged DOS Sales

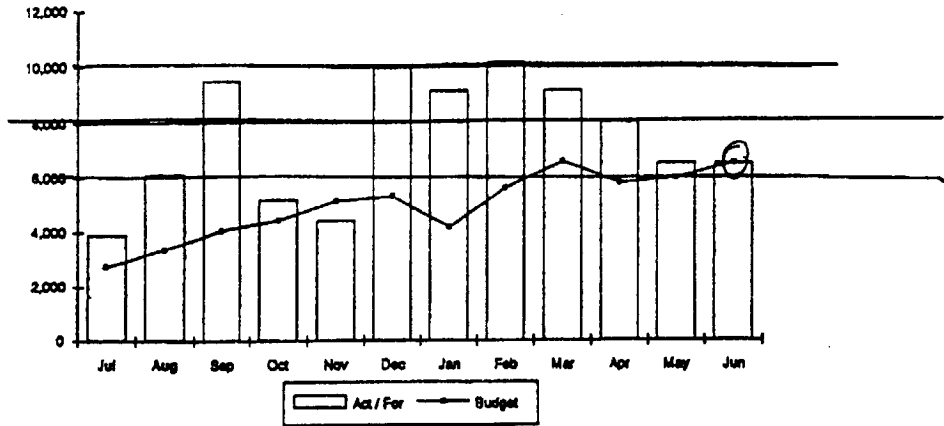
Top Accounts

Customer	Month	Month	YTD	YTD
	Units	Revenue	Units	Revenue
KCE	2,681	\$156,839	5,681	\$333,389
TK-IDM	1,365	\$79,853	8,195	\$486,428
THREE-D	1,011	\$59,144	9,961	\$648,539
HEWITT	710	\$42,600	2,640	\$165,488
ADVANCED	480	\$30,600	4,430	\$271,035
Others	2,873	\$194,996	2,873	\$2,873
Total	9,120	\$564,032	67,085	\$4,257,730

Breakdown	Total	5.25"	3.5"	5.25"	3.5"	5.25"	3.5"
		4.01	4.01	4.01Fr	4.01 Fr	DOS/Win	DOS/Win
Units	9,120	6,682	1,704	584	95	30	20
% Units	100.0%	73.3%	18.7%	6.4%	1.0%	0.3%	0.2%
Revenue	\$564,032	\$394,859	\$102,373	\$51,790	\$8,175	\$3,861	\$2,574
AVG Price	\$61.85	\$59.09	\$60.08	\$88.68	\$86.05	\$128.70	\$128.70
% Rev	100.0%	70.0%	18.2%	9.2%	1.4%	0.7%	0.5%

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Budget vs Actual Units FY91



Units YTD	Jul	Aug	Sep	Oct	Nov	Dec
Act/Forecast	3,903	10,013	19,449	24,615	29,014	38,968
Budget	2,742	6,141	10,195	14,608	19,736	25,043
% Budget	142.34%	163.05%	190.77%	168.50%	147.01%	155.60%

Units YTD	Jan	Feb	Mar	Apr	May	Jun
Act/Forecast	48,084	58,211	67,331	75,331	81,831	88,331
Budget	29,217	34,822	41,381	47,165	53,127	59,626
% Budget	164.58%	167.17%	162.71%	159.72%	154.03%	148.14%

Revenue YTD	Jul	Aug	Sep	Oct	Nov	Dec
Act/Forecast	\$249,359	\$643,702	\$1,214,150	\$1,526,935	\$1,851,211	\$2,479,171
Budget	\$191,998	\$429,909	\$713,731	\$1,022,597	\$1,381,549	\$1,753,023
% Budget	129.88%	149.73%	170.11%	149.32%	134.00%	141.42%

Revenue YTD	Jan	Feb	Mar	Apr	May	Jun
Act/Forecast	\$3,090,893	\$3,713,116	\$4,277,147	\$4,761,147	\$5,154,397	\$5,547,647
Budget	\$2,045,194	\$2,437,537	\$2,896,662	\$3,301,527	\$3,718,913	\$4,173,864
% Budget	151.13%	152.33%	147.66%	144.21%	138.60%	132.91%

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Major Issues

French DOS/WIN Bundles is required as it is in strong demand. We initiated a program whereby French DOS/Windows is now available for the same price as that of the English version, using the White Box program. This is proving successful.

In order to compete against the Logitech / Windows CD\$99 offer, the OEM package Mouse is being offered to DOS/Windows purchasers for a combine price of \$184. This will create a demand for the DOS/Win bundle as well as the mouse.

Section 2 Royalty OEMs

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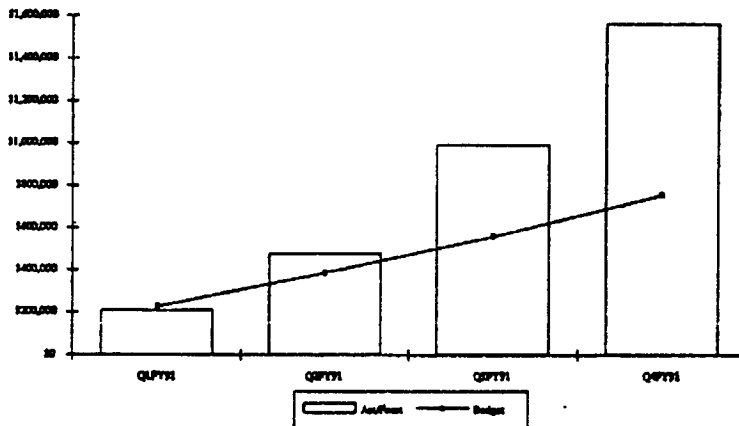
(in US funds)

March	March	FY03	FY03	FY03	% of	YTD	YTD	%
Budget	Actual	Budget	Actual	Diff.	FY03	Budget	Actual	YTD
\$ 45,416	\$259,391	\$ 171,866	\$ 515,295	\$ 343,429	300%	\$ 559,991	\$ 991,520	178%

Expected Performance for the Year:

Royalty	Q1FY91	Q2FY91	Q3FY91	Q4FY91	Total
Act/Forecast	\$207,575	\$268,650	\$515,295	\$568,300	\$1,559,820
Budget	\$227,325	\$157,800	\$171,866	\$196,000	\$752,991
% Budget	91.31%	170.25%	299.82%	289.95%	207.15%
Difference	(\$19,750)	\$110,850	\$343,429	\$372,300	\$806,829

US\$ YTD OEM Royalty Billings



3 Months Forecast

	Apr-90	May-90	Jun-90	FY91 Total
Forecast	\$57,550	(\$75,000)	\$585,750	\$1,559,820
Budget	\$0	\$132,634	\$63,366	\$752,991

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Contract Signed

Accounts	Product(s)	Comments
Corel	CD-ROM for Multi-User	Year 1 \$ 15,000 Year 2 \$15,000

Business To Be Signed

Accounts	Product(s)	Comments
Mind	Adds DOS 4.0	adds Year1 \$57K Year 2 \$111K
Budgetron	MS-DOS and OS/2	Year 1 \$115,000 Year 2 \$115,000

DOS 5.0 Status

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Account	Status	Close Date	Ship Date	DRI	Comments
Budgetron	Licensed	Apr 7	Release	Defused	Signed by Customer
Matrox	No	None	No	No	Contract Expires no Renewal
Mind	Neg	March 30	Release	No	
Ogivar	Neg	March 30	30 Days	No	Amendment Req
Primax	Neg	March 30	Release	No	Amendment Req
Sidus	Licensed	Feb 15	Release	No	Signed
Seanix	Licensed	Feb 15	Release	No	Signed

General Activities/ Problems

Both the Wall Street journal Article combined with the IBM-Novel announcement is starting to take its toll on LAN Manager licensee. Both Honeywell and Micro Tempus are very disturbed by the IBM-Novel agreement. IBM field reps are being very aggressive with their Novel offer in Corporate America which is affecting the OEMs ability to sell their version.

The Donnely offer is being very well received by most OEMs in Canada who have spoken to both Phoenix and R.R. Donnely. The contact name and location for both Company are urgently needed in order to prepare these new OEMs for MS-DOS 5.0.

Budgetron

Budgetron renewed their two year agreement for MS-DOS and OS/2. The current recession and their unwillingness to commit financially made it impossible to license Windows on a per systems this year. However, the finished goods deal may be extended. Budgetron is the one account in Canada where DRI's presence was very strong. Budgetron's market is strictly the low end VAR (or Dealer) who would endure DRI DOS for a lower priced machine. This new contract guarantees MS-DOS on every processor manufactured and shipped by Budgetron, therefore excluding DRI.

Micro Tempus

Micro Tempus is very critical of our sales record World-Wide for LAN Manager. The IBM-Novel licensing issue was very damaging in their channel. I met with Micro Tempus to discuss the licensing situation, but instead has

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to defended the product. The success of their "Router" and the apparent lack of demand for LAN Manager has left this company ambivalent about licensing LAN Manager. A high level technical meeting with Micro Tempus in Redmond will be necessary to orient the development and implementation of the LAN Manager in their Enterprise server.

Primax

Primax started shipping MS-DOS and Shell this quarter. Their run-rate looks very good. This is a good win for Microsoft since this company was previously purchasing Phoenix DOS on demand. Now the agreement is a per processor and the royalty rate is quite high. Mark Durst, President is interested in licensing Windows on every machine if we can exempt the machines shipped under government bids.

Honeywell

Honeywell Canada is interested in moving their system offering from LAN Manager 1.0 to version 2.0. The royalty rate increase is acceptable while the commitment volume is not. A proposal will be prepared this month which would guarantee this move.

Everich

Everich wants to terminate their OS/2 agreement. They want to stay on good terms and have committed to putting Windows on their 386 line. They have also included Windows in their recent advertisements. I will press for a letter of "intent to terminate".

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