

## Microsoft® Windows® XP Licensing in OEM and Volume Licensing

This Windows XP Licensing Primer is available to assist customers in understanding the basic rule and policies pertaining to the acquisition and on-going asset management of licenses for Microsoft Windows XP acquired through both Volume Licensing Programs and OEM partners.

### 1. Basic Licensing Model for Windows XP

Microsoft Windows Desktop Operating System is licensed on a per device basis, meaning that a license is required for each device, or computer onto which a Windows Desktop Operating System product ("Windows Product(s)") is installed. **Only Windows Upgrade Licenses for Microsoft® Windows® XP Professional are sold through Microsoft Volume Licensing Programs for computers with a qualifying operating system already installed, because we anticipate that most customers will purchase computers with the Windows Product preinstalled.** Microsoft® Windows® XP Home Edition is not offered through its Volume Licensing Programs because it is not designed with features that are important to business customers.

Microsoft Licensing Inc. (MSLI) licenses Windows Products through its license agreements with its Original Equipment Manufacturer partners, who sell Full Licenses to customers. Microsoft Corporation ("Microsoft") licenses Windows Products through the Full Packaged Product retail channel, where Full Licenses are also sold.

### 2. Windows XP Professional Upgrade License in Volume Licensing

As mentioned above, the only license offered through Microsoft Volume Licensing Programs for the operating system is the Upgrade License for Windows XP Professional. In order to purchase this license under a Select or Open agreement, the computer must first qualify by having a license for a "qualifying operating system". Similarly, a customer can not enroll a computer in a new Enterprise Agreement without that computer having a license for a "qualifying operating system". The following table details the list of "qualified operating systems" for a given scenario:

<i>Windows XP Professional Upgrade Licenses acquired for computers, under the following:</i>	<i>Must first have one of the corresponding "qualifying operations systems":</i>
<ul style="list-style-type: none"> <li>• Enterprise Agreement or Enterprise Subscription Agreement, at the time of enrollment (and any other license acquisition OTHER THAN that listed separately below)</li> <li>• Select License Program</li> <li>• Open License Program</li> </ul>	<ul style="list-style-type: none"> <li>• Microsoft® Windows® XP Professional</li> <li>• Windows® 2000® Professional</li> <li>• Windows® NT® Workstation 4.0 or 3.51</li> <li>• Microsoft® Windows® 98, Microsoft® Windows® 95, Microsoft® Windows® Millennium Edition, and Microsoft® Windows® XP Home Edition</li> <li>• Microsoft® Windows® 3.x, Microsoft® Windows® for Workgroups 3.x</li> <li>• Microsoft® MS-DOS</li> <li>• IBM OS/2</li> <li>• Apple Macintosh</li> <li>• UNIX: SCO (Xenix, UnixWare), Hewlett-Packard (HP-UX), IBM (AIX, 4680/90), Digital (Ultrix, OSF/1, Digital UNIX), or SGI (IRIX).</li> </ul>
<ul style="list-style-type: none"> <li>• "New" and "Replacement" Computers acquired from an OEM vendor during an Enterprise Agreement or an Enterprise Subscription Agreement Enrollment (version 5.2 or later)</li> </ul>	<ul style="list-style-type: none"> <li>• Microsoft® Windows® XP Professional and successor products to Windows XP Professional</li> <li>• Microsoft® Windows® 2000 Professional</li> <li>• Microsoft® Windows® NT Workstation 4.0</li> </ul>

	<ul style="list-style-type: none"> <li>• Microsoft® Windows® 98SE (Second Edition)</li> </ul>
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Please note that the list of “qualifying operating systems” for Windows XP Professional Upgrade Licenses purchased during the term of an Enterprise Agreement enrollment (i.e. for “new” and “replacement” computers) through an OEM partner, is shorter. Customers are encouraged to standardize on Windows XP Professional upon enrollment in the Enterprise Agreement. An important exclusion from this list is Windows XP Home Edition.

Any operating system not listed above does not qualify for the Windows XP Professional Upgrade License in Volume Licensing Programs. For example, the following operating system products do not qualify for the Windows XP Professional Upgrade License:

- Embedded Systems (e.g. Windows 9.x for embedded, Windows XP embedded)
- Linux
- Windows 2000 Terminal Services Client Access License

It is important to consider the total cost of licenses acquired from an OEM partner in conjunction with those acquired via a Microsoft Volume Licensing Program when determining the desired Windows license outcome under the applicable Volume Licensing Program. The following are general rules for the most cost effective means of acquiring Windows XP Professional Licenses and Software Assurance under a Volume Licensing Program, prior to enrollment, for a particular situation:

- Customers considering buying new computers from an OEM partner → Purchase Windows XP Professional License from an OEM partner and enroll the license in Software Assurance under a Select or Open agreement.
- Customers with a mixed environment of desktop operating systems → Enroll desktop computers in an Enterprise Agreement to standardize on Windows XP Professional Edition.

### 3. Downgrade Rights for licenses acquired through OEM partners and through Volume Licensing

The right to downgrade to a previous version of a Microsoft product in place of a licensed Microsoft product is granted under Microsoft Volume Licensing Programs. This right is also granted in the OEM End User License Agreement for Windows XP Professional preinstalled on computers. These downgrade paths are summarized in the table below for licenses acquired via both a Volume Licensing Program and an OEM partner:

<i>If you have licensed Windows XP Professional from the following:</i>	<i>Then you may run one of the following prior versions in place of Windows XP Professional:</i>
Volume Licensing Program (via the Upgrade License)	<ul style="list-style-type: none"> <li>• Windows 2000 Professional</li> <li>• Windows NT Workstation</li> <li>• Windows 98</li> <li>• Windows 95</li> </ul>
OEM Partner	<ul style="list-style-type: none"> <li>• Windows 2000 Professional</li> <li>• Windows NT Workstation Version 4.0</li> <li>• Windows 98SE (Second Edition)</li> </ul>

Please note that Microsoft extended the downgrade rights for Volume Licensing customers with the introduction of Windows XP Professional, such that the customer may alternatively run in place of Windows XP Professional, Windows 98 or Windows 95 (which are not prior versions of Windows XP Professional). Also, please note that Windows XP Professional is the successor to Windows 2000 Professional and to Windows NT Workstation, so you may downgrade to Windows 2000 Professional or to Windows NT Workstation from Windows XP Professional.

#### **4. Product Lifecycle Implications on Volume Licensing Customers**

Product Lifecycle policies provide advanced notification of planned changes in product availability and support. This information helps customers and partners with product planning and information technology decisions. The product lifecycle policy ensures that the 'latest generation' of Windows desktop operating system licenses will be available for purchase from our standard distribution channels (direct OEM, authorized OEM distributors, retail, and Volume Licensing Programs via licenses or via downgrade rights), for a minimum of four years from general availability, for Windows Products that precede Windows 2000 (and five years for Windows 2000 and any successor Windows Products). Licenses will continue to be available through downgrade rights available in Volume Licensing programs after the end of general availability. Customers who wish to license an older version of the operating system from their OEM, prior to enrolling in a Volume Licensing Program, should plan according to these guidelines.

The policy also ensures that assisted support offerings are available for up to seven years after general availability (for all products). Support coverage during this seven-year period is separated into two phases, 'mainstream' and 'extended.' In the extended phase, standard support offerings for the products are no longer available, with the exception of online self-assisted support.

Microsoft generally announces both the date on which a product enters into the extended lifecycle and on which a product becomes unavailable through standard distribution channels, well in advance of these occurring. Windows NT Workstation 4.0 entered into the extended lifecycle (and also became unavailable through standard distribution channels) on June 30, 2001. Windows 98 entered into the extended lifecycle (and became unavailable through standard distribution channels) as of June 30, 2002. Windows 2000 Professional enters into the extended phase as of March 31, 2004. It has not been announced when Windows 2000 Professional will become unavailable through standard distribution channels.

#### **5. Purchase of Software Assurance for Windows XP Professional licenses acquired through an OEM partner**

Customers can purchase Software Assurance for computers with Windows XP Professional that are acquired through an OEM partner. However, there is a **time limit of 90 days** from the date of purchase to do so. After that period expires, a customer who wants Software Assurance coverage would have to acquire Windows XP Professional Upgrade License & Software, in order to receive upgrade coverage for Windows XP Professional.

#### **6. Internal "Reassignment" of Licenses and Software Assurance acquired through Volume Licensing**

A "reassignment," is the internal reallocation of a License from one computer to another, otherwise known as a transfer. Licenses for Windows Products purchased under a Microsoft Volume Licensing Program cannot be reassigned from one computer to another. Additionally, upgrades acquired through Software Assurance may not be reassigned from one computer to another computer. However, during the term of an Enterprise Enrollment or Enterprise Subscription Enrollment, you may reassign licensed copies of the Windows XP Professional on replacement computers, provided that the replacement has a "qualifying operating system" as listed above.

Software Assurance coverage for an underlying Windows Product may be reassigned internally from one computer to a replacement computer for Select License and Open License, provided that the following two conditions are met:

- The computer from which the Software Assurance coverage is transferred is restored to the licensed version of the operating system which was originally licensed prior to the Software Assurance coverage.
- The replacement computer to which Software Assurance coverage is being reassigned is licensed to run the most current version of the Windows Product at the time of reassignment (identified in the Product List as the operating system qualifying for direct enrollment into Software Assurance).

Similarly, Enterprise Enrollment customers may reassign upgrade licenses from a computer to be retired to a new replacement computer without any obligation to true-up the new desktop computer, subject to the similar conditions:

- The desktop computer that is being retired is restored to the licensed version of the operating system which was originally licensed prior to any upgrade deployed under the enrollment.
- The new desktop computer is licensed to run one of the qualifying operating systems specified in the Product List.

Customers may not otherwise separate Software Assurance coverage from the underlying License for which it is ordered.

#### **7. Internal “Reassignment” of Windows XP Professional Licenses acquired from an OEM partner**

Customers are not permitted to reassign an OEM Product which is acquired as preinstalled software on a computer via an OEM partner without also transferring the desktop operating system upon which it is installed. The desktop operating system product License that is purchased from an OEM is acquired with the computer as a single integrated product and may only be used with the computer with which it was licensed.

This summary is intended to be a general informational overview of certain updates made to the OEM End User License Agreement for the current version of Microsoft® Windows® XP Professional ("Windows XP Professional EULA") and is not intended to be a legal analysis/interpretation of its contents. Information in this document is subject to change without notice. Please refer to the actual Windows XP Professional EULA for the precise terms and conditions which govern installation and use of the particular Windows XP Product(s). In the event of a conflict between this general summary and the Windows XP Professional EULA, the Windows XP Professional EULA shall prevail. Successor Products or Products manufactured at a later date may contain different or updated use terms.