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Sheri Vall Microsoft Corporation One Microsoft Way Redmond, WA 98052-6399 Faxed August 27, 1992

Dear Sheri:

Thank you for the letter to Greg and me this morning.

Since the last time that we talked, I have not received any messages from you, and did not realize that you were trying to get in touch with me. While I cannot speak to messages that you may have left for Greg, I assure you that I am the dedicated decision maker that you seek.

On to the applications software bundling proposal. As we discussed, your initial pricing proposal is higher than we can pay. I believe you were going to work on a new proposal, and I suggest that for the time being you keep it simple and just give us various prices for various quantities. We would like to offer a choice of applications to our customers, so the easiest way to judge the proposal would be with quantities based on total software purchased by ZEOS rather than software by title - we simply have no idea of what the title mix would be.

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Finally, as we have said, the research proposal certainly sounds interesting. Before we go forward on applications bundling research with Microsoft, however, we would like to establish the fact that we will be bundling Microsoft applications software. We believe that to do otherwise would simply be putting the cart before the horse.

I look forward to seeing your proposal.

Rick Apple

Vice President, Marketing

cc: Greg Herrick

IT helps him understand How him lotes deal is down, and why They buy today.

> MS 0040110 CONFIDENTIAL

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