

MICROSOFT SOFTWARE LICENSE TERMS

MICROSOFT DYNAMICS NAV 2016

These license terms ("agreement") are an agreement between Microsoft Corporation (or based on where you are located, one of its affiliates) and you. Please read these terms carefully.

Except as otherwise expressly specified, this agreement applies to all of the software named above, which includes the media on which you received it, if any. It also applies to any Microsoft

- updates,
- supplements,
- Internet-based services, and
- support services

for the software, unless other terms accompany those items. If so, those terms apply. **This agreement supersedes the license terms embedded in the software.**

By installing, having installed, subscribing to, or using the software, you accept this agreement (including any modifications made to it from time to time). **If you do not accept this agreement, do not install, have installed, subscribe to, or use the software.**

If an individual enters into this agreement on behalf of a legal entity, that individual represents that he or she has the authority to bind that entity to this agreement.

Notice Regarding Subscription Validation. Servers on which the software is installed may periodically provide information to verify that the software is properly licensed and that the term has not expired. This information includes the customer subscription identifier, product name, license serial number, product version number, and date of last use. Individual customer data will be stored for up to 270 days in the United States. Aggregated data may be used to evaluate the effectiveness of our validation features, will also be stored in the United States and may be retained indefinitely. By using the software, you consent to the transmission of the information described in this paragraph.

If you comply with this agreement, you have the rights below for each license you acquire for the software.

1. OVERVIEW.

- a. **Software.** The software may include
 - server software;
 - client software that can be installed on devices and/or used with the server software;
 - additional ERP components that may be separately licensed; and
 - any updates or supplements for the software.
- b. **Licensing.** The software is licensed based on
 - the number of copies of ERP solution that you install on premises or use on a hosted basis;
 - the number of your users that access the ERP solution; and
 - additional ERP components you license.
- c. **License Model.** The software is licensed under two models:

- **Perpetual License Model** – Under this model, you have licensed the software under perpetual license terms, as code that is installed on your premises or hosted for you by a third party acting as your agent (“Perpetual License Model”).
- **Subscription License Model** – Under this model, you have licensed the software on a per user basis for a limited period, as further described in your agreement with your partner. The software may be installed on your premises with day to day management and control solely by your partner, or hosted by your partner or any third party providing services to you (“Subscription License Model”).
 - If your license expires or terminates, your right to use the software will stop immediately. If you continue using the software after that, you could be held liable for infringement of intellectual property rights, which could result in significant damages being assessed against you or other legal remedies.

2. DEFINITIONS.

- **“affiliate”** means any legal entity that directly or indirectly owns, is directly or indirectly owned by, or that is directly or indirectly under common ownership with a party to this agreement.
- **“Additive SAL”** means a SAL that must be used on conjunction with a base SAL.
- **“business process outsourcing”** means the contracting of a specific critical or non-critical business task, function or process to a third-party service provider, where the services provided include direct or indirect access to the software.
- **“CAL”** means client access license.
- **“client software”** means the components of the software that allow a device to access or use the server software or to use certain aspects of the server software.
- **“device”** means a single personal computer, workstation, terminal, handheld computer, mobile phone, personal digital assistant, or other electronic device.
- **“direct access”** occurs when any user logs on to the software through a Microsoft Dynamics client.
- **“ERP”** means enterprise resource planning.
- **“ERP solution”** means the components of the software that control your users and financial reporting units.
- **“External Accountant User”** means a user employed by a third party to access the software, solely to provide supplemental professional accounting or bookkeeping services related to the auditing process.
- **“external user”** means your customers that are not included in the definition of “you”.
- **“Full User”** means a user who has unrestricted access to all of the functionality in the server software including setting-up, administering and managing all parameters or functional processes across the ERP solution.
- **“Instance”** means an image of software that is created by executing the software’s setup or install procedure or by duplicating an existing Instance.
- **“internal business purposes”** means managing your business, but not that of an independent third party.
- **“Limited User”** means a user who accesses your ERP solution directly or indirectly for purposes of completing only the tasks described below. Any access beyond these limitations requires a Full User.
 - (i) “Read” access to data contained in the ERP solution through any client; or

(ii) "Write" access through any client accessing the ERP solution via the Microsoft Dynamics NAV API to a maximum of 3 table objects with the following exceptions:

- limited users are not authorized to write to any of the following tables: General Ledger Entry (table number 17), Permission Set (table number 2000000004), Permission (table number 2000000005) or Access Control (table number 2000000053); and
 - any table described in Appendix A of the software's Licensing Guide as "Limited User Included Tables" do not count towards the 3 table objects. Microsoft may update such Appendix A of the Licensing Guide from time to time, at its discretion, to include additional Tables. See the Microsoft Dynamics NAV 2016 Licensing Guide located at go.microsoft.com/fwlink/?LinkID=509810&clcid=0x409.
- **"operating system environment" or "OSE"** means all or part of an operating system Instance, or all or part of a virtual (or otherwise emulated) operating system Instance which enables separate machine identity (primary computer name or similar unique identifier) or separate administrative rights, and instances of applications, if any, configured to run on the operating system Instance or parts identified above. There are two types of OSEs, physical and virtual. A physical hardware system can have one Physical OSE and/or one or more Virtual OSEs.
 - **"ownership"** means more than 50% ownership.
 - **"partner"** means the entity that has signed a channel partner agreement with Microsoft authorizing it to market and distribute the software.
 - **"Physical OSE"** means an OSE that is configured to run directly on a physical hardware system. The operating system Instance used to run hardware virtualization software (e.g. Microsoft Hyper-V Server or similar technologies) or to provide hardware virtualization services (e.g. Microsoft virtualization technology or similar technologies) is considered part of the Physical OSE.
 - **"SAL"** means subscriber access license.
 - **"server"** means a physical hardware system capable of running server software.
 - **"Server Farm"** means a single data center or two data centers each physically located:
 - in a time zone that is within four hours of the local time zone of the other (Coordinated Universal Time (UTC) and not DST), and/or
 - within the European Union (EU) and/or European Free Trade Association (EFTA).
 - **"server software"** means the components of the software that provides services or functionality on your server.
 - **"System Administrator User"** means a user accessing the software, solely to install, configure and maintain the server software, including management of user rights.
 - **"Virtual OSE"** means an OSE that is configured to run on a virtual hardware system.
 - **"you"** means the legal entity that has agreed to this agreement, your affiliates, and each of your, and your affiliates', employees, contractors, agents and suppliers.

3. INSTALLATION AND USE RIGHTS.

- a. **Server Software.** You must purchase a server software license to use the server software. You may install an unlimited number of copies of the server software to access your ERP solution. However, you may only use the number of copies that your license key permits.
- b. **Client Software.** You may only use the client software with the ERP solution. You may install an unlimited number of copies of the client software to access your ERP solution. The client software may be used only by the number of licensed users that your license key permits.
- c. **Additional ERP Components.** If additional ERP components are available to you, you must obtain a separate license for each ERP solution if you wish to run an additional ERP component

for multiple ERP solutions. For additional information and license restrictions regarding additional ERP components, see the Microsoft Dynamics NAV 2016 Licensing Guide located at go.microsoft.com/fwlink/?LinkID=509810&clcid=0x409.

4. TYPES OF USER LICENSES. Except as otherwise specified, the types of user licenses for the software are as follows:

a. Access Licenses (CALs and SALs). In addition to the server software license, you must acquire and assign an Access License to each user that accesses the ERP solution directly or indirectly. You need an Access License for each user that directly or indirectly accesses the ERP solution through a third party application. Access Licenses are specific to an ERP solution and may not be used with or shared among different ERP solutions.

Types of CALs. There are two types of CALs: Full CALs and Limited CALs.

- A **"Full CAL"** is a license that entitles a user to perform the tasks of a Full User.
- A **"Limited CAL"** is a license that entitles a user to perform only the tasks of a Limited User. You may license up to 4 Limited CALs per Full CAL.

Types of SALs. There are three types of SALs: Standard SALs, Extended Use Additive SALs, and Limited SALs.

- A **"Standard SAL"** is a base SAL license that entitles a user to perform Full User tasks across the ERP Solution using all of the functionality included in the Starter Pack, as described in the Microsoft Dynamics NAV 2016 Licensing Guide located at go.microsoft.com/fwlink/?LinkID=509810&clcid=0x409.
- An **"Extended Use Additive SAL"** is a license, additive to the Standard SAL, which entitles a user to perform Full User tasks using the functionality included in the Extended Pack, as described in the Microsoft Dynamics NAV 2016 Licensing Guide.
- A **"Limited SAL"** is a license that entitles a user to perform only the tasks of a Limited User.

b. "Concurrent CALs" are licenses that allow any user to access the ERP solution. The number of concurrent CALs licensed refers to the maximum number of users that may access the ERP solution simultaneously. You may select the Full CAL or Limited CAL as concurrent CAL types. Concurrent CALs can only be licensed under the Perpetual License Model.

c. "User SALs" are licenses that are specific to each user and may not be shared with other users. You may select the Standard SAL, the Extended Use Additive SAL, or the Limited SAL as user SAL types. If you select the Extended Use Additive SAL, You must license Extended Use Additive SALs for all Standard SALs. The Limited SAL grants access to the same set of functionalities that are available to users performing Full User tasks, subject to the restrictions listed in the Limited User definition. Microsoft grants you, at no charge, two SALs of the same type used by your Full Users: one specifically for an External Accountant User, and one specifically for a System Administrator User. You may permanently reassign your user SAL from one user to another. You may temporarily reassign your user SAL to a temporary user while the permanent user is absent. The External Accountant User and the System Administrator User cannot be used for any other purposes. User SALs can only be licensed under the Subscription License Model.

d. "External Users" You do not need Access Licenses for external users. External users must be designated in the user table for the software, and cannot use any clients provided by the Microsoft Dynamics NAV Application Programming Interface (API), such as the Microsoft Dynamics NAV 2016 Windows client, or the Microsoft Dynamics NAV 2016 Web Client. External User licenses must not be used for business process outsourcing purposes.

For additional information about the types of user licenses and the license restrictions regarding user licenses, see the Microsoft Dynamics NAV 2016 Licensing Guide located at

go.microsoft.com/fwlink/?LinkID=509810&clcid=0x409.

5. TERMS SPECIFIC TO PERPETUAL LICENSE MODEL.

- Your rights to use the software are perpetual but may be revoked if you do not comply with the terms of this agreement.

6. TERMS SPECIFIC TO SUBSCRIPTION LICENSE MODEL.

• **Subscription Validation.**

- Servers on which the software is installed will from time to time perform a validation check of the software. Validation verifies that the software has been properly licensed. It also verifies that no unauthorized changes have been made to the validation functions of the software.
 - The validation check may be initiated by the software or Microsoft. To enable validation checks, the software may from time to time require updates or additional downloads of the validation functions of the software. The updates or downloads are required for the proper functioning of the software and may be downloaded and installed without further notice to you. During or after a validation check, the server may send information about the software, the computer and the results of the validation check to Microsoft. This information includes customer subscription identifier, product name, license serial number, product version number, and the date of last use. Microsoft will use this information only to verify licensing compliance. By using the software, you consent to the transmission of this information. For more information about validation and what is sent during or after a validation check, see go.microsoft.com/fwlink/?LinkID=509810&clcid=0x409.
 - If, after a validation check, the software is found to be improperly licensed, Microsoft or your partner may provide notice that the software is improperly licensed, and you may
 - receive reminders to obtain a properly licensed copy of the software, or
 - need to follow instructions in the notice to be licensed to use the software.
- **Term.** The term for your subscription license is set in your agreement with your partner.

7. ADDITIONAL LICENSING REQUIREMENTS AND/OR USE RIGHTS

a. **Multiplexing.** Multiplexing (sometimes referred to as “pooling”) is a manner of indirect hardware or software access (“indirect access”) that

- pools connections,
- reroutes information,
- reduces the number of users that directly access or use the software, or
- reduces the number of users the software directly manages.

Any user accessing the ERP Solution through a multiplexed connection must be appropriately licensed with an Access License.

b. **Business Process Outsourcing.** You may not use the software to provide business process outsourcing services to your clients or customers. You may however make your Access Licenses available to business process outsourcers acting on your behalf and providing services to your business.

c. **License Mobility and Outsourcing Software Management.**

- **License Mobility.** You may reassign your ERP Solution Licenses, for which you are under a current maintenance plan, to (i) any servers running Physical OSEs or Virtual OSEs dedicated to you and located within the same Server Farm as often as needed, or (ii) from one Server Farm to another, but not on a short-term basis (i.e., not within 90 days of the last

- assignment).
- **Outsourcing Software Management.** You may install and use permitted copies of the software on servers and other devices that are under the day-to-day management and control of third parties, provided all such servers and other devices are and remain fully dedicated to your use. You are responsible for all of the obligations under your licensing agreement regardless of the physical location of the hardware upon which the software is used.
- d. **License Grant for Templates.** You may copy and use templates provided with the software and identified for such use in documents and projects that you create. You may distribute those documents and projects non-commercially.
- e. **Included Microsoft Programs.** The Microsoft Dynamics NAV software contains other Microsoft programs. If separate license terms accompany those components, the license terms with those components apply to your use of the components, instead of these license terms.
- **Microsoft SQL Server-branded Components.** The Microsoft Dynamics NAV software is accompanied by Microsoft SQL Server-branded components, which are licensed to you under the terms of the respective SQL Server licenses located in the "Licenses" folder in the software's installation directory. If you do not accept the applicable Microsoft SQL Server-branded component license terms, you may not use that component.
 - **Microsoft SQL Server Report Builder for Microsoft SQL Server 2014.** The Microsoft Dynamics NAV software is accompanied by Microsoft SQL Server Report Builder 3.0 for Microsoft SQL Server 2014 (Report Builder), which is licensed to you under its own license terms located in the following installation directory for Microsoft Dynamics NAV: Program Files (x86)\Common Files\Microsoft Dynamics NAV\90\Setup\Licenses. You may use Report Builder only in conjunction with Microsoft Dynamics NAV. If you do not accept the Report Builder license terms, you may not use the Report Builder.
 - **Microsoft Exchange Web Services Managed API 2.2.** The Microsoft Dynamics NAV software is accompanied by Exchange Web Services Managed API 1.2 (EWSMA), which is licensed to you under its own license terms located in the following installation directory for Microsoft Dynamics NAV: Program Files (x86)\Common Files\Microsoft Dynamics NAV\90\Setup\Licenses. You may use EWSMA only in conjunction with Microsoft Dynamics NAV. If you do not accept the EWSMA license terms, you may not use the EWSMA.
 - **Microsoft Chart Controls for Microsoft .NET Framework 3.5 and 4.5 for Microsoft Windows Operating Systems.** The Microsoft Dynamics NAV software is accompanied by Microsoft Chart Controls for Microsoft .NET Framework 3.5 for Microsoft Windows Operating Systems (Chart Controls), which is licensed to you under its own license terms located in the following installation directory for Microsoft Dynamics NAV: Program Files (x86)\Common Files\Microsoft Dynamics NAV\90\Setup\Licenses. You may use Chart Controls only in conjunction with Microsoft Dynamics NAV. If you do not accept the Chart Controls license terms, you may not use the Chart Controls.
 - **Microsoft Report Viewer 2015 Runtime.** The Microsoft Dynamics NAV software is accompanied by Microsoft Report Viewer 2012 Runtime ("Report Viewer").
 - **Microsoft SQL Server Reporting Services Map Report Item.** Report Viewer may include features that retrieve content such as maps, images and other data through the Bing Maps (or successor branded) application programming interface (the "Bing Maps APIs"). The purpose of these features is to create reports displaying data on top of maps, aerial and hybrid imagery. If these features are included, you may use them to create and view dynamic or static documents. This may be done only in conjunction with and through methods and means of access integrated in the supplement. You may not

otherwise copy, store, archive, or create a database of the content available through the Bing Maps APIs. You may not use the following for any purpose even if they are available through the Bing Maps APIs:

- Bing Maps APIs to provide sensor based guidance/routing, or
- any Road Traffic Data or Bird's Eye Imagery (or associated metadata).

Your use of the Bing Maps APIs and associated content is also subject to the additional terms and conditions at go.microsoft.com/fwlink/?LinkId=21969.

- **Microsoft Programs that include Distributable Code.** Report Viewer and Microsoft Token Validation Extensions for Microsoft .NET Framework 4.5 ("Token Validation Extensions") may include code that you are permitted to distribute in programs you develop ("**Distributable Code**") if you comply with the terms below.

a. Right to Use and Distribute.

- you may copy and distribute the object code form of the Distributable Code in programs you develop; and
- you may permit distributors of your programs to copy and distribute the Distributable Code as part of those programs.

b. Distribution Requirements. For any Distributable Code you distribute, you must

- add significant primary functionality to it in your programs;
- for any Distributable Code having a filename extension of .lib, distribute only the results of running such Distributable Code through a linker with your program;
- distribute Distributable Code included in a setup program only as part of that setup program without modification;
- require distributors and external end users to agree to license terms that protect the Distributable Code at least as much as this agreement;
- display your valid copyright notice on your programs; and
- indemnify, defend, and hold harmless Microsoft from any claims, including attorneys' fees, related to the distribution or use of your programs.

c. Distribution Restrictions. You may not

- alter any copyright, trademark or patent notice in the Distributable Code;
- use Microsoft's trademarks in your programs' names or in a way that suggests your programs come from or are endorsed by Microsoft;
- distribute Distributable Code to run on a platform other than the Windows platform;
- include Distributable Code in malicious, deceptive or unlawful programs; or
- modify or distribute the source code of any Distributable Code so that any part of it becomes subject to an Excluded License. An Excluded License is one that requires, as a condition of use, modification or distribution, that the code be disclosed or distributed in source code form; or others have the right to modify it.

- f. Modification Disclaimer.** You may modify the software only as necessary to use it for your internal business purposes if you received it in source code form or you or any third party acting on your behalf have licensed tools from Microsoft that allow you or that third party to modify the software's object code. You agree that Microsoft is not responsible for any problems that result from modifications made by you, a partner, or any other third party acting on your behalf, or any problems that are caused by third party hardware or software. Microsoft does not, and will not

have any obligation to, provide technical or other support for any modifications to the software made by you, by a partner or by any other third party. Microsoft does not make any representation, endorsement, guarantee or assurance of the suitability of the software for your business, the suitability of the partner or any other third party to create modifications or to implement the modifications or the software, or that any modification created, implemented, supported and/or serviced by, for or on behalf of you or any third party will meet your business needs or operate successfully with the software. Microsoft and its partners are independent entities and Microsoft is not liable for nor bound by any acts of such business partners.

- g. Fictitious Data.** The uniform resource locators (URLs), addresses, names of individuals, companies, cities, states, and other items depicted and referenced in Microsoft material are fictitious in nature. They are provided as examples and illustrations only. No real association or connection is intended or should be inferred.
 - h. Complex Software.** The software is complex computer software. Its performance will vary depending on your hardware platform, software interactions, the configuration of the software and other factors. The software is neither fault tolerant nor free from errors, conflicts or interruptions.
 - i. Third Party Notices.** The software may include third party material (i.e., code or documentation) that Microsoft licenses to you under this agreement. Notices, if any, for the third party material are included for your information only.
 - j. Additional Functionality.** Microsoft may provide additional functionality for the software. Other license terms and fees may apply.
- 8. INTERNET-BASED SERVICES.** Microsoft provides Internet-based services with the software. Microsoft may change or cancel them at any time. This section does not apply to the subscription validation terms above.
- a. Consent for Internet-Based Services.** Certain features in the software may connect to Microsoft or third party service provider computer systems over the Internet. In some cases, you will not receive a separate notice when they connect. You may switch off these features or not use them. For more information about these features, see the software documentation. By using these features, you consent to the transmission of this information.
 - b. Computer Information.** Certain features in the software use Internet protocols, which send to the appropriate systems computer information, such as your Internet protocol address, the type of operating system, browser, name and version of the software you are using, and the language code of the device where you installed the software. Microsoft uses this information to make the Internet-based services available to you. Some of these features include, but are not limited to,
 - **Web Content Features.** Features in the software can retrieve related content from Microsoft and provide it to you. To provide the content, these features send to Microsoft the type of operating system, name and version of the software you are using, and the type of browser and language code of the device where you installed the software. Examples of these features are clip art, templates, online training, online assistance and Appshelp. You may choose not to use these web content features.
 - c. Use of Information.** Microsoft may use the device information, error reports, and malware reports to improve our software and services. We may also share it with others, such as hardware and software vendors. They may use the information to improve how their products run with Microsoft software.
 - d. Misuse of Internet-based Services.** You may not use these services in any way that could harm them or impair anyone else's use of them. You may not use the services to try to gain unauthorized access to any service, data, account or network by any means.
- 9. PRODUCT / LICENSE KEYS.** The software requires a key to run or access it. A key may only be

used to run or access the particular version of the software for which it was issued. You are responsible for the use of keys assigned to you. You must not duplicate or share the keys with third parties.

- 10. BENCHMARK TESTING.** You must obtain Microsoft's prior written approval to disclose to a third party the results of any benchmark test of the software.
- 11. SCOPE OF LICENSE.** The software is licensed, not sold. This agreement only gives you some rights to use the software. Microsoft reserves all other rights. Unless applicable law or a separate written contract with Microsoft gives you more rights despite this limitation, you may use the software only as expressly permitted in this agreement. In doing so, you must comply with any technical limitations in the software that only allow you to use it in certain ways. You may only use the software for your internal business purposes. You may not
- work around any technical limitations in the software;
 - reverse engineer, decompile or disassemble the software, except and only to the extent that applicable law expressly permits, despite this limitation;
 - circumvent the validation functions of the software;
 - publish the software for others to copy;
 - rent, lease or lend the software; or
 - use the software for commercial software hosting services.

Your rights to use the software may be revoked if you do not comply with the terms of this agreement. Rights to access the software do not give you any right to implement Microsoft patents or other Microsoft intellectual property in software or devices that access the server.

- 12. BACKUP COPY.** You may make multiple copies of the software for backup, development and testing purposes, so long as such copies are not used in production and the development or testing is for your internal business purpose only. Your backup copies may be hosted by a third party on your behalf as provided in Section 7.b.
- 13. FAIL-OVER RIGHTS.** In addition to your use of the software under Section 3 above, you may run a single passive fail-over of your ERP solution that will only be used or accessed for temporary support when the primary ERP solution is unavailable.
- 14. LICENSE TRANSFER.** You may not transfer the software without Microsoft's prior written consent. If permitted, there may be additional charges for transferring the software to a third party.
- 15. DOCUMENTATION.** Any person that has valid access to your computer or internal network may copy and use the documentation for your internal, reference purposes.
- 16. DOWNGRADE.** You have no rights to use earlier versions of the software under this license and Microsoft is not obligated to supply earlier versions to you.
- 17. EXPORT RESTRICTIONS.** The software is subject to United States export laws and regulations. You must comply with all domestic and international export laws and regulations that apply to the software. These laws include restrictions on destinations, end users and end use. For additional information, see www.microsoft.com/exporting.
- 18. SUPPORT SERVICES.** Microsoft provides support services for the software as described at <http://www.microsoft.com/dynamics/customer/en-us/service-plans.aspx>.
- 19. LOCALIZATION AND TRANSLATION.** Microsoft provides certain localizations and translations for the software as described at go.microsoft.com/fwlink/?LinkID=317718.

20. ENTIRE AGREEMENT. This agreement (including the warranty below), and the terms for supplements, updates, Internet-based services and support services that you use are the entire agreement for the software and support services.

21. APPLICABLE LAW.

- a. United States.** If you acquired the software in the United States, Washington state law governs the interpretation of this agreement and applies to claims for breach of it, regardless of conflict of laws principles. The laws of the state where you are located govern all other claims, including claims under state consumer protection laws, unfair competition laws, and in tort.
- b. Outside the United States.** If you acquired the software in any other country, the laws of that country apply.
- c. Attorneys' Fees and Costs.** If you or Microsoft files a lawsuit, brings an action or otherwise pursues a claim against the other in connection with or arising out of this agreement or the software, the prevailing party will be entitled to recover its reasonable attorneys' fees, costs and other expenses (including any appeal).

22. LEGAL EFFECT. This agreement describes certain legal rights. You may have other rights under the laws of your state or country. You may also have rights with respect to the party from whom you acquired the software. This agreement does not change your rights under the laws of your state or country if the laws of your state or country do not permit it to do so.

23. DEFENSE OF INFRINGEMENT AND MISAPPROPRIATION CLAIMS. Microsoft will defend you against any claims made by an unaffiliated third party that the software infringes its patent, copyright or trademark or misappropriates its trade secret, and will pay the amount of any resulting adverse final judgment (or settlement to which Microsoft consents).

You must notify us promptly in writing of the claim and give us sole control over its defense or settlement. You agree to provide us with reasonable assistance in defending the claim, and Microsoft will reimburse you for reasonable out of pocket expenses that you incur in providing that assistance. The terms "misappropriation" and "trade secret" are used as defined in the Uniform Trade Secrets Act, except in the case of claims arising outside the United States, in which case "trade secret" will mean "undisclosed information" as described in Article 39.2 of the TRIPs agreement and "misappropriation" will mean intentionally unlawful use.

Our obligations will not apply to the extent that the claim or adverse final judgment is based on (i) your use of the software after Microsoft notifies you to discontinue use due to such a claim; (ii) your combining the software with a non-Microsoft product (hardware, software or service), data or business process including third party add-ons or programs; (iii) damages attributable to the value of the use of a non-Microsoft product, data or business process; (iv) your altering or modifying the software, including any modifications by third parties; (v) your distribution of the software to, or its use for the benefit of, any third party; (vi) your use of Microsoft trademark(s) without express written consent to do so; or (vii) for any trade secret claim, your acquiring a trade secret (a) through improper means; (b) under circumstances giving rise to a duty to maintain its secrecy or limit its use; or (c) from a person (other than Microsoft or its affiliates) who owed to the party asserting the claim a duty to maintain the secrecy or limit the use of the trade secret. You will reimburse us for any costs or damages that result from these actions.

If Microsoft receives information concerning an infringement or misappropriation claim related to the software, Microsoft may, at its expense and without obligation to do so, either (i) procure for you the right to continue to run the software, or (ii) modify the software or replace it with a functional equivalent, to make it non-infringing, in which case you will stop running the software immediately. If, as a result of an infringement or misappropriation claim, your use of the software is enjoined by a court of competent jurisdiction, Microsoft will, at its option, either procure the right to continue its

use, replace it with a functional equivalent, modify it to make it non-infringing, or refund the amount paid and terminate this license.

If any other type of third party claim is brought against you regarding Microsoft's intellectual property, you must notify us promptly in writing. Microsoft may, at its option, choose to treat these claims as being covered by this section. This Section 23 provides your exclusive remedy for third party copyright, patent or trademark infringement and trade secret misappropriation claims.

24. LIMITATION ON AND EXCLUSION OF DAMAGES. You can recover from Microsoft and its suppliers only direct damages up to the amount you paid for the software except for claims covered by Section 23. You cannot recover any other damages, including consequential, lost profits, special, indirect or incidental damages.

This limitation applies to

- anything related to the: (i) software, (ii) services, (iii) content (including code) on any third party Internet sites, or (iv) third party materials; and
- claims for breach of contract, breach of warranty, guarantee or condition, strict liability, negligence, loss of data, damage to records or data, loss of goodwill, loss as a consequence of a business interruption or any other tort to the extent permitted by applicable law.

It also applies even if

- repair, replacement or a refund for the software does not fully compensate you for any losses; or
- Microsoft knew or should have known about the possibility of the damages.

Some states do not allow the exclusion or limitation of incidental or consequential damages, so the above limitation or exclusion may not apply to you. They also may not apply to you because your country may not allow the exclusion or limitation of incidental, consequential or other damages.

25. VERIFYING COMPLIANCE.

- a. Right to verify compliance.** You are required to keep records (including proof of purchase) relating to the software you use under this agreement. Microsoft has the right to verify compliance with this agreement, at Microsoft's expense. You agree to provide reasonable cooperation in the event of a compliance audit, including by allowing Microsoft, on request, to access the usage report as a tool in conducting the audit.
- b. Verification process and limitations.** To verify compliance with the terms of this Agreement, Microsoft will engage an independent accountant from an internationally recognized public accounting firm, which will be subject to a confidentiality obligation. Verification will take place upon not fewer than 30 days' notice, during normal business hours and in a manner that does not interfere unreasonably with your operations. As an alternative, Microsoft can require you to complete Microsoft's self-audit questionnaire relating to the software you use under this agreement, but reserves the right to use a verification process as set out above.
- c. Verification frequency.** If Microsoft undertakes verification and does not find material unlicensed use (license shortage of 5% or more), then Microsoft will not undertake another verification of the same entity for at least one year.
- d. Use of Results.** Microsoft and Microsoft's auditors will use the information obtained in compliance verification only to enforce Microsoft's rights and to determine whether you are in compliance with the terms of this agreement. By invoking the rights and procedures described above, Microsoft does not waive its rights to enforce this agreement or to protect its intellectual property by any other means permitted by law.
- e. Remedies for non-compliance.** If verification or self-audit reveals any unlicensed use, you

must promptly order sufficient licenses to cover your use. If material unlicensed use is found, you must reimburse Microsoft for the costs Microsoft has incurred in verification and acquire the necessary additional licenses at single retail license cost within 30 days.

LIMITED WARRANTY

- A. LIMITED WARRANTY.** If you follow the instructions, the software will perform substantially as described in the Microsoft materials that you receive in or with the software.
- References to “limited warranty” are references to the express warranty provided by Microsoft. This warranty is given in addition to other rights and remedies you may have under law, including your rights and remedies in accordance with the statutory guarantees under local Consumer Law.
- B. TERM OF WARRANTY; WARRANTY RECIPIENT; LENGTH OF ANY IMPLIED WARRANTIES.** **The limited warranty covers the software for one year after acquired by the first user. If you receive supplements, updates, or replacement software during that year, they will be covered for the remainder of the warranty or 30 days, whichever is longer.** If the first user transfers the software, the remainder of the warranty will apply to the recipient.
- To the extent permitted by law, any implied warranties, guarantees or conditions last only during the term of the limited warranty.** Some states do not allow limitations on how long an implied warranty lasts, so these limitations may not apply to you. They also might not apply to you because some countries may not allow limitations on how long an implied warranty, guarantee or condition lasts.
- C. EXCLUSIONS FROM WARRANTY.** This warranty does not cover problems caused by your acts (or failures to act), the acts of others, or events beyond Microsoft’s reasonable control.
- D. REMEDY FOR BREACH OF WARRANTY.** **Microsoft will repair or replace the software at no charge. If Microsoft cannot repair or replace it, Microsoft will refund the amount shown on your receipt for the software. It will also repair or replace supplements, updates and replacement software at no charge. If Microsoft cannot repair or replace them, it will refund the amount you paid for them, if any. You must uninstall the software and return any media and other associated materials to Microsoft with proof of purchase to obtain a refund. These are your only remedies for breach of the limited warranty.**
- E. CONSUMER RIGHTS NOT AFFECTED.** **You may have additional consumer rights under your local laws, which this agreement cannot change.**
- F. WARRANTY PROCEDURES.** You need proof of purchase for warranty service.
- 1. United States and Canada.** For warranty service or information about how to obtain a refund for software acquired in the United States and Canada, contact Microsoft at
 - (800) MICROSOFT;
 - Microsoft Customer Service and Support, One Microsoft Way, Redmond, WA 98052-6399; or
 - visit www.microsoft.com/info/nareturns.htm.
 - 2. Europe, Middle East and Africa.** If you acquired the software in Europe, the Middle East or Africa, Microsoft Ireland Operations Limited makes this limited warranty. To make a claim under this warranty, you should contact either
 - Microsoft Ireland Operations Limited, Customer Care Centre, Atrium Building Block B, Carmanhall Road, Sandyford Industrial Estate, Dublin 18, Ireland; or
 - the Microsoft affiliate serving your country (see www.microsoft.com/worldwide).

- 3. Australia.** If you acquired the software in Australia, contact Microsoft to make a claim at
- 13 20 58; or
 - Microsoft Pty Ltd, 1 Epping Road, North Ryde NSW 2113, Australia.
- 4. Outside United States, Canada, Europe, Middle East, Africa and Australia.** If you acquired the software outside the United States, Canada, Europe, the Middle East, Africa and Australia, contact the Microsoft affiliate serving your country (see www.microsoft.com/worldwide).

G. NO OTHER WARRANTIES. The limited warranty is the only direct warranty from Microsoft. Microsoft gives no other express warranties, guarantees or conditions. Where allowed by your local laws, Microsoft excludes implied warranties of merchantability, fitness for a particular purpose and non-infringement. If your local laws give you any implied warranties, guarantees or conditions, despite this exclusion, your remedies are described in the Remedy for Breach of Warranty clause above, to the extent permitted by your local laws.

FOR AUSTRALIA ONLY. In this paragraph, "goods" refers to the software for which Microsoft provides the express warranty. Our goods come with guarantees that cannot be excluded under the Australian Consumer Law. You are entitled to a replacement or refund for a major failure and compensation for any other reasonably foreseeable loss or damage. You are also entitled to have the goods repaired or replaced if the goods fail to be of acceptable quality and the failure does not amount to a major failure. Goods presented for repair may be replaced by refurbished goods of the same type rather than being replaced. Refurbished parts may be used to repair the goods.

H. LIMITATION ON AND EXCLUSION OF DAMAGES FOR BREACH OF WARRANTY. The Limitation on and Exclusion of Damages clause above applies to breaches of this limited warranty.

This warranty gives you specific legal rights, and you may also have other rights which vary from state to state. You may also have other rights which vary from country to country.
