



Final Draft 5/11/91

MEMORANDUM

To: Rich Macintosh, Russ Werner, Lewis Levin, David Jaworski, Charlotte Guyman, Kevin Harrang, Doug Levin, Rick Kerbs, John Schiemer, Mike Rhamy
cc: Sharon Decker, Mike Negria, Shawna Stanley, Ron Davis, Martha Coppola, Diane Johnson, Lloyd Wilhelms, Michael Merker, Craig Fiebig, David Brooks David Curtis, Tracy Neighbors, Rick Devenuti
From: Gail DeGiulio
Date: July 12, 1991
Subj: Extended License Agreement for Microsoft Applications Program (XLA)

This document is the [final] draft to be mailed to the GMs, DMs, CAMs, NAMs, and GAMs.. Keep in mind this document reflects the changes we made to the program at our last task force meeting. Please review the documents carefully and return to me with your comments no later than noon, Monday July 15.

The following draft documents are included:

Table with 2 columns: DOCUMENT and OWNER. Lists various documents and their respective owners.

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

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Date: July 11, 1991

To: RGMs, DMs, CAMs, NAMs.

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From: Corporate Accounts Marketing

Subject: Extended License 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, CAMtzg, Mike Rhamy, Shawna Stanley, Jay Hennings, John Scheimer, Martha Coppola, Diane Johnson, Lloyd Wilhelms, Michael Merker, Craig Fiebig, David Brooks David Curus, Tracy Neighbors

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

- 1) Program Overview
- 2) One page selling sheet
- 3) Q & A
- 4) Cost analysis and selling scenarios
- 5) CAX presentation for your large account customers

We have targeted completion of the following materials for the end of July, however drafts are attached.

- 1) Extended License for Microsoft Applications Agreement and Certificate
- 2) Terms and Conditions
- 3) Quarterly Verification Reporting form

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 \\SMARTPAGES\USERS in the \PROGCOACCTS\PROGRAMSXLA folder.

Document Type	Use for	File name
Extended License for Microsoft Applications Program summary document	Internal field memo explaining XLA program	XLAPRGM.DOC
CAX XLA Program PowerPoint presentation	Presentation to explain program to large account customers	XLAPREZ.PPT
XLA Q & A	Question and Answer	XLAQ&A.DOC
1 page selling sheet	Selling benefits on XLA	XLA
XLA Selling Scenarios/Cost Analysis	XLA Selling Scenarios/Cost Analysis	XLASITU.DOC

For program clarification or questions email the "XLA" alias.

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Extended License for Microsoft Applications Program (XLA)

I. Program Overview

Starting immediately, you will have the opportunity to present to your Microsoft Corporate Accounts The Extended License for Microsoft Applications Program (XLA). XLA was created to enable large corporate accounts with 500 or more Windows-capable and Macintosh PCs to easily acquire Microsoft Word, Excel and/or Office on a per system 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 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 on 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. Reach uncaptured market share profitably by securing incremental and future business through 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 Macintosh (minimum 1MB) PC.
- Site(s):** Sites can include a legal entity, location or address, and department, division or other distinct organizational subpart that separately or combined have a minimum of 500 Qualified CPUs. The Sites are limited to a single country, and the site must count all Qualified CPUs as defined above. (The definition of Site for XLA is NOT the same site definition as the MS-DOS 5 100% program). Please refer to the attached Terms and Conditions document for further clarification.
- Microsoft Applications:** Microsoft Excel, Word and Office for Windows, Macintosh and/or OS/2 (packaged product, MLP, SWAP or Competitive Upgrade Offer apply).

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Extended Licences: 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. However the corporate account must count 100% of the Qualified CPUs at all designated sites and reach the 60% ratio to qualify for extended licenses.

IV. Program Process:

Four easy steps!

1. The Microsoft Sales Representative presents the XLA Program to a qualified customer. The customer receives a copy of the terms and conditions and XLA Agreement. Once the customer agrees to the program, they will count 100% of all Qualified CPUs at the designated Site(s) and purchase the number of Microsoft Applications in any appropriate form (packaged product, SWAP, MLP etc...) from a reseller to reach the 60% ratio.
2. The customer completes the *Extended License for Microsoft Applications Agreement* and mail the Agreement to the Microsoft XLA Inside Sales Administrator.
3. Once the XLA administrator has received the signed Agreement they will:
 - Review the agreement for compliance.
 - Assign a serial number and countersign the Agreement.
 - Complete the *Extended License for Microsoft Applications Certificate* granting the customer up to 40% extended licences.
 - Mail the customer a signed copy of the Agreement, Certificate for the extended licences and an order form to purchase additional copies of documentation.
4. The customer will be required to complete on a quarterly basis, a *Quarterly Verification Reporting form/disk template* to easily track all subsequent CPU and software purchases. The customer will contact the Microsoft 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 qualify for extended licences, upon receipt of the signed *Quarterly Verification Reporting Form* the Microsoft XLA administrator will verify the information, complete a new XLA Certificate for the applicable Microsoft Applications and mail it to the customer.
 - (b) If the customer does not qualify for additional extended licences, they will be sent a letter from the Microsoft XLA administrator verifying the customers Site, number of CPUs and software they currently have.

V. Reseller Participation

The XLA program will be presented to our RAM's, and RAX's of the top five Corporate Account 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 extended licences once the customer has reached the predefined ratio of 60% and inform the applicable Microsoft Sales Representative.

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VI. Program Administration/Materials

The XLA program encompasses only four materials for easy administration, both for you and your customer.

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

Extended License for Microsoft Applications Agreement: A one page, three part agreement (similar to the MS-DOS 5 100% Program) which is to be completed after the customer has reached the 60% ratio. 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%).

Extended License for Microsoft Applications Certificate: One page Certificate which grants the customer the number of extended licences.

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

- Windows-capable PCs and Macintoshes can be combined to reach the 500 CPU minimum. The customer must count 100% of Qualified CPUs at the designated Site(s).
- Installed CPUs are defined as CPUs in the customers inventory at the time the agreement is signed. CPUs on order can not be counted.
- Licensed units of Excel and Word can be counted towards the ratio required for Office.
- The Program does not cover Project, PowerPoint, Mail, Programming Languages or Systems products including: DOS 5.0 Upgrade, Windows, LAN Manager and Server based applications. Promotional bundles also do not apply.
- Updates are not included under the XLA program.
- Transfer of Licenses: The extended licenses can be transferred to any part of the company which is covered under the XLA Agreement. They can not however be resold under any circumstances, even after the customer has terminated the program.
- Concurrent Usage: All rights apply under this program as stated in the Microsoft standard license.
- The terms and conditions under the XLA Program will not change for 1 year from the customer signing their first XLA Agreement. (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.
- Documentation for extended licenses can be purchased from Microsoft.
- The same Product Support services apply to extended licences as with standard packaged product.
- As with all other software sales to end users, licenses are between Microsoft and the customer.

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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 programs 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 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.

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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.

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?

Site(s) 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 would 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 licences?

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.

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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 licences not only for Office, but also for the balance of PowerPoint and Mail to reach 100% standardization. (Attached our examples which specifically address this PowerPoint).

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 and 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 extended licences. It is to the customer's 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 for
Microsoft Applications Agreement**

The benefits to you:

- Standardization of your workprinter 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

THREE EASY STEPS:

- YOU COUNTS 100% OF ALL QUALIFIED WINDOWS-CAPABLE AND MACINTOSH CPUs AT YOUR DESIGNATED SITE(S).
- YOU AGREE TO PURCHASE MICROSOFT EXCEL, WORD OR OFFICE APPLICATIONS FROM YOUR RESELLER UP TO A PREDEFINED RATIO OF 60%.
- MICROSOFT WILL GRANT YOU THE BALANCE OF 40% EXTENDED LICENSES.

PROGRAM DEFINITIONS

Site(s):

A single Site or any number of Sites designated by you in the agreement. This can include a legal entity, physical location or address, and division, department or division subset 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 (minimum 286X and 286 system with less than 10 MHz) or Macintosh (1MB minimum). Windows and Macintosh CPUs can 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.

PROGRAM DEFINITIONS

Microsoft Applications:

Microsoft Excel, Word, and Office for Windows, OS/2 and/or Macintosh. (Standard Packaged Product, SWAP, MLP or Competitive Upgrade apply)

Extended Licenses:

Licenses granted by Microsoft to you once you reach and/or maintain the predefined ratio of 60%. You will receive each certificate indicating the number of licenses granted each quarter.

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AN EXAMPLE

- Your Purchasing Site has a total of:
 - 1000 Qualified CPUs
 - 500 units of Excel
- You purchase 100 units of Excel from your vendor to reach the 60% ratio.
- 500 owned units + 100 new purchases = 600 licensed units of Excel
- Microsoft grants you 60% or 600 licenses of Excel.

OFFICE EXAMPLE

APPLICATION	OWNED	PURCHASED	TOTAL	PERCENTAGE	GRANTED	TOTAL
EXCEL	500	100	600	60%	600	1000
WORD	500	0	500	50%	500	1000
PP	100	N/A	100	10%	100	1000
MAIL	100	N/A	100	10%	100	1000

NOTE: The total for PowerPoint and Mail reflects 400 granted licenses of Office and 400 additional licenses granted for each Application to equal 100% characterization.

MICROSOFT OFFICE

LICENSES OF MICROSOFT EXCEL AND WORD COUNT TOWARD THE 60% RATIO REQUIREMENT FOR OFFICE.

You have 1000 Qualified CPUs, 500 Excel, 500 Word, 100 PowerPoint, and 100 Mail.

To characterize an Office you would only need to purchase 100 units of Office to reach the 60% ratio.

Microsoft will then grant you 600 Extended Licenses of Office, 400 PowerPoint and 400 Mail to reach 100% characterization.

Question & Answer

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EXTENDED LICENSE AGREEMENT PROGRAM

RESELLER SALES GUIDE

Program Purpose:

The purpose of the Extended License Agreement ("XLA") program is to empower the Microsoft sales force with a tool to help bring about corporate customer standardizations on Microsoft Excel, Word and Office. The XLA is a permanent tool which was designed at this time to augment Microsoft's Share Drive efforts. The XLA represents a sales opportunity because a corporate account will purchase additional software in order to qualify. From a corporate account's point of view, Microsoft is effectively discounting the remaining 40% of the software acquired by not charging for the issuance of additional licenses.

Components:

	Corporate Account :	Microsoft:
Participation in the XLA program	Maintaining 60% of the combined Windows-ready and Macintosh CPUs running Microsoft Excel, Word or Office	Grants free licenses of Microsoft Excel, Word and Office (based on customer preference) to the "purchasing site" up to 40% of the CPUs.
Obligations	Four quarterly reports to MS	Grant additional licenses as account maintains 60% level
Restrictions	Domestic Use Only & Upgrades Not Included	New CPUs.
Term	One Year	
Administration	Four quarterly reports to MS	XLA Inside Sales Administrator

Process:

Step One: Microsoft Corporate Account Reseller introduces the concept of the XLA program during a sales call along with a Microsoft sales rep and presents the *Microsoft Extended License Program Terms and Conditions* and *XLA Agreement*.

Step Two: Corporate account does an inventory of MS software and determines that 45% of the systems at company site run MS Excel and Word. Company signs the *Microsoft Extended License Program Terms and Conditions* and fills out the *XLA Agreement*. Corporate account or Microsoft sales rep returns form to Microsoft XLA Inside Sales Administrator.

Step Three: XLA Administrator sends the customer their copy of the signed agreement and a *Microsoft XLA License Certificate* - which grants of licenses up to 40% of the CPUs at the customer's site.

Step Four: The customer fills out the *XLA Verification and Order Form* on a quarterly basis.

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EXTENDED LICENSE AGREEMENT PROGRAM

CORPORATE ACCOUNTS SALES GUIDE

Program Purpose:

The purpose of the Extended License Agreement ("XLA") program is to empower the Microsoft sales force with a tool to help bring about corporate customer standardizations on Microsoft Excel, Word and Office. The XLA is a permanent tool which was designed at this time to augment Microsoft's Share Drive efforts. The XLA represents a sales opportunity because a corporate account will purchase additional software in order to qualify. From a corporate account's point of view, Microsoft is effectively discounting the remaining 40% of the software acquired by not charging for the issuance of additional licenses.

Components:

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Participation in the XLA program	Maintaining 60% of the combined Windows-ready and Macintosh CPUs running Microsoft Excel, Word or Office	Grants free licenses of Microsoft Excel, Word and Office (based on customer preference) to the "purchasing site" up to 40% of the CPUs
Obligations	Four quarterly reports to MS	Grant additional licenses as account maintains 60% level
Restrictions	Domestic Use Only & Upgrades Not Included	New CPUs.
Term	One Year	
Administration	Four quarterly reports to MS	XLA Inside Sales Administrator

Process:

Step One: Microsoft CAX introduces the concept of the XLA program during a sales call and presents the *Microsoft Extended License Program Terms and Conditions and XLA Agreement*.

Step Two: Corporate account does an inventory of MS software and determines that 60% of the systems at company site run MS Excel and Word. Company signs the *Microsoft Extended License Program Terms and Conditions* and fills out the *XLA Agreement*. Microsoft CAX or customer returns form to Microsoft XLA Inside Sales Administrator.

Step Three: XLA Administrator sends the customer their copy of the signed agreement and a *Microsoft XLA License Certificate* - which grants of licenses up to 40% of the CPUs at the customer's site.

Step Four: The customer fills out the *XLA Verification and Order Form* on a quarterly basis.

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XLA SELLING SCENARIOS AND COST ANALYSIS

This document addresses specific issues and provides detailed examples for applying Extended License Agreement in your accounts:

- what do the XLA terms and conditions mean in terms of what accounts can and should buy?
- what is the impact of concurrent usage on XLA?
- what is the effective cost to an account of our product under XLA?

Each of the purchase examples below uses the same basic price data:

	Extended License Target Percentages					
	Target	SRP	Pkg prod.	MLP	MLP	Swap
			Best quote		Best quote	
Excel	60.0%	495	329	395	280	129
Word	60.0%	495	329	395	280	129
Office	60.0%	750	459	600	420	#N/A

In actual applications the account will obtain its own best quotes for packaged product and MLP from its choice of resellers.

Note that XLA licenses are not free licenses to us or to the account as a whole, even if some lucky department thinks of itself as receiving free licenses. All of the licenses acquired under the program cost 60% of the normal cost of a license. The 60% target is a significant purchase requirement for the account.

1. Purchasing Office with an installed base of Word and Excel.

- a. An account may count Excel and Word already purchased toward the 60% target for Office. Each pair of Word and Excel counts as one Office.
- b. If the account hits the 60% target for Office by counting Word and Excel towards the goal, the account still earns Office licenses for 100% of the machines, including Mail and PowerPoint. This is by design: it makes Office the most attractive part of the program. It means the account will likely find it attractive to buy Office for future machines.
- c. If an account has more of Word or Excel installed than the other, then the obvious strategy is to buy the app it has less of to match the other--and buy Office to get to the 60% target.

Here are two example calculations with costs:

Purchasing Office with equal installed base of Word and Excel

Installed base information

CPU:	1000	
Competitive SS base:	0	
Competitive WP base:	0	Current %
Excel Base:	200	20.0%
Word Base:	200	20.0%
Office Base:	0	20.0%

Product purchase data

Excel:	
Word:	
Office:	Y

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Desired MLP %:

Additional purchases required and effective cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost							\$329.00
Word—units cost							\$329.00
Office—units cost		400		400	400	\$229.50	\$229.50
Total licenses		400		400	400		
Total Purchase cost		\$183,600		\$183,600		\$229.50	\$315.20

Final Position

	Base	Additional Purchases			XLA	Total
		Swap	Full	MLP		
Excel	200					
Word	200					
Office			400		400	1,000

Notes: (these apply to all of the tables)

1. Purchase cost/cpu is the effective cost per cpu for the additional software the account buys to make the target including the granted licenses.
2. Installed base cost/cpu is the effective cost per cpu for all of the machines and all of the software including the Microsoft products the account had before they began the program.
3. To compare two scenarios in this document you should only compare the installed base cost/cpu in the last row.

Purchasing Office with unequal installed base of Word and Excel

Installed base information

CPUs:	<input type="text" value="1000"/>	
Competitive SS base:	<input type="text" value="0"/>	
Competitive WP base:	<input type="text" value="0"/>	Current %
Excel Base:	<input type="text" value="200"/>	20.0%
Word Base:	<input type="text" value="400"/>	40.0%
Office Base:	<input type="text" value="0"/>	20.0%

Product purchase data

Excel:	<input type="text" value=""/>
Word:	<input type="text" value=""/>
Office:	<input type="text" value="Y"/>
Desired MLP %:	<input type="text" value="0%"/>

Additional purchases required and effective cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost		200		200			\$329.00
Word—units cost		\$65,800		\$65,800		\$329.00	\$329.00
							\$329.00

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Office—units cost	200	200	400	\$153.00	\$153.00
	\$91,800	\$91,800			
Total licenses	400	400	400		
Total Purchase cost	\$157,600	\$157,600		\$262.67	\$355.00

Final Position

	Base	Additional Purchases			XLA	Total
		Swap	Full	MLP		
Excel	200		200			
Word	400					
Office			200		400	1,000

Why is the total cost per cpu higher for this case than the preceding case? Because in this case the account has purchased more units of individual product (or you could say they started buying Office later in the game). It was still cheaper for this account to buy 200 Excel and then buy 200 Offices than to buy 400 Offices.

2. Purchasing competitive upgrades to meet the target.

- An account may purchase competitive upgrades, up to the number of competing products it has, to move towards the target. If the account does not reach the target with competitive upgrades then it must buy full packaged product or MLP to reach the target.
- An account may purchase competitive upgrades of both Excel and Word, up to the number of competing products it has, to move towards the target for Office. The account could buy any number of competitive upgrades in any case. When the account runs out of qualifying competitive products, Office becomes the most cost effective way to purchase licenses.
- Using competitive swap to satisfy part of the purchase target makes the effective cost per system very low. You should use this as your technique to sell in lots of competitive upgrades during a time period when Lotus and WordPerfect will be aggressively pushing upgrades.

Purchasing Excel with competitive upgrades

Installed base information

CPU:	1000	
Competitive SS base:	300	
Competitive WP base:	0	Current %
Excel Base:	0	0.0%
Word Base:	0	0.0%
Office Base:	0	0.0%

Product purchase data

Excel:	Y
Word:	
Office:	
Desired MLP %:	0%

Additional purchases required and effective cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost	300	300		600	400		
Word—units cost	\$36,700	\$98,700		\$137,400		\$137.40	\$137.40

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Office—units cost						
Total licenses	300	300	600	400		
Total Purchase cost		\$98,700	\$137,400	\$137.40	\$137.40	

Final Position

	Base	Additional Purchases		MLP	XLA	Total
		Swap	Full			
Excel		300	300		400	1,000
Word						
Office						

Purchasing Office with Word/Excel competitive upgrades
Installed base information

CPUs:	1000	
Competitive SS base:	300	
Competitive WP base:	300	Current %
Excel Base:	0	0.0%
Word Base:	0	0.0%
Office Base:	0	0.0%

Product purchase data

Excel:	
Word:	
Office:	Y
Desired MLP %:	0%

Additional purchases required and effective cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost	300			300			
	\$38,700			\$38,700		\$129.00	\$129.00
Word—units cost	300			300			
	\$38,700			\$38,700		\$129.00	\$129.00
Office—units cost		300		300	400		
		\$137,700		\$137,700		\$196.71	\$196.71
Total licenses	600	300		900	400		
Total Purchase cost		\$137,700		\$215,100		\$215.10	\$215.10

Final Position

	Base	Additional Purchases		MLP	XLA	Total
		Swap	Full			
Excel		300				
Word		300				
Office			300		400	1,000

3. **Mixing Macintoshes and Windows capable machines.**
a. An account may combine the Macs and Windows machines at a site to make the 500 cpu minimum.
If an account does this, it must count all of both kinds of machines at the site.

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- b. The account may count both our Macintosh and Windows applications to move towards the target. It is possible that an account with a very high percentage of our Macintosh applications at a mixed site could be granted licenses for a portion of its Windows capable machines.
- c. The granted licenses are specific to a given version of our product. A granted license can't be moved back and forth between environments. However, an account may request a specific mix of granted licenses. The number of granted licenses can't exceed the number of actual machines installed (either Mac or Windows). This is the principle that we don't grant licenses for machines that don't exist.

Combining Macs and PCs to buy Office for Windows

Installed base information

CPUe:	1000	500 Macs and 500 PCs
Competitive SS base:	0	
Competitive WP base:	0	Current %
Excel Base:	450	45.0% Assume this is all Mac software
Word Base:	450	45.0% Assume this is all Mac software
Office Base:	0	45.0%

Product purchase data

Excel:	Y
Word:	
Office:	
Desired MLP %:	

Additional purchases required and effective cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost							\$259.00
Word—units cost							\$259.00
Office—units cost		150		150	400		
Total licenses		150		150	400	\$125.18	\$125.18
Total Purchase cost		\$68,850		\$68,850		\$125.18	\$301.95

Final Position

	Base	Additional Purchases			XLA	Total
		Swap	Full	MLP		
Excel	450					
Word	450					
Office			150		400	1,000

Note: "Best quote" price for Mac Excel and Mac Word was assumed to be \$259 in this example.

4. Concurrent Usage and XLA.

- a. We do not restrict an account from applying the concurrent usage provision of our license while they are participating in the XLA program. Purchased licenses and XLA licenses are identical in terms of concurrent usage. Why is this not a huge problem?

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- b. An account that has agreed to the program still has to meet the purchase target for the life of the agreement. Within the purchasing site, the account already has licenses for 100% of the machines so it doesn't need concurrent usage. The account made the decision that XLA is more attractive.
- c. The account can't participate in XLA for one site and let another site access the software off the network. XLA is very simple on the point: the account can only use the licenses at the purchasing site. Another way of putting this is that if the account does allow another part of the company that was not originally part of the purchasing site to use the software, then the account is effectively expanding the site--and must count 100% of the machines and make the 60% target for all of the machines.
- d. After the end of the agreement the account owns all of the licenses and may apply the concurrent usage provision of our license.
- e. And now for the crux of the issue: why would an account choose XLA anyway, if it could "go concurrent" instead? Concurrent usage has several specific limitations:
 - Most workstations need to be networked. True at Microsoft; true at some accounts, but not universal.
 - If percentage of users is high, network performance will be affected.
 - Frequent users may need their own licenses because load time may be objectionable. (Note: If a user keeps a copy on his own hard disk, he needs his own license. If he keeps the application iconized on his Windows desktop then he counts as a concurrent user even while the application is idle.)
 - The account still needs to stay legal with a positive means of verifying that it has sufficient licenses for peak concurrent usage.

Concurrent usage is probably not a viable pricing mechanism for most accounts. It is a reasonable way to provide access to the software over the network for a group of infrequent users. The account would probably not have purchased software for most of these users in any case.
- f. You don't really need to sell *against* concurrency--they have it anyway. You can sell for XLA:
 - XLA provides an easy way to be legal.
 - XLA covers both networked and stand-alone workstations.
 - XLA can be applied across an organization and multiple physical sites.
 - XLA does reduce the per system cost of the software.

5. Purchasing MLP to reach purchase target

- a. An account may meet the purchase target using any combination of full packaged product, competitive upgrades, or MLP: whatever is most convenient or cost effective for the account. Note that the examples in this document calculate the minimum cost approach (for given percentage of MLPs the account will buy). It is probably not realistic that all accounts will reach the absolute minimum cost possible.

Purchasing Office MLP with installed base of Word and Excel

Installed base information

CPUs:	1000	
Competitive SS base:	0	
Competitive WP base:	0	Current %
Excel Base:	200	20.0%
Word Base:	200	20.0%
Office Base:	0	20.0%

Product purchase data

Excel:	
Word:	
Office:	Y

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Desired MLP %: 100%

Additional purchases
required and effective
cost:

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
Excel—units cost							\$280.00
Word—units cost							\$280.00
Office—units cost			400	400	400		
			\$168,000	\$168,000		\$210.00	\$210.00
Total licenses			400	400	400		
Total Purchase cost			\$168,000	\$168,000		\$210.00	\$280.00

Final Position

	Base	Additional Purchases			XLA	Total
		Swap	Full	MLP		
Excel	200					
Word	.200					
Office				400	400	1,000

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MICROSOFT EXTENDED LICENSE PROGRAM
TERMS AND CONDITIONS

DISCUSSION DRAFT
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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 for the Macintosh and Excel for OS/2 ("Excel"), Word for Windows, Word for the Macintosh, and Word for OS/2 ("Word"), and The Microsoft Office for Windows and the Microsoft Office for the Macintosh ("Office"). (Office 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" shall mean all IBM-compatible PCs capable of running Microsoft Windows graphical environment (i.e., containing a 10 MHz 80286 based processor or higher) (hereafter, "PCs"), and all Apple Macintosh computers (with 1 MB of RAM or greater) (hereafter, "Macintoshes"). The term "Computers"

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includes all of the Computers within the Site without exception, including newly acquired Computers as they are added to the Site during the term of the XLA Program.

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 Office, 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 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 Office, the following special rules will apply:

(i) In determining COMPANY's Threshold Qualification for 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 Office). It makes no difference whether COMPANY acquired such Word and Excel copies as standalone product, or as included in Office.

(ii) Upon proper application to MS, COMPANY shall receive a XLA License Certificate for Office good for the remaining forty percent (40%) of COMPANY's Computers, thereby licensing one hundred percent (100%) of COMPANY's Computers. Because 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 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. **Obligation to Maintain Qualifying Threshold on all Computers at Site.** During the term of the XLA Program, and after COMPANY has ordered and received its initial XLA License Certificate, COMPANY shall maintain the 60% Qualifying Threshold on all Computers at its Site, including all Computers acquired after

COMPANY executes its initial Verification and Reporting Form. COMPANY shall qualify for additional XLA License Certificates by verifying that (i) COMPANY has acquired additional Computers at its Site, and (ii) COMPANY has licensed 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).

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. Use Restrictions. During the term of the XLA Program, The Products which are licensed pursuant to the XLA Licenses may only be used within the Site (i.e., may not be installed on or otherwise accessed by computers outside the Site).

c. 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.

d. 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.

e. Eligibility. This offer may not be combined with any other promotion, offer, or other special licensing arrangement offered by MS. This offer is valid until December 31, 1991, and COMPANY must execute and return its Verification and Order Form by that date to accept this offer.

9. Term.

The term of the XLA Program offered to COMPANY is 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 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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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

- 1. GRANT OF LICENSE.** This Microsoft XLA License Certificate ("License") permits the licensee, "COMPANY", to make and use the number of copies listed above of the specified version of the Microsoft software product identified above ("SOFTWARE") according to the terms of this License. At any time, COMPANY may have as many copies of the SOFTWARE in use as specified above. The SOFTWARE is "in use" on a computer when it is loaded into the temporary memory (i.e., RAM) or installed into the permanent memory (e.g., hard disk, CD ROM, or other storage device) of that computer, except that a copy installed on a network server for the sole purpose of distribution to other computers is not "in use." If the anticipated number of users of the SOFTWARE will exceed the number of applicable Licenses, then COMPANY must have a reasonable mechanism or process in place to assure that the number of persons using the SOFTWARE concurrently does not exceed the number of Licenses. If the SOFTWARE is permanently installed on the hard disk or other storage device of a computer (other than a network server) and one person uses that computer more than 80% of the time it is in use, then that person may also use the SOFTWARE on a portable or home computer.
- 2. COPYRIGHT.** The SOFTWARE is owned by Microsoft or its suppliers and is protected by United States copyright laws and international treaty provisions. Therefore, COMPANY must treat the SOFTWARE like any other copyrighted material (e.g., a book or musical recording) except that COMPANY may either (a) make one copy of the SOFTWARE solely for backup or archival purposes, or (b) transfer the SOFTWARE to a single hard disk provided COMPANY keep the original solely for backup or archival purposes. COMPANY may not copy the written materials accompanying the SOFTWARE.
- 3. OTHER RESTRICTIONS.** This Microsoft Software License Card is COMPANY's proof of license to exercise the rights granted herein and must be retained by COMPANY. COMPANY may not rent or lease the SOFTWARE. COMPANY may not transfer copies of the SOFTWARE made pursuant to this XLA License Certificate, except to a purchaser of substantially all the assets of COMPANY. COMPANY may not reverse engineer, decompile, or disassemble the SOFTWARE. Any permitted transfer of the SOFTWARE must include the most recent update and all prior versions.

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LIMITED WARRANTY

LIMITED WARRANTY. Microsoft warrants that the original copy of the SOFTWARE will perform substantially in accordance with the accompanying written materials for a period of ninety (90) days from the date of receipt. Any implied warranties on the SOFTWARE are limited to ninety (90) days. Some states do not allow limitations on duration of an implied warranty, so the above limitation may not apply to COMPANY.

CUSTOMER REMEDIES. Microsoft's entire liability and COMPANY's exclusive remedy shall be, at Microsoft's option, either (a) return of the price paid or (b) repair or replacement of the SOFTWARE that does not meet Microsoft's Limited Warranty and that is returned to Microsoft with a copy of COMPANY's proof of purchase. This Limited Warranty is void if failure of the SOFTWARE has resulted from accident, abuse, or misapplication. Any replacement SOFTWARE will be warranted for the remainder of the original warranty period or thirty (30) days, whichever is longer. Neither these remedies nor any product support services offered by Microsoft are available for this U.S.A. version product outside of the United States of America.

NO OTHER WARRANTIES. Microsoft disclaims all other warranties, either express or implied, including but not limited to implied warranties of merchantability and fitness for a particular purpose, with respect to the SOFTWARE and the accompanying written materials. This limited warranty gives COMPANY specific legal rights. COMPANY may have others, which vary from state to state.

NO LIABILITY FOR CONSEQUENTIAL DAMAGES. In no event shall Microsoft or its suppliers be liable for any damages whatsoever (including, without limitation, damages for loss of business profits, business interruption, loss of business information, or other pecuniary loss) arising out of the use or inability to use this Microsoft product, even if Microsoft has been advised of the possibility of such damages. Because some states do not allow the exclusion or limitation of liability for consequential or incidental damages, the above limitation may not apply to COMPANY.

U.S. GOVERNMENT RESTRICTED RIGHTS

The SOFTWARE and documentation are provided with RESTRICTED RIGHTS. Use, duplication, or disclosure by the Government is subject to restrictions as set forth in subparagraph (c)(1)(ii) of the Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 or subparagraphs (c)(1) and (2) of the Commercial Computer Software--Restricted Rights at 48 CFR 52.227-19, as applicable. Contractor/manufacturer is Microsoft Corporation/One Microsoft Way/Redmond, WA 98052-6399.

This Agreement is governed by the laws of the State of Washington.

For more information about Microsoft's licensing policies, please call Microsoft Customer Service at (800)426-9400, or write: Microsoft Customer Sales and Service/One Microsoft Way/Redmond, WA 98052-6399.

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**DISCUSSION DRAFT
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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):

Number:
_____ All IBM-compatible PCs
_____ All 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 / for the Macintosh / for OS/2
___ Microsoft Word for Windows / for the Macintosh / for OS/2
___ The Microsoft Office for Windows

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5. Verification of Qualifying Threshold

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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