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March 21, 2005

Mr. David Peralta
Arbortext, Inc.
1000 Victors Way
Ann Arbor, MI 48108

Ms. Mary Tarantino
Blueberry Software, Inc.
995 Court Lane
Concord, CA 94518

Re: Royalty audit services for Arbortext, Inc. and Blueberry Software, Inc.

Dear Mr. Peralta and Ms.Tarantino:

I have prepared this report in connection with our review of the books and records of Arbortext, Inc. ("Arbortext") as they relate to the Strategic Partnering Agreement ("SPA") between Arbortext and Blueberry Software, Inc. ("Blueberry") dated July 12, 2000.

The purpose of our review of the books and records of Arbortext was to determine whether Arbortext has paid the appropriate amount of royalties to Blueberry from 1999 through the third quarter of 2004, in accordance with the SPA.

In the performance of this engagement, we have been retained as an objective consultant offering opinions about facts that may be in dispute. As such, this engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants for engagements of this kind and is therefore subject to the Statement on Standards for Consulting Services and the AICPA Code of Professional Conduct.

Our analysis and findings are organized into the following report sections:

1. Arbortext's general licensing practices;

2. Arbortext's accounting system associated with the sales of product containing Blueberry software;

3. Arbortext's replication/distribution of software products that contain Blueberry software;

4. Arbortext's calculation of the royalty due Blueberry;

5. Specific items that were reviewed at the request of Blueberry; and,

6. Conclusion.

Various schedules and/or documents are referenced in this report as Exhibits and are made part of this report. Other schedules and/or documents are referenced in this report as workpapers (referred to as "WP" in the report) and have not been included in this report to protect potentially confidential Arbortext information.

In addition to the various Arbortext source documents that were reviewed by Plante & Moran, the following Arbortext personnel were interviewed:

Dave Peralta	Chief Financial Officer
Karen Sharplin	Director of Finance & Corporate Controller
Jim Haggarty	Vice President, I.T. & Operations
Philip Van Allen	Senior Systems Analyst

1. Arbortext's general licensing practices

Software Licenses

Arbortext licenses software on either a Fixed End-User basis (the software may reside on one designated computer) or a Concurrent End-User basis (the software is installed on a designated computer that is used as a server for a network).

Arbortext sells directly to end users as well as through a global network of Partners (resellers, integrators, etc.). The end-user customers of the Partner are required to execute a Software License Agreement directly with Arbortext as well as the Partner if the Partner has their own software integrated with Arbortext's software. Resellers and Integrators are typically paid on a commission basis while other Partners have unique negotiated compensation programs.

Programs are licensed on either a perpetual term basis (for which a one-time license fee applies) or an annual term basis (for which the license fees apply for an initial minimum period). All programs, whether purchased directly through Arbortext or through an Arbortext Partner, require a license key that enables their use. All keys are obtained exclusively through Arbortext.

Maintenance

Arbortext also provides maintenance for Programs. If the license that is sold is a perpetual license, Arbortext charges a required one-year maintenance fee ("Initial Maintenance Fee") at the time of the initial sale. Subsequent maintenance is provided subject to the customer's desire and the payment of annual renewal maintenance fees ("Renewal Maintenance Fee"). For licenses sold on an annual basis, software maintenance is included in the annual license fee.

The following excerpt is from Arbortext's Software License Agreement with an End-User and describes the support included within Maintenance Services:

9.   SUPPORT SERVICES

*9.1   **Maintenance Services:** Arbortext will provide maintenance for the Programs in accordance with the terms and conditions set forth herein and in the then current Arbortext "Technical Product Support Guide." If the license purchased is a perpetual license, Licensee is required to purchase software maintenance for an initial twelve (12) month period commencing on the date the Programs are shipped or delivered. Maintenance shall be considered automatically*

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renewed and annual maintenance fee billing will continue for subsequent annual periods unless Licensee gives Arbortext written notice of termination of maintenance at least sixty (60) days prior to the end of the then current annual maintenance term. If the license purchased is an annual license, software maintenance is included in the annual license fee. Maintenance consists of:

(a) *telephone and e-mail support assistance during normal business hours (U.S. Eastern Time) for use by designated Licensee personnel;*

(b) *software update releases to the Programs which include enhancement and maintenance releases as they become available for general distribution;*

(c) *log-in access to Arbortext's maintenance support web site for downloads of software releases and error corrections, logging and tracking maintenance issues through online case management functions, obtaining license keys and various on-line user services;*

(d) *software release and technical documentation, newsletters and other information pertinent to the use of the Programs as made available for general distribution.*

Pricing

Arbortext's pricing of software licenses is dependent on the type of license (fixed or concurrent), the length of license (annual or perpetual), and any negotiated discount with the end-user. Arbortext also considers the number of CPUs on the server in establishing the license price.

The following excerpts are from the SLA and is related to the pricing of software:

4.2 **Arbortext Pricing:** *Arbortext shall be free to set any price on the sale of licenses of the Blueberry Software to Arbortext Customers and resellers so long as Arbortext pays Blueberry the royalties in accordance with the terms of this Agreement.*

And, from Exhibit C, Section 1:

If Blueberry Software is offered to current or past users of Arbortext Products, or any users other than new users, at some charge, then revenue from such sales will be included in the computation of Arbortext Product Sales. Arbortext shall not provide Blueberry Software to others without payment of royalty, except upon the advance written approval of Blueberry.

2. **Arbortext's accounting system associated with the sales of products containing Blueberry software.**

Arbortext sells Blueberry's software on either a stand-alone basis as Epic Interchange or as part of Arbortext's Enterprise E-content Engine ("E3"). The complete configuration of E3 includes three modules; Print, Web, and Interchange. A customer is also able to obtain E3 with only one or two of the modules, at a reduced price.

Product SKUs

Arbortext software is ordered by customers through the use of a 16 character product SKU. A unique SKU exists for each product definition. A product is primarily defined by the following terms:

Category:	Demo, License, Initial Maintenance, Renewal Maintenance, etc.
Description:	Specific software product and if concurrent, the number of CPUs
Version:	Version identifier for the particular software product

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For example, product SKU 2110liv34400pues pertains to a License for an E3, with the Print and Interchange modules, version 400, and is for a 4 CPU server.

The product SKUs also allow Arbortext to isolate revenues associated with the various software products. Our review of Arbortext's total revenue and revenue associated with Blueberry software is described in part 4 of this report.

3. **Arbortext's replication/distribution of software products that contain Blueberry software.**

Software Keys

Arbortext typically distributes software on CDs. During the installation process, the end user is required to obtain a key, via the internet, from Arbortext.[1] For E3, a CD will contain the full configuration of E3 (Print, Web, and Interchange), as well as the various language versions. The key that is obtained from Arbortext is based upon the end user's order and will only activate those modules purchased by the user.

An end user does not need to obtain a new key when the software product is upgraded. End users will need a new key if they have purchased a license and later wished to change the computer system upon which the software is installed.

Arbortext Software Replication

Arbortext is allowed to make copies of Blueberry software in accordance with the following SPA paragraph:

2.3 Reproduction Rights
Arbortext shall have the right to reproduce the Blueberry Software for the sole purpose of a) incorporating it into Arbortext Products; b) sublicensing it to Arbortext Customers in accordance with the terms and conditions of Arbortext's end user license, pursuant to Section 3, Sublicense Agreements; c) distributing it to Arbortext authorized resellers in accordance with this Agreement; d) providing temporary use to potential Arbortext Customers on an evaluation basis; e) providing installation, training and maintenance support, directly and through authorized resellers, to Arbortext Customers. Other than the right to make a reasonable number of copies for archival and backup purposes, Arbortext shall have no other rights to reproduce the Blueberry Software.

Arbortext's Partner Replication

Arbortext has many different types of Partner agreements including Reseller Agreements, Marketing Alliance Agreements, Technology Partner Agreements, Subcontractor Agreements, Value Added Distributor Agreements, Integrator Agreements, and others (WP-13).

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[1] Keys were obtained via direct contact with Arbortext before the current procedure which utilizes the internet.

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In general, Arbortext's Partner Agreements, regardless of type, contain restrictions on the sale and distribution of software[2]:

a.   Partners are authorized to market the Arbortext programs itemized in the agreement, in a particular territory identified in the agreement (para. 2.1).

b.   Arbortext provides the licenses, marketing assistance, technical support, and sales commissions (para. 2.1).

c.   Partners provide their own computer equipment, trained personnel, quarterly sales forecasts, and the ability to provide a first level of technical support to customers (para. 2.1).

d.   Arbortext provides standard list prices for the software and allows discounting subject to certain limitations stated in the agreement (para 2.2).

e.   A partner is granted a license to demonstrate software, provide first level technical support, perform integration activities, make copies of software for backup and technical support purposes, distribute licensed copies of the software, translate and/or repackage documentation, provide a pre-sale evaluation copy of a program to a prospective customer[3] and to provide training to customers (para. 3.1).

f.   Partners are provided with a certain number of copies of software that is agreed to in each Partner's agreement for the purposes of development or demonstration (para. 3.2).

g.   Partners are precluded from using the software in any way not expressly authorized in the agreement. Partners cannot reproduce (except as previously permitted), reverse engineer, decompile, use the software in a production environment, or to provide the software to any end user who is not a licensed customer (para. 3.3).

h.   Arbortext may receive an annual Partner program fee and annual maintenance fees. Arbortext and the Partner may also have agreed to future discount percentages on training or additional software purchases.

4.   Arbortext's calculation of the royalty due Blueberry.

Exhibit A (referred to in this report as the Cumulative Royalty Report) is the document prepared by Arbortext related to the calculation of the royalty due Blueberry. The process Arbortext uses to extract the data is repeated each quarter and calculates the cumulative sales from November 1999 and the corresponding royalties.

The specific paragraphs from the SPA that relate to the calculation of royalties are as follows:

6.1   Royalties And Other Fees
Royalties and other fees payable by Arbortext, including fees for Developed Software, additional consulting and training services are specified in Exhibit C. Royalties are due and payable to Blueberry for Blueberry Software delivered by Arbortext to both existing Arbortext Customers, whether provided on an upgrade or other basis, and to new Arbortext Customers. All payments shall be denominated in US dollars.

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[2]   Certain elements of one particular agreement is paraphrased in this report. All agreements have similar language and restrictions.

[3]   Provided Partner obtains prior approval from its Arbortext account manager. The evaluation copy would be "keyed" to expire in a certain number of days, typically less than 30.

and:

EXHIBIT C – ROYALITIES AND FEE SCHEDULE

1. ROYALTIES
In accordance with the royalty payment provision of this Agreement set forth in Section 6.1, Royalties and Other Fees, Arbortext agrees to pay Blueberry royalties based on the following table:

Cumulative Covered Arbortext Product Sales	Royalty Rate
$ 0 – 466,667	15%
$ 466,668 – 1,166,667	10%
$ greater than 1,166,667	5%

Arbortext Covered Products shall be those software products licensed by Arbortext, as further described in Exhibit B, which incorporate the Blueberry Software licensed under this Agreement. Covered Arbortext Products shall not include Arbortext software products that do not include Blueberry Software. If Blueberry Software is offered to current or past users of Arbortext Products, or any users other than new users, at some charge, then revenue from such sales will be included in the computation of Arbortext Product Sales. Arbortext shall not provide Blueberry Software to others without payment of royalty, except upon the advance written approval of Blueberry.

Royalties due Blueberry shall be paid quarterly as follows:

Royalty payments shall be made quarterly in the amount that cumulative royalties earned or guaranteed exceed cumulative amounts previously paid. Arbortext agrees to guaranty minimum royalty payments of $70,000 in the first year and $30,000 in each of the second and third years, pro-rata quarterly during each year, and at the end of each quarter to pay the difference if cumulative amounts already paid do not exceed the cumulative amounts guaranteed.

Payments will be made no more than 30 days following the end of a quarter and will be accompanied by a royalty statement as described in 6.3, Records and Reports.

In calculating the royalty due Blueberry (as shown in Exhibit A), Arbortext extracts sales records from the Total Arbortext Sales Database[4] (WP-1). Plante & Moran reviewed the code (WP-2) associated with performing the extract and did not identify any errors. Plante & Moran also reviewed Arbortext's complete Product SKU Listing (WP-3) to ensure all SKUs associated with software products that contain Blueberry software are incorporated in the code that is used in performing the extract.

In order to obtain comfort with the Total Arbortext Sales Database, Plante & Moran reconciled the Total Arbortext Sales Database with the audited financial statements of Arbortext (WP-4). In performing this reconciliation, Plante & Moran verified certain write-offs against the bad debt reserve (WP-5 and WP-6) that resulted in the reduction of royalties that were paid in earlier periods. In addition, Plante & Moran examined selected invoices (WP-7) from the Total Arbortext Sales Database and did not identify any discrepancies with reported revenue amounts.

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[4] Database covers the time period of 2000 through 3Q 2004.

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Arbortext determines the Cumulative Covered Arbortext Product Sales revenue (upon which the royalty rate is applied to arrive at the royalty due Blueberry) in the following fashion:

1. Include 100% of the sales price (list price less any discounts) received for Epic Interchange; plus,

2. A portion of the sales price received for E3 sales (discussed in further detail in the following section titled Allocation of E3 Sales Revenue to Blueberry); and,

3. Nothing for initial or renewal Maintenance (discussed in further detail in the following section titled Allocation of E3 Sales Revenue to Blueberry).

Allocation of E3 Sales Revenue to Blueberry

A portion of the sales price received by Arbortext for E3 sales is allocated to the revenue upon which Blueberry receives a royalty (if the E3 configuration contains Interchange). The portion allocated to Blueberry depends on the configuration of E3, as shown on Exhibit B.

As an example, if Arbortext sells E3 configured with the Interchange and Print options to a customer with a 3 cpu server for $77,000, the amount of revenue upon which the royalty rate would be applied is $77,000 times 17.647%, or $13,588.

As this treatment is not specifically detailed in the SPA, Plante & Moran was provided with a September 25, 2000 email between Arbortext and Blueberry addressing this subject.[5] Refer to Exhibit C.

Maintenance Revenue

Arbortext receives both Initial Maintenance and Renewal Maintenance on Arbortext product sales that include Blueberry software. As per Arbortext's SLA with an end-user, the end-user that is paying for maintenance will receive "software update releases to the Programs which include enhancement and maintenance releases as they become available for general distribution."[6] It is my understanding that Blueberry did issue certain revisions to their software during the course of the relationship with Arbortext. Depending on the interpretation of the contract and how it applies to maintenance revenue[7], this may be a possible discrepancy in the royalty computation.

As newer versions of Blueberry software were incorporated into maintenance releases of E3 and maintenance revenue was received by Arbortext, it could be viewed that this revenue should be included in Arbortext Product Sales discussed in Exhibit C of the SPA.

From Exhibit C of the SPA (reproduced earlier in this report):

If Blueberry Software is offered to current or past users of Arbortext Products, or any users other than new users, at some charge, then revenue from such sales will be included in the computation of Arbortext Product Sales.

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[5] Plante & Moran defers to the parties' legal counsel to determine if the email modifies the SPA.

[6] From Section 9.1 of Arbortext's Software License Agreement, reproduced earlier in this report.

[7] Plante & Moran defers to the parties' legal counsel to interpret the agreement on the issue of maintenance revenue and its applicability regarding royalty computation.

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For informational purposes, when allocated to Blueberry software in a similar fashion as Arbortext allocates License revenue, Arbortext had the following amounts of Initial and Renewal Maintenance sales in the years 2000 through 3Q 2004:

Year	Allocated Initial Maintenance Sales	Allocated Renewal Maintenance	Total Maintenance Allocated to Blueberry
2000	$ 18,506	$ 5,344	$23,850
2001	45,042	30,303	75,345
2002	88,047	82,717	170,764
2003	137,394	146,675	284,069
2004 YTD 3Q	94,688	159,818	254,506
	$383,677	$424,857	$808,534

For informational purposes, the following table provides the total License, Initial Maintenance, and Renewal Maintenance sales in the years 2000 through 3Q 2004 related to products that incorporate Blueberry software:

Year	License Revenue	Initial Maintenance Revenue	Renewal Maintenance Revenue	Total Revenue Related to Blueberry
2000	$ 309,242	$ 21,337	$ 5,344	$ 335,923
2001	1,647,060	117,368	30,303	1,794,731
2002	3,377,821	386,251	152,434	3,916,506
2003	2,435,449	556,743	447,966	3,440,158
2004 YTD 3Q	2,369,673	443,243	569,766	3,382,682
	$10,139,245	$1,524,942	$1,205,813	$12,870,000

5. Specific items that were reviewed at the request of Blueberry

19 SKUs from an old SKU listing

We were requested by Blueberry to investigate 19 specific SKUs that were part of an older SKU list that is in the possession of Blueberry. Exhibit D lists the 19 SKUs, an indication as to whether the SKU is still a current SKU, a description of the product, and the Arbortext sales, by year, for the products.

E-Catalog (a.k.a. Intermarket), as well as the Arbortext Site License and the Arbortext Site License maintenance, relate to Arbortext's August 2000 Application Development & Software License Agreement with MRO.com (WP-10). Arbortext was developing a product called Content Manager by extending the functionality of Arbortext programs and integrating them with MRO's Intermat product. Soon after the agreement and some licensing of

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software to MRO in September 2000, the joint development effort was abandoned. The total revenue that Arbortext received that was related to E-Catalog and Site License was obtained from MRO.com (refer to Exhibit D for amounts).

The Partner Program and Technology Partner fees shown on Exhibit D are related to the various Partner relationships Arbortext has established. On occasion, Arbortext has collected a fee from a Partner. This practice has usually been an area of negotiation with the Partner and Arbortext has typically not received a fee.

Arbortext Partners

We selected 15 Arbortext Partners in order to examine the quantity of software that was distributed to those Partners. The Partners that were reviewed and the type of relationship to Arbortext are as follows:

Armedia – Reseller	OmniLingua – Marketing Alliance
Dakota Systems – Subcontractor	Thomas Technology - Reseller
DMSi – Marketing Alliance	Valley Forge Technical – Subcontractor
Documentum – Technology partner	Absolute Data – Sales Agent
First Consulting Group – Integrator	Sogitec – Value Added Distributor
Inmedius / Vektas	Kyoshinsha - Reseller
2BSmart – Reseller	Global Technology – Sales Agent
Kontentsu – Integrator	

Exhibit E shows the quantity and type of software that has been distributed as demos to each Partner as well as any software sales. In the two cases where a Partner purchased the software, we verified that software purchase in the Cumulative Royalty Report sent to Blueberry, Exhibit A.

Distribution

In order to review the software distribution and the recording of sales, we reviewed the customers listed in Exhibit F. Exhibit F shows all products that were distributed to the particular customer as well as the associated revenue. We verified that the Active Licenses identified in the "Key Database" (WP-19) had revenue associated with them in the Total Arbortext Sales Database (WP-1). We also verified the number of Active Licenses with the number of licenses reported in the Cumulative Royalty Report sent to Blueberry, Exhibit A.

During our preliminary review of the "Key Database" we found several instances where a customer had additional licenses available to them as compared to purchased licenses. This discrepancy was mainly attributable to poor record keeping practices at Arbortext prior

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to 2003. The current key distribution system is linked with the current product sales and is automated versus manual and is less prone to errors.

After our initial findings Arbortext performed a review of the "Key Database" to fix these errors. We reviewed the corrections to the key database with a sample of customers that had been recorded in error. Testing included matching active license keys to purchased license keys for the sample (WP-19).

In reviewing the revised active license keys database (WP-19) related to Blueberry software, we identified a total of 2,245 active licenses through Q3 2004. Based on the Blueberry royalty report (Exhibit A) there were a total of 2,284 purchased licenses through Q3 2004. The discrepancies from purchased licenses to active licenses are mainly attributable to customers not utilizing all products purchased (one specific customer accounts for a substantial portion of this difference). Additionally, Arbortext has put procedures in place to review purchased licenses to active licenses as each renewal maintenance occurs.

Specific Companies

Exhibit G lists five specific customers that are believed to have Blueberry software based upon references found by Blueberry on the internet. Exhibit G also shows the results of our comparison of the Key Database, the Total Arbortext Sales Database, and the Cumulative Royalty Report.

- LRN – The Internet reference suggests that LRN has Interchange. The Key Database, the Total Arbortext Sales Database, and the Cumulative Royalty Report are in agreement that LRN purchased Interchange and Blueberry was paid a royalty (WP-15).

- Planetgarden - In a description contained on Arbortext's website under "Our Customers," it is suggested that Planetgarden.com has the ability to achieve results that are the same as what is accomplished with Interchange. From a review of the Key Database, there are no active licenses with Planetgarden.com for a Blueberry product. The Total Arbortext Sales Database shows that they did, however, purchase Adept Editor, Epic Editor, training, and consulting services from Arbortext (WP-16).

- U.S. Coast Guard – A solicitation notice from the U.S. Coast Guard requests maintenance on 2 E3 single processor licenses and 2 E3 quad processor licenses (WP-18). Our review of the Key Database and the Total Arbortext Sales Database both agree that only one E3 single processor license and 1 E3 quad processor license were ever sold to the U.S. Coast Guard. This finding agrees with the Cumulative Royalty Report as well.

- DFAS SB/FPA (Hill AFB) – This was another customer that was serviced by the same distributor that handled the U.S. Coast Guard order. Our review of the Key Database and the Total Arbortext Sales Database both agree that only one E3 Print/Web/Interchange license was sold. This finding agrees with the Cumulative Royalty Report states as well.

- Trellis Neutech S. Pte Ltd (Singapore) – The internet reference suggests that Trellis Neutech has E3. Our review of the Key Database and the Total Arbortext Sales Database both agree that Trellis Neutech has never been a customer of Arbortext. It is uncertain as to how Trellis Neutech may have obtained E3.

6. Conclusion

There are three areas that I believe are <u>potential</u> discrepancies regarding the Arbortext / Blueberry SPA. As noted earlier in this report, Plante & Moran will need to defer to Arbortext, Blueberry, and their respective legal counsel to interpret the agreement on these points.

1. Allocation of E3 Revenue - If it is determined that Arbortext's treatment of revenue associated with E3 sales is found to be in accordance with the terms of the SPA, Plante & Moran did not find any exceptions in Arbortext's calculation of royalties in this regard. If Arbortext's treatment of revenue associated with E3 is found to not be in accordance with the terms of the SPA, then Arbortext has understated their royalty payments

2. Maintenance Revenue - If it is determined that Arbortext's treatment of maintenance revenue is found to be in accordance with the terms of the SPA, Plante & Moran did not find any exceptions in Arbortext's calculation of royalties in this regard. If Arbortext's treatment of maintenance revenue is found to not be in accordance with the terms of the SPA, then Arbortext has understated their royalty payments

3. MRO.com Relationship – As detailed in Exhibit D, Arbortext received revenue from E-Catalog and a Site License. It is unclear as to what software components are contained in E-Catalog or are part of a Site License. Plante & Moran has certain documentation regarding this relationship and sales revenue (WP-10) but will defer to Arbortext as to what information can be provided to Blueberry.

This report is intended solely for the information and use of the specified users listed above and is not intended to be and should not be used by anyone other than these specified users.

Sincerely,

Plante & Moran, PLLC

Mark A. Robinson

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Arbortext, Inc.

Allocation of E3 Sales Price to Blueberry

Total E3 Configuration

Server	List Price	Blueberry Sales Credit (Note 1)	% of Sales for Blueberry
1 cpu	50,000	10,000	20.000%
2 cpu	75,000	12,500	16.667%
3 cpu	100,000	15,000	15.000%
4 cpu	125,000	17,500	14.000%
5 cpu	150,000	20,000	13.333%

E3 Configured w/ 2 Options (Note 2)

Server	List Price	Blueberry Sales Credit (Note 1)	% of Sales for Blueberry
1 cpu	40,000	10,000	25.000%
2 cpu	62,500	12,500	20.000%
3 cpu	85,000	15,000	17.647%
4 cpu	107,500	17,500	16.279%
5 cpu	130,000	20,000	15.385%

E3 Configured w/ Interchange Only

Server	List Price	Blueberry Sales Credit (Note 1)	% of Sales for Blueberry
1 cpu	30,000	10,000	33.333%
2 cpu	50,000	12,500	25.000%
3 cpu	70,000	15,000	21.429%
4 cpu	90,000	17,500	19.444%
5 cpu	110,000	20,000	18.182%

Notes:

1. Blueberry receives $10,000 in sales "credit" for a 1 CPU license and $2,500 for each additional CPU license.
2. One option being Interchange and the other being either Web or Print.

EXHIBIT C

From:	Jim Sterken [Jim Sterken/DTW/ATI@ArborText]
Sent:	Monday, June 21, 2004 9:44 PM
To:	Dave Peralta; Ray Schiavone
Subject:	Blueberry royalties

Dave and Ray,

Here is the exchange I had with Kevin in September, 2000 with Kevin
Dwan about E3/Interchange royalties. Note that he sent his response
to Steve Beigel as well as to me.

Jim

—-- Forwarded by Jim Sterken/DTW/ATI on 06/21/2004 09:40 PM -—

Kevin Dwan <kevin@blueberry.com>

09/25/2000 04:34 PM

To	jsterken@arbortext.com
cc	swbeigel@value.net
Subject	Re: Understanding about royalties

```
At 11:32 AM 9/25/2000, you wrote:
>Hi Kevin,
>    This email is to confirm our conversation of a few
>minutes ago.
>
>    Rather than configure the Interchange capability (which makes
>use of your Blueberry technology) as a $10,000 optional
>module of E3 (Epic E-Content Engine), our new plan
>is to bundle it into E3 by default and allow customers
>to delete it if they don't want the capability.
>
>    In the new configuration, E3 will sell for $50,000.  If a
>customer chooses to delete the Interchange capability,
>then we will charge them $40,000.
>
>    So, for each E3 where the customer chooses not to
>delete the Interchange capability, we will credit you
>for a $10,000 Interchange sale and pay you a royalty
>against the $10,000 according to the schedule we
>agreed upon in our contract.
>
>    Please respond with your agreement to this change
>in the way which we'll be paying you for E3 sales.
>
>    Thanks,
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Jim, the above is in accord with what you described on the phone, and
clarifies our written agreement. As you pointed out, since including the
filters will now be the default, rather than requiring the user to opt-in,
it will likely have the effect of increasing sales, and our royalty.

Thank you for reviewing it with me.

Kevin Dwan   voice: 707-829-5443
Blueberry Software   fax: 707-829-5380

<http://www.blueberry.com>http://www.blueberry.com

EXHIBIT D

Arbortext, Inc.

SKU	Currently Active SKU?	Description	Revenue Type	1999	2000	2001	2002	2003	2004	Total
1927iica0000pues	Yes	E-Catalog Application License	Licenses	-	-	100,000	-	-	-	100,000
1928mica0000pues	Yes	E-Catalog Application Mnt	Maintenance initial	-	-	-	-	-	-	-
1929mrca0000pues	Yes	E-Catalog App Renewal Mnt	Maintenance renewal	-	-	-	-	-	-	-
1930dmca0000pues	Yes	E-Catalog Application Demo Lic	Demo	-	-	-	-	-	-	-
1931lisi0000pues	No	Arbortext Site License	Licenses	-	453,643	(36,000)	-	-	-	417,643
1932mrsi0000pues	No	Arbortext Site License Maint.	Maintenance initial	-	15,546	-	-	-	-	15,546
1933mrsi0000pues	No	Arbortext Site License Renewal Mnt.	Maintenance renewal	-	-	-	-	-	-	-
1836cspt00000000	Yes	Partner Program Marketing Fee	Consulting	-	31,209	18,715	13,705	46,873	7,301	117,803
1836fept00000000	Yes	Partner Program Marketing Fee	other	-	-	-	-	2,306	-	2,306
1837mipt00000000	Yes	Partner Program Fee Maint	Maintenance initial	-	-	-	10,000	-	-	10,000
1838mrpt00000000	Yes	Partner Program Maint Renewal	Maintenance renewal	-	-	-	-	2,500	20,867	23,367
1881bpepf400pues	Yes	E3 Standard Option/PWDO	Bill Of Materials	-	-	-	-	-	-	-
1882bpe34400pues	Yes	E3 Standard Option/PWDO	Bill Of Materials	-	-	-	-	-	-	-
2028fecr00000000	Yes	Escrow Fees	other	-	-	-	-	-	-	-
2028micr00000000	No	Escrow Fee Initial Maintenance	Maintenance initial	-	-	-	-	-	-	-
2030mrcr00000000	Yes	Escrow Fee Renewal Maintenance	Maintenance renewal	-	-	-	-	-	-	-
1988fept00000000	Yes	Technology Partner Program Fee	other	-	-	-	-	2,813	-	2,813
1989mipt00000000	Yes	Technology Partner Maintenance	Maintenance initial	-	-	10,000	4,967	-	-	14,967
1990mrpt00000000	Yes	Technology Partner Renewal Mnt	Maintenance renewal	-	-	-	-	5,000	2,500	5,000

Partners	SKU	Description	License Type	1999	2000	2001	2002	2003	2004
						Revenue			
Armedia (United States)									
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
	1949dmt31500pues	E3 w Print/Web Intchg Demo 5.0	Demo	-	-	-	-	-	-
Dakota Systems (United States)									
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
OWSI (United States) (Note 1)									
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
Documentum (United States)									
	1736lwif000pues	Epic Interchange Fxd Lic	Perpetual		253				
First Consulting Group (United States)									
	1949dmt31400pues	E3 w Print/Web/Intchg Demo	Demo	-	-	-	-	-	-
Inmedius - Vektas (United States)	None								
OmniLingua (United States)	None								
Thomas Technology Solutions, Inc. (U.S.)									
	2105dmt34400pues	E3 w Print/Web/Intchg Demo Lic	Demo	-	-	-	-	-	-
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
Valley Forge Technical Information Services (U.S.) (note 2)	None								
Absolute Data Group (Australia)									
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
Sogitec (France)									
	1733lwif000pues	Epic Interchange Fxd Lic	Perpetual	-	-	749	-	-	-
Kyoshinsha (Japan)									
	1949dmt31400pues	E3 w Print/Web/Intchg Demo	Demo	-	-	-	-	-	-
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
2BSmart Integrating Business (Mexico)									
	1949dmt31500pues	E3 w Print/Web Intchg Demo 5.0	Demo	-	-	-	-	-	-
Kontentsu (Canada)									
	1736dmwif000pues	Epic Interchange Fxd Demo Lic	Demo	-	-	-	-	-	-
	1949dmt31400pues	E3 w Print/Web/Intchg Demo	Demo	-	-	-	-	-	-
Global Technology Integration Ltd (Hong Kong)									
	1949dmt31500pues	E3 w Print/Web Intchg Demo 5.0	Demo	-	-	-	-	-	-

Note 1: Also checked Document Management Solutions, Inc. and Mary McRae
Note 2: Also checked Tamera Riehle

EXHIBIT F

Customer (Note 1)	SKU	Description	Active Licenses (Note 2)	Licenses Per Royalty Report (Note 3)	Total Initial License Revenue Received by Arbortext					
					1999	2000	2001	2002	2003	2004
Alldata	1733liwif000pues	Epic Interchange Fxd Lic	1	1	-	400	-	-	-	-
Appendix Technical Publications Group	1733liwif000pues	Epic Interchange Fxd Lic	1	1	-	-	-	1,200	-	-
Florida Legislature	1950lit32500pues	E3 w Print/Web/Int Lic 2 CPU	1	1	-	-	-	-	-	65,762
Cisco Systems, Inc.	1733liwif000pues	Epic Interchange Fxd Lic	5	5	-	3,300	-	-	-	-
Course Technology	1737liwic000pues	Epic Interchange Cnc License	6	6	-	3,500	-	-	-	-
DFAS SB/FPA (Hill AFB)	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	1	1	-	-	40,000	-	-	-
Documentum	1733liwif000pues	Epic Interchange Fxd Lic	1	1	-	253	-	-	-	-
EDF/DER	1737liwic000pues	Epic Interchange Cnc License	1	1	-	-	-	-	-	2,883
Embraer - Empresa Brasileira De Aeronautica S/A	1737liwic000pues	Epic Interchange Cnc License	1	1	-	-	2,400	-	-	-
GGS Information Services (PA)	1733liwif000pues	Epic Interchange Fxd Lic	2	2	-	-	-	1,200	1,200	-
GlaxoSmithKline/ GSK (Pharma)	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	1	1	-	-	-	68,570	-	-
Houghton Mifflin Company	1737liwic000pues	Epic Interchange Cnc License	2	2	-	-	-	-	4,800	-
JIVA-SI	1737liwic000pues	Epic Interchange Cnc License	1	1	-	-	-	-	-	-
Lippincott Williams & Wilkins	1946lit31500pues	E3 Print/Web/Int Lic 5.0 1 CPU Cnc	4	4	-	-	-	1,800	-	50,000
Maryland Procurement / National Security Agency	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	1	1	-	-	-	40,000	-	-
Northrop Grumman	1733liwif000pues	Epic Interchange Fxd Lic	1	1	-	-	-	-	1,080	-
PeopleSoft	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	1	1	-	-	54,000	-	-	-
Tata Interactive Systems	1733liwif000pues	Epic Interchange Fxd Lic	1	1	-	-	-	-	1,200	-
Teradyne Inc. MTD	1737liwic000pues	Epic Interchange Cnc License	1	1	-	-	-	-	-	-
The Toro Company	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	1	2	-	-	-	-	61,659	-

Notes:
1 Judgementally selected 20 license keys on the active key listing to trace to Royalty report (Exhibit A) and Arbortext's recorded revenue detail
2 Reflects the number of licenses that have been activated by an end user.
3 Reflects the number of licenses that are part of the royalty report.

EXHIBIT G

Arbortext, Inc.

Partner	SKU	Description	License Type	Revenue						In Royalty Report?
				1999	2000	2001	2002	2003	2004	
LRN, The Legal Knowledge Company, Inc.	1733liwif000pues	Epic Interchange Fxd Lic	Prepetual	-	960	-	-	-	-	Yes
Planetgarden.com	None									
U.S. Coast Guard	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	Prepetual	-	-	40,000	-	-	-	Yes
	1954lit33400pues	E3 w Print/Web/Int- 3 CPU	Prepetual	-	-	84,000	-	-	-	Yes
DFAS SB/FPA (Hill AFB)	1946lit31400pues	E3 Print/Web/Int Lic 4.0 1 CPU	Prepetual	-	-	40,000	-	-	-	Yes
Trellis	None									

Note 1: Also checked Document Management Solutions, Inc. and Mary McRae
Note 2: Also checked Tamara Riehle