

Microsoft Summary



Summary of Royalties

Product	Current	Effective Aug. 1, 1996	Effective Jan. 1, 1997
Win 3.11	\$9.00	\$40-14.50=\$25.50	\$40-17.00=\$23.00*
Win95	\$61.1-14.5=\$46.60	\$62.00-14.50=\$47.50	\$62.00-17.00=\$45.00*
Win NT Client	\$195.00	\$127-14.50=\$112.50	\$127.00-17.00=\$110.00*
Win NT Server	\$456.00	\$750.00	\$750.00

- Special Condition one: If win 3.11 vol. <8% of total volume for the contract period IBM receives rebate of \$5m + \$6 per copy of all win 3.11 shipments

(Outlook: 9.3 M ships - 8% target = 750K, Current Outlook=930K or 10%)

- Special Condition two: If win 3.11 volumes <12% of total from 8/1/96 -12/31/96 IBM receives half of the \$5 Million on 12/31/96

(Outlook: 2.0M ships - 12% target = 240K, Current outlook = 400K or 20%)

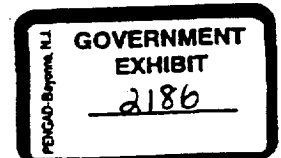
Summary of Operations

- EIAA Approved
- No drop in the box of product
- No encryption
- No changes to GUI
- 90 day implementation of new code drops
- No upgrade/downgrade program (Compaq exclusive)

Summary of Relationship

- "Cost of doing business with Microsoft"
- Future opportunities based only on Development/Marketing Initiatives
- Microsoft will undertake no Marketing Initiatives with IBM due to Lotus Bundles
- Server and Power contracts at square one
- Windows NT 4.0 OPK final release 8/15/96 (No signed agreement, No OPK)
- IBM must market and support NT on its own
- Target contract closure: 8/15

*Assumes IBM will perform the activities necessary to qualify for the \$17.00



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