



MICROSOFT CORPORATION
NON-EXCLUSIVE DISTRIBUTION AGREEMENT
for
PACKAGED PRODUCTS

This Distribution Agreement ("Agreement") is made and entered into this _____ day of February, 1993 ("Effective Date"), by and between MICROSOFT CORPORATION, a Delaware corporation, with offices at One Microsoft Way, Redmond, WA 98052-6399 ("MS"), and ZEOS INTERNATIONAL, LTD., a Minnesota corporation ("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 computer hardware marketed or distributed by COMPANY.

(c) "Product" or "Products" shall mean the then current Product release(s) of the Product(s) defined in Exhibit A of this Agreement (Domestic USA Version) in object code form as manufactured by MS and packaged in MS' standard packaging, including MS' standard documentation. Subsequent releases of Product(s) in Exhibit A and other MS Products may be added to Exhibit A by agreement of the parties as they become available.

2. DISTRIBUTION LICENSE

(a) MS grants to COMPANY the nonexclusive right to distribute the Product directly or indirectly to end users, subject to the restrictions in Section 6. All rights not expressly granted are reserved by MS. COMPANY shall not alter or customize the Product except as expressly permitted herein.

(b) COMPANY's rights hereunder shall not extend to Product source code. COMPANY shall not reverse engineer, decompile or disassemble any Product.

3. PRICE

(a) COMPANY shall pay MS a per unit price as set forth in Exhibit A. Prices are subject to change upon thirty (30) days written notice from MS pursuant to Section 14.

(b) All prices are FOB MS' shipping point and are exclusive of applicable sales or use taxes or other taxes, import and export fees, duties or tariffs, and any other taxes, duties or fees of any kind which may be levied in connection with the transactions covered hereby. Such charges shall be paid by COMPANY. MS, however, shall be responsible for all taxes based on its net income.

(c) COMPANY shall provide MS with a copy of its state resale exempt certificate with this Agreement when it is returned for signature by MS.

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4. ACCEPTANCE AND LIMITED WARRANTY

(a) COMPANY shall be deemed to have accepted the Product unless it provides written notice of nonconformance as provided in Section 4(b). Conformance to the applicable MS written specification shall solely determine acceptability.

(b) MS warrants that the Product furnished hereunder will, at the time of shipment, be free from defects in materials and will conform to MS' applicable standard written specification. COMPANY's remedy and MS' obligation under this limited warranty shall be limited to, at MS' election, return of the Product for credit to COMPANY's account or replacement of any defective Product. This limited warranty applies only if:

(i) written notice of nonconformance is received by MS within thirty (30) days after shipment;

(ii) after MS' authorization, the nonconforming products are returned to MS, freight charges prepaid; and

(iii) after examination, MS determines to its satisfaction that the products are nonconforming. Any replacement shall not extend the original warranty period. This limited warranty shall not apply to Product which MS determines has been subject to misuse, neglect, improper installation, repair, alteration, or damage either by COMPANY or another.

(c) Product may be returned only in the event of a breach of the limited warranty in Section 4 or pursuant to Section 11. No other returns or exchanges will be allowed for any other reason.

(d) Neither the COMPANY nor any of its employees shall have any right to make any other representation, warranty, or promise, or give any instructions for the use of Product not contained on the Product label or container or authorized in writing by MS. MS makes no warranties as to items which are not manufactured by MS but included in or with the Product. To the extent permitted by its contract with the supplier for such included item, MS shall assign to COMPANY any rights it may have under such supplier's warranty.

THIS LIMITED WARRANTY MAY BE ASSERTED BY COMPANY ONLY AND NOT BY COMPANY'S CUSTOMERS, AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON MS' PART. IN PARTICULAR, MS MAKES NO WARRANTY THAT THE PRODUCT WILL OPERATE PROPERLY ON THE CUSTOMER SYSTEM(S). IN NO EVENT SHALL MS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES.

5. INDEMNIFICATION FOR INFRINGEMENT

(a) MS represents and warrants that:

(i) the Products do not infringe upon any copyright enforceable under the laws of any country listed in 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 in writing within twenty (20) days from the date COMPANY knew of an Infringement Claim and has sole control over its defense or settlement, and COMPANY provides reasonable assistance at the expense of Microsoft in the defense of the same.

(b) Following written notification 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 Section 1(c) and shall be subject to the acceptance provisions of Section 4.

(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. DISTRIBUTION RESTRICTIONS

(a) COMPANY shall market and distribute each Product only along with, and to end user purchasers of, COMPANY's Customer System(s). COMPANY shall require its distributors, dealers and others in its distribution channels to comply with the foregoing.

(b) 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. MS may cause an audit or inspection to be made of the applicable records or an inspection to be made of COMPANY's procedures in order to verify COMPANY compliance with Section 6(a). Any such audit or inspection 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. MS may inspect COMPANY procedures at COMPANY premises without notice. In no event shall audits or inspections each be made more frequently than semi-annually unless the immediately preceding audit disclosed a violation of Section 6(a).

7. COPYRIGHT NOTICES; TRADEMARKS

(a) COMPANY shall market the Product only under the Product name(s) designated by MS, and COMPANY agrees to use the trademark symbol "®" in a superscript and clearly indicate MS' ownership of the 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, upon request, provide MS samples of all literature, packaging, labels and labeling prepared by COMPANY which uses Product name(s). COMPANY agrees to maintain the high level of quality accorded products associated with and marketed by MS under MS' trademarks.

(b) COMPANY shall undertake no action that will interfere with or diminish MS' rights, title and/or interest in such trademark(s), trade name(s) and/or Product name(s). COMPANY shall not, at any time, use any name or trademark confusingly similar to an MS trademark, trade name and/or Product name. COMPANY shall not use or display MS' logo(s) without MS' prior written permission.

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8. PROHIBITION AGAINST ASSIGNMENT AND SUBLICENSE

This Agreement, and any rights or obligations hereunder, shall not be assigned or sublicensed by COMPANY.

9. TERM OF AGREEMENT

Provided this Agreement has been properly executed by COMPANY and by an officer of MS, the term of this Agreement shall run for one (1) year from the Effective Date, unless terminated earlier as provided herein.

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 makes an assignment in violation of Section 8;

(iii) if either party 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 either party; or

(v) if such a petition is filed by any third party, or an application for a receiver of either party is made by anyone and such petition or application is not resolved favorably to such party within sixty (60) days.

(b) Termination due to a breach of Section 6 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.

11. OBLIGATIONS UPON TERMINATION

(a) In the event this Agreement is terminated due to COMPANY's default, within ten (10) days after termination COMPANY shall return to MS all copies of each Product in COMPANY's possession or under its control.

(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) 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.

(d) Sections 5, 12, 14, 15, 16(a) and 16(b) shall survive termination of this Agreement.

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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 13. 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. IN PARTICULAR MS MAKES NO WARRANTY THAT PACKAGED PRODUCT WILL OPERATE PROPERLY ON A CUSTOMER SYSTEM. COMPANY AGREES NEITHER PARTY SHALL BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, ECONOMIC OR PUNITIVE DAMAGES EVEN IF IT HAS BEEN ADVISED BY THE OTHER PARTY OF THE POSSIBILITY OF SUCH DAMAGES.

13. PRODUCT ORDERS, PAYMENT AND SUPPORT

(a) Each COMPANY order must be in writing and for a minimum of thirty (30) copies of Product. All orders shall be in increments of ten (10) units.

(i) such orders shall clearly indicate the quantity, version number and media type of the Product being ordered.

(ii) MS shall invoice COMPANY upon shipment of each order.

Orders received without the required associated payment will not be processed. Orders must be placed at least thirty (30) days prior to the requested shipment date. Requests to decrease an order or to delay shipment must be made in writing at least thirty (30) days in advance of the previously scheduled shipping date. If COMPANY cancels all or any part of any order, a cancellation fee equal to twenty-five percent (25%) of the price of the cancelled portion will be charged at MS' discretion.

(b) MS will ship the Products to the address indicated by COMPANY at the time the order is placed. COMPANY may maintain only one (1) shipping address. MS may select the carrier of its choice for Product shipments to COMPANY. In the event of Product shortages, MS shall have the right to allocate available supplies among its customers.

(c) MS may refuse to fill any COMPANY order(s) if COMPANY fails to strictly comply with Section 6.

(d) MS may, without prior notice to COMPANY, elect to cancel the production of Product. Any monies paid by COMPANY to MS for orders of Product received by MS after MS' cancellation will be returned to COMPANY.

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14. 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:

NOTICES TO COMPANY:

ZEOS INTERNATIONAL, LTD.
1301 Industrial Boulevard
Minneapolis, MN 55413

Attn: Legal Counsel

Telephone: (800) 626-5628

Fax: (612) 362-1175

COMPANY

Customer Support Telephone:
(800) 423-5891

PRODUCT ORDERS:

MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

Attn: OEM Division

NOTICES TO MS:

MICROSOFT CORPORATION
One Microsoft Way
Redmond, WA 98052-6399

Attn: Director, OEM Sales

Copy: Law & Corporate Affairs

Fax: (206) 936-7329

or to such other address as the party to receive the notice or request so designates by written notice to the other.

15. CONTROLLING LAW; NO FRANCHISE; ATTORNEYS' FEES

(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 14 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

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436.2(a). The price and payment described in Sections 3 and 13 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.

(c) 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.

16. GENERAL

(a) Any Product which COMPANY distributes or licenses to or on behalf of the United States of America, its agencies and/or instrumentalities (the "Government"), are provided to COMPANY with RESTRICTED RIGHTS. Use, duplication or disclosure by the Government is subject to restriction as set forth in subparagraph (c)(1)(ii) of the rights in Technical Data and Computer Software clause at DFAR 252.227-7013, or as set forth in the particular department or agency regulations or rules which provide Microsoft protection equivalent to or greater than the above-cited clause. COMPANY shall comply with any requirements of the Government to obtain such RESTRICTED RIGHTS protection, including without limitation, the placement of any restrictive legends on the Product software, Product documentation, and any license agreement used in connection with the distribution of the Product. Manufacturer is Microsoft Corporation, One Microsoft Way, Redmond, Washington 98052-6399. Under no circumstances shall Microsoft be obligated to comply with any Governmental requirements regarding the submission of or the request for exemption from submission of cost or pricing data or cost accounting requirements. For any distribution or license of the Product that would require compliance by Microsoft with Governmental requirements relating to cost or pricing data or cost accounting requirements, COMPANY must obtain an appropriate waiver or exemption from such requirements for the benefit of Microsoft from the appropriate Governmental authority before the distribution and/or license of the Product to the Government.

(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 supersedes all prior and contemporaneous agreements or communications, including all previous agreements for the distribution of MS packaged product. 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. This Agreement shall control any provisions in purchase orders which are inconsistent with this Agreement. 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.

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

17. 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/are importable into the country where the shipping address for COMPANY (Section 14) is located.

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 _____

Name (Print) _____

Name (Print) _____

Title _____

Title _____

Date _____

Date _____

Date of Issue: February 4, 1993

This Agreement shall be deemed to be invalid, unless executed by COMPANY and returned to MS within thirty (30) days of the above "Date of Issue." FAX copies are unacceptable.

11/18/91 LE912050.001

02/03/93 LE930340.008

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EXHIBIT A

<u>Product</u>	<u>Version</u>	<u>SRP</u>	<u>Discount</u>	<u>Net Price Per Unit</u>
Microsoft Workgroup Add-Ons for Windows (SKU #207-651V310)	3.10	\$99.95	46%	\$53.97

*Prices are subject to change upon thirty (30) days written notice from MS.