

Compaq and Microsoft  
FrontLine Partnership Plan for January 97- June 97  
Memo of Understanding

This document represents the intent of both parties but does not create legal obligations on behalf of either party except for those of non-disclosure.

This document is an update to the previous Memo of Understanding for July 96 - June 97.

1. January - June 97 FLP Funding Plan

Jan - June 97	units	\$
<i>Funds Available</i>		
Regular FLP (@0.50 per system with MS client)	2,984,946	\$1,492,473
JK Funds (@0.50/win95 pre-install) (see note 1)	2,686,451	\$1,343,226
Total FLP funds Available (see note 1)		\$3,321,699
<i>Overhead</i>		
MS program manager, salary, benefits, T&E		\$112,500
General Reserve/Tools		\$423,000
OEM Technical Account Manager		\$150,000
Premier Support		\$50,000
subtotal Overhead		\$710,500
<i>Funds available for allocation January - June 97</i>		\$2,611,199

Note 1: JK funds for 1H97 are approved and included in these calculations.

2. Rollover from 1996

Microsoft will provide a statement of actuals vs. Budget for the period Jan - Dec. 1996. Unused funds will be rolled over to this period and added to the "General Reserve/Tools" line.

3. OEM Technical Account Manager

Compaq approves the expenditure of \$150,000 for an OEM technical account manager for the Compaq account. The OEM technical account manager will be fully dedicated to the Compaq account. The OTAM expenditure is detailed in the previous Memo of Understanding and reflects no change to funding allocation.

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4. January 1997 - June 1997 FLP Marketing Plan

Compaq and Microsoft agree to the attached marketing plan for January - June 1997.

5. General Reserve/Tools

Expenditures against the General Reserve/Tools category will be approved in writing by the worldwide FLP managers for both companies.

6. Reporting

Microsoft will provide Compaq with a statement of actuals vs. Budget after each half-year. Unused funding will be rolled to the next period.

7. Target Solutions

Compaq and MS agree that the FrontLine Partnership will promote only those Compaq solutions that include a pre-installed Microsoft operating system. Exceptions to this include Windows NT Workstation and NT Server.

8. Internet LOU

Compaq and Microsoft have a Letter of Understanding dated May 10, 1996 describing actions to be taken by each company to jointly market internet/intranet solutions.

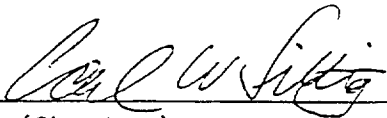
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9. Research on ROI and 1998 Planning

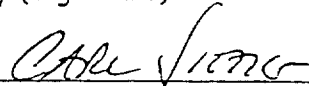
Compaq and Microsoft will arrange to fund a mutually agreed upon independent contractor for the purpose of quantifying FLP Program success. Research findings will be instrumental in negotiations of FLP structure beyond April 1998. Compaq and Microsoft recognize that the current FLP Contract expires in April 1998. The companies agree to begin planning in May 1997 for the definition of a mutually beneficial FLP Marketing program to ensure continued success.

This Memo of Understanding shall only be effective if signed by Compaq and returned to Microsoft by December 9, 1996.

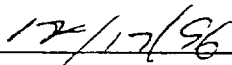
MICROSOFT CORPORATION



By (Signature)

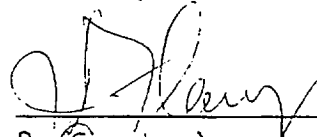


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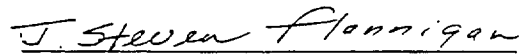


Date

COMPAQ COMPUTER CORPORATION



By (Signature)



Name (Printed)



Date

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# **COMPAQ & Microsoft**

## **Frontline Partnership**

### **REGIONAL MARKETING PROPOSAL**

*Jan 97 - June 97*

- Key Program Goals**
1. Reduce the selling cycle for customer hardware/software purchases: Increase visibility of the MS/Compaq relationship and a clear positioning of the joint platform as a proven, viable solution fully endorsed, promoted and supported by both companies.
  2. Optimize MS and Compaq technology to deliver innovative solutions to customers and advance the state of the industry
  3. Reduce costs associated with supporting end users of MS Software and Compaq hardware platforms.

- Key 1996 Accomplishments**
1. Delivered 10+ joint enterprise world-wide success stories.
  2. Delivered 3 joint Internet/Intranet ads. (JPN, GER, FRN)
  3. Delivered 3 joint small business promotions. (NA, UK, FRN)
  4. Delivered 2 joint consumer promotions. (NA, FRN)

- Key Jan - June Goals**
1. Deliver 3 joint enterprise success stories to Houston/Redmond by 25 May 1997.
  2. Deliver 3 joint Internet/Intranet ads by December 1997.
  3. Deliver 3 joint small business promotions by December 1997.
  4. Deliver 3 joint consumer promotions by December 1997.
  5. Implement Internet Tracking Tool
  6. Contract Independent Researcher to define quantitative FLP ROI and initiate improvements to measurement capabilities

**Initiative Focus**

<i>Initiative</i>	<i>Includes</i>	<i>Target Percentage</i>
1. Corporate/Lower Cost of Ownership	NTS, NTW, MS-Office, Intranet, Internet Compaq commercial products (desktops, servers, portables)	65%
2. Small Business	Win95, NTW4.0, DAD, Internet Compaq small business products	25%
3. Home	Win95, MS Multimedia applications, Internet Compaq consumer products (Presarios)	10%

Note: The target percentages that have been assigned to each initiative are recommendations intended to guide planning in the geographies/regions. It is expected that all proposed marketing activities will be related to one of these initiatives.

**Allocations**

<b>Geography (Region)</b>	<b>Jan. 97- June 97 Allocation</b>
North America	\$1,045,000
US Retail (consumer)	\$90,000
EMEA	\$1,101,199
APD	\$150,000 (\$97.5 south, \$52.5 north)
Japan	\$150,000
Latin America	\$75,000

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Process

STEP 1:

1. Corporate communicates FLP Implement and respective budgets to GEOs.

STEP 2:

1. GEO Contact sets up a meeting with the Compaq/Microsoft regional team.
2. Jointly divide total regional allocation up to country (or region in the U.S.).
3. GEO Contact request joint marketing plans for marketing fund allocation amounts from local FLP marketing managers and roll up into one regional summary document.
4. GEO Contacts submit summary document (see attached) to Wendy Schumer with Compaq in Houston and Tamara Lufkin with Microsoft for review and approval. Summary document plans need to be submitted to corporate by geographies/regions no later than Friday, January 24<sup>th</sup>.
5. Wendy Schumer (Compaq) and Tamara Lufkin (MS) will coordinate review of summary plans.
6. Funding may be re-allocated after January 24<sup>th</sup>. Only programs that have received written approval as part of the Geography/Regional plan are eligible for reimbursement.
7. No other programs will be reimbursed without prior written approval from Tamara Lufkin (MS) and Wendy Schumer (Compaq).

STEP 3:

8. GEOs Implement marketing programs.

STEP 4:

9. Regional Managers obtain joint activity summary document and sample marketing materials from local FLP marketing managers.
10. Submit quarterly to Wendy Schumer at Compaq and Tamara Lufkin at Microsoft a roll up of summary activity documents and sample marketing materials
11. Regional Managers are required to present marketing summaries and future plans at the close of each 6 month period.

FLP Contacts

*Compaq*

WW Manager: Wendy Schumer

North America: Joe Sparks

US Retail: Joy Squier

EMEA: Stephen Lyle

Latin America: Xavier Caro

APD: Soo Pine Ho

CKK: Hirofumi Haneda

*Microsoft*

WW Manager: Tamara Lufkin

NA: Sue Weston /John Hand (ECU)

Tamara Lufkin (Retail - acting)

Karen Russell (European OEM)

Jaime Niera (LATAM OEM)

Siew Hong Thomas (APAC OCU)

Steve Wilson (FE Marketing)

MSKK: Toshimi Hino (Japan OEM)

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## Geography / Regional Summary

Region Name:

Regional Goals

- 1.
- 2.
- 3.

Competitive Displacement Goals

- 1.
- 2.
- 3.

### Summary of Proposed Marketing Programs

*Please attach an Individual Marketing Proposal for each Proposed Activity*

	Program Funding	Program Funding by Initiative		
		<i>Corporate</i>	<i>Small Business</i>	<i>Home</i>
Country #1 (or US District)				
Marketing program name #1				
Marketing program name #2				
Marketing program name #3				
subtotal funding for country #1				
Country #2				
Marketing program name #1				
Marketing program name #2				
subtotal funding for country #2				
Country #3				
...				
Total funding for geography				
Target funding by initiative				
Number of activities by initiative				

(FORM TO BE REVISED)

## Individual Marketing Proposals

One proposal must be included for each proposed activity

Country Name:	
Activity Name:	
Activity Date:	
Activity Location: Activity Format:	
TARGET ROI:	<i>Based on the measurement criteria, what is the target return investment for this event/ program?</i>

CPQ Lead	
Name	
Tel	

MS Lead	
Name	
Tel	

FLP Initiative Focus:		
Corporate %	Small Business %	Home %

### Objectives:

1. *First Objective*
2. *Second Objective*
3. *Third Objective*

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# COMPAQ & Microsoft

## The FrontLine Partnership

Request for Resources January - June 1997

Individual Planning Form

PROGRAM NAME:	
TITLE OF ACTIVITY:	
Country:	
Date/Location of Activity:	
Compaq Lead <i>(include phone/fax/email)</i>	
Microsoft Lead <i>(include phone/fax/email)</i>	

### Objectives:

- 1.
- 2.

### MS Initiative Focus:

<input type="checkbox"/> Win32 Desktop & Server	<input type="checkbox"/> Internet/Intranet	<input type="checkbox"/> SQL Server	<input type="checkbox"/> DAD	<input type="checkbox"/> Other (Specify)
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### MS Account Target

<input type="checkbox"/> Strategic	<input type="checkbox"/> Named	<input type="checkbox"/> Business Development	<input type="checkbox"/> High End Medium
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### Compaq Focus

<input type="checkbox"/> ECG	<input type="checkbox"/> Desktops	<input type="checkbox"/> Portables	<input type="checkbox"/> System Manageability/Internetworking	<input type="checkbox"/> Other - (Specify)
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### Compaq Account Target

<input type="checkbox"/> Reference	<input type="checkbox"/> Named	<input type="checkbox"/> New	<input type="checkbox"/> Consumer	<input type="checkbox"/> High End Medium
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### I. Program Overview:

### II. FLP Exposure:

### III. Implementation:

### IV. Measurement: *(How will you measure the effectiveness of this activity?)*



**V. Activity Type:** (check all that apply)

- |   |                                       |                                      |
|---|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Training       | <input type="checkbox"/> Tradeshow    | <input type="checkbox"/> Press Tour  |
| <input type="checkbox"/> Regional Event | <input type="checkbox"/> Launch Event | <input type="checkbox"/> Seminar     |
| <input type="checkbox"/> National Event | <input type="checkbox"/> Kiosk        | <input type="checkbox"/> Advertising |

**Channel:** (check all that apply)

- |                                |  |   |
|--------------------------------|--|---|
| <input type="checkbox"/> LORG  | <input type="checkbox"/> Solution Provider | <input type="checkbox"/> Government     |
| <input type="checkbox"/> SMORG | <input type="checkbox"/> Education         | <input type="checkbox"/> Reseller/Dist. |

**Target Audience:** (check all that apply)

- |                                      |                                     |                                      |
|--------------------------------------|-------------------------------------|--------------------------------------|
| <input type="checkbox"/> IS Managers | <input type="checkbox"/> Sellers    | <input type="checkbox"/> User Groups |
| <input type="checkbox"/> End Users   | <input type="checkbox"/> Supporters | <input type="checkbox"/> Planner     |

**Audience Goal:**

- |                                   |                                    |  |
|-----------------------------------|------------------------------------|--|
| <input type="checkbox"/> 1-20     | <input type="checkbox"/> 101 - 300 | <input type="checkbox"/> 1,001 - 2,500 |
| <input type="checkbox"/> 21-50    | <input type="checkbox"/> 301 - 600 | <input type="checkbox"/> 2,500 - 3,000 |
| <input type="checkbox"/> 51 - 100 | <input type="checkbox"/> 601-1,000 | <input type="checkbox"/> 3,500 +       |

**Media:**

- |                                      |                                      |
|--------------------------------------|--------------------------------------|
| <input type="checkbox"/> Direct Mail | <input type="checkbox"/> Calldowns   |
| <input type="checkbox"/> Invitations | <input type="checkbox"/> Advertising |

**VI. Key Messages:**

**VII. Estimated Overall Budget:**

**VIII. Forecasted Incremental Revenue:**

**IX. Resources Requested:**

**X. Feedback and Recommendations:**

**XI. Overall Value Rating**

*Taking all aspects of the program into consideration, provide a rating for the following (ask your account for their rating):*

	Not at all Valuable	Very Neutral	Somewhat Valuable	Extremely Valuable
1. Overall, how do you rate the value of the program to your account:	1	2	3	4
2. How do you rate the value of the program to Microsoft:	1	2	3	4
3. How does your account rate the value of the program to themselves:	1	2	3	4
4. How does your account rate the value of the program to Microsoft:	1	2	3	4
5. Should this program be offered again in the future:	1	2	3	4

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