

October 19, 1992

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From: Tom Gemmell

Subj: New OEM Price Guideline for System Products

Attached is the new OEM Systems Price Guideline. Changes are summarized as follows.

The October 19 release is included.

- Examples: Attached to the back of the PGL is a worksheet to aid account managers prepare price quotes & commitment schedules. There are also 2 examples demonstrating how royalties were prepared for two fictitious OEMs. The examples and a matching Excel worksheet are all available on Wbaggins\ioemmktp\pricing.
- Upgrades: Page 3. Royalties for upgrades to MS-DOS 6.0, Windows 3.1 are outlined in Table A9.
- CPU Types: Page 2. Royalties for operating system products are broken out for only two CPU categories: 808X/80286 Entry Systems; and 80386+ Standard Systems.
- MS-DOS 6.0: Page 2. New pricing for MS-DOS 6.0. Tables A1 & A2 define the base royalty while the Utilities & Shell are defined in Table A4.
- MS-DOS 6.0 Utilities/Shell: Page 2. Utilities & Shell pricing is outlined in Table A4.
- Windows 3.1: Page 2. Tables A1 & A2 detail royalty changes.
- Windows NT: Pages 2 & 3. Table A2 defines new per-system royalties. Table A8 defines per-copy royalties.
- Windows Sound System: Page 2. New product pricing in Table A4.
- Other OS Products: Page 2. Most products in Tables A4, A6 & A8 changed as a function of MS-DOS prices.
- Incentives/Adders: Page 2. Across the board incentives & adder changes in Table A5.
- LAN Manager: Page 6. Per client pricing in Table N2.

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EXHIBIT
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Microsoft

Internal OEM Price Guideline for Systems Products

October 26, 1992

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Operating Systems

Each product added to a license requires a commitment. OEM must provide end-user support for all licensed products. All products shipped in the U.S. must include a Microsoft end-user registration card. Royalties published here are for the U.S. version. Unless published in Table A5, the uplift for localized versions of products are 15% higher than US version. Read notes before using price list.

808X & 80286 Entry-Range CPU's

Annual Commitment level for two-year, per-system US version licenses

Unit Commit (000):		<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A1	MS-DOS 6.0 1, 2, 3	27.00	24.50	23.00	21.00	18.50	16.50	17.00	16.50	15.75	15.50	15.25	15.00	14.75	14.50	14.25	14.00	13.50	
	MS-Windows 3.1 4, 5, 6	36.00	33.00	30.00	27.00	24.00	21.00	21.50	21.00	20.25	20.00	19.75	19.50	19.25	19.00	18.75	18.50	18.00	

80386+ Standard CPU's

A2	MS-DOS 6.0 1, 2, 3	31.00	28.00	26.00	24.00	22.00	20.00	19.50	19.00	18.50	18.25	17.75	17.25	17.00	16.75	16.50	16.25	16.00	15.50
	MS-Windows 3.1 4, 5, 6	40.00	37.00	34.00	31.00	29.00	28.50	28.00	27.50	27.00	26.50	26.00	25.00	24.50	24.00	23.50	23.00	22.50	22.00
	MS-Windows NT 7	48.00	42.00	36.50	31.00	26.50	23.50	22.00	21.50	21.00	20.75	20.25	19.75	19.25	18.75	18.50	18.25	18.00	17.50

Per-System Add-On Products (requires A1 or A2 licenses)

Annual Commitment level for two-year, per-system US version licenses

Unit Commit (000):		<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A4	Multimedia Pack for Windows 3.1	12.0	12.0	11.5	11.0	11.0	10.5	10.0	10.0	9.5	9.0	8.0	7.5	7.5	7.5	7.0	7.0	7.0	7.0
	MM Pack for Win for MM HW 16	14.5	14.0	13.5	13.0	12.5	12.0	11.5	11.0	10.5	10.0	9.5	9.0	9.0	9.0	9.0	9.0	9.0	9.0
	Windows For Workgroups 9.8	12.0	12.0	11.5	11.0	11.0	10.5	10.0	10.0	9.5	9.0	8.0	7.5	7.5	7.5	7.0	7.0	7.0	7.0
	MS-DOS WFW Client 9	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
	MS-DOS 6.0 Utilities & Shell 9,17	5.0	5.0	5.0	5.0	4.5	4.5	4.5	4.0	4.0	4.0	3.5	3.5	3.0	3.0	2.5	2.5	2.0	2.0
	Windows Sound System 10	20.0	19.5	19.0	18.5	18.0	17.5	17.0	16.0	15.5	15.0	14.0	13.0	12.5	12.0	11.5	11.5	11.5	11.0
	MS-Video for Windows	22.0	22.0	20.0	18.0	18.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0	16.0
	MS Pen Ext. w/ HW 11	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
	MS Pen Ext. w/ HW 11	14.0	13.0	12.0	11.0	11.0	10.0	10.0	10.0	9.0	8.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0
	Win 3.1 Font Pack 12	25.0	25.0	20.0	15.0	15.0	10.0	10.0	10.0	8.5	8.5	9.5	9.0	9.0	8.0	8.0	9.0	9.0	9.0
	MS-GNBasic	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	MS-DOS CD-ROM Extensions 13	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Pricing Incentives & Adders

Products:	MS-DOS	Win 3.1	WFW	Win NT	OS/2
A5 Pre-install on hard disk drive (subtract from royalty)	(\$1.00)	(\$1.00)	(\$1.50)	(\$2.00)	NA
3-year license agreement (subtract from royalty)	(\$0.50)	(\$0.50)	(\$0.50)	(\$1.00)	NA
Registration card incentive (subtract from royalty) 13	(\$0.50)	(\$0.50)	(\$0.50)	(\$0.50)	NA
Per-processor incentive (subtract from royalty)	(\$0.50)	(\$0.50)	(\$0.50)	(\$1.00)	NA
Add to 1-year license/extensions (add to royalty)	\$1.00	\$1.00	\$1.00	\$1.00	NA
Add to localized versions (add to royalty) 15	\$2.50	\$4.00	\$4.00	\$12.00	\$15.00

Per-System Products (without A1 or A2 licenses)

Annual Commitment level for two-year, per-system US version licenses

Unit Commit (000):	<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A8 Tablet Pcs Ext. (incl. HWY) ¹¹	17.0	16.0	15.0	14.0	14.0	13.0	13.0	12.0	12.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Flash File Sys v1 & v2	2.5	2.5	2.0	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5

Per Copy Products

All products are offered on a per-copy basis. See VP OEM for quotes.

Annual Commitment level for two-year US version licenses

Unit Commit (000):	<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A7 MS-Windows NT per copy ⁷	110	103	96	89	83	79	76	74	72	69	67	66	65	65	63	62	61	59
MS-DOS 6.0 per copy	70	70	60	50	50	40	40	35	35	30	30	30	30	30	30	30	30	30
MS-DOS 6.0 UI/Shell per copy ¹⁷	14	14	12	10	10	8	8	8	7	7	7	6	6	6	6	6	6	6
MS OS/2 1.21, 1.3, 2.0 per copy	73	73	67	61	61	51	51	51	48	48	48	46	46	46	46	46	46	46

Per-Copy Products (for use with licenses for MS-DOS & Windows in Table A1 & A2)

Annual Commitment level for two-year licenses

Unit Commit (000):	<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A8 MS OS/2 1.21, 1.3, 2.0 ¹⁴	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45	45

Operating System Upgrade Royalties

Upgrade royalties are only available for OEMs which the upgrade in minimum 100 unit order sizes (i.e. for >100 systems at a time). Separate minimum commitments are required for upgrades. The upgrade product the OEM ships requires modification to run only on that OEM's PCs. The OEMs upgrade deliverable will be manufactured by Authorized Replicators only. Upgrades are only for direct fulfillment from the OEM to end users and may not be fulfilled via distribution.

Annual Commitment level for two-year licenses

Unit Commit (000):	<10	10	25	50	75	100	150	200	250	300	400	500	600	700	800	900	1M	2M
A9 MS-DOS 6.0 Upgrade	40.0	39.0	37.0	35.0	34.0	33.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
MS-DOS 6.0 UI/Shell Upgrade ¹⁷	8.0	7.8	7.4	7.0	6.8	6.6	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Windows 3.1 Upgrade	NA	NA	NA	40.0	38.0	35.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

MS-DOS & OS/2 Source Code Fees

A10 MS-DOS Kernel	\$25K
MS-DOS Display and Keyboard	\$5K
MS-DOS Extended Memory	\$8K
MS-DOS Shell	\$50K
Flash File System Source Code	\$10K
OS/2 1.21 or 1.3 BIOS Source	\$25K
Update of BIOS Source 1.21 or 1.3	\$5K

Notes for "A" Tables

Note 1 The runnable version of MS-DOS is version 5.0 and is included with the standard MS-DOS license. It is the OEM's choice whether to ship a ROM-executable or RAM-executable version. Royalties for ROM royalty versions of MS-DOS versions 5.0 and 3.22 are the same as those listed in Tables A1 & A2 for disk media MS-DOS 6.0. For embedded system licensing (ROM DOS for non-PCs) consult with Rayks for pricing.

Note 2 For MS-DOS/V Kanji drivers, there is a \$4.00 special localized version charge in addition to the MS-DOS royalty. There are three licensing levels available depending on the extent of adaptation work required for the OEM's particular PC systems;

- A. ODK: OEM licenses the product & pays the \$4.00 localized version charge in addition to the MS-DOS 5.0 royalty. OEMs with AT compatible machines may be able to get by with this option. ODK contents are object code only.
- B. OAK: OEM licenses object code and /V Module source code (a \$30K deliverable) and pays the \$4.00 localized version charge in addition to the MS-DOS royalty. MS-DOS/V 5.0 /V Module source code fee is \$15,000 for OEMs that previously licensed MS-DOS/V 4.01 drivers source code for \$15,000.
- C. Source: OEM licenses MS-DOS kernel source code for \$25,000 (Table A10), object code deliverable and /V module source code for \$30,000 and pays the \$4.00 localized version charge in addition to the MS-DOS royalty. MS-DOS/V 5.0 object code fee is \$15,000 for OEMs that previously licensed MS-DOS/V 4.01 driver source code.
- Note 3 The MS-DOS OAK/ODK does not include MS-DOS mouse drivers MOUSE.SYS or MOUSE.COM. These are available to the OEM as part of the standard Mouse license. MS-DOS Mouse drivers cannot be licensed separately from the MS-Mouse/Ballpoint.
- Note 4 For the US only, Windows 3.1 can be licensed for resale in conjunction with hardware other than PC systems provided that the OEM's hardware interacts with Windows so as to provide "significant value or utility" to the user. "Significant value or utility" means that (1) the OEM hardware is the "primary" component of the Windows/hardware offering and (2) the hardware alone carries an SRP of at least twice the current SRP of Windows (i.e. \$300 at the current Windows SRP of \$150). The royalty for such licenses is a \$20 uplift from the applicable Windows royalty in Table A2. The OEM must commit to 25,000 or more units per year. Check with your area director to quote on this business.
- Note 5 The Windows 3.1 OAK/ODK includes the Windows 3.1 driver MOUSE.DRV, and not MS-DOS mouse drivers MOUSE.SYS or MOUSE.COM. MS-DOS Mouse drivers are only licensed as part of a MS-Mouse/Ballpoint contract.
- Note 6 The romable version of Windows 3.1 is included with the standard Windows license. The OEM may ship a ROM-executable or RAM-executable version at its applicable royalty from Tables A1 & A2. Technical adaptation support via MS-OnLine is highly recommended for OEMs designing WinROM based systems.
- Note 7 MS-Windows NT royalties are for the "base" operating system and do not include royalties for LAN Manager Server or multiprocessor royalties for systems with more than 2 CPUs.
- Note 8 Windows For Workgroups royalty is in addition to the Windows 3.1 royalty. OEM is required to preinstall WFW on a hard disk drive in order to avoid end-user setup problems. See V.P. OEM for exceptions.
- Note 9 MS-DOS client for Windows for Workgroups will be part of MS-DOS 6.0. The MS-DOS client for Windows for Workgroups royalty is waived (i.e. \$0.00) for OEMs that also have licensed the MS-DOS 6.0 from Table A1 or A2. MS-DOS client may only be distributed until MS-DOS 6.0 ships, at which time license for MS-DOS client terminates.
- Note 10 WSS royalties are per-system for PCs only; peripherals (i.e. non-MS sound cards) are excluded. Estimated OAK ship date is Oct 31, 1992. OEM shipments must include a flyer from Dragon Systems, the third party developer of VoicePilot. Dragon System flyers are available free of charge in English, French and German versions via Canyon Park or Ireland. The retail package ships with a sound library licensed from Network Music. As part of the Network Music license, OEMs shipping the sound library are required to include a Network Music flyer produced at the OEMs expense. System board implementations require driver work that MS will provide at no fee to licensees of >50K commitment or for a \$20,000 fee to for <100K commitments. Royalty discount of \$1.00 to build sound capability onto the system board in a way that does not require driver modification. See Table B4 for packaged product version pricing.
- Note 11 Licenses for Pen Extensions for distribution on tablets (non-PC's) are required to license MS handwriting recognizer for compatibility reasons. Tablets are peripheral devices (e.g. opaque tablet) such as a pen I/O system for use on desktop systems.
- Note 12 Windows Font Pack minimum per-system license quantity is 5,000. Any amounts lower should refer to Finished Good pricing in Table B4. Foreign language versions of the Font Pack should carry a royalty uplift of \$1.00.
- Note 13 MS-DOS CD-ROM Extension royalties are waived (i.e. \$0.00) for OEMs that include a MS registration card in with each PC system shipped with MS-DOS or Windows products that include the two following questions for consumers: 1) Do you have a CD-ROM drive as part of this system (either internal or external)? and 2) Are you interested in CD-ROM software products?
- Note 14 OS/2 per-copy royalty in this Table available only to per-system licenses for both Windows and MS-DOS. OS/2 per-copy royalties for other licenses is in Table A7. See V.P. OEM for OS/2 business.
- Note 15 The OEM must be qualified to support licensed product directly in every country where it is shipped. WFW localization uplift is applicable only if the OEM has not already paid the Windows uplift. I.E. only charge the OEM one uplift for WFW.
- Note 16 Multimedia Pack for Windows 3.1 for MultiMedia Hardware is for license with kits that contain either an audio card, a CD-ROM drive or both. These licensed products may be distributed by OEM as finished goods. The license restricts the OEM from sub-licensing the products for distribution with third party PC's (except with PC's of OEMs that have licensed Multimedia Pack for Windows 3.1.) CD-ROM drive and audio card must meet performance requirements of MPC specification. Advise Stevelli when quoting these products.
- Note 17 MS-DOS 6.0 Shell & Utilities is only available to MS-DOS 6.0 licensees.

MS-DOS 5.0 for Named Development Countries

Named development countries are People's Republic of China, Indonesia and the Soviet Union only. Licensing is for local manufacturers in their country of origin for local language versions of the product only, and for distribution in that country only and not for export. Licenses are for 1-year with 1-year extensions as mutually agreeable to MS & OEM. All other terms and conditions are standard and non-negotiable. Licenses are for a minimum commitment of 5,000 units.

Annual Commitment level for one-year licenses **5K**

B1	MS-DOS 5.0 per-system	\$9.00
	MS-DOS 5.0 per-processor	\$1.00

Packaged MS-DOS 5.0 (includes shell and QBasic interpreter)

Product Offering	Minimum purchase quantity	
	30-999	1,000-
B2 MS-DOS 5.0 US version	\$55	\$55
MS-DOS 5.0 Upgrade US version	\$51	\$51
MS-DOS 5.0 Spanish version	\$85	\$79
MS-DOS 5.0 Portuguese version	\$85	\$79
MS-DOS 5.0 Arabic version	\$85	\$79
MS-DOS 5.0 Hebrew version	\$85	\$79
MS-DOS 5.0 International English version	\$79	\$74
MS-DOS 5.0 French version	\$85	\$79
MS-DOS 5.0 German version	\$85	\$79
MS-DOS 5.0 Spanish version	\$85	\$79
MS-DOS 5.0 Russian version	\$85	\$79
MS-DOS 5.0 Italian version	\$85	\$79

Packaged Systems Products

Product Offering	Per Order Pricing	
	30-999	1,000-
B4 OS/2 1.2, US version	\$85	\$60
OS/2 1.2, German & French versions	\$80	\$54
Windows 3.1, US version	\$79	\$69
Windows 3.1, US version Pre-installed via "Ready-To-Run" (5)	\$67	\$63
Windows 3.1 Upgrade from 3.0 US version	\$45	\$45
Windows Font Pack, US version	\$40	\$40
Windows Sound System	\$145	\$145

Notes for "B" Tables

Note 1: Packaged product pricing is based on purchase quantity.

Note 2: German and Italian Packaged MS-DOS is shipped only out of GmbH & SpA warehouses, respectively. Spanish MS-DOS is shipped out of the US and SARL. Arabic and Hebrew MS-DOS are shipped only from Corporate. Russian MS-DOS is primarily shipped out of GmbH but stock is kept at Caryon Park for large contracts.

Note 3: MS-DOS 5 includes the QBasic interpreter. Versions prior to MS-DOS 5 include the GWBasic interpreter.

Note 4: Easy Distribution pricing and program detail is no longer in this price guide since fulfillment is through third party vendors. For U.S. licensing details, prices, terms and conditions please refer to the current distribution contract LE912800.001 available from Sherri Sanders (sherris). The program is being introduced in international, localized markets and is tailored to the particular requirements in each market. For details in your local country, contact your sales manager or area director.

Note 5: Requires Windows 3.1 pre-installation on hard-disk drives & compliance with the Windows Ready-to-Run Logo license.

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MS-Networks 1.1 for MS-DOS (Redirector)

(US version)	1K	3K	6K	25K	50K
N1 MS-DOS 4.01, 5.0 or 6.0 redirector (Net 1)	\$10	\$18	\$15	\$12	\$10

Note 1: Additional charge for localized versions is \$2.00.

Note 2: The MS-Net redirector is not licensed for use with LM Networks.

LAN Manager 2.1 (for OS/2)

LM 2.1 for OS/2 10 user server is the standard server for all new licenses. Read notes before using price list.

(US version)	\$750K	\$300K	\$1M	\$2M
N2 LAN Manager Server	\$450	\$350	\$300	\$270
LAN Manager Client (Windows, MS-DOS or OS/2)	\$15	\$12	\$10	\$8
TCP/IP Utilities 1-year (B)	\$40	\$36	\$32	\$28
MAC Connectivity/Server	\$185	\$144	\$124	\$111
Remote Access Services (B)	\$344	\$258	\$230	\$207

Notes for "N1 & N2" Tables

Note 1: A standard OEM license for LAN Manager allows the OEM to distribute two LAN Manager products. (1) LM Server, and (2) LAN Manager Clients.

Note 2: LAN Manager 2.1 commitment is a dollar (and not a system) commitment to the product. The actual systems shipped will vary according to the OEMs mix between the above LAN Manager products.

Note 3: There is no limit to the number of clients that can be connected on the network; the limitation extends to the number of copies of client software users have licensed.

Note 4: The OEM's royalty fee for selling an update from Version 1.0 to Version 2.0, or V.2.0 to V2.1 is 50% of the LM 2.0 server royalty for an equal or greater capacity network.

Note 5: LM 2.1 includes the "Server OS/2" code within the OAK, though the OEM must pay a separate OS/2 royalty to ship it under their OS/2 license. Note that this is licensed for server use only and cannot be used to support OS/2 clients.

Note 6: Royalties for all localized products are 15% higher than US version counterpart shown here.

Note 7: Source licensing is discouraged. Work with VP OEM to develop pricing if necessary.

Note 8: TCP/IP ships in object code form and is available for MS-DOS clients, and OS/2 clients and servers. Refer inquiries to license source code to V.P. OEM. TCP/IP Utilities includes BSD 4.3 socket interface. Utilities for the BSD 4.3 socket interface are BAPI, telnet, FTP, RSH, RCP, VT100 and TTY terminal emulation. See your area director to develop source code pricing if necessary.

Note 9: Maximum concurrent RAS users is 16 per server due to Netbios limitations.

Note 10: No minimum commitments in addition to the LM dollar commitment are due for TCP/IP Utilities, MAC Connectivity and Remote Access Services.

Note 11: OEMs are eligible for a 25% discount off their current royalty for sales made into education markets. These sales must be documented in royalty reports. This is for US distribution only.

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SQL Server

Each product added to a license requires a commitment. Read notes before using price list.

(US versions)	Annual \$\$ Commitment for two-year license			
	\$250K	\$500K	\$1M	\$2M
N4 SQL Entry Server 4.2X (10 user ver.)	\$753	\$632	\$527	\$452
SQL Unlimited Server 4.2X	\$1,101	\$951	\$801	\$700
Upgrade to Unlimited Server 4.2X	\$774	\$664	\$550	\$462

Comm Server & Comm Workstation

Each product added to a license requires a commitment. Read notes before using price list.

(US versions)	Annual \$\$ Commitment for two-year license			
	\$250K	\$500K	\$1M	\$2M
N5 Comm Server 1.1 (2-10 users)	\$340	\$290	\$250	\$230
Comm Server 1.1 (2-32 users)	\$1,100	\$950	\$800	\$700
Comm Server 1.1 (2-64 users)	\$1,600	\$1,350	\$1,100	\$900
Comm Workstation 1.1	\$400	\$300	\$300	\$270

Notes for "N4 & N5" Tables

- Note 1: Upgrading between network capacity products requires payment of 110% of the difference in price.
- Note 2: Commitment to Comm Server = Workstation commitment + Server Version commitment. Example: \$250K Workstation level commitment and \$500K server level commitment. Min Commitment = \$250K + \$500K = \$750K. This example OEM pays Comm Workstation royalties at \$100, 2-10 User at \$290, 2-32 User at \$950, and Unlimited User at \$1,350.
- Note 3: Comm Server and the Comm Workstation products require separate Exhibit C1.
- Note 4: Royalties for localized versions of products are 15% higher than US version counterpart shown here unless the localized product uplift or localized version royalty is specified elsewhere in the price guideline.
- Note 5: Contact Matt Ragen (mragen) for situations where an OEM wants to sell Comm Server on hardware other than their own.

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LAN Manager for Unix Server

Each product added to a license requires a commitment. Standard platform for allowing MS-DOS and OS/2 workstations to communicate with non-OS/2 servers.

(US version)	\$250K	\$500K	\$1M	\$2M
NT				
Intel Based PC Systems				
Base Server (includes 5 free users)	\$225	\$175	\$150	\$135
10 User Pack	\$225	\$175	\$150	\$135
Upgrade to Unlimited	\$770	\$700	\$675	\$640
LM Unlimited Server	\$895	\$775	\$725	\$675
RISC Based Workstations				
Base Server (includes 5 free users)	\$225	\$175	\$150	\$135
10 User Pack	\$225	\$175	\$150	\$135
Upgrade to Unlimited	\$870	\$800	\$775	\$740
LM Unlimited Server	\$895	\$875	\$825	\$775
Mini Computers (VAX, AS/400 etc.)				
Base Server (includes 10 free users)	\$450	\$350	\$300	\$270
15 User Pack	\$340	\$265	\$225	\$200
Upgrade to Unlimited	\$1,120	\$895	\$775	\$700
LM Unlimited Server	\$1,260	\$1,060	\$900	\$800
Mainframes (IBMI 9370, 3090, etc.)				
Base Server (includes 25 free users)	\$565	\$440	\$375	\$340
25 User Pack	\$565	\$440	\$375	\$340
LM Unlimited Server	\$2,260	\$1,760	\$1,500	\$1,360

Source Code Fees	Additional Platforms			
	Rights to use (3 CPUs)	Additional CPU	Rights to 3 CPUs	Additional Copies
NE if not current licensee of LM for UNIX 1.1	\$100,000	\$1,500	\$50,000	\$2,500
X current licensee of LM for UNIX 1.1	\$75,000	\$2,500	\$50,000	\$2,500

Note 1: Licenses for the 10-User Pack and Upgrade to Unlimited require a license for the Base Server.

Note 2: Royalties for localized versions of products are 15% higher than US version counterpart shown here unless the localized product uplift or localized version royalty is specified elsewhere in the price guideline.

Expanded Marketing Rights for Network Products

For a royalty premium, OEMs may be authorized to distribute the licensed network products below in conjunction with their proprietary value-add software onto hardware their customer may have purchased from another vendor. The idea is to provide a method for OEMs with full-service sales and support organizations to be able to service large corporate customers with Microsoft network products. The value-add software must be of greater value than the Microsoft software sold along with it. Again, this is only available to the OEM's direct sales forces and not to down-stream distribution such as VARs and Distributors. Any such deal needs to be discussed with VP OEM prior to the offering.

Product Offering	Royalty Premium
NE OS/2	\$15.00
LAN Manager	50%
SQZ Server	60%

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MS Printer Description Languages (PDL)

Each product added to a license requires a commitment. Read notes before using price list.

Annual Commitment level for two-year contracts

Product Offering	1.5K+
PI TrueImage PDL (for printers up to 600 DPI) (1,2,3)	\$25

Note 1: License includes access to 35 Roman outline fonts.

Note 2: For printers capable of resolution in excess of 600DPI, contact regional OEM director for quotes.

Note 3: TrueImage PDL source Code Fees (Roman Version): \$95,000. Source code purchase includes 35 Roman outline fonts, design documentation, and source code media.

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US OEM Mouse/Ballpoint "Pack" Pricing

Pack licensing provides smaller OEM's quantity pricing of retail MS product and frees them from the overhead of manufacturing. Each "Pack license" shipment includes Mice/Ballpoints, retail software diskettes and generic documentation from MS in bulk packs. Each pack contains 50 mice or 25 disks, requires no minimum commitment purchase volume. Microsoft provides end-user support for software only.

H1	Product	Part Number	Units per Pack	Pack	Unit
				Price	Price
	200 PPI 9 Pin Serial Mouse (1,2)	24384	50	\$2,250	\$45.00
	200 PPI PS/2 Mouse	31860	50	\$2,250	\$45.00
	400 PPI PS/2/Serial Mouse (1,2)	07825	50	\$2,500	\$50.00
	400 PPI Bus Mouse (3)	05686	50	\$2,250	\$45.00
	Bus Mouse Card (3)	135-099-106	50	\$1,025	\$20.50
	400 PPI Serial/PS/2 BallPoint including hardware (1,2,3)	18678	50	\$3,750	\$75.00
	Mouse Driver 3.5" 25-Pack (4)	134-495-801	25	\$12.50	\$4.50
	Mouse Driver 5.25" 25-Pack (4)	134-499-801	25	\$62.50	\$2.50
	BallPoint Driver 3.5" 25-Pack (4)	197-495-801	25	\$12.50	\$4.50
	BallPoint Driver 5.25" 25-Pack (4)	197-499-801	25	\$2.50	\$2.50
	9-25 Pin Serial Adapter (2)	05665	1	N/A	\$3.50
	PS/2 Adapter (1)	25528	1	N/A	\$4.50
	BallPoint Case	23631	1	N/A	\$1.75
	BallPoint Cable Extension	24072	1	N/A	\$11.25
	V.8.2 Mouse Manual (4)	28652	1	N/A	\$2.00
	V.8.2 BallPoint Manual (4)	26664	1	N/A	\$2.00
	Mouse Clam Shell	20949	1	N/A	\$1.00
	BallPoint Clam Shell	13337	1	N/A	\$1.50

Notes for Table H1 Pricing

1. These devices with the PS/2/Serial Combination interface come standard with a serial 9 pin connector but can be converted to work as a PS/2 device by plugging the 25528 PS/2 Adapter at the end of its cable. The 25528 PS/2 adapter will not convert the 02807 serial mouse to be compatible with the PS/2 port.
2. These devices come equipped with a 9 pin (DB9) connector. If the host PC's Serial Port has a 25 pin connector, the 05685 9-25 pin adapter must be used.
3. The Bus mouse 05686 requires the use of the Bus Mouse Card 135-099-106 installed in the host PC.
4. Pack customers are required to purchase enough software diskettes and manuals for each mouse purchased.
5. Hardware includes tilt mechanism, universal clamp with #2 clamp arms.
6. All Mice and BallPoints are sold in bulk packages containing 50 mice each.

International OEM Mouse/Ballpoint "Pack" Licensing

Contact Beth Featherstone (bethfe) and Subsidiary General Manager or Area VP.

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US OEM Mouse/Ballpoint "Bulk" Licensing

The Bulk OEM Business provides bulk shipment of Mice, Ballpoints along with master copies of the driver and on-line documentation. This master copy of the software and documentation can be re-produced by the OEM for delivery to their customer or in the case of software, pre-install it on hard drives. Bulk licenses are for US distribution only, require minimum volume commitments with 6-month rolling forecasts. Orders are for minimum 500 unit quantities and require a 120 day lead time. OEM provides end-user support.

Annual Commitment Volume

H2	Product	Part Number	2K	5K	10K	20K	50K	100K
	400 PPI 8 Pin Serial Mouse (1,2)	24354	\$34.25	\$23.50	\$21.75	\$19.50	\$18.50	\$17.00
	400 PPI PS/2 Mouse	31660	\$36.50	\$28.00	\$25.50	\$23.50	\$21.50	\$20.25
	400 PPI SerialPS/2 Mouse (1,2)	07685	\$39.00	\$28.00	\$25.50	\$23.50	\$21.50	\$20.25
	400 PPI Bus Mouse (3)	05686	\$33.80	\$22.75	\$20.75	\$19.00	\$17.50	\$16.50
	Bus Mouse Card (3)	135-099-106	\$19.5	\$18.50	\$16.75	\$15.50	\$14.25	\$13.25
	400 PPI SerialPS/2 BallPoint w/ HW (1,2,5)	10678	\$71.75	\$68.50	\$52.25	\$47.00	\$42.75	\$49.00
	400 PPI SerialPS/2 BallPoint w/HW (1,2,4)	24556	N/A	\$52.75	\$48.25	\$47.50	\$44.50	\$41.25
	400 PPI PS/2 BallPoint with SW (4)	32046	N/A	\$51.50	47.00	\$45.50	\$42.50	\$39.00
	9-25 pin Serial Adapter (2)	05685	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50	\$3.50
	PS/2 Adapter (1)	25528	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50	\$4.50
	Mouse Clamshell	20949	N/A	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
	BallPoint Clamshell	13337	N/A	\$1.50	\$1.50	\$1.50	\$1.50	\$1.50
	BallPoint Case	23831	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75	\$3.75
	BallPoint Extension Cable	21072	\$11.25	\$11.25	\$11.25	\$11.25	\$11.25	\$11.25

Notes for Table H2

1. These devices with the PS/2/Serial Combination interface come standard with a serial 9 pin connector but can be converted to work as a PS/2 device by plugging the 25528 PS/2 Adapter at the end of its cable. The 25528 PS/2 adapter will not convert the 02807 serial mouse to be compatible with the PS/2 port.
2. These devices come equipped with a 9 pin (DB9) connector. If the host PC's Serial Port has a 25 pin connector, the 05685 9-25 pin adapter must be used.
3. The Bus mouse 05686 requires the use of the Bus Mouse Card 135-099-106 installed in the host PC.
4. BallPoints without Universal Clamps are design for use with Custom Clips and the BallPoint Docking Port. These mounting techniques must be designed for the particular machine the BallPoint is expected to work with. For more details on the Custom Clip or Docking Port, please contact the OEM Product Manager.
5. Hardware includes tilt mechanism, universal clamp with #2 clamp arms.
6. All Mice and BallPoints are sold in bulk packages containing 50 mice each.

International OEM Mouse/Ballpoint "Bulk" Licensing

Contact Beth Featherstone (bethfc) and Subsidiary General Manager or Area VP.

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Systems PGL Addendum

Definitions

- Per Processor Means "all shipments of a particular type of Intel CPU" (e.g. all 80386sl, 80486sx). For example, if we sign a Windows 3.1 license for an OEM's 80486dx systems, the OEM will qualify for the \$0.50 royalty incentive deduction for per-processor licenses. Note: for per-processor licenses, CPU types include all speed (MHz) variations of the particular processor(s). If certain processor speed variations are excluded in the license then it will be a per-system license.
- Per System Means all units of a particular model line and/or of a particular subset that the customer ships (e.g. all units of Compaq's Deskpro) and/or a particular subset of a given processor type (e.g. 33MHz 486DX).
- Per Copy A license where a royalty is paid to MS whenever a copy or unit of the licensed MS product ships. The OEM is permitted to ship the licensed product only in conjunction with a PC system or defined hardware product.

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Systems Pricing Worksheet

Following the steps below to prepare a quotation for your OEM. Two examples are attached demonstrate the process in action. There is also a matching spreadsheet that you can use to prepare quotations for your account. It is located on \\baggins\oem\mktg\pricing\lam-wksh1.xls.

STEP 1: Determine the Volume Commitment for Each Product

Enter the number of units of each product the OEM expects to ship, or is willing to commit to shipping.

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286								
80386+								
Total								

STEP 2: Determine the Base Royalty for Each Product

Enter base royalties (before adjustments).

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$	\$	\$	\$	\$	\$	\$	\$
80386+	\$	\$	\$	\$	\$	\$	\$	\$

STEP 3: Adjust the Base Royalties With Incentives & Adders

Referencing Table A5 in the price guide, enter the appropriate adjustments.

CPU	Yes / No	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
Pre-install?		(\$1.00)		(\$1.00)	(\$1.50)	(\$2.00)			
3-year license?		(\$0.50)		(\$0.50)	(\$0.50)	(\$1.00)			
Reg. card?		(\$0.50)		(\$0.50)	(\$0.50)	(\$0.50)			
Per-proc. lic?		(\$0.50)		(\$0.50)	(\$0.50)	(\$1.00)			
Lic. extension?		\$1.00		\$1.00	\$1.00	\$1.00			
Localized version?		\$2.50		\$4.00	\$4.00	\$12.00			
Net Adjustment		\$	\$	\$	\$	\$			

Apply the "Net Adjustment" from the table immediately above against the base royalties from Step 2.

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$	\$	\$	\$	\$	\$	\$	\$
80386+	\$	\$	\$	\$	\$	\$	\$	\$

STEP 4: Determine the Commitment for Each Product

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$	\$	\$	\$	\$	\$	\$	\$
80386+	\$	\$	\$	\$	\$	\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$	\$

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EXAMPLE 1

This OEM ships 150K systems per year with product commitments as shown in Step 1. They license on a per-system basis, pre-install the products on hard disk drives and include registration cards with every unit that ships.

Input fields are in BLUE.

Output numbers are in GREEN.

STEP 1: Determine the Volume Commitment for Each Product

CPU	MS-DOS	UNIX/Shell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	50,000	50,000	0	0	0	0	0	0
80386+	100,000	100,000	80,000	10,000	1,000	0	0	0
Total	150,000	150,000	80,000	10,000	1,000	0	0	0

STEP 2: Determine the Base Royalty for Each Product

Base Royalty (before adjustments)

CPU	MS-DOS	UNIX/Shell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$22.00	\$4.50	\$0.00			\$0.00	\$0.00	\$0.00
80386+	\$25.00	\$4.50	\$29.00	\$12.00	\$88.00	\$3.00	\$3.00	\$0.00

STEP 3: Adjust the Base Royalties With Incentives & Adders

CPU	Yes/No	MS-DOS	UNIX/Shell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
Pre-install?	yes	(\$1.00)		(\$1.00)	(\$1.50)	(\$2.00)			
3-year license?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Reg. card?	yes	(\$0.50)		(\$0.50)	(\$0.50)	(\$0.50)			
Per-proc. lic?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Lic. extension?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Localized version?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Net Adjustment		(\$1.50)		(\$1.50)	(\$2.00)	(\$2.50)			

Adjusted Royalties

CPU	MS-DOS	UNIX/Shell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$20.50	\$4.50	\$0.00			\$0.00	\$0.00	\$0.00
80386+	\$23.50	\$4.50	\$27.50	\$10.00	\$85.50	\$0.00	\$3.00	\$0.00

STEP 4: Determine the Commitment for Each Product (expressed in thousands)

CPU	MS-DOS	UNIX/Shell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
808x & 80286	\$1,025	\$225	\$0			\$0	\$0	\$0
80386+	\$2,350	\$450	\$2,200	\$100	\$85	\$0	\$3	\$0
Total	\$3,375	\$675	\$2,200	\$100	\$85	\$0	\$3	\$0

EXAMPLE 2

The OEM ships 75K systems per year with product commitments as shown in Step 1. This is a 3-year, per-processor license with pre-installation hard disk drives and registration cards shipped with every unit.

Input fields are in BLUE.

Output numbers are in GREEN.

STEP 1: Determine the Volume Commitment for Each Product

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
80286 & 80285	15,000	15,000	0	0	0	0	0	0
80386+	60,000	60,000	48,000	0	0	0	0	0
Total	75,000	75,000	48,000	0	0	0	0	0

STEP 2: Determine the Base Royalty for Each Product

Base Royalty (before adjustments)

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
80286 & 80285	\$24.00	\$4.50	\$0.00			\$0.00	\$0.00	\$0.00
80386+	\$27.00	\$4.50	\$31.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

STEP 3: Adjust the Base Royalties With Incentives & Adders

CPU	Yes/No	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
Pre-install?	yes	(\$1.00)		(\$1.00)	(\$1.50)	(\$2.00)			
3-year license?	yes	(\$0.50)		(\$0.50)	(\$0.50)	(\$1.00)			
Reg. card?	yes	(\$0.50)		(\$0.50)	(\$0.50)	(\$0.50)			
Per-proc. lic?	yes	(\$0.50)		(\$0.50)	(\$0.50)	(\$1.00)			
Lic. extension?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Localized version?	no	\$0.00		\$0.00	\$0.00	\$0.00			
Net Adjustment		(\$2.50)		(\$2.50)	(\$3.00)	(\$4.50)			

Adjusted Royalties

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
80286 & 80285	\$21.50	\$4.50	\$0.00			\$0.00	\$0.00	\$0.00
80386+	\$24.50	\$4.50	\$25.50	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

STEP 4: Determine the Commitment for Each Product (expressed in thousands)

CPU	MS-DOS	UnixShell	Windows	WFW	Win NT	Other 1	Other 2	Other 3
80286 & 80285	\$323	\$58	\$0			\$0	\$0	\$0
80386+	\$1,470	\$270	\$1,368	\$0	\$0	\$0	\$0	\$0
Total	\$1,793	\$328	\$1,368	\$0	\$0	\$0	\$0	\$0