

12/14  
cc Dick Williams  
Dieter Giesbrecht  
for your info  
DGL

FAX  
TO: DICK WILLIAMS  
FROM: DIETER GIESBRECHT  
DATE: 14th December, 1989  
SUBJECT: Q1 Results And General Trend

Dick,

Please find attached a few charts giving you information about European Q1 FY90 results. These figures are based on the preliminary results.

The first two charts show you the MOVING ANNUAL TARGET, and you can see that we are just on track. All charts relate to our "Original FY90 Plan" and do not take into account your latest modification of bringing 750K\$ from Q3 forward to Q1 - (we have not had the time yet to modify our business plan with all the implications).

The revenue charts for EUROPE and SA are based on the fact that we booked through SA the 121K\$ Singapore contract and debooked 35K\$ retail revenue from FY89.

As you can see the CE business is well above plan even without Interquadro, and to keep up with it we need to increase the staffing level. A new plan for CE operation will be submitted to you during January '90.

NE's retail sales are picking up, we now have the right organisation in place to ensure achieving the FY90 target. We just need the new quality products. OEM business in NE is a major problem area. With the exception of HCR there are no large OEMs on our foreseeable prospect list. We are taking steps at this moment (hired Tony Speakman, a very encouraging sales man), to improve the situation. There are no real volume PC-suppliers in the UK except the obvious ones (IUN, Compec, Amstrad) which we can't win, but lots of smaller companies shipping 1000 to 5000 units per year, but can't and won't commit to a volume license agreement. We need to come up with a completely new type of business proposal for these companies. We are working on a packaged product proposal for them.

see table 1  
Agreement  
for the  
UK  
etc.  
etc.

We have the same situation as far as DR DOS is concerned in SE.

From the European trend charts you can see that the overall revenue trend is looking positive, also retail sales have been flat for about a year, whilst OEM sales are sharply increasing, and if this trend continues the European OEM revenue will be higher than the retail revenue.

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DGL's  
EXHIBIT NO. 558  
4/27/98  
LEE A. BURSTEN

MS-CCP-MDL 5014786

Plaintiff's Exhibit

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Comes V. Microsoft

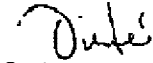
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However you will also see that the retail business in CE is still increasing, although not as fast as in the past. This is a clear indication that there will be a market for GEM based products for the foreseeable future.

I thought that this might be interesting information for you.

Regards.



Dieter

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