

PLAINTIFF'S
EXHIBIT
1036
Comes v. Microsoft

Ben North, Reports
RECEIVED

To: Joachim Kempin
From: Ron Hosogi
Date: October 23, 1991
Re: September 1991 OEM Status Report
cc: OEMMAN, M. Murray, P. Maritz, B. Silverberg, N. Miller, J. Lazarus, B. Chase, S. Wells, O. Ayala, B. Nelson, P. Miller, D. Curtis, J. Morris, B. Labelle, J. Levisohn, F. Sanchez, M. Muratorio-Not

OCT 24 1991

MICROSOFT LEGAL DEPT.

REVENUE

U.S. Accounts

September revenue for the two U.S. groups was \$ 3.66 million against budget of \$ 1.54 million.

John Jenkins' team finished with \$1.8 million for the month and exceeded budget threefold. Several of his accounts were delinquent reporters earlier in Q1 and as of September, we are caught up. Ted Hannum's group also had a super month, closing at \$ 2.1 million against budget of \$ 1.07 million. Digital reported \$1 million over its budget of \$960K as they almost doubled the number of units of PathWorks nodes shipped in Q4. Unisys is \$600K over their Q1 budget of \$2.6 million, mostly in mice shipments.

For the quarter, the U.S. group booked \$ 18.98 million in revenue versus budget of \$ 15.44 million. John's group completed the quarter at 106% of plan; \$9.3 million versus plan of \$8.7 million. We are expecting similar results for Q2 with \$ 9.45 million predicted against budget of \$ 8.9 million. Ted's team booked \$9.68 million in Q1 revenue putting them \$2.9 million over budget of \$6.7 million. Q2 revenue prediction for Ted's team is to be at budget of \$ 6.8 million but does not factor the upside potential at Digital.

ICON/AIME Accounts

Intercontinental/LA/AIME sales were \$1.8 million against a budget of \$1.42 million (127%). Australia had a strong month of billing and exceeded budget by 767% (\$70.6K budget vs \$541K actual), Osborne contributed \$504K to the total. Mexico did not meet budget due to the postponing of a billing to MCA (\$202.5K). They finished the month at 44% of budget. Brazil's Itautec signed its MS-DOS and Windows license. This contract puts an end to Sisne DOS development and marketing activity in that country.

For the quarter, ICON/LA/AIME achieved \$2.2 million versus budget of \$ 1.68 million. India's government recently approved payments to be remitted to us from our Indian OEMs. We may realize this revenue as early as Q2.

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New Business Signed

Account	Product	Comments
CompuAdd	ROM DOS 3.31/5.0	\$8RR, 30K unit commitment
Wang	LOI for MM Extensions	Added to 1st yr no mins license. Adds server support for four new platforms. Triples annual commitment in exchange for \$8 reduction in royalty. 150K units in Yr 2, 250K units in yrs. 2 & 3. \$35 combined DOS/Windows royalty. Better than price list (previous.)
ALR	MS-DOS amendment for laptops.	
Digital	LM/Unix	
	DOS/Windows	
Itautec	MS-DOS 5 and Windows	Displaced Sine DOS

News

CompuAdd created a new and separate company, CompuAdd Express, which will focus exclusively on the mail order channel. CompuAdd Express has signed with DRI for what we believe to be a 25K volume at around \$9/unit. We are doing all we can to convert them to MS-DOS.

Wang has signed several new dealer chains, including ABC Stores (24 stores in Michigan and Ohio), and HH Greg (14 stores located in Tennessee, Kentucky and Indiana). Wang now has 500 outlets signed to carry their Exec series PCs.

ALR plans to announce its internally designed laptop in October. They will have units at Comdex to demo and should start selling in the December timeframe. A major win for us: this is a MS-DOS based laptop. They also build into the side a "docking port" for the Microsoft Ballpoint. Melvnh and clareb are exploring the opportunity to license Ball-Point to ALR for a 3 to 6 month hard bundle promotion. They will continue to market the Weames designed laptop (with DR-DOS) to meet market demand. ALR hopes to convert exclusively over to their own design as soon as possible.

Packard Bell has failed to sell any of their "turn-key network" units. Educating their potential customers is difficult via the mass merchant channel. Packard Bell has also set its margins too high on the software and turnkey solution provided. They want to reduce prices to generate sales and we anticipate them to request for royalty concession on this.

Gateway will announce an EISA product in October that fits precisely what we have previously described as the proper ACE machine. They also agreed to increase their minimum commitment on their MS-DOS/Windows license. The amendment will close in October.

Everex - reported an earnings loss off \$32M for the quarter ending July. New notebooks and desktops in the Tempo line were announced. Everex has a new CFO,

Parallan - Cut staff from 55 to 35 due to shortfall in orders

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Unisys - Unisys was found guilty on Operation Ill Wind and will need to pay over \$190M back to the U.S. government. This is the largest judgment of its kind in history.

Digital - The VP of General Business Systems Gary Eichorn is leaving DEC for HP. MS should not be alarmed by this or any of the recent VP departures. We can also expect more departures in the coming months as DEC continues to pare down its 115,000 work force to become leaner, more productive and more profitable. In the meantime, the WSJ reports DEC's renewed interest in the PC business, citing Microsoft and Intel as strategic partners..

Issues

Dell: Dell's participation in the MS Academic Apps program has come under fire by SMSD. SMSD cites OEM royalty pricing to be too aggressive and OEM license to be too loosely worded on bundling conditions.

They also need to get a better statement from us on OS/2 support if we are to sign them to 2.0. They will be buying OS/2 2.0 from IBM if we continue to have no plan to support it. They must have OS/2 2.0 for their corporate accounts.

Dell: Needs a multimedia champion or nothing will happen. Nancy is working with Charlie Sauer, VP of Advanced Systems on this opportunity.

Phoenix: Is dissatisfied with level of service they're getting from PRS. They pay us \$175K/yr for a higher service level. Phoenix will begin publishing Solution Series products for licensed OEMs, and needs either sample product, or Bills of Materials before 9/27.

Logitech: Logi believes Z-nix is selling mouse/Win3 bundles into Latin America and Australia, which Logitech is not permitted to do under their current license terms. Need to verify and if true, need to address equity of license terms.

Unisys: News should surface next month on the fate of DTIII. Unisys states that DTIV assumes the continuation of DTIII which would be good for Unisys. If DTIII dies, their ability to perform against the agreement would be severely impacted.

We continue to work the issue of allowing packaged product sales of Windows and applications for delivery in Europe. There are many concerns regarding revenue recognition, delivery and ordering logistics.

Intel: Wants to build a DOS boot disk for use with the future systems. Also wants to replace existing IDE OS/2 boot disk with a SCSI OS/2 boot disk. Issue concerns what royalty Intel will owe for MS code used on these disks. Intel to furnish letter detailing files required, reason for need, and intended use.

< DOS 5 Watch >

Account	# Systems Shipped	% MS-DOS 5	% Other
Cumulus	2,800	90%	10% (DOS 4.01)
CompuAdd	8,400	90%	10% (DOS 4.01, OS/2)
Wang	8,300	40%	60% (DOS 4.01, 3.3, OS/2)
Gateway	68,000	99%	
TI	18,000	0%	100% (DOS 4.01)
Everex	20,000	100%	
Dell	52,000	60%	18% DOS4, 22% DOS 3.3
Unisys	40,000 per quarter	50%, growing	50%, shrinking
Digital		100% Planned	

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**U. S. Account Summaries
(As reported by Account Managers)**

CompuAdd (Susan Diamond)

Spun off a new and separate company, CompuAdd Express, focusing exclusively on mail order. CompuAdd Express has signed with DRI for what we believe to be a 25K volume at around \$9/unit. The decision was made secretly and solely by Rick Krause, the newly appointed president of Express. Reasons for going DRI were price and the opportunity to "differentiate" their product from both competitors and CompuAdd. Krause did not let Microsoft know of the opportunity because he assumed he already knew what MS' best price was, and he did not want to get into a bidding war. Susandi and Johnj met with CompuAdd on 10/1. During the meeting, it became clear that Krause made this decision with no thought to key issues such as CompuAdd's existing pre-paid balance (over \$800K and growing). He assumed that he could provide MS DOS on special request by getting the MS DOS via distribution. There is an opportunity to regain this business. Susandi is working closely with OEM management to map out next steps.

Jerry Baldwin, head of Multimedia business, resigned to "pursue other opportunities outside of CompuAdd" as of Friday, 23 September. This is positive change for us as he has been a major impediment to Microsoft's relationship at CompuAdd. The down side is that all multimedia bundles (Bookshelf and MM Works) have been put on hold until further notice. George Martin, Director of R&D will take over most of Jerry's responsibilities. Held conference call with George Martin of CompuAdd to inform them of the new Windows 3.1/MM Extensions strategy. CompuAdd was pleased with the change.

Wang (Susan Diamond)

Susandi visited Wang on 9/10. We met with the President of the PC Division, Jim Hogan, and Bob Lerner, Director of Product Marketing. We closed on an amendment for Wang to ship DOS and Works on a 386SX notebook being manufactured for them by Acer. Also negotiated a 3-way replication agreement (between Wang, Acer and Microsoft) which allows Acer to replicate licensed software on behalf of Wang for Wang badged machines.

Susandi and Microsoft's Multimedia group have worked closely with Wang to get them the tools they need to get a multimedia machine ready for demo at Comdex. Wang has returned a signed Letter of Intent to license the Extensions. Susandi is working on Amendment for the Extensions.

Cumulus (Susan Diamond)

David Howarth of Cumulus attended the OEM Briefing. He is impressed with Windows for Pen and is proposing that pen capabilities be built into a new notebook that Cumulus plans to release after the new year. Susandi and Pradeeps will meet with Mr. Howarth and Cumulus CEO Marty Alpert to discuss options. Expect to receive signed licenses from Cumulus in October.

ALR (Melvin Henderson-Rubio)

ALR's new laptop will come preloaded with MS-DOS and is also interested in a MS BallPoint hard bundle promotion. ALR is looking at entering "new markets" needing MS "end user" apps.

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Packard Bell (Melvin Henderson-Rubio)

Packard Bell made verbal commitment (once again) to license Windows (this time on selected systems). Packard Bell delays discussion to license EBU apps until Comdex. Packard Bell's "turn-key network" launched on August 16 has not resulted in any sales. Successful OEM Briefing from Packard Bell's prospective (Dennis Cox, Director of Marketing).

Texas Instruments (Dave Wright)

Texas Instruments - Handheld pen unit meeting was held this month with TI, Pradeeps and Davewr. The discussion was around the vision of Billg in regards to this market and the various capabilities TI has in this field.

Network Printing Alliance - Meeting held this month with several MS groups and members from the NPA including TI, Intel, Lexmark and Insight. Several good ideas in the bi-directional communication area will help us establish direction on parallel activities we are involved in currently.

Gateway 2000 (Dave Wright)

Gateway shipments have exceeded expectations for the past few quarters. They want to amend their agreement and go to a higher commitment level. They are agreeing to a longer license term and are even considering per processor Windows. Expect an October closure.

Davewr secured a commitment for the first Executive Review with Gateway in late October. This will have VP level of attendance from MS and will precede an eventual meeting with higher MS executive participation.

Gateway has been qualified on applications business and is currently very interested in both our EBU apps and our premium line apps. This could be a \$10M+ deal if it goes. We should have a decision by December 1991. Competition from Lotus.

Everex (Ken Reeves)

Everex has been backlogged with requests from MS, and much of Sept has been filing those requests, learning and beginning to design new ways for Everex to work with MS (due to their layoffs), and in learning how MS can help Everex. New account contact assigned, Ramona Coletta.

3COM (Ken Reeves)

Completed amendments to extend for one year, MS Net and MS DOS. New MS account contact assigned, Jeff Krause.

Netframe (Ken Reeves)

Assisted in preparing for Multinet announcement for NetWorld with MS PR and began discussions on Lan Manager licensing strategy.

Dell (Nancy Ritzenthaler)

Dell continues to win industry kudos; visibility of their success in the marketplace is high. There are several Microsoft proposals being reviewed by Dell; an EBU Apps royalty deal through Dell's mass merch channel, a Ballpoint promotion, participation in an academic-edition Apps program, and the still-stalled FIDA promotion.

Dell announced support for Solaris and will shortly be announcing support for OS/2 with IBM. However, both of these offerings are check-the-box inclusions in Dell's product line and not of strategic importance. Dell is fully behind our DOS/WIN/WIN NT strategy at this time.

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Digital (Kelly Wood & Greg Anderson)

Digital: The revised LAN Manager and DOS/Windows licenses were finally executed at Microsoft. Kelly worked with the marketing department at Digital to enroll them as one of the four OEMs participating in the Pepsi-challenge-like contest at Comdex. Our contention with Digital in their accounts w.r.t. our packaged product, raised itself several times this month and meetings were held with NBU management to determine marketing/selling positioning. SMSD will take "Sales Out" data from Digital to compensate our field reps. This should reduce some of the contention between MS and Digital in the field. Greg also continued to press the Windows Marketing Group for a commitment to DEC Printer support in Windows 3.1.

Digital/Spitfire: MS and DEC are working together to simultaneously ship both OS/2 and NT based implementations of our X.400 messaging server. MS would assume primary responsibility for the spec development and completion of the NT based version while DEC would assume primary development responsibility for the OS/2 based version. Next steps are for a technical meeting to take place to study the full technical ramifications of this proposal followed by a revision to the LOI.

Intel (Sheri Vall)

Amendment #8 (which allows Intel under special arrangement to license Reuters to duplicate and distribute DOS5 to their customers) was drafted and sent to Intel. They want to license MS-DOS/V for 5.0, and want to know our plans for Windows/V. Intel has expressed interest in licensing code which will allow them to produce a version of Windows which will run on a DPMI-client host, and wants to license Windows source code to accomplish this. Awaiting signed receipt of both Amendment #7, and letter regarding NDIS driver distribution.

On the product side, Intel's current system plans are to provide two platforms: One is called the HID (High Integration desktop) which will consist of upgradeable 486 system boards and modular integrated peripheral chips (LAN, Video, modem, etc.). The second platform is an expandable version and will have an advanced, replaceable CPU architecture (486 to 586). The target is to ship around Spring COMDEX '92. Intel describes these systems as "next-generation, high end, fully integrated, low profile systems" and that they would come with on-board SCSI, LAN and video, 2 slots, and are completely Windows environments.

Phoenix (Sheri Vall)

Had several unusual inquiries this month involving doing disks and manuals for 3rd party replicators for MS-licensed OEMs (Wyse, Wang, DG, Samsung, and Acer). A couple were within the bounds of the existing Phoenix license, but many were not; all required much research and coordination with legal and account management to furnish correct responses. Phoenix also expressed dissatisfaction with the level of service and quality of information they've been receiving from Dave Baier. A challenge before year end will be to get Dave working effectively with the appropriate MS product groups and with Phoenix. Last, George Adams called late in the month to request a meeting be set up for a product disclosure on their palmtop project. This meeting will take place the first week in October.

Logitech (Sheri Vall)

Logitech sent formal written notice on 9/24 to increase their minimum commitments to the maximum allowed under the license (i.e., 12,500 units/qr. @ \$25/unit). They inquired (again) about the possibility of offshore sales into Latin America and Australia. Z-nix is doing business in these countries, and Logitech understandably wants to be accorded the same terms as Z-nix. T's and C's of the Z-nix agreement must be researched and this issue addressed with Logitech ASAP. Logitech will begin bundling Windows with their "bottom-of-the-line" low cost, low-resolution, cheap "DEXA" brand mouse. It turns out this mouse was already listed as a

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"Customer System" under the agreement, so there is no way for MS to prevent this. Some legal questions regarding packaging requirements for this bundle were resolved.

Sun Microsystems (Sheri Vall)

Sun wants a DOS5 and Win3 license. A written quote was sent, and a follow up call made. This is more than just scoping out pricing for competitive information -- they are still interested in meeting and pursuing. We will not, however, allow them to roll over old prepaids to any new DOS5/Win3 license. We may opt to use these moneys as a lever to cinch a LM/U deal. A call was made to re-establish contact with the appropriate parties involved in a possible LM/U license. Dave Rosenlund will not move with this project until late October.

Unisys (Pete Peter)

We introduced Unisys to contacts at Mitsumi to proceed with establishing a direct manufacturing connection and salvage the mouse business while saving Unisys some money. Pete and Ted traveled to Blue Bell this month to make additional introductions and negotiate several business opportunities for selling applications, establishing an upgrade program to MS-DOS 5 and other issues. Unisys attended the LM Council meeting and was well represented at the OEM briefing. Amendment #2 was completed and delivered to the customer in September. It adds Chinese as a Windows 3.0 language, Kanji as a LM 2.0 language, OS/2 2.0 and several other miscellaneous adjustments. We are proceeding with putting together a plan to bring licensed applications to current product release levels and allow Unisys the flexibility to ship packaged product applications into Europe. An opportunity to license Lan Manager for UNIX version 2.0 surfaced in September which we will be qualifying further next month.

**International Account Summaries
(As reported by Account Managers)**

Region		Jul. 1991	Aug. 1991	Sep. 1991	Q1FY92
MS INC (Canada)	B	00	\$19,999	\$728,438	\$748,437
	F	00	00	\$818,899	\$818,899
	A	00	00	\$808,539	\$818,539
% Budget					108%
MS PTY (Australia)	B	00	\$114,188	\$78,578	\$184,750
	F	\$1,000	00	\$341,173	\$342,173
	A	\$1,000	00	\$341,173	\$342,173
% Budget					793%
Mexico	B	\$33,436	00	\$286,814	\$340,250
	F	00	00	\$98,250	\$98,250
	A	00	00	\$98,250	\$98,250
% Budget					38%
L. A.	B	00	00	\$212,881	\$212,881
	F	00	\$198,125	\$284,831	\$482,956
	A	00	\$198,125	\$284,831	\$482,956
% Budget					190%
AIME	B	\$23,488	\$44,125	\$47,283	\$114,873
	F	\$32,688	\$164,715	\$21,725	\$219,895
	A	\$32,688	\$164,715	\$21,725	\$219,895
% Budget					160%
Singapore	B	00	00	\$135,888	\$135,888
	F	00	00	\$135,888	\$135,888
	A	00	00	\$135,888	\$135,888
% Budget					100%
Total	B	\$36,944	\$188,283	\$1,428,183	\$1,657,381
	F	\$33,688	\$362,840	\$1,888,501	\$2,280,826
	A	\$33,688	\$362,840	\$1,888,501	\$2,280,826
% Budget					133%

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News/Issues

Australia:

After Microsoft rejected to renew a MS-DOS license with Profound Computers, they want to take legal action. Profound has been selling our product illegally and has not been reporting all units sold. They also deliberately interfered with our audit.

Brazil:

Receiving OAKs on tape is a big problem since no Brazilian OEM has a tape reader. This has caused numerous delays. Currently, MS-Corp is in the process of buying MS-Brazil a tape drive to resolve.

Canada:

Due to the slow economy, requests for financial relief from Canadian OEMs is starting to rise. Many smaller OEMs have started inquiring about minimum commitment reductions. In addition, Ogivar and Bugetron remain questionable on financial strength and currently owe Microsoft over \$350k.

Competition

Australia:

No signs of DRI royalty deals. However, OEMs are telling us they're being offered DRI DOS bundled with motherboards from Taiwan. This could present a problem if it creeps into the home market. There are no signs of appointing distributors in Australia although Profound have "threatened" to go to them if we don't grant them a royalty license.

Brazil:

Novell and Logitec had a big presence in the Brazilian Computer trade show.

**International Area Account Summaries
(As reported by Account Managers)**

AIME OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$21,725	\$67,285	\$219,095	\$136,875	\$219,095	\$136,875	160%

Our big Africa Distributor was late in reporting this month, so we will probably see a strong October.

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AUSTRALIA OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$541,175	\$70,570	\$542,175	\$184,750	\$542,175	\$184,750	293%

Another big month for Australia. They finished well over budget due to the recent amendment being signed by Osborne. This amendment allowed us to finally bill Q4FY91 and new Q1FY92 minimums. While the business isn't coming from any specific direction, it can be seen that sales to home users and government have been slow and OEMs supplying those sections of the market have confirmed this. There are exceptions in some areas such as defense and corporate, however, the general trend is toward a weaker market and October could be slow. However, historically, October is the second biggest month to June and this has been the trend for the past three years.

Clemm also attended the OEM briefing with his customer and stayed after to attend the OEM Account Manager training.

Osborne

They will import a notebook from Japan. Osborne is still selling above budget and are expanding. They are now taking a serious look at the small business market. They have recently shown interest in Windows Works and will certainly be interested in a bundle when it's released. They currently have taken a few hundred units of PC Works to "test the water", but it's too early to tell at this stage what sales are like. There has also been interest and discussions on multi-media.

Syncomp

They are still trying to sell the OS/2 story into their restricted market but falling on deaf ears. In addition, this account still has many problems and Clemm is going to discuss terminating their license this quarter as we are getting nowhere with them.

Specialized Technology

They are beginning an expansion program and appointing managerial and technical staff to make it work.

Porchester

They are still getting funding and continue regular business. They've possibly been the steadiest OEM with whom we've ever dealt with over the last three years.

BRAZIL OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$204,831	\$212,081	\$402,958	\$212,081	\$402,958	\$212,081	190%

This was another good month for Brazil. The computer trade show in Brazil this month was well attended and MS-Brazil did a good job in representing Microsoft. The SID license is down to a few last minute changes and could be signed this month. Brazil should have a strong Q2FY91 with the signing of Itaotec.

Luciana also attended the OEM briefing and had both Itaotec and SID attend.

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Itautec

They are the only OEM with a tape drive and could read the MS-DOS 5.0 FDS tape. Unfortunately, they are having problems in getting the files ready to go to print (due to lack of information on the tape documentation). Due to pro-active work by Luciana, the new Itautec license has already been announced in the Official Gazette of Brazil. What this means is they may be billed as soon as they start shipping. This also means that we have 30 days (as of 10/1/91) to present the contract signed by both parties to the Brazilian Government.

SID

The SID contract is still not signed, however, SID has started the process with the Brazilian Government in order to be able to ship the product as soon as the contract is signed (the same model as Itautec).

Villares

The amendment, including royalty reports, have been sent to MS-Corp for signature. This amendment will clear up the AR problem with this account. A new amendment to terminate their license is in work.

Equitel

The Equitel license will be amended through a letter that reflects the deal closed with MS-Brazil. This letter is with Equitel to be signed, but they have asked us to include two new changes. MS-Corp is currently analyzing the changes.

Racimec

Luciana is still waiting for the signed Racimec license to be returned from MS-Corp. The consularation process takes time.

CANADA OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$810,550	\$728,435	\$810,550	\$748,425	\$810,550	\$748,425	108%

This was the month for requests for financial relief from our Canadian OEMs. Due to slow economies, most OEMs are experiencing cash crunch. However, with the exception of Budgetron, Ogivar and Microtempus, all of our OEM customers are still healthy. The strain of the slow CPU sales this summer prompted most of the requests. While reduction of minimum commitments will affect our revenue in Q2FY91, we still plan on exceeding budget by year end.

Doug and Bert attended this years OEM Briefing along with five of their customers. In addition, Doug stayed after to attend the OEM Account Manager training.

Budgetron

Budgetron indicated financial constraints and requested reduction of their minimum commitment schedule. Doug will be meeting with them this month.

Seanix

Some of Seanix Distributors have been selling Seanix DOS and Seanix Windows standalone. We have warned Seanix and will continue to monitor. An audit may be necessary to reset expectations.

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Sidus

Due to over estimated performance, Amendment number 3 will be completed and signed this month. The resulting amendment will adjust their minimum commitment more in line with their business expectations. The financial commitment remains the same.

Ogivar

Ogivar is negotiating a distribution agreement with Computerland in Canada which would boost sales. In addition, a new channel in the USA, CompUSA has begun distribution of Ogivar PCs, the effects should be seen before end of Q2. These new channels will improve the current situation for Ogivar. Doug will be focusing on Ogivar AR problem this month.

MEXICO OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$90,250	\$206,814	\$90,250	\$240,250	\$90,250	\$240,250	38%

The market in Mexico is getting geared up for the end of year, which in Mexico is a very good sales time. The multinational and local OEMs are looking for ways to implement promotions from November through December, this could mean good bundle business for Microsoft Mexico.

Guillermo and Felipe attended this years OEM briefing along with four of their customers. In addition, Guillermo stayed after to attend the OEM Account Manager training.

Lanix

They were finally billed this month as a result of the contract being amended. A new amendment to stop shipments of Windows on AT model 12 Mhz PCs was completed and will be signed in October.

MCA

An Amendment was completed and is ready to be signed in October, this will allow Susanwr to credit part of the past due and Barbsc to bill them according to the new minimum commitments. We postponed MCA billing this month for this fix.

Electron

They were able to pay their past due invoices this month. It seems the fire at one of the facilities did not impact their operations.

Pincom

Currently suing.

Intelecsis

They are finally cleared! Barbsc has all the information (royalty reports and signed amendments) to bill them in October the amount of \$75,530.00.

SINGAPORE OEM

Sep/ActL	Sep/Bdgt	QTD/Actl	QTD/Bdgt	YTD/Actl	YTD/Bdgt	% of Bdgt
\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	\$135,000	100%

no new activity to report.

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Product Feedback

MS-DOS ROM 5.0

In Australia, four OEMs have enquired about licensing DOS for embedded systems in the last four weeks. Clemm has given all of them quotes and contracts.

Windows 3.1

This product is creating high expectations. Customers in Mexico keep asking all kinds of questions about it (features and release dates).

Brazil

Brazil needs help in solving the issue of reading the OEM tapes for OAK, ODKs, etc. It is really difficult to get the hardware and software necessary into Brazil to read the tapes. The problem is getting government approval for importing a tape drive. Brazil's customers will be in trouble every time they receive products or documentation on tape. The short term way to solve the problem is having MS Brazil generate the diskettes from the OAK tape (MS-Corp is buying MS-Brazil a tape drive).

OS/2 In Australia

OEMs are still feeling hostile over the OS/2-NT issue and have asked us to come up with some answers to their major customers' questions. Moving them to royalty DOS and Windows isn't the answer as few of them have the capacity to handle a minimum license. Government RFPs are still being issued with the OS/2-Lan Man spec which takes the edge off the issue. In addition, another OEM is going to license OS/2 even against Clemm's advice.

OEM Marketing

September was very busy with briefings. We successfully completed the main OEM Fall briefing and a Mini-briefing in San Jose focused on the smaller OEM's. The feedback from the OEMs has been positive. We will do some preliminary planning on another briefing focused on component type companies that create products that enhance the performance of windows and would be helpful to our OEM customers. We will select a date that won't conflict with the FE and European briefings and sales meeting dates. There is also some consideration to doing another mini-briefing on the East coast or in the Mid-South. This puts our overall event number up to seven a year.

Marketing Information

Rob completed two important tasks in September. He released the latest SPU and created and gave a training class to over 19 people at DEC. The focus/objective of this class was to train a new sales channel being developed at DEC to better sell PC's. The feedback was very positive and it has given this group a great insight into MS products and will certainly help the promotion of them through DEC via this new sales group.

Initial work was completed to identify the requirements for a Fax server interface. We plan to be using OEM contacts as the data base and will be able to send letters, Fax's and other missives from a centralized source. It is expected to be completed in November, and we have identified an outside resource to develop after reviewing with all our internal sources which were busy with other projects.

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Marketing Research and Pricing

Tom published a first draft of his European report and saw two sites and interviewed them for a new report on industry trends. In support of this activity, he has composed a plan for Comdex and will be interviewing many groups to get additional data for his analysis. This report is due in November and will be the first of four reports he will complete.

We published the first Apps pricing guide, but without EBU royalty products. We will update this with a new release in October with both High end and EBU apps and will adjust the terms for packaged product deals. Work was done on the On-Line product offering and transfer to OEM sales, but we are still not complete. We have the products identified now, but must work out the logistics before we present it to the AM's for their use.

Marketing Training

Barry Spector developed and held the first of the AM training courses. We ran this the period after the OEM briefing to make use of the people who traveled here for that event. The training went very well and proved that we need to refine this even more and schedule it more often and broaden the scope to all AM's.

Barry also completed the training business plan and got approval from the OEM management group both for content and schedule. We added a few events to allow easier access by all the geographies we cover and received commitments from the product groups to help us write and give the course worldwide.

L.A./AME/CON Sales and Support

A busy travel month for Jeff Morris. He went to Brazil to cover the second largest trade show in Brazil and to meet with some accounts and he went Mexico late in the month to cover what is termed the Comdex of Mexico. In each trip he noted a strong acceptance of MS-DOS 5.0 and the success of the introductions of the product in each country. Our OEM business is improving in both Mexico and Brazil, but we have some serious A/R issues. We will work these in this quarter to a reduction of at least 50%.

Larry traveled to Canada to discuss OEM plans with Frank Clegg and had the opportunity to visit one OEM, ATI. We will initiate plans for Ogivar and Microtempus to plan on working more closely with the new AM, Doug Clark as he takes over some of the activities from Bert.

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REVENUE PERFORMANCE Q1 FY92

	JUL Budget	JUL Actual	AUG Budget	AUG Actual	SEP Budget	SEP Actual	Q1FY92 Budget	Q1FY92 Actual	%
DEC	\$0	\$1,046	\$0	\$91,780	\$980,000	\$1,956,170	\$960,000	\$2,049,026	213%
DELL	\$1,137,900	\$1,533,540	\$0	\$173,880	\$0	\$149,560	\$1,137,900	\$1,656,980	163%
INTEL	\$489,000	\$478,118	\$0	\$0	\$0	(\$18,200)	\$489,000	\$458,919	94%
LOGITECH	\$0	\$0	\$318,000	\$1,040,311	\$0	\$0	\$318,000	\$1,040,311	327%
PHOENIX	\$1,000,000	\$1,000,000	\$0	\$49,790	\$0	\$780	\$1,000,000	\$1,044,530	104%
SUN	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0%
UNISYS	\$62,700	\$111,800	\$2,582,700	\$3,095,783	\$84,800	\$19,000	\$2,667,000	\$3,226,363	120%
TED MSC	\$41,283	\$0	\$82,877	\$0	\$42,334	\$0	\$166,794	\$0	0%
SCOM	\$0	\$0	\$210,000	\$152,116	\$0	\$50,140	\$210,000	\$202,258	96%
ALR	\$0	\$0	\$0	\$9,945	\$0	(\$5,145)	\$0	\$3,800	0%
COMPUADD	\$326,888	\$433,417	\$326,888	\$433,417	\$326,888	\$433,417	\$979,888	\$1,300,251	133%
CUMULUS	\$288,000	\$288,000	\$0	\$0	\$0	\$0	\$288,000	\$288,000	100%
EVEREX	\$0	\$0	\$1,187,500	\$1,187,500	\$0	\$0	\$1,187,500	\$1,187,500	100%
GATEWAY	\$1,689,195	\$1,708,375	\$96,040	\$794,508	\$97,820	\$801,825	\$1,782,125	\$3,184,708	179%
GTED	\$129,030	\$78,730	\$0	\$0	\$0	\$0	\$129,030	\$78,730	61%
PACKARD BELL	\$0	\$1,250,025	\$1,722,000	\$0	\$0	\$0	\$1,722,000	\$1,250,025	73%
PARALLAN	\$0	\$11,370	\$0	\$0	\$0	\$0	\$0	\$11,370	0%
TANDY	\$0	\$0	\$1,202,500	\$955,586	\$0	\$0	\$1,202,500	\$955,586	79%
TI	\$325,000	\$327,500	\$0	\$0	\$0	(\$181,750)	\$325,000	\$145,750	45%
WANG	\$0	\$7,800	\$785,000	\$8,578	\$0	\$848,828	\$785,000	\$688,207	88%
JOHN MSC	\$0	\$45,233	\$82,878	\$18,000	\$42,334	\$9,000	\$125,510	\$72,333	58%
INTL	\$56,801	\$33,655	\$180,295	\$362,840	\$1,420,185	\$1,803,531	\$1,657,381	\$2,200,028	133%

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