



MEMORANDUM

To: Russ Werner, Lewis Levin, David Jaworski, Sharon Decker, Kevin Harrang, Charlotte Guyman, Doug Levin, John Schiemer, Martha Coppola, Mike Rhamy
cc: Rich Macintosh, Mike Negrin, Shawna Stanley, Rick Kerbs, Ron Davis, Diane Johnson, Lloyd Wilhelms, Michael Merker, Craig Fiebig, David Brooks, David Curtis, Tracy Neighbors
From: Gail DeGiulio
Date: July 8, 1991
Subj: Extended License Agreement for Microsoft Applications Program (XLA)

This document is the second and final draft to be mailed to our the GMs, DMs, CAMs, NAMs, and GAMS on Friday July 12. Keep in mind this document reflects the program as it is designed today, and may be subject to change.

- * For those people listed above under TO: PLEASE REVIEW CAREFULLY and be prepared to discuss at the next XLA task force meeting, Wed 7/10, 4-5:30 Rm 8/2333.
* For those listed under CC: I would really appreciate your comments no NO LATER THAN END OF DAY 7/10.

The following documents are included:

Table with 2 columns: DOCUMENT and OWNER. Rows include XLA Cover letter to field, XLA Program Overview, XLA Question and Answer, PowerPoint presentation for Corporate Accounts, Selling Scenerios, and Cost Analysis.

Thanks again everyone for your fast turnaround! Your cooperation and feedback is appreciated.

Where is the presentation or report you give to a corp. out? What is the document? have heard?

MS-PCA 2599509

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draft: 7/8/91

Date: July 8, 1991

To: RGMs, DMs, CAMs, NAMs,

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From: Corporate Accounts Marketing

Subject: Extended License Agreement for Microsoft Applications Program (XLA)

CC: Scott Oki, Rich Macintosh, David Jaworski, Lewis Levin, Gary Gigot, Mike Negrin, Kevin Harrang, Russ Werner, Ron Davis, Charlotte Guyman, Doug Levin, Tim Fisher, Sharon Decker, Rick Kerbs, CAMing, Mike Rhamy, Shawn Stanley, John Scheimer, Martha Coppola, Diane Johnson, Lloyd Wilhelm, Michael Merker, Craig Fiebig, David Brooks, David Curtis, Tracy Neighbors

Attached you will find an information packet on the Extended License Agreement for Microsoft Applications Program (XLA). The following documents are included in this packet:

- 1) A summary of the Extended License Agreement for Microsoft Applications Program - this includes a program overview, examples of selling scenarios, a cost analysis, the terms and conditions and a detailed question and answer section.
- 2) CAX presentation for your large account customers - A Corporate Account PowerPoint presentation.

We are targeted completion of the following materials by the end of July.

- 1) A Draft of Letter of Intent.
- 2) Extended License Agreement for Microsoft Applications Certificate
- 3) Terms and Conditions
- 4) Quarterly Verification Reporting form/disk template

5) 7 pages letter for estimating cost components. *not provided*

Also please keep in mind that the program is still being refined. The attached documents are being provided to you so that you are aware of the program and can present the concept to accounts that are applicable. We are working diligently at Corporate to roll the materials out to you very soon.

The following materials can be found as files on \\ ? in the ? folder. (H. Harman)

Document Type	Use for	File name
Extended License Agreement for Microsoft Applications Program summary document	Internal field memo explaining XLA program	XLAPRGM.DOC
XLA Selling Scenarios	Example of selling scenarios under XLA	
XLA Cost Analysis		
CAX XLA Program PowerPoint presentation	Presentation to explain program to large account customers	XLAPREZ.PPT

For program clarification please contact Gail DeGiulio (gaild) or Doug Levin (doug).

For contract or account administration please contact the XLA Inside Sales Administrator (insert name) at

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Extended License Agreement for Microsoft Applications Program (XLA)

I. Program Overview

Starting immediately, you will have the opportunity to present to your large accounts The Extended License Agreement for Microsoft Applications Program (XLA). XLA was created to enable large corporate accounts with 500 or more PCs to easily acquire Microsoft Word, Excel and/or Office on a per CPU basis. The program allows the corporate account to purchase in any appropriate form (packaged product, SWAP, MLP etc.) from the channel the applicable Microsoft Applications to equal the XLA Program predefined ratio of 60%. Once reaching the 60% ratio, Microsoft will grant the corporate account the balance of 40% extended licenses to equal 100% standardization. XLA is designed to be used as a discretionary pricing tool for corporate accounts actively considering standardization and compliments the Share Drive Program.

II. Objectives

The objectives of the XLA program are:

1. Provide a substantial incentive for Corporate Accounts who are actively considering standardization of Microsoft Excel, Word and/or Office.
2. Make it easy for Corporate Accounts to become legal on Microsoft Windows Applications.
3. Make Microsoft Office wildly attractive to most Corporate Accounts.
4. Move active evaluations of Microsoft Windows applications closer to a purchase decision before our major competitors ship their Windows Applications.
5. Encourage more accounts to think of software purchasing as license cost per workstation.
6. Profitably reach uncaptured market share by securing incremental and future business thru standard channel distribution.

III. Program Definitions

Qualified CPU:

A microcomputer owned, leased, rented or otherwise controlled by the company that is Windows-capable (excludes 808X and 286 systems with less than 10 MHz) or a Macintosh PC.

Purchasing Site:

A physical location for a company, division or department defined by the XLA contract administrator at the corporate account, with 500 or more Qualified CPUs (limited to a single country). For example, Microsoft Corporate, Koll and Ridgewood could be considered separate sites or could be combined to reach the 500 minimum. Also SMSD at Corporate can be combined with the other SMSD district office locations to reach the CPU minimum. (This is NOT the same site definition as the MS-DOS 5 100% program.)

Microsoft Applications:

Microsoft Excel, Word and Office for Windows and/or Macintosh (packaged product, MLP, SWAP or \$129 Upgrade Offer apply).

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Extended Licenses: Licenses that have been granted by Microsoft to the corporate account once they have reached the predefined ratio of 60%. The customer will be given one certificate indicating the number of Extended Licenses granted.

As per the above definitions, Sites can be combined as long as the corporate account agrees to include 100% of the Qualified CPUs at each site. For purposes of the contract the combined Sites will be hereafter referred to as "Purchasing Site".

IV. Program Process:

Four easy steps!

1. The Microsoft Sales Representative presents the XLA Program to a qualified customer. The customer agrees to the program and signs a *Letter of Intent* which describes the XLA program and terms and conditions. The *Letter of Intent* is not a legal document, it only signifies the customer's interest in the program and is the first step towards the customer reaching the predefined ratio of 60%. This letter will also indicate the Microsoft XLA Inside Sales Administrator who will be their point of contact.
2. The customer will count 100% of all Qualified CPUs at the designated Purchasing Site. Once the customer has purchased the number of Microsoft Applications in any appropriate form (packaged product, SWAP, MLP etc...) from a reseller to reach the 60% ratio they will complete the *Extended License Agreement for Microsoft Applications Certificate* and mail the Certificate to the Microsoft XLA Inside Sales Administrator.
3. Once the XLA administrator has received the signed certificate they will:
 - * Review the certificate for compliance.
 - * Assign a serial number.
 - * Complete the section granting the customer 40% extended licenses.
 - * Stamp the certificate and mail the customer their copy and a documentation order form.
4. The customer will be provided a *Quarterly Verification Reporting form/disk template* to easily track all subsequent CPU and software purchases. On a quarterly basis the customer will contact the XLA administrator who will verify any new CPU or software purchases the customer has made in the last quarter since they last reported.
 - (a) If the customer does not qualify for additional granted licenses, they will be sent a letter from the XLA administrator verifying the customer's Purchasing Site, number of CPUs and software they currently have.
 - (b) If the customer does qualify for granted licenses, the XLA administrator will complete a new XLA certificate and mail it to the customer. The customer will verify the information, sign the certificate and mail it back. Once the XLA administrator receives the completed signed certificate, they will grant the additional licenses as outlined above in #3.

V. Reseller Participation

The XLA program will be presented to our key resellers. Resellers will be encouraged to present the XLA program to accounts that qualify. Once the reseller has reached agreement with the corporate account they must notify the Microsoft XLA Inside Sales administrator. The administrator will work with the Corporate account to secure the granted extended licenses once the customer has reached the predefined ratio of 60% and inform the applicable Microsoft Sales Representative.

VI. Program Administration/Materials

The XLA program will encompass only four materials for easy administration, both for you and your corporate account.

Letter of Intent: A one page letter which describes the XLA program and signifies the corporate accounts interest.

Terms and Conditions: A detailed description of all terms and conditions applicable.

Extended License Agreement for Microsoft Applications Certificate: A one page, three part, serialized certificate (similar to the MS-DOS 5 100% Program) which is to be completed after the customer has reached the 60% ratio. This certificate will serve not only as an agreement to the program, but also as the granted license certificate. In addition to highlighting the XLA Program, definitions, restrictions and other relevant conditions, information must be filled out by the customer including identification of sites, number of Qualified PCs and licensed Microsoft Applications the customer owns (equal or greater than 60%)

Quarterly Verification Reporting form/disk template: An Excel formatted template (hard copy and disk) which will include data fields for the number of new Qualified CPUs and Microsoft Applications purchased by the customer since the last reporting quarter.

VII. XLA Program Key Terms

- The terms and conditions under the XLA Program will not change for 1 year from the customer signing their first *Extended License Agreement for Microsoft Applications Certificate*. Microsoft will provide written notification to the customer 90 days prior to any changes in the terms and conditions.
- The term of the agreement for the customer is 1 year from the date of signature by the Microsoft XLA administrator. If a customer wants to terminate the contract prior to the year ending, the penalty to the customer will be they forfeit the right to get back into the XLA Program for the remainder of the contract term. *I would like to make it stiffer - pay a portion of what you would have earned as a consultation fee.*
- Concurrent Usage: All rights apply under this program as stated in the Microsoft standard license.
- Transfer of Licenses: The extended licenses granted under the XLA program can be transferred to any part of the company which is covered under the XLA program. The extended licenses however can not be resold under any circumstances, even after the customer has terminated the program.
- The Program does not cover Project, PowerPoint, Mail, Programming Languages or any Systems products including: DOS 5.0 Upgrade, Windows, LAN Manager and Server based applications. Promotional bundles also do not apply.
- Licensed units of Excel and Word can be counted towards the ratio required for Office.
- Updates are not included under the XLA program.
- Windows-capable and Macintosh CPUs can be combined to reach the 500 CPU minimum.
- Installed CPUs are defined as CPUs in the customers inventory at the time the agreement is signed. CPUs on order can not be counted.

- Documentation for granted licenses can be ordered from Microsoft.
- The same Product Support Services apply to granted licenses as with standard packaged product.
- As with all our other software sales to end users, all certificates issuing extended licenses are between Microsoft and the customer.

XLA--QUESTION AND ANSWER

Most questions you will have regarding the logistics and requirements of the XLA program are outlined in the XLA Program Overview document. However outlined here are additional questions which you may find helpful.

Who is this program appropriate for?

This program is intended to assist large corporate accounts that are in the decision making process to standardize on a wordprocessor and/or spreadsheet. These are larger customers who have 500 or more Windows-capable and/or Macintosh CPUs.

What advantage does this program offer over continuing to purchase standard packaged product, SWAP, MLP and/or using concurrent use?

This program offers several benefits to customers who are ready to start implementing large-scale PC-based solutions.

- (1) XLA enables accounts to continue acquiring software in a "business-as-usual" manner which allows for continuity with established reseller vendors and buying procedures.
- (2) XLA enables accounts to immediately begin implementing a "per workstation" program in a way that provides for consistency and predictability. What this means is that the account can assess the base costs of acquiring the software required to meet the pre-defined ratio (60%) for Word, Excel and/or Office, and also calculate the "per workstation" cost if they were to enable every employee with access to the appropriate hardware to use the standard productivity tools. This allows the company to separate the economic decisions regarding the entire user population from the desire to have all users being productive.
- (3) XLA provides the advantage of enabling EVERY user to have their own copy of Microsoft Excel, Word and/or Office ON THEIR MACHINE. This provides the best performance, control and reliability for the user versus concurrent use which typically requires the application to be run off a server. Performance of an application off the server can be affected by the number of users on the network.

Is this a site license?

There are many definitions of a "site license". Most commonly site licenses refer to a fixed fee paid to the supplier with unlimited rights for usage at a site thereafter. This program is NOT a site license in that sense. There is no concept of an unlimited right to copy/use Microsoft software in this program. Microsoft is granting rights to a SPECIFIC NUMBER of licenses that the account is then entitled to use at the specified site(s). When new machines are acquired or leased, and the account continues to meet the terms of acquiring software to the pre-defined ratio (60%), they will be granted additional new licenses. Under XLA at any point in time all systems at a site will be either paid for or licensed by Microsoft. This achieves the accounts goal of all systems at a site being licensed and in that sense this program shares the goals of a site license. However, the tactics are different.

Why not provide a site license as described above?

Microsoft distributes its products via the reseller channel and has a commitment to that channel. Site licenses are not economically feasible to work through the reseller channel. The XLA program provides the benefits of a site license while not excluding the reseller.

What impact will XLA have on our reseller channel since Microsoft will be granting 40% of their business to the corporate account, for free?

We believe that XLA will generate tremendous business for the resellers since it provides a strong incentive for a corporate account to purchase standard product from the reseller up to the 60% ratio. It is unlikely today that very many resellers can point to more than a handful of accounts that are at a 60% ratio. Once an account has agreed to the program, the reseller will benefit from incremental business. In addition, the XLA program provides strong incentives for the corporate account to continue to purchase software from the reseller over time as new systems are brought in.

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What if a large account wants to participate in the program but honestly has no idea how many units of Excel, Word and/or Office they own?

We understand that several corporate accounts may not have complete records as to their software on hand. Therefore verification of Microsoft Excel, Word and/or Office can include the following: invoices, purchase orders, and/or an internal audit via a survey of the users in the sites participating as to software installed or purchased.

What if a corporate account has heavily standardized on Lotus 1-2-3 (or WordPerfect) in their installed base but would like to get the newer systems standardized on Excel (or Word)?

The most aggressive approach is to use the SWAP or Competitive Upgrade program to move the account from Lotus 1-2-3 to Excel for the installed base. Under the XLA program both offers apply, for Windows-capable or Macintosh CPUs, to reach the 60% ratio.

What about the other costs of moving to standardization that a corporate account is concerned about?

Depending on the account and their specific concern i.e., local support, training, you should evaluate the customers concern and leverage other programs Microsoft offers that specifically target that concern. Corporate Accounts Marketing or the applicable group responsible for a program can help propose the best use of these programs and services to make your accounts move to standardization.

Does the XLA Program provide for a corporate account who changes its organizational structure on a frequent basis, whether it be merging internal divisions or selling/acquiring other company's?

XLA is very flexible in terms of adding new systems to the master contract. All that is required is that the account identify the changes, count 100% of all Qualified CPUs at the new sites, and reach or maintain the 60% ratio identified by the purchasing entity as being in the program. Once it has been established that the 60% ratio has been met or retained, Microsoft will grant the additional licenses for the balance of the systems.

How does the XLA program work for international subsidiaries of U.S. Companies?

The Purchasing Sites are defined within a given country, therefore no business will be done across borders. If your customer has a special overwhelming need, please contact Craig Fiebig (craigfi) in Microsofts International Marketing Group (Redmond).

Does the account have to install the Microsoft Application on every machine at every site?

NO, under the XLA program they are not required to install the product. In the case of the granted licenses, Microsoft is granting the account the licenses to use as they best see fit given their individual situations. It is certainly our hope that all users will elect to use our products if given the opportunity, but that is at the discretion of the user. (From the MIS manager's point of view though 100% standardization means they no longer need to track every user since licenses would be available for all systems under the XLA program.)

What if an account has difficulty accepting or accounting for free license's?

Determining the internal accounting for purchased versus granted or "free" licenses will vary from account to account, depending on the company's accounting policies and methodologies or historical approaches. Many companies will simply treat software purchases as they would any office supplies under a certain dollar amount, and a department is allocated back these costs in some standard way. This approach is one recommendation which would provide an easy methodology for allocating all units.

What is the most efficient way for an account to standardize on Office under the XLA program?

Given the customer already has an existing installed base for Word and/or Excel, the customer should apply those units purchased towards Office. Also keep in mind that if the customer commits to standardize on Office, once they have reached the 60% ratio on BOTH Excel and Word, they will be granted licenses not only for Office, but also for the balance of Powerpoint and Mail to reach 100% standardization. (Attached our examples which specifically address this scenario).

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What if an account wants to use the XLA Program for only their Macintosh's at a site, but that site also includes Windows -capable machines as defined in the XLA program?

Under XLA the customer is required to count 100% of all Windows-capable or Macintosh machines at the site(s) they have defined. Therefore under the program they must combine all applicable machines, and would need to reach the 60% ratio on the total of machines to qualify for any granted licences. It is to the customers advantage to pool their machines in order to reach the CPU minimum of 500 units.

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MICROSOFT EXTENDED LICENSE AGREEMENT FOR MICROSOFT APPLICATIONS

Extended License Agreement for Microsoft Applications

The benefits to you:

- Standardization of your workprocessor and/or spreadsheet
Substantial cost savings
Increased productivity, control and tracking
Decreased training and support over time
Limits your liability

Who is the Program For?

Large Account Customers with:

- 500 or more PCs
A desire to move to 100% standardization on Microsoft Excel, Word and/or Office.
An interest in cost savings
A need to reduce support, training, and administration of tracking software.
A goal to increase productivity

HOW IT WORKS

- YOU COUNTS ALL WINDOWS-CAPABLE OR MACINTOSH CPUs AT PHYSICAL SITE AND/OR DIVISION.
YOU AGREE TO PURCHASE MICROSOFT EXCEL, WORD OR OFFICE APPLICATIONS FROM YOUR RESELLER UP TO A PREDEFINED RATIO OF 40%.
MICROSOFT WILL GRANT YOU THE BALANCE OF 40% EXTENDED LICENSES.

4 EASY STEPS

- 1) You agree to the Program and sign the Extended License Agreement for Microsoft Applications & other of yours. This letter explains the Program and why supports your interest in the Program.
2) You Count all Qualified CPUs and Microsoft Applications at the Sites you have designated as your Purchasing Site. You then purchase the number of Microsoft Applications from your reseller to reach the predefined ratio of 40%.
3) You complete the Extended License Agreement for Microsoft Applications Certificate and mail it to the Microsoft SLA Administrator, who will verify the information and grant you the number of extended licenses.
4) On a quarterly basis you will complete a Quarterly Notification Reporting Form which indicates new CPUs and software purchases. Once you have received the 60% ratio on new purchases, Microsoft will grant you the 40% Extended Licenses.

PROGRAM DEFINITIONS

- Purchasing Site: A single Site or any number of Sites designated by you in the agreement. This can include a physical location or division of your company. All Qualified CPUs at each Site or Sites shall constitute the Purchasing Site.
Qualified PC: Any Microcomputer owned, leased, rented or controlled by your company that is Windows-capable (includes DOS and 286 systems with less than 50 Mbit) or Macintosh PC. Windows and Macintosh CPUs are to be pooled to reach the 500 minimum.
*Note: A Purchasing Site is limited to a single country and must have at least 500 Qualified CPUs to qualify for the program.

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PROGRAM DEFINITIONS

Microsoft Applications:
Microsoft Excel, Word, and Office for Windows and/or Macintosh. (Standard Packaging Product, SWAP, MLP or Competitive Upgrade apply)

Extended License:
Licenses granted by Microsoft to you once you reach and/or maintain the preferred ratio of 60%. You will receive certificates indicating the number of licenses granted each quarter.

AN EXAMPLE

- Your Purchasing Site has a total of:
 - 1000 Qualified CPUs
 - 200 units of Excel
- You purchase 200 units of Excel from your vendor to reach the 60% ratio.
 - 200 owned units + 200 new purchases = 400 licensed units of Excel
- Microsoft grants you 40% or 400 licenses of Excel

MICROSOFT OFFICE

- LICENSES OF EXCEL AND WORD COUNT TOWARD 60% RATIO REQUIREMENT FOR OFFICE.
- You have 2000 Qualified CPUs, 200 Excel, 200 Word, 200 PowerPoint, and 200 Mail
- To standardize on Office you would only need to purchase 200 units of Office to reach the 60% ratio.
- Microsoft will then grant you 400 Extended Licenses of Office, 400 PowerPoint and 400 Mail to reach 100% standardization.

OFFICE EXAMPLE

PRODUCT	OWNED	PRE-APP AFTER PURCHASE		GRANTED	TOTAL
		RATIO	STANDARDIZATION		
EXCEL	200	60%	60%	400	2000
WORD	200	60%	60%	400	2000
PP	200	60%	60%	400	2000
MAIL	200	N/A	60%	400	2000

NOTE: The total for PowerPoint and Mail are values 400 granted licenses of Office and 400 additional licenses granted for each Application to equal 100% standardization

Question & Answer

MICROSOFT EXTENDED LICENSE PROGRAM
TERMS AND CONDITIONS

1. Purpose.

The purpose of the Extended License Agreement ("XLA") Program is to offer to COMPANY broad and cost-effective license rights to Microsoft Corporation's ("MS") most popular applications software products. Under the XLA Program, COMPANY may qualify for additional license rights for selected MS software products for up to 40% of COMPANY's computers, at no additional charge.

2. Products.

The products included in this Agreement are Excel for Windows ("Excel"), Word for Windows ("Word"), and The Microsoft Office for Windows. (The Microsoft Office for Windows is a single product containing Excel, Word, PowerPoint, and a Mail product.)

3. Defining the Site.

a. Site. COMPANY must properly define the "Site" for which it desires to receive the XLA Licenses. To qualify, the Site must have a minimum of 500 "Computers" (as that term is defined in Section 4 below). Further, in defining the boundaries of the Site, COMPANY shall select from among the following options:

(i) Legal Entity. COMPANY may define the Site as an entire legal entity, e.g., "the entire corporation 'XYZ Corp.'" COMPANY may aggregate multiple legal entities, e.g., "the entire corporation 'XYZ Corp.', and its two wholly-owned subsidiaries 'AB Corp.' and 'CD Corp.'" COMPANY may not select less than an entire legal entity as a Site, except pursuant to section (iii) below.

(ii) Location or Address. COMPANY may define the Site as an entire location or address provided that such location or address is capable of being distinctly described. For example, COMPANY may define its Site as "the entire corporate headquarters of XYZ Corp. located at 123 Main Street...." COMPANY may aggregate multiple locations or addresses, e.g., "the entire main office located at 123 Main Street, and the entire physical plant located at 45 Elm Street". COMPANY may not select less than an entire location or address, except pursuant to section (iii) below.

(iii) Department, Division, or Other Distinct Organizational Subpart. If COMPANY is unable to define its Site by (i) and/or (ii) above, then COMPANY may define its Site as an entire division, department, or other distinct subpart of its organization, subject to approval by MS. For example, COMPANY may define its Site as "the entire accounting department within XYZ Corp.", or "the entire sales division within XYZ Corp.". If COMPANY desires to select less than an entire division, department, or other subpart, COMPANY must define the boundaries of its Site in such a way to accurately document it for purposes of any future audit, e.g., "the entire Sales Division of XYZ Corp., not including the Eastern Regional office in New York which separately purchases its own software and hardware".

b. MS' Approval. MS shall accept any Site defined according to (i) and/or (ii) above, but MS reserves the right to review all Site definitions made pursuant to section (iii) above.

4. Definition of a "Computer".

The term "Computers" is defined as including all IBM-compatible PCs capable of running Microsoft Windows graphical environment (i.e., containing a 10 MHz 80286 based processor or higher) (hereafter, "PCs"),

within one country

RESTRICT USE TO THE SITE.

and all Apple Macintosh computers [@@@ minimum type?] (hereafter, "Macintoshes"). The term "Computers" includes all of the Computers within the Site, but COMPANY is given the option in the Verification and Order Form of including (i) all PCs, or (ii) all Macintoshes, or (iii) all PCs and all Macintoshes.

5. Selected Software.

COMPANY shall select which Products to include in the XLA Program (hereafter, the "Selected Software"). COMPANY may select either (i) Excel, or (ii) Word. If COMPANY desires to include both Excel and Word, then COMPANY should select The Microsoft Office for Windows, which contains both Excel and Word. COMPANY's selection shall determine its qualification for XLA licenses for a particular verification and order.

6. XLA Licenses.

a. Threshold to Qualify. In order to qualify for the XLA License Program, COMPANY must meet the "Threshold Qualification". The Threshold Qualification is met when, within COMPANY's pre-defined Site, COMPANY verifies that it has the Selected Software licensed for and installed on sixty percent (60%) or greater of its Computers.

b. Verification and Order of XLA Licenses. Provided COMPANY has met the Threshold Qualification, COMPANY may, by signing and forwarding the Verification and Order Form enclosed with this packet of materials, order the XLA Licenses for which it has qualified. COMPANY may not alter, amend, or supplement the terms of the Verification and Order Form except to complete the requested information, and MS reserves the right to refuse acceptance of any Forms that are so altered.

c. MS' Processing of XLA License Certificates. Upon receipt of COMPANY's Verification and Order Form, MS shall promptly review and process COMPANY's order. Provided that COMPANY's Form is properly completed, MS shall return to COMPANY the executed Certificate, which is the legal document by which MS grants to COMPANY the right to make and use copies of the Selected Products.

d. COMPANY's XLA Licenses. As noted on the Verification and Order Form, COMPANY must first determine the Selected Products to be included in the XLA Program. The XLA License Certificates will correspond to the Selected Products. For example, if only Excel is selected, the XLA Certificate will grant to COMPANY the right to make and use a certain number of additional copies of Excel. Similarly, if COMPANY selects only Word, the XLA License Certificates will only be for Word. If COMPANY selects The Microsoft Office, the following special rules will apply:

(i) In determining COMPANY's Threshold Qualification for The Microsoft Office, ^{and/or Office} COMPANY need only verify that it has Word and Excel licensed for and installed on sixty percent (60%) of COMPANY's Computers at its pre-defined Site (i.e., COMPANY may disregard PowerPoint and the Mail product for purposes of meeting the Threshold Qualification for The Microsoft Office). It makes no difference whether COMPANY acquired such Word and Excel copies as standalone product, or as included in The Microsoft Office.

(ii) Upon proper application to MS, COMPANY shall receive a XLA License Certificate for The Microsoft Office good for the remaining forty percent (40%) of COMPANY's Computers, thereby licensing one hundred percent (100%) of COMPANY's Computers. Because The Microsoft Office also includes PowerPoint and a Mail product, MS will grant to COMPANY sufficient licenses to PowerPoint and Mail to bring COMPANY up to the 100% license level, regardless of the number of PowerPoint and Mail licenses that it had upon completing its Verification and Order Form. For

example, if COMPANY verifies that it has 1,000 Computers at its Site, 600 of which have both Excel and Word licensed and installed, but none of which have either PowerPoint or the Mail product, then COMPANY would be entitled to a XLA License Certificate for The Microsoft Office which would grant, in effect, licenses to COMPANY for 400 copies of Word, 400 copies of Excel, 1,000 copies of PowerPoint and 1,000 copies of the Mail product.

e. Additional XLA Licenses. During the term of the XLA Program, and after COMPANY has ordered and received its initial XLA License Certificate, COMPANY may qualify for additional XLA License Certificates by verifying that (i) COMPANY has acquired additional Computers at its Site, and (ii) COMPANY has licensed and installed the Selected Software on the Qualifying Threshold of sixty percent (60%) of such newly acquired Computers; provided, however, that in determining the 60% Qualifying Threshold on such newly acquired Computers, COMPANY may not include any XLA Licenses (i.e., COMPANY may only include license acquired from packaged Products or MS License Pak Products). In this way, as long as COMPANY maintains the Qualifying Threshold at its Site, COMPANY may continue to receive XLA License Certificates throughout the term of the XLA License Program, at no additional charge.

7. Reporting Obligations.

During the one-year term of this Agreement, COMPANY shall make four (4) quarterly reports to MS in the form supplied as Schedule _____. COMPANY shall deliver to MS one such quarterly report within thirty (30) days after the end of each calendar quarter following the date of COMPANY's signature on its first Verification and Order Form. MS has provided COMPANY with an electronic copy of the reporting form as an Excel spreadsheet, and COMPANY may deliver its reports in such electronic form on floppy disk.

8. Restrictions.

a. XLA License Certificate. The license rights granted by the Certificate are as set out on the sample copy enclosed with this packet of XLA materials. Like all MS license cards, the Certificate should be treated as valuable property, and must be retained as COMPANY's proof of license.

b. Domestic Use Only. The XLA Program is for domestic U.S.A. version Products only. COMPANY's Site definition may not include any Computer located outside the geographic boundaries of the United States.

c. Upgrades Not Included. The XLA Program does not include upgrades or updates to the Products. The XLA License Certificates will apply to the latest Product version for which COMPANY has a properly licensed copy.

9. Term.

The XLA Program is offered to COMPANY for a period of one (1) year from the date of COMPANY's execution of the first Verification and Order Form. This offer is not terminable except for breach of its terms by COMPANY, in which event MS shall so notify COMPANY in writing. Any expiration or termination of this offer will not terminate any licenses granted by MS to COMPANY prior to such expiration or termination, including XLA Licenses, which by their terms are perpetual.

10. General.

a. End User License Agreement. Except as otherwise stated in this document, the Verification and Order Form, or the XLA License Certificate, COMPANY's use of the Products shall at all time be governed by

Quantity

the terms of the applicable MS end user license agreement, and this such license(s) is deemed incorporated herein.

b. **Entire Agreement, No Modifications** . This document, the Verification and Order Form, the XLA License Agreement, and the applicable end user license agreements constitute the entire agreement between MS and COMPANY on the subject matter hereof. This Agreement may not be altered or amended except in writing signed by both parties.

c. **No Assignment**. This Agreement may not be assigned by COMPANY without the prior written consent of MS, which consent MS may withhold at its discretion, except to a purchaser of substantially all COMPANY's assets.

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(071091)

DISCUSSION DRAFT
NOT FOR DISTRIBUTION

Certificate Serial Number: _____
Date of Issue: _____

MICROSOFT EXTENDED LICENSE AGREEMENT ("XLA") CERTIFICATE

Product Name and Version Number: _____
Number of Copies Authorized by this Certificate: _____

COMPANY: _____

This copy of the original XLA License Certificate is COMPANY'S proof of license.
Please treat it as valuable property.

Microsoft XLA License Certificate

Proof
of
License

MICROSOFT SOFTWARE LICENSE

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XLA VERIFICATION AND ORDER FORM

COMPANY shall use this XLA Verification and Order Form to order its XLA License Certificate(s) from Microsoft Corporation.

1. XLA Program

The Microsoft Extended License Agreement ("XLA") program is offered to COMPANY subject to the rules set out in the document "MICROSOFT EXTENDED LICENSE PROGRAM TERMS AND CONDITIONS". By signing and returning this Form, COMPANY agrees to such Terms and Conditions. COMPANY shall complete this Form according to the Terms and Conditions.

2. COMPANY's Site

COMPANY's "Site" to which this Form applies is as described below.

Instruction: COMPANY must define its Site in accordance with Section 3 of the Terms and Conditions, as (i) a legal entity, (ii) a location or address, or (iii) a department, division, or other distinct organizational subpart.

Site Definition:

3. COMPANY's Computers

COMPANY's Computers at its Site shall consist of (indicate number of each and total, inserting "N/A" for the options not selected):

Number:
____ All IBM-compatible PCs
____ All Apple Macintoshes
____ All IBM-compatible PCs and Apple Macintoshes
TOTAL: _____

Note: See Section 4 of the Terms and Conditions for a more detailed definition of a "Computer".

4. Selected Software

COMPANY elects the following as its Selected Software (indicate one):

___ Microsoft Excel for Windows
___ Microsoft Word for Windows
___ The Microsoft Office for Windows

5. Verification of Qualifying Threshold

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COMPANY hereby verifies that it has the Selected Software licensed for and installed on at least sixty percent (60%) of the Computers at its Site, as detailed below:

<u>Selected Software</u>	<u>Number of Copies</u>
Excel	
Word	
The Microsoft Office	
<hr/>	
TOTAL:	

Instruction: please consult Section 6.d. of the Terms and Conditions for special rules about calculating the Qualifying Threshold for The Microsoft Office.

By signing below, COMPANY verifies that all information submitted with this Form is true and correct.

COMPANY:

By

Print Name

Title

Date

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