

Internal OEM Price Guideline
for
Desktop Operating Systems Products
Concept Draft - January December 1996

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Plaintiff's Exhibit
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Comes V. Microsoft

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Price Guideline Definitions

Per System: A license in which all units of a particular OEM model name and/or number are licensed and a royalty is due for the MS product whenever that particular model is shipped.

Per Copy: A license where a royalty is paid to MS whenever a copy of the MS product ships. The OEM is permitted to ship the product only in conjunction with a particular OEM PC model(s).

Windows Products MS' "Windows" Personal Operating Systems Products: Windows 3.x, Windows for Workgroups, Windows 95, and Windows NTW.

Volume Discounts..... A discount expressed as a percentage off a base royalty. e.g. If the OEM's base royalty is \$75 and the Volume Discount is 10%, then the resulting royalty is \$67.50.

Default Royalty If in any three monthly reporting periods (whether or not consecutive), COMPANY's reported shipments of the Product with applicable Customer Systems are 20% or more below COMPANY's estimated monthly volume specified in Exhibit C, COMPANY and MS shall negotiate an increase in the royalty rate(s) to reflect COMPANY's lower shipment volumes. If, for any reason, MS and COMPANY are unable to agree upon new royalty rate(s) within 30 days after the date COMPANY's royalty report is due for the third such low-volume month, COMPANY's royalty rate(s) for the Product shall increase by 20%. Such increased royalty rate(s) shall be in effect for the remainder of the term of the Agreement commencing with the monthly reporting period following the third low-volume month. Provided, however, if COMPANY's reported monthly volume returns to or exceeds the original estimated monthly volume for any 3 consecutive months thereafter, then COMPANY's original royalty rate(s) shall be restored [e.g., An OEM with an estimated monthly volume of 5K units will be subject to the above if its monthly unit shipments are less than 4K units during any three months.]

Combined Default A Default Royalty as described above, but comparing actual volume of all Windows Desktop Products against an OEM's aggregated volume estimate(s) for all Windows Desktop Products. The OEM's monthly combined shipments of Windows Desktop Products must fall twenty percent (20%) or more below the OEMs combined estimated monthly volume of Windows Desktop Products. All Windows Desktop Products aggregated under the "Combined" Default are subject to the uplift.

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Policies for all Desktop Operating System Products

- Products must be licensed on the Desktop Operating Systems Agreement.
Use the Individual Product Pricing for OEMs that wish to license products separately.
Use the Windows Desktop Family Pricing for OEMs that license the Windows Products and want maximum flexibility under a per system licensing model.
Pricing assumes the OEM will provide end-user support for all licensed products.
Pricing assumes the OEM will ship a Microsoft end-user registration card and MS' online registration wizards.
Royalties published here are for English versions - use the Localized Version Royalty Adder tables to determine total product royalties on non-English versions.
The OEM must be qualified to support licensed product directly in every country where it is shipped.
OEMs that license any Windows Desktop Product with a Dual Install provision (requires optional language for Exhibit C) will be charged the higher rate of the two products licensed.

Notes for MS-DOS Products

- MS-DOS 6 Enhanced Tools license requires an MS-DOS license.
The rommable version of MS-DOS is version 6.22 and is included with the standard MS-DOS license.
For MS-DOS/V or Windows/V pricing and availability, please contact your OEM Area Director.
CD-ROM extensions are included in MS-DOS 6. Peripheral or other manufacturers who want to license CD-ROM extensions should refer to OEM Price Guideline for Associated Systems Products.

Notes for Windows and Windows for Workgroups Products

- For the U.S. only, Windows 3.11 can be licensed for resale in conjunction with hardware other than PC systems provided that the OEMs hardware interacts with Windows so as to provide "significant value or utility" to the user.
The rommable version of Windows 3.11 is included with the standard Windows license.
MS TCP/IP and MS DLC is free of charge to OEMs which license WFW. A separate Product Exhibit is required.

Notes for Windows NT Workstation

- Windows NT Workstation x86 (or Pentium) version - must be licensed on the Desktop Operating Systems Agreement. This product is subject to the Default Royalty model instead of minimum commitments.
The royalty rate for systems that support more than one processor is based on the maximum number of processors the system is capable of supporting, and is calculated by using the multipliers shown below.

Table with 4 columns: MAX CPUs supported, Multiplier, Per System Example @ \$110.00 Royalty, Per Copy Example @ \$150.00 Royalty. Rows show 2 CPUs and 4 CPUs with their respective multipliers and calculations.

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Microsoft MS-DOS - Effective through June 30, 1996

Per Copy, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	< 6	6-12	12-24	24-48	48+
Monthly Volume		1K	2K	4K	4K+
MS-DOS 6.22	DSP	20.75	20.50	20.25	20.25
MS-DOS 6.22 Enhanced Tools	DSP	2.00	2.00	2.00	2.00

Per System, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
MS-DOS 6.22	20.25	20.00	19.75	19.50	19.25	19.00	18.75	18.50	18.25	18.00	17.75	17.50	17.25	17.00	16.75	16.50	16.25
MS-DOS 6.22 Enhanced Tools	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Note: For estimated monthly unit shipments below 4K, use "Per Copy" pricing. OEMs operating with a per-system license also qualify for a per-copy royalty of \$20.25 for MS-DOS + \$2.00 for Enhanced Tools for systems not licensed on a per-system basis.

MS-DOS 6 Incentives and Adders Table.

Add to localized versions (add to royalty)	\$2.50
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Microsoft Windows - Effective through June 30, 1996

Per Copy, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	< 6K	6-12	12-24	24-48	48+
Monthly Volume		1K	2K	4K	4K+
Windows 3.11	DSP	36.00	34.00	32.00	32.00
Windows for Workgroups 3.11 Add-on	DSP	10.00	9.50	9.00	9.00

Per System, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
Windows 3.11	32.00	30.00	29.50	29.00	28.50	28.00	27.50	27.00	26.00	25.50	25.00	24.50	24.00	23.50	23.00	22.50	22.00
Windows for Workgroups 3.11 Add-on	9.00	9.00	8.50	8.50	8.50	8.25	8.25	8.00	8.00	7.50	7.50	7.50	7.50	7.00	7.00	7.00	6.50

Note: For estimated monthly unit shipments below 4K, use "Per Copy" pricing. OEMs operating with a per-system license also qualify for a per-copy royalty of \$32.00 for Windows + \$9.00 for Windows for Workgroups for systems not licensed on a per-system basis.

Incentives and Adders for MS-Windows Licenses

Add to localized versions (add to royalty)	\$4.00
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Microsoft Windows 95 - Effective through June 30, 1996

Per Copy, one-year, U.S. version licenses

Annual Volume (K) (for reference)	< 6	6-12	12-24	24-48	48+
Monthly Volume	< .5K	.5K	1K	2K	4K+
Windows 95	DSP	75.00	74.25	73.50	72.75
Window NTW Royalty	DSP	145.00	145.00	145.00	145.00

Per System, one-year, U.S. version licenses

Annual Volume (K) (for reference)	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
Windows 95	72.00	71.00	70.00	69.00	68.00	67.00	66.25	66.00	65.75	64.50	64.00	63.50	63.00	62.50	62.25	62.00	61.75
Windows NTW Adder**	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00

Note: OEMs operating with a per-system license also qualify for a per-copy royalty of \$72.75 for systems not licensed on a per-system basis and a per-copy royalty of \$145.00 for Windows NTW.

Per Copy, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	< 6	6-12	12-24	24-48	48+
Monthly Volume		.5K	1K	2K	4K+
Volume Discount (off \$75.00 Base)	DSP	0%	1%	2%	3%

Non -MDA Pricing - Per System, one-year, U.S. version licenses.

(For OEMs which do not have an MDA with MS).

Annual Volume in (K) Units (for reference)	12-24	24-48	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	1K	2K	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
Volume Discount ³ off \$75.00 Base	2%	4%	6%	8%	10%	12%	19%	20%	21%	21.5%	22%	23%	24%	25%	26%	27%	28%	28.5%	29%

Note: OEMs operating with a per-system license also qualify for a per-copy royalty of \$75.00 for systems not licensed on a per-system basis.

MDA Pricing - Per System, one-year, U.S. version licenses.

(For OEMs which have an MDA with MS)

Annual Volume In (K) Units (for reference)	12-24	24-48	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	1K	2K	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
Volume Discount ³ off (\$75-MDA)	2%	4%	8%	10%	12%	13%	14%	15%	16%	16.5%	17%	18%	19%	20%	21%	22%	23%	23.5%	24%

Note: OEMs operating with a per-system license also qualify for a per-copy royalty of \$70.50 for systems not licensed on a per-system basis.

Microsoft Internal OEM Price Guideline

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Incentives and Adders for MS-Windows 95 Licenses
To be applied after all other royalty calculations are completed

	Add to localized versions (add to royalty)	\$6.00
	Default Uplift	120%

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Notes for Windows 95 Pricing through June 30, 1996

1. Volume Discounts are expressed as percentages off the OEM's base royalty. The base royalty for all Per Copy agreements is \$75.00. The base royalty for Per System agreements with Non-MDA OEMs is \$75.00. The base royalty for Per System agreements with MDA OEMs is \$75.00 less the total dollars earned under the MDA. The initial base royalty for MDA OEMs is \$55.00. MDA OEMs will be subject to increases in its initial base rate equal to the total number of dollars associated with the unearned milestones in its MDA Agreements. This adjustment will be effective beginning the month after the month in which MS provides OEMs with final MDA results.
2. Windows 95 may be licensed using several combinations of agreements and amendments as described in the "Windows 95 Licensing Guideline". For purposes of Windows 95 pricing however, there are two models.
 - a) "SOLO" - model in which Windows 95 is licensed on the "SOLO" Exhibit C, separate from other Exhibits and/or Agreements for MS-DOS, Windows 3.x and WFW. Under the SOLO model, the OEM estimates specific volumes for Windows 95, designates specific Customer Systems for Windows 95 and pays royalties for Windows 95 based on the OEM's monthly volume estimates for Windows 95. Do NOT use the OEM's total volume for "all" Windows Products to establish the Windows 95 royalty (See "MIX" model below). Customer Systems licensed both for Windows 95 and earlier Windows/MS-DOS Releases will be charged a royalty for Windows 95 unless the OEM ships both products, in which case both royalties shall be due.
 - b) "MIX" - model in which MS-DOS and all Windows Products are licensed together on a "MIX" Exhibit C. This is the preferred licensing arrangement but is not mandatory. The MIX model uses the "Combined" Default under which the individual estimated volumes for all Windows Products are aggregated. (See PGL Definitions - page 2). The following pricing provisions apply only to the MIX model:
 - i) If the OEM is currently licensed under the Progressive Volume-Break model then the Target Break ("Middle Break") should be carried over to the new Agreement as a single royalty rate for prior products.
 - ii) A Sliding Royalty Schedule may be used for Windows 95 licensed on a Per System basis. Sliding Royalty Schedules provide monthly royalty adjustments for Windows 95 based on the OEM's Windows 95 to total Windows Products mix. Windows 95 volume based pricing is established for four mix levels: 0 to 25%, 25% to 50%, 50% to 75% and 75% to 100%. Each month the OEM's Windows 95 volume mix will be recalculated. e.g., If the monthly total volume of Windows Products shipped is 25K and of that 8K are Windows 95 then the Windows 95 mix is 8K/32K or 32% and the OEM will pay the royalty designated in the 25% to 50% mix level. Volume Discounts for the the 4 mix levels are calculated as follows:

Level 4: >75%	Use 100% of the OEM's estimated Windows Products volume to locate the applicable Volume Discount from the PGL.
Level 3: >50% & <=75%	Use 75% of the OEM's estimated Windows Products volume to locate the applicable Volume Discount from the PGL.
Level 2: >25% & <=50%	Use 1/2 of the Volume Discount from level 3.
Level 1: <=25%	Use 1/2 of the Volume Discount from level 2.

Apply Volume Discounts to the OEM's base royalty (or adjusted base royalty for MDA OEMs) to determine royalty dollar amounts for Windows 95.
3. There is an electronic version of the PGL for Windows 95 located on \\baggins\pgl\WIN95PGL.XLS
4. OEMs that license Windows 95 with the Dual Install provision (requires optional language for Exhibit C) will be charged the Windows 95 royalty rate.

MS-Windows 95 Pricing Example (1): Sliding Royalty Schedule for MIX Exhibit C - NONMDA.

Sliding Royalty Schedules for Windows 95 can only be used when the "Combined Default" is utilized on the "MIX" Exhibit C.

OEM expects to ship 8K systems with Windows Products per month next year.

Pricing for Windows 3.x or WFW is in accordance with the PGL and/or OEM's current royalty rates.

Pricing for Windows 95 is variable and determined each month. It is based on the OEM's shipment of Windows 95 as a percentage of the overall Windows Product mix. If the OEM ships a monthly total of 7K systems with all Windows Products, and of that volume, 3K are Windows 95 then the Windows 95 mix is 43%. Pricing is dependent on MDA status - the example below is for a NON MDA OEM.

Non-MDA Pricing - Per System, one-y (For OEMs which do not have an MDA with b						
Annual Volume in (K) Units	12-24	24-48	48-72	72-96	96-144	144-192
Monthly Volume	1K	2K	4K	6K	8K	12K
Volume Discount ¹ off \$75.00 Base	2%	4%	6%	8%	10%	12%

NON MDA OEM

8K Monthly Estimated Volume for "Windows Products"

Windows 95 Mix	Windows 95 Volume Discount	Calculation source:
<= 25%	2%	use 1/2 of the % below (4%/2)
>25% & <=50%	4%	use 1/2 of the % below (8%/2)
>50% & <=75%	8%	75% X 8K = PGL 6K/mo column
>75%	10%	100% X 8K = PGL 8K/mo column

Pricing quotes must be stated in dollar terms not as volume discount percentages. To calculate dollar terms apply the volume discounts to the OEM's base royalty rate and round to the nearest 25 cents. Volume discounts are expressed as a "percentage off" the base royalty. For Per Copy agreements and Per System agreements with NON MDA OEMs the base rate is \$75.00.

MIX Exhibit C -

Final Pricing Calculations NONMDA

Windows 95 Mix	Windows 95 Per System Royalty Rate	Calculation
<= 25%	\$73.50	\$75.00 - (75.00 X 2%)
>25% & <=50%	\$72.00	\$75.00 - (75.00 X 4%)
>50% & <=75%	\$69.00	\$75.00 - (75.00 X 8%)
>75%	\$67.50	\$75.00 - (75.00 X 10%)

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MS-Windows 95 Pricing Example (2): Sliding Royalty Schedule for MIX Exhibit - MDA.

Sliding Royalty Schedules for Windows 95 can only be used when the "Combined Default" is utilized on the "MIX" Exhibit C.

OEM expects to ship 8K systems with Windows Products per month next year.

Pricing for Windows 3.x or WFW is in accordance with the PGL and/or OEM's current royalty rates.

Pricing for Windows 95 is variable and determined each month. It is based on the OEM's shipment of Windows 95 as a percentage of the overall Windows Product mix. If the OEM ships a monthly total of 7K systems with all Windows Products, and of that volume, 3K are Windows 95 then the Windows 95 mix is 43%. Pricing is dependent on MDA status - the example below is for an MDA OEM.

Annual Volume in (K) Units	12- 24	24- 48	48- 72	72- 96	96- 144	144- 192	192- 240
Monthly Volume	1K	2K	4K	6K	8K	12K	16K
Volume Discount ³ off (\$75-MDA)	2%	4%	8%	10%	12%	13%	14%

MDA OEM

8K Monthly Estimated Volume for "Windows Products"

Windows 95 Mix	Windows 95 Volume Discount	Calculation source:
<= 25%	2.5%	use 1/2 of the % below (5%/2)
>25% & <=50%	5%	use 1/2 of the % below (10%/2)
>50% & <=75%	10%	75% X 8K = PGL 6K/mo column
>75%	12%	100% X 8K = PGL 8K/mo column

Pricing quotes must be stated in dollar terms not as volume discount percentages. To calculate dollar terms apply the volume discounts to the OEM's base royalty rate and round to the nearest 25 cents. Volume discounts are expressed as a "percentage off" the base royalty. For MDA Per Copy agreements the base rate is \$75.00. For MDA Per System agreements the base rate is \$75.00 less the earned MDA incentives. In this case, we assume maximum MDA benefit (\$20) so adjusted base rate is \$55.00

Exhibit C -

Final Pricing Calculations - MDA

Windows 95 Mix	Windows 95 Per System Royalty Rate	Calculation
<= 25%	\$53.75	\$55.00 - (55.00 X 2.5%)
>25% & <=50%	\$52.25	\$55.00 - (55.00 X 5%)
>50% & <=75%	\$49.50	\$55.00 - (55.00 X 10%)
>75%	\$48.50	\$55.00 - (55.00 X 12%)

MS-Windows 95 Pricing Examples (3-4) "SOLO Exhibits"

OEMs that license Windows 95 separately under the new agreement and/or amendment will require specific estimated product volumes and specific Customer Systems. The Default Royalty for Windows 95 is measured solely against the volume of Windows 95.

The OEM expects to ship 3000 systems/month with Windows 95. These Customer Systems must be clearly defined on the Windows 95 Exhibit. Customer Systems defined for Windows 95 and earlier Windows/MS-DOS releases will be charged a royalty for Windows 95 unless the customer ships both products - in which case, both royalties would be due.

Per the PGL (page 5) - OEM rate for Windows 95 for all licensed systems (3K/mo) will be based on MDA status. Case 1 below is for non MDA OEMs, Case 2 for MDA OEMs:

<u>Case 1: non MDA</u>	
<u>Windows 95</u>	<u>Windows 95 Volume Discount</u>
Base Royalty	\$75.00
2K/mo Vol Disc.	4%
Per System Roy	\$72.00
Monthly Volume	3,000
<i>Annual Volume</i>	<i>~36,000</i>

<u>Case 2: MDA</u>	
<u>Windows 95</u>	<u>Windows 95 Volume Discount</u>
Adjusted Base Royalty	\$55.00*
2K/mo Vol Disc.	4%
Per System Roy	\$52.75 (nearest .25)
Monthly Volume	3,000
<i>Annual Volume</i>	<i>~36,000</i>

The Default Royalty may be charged if the OEM's monthly volume shipments for Windows 95 fall below 2,400 units in any 3 reporting periods (months).

Pricing quotes must be stated in absolute dollar terms not as Volume Discounts (percentages).

* The adjusted MDA base royalty for this example is \$55.00 assuming the OEM has earned all MDA incentives.

Desktop OS Products - Individual Product Pricing - Effective July 1, 1996

Default Royalties for individual products require a monthly volume estimate for each product.

Per Copy, one-year, U.S. English version product

Annual Volume (K) (for reference)	< 6	6-12	6-12-24	12-24-48	48+
Monthly Volume ¹	< .54K	.5K	1K	2K	4K+
MS-DOS 6.22	DSP	21.00	20.75	20.50	20.25
MS-DOS 6.22 Enhanced Tools ²	DSP	2.00	2.00	2.00	2.00
Windows 3.11	DSP	52.00	51.75	51.00	50.50
Windows for Workgroups 3.11	DSP	52.00	51.50	51.00	50.50
Windows 95	DSP	75.00	74.25	73.50	72.75
Windows NTW 3.51 (x86)	DSP	145.00	145.00	145.00	145.00

Per System, one-year, U.S. English version product

Annual Volume (K) (for reference)	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume ¹	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
MS-DOS 6.22	20.25	20.00	19.75	19.50	19.25	19.00	18.75	18.50	18.25	18.00	17.75	17.50	17.25	17.00	16.75	16.50	16.25
MS-DOS Enh Tools ²	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Windows 3.11	49.75	49.00	48.25	47.50	46.75	46.00	45.50	45.50	45.50	44.50	44.25	44.00	43.75	43.50	43.50	43.50	43.50
WFW 3.11	49.75	49.00	48.25	47.50	46.75	46.00	45.50	45.50	45.50	44.50	44.25	44.00	43.75	43.50	43.50	43.50	43.50
Windows 95	72.00	71.00	70.00	69.00	68.00	67.00	66.25	66.00	65.75	64.50	64.00	63.50	63.00	62.50	62.25	62.00	61.75

Annual Volume (for reference)	1K-6K	6K-9K	9K-12K	12K-24K	24K-48K	48K-96K	96K-240K	>240K
Monthly Volume	250	500	750	1K	2K	4K	8K	20K
Win NTW 3.51 (x86) ^{5,6}	\$145.00	140.00	135.00	130.00	125.00	120.00	117.50	110.00

Localized Version Royalty Adders

Applied after all other royalty calculations are completed

MS-DOS 6.22	2.00
MS-DOS Enh Tools ²	-
Windows 3.11 and WFW 3.11	4.00
Windows 95	6.00
Windows NTW 3.51 (applied after multipliers)	12.00

Note 1: For estimated monthly unit shipments below 4K, use "Per Copy" pricing. If below 500 units, use DSP.

Note 2: MS-DOS 6 Enhanced Tools requires a license for MS-DOS 6.22.

Note 3: OEMs operating with a per-system license also qualify for a per-copy royalty of \$20.25 for MS-DOS + \$2.00 for Enhanced Tools for systems not licensed on a per-system basis.

Note 4: OEMs operating with a per-system license also qualify for a per-copy royalty of \$50.50/48.25 for Windows or Windows for Workgroups for systems not licensed on a per-system basis.

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Note 5: If the OEM already has an MS-DOS and/or Windows license for a specific Customer System, the royalty is still \$150.00 but the OEM will be relieved of its obligation to pay the royalty for MS-DOS and/or Windows provided that these products are not shipped with the Customer System.

Note 6: Pricing valid for systems with up to 2 CPU's. Use a multiplier of 1.8 for systems that support more than 2 CPU's but less than 4 CPU's. Contact Area Director for pricing on systems that are capable of supporting more than 4 CPU's

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Desktop OS Products - Windows DT Family Pricing - Effective July 1, 1996

The Windows Desktop Family licensing option does not require individual monthly volume estimates on individual products. Windows DTF Pricing allows OEMs to aggregate system volumes that use any of the 4 product combinations listed below to form a single combined monthly volume estimate. Additionally, OEMs may license individual products at prices calculated using the combined monthly volume estimate.

- Windows 95
- Windows 3.11+ MS-DOS 6.22 + Enhanced Tools
- Windows For Workgroups 3.11+MS-DOS 6.22 + Enhanced Tools
- Windows NT Workstation (x86 version) with a royalty adder**

Per Copy, one-year, U.S. version licenses.

Annual Volume (K) (for reference)	< 6	6-12	12-24	24-48	48+
Monthly Volume	< .5K	.5K	1K	2K	4K+
WDTF Royalty Discount (off \$75.00 Base)	DSP	0%75.0 0	1%74.2 5	2%73.5 0	72.753 %
Window NTW Royalty	DSP	145.00	145.00	145.00	145.00

Non-MDA Pricing - Per System, one-year, U.S. version licenses.

For OEMs which do not have an MDA with MS

Annual Volume (K) (for reference)	48-72	72-96	96-144	144-192	192-240	240-288	288-384	384-480	480-600	600-720	720-840	840-960	960-1.2M	1.2-1.8M	1.8-2.4M	2.4-6M	6M+
Monthly Volume	4K	6K	8K	12K	16K	20K	24K	32K	40K	50K	60K	70K	80K	100K	150K	200K	500K
WDTF Royalty	72.00	71.00	70.00	69.00	68.00	67.00	66.25	66.00	65.75	64.50	64.00	63.50	63.00	62.50	62.25	62.00	61.75
Windows NTW Adder**	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00

Note: OEMs operating with a per-system license also qualify for a per-copy royalty of \$72.75 for systems not licensed on a per-system basis and a per-copy royalty of \$145.00 for Windows NTW.

MDA Pricing - Per System, one-year, U.S. version licenses.

For OEMs which have an MDA with MS

Note: OEMs operating with a per-system license also qualify for a per-copy royalty of \$70.50 for systems not licensed on a per-system basis.

** Windows NTW Per System Royalty adder is \$50.00 per-copy - See notes page for multiprocessor pricing multipliers.

Localized Version Royalty Adders

To be applied after all other royalty calculations are completed

Windows 95	6.00
Win or WFW 3.11 + DOS 6.22 + Enh Tools	6.00
Add to localized versions of Windows NTW	12.00

Individual Product Pricing Example - Using The Desktop OS Individual Products Exhibit.

An OEM wants to license MS-DOS and the Enhanced Tools on a Per System basis with an estimated annual volume of 100K units.

PGL indicates the combined royalty to be \$21.75 per system and the monthly volume estimate to be 8K units.

Using the DT Individual Products Exhibit:

Product Number Name and Version	Language Versions **	Applicable Additional Provisions	Per System Royalty*	Per Copy Royalty*	Non-English Additional Royalty	Added by Amendment Number
4. MS-DOS® operating system Version 6.22	EN	(d), (e), (f), (g)	Royalty US\$ 19.75 Estimated monthly volume: 8000	Royalty US\$ 20.25	US\$2.00	
5. Enhanced Tools for MS-DOS® 6.22 Version 1.02	EN	(d), (e), (f), (g)	Royalty US\$ 2.00 Estimated monthly volume: 8000	Royalty US\$ 2.00	US\$0.50	

If the OEM wanted the same but on a Per Copy Basis the Exhibit would read as follows:

Product Number Name and Version	Language Versions **	Applicable Additional Provisions	Per System Royalty*	Per Copy Royalty*	Non-English Additional Royalty	Added by Amendment Number
4. MS-DOS® operating system Version 6.22	EN	(d), (e), (f), (g)	Royalty US\$ n/a Estimated monthly volume: n/a	Royalty US\$ 20.25 Estimated monthly Volume: 8000	US\$2.00	
5. Enhanced Tools for MS-DOS® 6.22 Version 1.02	EN	(d), (e), (f), (g)	Royalty US\$ n/a Estimated monthly volume: n/a	Royalty US\$ 2.00 Estimated monthly Volume: 8000	US\$0.50	

Windows DT Family Product Pricing Example - Using The DTOS Family Products Exhibit.

An MDA-OEM wants to license MS-DOS+Tools and Windows and/or MS-DOS+Tools and WFW and/or Windows 95 and/or Windows NT on a Per System basis with an estimated annual system volume of 100K units.

~~OEM is eligible for \$10 in MDA royalty discounts.~~

~~PGL shows MDA volume discount to be 12% with a monthly volume estimate of 8K systems.~~

Base Royalty — \$ 75.00
 MDA Disc — \$ 10.00 Assumes OEM earned \$10 under MDA
 Subtotal — = \$ 65.00
 Vol Discount — \$ 7.80 (\$65.00 x 12%)
 Round — \$57.25 Round to nearest .25

PGL Royalty Total \$ 570.0025 Windows DT Family Royalty
 WinNT(x86) + \$ 50.00
 \$ 12007.0025 Windows NT(x86) roy for systems with up to 2 processors.

Product Number Name and Version	Language Versions **	Applicable Additional Provisions	Per System Royalty‡	Per Copy Royalty‡	Non-English Additional Royalty	Added by Amendment Number
1. Windows DT Family						
Windows® 95	EN	(a), (b), (d), (g), (h)	<u>Royalty</u> US\$ 570.0025	<u>Royalty</u> US\$ 720.7550	US\$ 6.00	
MS-DOS 6.22+ Enh Tools + Windows 3.11	EN	(b), (d), (e), (f), (g)				
MS-DOS 6.22+ Enh Tools + WFW 3.11	EN	(b), (c), (d), (e), (f), (g), (h)				
Windows NTW (X86)	EN	???	<u>Royalty Adder to above</u> US\$ 50.00	<u>Royalty</u> US\$ 1450.00	US\$ 12.00	
Estimated Monthly Volume 8000						

Pricing on individual MS-DOS product and Enhanced Tools (for systems shipped without Windows/WFW) is calculated using the full 8K/mo volume estimate and individual product pricing on page 10. Pricing on Windows and WFW (for systems shipped without MS-DOS) are calculated by subtracting MS-DOS+Enh Tools individual pricing from the WDTF Royalty. Pricing on individual NTW is unnecessary because NTW is one of the Windows DTF product selections. Pricing for ALL products are subject to a default royalty associated with the OEM's monthly volume estimate of systems licensed for the WDTF Products. There should be no overlap between the per system definitions for WDTF products and per system definitions for individual products.

Individual Product Pricing

~~WDTF Royalty \$ 57.25~~
 MS-DOS \$ 19.75 (From page 10, 8K/ month)
 Enh Tools \$ 2.00 (From page 10, 8K/ month)

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Windows 3.11 \$ ~~48.25~~35.50 (WDTF Royalty - MSDOS+Enh = ~~570.00~~25 - 21.75)
 WFW 3.11 \$ ~~48.25~~35.50 (Same as above, no price difference between Win and WFW).

2. Windows® for Workgroups operating system Version 3.11	EN	(b), (c), (d), (f), (g), (h)	<u>Royalty</u> US\$ 48.25 <u>35.50</u>	<u>Royalty</u> US\$ 48.25 <u>50.50</u>	US\$ 4.00	
3. Windows® operating system Version 3.11	EN	(b), (d), (f), (g)	<u>Royalty</u> US\$ 48.25 <u>35.50</u>	<u>Royalty</u> US\$ 50.50 <u>48.25</u>	US\$ 4.00	
4. MS-DOS® operating system Version 6.22	EN	(d), (e), (f), (g)	<u>Royalty</u> US\$ 19.75	<u>Royalty</u> US\$ 20.25	US\$2.00	
4. MS-DOS® Enhanced Tools 6.22	EN	(d), (e), (f), (g)	<u>Royalty</u> US\$ 2.00	<u>Royalty</u> US\$ 2.00	US\$0.00	

NON MDA Case

Base Royalty — \$ 75.00
 Vol Discount — \$ 7.50 (\$75.00 - 10%)

Total — \$ 67.50 Windows DT Family Royalty
 WinNTW(x86)+ \$ 50.00
 — \$ 117.50 Windows NT(x86) roy for systems with up to 2 processors.

Individual Product Pricing

WDTF Royalty — \$ 67.50
 MS-DOS — \$ 19.75 (From page 10, 8K/ month)
 Enh Tools — \$ 2.00 (From page 10, 8K/ month)
 Windows 3.11 — \$ 45.75 (From page 10, 8K/ month) — Also from subtraction. Same difference.
 WFW 3.11 — \$ 45.70 (Same as above, no price difference between Win and WFW).

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