



# Microsoft Memo

Date: September 4, 1991  
To: RGM'S, DMS, CAX'S, RAM'S, CAM'S, RAX's  
From: Corporate Accounts Marketing  
Subject: Extended License for Microsoft Applications Program (XLA)  
CC: Lewis Levin, Mike Negrin, Kevin Harrang, Bill Pope, Russ Werner, Charlotte Guyman, Doug Levin, Tim Fisher, Sharon Decker, Rick Kerbs, CAMP, Mike Rhanry, Shawna Stanley, Jay Hemmingsen, John Schiemer, Martha Coppola, Diane Johnson, Michael Merker, Susan Jenkins, Craig Fiebig, Rita Mitchell, Pamela Fricke

Attached you will find the FINAL documents for the XLA Program:

**Internal Microsoft Documents:**

- 1) XLA Quick Reference Guide
- 2) XLA Q & A
- 3) XLA Selling Scenarios & Cost Analysis

**Corporate Account Documents:**

- 1) CAX presentation for your large account customers
- 2) Microsoft Extended License Program Terms and Conditions
- 3) XLA Verification and Order Form
- 4) "Sample" Microsoft Extended License Agreement Certificate
- 5) XLA Vesting

The following materials can be found as files on \SMARTPAGES\USERS in the \PROG\SHARED\DR\TOOLS\XLA folder.

Document Type	Use for	File name
Extended License for Microsoft Applications Program summary document	Internal field memo explaining XLA program	XLAPRGM.DOC
XLA Quick Reference Guide	Quick Reference	XLAORG.DOC
XLA Q & A	Questions and Answers	XLAQ&A.DOC
XLA Selling Scenarios/Cost Analysis	XLA Selling Scenarios/Cost Analysis	XLACOST.DOC XLASCEN.XLS XLAFORM.XLS
CAX XLA PowerPoint presentation	Presentation to explain program to large account customers	XLAPREZ.PPT
XLA Terms & Conditions	Explains the T's & C's of the XLA program	XLATERMS.DOC
XLA Verification & Order Form	XLA Application & Quarterly Reports	XLAVER.DOC
XLA Vesting	Explains XLA Vesting Program	XLAVEST.DOC

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

Discover.doc (9/3/91)

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## Extended License Agreement (XLA) Quick Reference Guide

**Description** The XLA is a discretionary pricing tool designed to help standardize MS Word, Excel, and/or Office in corporate accounts. The XLA is a permanent tool designed to augment Microsoft's Share Drive efforts. In order to participate, the corporate account must purchase applicable standard retail products (IE: packaged product, SWAP, MLP) from their reseller(s) to equal the XLA program predefined ratio of 60% standardization. Once this level is attained, MS will grant the corporate account the balance of 40% extended licenses to equal 100% standardization.

**Purpose** This sales tool is designed to:

- Provide a substantial incentive for corporate accounts who are actively considering standardization on MS Excel, Word, and/or Office.
- Make it easy for corporate accounts to become *legal* on MS Windows Apps.
- Make MS Office wildly attractive to most corporate accounts.
- Move active evaluations of MS Windows apps closer to a purchase decision as our major competitors ship their Windows Applications.
- Encourage more accounts to think of software purchasing as license cost on a per workstation basis.
- Reach uncaptured market share profitably by securing incremental and future business through standard channel distribution.

**Target Accounts** Corporate accounts with:

- more than 500 PC's.
- a desire to move to 100% standardization on MS Excel, Word, or Office.
- a need to reduce support, training, and administration of tracking software.
- a goal to increase productivity and receive cost savings.

**Components**

- The corporate account must maintain a 60% ratio of purchased MS Excel, Word, or Office to receive the granted free licenses (40%) from Microsoft.
- Granted licenses vest over the term of the agreement (1 year) - See Vesting Schedule.
- The account must submit a quarterly report showing they are compliant to the 60/40 ratio.
- XLA is a domestic program.

**Field Steps**

Step 1: 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 Verification and Order Form* documents. The reseller may request a joint sales call for the CAM's to present the XLA program to the corporate account.

Step 2: The corporate account does an inventory of MS software and determines 60% of the systems at the company site are running MS Excel, Word, or Office.

Step 3: Upon reaching 60% threshold, company signs the *XLA Verification and Order Form*, and sends it to the XLA Program Administrator (Ritam).

Step 4: The XLA Program Administrator confirms that the company is compliant to the XLA Terms & Conditions, and sends the customer their *Microsoft XLA License Certificate* -- which grants licenses up to 40% of the CPU's at the customer's site(s).

Step 5: The customer fills out the *XLA Verification and Order Form* on a quarterly basis and sends it to the XLA Program Administrator. On an ongoing basis, the XLA Program Administrator will confirm that the company is maintaining the 60/40 ratio of software, and grant additional licenses as the account purchases additional computers.

**Contact** Rita Michell (Ritam) - XLA Program Administrator - EMAIL "XLA"

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## XLA SELLING SCENARIOS & COST ANALYSIS

The following two Excel spreadsheets are designed to help you understand the cost analysis of the XLA program.

**XLASCEN.XLS:** This spreadsheet shows examples of how XLA works in the following ways:

- 1) Purchasing Office with equal installed base of Word & Excel
- 2) Purchasing Office with unequal installed base of Word & Excel
- 3) Purchasing Excel with competitive upgrades
- 4) Purchasing Office with Word/Excel competitive upgrades
- 5) Purchasing Office MLP with installed base of Word & Excel
- 6) Combining Mac's and PC's to buy Office for Windows

**XLAFORM.XLS:** This spreadsheet is a financial model to help you determine how XLA will work with your corporate account(s). You enter the current install base information and what products they would like to include under XLA. The spreadsheet will calculate for you the best scenario for your account.

xlacost.doc (9/3/91).

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Extended License Target Percentages						
	Target	SRP	Pkg prod.		MLP	
			Best quote	MLP	Best quote	Swap
Excel	60.0%	495	259	395	280	129
Word	60.0%	495	259	395	280	129
Office	60.0%	750	459	600	420	#N/A

Minimum CPU Units 500

**Examples**

**Purchasing Office with equal installed base of Word and Excel**

*Installed base information*

CPU's:	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
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							\$259.00
Word—units cost							\$259.00
Office—units cost		400		400	400	\$229.50	\$229.50
<b>Total licenses</b>		400		400	400		
<b>Total Purchase cost</b>		\$183,600		\$183,600		\$229.50	\$287.20

*Final Position*

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

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**Purchasing Office with unequal 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:	400	40.0%
Office Base:	0	20.0%

*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		200		200			
cost		\$51,800		\$51,800		\$259.00	\$259.00
Word—units							\$259.00
cost							\$259.00
Office—units		200		200	400		
cost		\$91,800		\$91,800		\$153.00	\$153.00
Total licenses		400		400	400		
Total Purchase cost		\$143,600		\$143,600		\$239.33	\$299.00

*Final Position*

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

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**Purchasing Excel with competitive upgrades**

*Installed base information*

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

*Product purchase data*

<b>Excel:</b>	Y
<b>Word:</b>	
<b>Office:</b>	
<b>Desired MLP %:</b>	0%

*Additional purchases required and effective cost:*

	SWAP	Full	MLP	Total	XLA Licenses	Purchase cost/cpu	Inst. Base cost/cpu
<b>Excel—units</b>	300	300		600	400		
<b>cost</b>	\$38,700	\$77,700		\$116,400		\$116.40	\$116.40
<b>Word—units</b>							
<b>cost</b>							
<b>Office—units</b>							
<b>cost</b>							
<b>Total licenses</b>	300	300		600	400		
<b>Total Purchase cost</b>		\$77,700		\$116,400		\$116.40	\$116.40

*Final Position*

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

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**Purchasing Office with Word/Excel competitive upgrades**

*Installed base information*

CPU's:	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	300			300			
cost	\$38,700			\$38,700		\$129.00	\$129.00
Word—units	300			300			
cost	\$38,700			\$38,700		\$129.00	\$129.00
Office—units		300		300	400		
cost		\$137,700		\$137,700		\$196.71	\$196.71
<b>Total Licenses</b>	<b>600</b>	<b>300</b>		<b>900</b>	<b>400</b>		
<b>Total Purchase cost</b>		<b>\$137,700</b>		<b>\$215,100</b>		<b>\$215.10</b>	<b>\$215.10</b>

*Final Position*

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

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**Purchasing Office MLP with 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
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	\$210.00	\$210.00
<b>Total licenses</b>			400	400	400		
<b>Total Purchase cost</b>			\$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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**Combining Macs and PCs to buy Office for Windows**

*Installed base information*

CPU:	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:	
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							\$259.00
Word—units cost							\$259.00
Office—units cost		150		150	400		
		\$68,850		\$68,850		\$125.18	\$125.18
<b>Total licenses</b>		150		150	400		
<b>Total Purchase cost</b>		\$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

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## XLA Q & A

Most questions you will have regarding the XLA program can be answered by referring to the XLA Program Overview document. However, you may find the following commonly asked questions helpful.

1. ***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.
2. ***What are the advantages of this program?***  
This program offers several benefits to customers who are ready to start implementing large-scale PC-based solutions.
  - XLA enables accounts to continue acquiring software in a "business-as-usual" manner which allows for continuity with established reseller vendors and buying procedures.
  - XLA enables accounts to immediately begin implementing a "per workstation" program in a way that provides for consistency and predictability. An account can assess the costs of acquiring the software to meet the (60%) ratio 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 financial decisions regarding the entire user population from the issue of productivity.
  - XLA enables 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. Note, that under concurrent use, applications are less efficient because they run off a server.
3. ***Is this a site license?***  
Most commonly, site licenses refer to a fixed fee paid to the supplier with unlimited rights for usage at a given company or site. The XLA is NOT a site license program. There is no concept of an unlimited right to copy/use Microsoft software. Microsoft grants 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.
4. ***Under the terms and conditions of the XLA agreement, is a corporate account penalized if it does not maintain the 60% ratio through the life of the agreement?***  
The account must commit to maintaining the 60% ratio, purchased/total systems identified, through the life of the agreement. Extended licences (up to 40%) vest at 25% per quarter, therefore if the account maintains the 60% ratio on all reported CPUs through the term of the agreement they will be 100% vested on all XLA Licence Certificates (both the initial grant of 40% and the quarterly grants). If not, the un-vested portion is cancelled. If company is not at 60% at the time of reporting, the company has 30 days to purchase necessary software to bring them compliant to the agreement.
5. ***What if a large account wants to participate in the program but cannot estimate the number of units of Excel, Word and or Office they own?***  
Verification 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.
6. ***What impact will XLA have on our reseller channel since Microsoft will be granting free software licenses up to 40% to corporate accounts?***  
We believe that XLA will generate incremental business for the resellers since it provides a strong incentive for a corporate accounts to purchase standard product from the reseller up to the 60% ratio. It is unlikely today that resellers can point to more than a handful of accounts that are at a 60% ratio. The XLA program provides an implicit incentive for the corporate account to continue purchasing software from the reseller over time as new systems are brought in.

7. *What if a corporate account has a large number of Lotus 1-2-3 ( or WordPerfect ) users but would like to get the newer systems standardized on Excel for Windows ( or Word for Windows)?*  
The most aggressive approach is to use the Competitive Upgrade program to move the account from Lotus 1-2-3 (or Word Perfect) to Excel for Windows (or Word for Windows) for their installed base. Under the XLA program this offer will apply – for Windows-capable CPUs – to reach the 60% ratio. There is not a competitive upgrade program for Macintosh products.
8. *What version of Microsoft Applications are the XLA Licence Certificates granted for?*  
Extended licences will always be granted for the most current version Microsoft is shipping. If a company has non-current software (ie: Win Excel 2.1) in their 60% installed base, company must upgrade this software via the standard Microsoft upgrade procedures. The 40% XLA License Certificates granted to the company will be the latest version.
9. *Does the XLA program include Updates?*  
No. Under the XLA program updates do NOT apply. For example, if an account has Excel 2.1 and wants to move to 3.0, they would need to purchase updates for non-current software. Even though MS gives the current version on the XLA certificate, this does not allow the company to backfill or upgrade non-current versions of the existing install base.
10. *Does the company own the selected software once they receive the XLA Certificates?*  
No. The software granted on the initial XLA Certificate vests at 25% each quarter. See the XLA PROGRAM and VESTING document for further details about vesting.
11. *What about the other costs of bringing about a corporate standardization ?*  
Depending on the account and their specific concern (i.e., local support, consulting, training, etc.), you should evaluate the customer's concern, and leverage other Microsoft programs. Corporate Accounts Marketing or the applicable product group can help propose the most appropriate programs and services. For example, the Custom Services Program may be appropriate to dislodge obstacles standing in the way of a standardization.
12. *Does the XLA Program accommodate a corporate account who changes its organizational structure frequently?*  
If a company reorganizes the "defined" site, the company must notify MS of the reorganization in their next quarterly report. All Qualified CPUs added as a result of the reorganization will be considered new computers and must adhere to the 60% ratio.
13. *How does the XLA program work for international subsidiaries of U.S. Companies?*  
The XLA program is a domestic agreement only. Site(s) are defined within the United States, therefore no business will be done across borders. If your customer has a special international question, please contact Craig Fiebig (craigfi) in Microsoft's International Marketing Group based in Redmond.
14. *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 granted XLA Licenses. Microsoft grants the account the licenses to use as they see fit . It is our hope that all users will elect to use our products, but that is at the discretion of the user. (From a MIS manager's point of view a 100% standardization means they would no longer need to track every user since licenses would be available for all systems.)
15. *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. If the customer commits to Office, once they have reached the 60% ratio on BOTH Excel and Word, they will be granted XLA Licence Certificates for Office which grants them a license for the 40%. If the company chooses Office as their Selected Software before December 31, 1991, MS will backfill Mail and Powerpoint to the full 100% commitment, regardless of the installed base of Powerpoint and Mail licenses. If the company selects Office after December 31, 1991, MS will only provide the 40% certificate for Office. In declaring Office as their Selected Software, the company will agree to purchase Office either by packaged product or by Microsoft License Pak.

16. *What if an account wants to use the XLA Program for only their Macintoshes 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 they must combine all applicable machines, and would need to reach the 60% ratio on the total of machines to qualify for any extended licenses. (It is to the customer's advantage to pool their machines in order to reach the CPU minimum of 500 units.)
17. *What happens if company fails to report quarterly?*  
The vesting process stops, and the non-vested XLA licenses are subject to cancellation.
18. *Does the standard free upgrade 'period apply to the granted XLA License Certificates?*  
Yes. If the company buys software in the 30 day period prior to the release of an upgrade (such as Word for Windows), their purchase will be upgraded for free and the XLA license granted will be for the new release.
19. *What if a company does not have the latest version of the Selected Software, and MS grants the company XLA License Certificates for the latest version?*  
MS will supply one copy of the latest version of the Selected Software at the company's request. The company may only use the supplied version to install on the computers affected by the granted XLA Licenses.
20. *What if a company upgrades the granted XLA License Certificate units via a MS upgrade program or through the reseller channel?*  
Company will own the upgrade and be fully vested (100%) for the upgrade units regardless of where these units are in the vesting process.
21. *How are XLA License Certificates registered in the reg base?*  
The XLA Administrator (Rita Michell) will facilitate the registration of end-user copies as the XLA units vest.
22. *How can a company be non-compliant to the contract?*  
  1. Failure to report quarterly.
  2. Failure to maintain 60/40 ratio for all computers.
  3. Distributing product outside the defined site.
  4. Failure to abide by the terms of the end user license agreement (EULA).
  5. Failure to comply with the terms of the MS Extended License Program.
23. *The initial XLA certificates vest at 25% each quarter. How do the subsequent XLA certificates vest?*  
The subsequent license certificates vest 100% at the end of the agreement. They do not vest quarterly.
26. *What operating systems platforms are included for applications under the XLA?*  
XLA includes DOS, OS/2 or Macintosh operating systems.

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**MICROSOFT  
EXTENDED LICENSE AGREEMENT  
{XLA}**

**A Confidential Offer  
from Microsoft Corporation**

**Who is XLA For?**

Microsoft 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

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## XLA

**The benefits to you:**

- ◆ **Standardization of your Word Processor and/or Spreadsheet**
- ◆ **Substantial cost savings**
- ◆ **Increased productivity, control and tracking**
- ◆ **Decreased training and support over time**
- ◆ **Limits your liability**

## 3 Easy Steps

- 1) **You Count 100% of all qualified Windows capable and Macintosh CPUs at your designated site(s).**
- 2) **You purchase Microsoft Excel, Word or Office from your reseller up to 60% of the CPUs at the site.**
- 3) **Microsoft grants you the balance of the 40% *Extended Licenses.***

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## Site Definitions

**500 CPU Minimum**

**Three Types:**

- Legal Entity
- Location or Address
- Department, Division, or other  
sub-part

**ALL site definitions subject to  
Microsoft Approval**

## Definition Of A "Computer"

- ◆ Windows-capable PC  
(80286, 10MHz or higher)  
and/or
- ◆ Apple Macintosh  
(1 MB of RAM or greater)

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**Microsoft**

License Agreements for Microsoft  
Corporate Customers

## **Applicable Product**

**Microsoft Applications:**

**Microsoft Excel, Word, and Office**

**Windows, OS/2 and/or Macintosh**

**Standard Packaged Product, SWAP, MLP or  
Competitive Upgrade apply**

**Microsoft**

License Agreements for Microsoft  
Corporate Customers

## **Threshold To Qualify**

**Company verifies it has selected software  
licensed for 60% or greater of its  
computers from packaged products and/or  
Microsoft License Pak products.**

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## **VESTING UNDER THE XLA**

- ◆ **Initial XLA Licenses Vest at  
25% per quarter**
- ◆ **Subsequent XLA Licenses Vest  
at the end of the Agreement**

**\* If you maintain the 60% ratio on all Qualified CPUs \***

## **Microsoft Office Limited Time Offer**

- ◆ **Until December 31, 1991...**
- ◆ **Qualify with Word and Excel, or  
Office and declare standard on  
Microsoft Office (PC and/or MAC)**
- ◆ **100% back-fill on Power Point &  
Mail**

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## Restrictions And Obligations

- ◆ Reporting obligations:
  - Quarterly
- ◆ Upgrades not included
- ◆ Domestic use only
- ◆ Term = one year

## AN EXAMPLE

- ◆ Your Purchasing Site has a total of:
  - \* 5000 Qualified CPUs
  - \* 2500 Units of Excel
  - \* 2000 Units of Word for Windows
- ◆ To reach the 60% ratio, you purchase:
  - \* 500 units of Excel
  - \* 1000 units of Word for Windows

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## AN EXAMPLE

- ◆ Microsoft grants you 40% or 2,000 licenses of Excel and 2,000 licenses of Word for Windows

... Then standardize on the Windows Office ...

## MICROSOFT OFFICE

Standardize on the Windows Office ...

- ◆ Microsoft grants you 2,000 Word and Excel Extended Licenses, plus backfills PowerPoint and Mail up to 100%.
- ◆ Microsoft Word and Excel count toward the 60 % ratio requirement for Office

\* This offer is valid until December 31, 1991 \*

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**Microsoft**

License Agreements for Microsoft

Corporate Customers

## Question & Answer

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**MICROSOFT EXTENDED LICENSE PROGRAM  
TERMS AND CONDITIONS**

**1. Overview**

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. The XLA License Certificates vest over the one-year term of the XLA Program, meaning that COMPANY earns the free XLA Licenses by performing the terms and conditions below throughout the one-year term. The terms and conditions of the XLA Program are set out in this document, the attached "MICROSOFT EXTENDED LICENSE AGREEMENT CERTIFICATE", and the attached "XLA VERIFICATION AND ORDER FORM" (collectively, the "Agreement"). The terms of this offer are confidential, and may not be disclosed to third parties by COMPANY.

**2. Products**

The products included in this Agreement are: (i) Microsoft® Excel for Windows™, Microsoft Excel for the Macintosh and Microsoft Excel for OS/2® ("Excel"); (ii) Microsoft Word for Windows, Microsoft Word for the Macintosh, and Microsoft Word for OS/2 ("Word"); and (iii) 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.'" Under this option, COMPANY may not select less than an entire legal entity as a Site.

(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". Under this option, COMPANY may not select less than an entire location or address.

(iii) Department, Division, or Other Distinct Organizational Subpart. If COMPANY may also 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 reserves the right to review and approve all Site definitions proposed by COMPANY.

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#### 4. Definition of a "Computer"

The term "Computers" shall mean all IBM-compatible PCs capable of running the Microsoft Windows graphical environment (i.e., containing a 10 MHz 80286 or compatible processor or higher) (hereafter, "PCs"), and all Apple Macintosh computers with 1 MB of RAM or greater (hereafter, "Macintoshes") located at the Site without exception (whether owned, leased, rented, or otherwise controlled by COMPANY), 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, (ii) Word, or (iii) Office. If COMPANY desires to include both Excel and Word, then COMPANY should consider selecting 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 licensed the Selected Software for sixty percent (60%) or greater of its Computers (i.e., in the form of licenses from packaged Products and/or MS License Pak Products). After initial qualification, COMPANY must maintain the Qualification Threshold during the term of the XLA Program, as further described in Section 6.e. below.

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 the additional copies of the Selected Software for up to 40% of COMPANY's Computers at the Site. Additional XLA License Certificates for COMPANY's computers acquired after the beginning of COMPANY's participation in the XLA Program may be applied for as indicated on the Verification and Order Form.

d. COMPANY's XLA Licenses. As noted on the Verification and Order Form, COMPANY must first determine the Selected Software to be included in the XLA Program. The XLA License Certificates will correspond to the Selected Software. 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 at least 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 part of Office.

(ii) Upon proper initial application to MS on or before December 31, 1991, COMPANY shall receive a XLA License Certificate for Office good for up to forty percent (40%) of COMPANY's

Computers. Because Office also includes PowerPoint and a Mail product, MS will also 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, but none of which have either PowerPoint or the Mail product, then COMPANY would be entitled to a 400 copy XLA License Certificate for Office and additional XLA License Certificates for 600 copies of PowerPoint and 600 copies of Mail, thereby granting to COMPANY a license to use Office (and all its components) on 100% of the Computers at its Site.

(iii) For all initial applications received after December 31, 1991, COMPANY shall be entitled to receive a XLA certificate for Office good for up to 40% of COMPANY's Computers, but COMPANY shall not be entitled to additional licenses of PowerPoint and Mail over and above 40%. For example, if MS receives COMPANY's Verification and Order Form after December 31, 1991, in which COMPANY verifies that it has 1,000 Computers at its Site, 600 of which have both Excel and Word licensed, but none of which have either PowerPoint or the Mail product, then COMPANY would be entitled to a 400 copy XLA License Certificate for Office, with no additional licenses for PowerPoint and Mail.

e. Obligation to Maintain Threshold Qualification on all Computers at Site. During the term of the XLA Program, COMPANY shall maintain the 60% Threshold Qualification on all Computers at its Site, including all Computers acquired after COMPANY executes its initial Verification and Order Form. COMPANY shall qualify for additional XLA License Certificates by verifying that COMPANY has acquired additional Computers at its Site, and has acquired new licenses for the Selected Software for use on at least sixty percent (60%) of such newly acquired Computers. In determining the 60% Threshold Qualification on such newly acquired Computers, COMPANY may not include any XLA Licenses previously granted (i.e., COMPANY may only include licenses acquired from packaged Products and/or MS License Pak Products).

f. Vesting of XLA License Certificates. COMPANY's license rights received through the XLA Program are conditional and vest over the one year term of this Agreement. Each calendar quarter during the term of this Agreement that COMPANY maintains the Threshold Qualification of Product licenses on its Computers, 25% of COMPANY's initial XLA License Certificates shall "vest", meaning that such Certificates are thereafter not subject to cancellation. Each calendar quarter thereafter, another 25% of COMPANY's initial XLA License Certificates shall vest, so that after the fourth calendar quarter 100% of COMPANY's initial Certificates shall be deemed vested and no longer subject to cancellation. Any additional XLA License Certificates that COMPANY applies for during the term of this Agreement as a result of acquiring new Computers shall be deemed vested upon the end of the fourth calendar quarter. If COMPANY does not maintain the Threshold Qualification during any calendar quarter, then MS shall notify COMPANY in writing of the deficiency, and COMPANY shall have thirty (30) days after receipt of MS' notice to acquire such additional Product licenses as to reach the Threshold Qualification. If COMPANY fails within such thirty (30) day period to deliver to MS a supplementary Verification Form attesting that it has reached the Threshold Qualification, then MS may by written notice to COMPANY cancel the appropriate percentage of COMPANY's initial XLA License Certificates (i.e., 100% if in the first calendar quarter, 75% if in the second calendar quarter, and so on) and all of COMPANY's later acquired XLA License Certificates.

## 7. Reporting Obligations

During the one-year term of this Agreement, COMPANY shall make four (4) quarterly reports to MS on the XLA Verification and Order Form. 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.

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## 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. MS will only grant sufficient XLA Licenses to license all COMPANY Computers at the Site at the time of COMPANY's application, up to a maximum of 40% of such Computers.

b. Use Restrictions. During the term of the XLA Program, the copies of 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 granted under the XLA Program will enable COMPANY to make and use copies of the most recent version of the Product. For example, if COMPANY has 600 licenses to Office version 1.0, and through the XLA Program qualifies for 400 licenses of Office, those 400 licenses will be for the latest version of Office (e.g., version 2.0). Note, however, that in the example, COMPANY's existing 600 licenses to Office version 1.0 will not automatically be updated to version 2.0, although the new version may be obtained through other available Upgrade programs offered by MS.

e. Eligibility. This offer may not be combined with any other promotion, offer, or other special licensing arrangement offered by MS, unless agreed to in writing by MS.

## 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. Except as provided in Section 6.f. regarding vesting of the XLA License Certificates, 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. Verification

During the one-year term of the XLA Program and for one (1) year thereafter, MS may require COMPANY to verify in writing that COMPANY has properly licensed all copies of MS Products being used. If COMPANY is unable to provide reasonably satisfactory verification, MS may, upon prior written notice and at its own expense, perform an audit of COMPANY's records during COMPANY's regular business hours to verify COMPANY's compliance with the terms of this Agreement, provided that such audit is conducted in a manner that will not unreasonably interfere with COMPANY's normal business operations.

## 11. General.

a. End User License Agreement. COMPANY's use of the Products shall at all time be governed by the terms of the applicable MS end user license agreements, and such license agreements are deemed incorporated into these terms and conditions. In the event of any conflict between such license agreements and these terms and conditions, these terms and conditions shall prevail.



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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- \_\_\_\_\_ Initial Application
- \_\_\_\_\_ Supplemental Report
- \_\_\_\_\_ Quarterly Report

## 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.

Indicate here whether this is an initial application or an application for additional XLA License Certificates made according to the XLA Program Terms and Conditions:

- \_\_\_\_\_ Initial Application
- \_\_\_\_\_ Additional XLA License Request

### 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 Windows-capable 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 / for the Macintosh

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5. Verification of Threshold Qualification

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 Threshold Qualification for The Microsoft Office.*

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

Please return documents to XLA Administrator, Microsoft Corporation, One Microsoft Way, Mail Stop RWF4, Redmond, Washington 98052.

COMPANY: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_

Print Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Telephone \_\_\_\_\_

**FOR MICROSOFT INFORMATION PURPOSES ONLY. YOU ARE NOT REQUIRED TO PROVIDE THIS INFORMATION.**

Please identify the principal reseller(s) from whom COMPANY has acquired or intends to acquire Selected Software in order to meet or maintain the 60% Threshold Qualification during the term of the XLA Program:

RESELLER:	RESELLER:	RESELLER:
Name _____	Name _____	Name _____
Address: _____	Address: _____	Address: _____
_____	_____	_____
_____	_____	_____

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(Please attach separate page for additional resellers)

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Certificate Serial Number: \_\_\_\_\_  
Date of Issue: \_\_\_\_\_

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## MICROSOFT EXTENDED LICENSE AGREEMENT ("XLA") CERTIFICATE

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

COMPANY:                   A                  

**NOTICE: THE RIGHTS GRANTED BY THIS XLA CERTIFICATE ARE SUBJECT TO THE MICROSOFT EXTENDED LICENSE PROGRAM TERMS AND CONDITIONS, A COPY OF WHICH SHOULD BE RETAINED WITH THIS CERTIFICATE.**

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

M

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

**S**  
**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.

## **P** 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. **L**

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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## XLA VESTING

The following is provided to explain the vesting portion of the XLA Extended License Agreement.

*Profile:* COMPANY desires to use Excel on its installed base of 1,000 computers. COMPANY currently uses Excel on 50% of its computers prior to the XLA presentation. COMPANY purchases an additional 100 licenses for Excel, so now Excel is running on 600 computers.

*Situation:* When the XLA Verification and Order Form (V & O) is accepted by the XLA administrator (ritam), the term of the agreement begins as of the date of COMPANY's signature, and the initial 40% XLA License Certificate is granted. COMPANY is granted 400 licenses of Excel to be used on the computers at the defined site. If the contract is signed and accepted on January 1st and COMPANY adheres to the terms and conditions of the XLA agreement for the initial 1,000 computers and any additional computers reported thereafter, the initial 400 granted XLA License Certificate will "vest" at a rate of 25% per quarter. Once the XLA licenses vest, COMPANY owns the software, and they are not subject to rescission.

*Vesting Scenario:* Following is a scenario, let's assume the contract begins on January 1.

	Initial V&O JAN 1	1st Qtrly Report APR 1	2nd Qtrly Report JUL 1	3rd Qtrly Report OCT 1	4th Qtrly Report DEC 31
Initial CPU's	1000	1000	1200	1300	1600
Additional CPU's	0	200	100	300	100
Total CPU's	1000	1200	1300	1600	1700
Licensed Excel	600	Initial = 600 New = 120	Initial = 720 New = 40	Initial = 760 New = 120	Initial = 880 New = 40
Granted Licenses	400	Initial = 400 Add = 80	Initial = 480 Add = 40	Initial = 520 Add = 120	Initial = 640 Add = 40
Initial License Vesting	0	Qtr 1 = 100 Total = 100	Qtr 2 = 100 Total = 200	Qtr 3 = 100 Total = 300	Qtr 4 = 100 Total 400
Additional License Vesting	0	0	0	0	80+40+120+40 = 280
Total Vested	0	100	200	300	280 + 400 = 680

### EXAMPLE:

- January 1: The initial XLA Verification and Order Form is signed and sent to Microsoft showing COMPANY has 1000 CPU's and 600 units of licensed Excel. Microsoft grants 400 XLA licenses.
- April 1: (1st Quarterly Report) - COMPANY purchased 200 new computers, and purchased 120 new Excel product. Microsoft grants 80 XLA licenses. 100 of the initial 400 licenses vest.
- July 1: (2nd Quarterly Report) - COMPANY purchased 100 new computers, and purchased 40 new Excel product. Microsoft grants 40 XLA licenses. 100 more of the initial 400 licenses vest, for a total of 200 licenses vested.
- October 1: (3rd Quarterly Report) - COMPANY purchased 300 new computers, and purchased 120 new Excel product. Microsoft grants 120 XLA licenses. 100 more of the initial 400 licenses vest, for a total of 300 licenses vested.
- December 31: (4th Quarterly Report) - COMPANY purchased 100 new computers, and purchased 40 new Excel product. Microsoft grants 40 XLA licenses. 100 more of the initial 400 licenses vest, and all of the XLA licenses which were granted during this agreement vest, for a total of 680 XLA licenses.

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File

# Microsoft Memo

Date: July 15, 1991  
To: RGMs, DMs, CAMs, NAMs,  
From: Corporate Accounts Marketing  
Subject: Extended License for Microsoft Applications Program (XLA)

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CC: Mike Hallman, Scott Oki, Rich Macintosh, David Jaworski, Lewis Levin, Gary Gigot, Mike Negrin, Kevin Harrang, Bill Pope, Russ Werner, Ron Davis, Charlotte Guyman, Doug Levin, Tim Fisher, Sharon Decker, Rick Kerbs, CAMktg, Mike Rhamy, Shawna Stanley, Jay Henningsen, John Schiemer, Martha Coppola, Diane Johnson, Rick Devenuti, Lloyd Wilhelms, Michael Merker, Susan Jenkins, Craig Fiebig, David Brooks David Curtis, 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 beta drafts are attached. These documents are provided to you as information only and should not be copied or distributed to your accounts.

- 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 your reps can start now to present the concept to their accounts that are applicable. We are working diligently at Corporate to roll out the contract materials to you very soon.

The following materials can be found as files on \SMARTPAGES\USERS in the \PROG\COACCTS\PROGRAMS\XLA 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 PowerPoint presentation	Presentation to explain program to large account customers	XLAPREZ.PPT
XLA Q & A	Questions and Answers	XLAQ&A.DOC
1 page selling sheet	Selling benefits on XLA	XLASELL.DOC
XLA Selling Scenarios/Cost Analysis	XLA Selling Scenarios/Cost Analysis	XLASITU.DOC

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

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**Microsoft**

## 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) and 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).



## 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 licenses.

**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 term of the agreement is 1 year from the date of signature by Microsoft. The account must commit to maintaining the 60% ratio, purchased/total systems identified, through the life of the agreement. (Microsoft reserves the right to notify the account of any changes in the terms at end of the first year with 90 days notice.) Under the XLA agreement extended licenses vest at 25% per quarter, therefore if the account maintains the 60% ratio on all reported CPUs through the term of the agreement they will be 100% vested on all extended licenses. If not, the unvested portion is cancelled. (This is further explained in the attached Questions and Answers.
- \* 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.

# Microsoft

## 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:

	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 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-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 are the advantages of this program?*

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.

### *Under the terms and conditions of the XLA agreement, is there a penalty to the corporate account if they do not maintain the 60% ratio through the life of the agreement?*

Yes. The account must commit to maintaining the 60% ratio, purchased/total systems identified, through the life of the agreement, which can be a 1 or 2 year agreement. Each time an account rolls-over the agreement, they are agreeing to maintain a 60% purchased/total systems ratio. Extended licences (up to 40%) vest at 25% per quarter, therefore if the account maintains the 60% ratio on all reported CPUs through the term of the agreement they will be 100% vested on all extended licences. If not, the unvested portion is cancelled. (Microsoft reserves the right to notify the account of any changes in the terms at end of the first year with 90 days notice.)

*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.

*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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## 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	Pkg prod.		MLP	MLP	
		SRP	Best quote		Best quote	Swap
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

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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Office—units	200	200	400		
cost	\$91,800	\$91,800		\$153.00	\$153.00
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*

CPUs:	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	300	300		600	400		
cost	\$38,700	\$98,700		\$137,400		\$137.40	\$137.40
Word—units							
cost							

- 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*

	CPUs: 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		
		\$68,850		\$68,850		\$125.18	\$125.18
<b>Total Licenses</b>		150		150	400		
<b>Total Purchase cost</b>		\$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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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
<b>Total licenses</b>			400	400	400		
<b>Total Purchase cost</b>			\$168,000	\$168,000		\$210.00	\$280.00

Final Position

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

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Extended License Agreement  
for Microsoft Applications

### MICROSOFT EXTENDED LICENSE AGREEMENT FOR MICROSOFT APPLICATIONS

Microsoft

Extended License Agreement  
for Microsoft Applications

### Extended License for Microsoft Applications Agreement

The benefits to you:

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

Microsoft

Extended License Agreement  
for Microsoft Applications

### 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

Microsoft

Extended License Agreement  
for Microsoft Applications

### HOW IT WORKS

THREE EASY STEPS:

- YOU COUNTS 100% OF ALL QUALIFIED WINDOWS-CAPABLE AND MACINTOSH CPUs AT YOUR DESIGNATED SITE(S).
- YOU 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.

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Extended License Agreement  
for Microsoft Applications

### 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 distinct subpart 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 (excludes 808X and 286 systems with less than 10 MHz) AND 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.

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Extended License Agreement  
for Microsoft Applications

### 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 once certificate indicating the number of licenses granted each quarter (up to 40%). Licenses "vest" 25% per quarter.

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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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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

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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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**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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contains important notes

**EXTENDED LICENSE AGREEMENT  
FOR MICROSOFT APPLICATIONS**

**"A DISCRETIONARY PRICING TOOL"**

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# XLA GOALS

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 get *legal* on Microsoft Windows Applications.
3. Make Microsoft Office *wildly* attractive to most Corporate Accounts.
4. Move active evaluations of Microsoft Windows applications closer to a purchase decision before our major competitors ship their Windows Applications.
5. Encourage more accounts to think of software purchasing as license cost per workstation.
6. Profitably reach uncaptured market share by securing incremental and future business thru standard channel distribution.

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# STRATEGY

- 0 "NORMAL" PURCHASING/LICENSEING VIA CHANNEL
- 0 NO NEW / ADDITIONAL/ SPECIAL SKU'S
- 0 " PER SYSTEM" ACCOUNTING METHOD FOR SIMPLICITY-- COUNT MACHINES AND SOFTWARE PURCHASED
- 0 TWO-WAY AGREEMENTS FOR SIMPLICITY
- 0 DON'T DISCOUNT "NORMAL" BUSINESS--GET STANDARDIZATION
- 0 BEGIN SELLING IN JULY 91

*Richman want of >15:  
Hollum it is said this would be a  
3 party agreement.*

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# XLA OVERVIEW

- o CUSTOMER COUNTS ALL WINDOWS- CAPABLE OR MAC CPU'S AT PHYSICAL SITE AND/OR DIVISION (500 CPU minimum).
- o CUSTOMER PURCHASES MS EXCEL, WORD OR OFFICE APPLICATIONS IN ANY APPROPRIATE FORM ( FULL PRODUCT/ MLP/ SWAP ETC.) FROM THE CHANNEL UP TO PREDEFINED RATIO OF ( 60%).
- o MICROSOFT GRANTS THE BALANCE OF 40% EXTENDED LICENSES TO CUSTOMER.

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# AN EXAMPLE

- 0 CUSTOMER HAS 1000 INSTALLED SYSTEMS, 500 EXCEL.
- 0 CUSTOMER PURCHASES 100 UNITS OF EXCEL TO REACH THE PREDEFINED RATIO OF 60%.
- 0 MS WILL GRANT 400 ADDITIONAL LICENSES FOR INSTALLED BASE
- 0 ACCOUNT MUST PURCHASE 60% NEW LICENSES FOR NEW SYSTEMS AND MS WILL GRANT THE 40%.

*. SPA reporting*

*. how do quoted licenses appear in warehouse reporting:  
- need 6 new SKUs.*

*XLA word store  
XLA Excel store  
XLA Office store  
XLA word store  
XLA Excel store  
XLA Office store*

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# INDIVIDUAL APPS VS. OFFICE

- o LICENSES OF EXCEL AND WORD COUNT TOWARD THE RATIO REQUIREMENT FOR OFFICE.
- EXAMPLE
- o THE CUSTOMER HAS 1000 QUALIFIED CPU'S .
- o THE CUSTOMER HAS 500 EXCEL, 500 WORD, 50 PP, 75 MAIL.
- o TO STANDARDIZE ON OFFICE THE CUSTOMER ONLY NEEDS TO PURCHASE 100 UNITS OF OFFICE TO REACH THE 60% RATIO.
- o MICROSOFT GRANTS THE CUSTOMER 400 EXTENDED LICENCES OF OFFICE. *and amount is licensed up to 100% on Office*

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# WINOFFICE EXAMPLE

<u>PROD</u>	<u>CURRENT</u>	<u>PER-APP</u>	<u>AFTER PURCHASE</u>	<u>ADDITIONAL</u>	<u>LOSSES</u>
		<u>RATIO</u>	<u>OF 100 WINOFFICE</u>	<u>PURCHASE ROD</u>	
EXCEL	500	600	600	0	1,000
WORD	500	600	600	0	1,000
PP	50	N/A	150	0	1,000
MAIL	75	N/A	175	0	1,000

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# XLA PROGRAM PROCESS

1) **Letter of Intent:** A one page letter which describes the XLA program.

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

*includes detailed description of site.*

2) **Extended License Agreement for Microsoft Applications Certificate:** A one page, three part, serialized certificate which is to be completed after the customer has reached the 60% ratio. This certificate will serve not only as an agreement to the program, but also as the granted license certificate. In addition to highlighting the XLA Program, definitions, restrictions and other relevant conditions, information must be filled out by the customer including: identification of sites; number of Qualified CPUs and Licensed Microsoft Applications the customer owns. done by end of July.

*should be included in both reader & corp. channel groups.*

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

*under what conditions is termination permitted? what obligation must be fulfilled to grant?*

*1000 CPUs 600,000 / 60 50.000 - one in 25% The what would be due over the remainder of the term.*

*(?)*

*consideration penalty: 10% of the balance that would be due*

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# TERMS AND CONDITIONS

\* The terms and conditions will not change for 1 year from the customer signing their first *Extended License Agreement for Microsoft Applications Certificate*. Microsoft will provide written notification to the customer 90 days prior to any changes in the terms and conditions.

*Start when first TCA grant is authorized.*

\* Transfer of Licenses: The extended licenses granted can be transferred to any part of the company which is covered under the XLA program. The extended licenses however **CAN NOT BE RESOLD UNDER ANY CIRCUMSTANCES**, even after the customer has terminated the program.

\* Once an account has reached the minimum, they may discontinue the program at any time by providing written notification to the XLA Administrator 30 days in advance. Upon termination they are no longer eligible for any extended licenses.

*Can't resign yet*

*with 30 more bits*

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# TERMS AND CONDITIONS

- \* Concurrent Usage: All rights apply under this program as stated in the Microsoft standard license.
- \* The Program does not cover Project, PowerPoint, Mail, Programming Languages or any Systems products including: DOS 5.0 Upgrade, Windows, LAN Manager and Server based applications. Promotional bundles also do not apply.
- \* Licensed units of Excel and Word can be counted towards the ratio required for Office.
- \* Updates are NOT included under the XLA program.

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# TERMS AND CONDITIONS

- \* Windows-capable and Macintosh CPUs can be combined to reach the 500 CPU minimum.
- \* Installed CPUs are defined as CPUs in the customers inventory at the time the agreement is signed. CPUs on order CAN NOT be counted.
- \* Documentation for extended licenses is available at MLP documentation pricing.
- \* As with all our other software sales to end users all certificates issuing extended licenses are between Microsoft and the customer.

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# ORC ISSUES:

- \* Program Communication
- \* Program Administration: Inside Sales

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