Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399

Tel 206 882 8080
Telex 160520
Fax 206 936 7329

May 17, 1996

Microsoft

L. John Loomis
Director, Creative & Software Development
Consumer Software Business Unit
1111 Bayhill Drive, Suite 475
San Bruno, CA 94066

Dear John,

Here is a copy of the Letter of Understanding extending the Compaq - Microsoft Frontline Partnership that Keith Shetterly mentioned during your conversation yesterday; it outlines the commitments by both Microsoft and Compaq regarding joint cooperation in both the Internet and Intranet markets.

One of the aspects of the agreement is Compaq's company wide commitment to display the MSN icon on the desktop screen of all Windows 95 and Windows NT Workstation PC's and to ship Internet Explorer as the default web browser on all desktop and server systems.

Since your golden master for the upcoming "Predator" product release is imminent, I'd like to understand how I can be of assistance in accomplishing the above for your 2HCY'96 products.

Please call me directly if you have any questions about the attached Letter of Understanding or wish to discuss how we can move forward together.

Sincerely,

Joe Williams
Microsoft OEM Sales

cc: Celeste Dunn, Vice President, Compaq Consumer Division
Jim Kelly, Strategic Relations Manager, Compaq Consumer Division
Steve Goldberg, Director of Microsoft Relations, Compaq Computer Corp.
Don Hardwick, Microsoft OEM Group Manager
Bengt Akerlind, Microsoft OEM Director

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Microsoft and Compaq agree to keep the contents of this document confidential as per the terms of the Master Nondisclosure Agreement #1107-0337 between the parties dated November 1, 1990.

FRONTLINE PARTNERSHIP

Date: May 10, 1996

Compaq and Microsoft extend Frontline Partnership to the Internet/Intranet

This Letter of Understanding (LOU) describes how Microsoft and Compaq are extending the Frontline Partnership (FLP) to the Internet/Intranet. Agreed upon joint activities shall be approved and funded via the FLP funding process or other funds to be determined. The expiration date on this LOU is May 31, 1997. This document does not create any legal obligations of the parties, except for nondisclosure obligations, nor does this document commit either party to conclude discussions or negotiations concerning the subject matter of this LOU.

The Frontline Partnership was established to recognize Compaq as a "Strategic OEM" for Microsoft and Microsoft as a "Strategic Software Provider" in order to exploit mutual opportunities for our customers and the PC industry. As such, we agree to the following:

1. **Microsoft continues its long-standing commitment to Compaq hardware for Microsoft's Internet/Intranet strategy:**

    - MSN primary hardware usage remains Compaq hardware unless the product(s) are not mutually agreed as being adequate to solve the business problem.
        - Today, this represents more than 750 ProLiant servers in total, over $25 million investment.
        - Compaq hardware is currently used to host the MSN data centers, MSN Chat, Bulletin Boards, MSN Email Services, MSN Proprietary Content (such as sites for the Smithsonian Institute, Paramount Star Trek, etc.), www.msn.com, Microsoft Online Education, MSN business services, MSN news services, etc. Compaq hardware is also used to provide gateways services, monitor all MSN servers (controls, alarms), as a test platform for new MSN services, and supports customer service as their primary workbench.
        - MSN today has more than 1 million subscribers and is exploring new services to offer to its customer base. As new subscribers enroll and services are offered, additional servers may be required.
    - www.microsoft.com remains on Compaq hardware unless the product(s) are not mutually agreed as being adequate to solve the business problem.
        - Today, www.microsoft.com is hosted on 4 ProLiant 4500 systems.
        - In the future, the site would be moved to the MSN data center.
        - www.microsoft.com will display a configuration pointer ("About this site"). This configuration page will display the detailed site information and the "Powered by Compaq" graphics.
    - Create links between www.microsoft.com and www.compaq.com.
    - Microsoft continues to be a prominent reference site of Compaq which is "betting its business on Compaq" in Compaq ads, white papers, sales materials, web page, slides, presentations.

- Update Compaq's Microsoft reference site case study and other materials with Internet/Intranet focus.
- Microsoft continues to reference Compaq hardware as default in general Microsoft slides, presentations and marketing materials.

2. **Compaq to become a prominent reference site of Microsoft Internet/Intranet technologies:**

- Compaq will provide Microsoft with a base set of requirements for all Internet-related projects going forward. Compaq will adopt Microsoft Internet/Intranet technologies internally at Compaq (including Internet Explorer, Internet Information Server, Microsoft Exchange, tools, BackOffice, etc.) unless the product(s) are not mutually agreed as being adequate to solve the business problem. Given such:
  - Add an IIS server to www.compaq.com and within a mutually agreeable time frame convert all but one of the remaining www.compaq.com servers to IIS. Display "Powered by Microsoft BackOffice" and "Best Viewed by Internet Explorer" graphics on the home page. Provide Internet Explorer enhanced content on www.compaq.com.
  - Make www.compaq.com a leadership site for ActiveX. Microsoft to promote www.compaq.com as a leadership site to users of Internet Explorer beta releases and to the press.
  - Adopt and promote internally Internet Explorer as the primary browser on internal Compaq users' desktops and Internet Information Server for internal web publishing.
  - Adopt and promote internally Microsoft development tools for the Internet/Intranet including FrontPage, Internet Studio, Visual Basic.
  - Microsoft to provide 2 weeks training and consulting on Microsoft Internet Information Server, ActiveX, FrontPage, and Internet Studio to make www.compaq.com a leadership site for Internet Information Server, ActiveX, and related Microsoft web server technologies.
  - Become a mirror-download site for Microsoft products (such as Internet Explorer, Internet Information Server, etc.).
  - Create links between www.compaq.com and www.microsoft.com.
- Publicly promote that Compaq internally has chosen an Internet/Intranet strategy that is primarily based on Microsoft tools, browser and server products.
  - Microsoft to feature Compaq as a prominent reference site which is "betting its business on Microsoft" through marketing activities such as the following examples: case study, joint ad, talking points, slides, white paper, web page.
  - Compaq to communicate Compaq's commitment to Microsoft's Internet products and strategy to individuals who attended the March 4th Network Administrators Conference meeting held in Houston.

3. **Compaq to promote Microsoft Internet/Intranet technologies and strategy as Compaq's key direction for customers:**

- Joint announcement at a mutually agreeable time and venue on Compaq-Microsoft partnership in this area.
  - Compaq and Microsoft to publicly announce that the Frontline Partnership now extends to the Internet/Intranet.
  - Publicly state that Compaq is endorsing Microsoft technologies as key technologies for customers for the Internet/Intranet (which includes Internet Explorer, Windows NT Server/IIS, BackOffice, etc.).
  - Execute joint press/analyst tours/calls to reinforce Compaq-Microsoft relationship.
- Compaq to strongly support upcoming product and strategy announcements including Internet Explorer 3.0, "Catapult," "Merchant" Server, etc.
- Compaq and Microsoft marketing programs to reinforce this message including: Market Bulletin, white paper, capacity planning, ad campaign.

- The majority of Compaq's key Internet/Intranet announcements and marketing activities shall be focused on Microsoft's technologies and strategy including keynotes, road shows, press releases, industry events, trade shows, web events, customer briefings.
- Ship new versions of Internet Explorer as the default browser on all Compaq desktop and server platforms with each major Compaq product release.
- Compaq to display MSN icon on the Desktop screen (as released by Microsoft in OEM Pre-Installation Kit) on all Windows 95 and Windows NT Workstation PCs.

4. **Compaq and Microsoft to promote performance benchmarks on Compaq platforms:**

- Compaq and Microsoft to run performance benchmarks and release in conjunction with Microsoft that compare IIS and new Internet/Intranet server offerings from Microsoft against the leading vendors on the RISC UNIX platform provided results are competitive.
- Compaq to continue to perform and release SQL Server benchmarks on Compaq hardware. Compaq and Microsoft to mutually promote benchmarks of SQL Server on Compaq hardware (including press releases, ads, web sites, events, presentations). Publicly identify that benchmarks were run on Compaq hardware. SQL Server will be the reference database for Windows NT on Compaq servers.
- Compaq and Microsoft work closely to performance tune systems so that systems are optimized for benchmark testing.
- Compaq and Microsoft to publicly promote IIS performance benchmarks on Compaq platforms.
- Joint advertisement showing NT/IIS performance on Compaq platforms.
- Microsoft to promote Compaq ProLiant servers as a leading platform in Microsoft trade show booths and marketing events.

5. **Compaq and Microsoft to drive joint trophy win effort with ISPs and corporate customers:**

- Target corporate Internet and Intranet sites (select one large account in each vertical and use them as a front runner in developing tools and solutions for moving accounts in the same vertical to Compaq/Microsoft Internet solutions).
- Target most popular web sites on the Internet (ie. NFL.com, Nasdaq.com type sites).
- Compaq provides hardware on a 6 month "try and buy" basis (Compaq to keep 3-5 servers ready to ship on 24-hour basis to maximize opportunities as arise, only 1 server sent per site, limited server quantities determined by Compaq).
- Microsoft provides software and limited support services to facilitate timely installation.
- "Powered by BackOffice" and "Best Viewed by Internet Explorer" graphics and Compaq logo used on home page and major pages on directory tree.
- PR and case studies generated and published sales tools (examples include printed case studies, slides, presentations, web content).

6. **Additional Internet/Intranet marketing efforts in North America and Europe:**

- Microsoft and Compaq to jointly target ISVs to develop Internet/Intranet solutions on Compaq hardware.
- Develop and release to field, subs and channel sales materials which extol our mutual virtues including collateral, slide sets, demo materials and scripts, benchmark kits.
- Roll out aggressive Compaq NA marketing program based on Windows NT Server, BackOffice, Internet Information Server.
- Enhance BOLiant activities in Europe to include Internet/Intranet messages.
- Repackage Bunting's Window Compaq-Microsoft Internet segment for use by field, at shows, etc.
- A "big idea" marketing activity which takes place on the web, to be jointly defined and executed.

7. **Compaq and Microsoft to work together to create dedicated Microsoft Internet/Intranet SKUs:**

- Compaq to market a dedicated Microsoft SKU with Windows NT Server/Internet Information Server on a Compaq platform. SKU(s) to be mutually agreeable by Compaq and Microsoft.
- Work together on value-added products for Internet. Possible products include High Availability Web Server, dedicated SKU with Merchant Server, etc.

8. **Compaq and Microsoft to explore other areas of joint activities**

- Joint Internet/Intranet solution for small/medium business market segment
- Collaboration around Web Development Workstation
- Promote Internet Explorer activities on Compaq Desktop PCs

Gary Stimac 5/13/96

Gary Stimac
Sr. Vice President, Systems Division
Compaq Computer Corporation

5/10/96

Jim Allchin
Sr. Vice President, Desktop and Systems Division
Microsoft Corporation