# Microsoft Summary

## Summary of Royalties

| Product | Current | Effective Aug. 1, 1996 | Effective Jan. 1, 1997 |
|---|---|---|---|
| Win 3.11 | $9.00 | $40-14.50=$25.50 | $40-17.00=$23.00* |
| Win95 | $61.1-14.5=$46.60 | $62.00-14.50=$47.50 | $62.00-17.00=$45.00* |
| Win NT Client | $195.00 | $127-14.50=$112.50 | $127.00-17.00=$110.00* |
| Win NT Server | $456.00 | $750.00 | $750.00 |

- Special Condition one: If win 3.11 vol. <8% of total volume for the contract period IBM receives rebate of $5m + $6 per copy of all win 3.11 shipments

  (Outlook: 9.3 M ships - 8% target = 750K, Current Outlook=930K or 10%)

- Special Condition two: If win 3.11 volumes <12% of total from 8/1/96 -12/31/96 IBM receives half of the $5 Million on 12/31/96

  (Outlook: 2.0M ships - 12% target = 240K, Current outlook = 400K or 20%)

## Summary of Operations

- EIAA Approved
- No drop in the box of product
- No encryption
- No changes to GUI
- 90 day implementation of new code drops
- No upgrade/downgrade program (Compaq exclusive)

## Summary of Relationship

- "Cost of doing business with Microsoft"
- Future opportunities based only on Development/Marketing Initiatives
- Microsoft will undertake no Marketing Initiatives with IBM due to Lotus Bundles
- Server and Power contracts at square one
- Windows NT 4.0 OPK final release 8/15/96 (No signed agreement, No OPK)
- IBM must market and support NT on its own
- Target contract closure: 8/15

*Assumes IBM will perform the activities necessary to qualify for the $17.00

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