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To : Scott, Richmac, Steveb, Jonl, Richab, Davidjaw, Rossc, Kharrang, Bobg, Bradsi

Cc : Richt, Rickde, Johnsch, Bobn, Jayhe, Miker, Shawnas, Tombo, Alany, Jeannec, Rickke
RGMs, Timfi, Sharonde, Sylviasz, Garygi, Charlote, Timst, Frankel, Jonsa, Celiap, Aanch

From : Mike Negrin

Date : June 15, 1991

Subject : Win3 ISV Final Purchasing Policies & Distribution Program

This memo outlines the final purchasing policies and distribution program for ISVs to purchase Win3 and package it with their direct to end users platform and or competitive upgrades. The program runs through December 31, 1991. This memo supersedes the previous final version dated June 18, 1991. We will review the program in mid November. Based on MS Apps desire to continue selling Win3 direct to end users with their competitive upgrades, we may have to extend the program.

Should anyone require the actual agreement please contact Mikene or Kharrang. I have also included the Agreement for the Canadian marketing group so they are aware of the program.

The balance of this memo is establishment of the ISV purchasing policies by which ISVs may purchase Win3 regular packaged product *direct from Microsoft and or MS authorized distributor*. There is agreement to the pricing and minimum unit purchase levels.

Situation

The MS Apps group will direct market and direct sell competitive upgrade SKUs of Excel and WinWord packaged with Win3. The program with their direct mailing beginning on July 8. The package price is \$218. It will be offered as \$129 for a competitive upgrade and \$89 for Win3.

Since MS's Apps group will package Win3, we will allow ISVs' to purchase Win3 and package with the ISV's own upgrade(s) from Non-Windows based Apps only when purchasing direct from Microsoft as a standard reseller. The Apps group will essentially be a direct purchaser of Win3 from the Systems group. Thus, we will allow ISVs, meeting selected criteria, to purchase direct from Microsoft.

An ISV may elect to purchase Win3 from MS authorized distributors, IM or Merisel. Thus, if they select to do so they may purchase and sell regular packaged Win3 and sell it at any price and in any way to end users only. They may not sell Win3 to resellers, distributors at all in the U.S. In addition, the ISVs may only distribute and or sell in the United States of America and ISV shall not sell or distribute Product to anyone whom they have reason to believe may sell or distribute outside the United States of America.

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EXH. 48 DATE 6/16/91
WITNESS Abel
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Direct Purchasing Policies

Listed below are the purchasing policies for ISVs requesting a direct purchasing agreement with Microsoft. The remaining policies that have been agreed are:

| Direct Purchasing Policy | Specific ISV Policies |
|----------------------------------|--|
| Term of Agreement | Through 12/31/91. review on 11/15 and if Apps continues their program into 1992 we will extend ISV agreement by 12/31. |
| Sale of Win3 Product | package with ISV's upgrade(s) from Non-Windows based Apps only for platform and competitive upgrades only, also sale to end users only |
| Required per order unit quantity | 2,000 units per order for direct purchase |
| Direct Purchasing Policy | Specific ISV Policies |
| Defective Product Exchanges | allowed once per quarter with \$1 for \$1 exchange order, also 15% charge if returned units are not found defective |
| Domestic Sales | may only be sold in United States of America |
| End User Reg data Reporting | 90% of names electronically reported to MS for 4% rebate = \$3.34 per name paid once every 3 months |
| Discount | 44% of standard SRP for "regular packaged" product = \$83.44 |
| Credit Approval | must meet approval of MS Finance for direct purchasing |
| Freight | FOB Bothell, WA |
| Stock Balancing | not authorized |
| Stock Balancing version upgrades | Unit for Unit basis within 60 days of announced next Win3 version upgrade |
| Payment terms | Net 30 days |
| Price Protection | not applicable |

Indirect Purchasing Policies

| Indirect Purchasing Policy | Specific for ISV Program |
|----------------------------|---|
| Authorization | None as long as ISV qualifies as a reseller |
| Distributor Ts & Cs | standard |
| Minimum order | none required |
| Sale of Win3 Product | as long as sales are to end users in the U.S only there are no restrictions |

The ISVs electing to purchase through distributors are not required to sign an Agreement. However, to purchase from distributors they must as any reseller provide tax resale numbers.

Q & A

1. What is the package price Apps will sell Excel or WinWord packaged with Win3 direct to end users? It will be \$218 although the offer will be separate prices for an Upgrade App at \$129 and Win3 at \$89. Win3 cannot be sold individually by MS or an ISV that signs a direct purchasing agreement.
2. What is the duration of direct ISV purchase agreement as well as authorizing distributors to ship to selected ISVs? The ISV Agreement is through 12/31/91 but we will review it on 11/15 and if MS Apps division extends their program into CY '92 we will extend the ISV agreement by December 1.
3. What is duration of ISV purchase program through distributors? There is not duration as long as ISVs qualify as resellers they may continue to purchase and resell Win3 purchased from distributors.
4. Who is the owner in Systems group for reviewing ISV upgrade offer for inclusion as authorized ISV to purchase through distribution? It is Rossc.
5. Who is the owner in Davidjaw's internal programs mgmt. group to implement direct purchasing agreements and rebate attainment? It is Jayhe and Jeanec.

6. Who is the owner in Davidjaw's business services group to handle electronic reporting as required for reg. base inclusion? Open
7. Who is owner in Sharonde's Inside Sales to handle ISV questions and administer ISV authorization communication to MS distributors. It is Sylviasz.
8. When will announcement letter be sent by Systems ISV Relations Group? It is June 18. Please contact Rossc if a copy is required.

Should you have any questions or require additional information please let me know.