

Microsoft Summary



Summary of Royalties

Product	Current	Effective Aug. 1, 96	Effective Jan. 1, 1997
Win 3.11	\$ 9.00	\$ 40-14.50=\$25.50	\$ 40-17.00=\$23.00*
Win 95	\$ 61.10-14.5=\$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*

Special Condition one: If win 3.11 volumes <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 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

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

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1997 Volumes by Operating System

Brand/Product	Win 3.11	Win 95	Win NT	Total
CDT	530K	2.2M	810K	3.540M
Consumer	N/A	2.4M	N/A	2.400M
Mobile	N/A	1.1M	320K	1.420M
1997 Totals	530K	5.700M	1.130M	7.360M
Aug 96 - Dec 96	400K	1.600M	10K	2.010M
Contract Period Total	930K	7.300M	1.230M	9.370M

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Microsoft Summary

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Summary of Operations

- EIAA Concession
- No drop in the box of product
- No encryption

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1997 Volumes by Operating System

Brand/Product	Win 3.11	Win 95	Win NT	Total
CDT	530K	2.2M	810K	3.540M
Consumer	N/A	2.4M	N/A	2.400M
Mobile	N/A	1.1M	320K	1.420M
1997 Totals	530K	5.700M	1.130M	7.360M
Aug 96 - Dec 96	400K	1.600M	10K	2.010M
Contract Period Total	930K	7.300M	1.230M	9.370M

Total Royalties to Microsoft	1995	1996	1997
	\$ 60M	\$ 150M	\$ 400M

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