

PLAINTIFF'S
EXHIBIT
4422
Comes v. Microsoft

LICENSE AGREEMENT

for

MICROSOFT® MS-DOS® VERSION 4.01
MICROSOFT® WINDOWS™ VERSION 3.0
MICROSOFT® OS/2 VERSION 1.2

Between

MICROSOFT CORPORATION,
a Delaware Corporation,

and

ZEOS INTERNATIONAL LTD.,
a Minnesota Corporation

Effective Date: June 1, 1990

Microsoft Contract # 4934-0130

Date of Issue: May 3, 1990

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MICROSOFT LICENSE NO.
4934-0130

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PLAINTIFF'S
EXHIBIT
1301
P.A. No. 2:96CV645B

LICENSE AGREEMENT

This License Agreement ("Agreement") is made and entered into this 1st day of June, 1990 ("Effective Date"), by and between MICROSOFT CORPORATION, a Delaware corporation, with offices at One Microsoft Way, Redmond, WA 98052-4399 (hereafter "MS"), and ZEOS INTERNATIONAL LTD., a Minnesota corporation (hereafter "COMPANY").

The parties agree as follows:

1. **DEFINITIONS.** For purposes of this Agreement, the following terms shall have the following meanings:

(a) "COMPANY" shall include any subsidiary of COMPANY, provided that COMPANY hereby guarantees its subsidiary's performance under this Agreement and the subsidiary agrees in writing with COMPANY to be bound by the terms of this Agreement. A "subsidiary" is a company in which, on a class by class basis, more than fifty percent (50%) of the stock entitled to vote for the election of directors is owned or controlled by COMPANY, but only so long as such ownership or control exists.

(b) "Customer System" shall mean the single user/single CPU computer system product(s) described in the Exhibit(s) M marketed and distributed under COMPANY's trademark(s) or product name(s).

(c) "OnLine" shall mean MS' then standard electronic product support service offered to OEMs.

(d) "Product" or "Products" shall mean the MS software products described in the attached Exhibit(s) C, including where applicable the specified user documentation. "Product software" or "Product documentation" shall mean the software or documentation components of the Product.

(e) "Product Release" shall mean a release of Product which is designated by MS in its sole discretion as a change in the digit(s) to the left of the decimal point in the Product version number [(x).xxx].

(f) "Version Release" shall mean a release of Product which is designated by MS in its sole discretion as a change in the tenths digit in the Product version number [x.(x)x].

(g) "Update Release" shall mean a release of Product which is designated by MS in its sole discretion as a change in the digit(s) to the right of the tenths digit(s) in the Product version number [x.x(x)].

(h) "Upgrade" shall mean a replacement copy of the Product provided to an existing end user of the Product on a Customer System. COMPANY shall establish a reasonable procedure to assure the return or destruction of any replaced Product. The packaging for Upgrade Product shall indicate that it is intended as an "upgrade" only (or similar wording) and not for use by a new customer. Copies of Product not strictly in conformance herewith shall not be considered Upgrade Product.

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2. LICENSE GRANT

(a) MS grants to COMPANY the following nonexclusive, worldwide license rights:

(i) to adapt the Product as necessary to enable it to execute on COMPANY's Customer System(s);

(ii) to reproduce and manufacture the Product in object code form; and

(iii) to distribute directly or indirectly and license the Product in object code form to end users, under the terms of COMPANY's end user license agreement.

All rights not expressly granted, including without limitation translation rights, are reserved by MS.

(b) COMPANY's license shall extend to, and each Product shall be deemed to include, any Update Releases and Version Releases that COMPANY accepts under Section 4 and elects to distribute under this Agreement. The per copy or per system royalties for new Version Releases may be increased in accordance with the applicable Exhibit C. COMPANY's license hereunder shall not extend to Product Releases.

(c) MS further grants COMPANY the right to modify, reproduce, publish and sell the Product documentation as a component of the Product, provided that COMPANY's modifications shall not render the Product documentation incomplete or inaccurate. COMPANY shall not translate the Product documentation without MS' written consent.

(d) COMPANY's rights hereunder shall not extend to Product source code unless Exhibit S is attached and executed.

(e) COMPANY shall deliver to MS, in source and object form, any "adaptation code" it writes to enable the Product to execute on its Customer System(s), and COMPANY hereby grants MS a nonexclusive, perpetual, royalty-free license to use such "adaptation code" for the sole purpose of supporting COMPANY.

(f) MS agrees to negotiate in good faith with COMPANY to license products not available to COMPANY under this Agreement upon MS' then applicable terms and conditions.

3. PRICE AND PAYMENT

(a) COMPANY agrees to pay MS the amount(s) and within the times stated in this Section 3, Exhibit B and Exhibit(s) C. COMPANY's obligation to pay such amounts is unconditional except as is otherwise expressly stated to the contrary herein. In the event taxes are required to be withheld by any foreign government on payments required hereunder, on such withholding taxes as will enable MS to claim and receive a U.S. Foreign Tax Credit, COMPANY may deduct such taxes from the amount owed MS and pay them to the appropriate tax authority; provided, however, that COMPANY shall promptly secure and deliver

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to MS an official receipt for any such taxes withheld or other documents necessary to enable MS to claim a U.S. Foreign Tax Credit. COMPANY will make certain that any taxes withheld are minimized to the extent possible under applicable law. Prices stated are exclusive of any federal, state, municipal or other governmental taxes, duties, licenses, fees, excises or tariffs now or hereafter imposed on COMPANY's production, storage, licensing, sale, transportation, import, export or use of a Product. Such charges shall be paid by COMPANY, or in lieu thereof, COMPANY shall provide an exemption certificate acceptable to MS and the applicable authority. MS, however, shall be responsible for all taxes based upon its personal property ownership and gross or net income. A finance charge of one and one-half percent (1-1/2%) per month will be assessed on all amounts that are past due.

(b) Except where otherwise provided, COMPANY agrees to make quarterly reports and payments to MS within thirty (30) days after the end of each calendar quarter, and thirty (30) days after termination or expiration for the final full or partial quarter. COMPANY's quarterly report shall provide the information described in the applicable Exhibit C for each Product licensed hereunder, and shall be signed by a duly authorized representative of COMPANY. COMPANY shall submit quarterly reports even if no royalties or other amounts are due for such quarter. COMPANY shall use the royalty reporting form attached as Exhibit R, or other form as agreed by the parties.

(c) No royalty shall accrue to MS for copies of a Product (i) used solely for testing systems; (ii) shipped as replacement copies for copies found to be defective in materials, manufacture, or reproduction; (iii) used for demonstrations to prospective customers, such demonstration copies not to exceed one hundred (100) copies; or (iv) sample copies provided to MS under Section 7(b).

(d) License #4934-0022's due-on-signing payment of One Hundred Eighty Five Thousand Dollars (US\$185,000.00) will be transferred to this license's due-on-signing amount. This License will supersede and terminate License #4934-0022 once mutually signed.

4. ACCEPTANCE AND WARRANTY

(a) Within thirty (30) days after the later of COMPANY's execution of this Agreement or MS' delivery to COMPANY of the first version of a Product licensed hereunder, COMPANY shall either accept such Product or report deviations from specifications in writing. COMPANY is not required to accept or reject test versions of a Product (e.g., Alpha or Beta test versions). Conformance to specifications as referenced in the applicable Exhibit C shall solely determine acceptability. If COMPANY does not report deviations from Product specifications within the thirty (30) day period, or if COMPANY ships the Product to a customer for revenue, COMPANY shall be deemed to have accepted the Product.

(b) If COMPANY reports any deviations from Product specifications prior to acceptance then MS shall have sixty (60) days to correct such deviations. Upon delivery of a corrected release of Product to COMPANY, COMPANY shall have thirty (30) days in which to re-evaluate the corrected release for conformance to specifications as provided in Section 4(a). If any deviations from specifications reported before acceptance are not eliminated in the sixty (60)

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day correction period, then as COMPANY's sole remedy (i) the Product may be retained at an equitable adjustment in price as may be agreed by the parties, or (ii) the correction period may be extended as may be agreed by the parties, or (iii) failing any agreement, COMPANY may reject the Product, and provided that COMPANY has rejected the first version of each released Product licensed under this Agreement, then COMPANY shall be entitled to a refund of one hundred percent (100%) of the payment due on signing as specified in Exhibit B and this Agreement shall immediately terminate. COMPANY shall not have the right to a refund of prepaid royalties, or to terminate this Agreement, if it has accepted any Product under this Agreement.

(c) COMPANY shall evaluate each new Update Release and Version Release of a Product and either accept or reject it in writing within thirty (30) days after its receipt by COMPANY. Conformance with specifications provided by MS shall solely determine acceptability. If COMPANY does not reject the Update or Version Release within such thirty (30) day period, or if COMPANY ships the Update or Version Release to a customer, COMPANY shall be deemed to have accepted it.

(d) MS represents that each Product meets the specifications referenced in the applicable Exhibit C. If COMPANY reports any deviations from specifications in a Product following acceptance and during the term of this Agreement, then as COMPANY's sole remedy MS agrees to use reasonable efforts to correct such deviations. COMPANY's notice of any deviations from Product specifications shall be made using the OnLine system or the notice provisions of Section 15. MS' obligations under this Section 4(d) as to a particular release of a Product shall cease ninety (90) days after delivery to COMPANY of an Update Release or Version Release with a higher version number which conforms to specifications as provided in Section 4(c).

(e) If any Product licensed hereunder has not yet been released by MS, MS shall have no liability for failure to deliver such Product by any particular date or within the term of this Agreement. COMPANY shall not distribute for revenue any release of a Product until MS gives its written approval of such distribution by its OEMs generally or upon receipt by COMPANY of final OEM Adaptation Kit from MS.

5. INDEMNIFICATION FOR INFRINGEMENT

(a) MS represents and warrants that:

(i) the Products do not infringe any copyright enforceable under the laws of any country listed in Section 5(d); and

(ii) the Products do not violate the trade secret rights of a third party.

MS agrees to indemnify, hold harmless, and defend COMPANY from and against any and all damages, costs, and expenses, including reasonable attorneys' fees, incurred in connection with a claim which, if true, would constitute a breach of the foregoing warranties (hereinafter "Infringement Claims"); provided MS is notified promptly in writing of an Infringement Claim and has sole control over its defense or settlement, and COMPANY provides reasonable assistance in the defense of the same.

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(b) Following notice of an Infringement Claim, MS may at its expense, without obligation to do so, procure for COMPANY the right to continue to market, use and have others use, the alleged infringing Product or, without obligation to do so, may replace or modify the Product to make it non-infringing. If MS elects to replace or modify the Product, such replacement shall meet substantially the specifications as provided or referenced in the applicable Exhibit C and shall be subject to the acceptance provisions of Section 4(c).

(c) MS shall have no liability for any Infringement Claim based on COMPANY's (i) use or distribution of any Product after MS' notice that COMPANY should cease use or distribution of such Product due to an Infringement Claim, or (ii) combination of a Product with a non-MS program or data, if such Infringement Claim would have been avoided by the exclusive use of the Product. For all Infringement Claims arising under this Section 5(c), COMPANY agrees to indemnify and defend MS from and against all damages, costs and expenses, including reasonable attorneys' fees.

(d) MS shall have no obligation to COMPANY for any Infringement Claims made against COMPANY which arise from the use or distribution of a Product outside the geographical boundaries of the United States, Canada, Australia, Japan, the European Economic Community, Sweden, Norway, and Finland, and COMPANY hereby releases and discharges MS from any and all Infringement Claims resulting from such use.

6. LICENSE RESTRICTIONS

(a) COMPANY shall market and distribute each Product only to end user purchasers of COMPANY's Customer System(s). COMPANY shall distribute and license Product(s) only with those Customer Systems listed on Exhibit C for the particular Product(s). COMPANY's Product packaging shall clearly indicate that the Product is intended for use only on such Customer System(s). COMPANY shall require its distributors, dealers and others in its distribution channels to comply with the foregoing.

(b) COMPANY shall not reverse engineer, decompile or disassemble any Product.

(c) COMPANY shall distribute and license the use of Product to end users only pursuant to its end user license agreement ("EULA"). COMPANY's EULA may be a "break-the-seal" end user license agreement or a signed end user license agreement. COMPANY's EULA shall conform substantially to the Sample License Agreement attached as Exhibit A, except that it shall be adapted as commercially reasonable for any foreign jurisdiction in which COMPANY markets or distributes the Product. The limitations of liability and remedies in COMPANY's EULA shall inure to the benefit of MS. COMPANY shall be the "Licensor" under its EULA.

(d) COMPANY shall not reproduce, duplicate, copy or otherwise permit the manufacture of Product software except on COMPANY premises by COMPANY employees, unless the following conditions are satisfied:

(i) COMPANY and its outside contractor enter into a written agreement (hereafter "Replication Agreement") that expressly provides that MS

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is a third party intended beneficiary of the Replication Agreement with rights to enforce such agreement, and that requires contractor:

- a) to comply with obligations identical to those imposed on COMPANY by Sections 7(a), 11(a), 11(b), 13 and 14.
 - b) to halt reproduction of the Product upon notice from COMPANY or MS of the termination or expiration of this Agreement, and
 - c) to pay MS or COMPANY's attorneys' fees if COMPANY or MS employs attorneys to enforce any rights arising out of the Replication Agreement;
- (ii) COMPANY guarantees its contractors' fulfillment of the applicable obligations imposed on COMPANY by this Agreement; and
- (iii) COMPANY indemnifies MS for all damages of any kind, without limitation, caused by a breach of the Replication Agreement by a contractor.

7. COPYRIGHT NOTICES; TRADEMARKS

(a) COMPANY will cause to appear on the container and labels of each copy of Product, the copyright and patent notices for the Product that appear on the applicable release of the Product as provided to COMPANY pursuant to Section 2 hereof (or if none, the copyright and patent notices as specified in the applicable Exhibit C). COMPANY will cause to appear as part of the sign-on message for each Product, the applicable MS copyright notice. COMPANY shall cause to appear on the title page of each volume of its documentation, and at any other location where any copyright notice appears, the MS and third party copyright notices that appear in the release of Product documentation from which COMPANY's documentation is derived.

(b) COMPANY shall market the Product only under the Product name(s) for such Product as specified in the applicable Exhibit C, and COMPANY agrees to use the appropriate trademark symbol (either "™" or "®" in a superscript, as provided in the Exhibit C) and clearly indicate MS' ownership of its trademark(s) whenever the Product name is first mentioned in any advertisement, brochure or in any other manner in connection with the Product. COMPANY shall not, at any time, use any name or trademark confusingly similar to a MS trademark, trade name and/or product name and agrees that its use of such MS trademark(s), trade name(s) and/or product name(s) shall not directly or indirectly create in or for COMPANY any right, title or interest therein. COMPANY's name and/or trademarks shall not be displayed in relation to the Product name in a manner which suggests that COMPANY's name and/or trademarks are part of the Product name. COMPANY agrees to maintain the high level of quality accorded products associated with and marketed by MS under MS' trademarks. COMPANY shall not use or display any MS logo in its materials or packaging without MS' prior written permission. COMPANY shall not use or imitate the trade dress of MS products. COMPANY's name and/or trademarks shall be displayed on the packaging and disk labels for the Product at least as prominently as the name "Microsoft." COMPANY shall undertake no action that will interfere with or diminish MS' right, title and/or interest in MS' trademark(s), trade name(s) or Product name(s).

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(c) COMPANY SHALL SUBMIT THE PRODUCT IN PROPOSED FINISHED GOODS FORM (INCLUDING SOFTWARE, EULA, AND DOCUMENTATION) TO MS FOR APPROVAL PRIOR TO DISTRIBUTION. THIS APPROVAL SHALL NOT BE UNREASONABLY WITHHELD. COMPANY AGREES TO USE A UNIQUE IDENTIFIER SUCH AS BAR CODES OR SERIAL NUMBERS ON ALL MANUFACTURED PRODUCT. COMPANY shall, upon request, provide MS samples of all COMPANY literature, which uses Product name(s). COMPANY shall provide MS with five (5) copies of the Product in finished goods form.

(d) COMPANY shall market each release of Product only under the version number assigned by MS to such release.

(e) MS, at its own expense, will settle or defend and pay any damages, costs, and expenses, including reasonable attorneys' fees, resulting from any claim made against COMPANY by a third party for infringement or alleged infringement of the trademark, trade name or product name rights of such third party, or for unfair competition resulting from COMPANY's use of MS' trademarks, trade names or product names, in the countries listed in Section 5(d); provided, that COMPANY promptly notifies MS of any such claim. In meeting its obligations hereunder, MS may, without obligation to do so, procure for COMPANY the right to continue to use the trademark, trade name, or product name on the Product.

8. PROHIBITION AGAINST ASSIGNMENT AND SUBLICENSE

This Agreement, and any rights or obligations hereunder, shall not be assigned or sublicensed by COMPANY without the prior written approval of MS. COMPANY shall give MS ninety (90) days prior written notice of its desire to assign this Agreement. Notwithstanding the foregoing, COMPANY may assign this Agreement to any purchaser of substantially all the assets of COMPANY's computer systems products business upon thirty (30) days prior written notice to MS.

9. TERM OF AGREEMENT

Provided this Agreement has been properly executed by COMPANY and by an officer of MS, the initial term of this Agreement ("Initial Term") shall run from the Effective Date until the earlier of: (i) two (2) years from the end of the calendar quarter in which COMPANY's first shipment to a customer of any Product for revenue occurs; or (ii) two (2) years and six (6) months from the end of the calendar quarter in which the Effective Date occurs. COMPANY shall give MS written notice of the first date of shipment of any Product by COMPANY to a customer for revenue.

Upon execution by both parties, this Agreement supersedes and replaces MS Contract #4934-0022 (between COMPANY and MS), except that any prepaid balance under the foregoing Agreements may be carried forward to this Agreement and be recouped against royalties payable to MS for any Product licensed under this Agreement. Any prepaid balances carried forward to this Agreement shall not apply to and shall not affect COMPANY's obligation to pay MS the minimum commitment amounts stated in Exhibit B. Except as otherwise provided in this Section 9, this Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of COMPANY and MS by their respective duly authorized representatives.

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10. DEFAULT AND TERMINATION

(a) This Agreement may terminate if any of the following events of default occur: (i) if either party materially fails to perform or comply with this Agreement or any provision hereof; (ii) if either party fails to strictly comply with the provisions of Section 13 or makes an assignment in violation of Section 8; (iii) if COMPANY becomes insolvent or admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors; (iv) if a petition under any foreign, state, or United States bankruptcy act, receivership statute, or the like, as they now exist, or as they may be amended, is filed by COMPANY; or (v) if such a petition is filed by any third party, or an application for a receiver of COMPANY is made by anyone and such petition or application is not resolved favorably to COMPANY within sixty (60) days.

(b) Termination due to a breach of Sections 6, 13, or (if applicable) S1 shall be effective upon notice. In all other cases termination shall be effective thirty (30) days after notice of termination to the defaulting party if the defaults have not been cured within such thirty (30) day period. The rights and remedies of the parties provided herein shall not be exclusive and are in addition to any other rights and remedies provided by law or this Agreement.

(c) In the event of COMPANY's default, MS may terminate this Agreement in its entirety or as to any individual Product(s). Termination of this Agreement as to any particular Product(s) will not affect the terms and conditions of this Agreement as they apply to the other Product(s) licensed under this Agreement.

11. OBLIGATIONS UPON TERMINATION

(a) Within ten (10) days after termination or expiration of this Agreement, COMPANY shall return to MS all full or partial copies of each Product in COMPANY's possession or under its control, including, if applicable, copies of the Product in source code form. COMPANY and each subsidiary of COMPANY may, however, retain one copy of each Product in object code form and one copy of the Product documentation to be used solely for support purposes.

(b) From and after termination or expiration, COMPANY shall not use internally nor employ any Product as part or portion of any product that COMPANY may use, sell, assign, lease, license, or transfer to third parties. COMPANY shall cease and desist from all use of any Product name(s) and associated trademark(s) and, upon request, deliver to MS or its authorized representatives or destroy all material upon which the Product name(s) and the associated trademarks appear.

(c) Termination of this Agreement as a result of COMPANY's default shall result in acceleration of COMPANY's obligation to pay all sums COMPANY contracted to pay under this Agreement, including all minimum commitment payments as described in Exhibit B.

(d) End user licenses properly granted pursuant to this Agreement and prior to termination of this Agreement shall not be diminished or abridged by termination of this Agreement.

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(e) Sections 5, 12, 13, 14, 15, 16(s), 17, 18(a), and 18(b) shall survive termination or expiration of this Agreement.

12. LIMITATION OF LIABILITY AND REMEDY

(a) MS' liability to COMPANY under any provision of this Agreement, including Section 5, or any transaction contemplated by this Agreement shall be limited to one hundred percent (100%) of the amount having then actually been paid by COMPANY to MS under Section 3. MS' limitation of liability is cumulative with all MS' expenditures being aggregated to determine satisfaction of the limit. The existence of claims or suits against more than one Product licensed under this Agreement will not enlarge or extend the limit. COMPANY releases MS from all obligations, liability, claims or demands in excess of the limitation. The parties acknowledge that other parts of this Agreement rely upon the inclusion of this Section 12.

(b) The rights and remedies granted to COMPANY under Sections 4 and 5 constitute COMPANY's sole and exclusive remedy against MS, its officers, agents and employees for negligence, inexcusable delay, breach of warranty, express or implied, or for any default whatsoever relating to the condition of the Product or MS' duties to correct any deviations from specifications.

SECTIONS 4 AND 5 CONTAIN THE ONLY WARRANTIES MADE BY MS. ANY AND ALL OTHER WARRANTIES OF ANY KIND WHATSOEVER, INCLUDING THOSE FOR MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY EXCLUDED. COMPANY AGREES MS SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, ECONOMIC OR PUNITIVE DAMAGES EVEN IF MS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

13. NONDISCLOSURE AGREEMENT

COMPANY expressly undertakes to retain in confidence and to require its distributors to retain in confidence all information and know-how transmitted to COMPANY by MS that MS has identified as being proprietary and/or confidential or that, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as proprietary and/or confidential, and will make no use of such information and know-how except under the terms and during the existence of this Agreement. However, COMPANY shall have no obligation to maintain the confidentiality of information that (i) it received rightfully from another party prior to its receipt from MS; (ii) MS has disclosed to a third party without any obligation to maintain such information in confidence; or (iii) is independently developed by COMPANY. Further, COMPANY may disclose confidential information as required by governmental or judicial order, provided COMPANY gives MS prompt notice of such order and complies with any protective order (or equivalent) imposed on such disclosure. COMPANY shall treat all Product adaptation materials (including source code) as confidential information and shall not disclose, disseminate or distribute such materials to any third party without MS' prior written permission. COMPANY shall treat the terms and conditions of this Agreement as confidential; however, COMPANY may disclose such information in confidence to its immediate legal and financial consultants as required in the ordinary course of COMPANY's business. COMPANY's obligation under this Section 13 shall extend to the earlier of such time as the information protected hereby is in the public domain through no fault of COMPANY or ten (10) years following termination or expiration of this Agreement.

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14. AUDITS

(a) During the term of this Agreement, COMPANY agrees to keep all usual and proper records and books of account and all usual and proper entries relating to each Product licensed.

(b) MS may cause an audit to be made of the applicable records in order to verify statements issued by COMPANY and prompt adjustment shall be made to compensate for any errors or omissions disclosed by such audit. Any such audit shall be conducted by an independent certified public accountant selected by MS (other than on a contingent fee basis) and shall be conducted during regular business hours at COMPANY's offices and in such a manner as not to interfere with COMPANY's normal business activities. Any such audit shall be paid for by MS unless material discrepancies are disclosed. "Material" shall mean the lesser of Ten Thousand Dollars (US\$10,000.00) or five percent (5%) of the amount that should have been reported. If material discrepancies are disclosed, COMPANY agrees to pay MS for the costs associated with the audit. In no event shall audits be made more frequently than semi-annually unless the immediately preceding audit disclosed a material discrepancy.

(c) Neither the right to examine and audit nor the right to receive an adjustment shall be affected by any statement to the contrary, appearing on checks or otherwise, unless expressly agreed to in writing by the party having such right.

(d) In the event that MS makes any claim with respect to an audit, upon COMPANY's written request MS will make available to COMPANY the records and reports pertaining to such audit prepared by MS' independent auditor.

15. NOTICES AND REQUESTS

All notices, authorizations, and requests in connection with this Agreement shall be deemed given on the day they are (i) deposited in the U.S. mails, postage prepaid, certified or registered, return receipt requested; or (ii) sent by air express courier, charges prepaid; and addressed as follows:

COMPANY: ZEOS INTERNATIONAL LTD.
530 5th Avenue N.W., Suite 1000
New Brighton, MN 55112

Attention: Mr. Greg Herrick
Telephone: 612-633-1175

With Copy To:
COMPANY: ZEOS INTERNATIONAL LTD.
530 5th Avenue N.W., Suite 1000
New Brighton, MN 55112

Attention: Legal
Fax: 912-633-1175

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BILL TO:
COMPANY: ZEOS INTERNATIONAL LTD.
530 5th Avenue N.W., Suite 1000
New Brighton, MN 55112

Attention: Finance

SHIP TO: ZEOS INTERNATIONAL LTD.
530 5th Avenue N.W., Suite 1000
New Brighton, MN 55112

Attention: Receiving

MS: MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

Attention: Vice President, OEM Group

With Copy To: MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

Attention: Law & Corporate Affairs
Fax: (206) 883-8101

or to such other address as the party to receive the notice or request so designates by written notice to the other. For other correspondence to MS, the address is:

OEM Sales
MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

16. CONTROLLING LAW; NO FRANCHISE

(a) This Agreement shall be construed and controlled by the laws of the State of Washington, and COMPANY consents to jurisdiction and venue in the state and federal courts sitting in the State of Washington. Process may be served on either party in the manner set forth in Section 15 for the delivery of notices or by such other method as is authorized by applicable law or court rule.

(b) Neither this Agreement, nor any terms and conditions contained herein, shall be construed as creating a partnership, joint venture or agency relationship or as granting a franchise as defined in the Washington Franchise Investment Protection Act, RCW 19.100, as amended, or 16 CFR Section 436.2(a). The price and payment described in Section 3 of this Agreement shall be construed as a royalty fee for the rights granted in Section 2 of this Agreement, and not as a franchise fee.

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17. ATTORNEYS' FEES

If either MS or COMPANY employs attorneys to enforce any rights arising out of or relating to this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, costs and other expenses.

18. GENERAL

(a) Any Product which COMPANY licenses or acquires under this Agreement for or on behalf of the United States of America, its agencies and/or instrumentalities, is provided to COMPANY 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.

(b) COMPANY agrees that neither it nor its customers intends to or will, directly or indirectly, export or transmit (i) any Product or related documentation and technical data or (ii) any product (or any part thereof), process, or service that is the direct product of a Product, to the People's Republic of China, Afghanistan, or any group Q, S, W, Y, or Z country specified in Supplement No. 1 of Section 770 of the Export Administration Regulations or to any other country to which such export or transmission is restricted by such regulation or statute, without the prior written consent, if required, of the Office of Export Administration of the U.S. Department of Commerce, or such other governmental entity as may have jurisdiction over such export or transmission.

(c) This Agreement does not constitute an offer by MS. Upon execution by both parties, this Agreement shall constitute the entire agreement between the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of COMPANY and MS by their respective duly authorized representatives. Unless agreed to in a separate writing signed by both parties, any statement appearing as a restrictive endorsement on a check or other instrument which purports to modify a right, obligation or liability of either party shall be of no force and effect, and the payee party shall be free to negotiate such check notwithstanding such void endorsement.

(d) If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remaining provisions shall remain in full force and effect. If this Agreement as it relates to any Product(s) licensed hereunder shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable or if this Agreement is terminated as to particular Product(s), this Agreement shall remain in full force and effect as to the remaining Product(s).

(e) No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

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(f) The Section headings used in this Agreement and the attached Exhibits are intended for convenience only and shall not be deemed to supersede or modify any provisions.

19. COMPANY'S GOVERNMENTAL APPROVAL OBLIGATIONS

COMPANY shall, at its own expense, obtain and arrange for the maintenance in full force and effect of all governmental approvals, consents, licenses, authorizations, declarations, filings, and registrations as may be necessary or advisable for the performance of all of the terms and conditions of the Agreement including, but not limited to, foreign exchange approvals, import and offer agent licenses, fair trade approvals and all approvals which may be required to realize the purposes of the Agreement. COMPANY warrants and represents that the Product(s) is importable into the country identified in the "Ship To" address for COMPANY listed in Section 15.

If any necessary approvals are not or cannot be obtained within a reasonable time in form and substance satisfactory to MS, MS may immediately terminate this Agreement, and upon receipt of such notice by the COMPANY, this Agreement shall be null, void and of no effect.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above. All signed copies of this Agreement shall be deemed originals.

MICROSOFT CORPORATION

ZEOS INTERNATIONAL LTD.


By


By

Michael R. Hallman
Name (Print)

Mr. Greg Herrick
Name (Print)

President
Title

President
Title

9/27/80
Date

Date

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EXHIBIT A - SAMPLE LICENSE AGREEMENT

XYZ CORPORATION LICENSE AGREEMENT

This is a legal agreement between you, the end user, and XYZ Corporation. BY OPENING THIS SEALED DISK PACKAGE, YOU ARE AGREEING TO BE BOUND BY THE TERMS OF THIS AGREEMENT. IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT, PROMPTLY RETURN THE UNOPENED DISK PACKAGE AND THE ACCOMPANYING ITEMS (including written materials and binders or other containers) TO THE PLACE YOU OBTAINED THEM FOR A FULL REFUND.

XYZ CORPORATION SOFTWARE LICENSE

1. GRANT OF LICENSE. XYZ Corporation grants to you the right to use one copy of the enclosed Microsoft software program (the "SOFTWARE") on a single terminal connected to a single computer (i.e. with a single CPU). You may not network the SOFTWARE or otherwise use it on more than one computer or computer terminal at the same time.

2. COPYRIGHT. The SOFTWARE is owned by Microsoft or its suppliers and is protected by United States copyright laws and international treaty provisions. Therefore, you must treat the SOFTWARE like any other copyrighted material (e.g. a book or musical recording) except that you 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 you keep the original solely for backup or archival purposes. You may not copy the written materials accompanying the SOFTWARE.

3. OTHER RESTRICTIONS. You may not rent or lease the SOFTWARE, but you may transfer the SOFTWARE and accompanying written materials on a permanent basis provided you retain no copies and the recipient agrees to the terms of this Agreement. You may not reverse engineer, decompile or disassemble the SOFTWARE.

4. DUAL MEDIA SOFTWARE. If the SOFTWARE package contains both 3-1/2" and 5-1/4" disks, then you may use only the disks appropriate for your single-user computer. You may not use the other disks on another computer or loan, rent, lease, or transfer them to another user except as part of the permanent transfer (as provided above) of all SOFTWARE and written materials.

5. YOU MAY NOT USE, COPY, MODIFY, OR TRANSFER THE SOFTWARE OR ANY COPY IN WHOLE OR IN PART, EXCEPT AS EXPRESSLY PROVIDED IN THIS LICENSE. ALL RIGHTS NOT EXPRESSLY GRANTED ARE RESERVED BY XYZ OR ITS SUPPLIERS.

LIMITED WARRANTY

LIMITED WARRANTY. XYZ Corporation warrants that (a) the SOFTWARE will perform substantially in accordance with the accompanying written materials for a period of ninety (90) days from the date of receipt; and (b) any hardware accompanying the SOFTWARE will be free from defects in materials and workmanship under normal use and service for a period of one (1) year from the

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EXHIBIT A
(Continued)

date of receipt. Any implied warranties on the SOFTWARE and hardware are limited to ninety (90) days and one (1) year, respectively. Some states do not allow limitations on duration of an implied warranty, so the above limitation may not apply to you.

CUSTOMER REMEDIES. XYZ Corporation's entire liability and your exclusive remedy shall be, at XYZ Corporation's option, either (a) return of the price paid or (b) repair or replacement of the SOFTWARE or hardware that does not meet XYZ Corporation's Limited Warranty and which is returned to XYZ Corporation with a copy of your receipt. This Limited Warranty is void if failure of the SOFTWARE or hardware 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.

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, THE ACCOMPANYING WRITTEN MATERIALS, AND ANY ACCOMPANYING HARDWARE. THIS LIMITED WARRANTY GIVES YOU SPECIFIC LEGAL RIGHTS. YOU 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 OF 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 YOU.

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 in 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.

Should you have any questions concerning this Agreement, or if you desire to contact XYZ Corporation for any reason, please write: XYZ Customer Sales and Service/ _____ (Address)

Exhibit to the License Agreement dated June 1, 1990, between MICROSOFT CORPORATION and ZEOS INTERNATIONAL.

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EXHIBIT B
PAYMENT SCHEDULES

MINIMUM COMMITMENT

First Period of This Agreement

COMPANY agrees to pay a minimum of Two Million Five Hundred Ninety Two Thousand Dollars (US\$2,592,000.00) for Product(s) licensed under this Agreement within the first period of this Agreement as described below. The Minimum Commitment Schedule listed below sets forth the minimum cumulative amounts of payments which COMPANY shall make to MS during the first period of this Agreement. To the extent that actual earned royalties exceed the cumulative minimum commitment payments, COMPANY shall pay MS for actual earned royalties. To the extent that cumulative minimum commitment payments exceed actual earned royalties, such excess shall be known as prepaid royalties and shall be recoupable against future earned royalties during the term of this Agreement. The minimum commitment amount payable upon signing of this Agreement as set forth below is refundable pursuant to Section 4(b) of this Agreement. All other minimum commitment payments are not refundable.

MINIMUM COMMITMENT SCHEDULE
(FIRST PERIOD)

<u>Due Date</u>	<u>Payment Amount</u> <u>(US\$)</u>	<u>Cumulative Amount</u> <u>of Payments for</u> <u>Period (US\$)</u>
Signing of this Agreement (payment due upon signing)	\$185,000.00	\$185,000.00
September 28, 1990	\$463,000.00	\$648,000.00
December 28, 1990	\$648,000.00	\$1,111,000.00
March 29, 1991	\$648,000.00	\$1,759,000.00
June 28, 1991	\$648,000.00	\$2,407,000.00
Total First Period Minimum Commitment	<u>\$2,592,000.00</u>	<u>\$2,592,000.00</u>

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EXHIBIT B
(Continued)

MINIMUM COMMITMENT

Second Period of This Agreement

COMPANY agrees to pay a minimum of Two Million Five Hundred Ninety Two Thousand Dollars (US\$2,592,000.00) for Product(s) licensed under this Agreement within the second period of this Agreement as described below. The Minimum Commitment Schedule listed below sets forth the minimum cumulative amounts of payments which COMPANY shall make to MS during the second period of this Agreement. Payments made during the first period of this Agreement shall not be credited towards the minimum commitment requirement in the second period. To the extent that actual earned royalties exceed the cumulative minimum commitment payments, COMPANY shall pay MS for actual earned royalties. To the extent that cumulative minimum commitment payments exceed actual earned royalties, such excess shall be known as prepaid royalties and shall be recoupable against future earned royalties during the term of this Agreement. Minimum commitment payments are not refundable.

MINIMUM COMMITMENT SCHEDULE
(SECOND PERIOD)

<u>Due Date</u>	<u>Payment Amount</u> <u>(US\$)</u>	<u>Cumulative Amount</u> <u>of Payments for</u> <u>Period (US\$)</u>
End of the:		
September 27, 1991	\$648,000.00	\$648,000.00
December 31, 1991	\$648,000.00	\$1,296,000.00
March 28, 1992	\$648,000.00	\$1,944,000.00
June 27, 1992	<u>\$648,000.00</u>	<u>\$2,592,000.00</u>
Total Second Period Minimum Commitment	<u>\$2,592,000.00</u>	<u>\$2,592,000.00</u>

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EXHIBIT C1 (PER COPY)

PRODUCT: MS OS/2

VERSION NO: 1.0, 1.1 and 1.2 (DOMESTIC USA VERSION)

PRODUCT DELIVERABLES:

- (a) Product in Object Code form.
- (b) Standard Documentation in series number 0786-1Z that MS delivers with the Product.

PRODUCT SPECIFICATIONS:

The Product will have features as specified in the above-referenced manual(s).

ROYALTY PAYMENTS AND REPORTING REQUIREMENTS:

- (a) COMPANY agrees to pay MS a royalty, at the applicable rate set forth below, for each full or partial copy of Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY during the term of this Agreement.

<u>Customer System</u>	<u>Royalty Rate (\$US)</u>
Exhibit M	\$118.00

- (b) If the Product licensed is a translated version of the Product, the royalty rate shall be 1.15 times the royalty for the Domestic USA version of the Product set forth in Section (a) above.

- (c) COMPANY's report shall specify the number of copies of Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY during that calendar quarter, and shall be signed by a duly authorized representative of COMPANY. In the event that no copies are licensed or otherwise disposed of by or for COMPANY during a calendar quarter, COMPANY shall indicate this on the royalty report.

ADDITIONAL PROVISIONS:

- (a) COMPANY shall neither: (i) market modifications which allow the Product(s), nor (ii) otherwise enable Product(s), to execute contemporaneously, or in conjunction with any other operating system on any Customer System, without an amendment to this Agreement permitting such actions.

- (b) Notwithstanding the provisions of Section 2(b), Version Releases after Version 1.2 shall not be available to COMPANY under this Agreement unless MS determines, in its sole discretion, to provide such Version Release(s) to COMPANY. MS may charge a new version charge for a Version Release.

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EXHIBIT C1 (PER COPY)
(Continued)

(c) COMPANY may license the Product only for use in single user configurations.

(d) COMPANY will cause to appear on the container and labels of each copy of Product the following patent notice:

Patent Nos. 4,825,358 and 4,779,187

UPGRADES TO CUSTOMER BASE:

As to any Update Release or Version Release provided to COMPANY under Section 2(b), MS in its sole discretion may designate such release as an "upgrade release" and establish a lower royalty rate than that stated above for copies of such upgrade release provided as an upgrade to COMPANY's existing customers of the Product. COMPANY is required to comply with the following if, for any calendar quarter, it pays any royalties at the upgrade release royalty rate:

- (a) COMPANY may offer upgrade releases only on a replacement basis;
- (b) COMPANY shall establish a procedure for customers to certify in writing the destruction or return of copies of replaced Product; and
- (c) COMPANY's royalty report shall state the number of copies of each upgrade release shipped to customers during such calendar quarter.

In the event MS establishes a Zero Dollar (US\$0.00) upgrade release royalty rate and COMPANY elects, subject to the above conditions, to take advantage of such rate, then COMPANY shall offer such upgrade release to its customers for no more than COMPANY's reasonable costs of materials, manufacture, postage and handling.

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PRODUCT NAME(S) AND ASSOCIATED TRADEMARK(S): Microsoft® Operating System/2
MS® OS/2

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EXHIBIT C1 (SYSTEM COMMITMENT)

PRODUCT: MS-DOS and Shell 1.0

VERSION NO: 4.01

FOREIGN LANGUAGE: _____ (Do not fill in if Domestic USA Version)

MS-DOS Adaptation Kit (German) 787-401-D05
MS-DOS Adaptation Kit (French) 787-401-F05
MS-DOS Adaptation Kit (Spanish) 787-401-E01
MS-DOS Adaptation Kit (Italian) 787-401-I01
MS-DOS Adaptation Kit (Portuguese) 787-401-P01
MS-DOS Adaptation Kit (Dutch) 787-401-NL01
MS-DOS Adaptation Kit (Swedish) 787-401-S01
MS-DOS Adaptation Kit (Chinese) 742-322-CN01

PRODUCT DELIVERABLES:

- (a) Product in Object Code form.
- (b) Standard Documentation in series number 410630001-400-R00-1088 that MS delivers with the Product.

PRODUCT SPECIFICATIONS:

The Product will have features as specified in the above-referenced Product documentation.

ROYALTY PAYMENTS AND REPORTING REQUIREMENTS:

(a) For each Customer System identified below, COMPANY agrees to pay MS a royalty, at the applicable rate set forth below, multiplied by the greater of (i) the number of full or partial Customer System(s) shipped or placed in use by or for COMPANY during the term of this Agreement, or (ii) the number of full or partial copies of Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY during the term of this Agreement for use with such Customer System, but excluding copies of the Product for which COMPANY pays royalties at the Upgrade royalty rate (see below).

<u>Customer System</u>	<u>Royalty Rate (\$US)</u>
Exhibit M	\$29.00

(b) If the Product licensed for use with COMPANY's Customer Systems is a translated version of the Product, then, in addition to the royalty payable in Section (a) above, COMPANY agrees to pay MS an additional royalty of Four Dollars and Thirty Five Cents (US\$4.35) multiplied by the number of full or partial copies of such translated version of the Product licensed or otherwise disposed of by or for COMPANY during the term of this Agreement.

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EXHIBIT C1 (SYSTEM COMMITMENT)
(Continued)

(c) COMPANY's report shall specify the number of Customer System(s) shipped or placed in use by or for COMPANY during that calendar quarter and the number of copies of Product, including Update Releases, Version Releases and Upgrades, licensed or otherwise disposed of by or for COMPANY during that calendar quarter. COMPANY shall furnish this statement for each Customer System identified in Exhibit M and shall report for each Customer System separately by processor. In the event that no Customer System(s) are shipped or placed in use by or for COMPANY during a calendar quarter and no copies of Product are licensed or otherwise disposed of by or for COMPANY during such calendar quarter, COMPANY shall indicate this on the royalty report.

ROYALTIES FOR NEW VERSION RELEASES:

MS may elect to increase the per system royalty applicable to new Version Releases, which royalty shall apply to succeeding releases until changed hereunder or by agreement of the parties. The maximum per system royalty for a new Version Release shall be determined as follows:

$$\text{Maximum royalty} = R + (R*N*1.5\%),$$

where R is the initial per system royalty described above and N is the number of months (rounded to the nearest whole number) that have elapsed from the Effective Date until MS delivers the new Version Release.

ROYALTIES FOR UPGRADES:

COMPANY may elect to pay MS a royalty of fifty percent (50%) of the highest royalty stated in this Exhibit C (i.e., the initial royalty stated above plus increases, if any, for new Version Releases) for each full or partial copy of the Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY as an Upgrade during the term of this Agreement. Upgrade Product shall conform to the definition contained in Section 1 of the Agreement.

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PRODUCT NAME AND ASSOCIATED TRADEMARK: Microsoft® MS-DOS
Microsoft® Shell

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EXHIBIT C1 (SYSTEM COMMITMENT)

PRODUCT: Windows™

VERSION NO: 3.0

FOREIGN LANGUAGE: None (Do not fill in if Domestic USA Version)

PRODUCT DELIVERABLES:

- (a) Product in Object Code form.
- (b) Standard Documentation in series number 770-300-X22 that MS delivers with the Product.

PRODUCT SPECIFICATIONS:

The Product will have features as specified in the above-referenced Product documentation.

ROYALTY PAYMENTS AND REPORTING REQUIREMENTS:

(a) For each Customer System identified below, COMPANY agrees to pay MS a royalty, at the applicable rate set forth below, multiplied by the greater of (i) the number of full or partial Customer System(s) shipped or placed in use by or for COMPANY during the term of this Agreement, or (ii) the number of full or partial copies of Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY during the term of this Agreement for use with such Customer System, but excluding copies of the Product for which COMPANY pays royalties at the Upgrade royalty rate (see below).

<u>Customer System</u>	<u>Royalty Rate (\$US)</u>
Exhibit M	\$25.00

(b) If the Product licensed for use with COMPANY's Customer Systems is a translated version of the Product, then, in addition to the royalty payable in Section (a) above, COMPANY agrees to pay MS an additional royalty of Three Dollars and Seventy Five Cents (US\$3.75) multiplied by the number of full or partial copies of such translated version of the Product licensed or otherwise disposed of by or for COMPANY during the term of this Agreement.

(c) COMPANY's report shall specify the number of Customer System(s) shipped or placed in use by or for COMPANY during that calendar quarter and the number of copies of Product, including Update Releases, Version Releases and Upgrades, licensed or otherwise disposed of by or for COMPANY during that calendar quarter. COMPANY shall furnish this statement for each Customer System identified in Exhibit M and shall report for each Customer System separately by processor. In the event that no Customer System(s) are shipped or placed in use by or for COMPANY during a calendar quarter and no copies of Product are licensed or otherwise disposed of by or for COMPANY during such calendar quarter, COMPANY shall indicate this on the royalty report.

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EXHIBIT C1 (SYSTEM COMMITMENT)
(Continued)

ROYALTIES FOR NEW VERSION RELEASES:

MS may elect to increase the per system royalty applicable to new Version Releases, which royalty shall apply to succeeding releases until changed hereunder or by agreement of the parties. The maximum per system royalty for a new Version Release shall be determined as follows:

$$\text{Maximum royalty} = R + (R \cdot N \cdot 1.5\%),$$

where R is the initial per system royalty described above and N is the number of months (rounded to the nearest whole number) that have elapsed from the Effective Date until MS delivers the new Version Release.

ROYALTIES FOR UPGRADES:

COMPANY may elect to pay MS a royalty of fifty percent (50%) of the highest royalty stated in this Exhibit C (i.e., the initial royalty stated above plus increases, if any, for new Version Releases) for each full or partial copy of the Product, including Update Releases and Version Releases, licensed or otherwise disposed of by COMPANY as an Upgrade during the term of this Agreement. Upgrade Product shall conform to the definition contained in Section 1 of the Agreement.

COPYRIGHT NOTICE:

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PRODUCT NAME AND ASSOCIATED TRADEMARK: Microsoft® Windows™

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EXHIBIT M

COMPANY'S CUSTOMER SYSTEMS

For purposes of this Agreement, COMPANY's Customer Systems shall be defined to be the following single user/single CPU computer system products:

Customer Systems:

Zeos 386-16SX (desktop and vertical)

Zeos 386-20SX (desktop and vertical)

Zeos 386-20DX (desktop and vertical)

Zeos 386-25DX (desktop and vertical)

Zeos 386-33DX (desktop and vertical)

Zeos 486-25DX (desktop and vertical)

Additional systems may be added during the term of this Agreement. If the COMPANY elects to include MS-DOS 4.0, Windows 3.0 and/or OS/2 1.2 the COMPANY may do so on a per system basis and pay the royalties agreed upon in this license.

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