

Ex 4 P.47/4

SEARS BUSINESS SYSTEMS CENTER

Sears House
633 Pennsylvania Ave. N.W.
Washington, D.C. 20001

CONFIDENTIAL

December 26, 1991

Lisa Peery
OEM Sales Assistant
Digital Research
2350 Mission College Blvd., Suite 400
Santa Clara, CA 95054

Dear Ms. Peery:

Congratulations on winning the Navy Lapheld II contract as a Sears team member. I look forward to a long term, mutually beneficial relationship.

One of the issues I'd like to address early in the contract award process is that we standardize on a method of doing business. It is important that communications between companies be clear and open. We need to remove ambiguities and conflicting messages which are a result of verbal instructions more often than written.

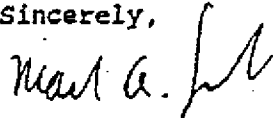
I am thus requesting that we mutually agree to require written instructions regarding change orders or action items.

For example, if Sears wishes to cause an action we must provide the instruction in writing. Conversely, if your firm wishes an action from Sears the method of finalizing the action is in writing.

There are a number of Sears groups working on the Lapheld program. I am thus asking your team to copy me on all correspondence to the Sears team.

Thank you for your attention to this procedural message.

Sincerely,



Mark A. Zelinger
Manager, Sears Federal Systems Group

cc: Bill Lenahan
Jonathan Price

AF 0009107

Plaintiff's Exhibit
9039
Comes V. Microsoft

PC028710

SEARS BUSINESS CENTERS

Sears House
633 Pennsylvania Ave. N.W.
Washington, D.C. 20004

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April 2, 1992

Dear Lapheld II Teaming Partner:

I am pleased to report that the Sears Federal Systems Group has completed ACCEPTANCE TESTING on Lapheld II. I am expecting to receive a formal letter to that effect shortly.

On April 16th, the Sears Federal Team is meeting with the Government to address operational issues. Following that meeting, the Government is expected to shift contracting responsibilities from the KO (Contracting Officer in the military) at the Navy Yard in Washington, DC, to the KO in Mechanicsburg, PA. The Sears team has a positive relationship with both Contracting offices and looks forward to the implementation of this contract.

Following the April 16th meeting, the Government will officially announce the Lapheld Contract to KO's world wide. By May 15th we should start seeing purchase orders. Purchase orders will come in slowly at first. By the end of the summer we expect very large orders. September 30th is the end of the Government fiscal year and many locations will be using funds that have been protected all year.

We look forward to the crunch of orders and deliveries of products from that point forward!

It is now time to complete the review of your OEM and/or Licensing Agreements. I wish to review several issues prior to completion of this process.

As a reminder:

I. Sears is the prime contractor on Lapheld II; only Sears is permitted to negotiate with the Government on Lapheld II. It is requested that no sales/marketing efforts directed to the Government (regarding this contract) be made without our prior approval. However, we will encourage joint marketing wherever and whenever possible.

II. Lapheld II is a three year contract for new product purchases

III. Lapheld II requires three years warranty on hardware and software

IV. Sears is to provide hotline telephone support world wide

8:00 AM to 8:00 PM EST	-	CONUS
8:00 AM to 5:00 PM Germany	-	OCONUS
8:00 AM to 5:00 PM Japan	-	OCONUS

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In addition, Sears is required, as are our subcontractors, to limit modifications of products and documentation until permission is granted by the Government. As an example, Dauphin Technologies, our Computer supplier, is not permitted, under the terms of the Lapheld II contract, to make ROM BIOS changes without prior approval from the Government. Please help us manage this process.

The Lapheld II Contract requires Sears and it's subcontractors to comply with the following requirements. Please review the attached requirements and explain how your company is prepared to support Sears requirements.

- A. Documentation Requirements (C9.)
document changes
Liquidated Damages
- B. Commercial Software Variation Announcement (C9.2.8)
software upgrades
- C. Software and Firmware Maintenance (C11)
resolving software errors
distribution of fixes

I have also indicated to all team members that Sears has subcontracted technical support to:

Logistics Management Inc. (LMI)	-	CONUS
Honeywell Federal Systems Inc. (HFSI)	-	OCONUS

Please explain how your company plans on supporting the Sears technical support requirements. For purposes of the Lapheld II Contract, LMI and HFSI are Sears technical support. Please explain your training offerings. Several companies have offered to train Sears technical support representatives (including LMI and HFSI) at no charge in order to reduce calls to their tech support.

Please also explain how you would like to be included in our sales and marketing efforts. Sears is very actively marketing this program to DoD installations across the U.S.

Software companies may wish to add selective Lapheld II Government customers to you beta and "C" level testing programs. Please contact Bela Orban with your interest in this program.

The last issue involves our ordering and payment process. As you may know, Sears and Dauphin Technologies are having their products manufactured by SCI Systems in Rapid City, S.D. SCI will be bundling the computer with software, documentation and cables. The finished product will then be shipped to the Sears Distribution facility in Bensalem, PA.

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SCI will be placing purchase orders with RR Donnelly for the reproduction of software and documentation. RR Donnelly, will be managing the licensing fees for Sears. Sears is negotiating the terms, conditions, and fees with the software companies. RR Donnelly will, we believe, take responsibility for payment of the licensing fees with the appropriate companies. This process will assure accountability between reproduction and licensing fees and should also result in quicker pay to the software companies.

Please contact me if you have any questions. The following list of Sears personnel should assist you in working with the Sears Federal Team on the Lapheld II Contract.

Mark Zelinger	-	Manager *
Jonathan Price	-	Program Manager (Technology/Gov't Rules) *
Bela Orban	-	Technology Issues *
Bob Kornhauser	-	Sales & Marketing Issues *
Gayle Troan	-	Operations *
Jim Thorpe	-	Hotline and Depot Repair Support (312-875-3475)
Dave Fontan	-	Purchase Orders (312-875-6575)

* (202-347-3566)

Sincerely,



Mark Zelinger
Manager, Sears Federal Systems Group

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