

Vobis Deal

Negotiation August 18. 1992: Theo Lieven, Mr. Pasture, Juergen Huels, Jochen Haink

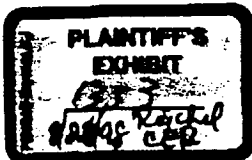
1. Strategic Partnership wanted: long term commitment for:
 MS DOS over DR DOS
 Windows over OS/2
 WfW over Novell
2. Both marketing and service cooperation: i.e. joint action like Christmas Promotion and special bundles. MS products monthly in "Denkzettel" and Vobis advertising: Denkzettel 1 page free; 6 Mio units / month in German magazines (Stern, Spiegel) and newspapers (FAZ, Süddeutsche). During Christmas action will be published with 10 Mio units.
3. Will sign a 25K WfW license now and throw out DR DOS and Novell totally.
4. We plan a Christmas action that will be run in all his 100 shops, were we will fully decorate his shops and train his people. Deal will be exclusively with Vobis for this time.
5. Vobis (and Escom, Schadt ...) have offers from Lotus for 1-2-3 and Ami-Pro: License for both products DM 88 (\$ 60); packaged products: both DM 122 (\$ 83), one product (1-2-3 or Ami Pro) DM 100 (\$ 68). Escom already decided for 1-2-3 and Ami Pro and is advertising strongly in "Denkzettel"-like publication.
6. Projected volume 20K units during the Christmas season. Limited to this action, not continued. Later OEM-FG contract with standard pricing. (90% possibility)
7. Calculation: Pricing of Vobis: (customer has WWorks and upgrades to WWord or XL)

CPU with WWorks:	DM 2950 incl. VAT (14%)
CPU with Word/XL	DM 3398 incl. VAT
CPU with Office	DM 3749 incl. VAT

	unit price	revenue
Requested pricing: WWord or XL (\$ 1.9M)		DM 280 (\$ 190) DM 2.8M
Office (\$ 3.8M)		DM 560 (\$ 380) DM 5.6M
		<u>8,4</u>

additional cost /funds: 1 Mio Vobis advertising: DM MS marketing cost DM 350 K

8. Additional benefit: Vobis penetration will eat mainly from piracy, no big cannibalization of our standard business Vobis, the biggest German CPU shipper fully committed to MS WfW contract at list price for 25 Ku Novell/DRI out at Vobis extremely high visibility of MS and key apps during Christmas time and later on through non EDP magazine advertising entry to the most important player in the low cost HW vendor channel



10. Retail products - 52% discount that he can have
2800000

9. Negative views: pricing extremely aggressive for German market:
Price for full product to distribution is DM 778 (\$ 530).
Channel will react negatively, because they can not match this offer.
Distribution sees Vobis as strong competitor.
DEC may react negatively.
Exclusive deal.

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