



June Status Report
Ron McAlhane
July 7, 1992

< Summary >

Tandem

Investigated MCS resources and billing rates and provided to Tandem to allow formulation of a marketing plan to begin upgrading their installed base of Fortune 500 customers from a Dumb terminal/host based environment to a PC/Windows based Client Server environment.

Ungermann-Bass, Inc.

The Strategic Integrator contract was signed by U-B! Coordinating the liaison with U-B and the MS subs to extend the license worldwide. Also negotiating a "custom" support agreement between U-B and PSS which will be amended on to the STI contract.

Final drafts on proposed amendments for promotional pricing for LM2.1, embedded LM 2.1 and SQL 4.2 and extension to the JET Buel Source code license are negotiated and in the sign-off process at U-B.

Attended the U-B user's group meeting with Ruth Warren, PM for LM2 in Washington, D.C. Ruth gave a LM presentation to the group which was very well received.

Obtained a copy of the IBM NDIS document for MS product management.

THStyme

Received the SIGNED Windows/DOS license from Chuck Peddle. The \$10,000 due on signing was wire transferred to our bank.

Lower than expected Compaq pricing on their new product line rocked THStyme back on their heels. They have repriced their product line accordingly.

Atari

Sam Tramiel, President, notified us that they are no longer in the PC business and want out of their contract. Requested completely up to date royalty reports as a prerequisite to any further discussions.

Atari negotiated a one time fee of \$14,000 for each foreign language rather than a per copy uplift. They no longer ship PCs and want to reverse the \$84,000 for the six languages they ship.

Received the foreign language adaptation kits back as a prerequisite to reversing the \$84,000 one time bill for uplifts.

**** MICROSOFT SECRET ****
1 - ROMICA.DOC

MS-PCA 2604246

CONFIDENTIAL

Northgate

They have started a new Ad campaign in InfoWorld and PC Week in which they prominently feature the RiR logo. That's my boys!!

Amendment to their license to reduce their minimum commitments is on hold pending the acquisition offer by Everex. If the deal falls through, they will amend their license. After consultation with Ken Reeves and Peter Miller, we decided that if the acquisition goes through, we will terminate their license and amend Everex's to cover the Northgate subsidiary.

PC Innovations

Attended a vendor open house and met with many MIS and purchasing people from the Fortune 500 business community in Houston. MIC's customer base is impressive and speaks highly of MIC.

Met with Steve Lee, President and owner. I expressed our concern over the numerous instances of MIC DOS and Windows being sold as stand alone product. He admits that his MS-DOS and Windows books look just like ours. I reviewed our trademark guideline booklet with him and negotiated with him so that he will place a very large MIC sticker at the top of the book and a "for sale with new PC only" sticker across the bottom.

We were concerned about his one time purchase of 36,000 copies of the MS DOS COGS from Donnelly. Donnelly offered him the MS DOS COGs at \$10.75 for 10,000 pcs or \$7.50 if he bought them all at once and took delivery on them all. This is a savings of \$117,000 or 30%. He still has approximately 25,000 in his warehouse.

I expressed concern about his overdue Minimum commitment payment and he called his CFO in to the meeting and wrote me a company check for \$202,500 on the spot!!! He has no bank lines or VC funding but seems relatively well financed. I asked him directly what is the source of his financing. Steve claims to be the son of a former Vice President of South Vietnam who fled the country just before the fall in early 1975 with a considerable family fortune. All of his funding is family money.

He will provide us with a copy of the agreement between himself and the printer who does his MS Windows COGs although in the long term I negotiated that he will begin buying only the MED products immediately, in the case of MS Windows, and as soon as he runs out of MS DOS stock. As a further impediment to the downstream unbundling MS DOS and Windows, I negotiated that MIC will begin putting the MS DOS and Windows in the CPU box immediately.

MIC plans to go public by the end of this calendar year. They want to expand the relationship with MS, increase the size of the MS DOS and Windows deal and license Windows Works, Excel and WinWord.

Customer wants to modify current MS-DOS Works deal to Windows Works. Additionally, wants to pursue application deal for Excel and WinWord.

**** MICROSOFT SECRET ****

2 - ROMICA.DOC

MS-PCA 2604247

CONFIDENTIAL

< Revenue >

Ungermann-Bass - Raised the M/C for SQL Server from \$120,000 per year to \$260,000.

MIC - Received their 3Q M/C payment of \$202,500 and royalty reports for which they will be billed approximately another \$100,000.

THStyme - Received a wire transfer of their due on signing of \$10,000.

< New Business Signed >

<u>Account</u>	<u>Product</u>	<u>Comments</u>
THStyme	MS DOS v5.0, Windows v3.12 year deal worth \$4,150,000	
U-B	Embedded SQL server v4.2 increased yearly M/C to \$260,000	
U-B	Embedded LM v2.1	
U-B	Strategic Integrator Contract	

< New Business Pending >

<u>Account</u>	<u>Product</u>	<u>Royalty</u>	<u>Commit</u>	<u>Close</u>	<u>Chance</u>
MIC	Word	\$120	\$300,000	July	80%
MIC	Excel	\$120	\$300,000	July	80%

< News >

MIC will be using the RIR logo in their new PC Mag ads.

MIC sells a 486/33 DX, 130MB, 15ms hard drive, 4MB RAM, 64KB cache, 5.25" & 3.5" floppy, 1024 interlaced monitor and 1MB VGA system bundled with MS-DOS and Windows for \$1595!!! And they make 33% gross margin on that system. The price wars are here.

< Issues >

**** MICROSOFT SECRET ****
3 - ROMCA.DOC

MS-PCA 2604248

CONFIDENTIAL

Atari - Wants out of their MS-DOS and Windows contract. They are out of the PC business.

Northgate - On a payment plan for the 3Q royalty.

Everex - Requesting a payment plan for the 3Q royalty.

< Competition >

<u>Competitor</u>	<u>Account</u>	<u>Product</u>	<u>Comments</u>
-------------------	----------------	----------------	-----------------

< Accomplishments >

UB - The following amendments are in signature at UB:
Embedded LM 2.1.
Embedded SQL 4.2.
Promotional pricing for LM 2.1

Strategic Integrator Agreement signed by UB.

THStyme - MS-DOS and Windows license signed by customer.

Atari - Met with heads of engineering and obtained update on PC product plans.

Northgate - Using the RtR logo in PC Week and InfoWorld full page ads.

MIC - Collected the 3Q minimum commitment payment and royalty report.

< Laptop Watch >

None

< RISC Watch >

None

< Windows Watch >

<u>Account</u>	<u>% Penetration</u>	<u>% Pre-Installed</u>
----------------	----------------------	------------------------

DOS 5 Watch >

<u>Account</u>	<u># Systems Shipped</u>	<u>% MS-DOS 5</u>	<u>% Other</u>
----------------	--------------------------	-------------------	----------------

< Product Marketing Feedback >

**** MICROSOFT SECRET ****

4 - ROMCA.DOC

MS-PCA 2604249

CONFIDENTIAL

Product _____ Comments _____

< Customer Announcements >

< Account Activities >

< Quarter Goals >

Atari

- 1. Schedule a meeting with key players. Done
- 2. Qualify any new business opportunities. Done
- 3. Get them current on Royalty Reports 7/30/92
- 4. Get them current on payments 7/30/92
- 5. Research their sales channels, staff & plans. Done

Northgate

- 1. Schedule a Windows World/COMDEX meeting with key players. Done
- 2. Sign Ready to Run Logo License. Done
- 3. Amend contract to pre-install Windows v3.1. On-hold
- 4. Qualify any new business opportunities. Done
- 5. Meet key players "at the factory." Done
- 6. Evaluate contract commitments. Done
- 7. Research their sales channels, staff & plans. Done

PC Innovations

- 1. Meet owner/attend gala new store opening. Done
- 2. Qualify any new business opportunities. Done
- 3. Research their sales channels, staff & plans. Done

Tandem

- 1. Sell OnLine agreement. Done
- 2. Qualify any new business opportunities. Done
- 3. Research their sales channels, staff & plans. Done

THStyme

- 1. License MS-DOS v5 and Windows v3.1. Done
- 2. Qualify any new business opportunities. Done
- 3. Research their sales channels, staff & plans. Done

Ungermann-Bass

- 1. Resolve channel/packaged product issues. Done

- | | |
|---|---------|
| 2. Get on top of all open issues. | Done |
| 3. Summarize all new signed amendments. | Done |
| 4. Amend LM 2.1 license to deal with promotional pricing. | 7/30/92 |
| 5. Amend LM 2.1 license to add Netbind/Protman. | 7/30/92 |
| 6. Set up executive meeting with Ralph Ungermann. | Done |
| 7. Attend UB user's group meeting. | Done |
| 8. Research their sales channels, staff & plans. | Done |

< Monthly Goals >

< Month Just Passed >

<u>Goal</u>	<u>Target Date</u>	<u>Actual/Comments</u>
Atari		
Translation amendment	6/30/92	Contract being terminated
Catch up royalty reports	6/30/92	. . .
Northgate		
Sparta Presentation	6/30/92	Moved to July
PC Innovations		
Turnover meeting	6/19/92	Done
THStyme		
Sign DOS/Windows License	6/30/92	Done
Tandem		
NT opportunity on R4K	6/30/92	Moved to July
Investigate MCS opportunity	6/30/92	Done
UB		
MS presentation at User's Group	6/3/92	Done
Sign Netbind/Protman amend	6/30/92	In sig, close in July
Sign LMPRINT Source Amend	6/30/92	In Legal, close in July
Sign LM Promotional Upgrade	6/30/92	In sig, close in July
Sign LM and SQL embedded amend	6/30/92	In sig, close in July

< Next Month >

<u>Goal</u>	<u>Target Date</u>
Close one MIC apps deal	7/31/92

**** MICROSOFT SECRET ****
6 - ROMICA.DOC

MS-PCA 2604251

CONFIDENTIAL

MS sign-off on THStyme license	7/31/92
Close U-B amendments for:	7/31/92
Embedded SQL 4.2	
Embedded LM 2.1	
Promotional pricing	
Transition Everex from Ken Reeves	7/31/92

**** MICROSOFT SECRET ****
7 - ROMMCA.DOC

MS-PCA 2604252

CONFIDENTIAL