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**Microsoft and Sylanro Systems Sign Letter of Intent to Develop and Deliver
Enhanced VoIP Solutions for Service Providers**

Companies to demonstrate integrated solution at SUPERCOMM 2005 in Chicago.

CHICAGO — June 6, 2005 — Microsoft Corp. and Sylanro Systems Corp. today announced that they have signed a letter of intent through which the two companies will develop and market enhanced voice over Internet protocol (VoIP) solutions for telecommunications providers. Through this agreement, announced at SUPERCOMM 2005, Microsoft and Sylanro will integrate Sylanro's Application Feature Server with the Microsoft® Solution for Hosted Messaging and Collaboration. The resulting solution will enable service providers to offer subscribers combined VoIP, e-mail, collaboration, presence, instant messaging and desktop services.

“Increasingly, businesses are looking to service providers to deliver rich communications services that bring together a variety of features and capabilities in a single package,” said Michael O’Hara, general manager, service provider business, Communications Sector at Microsoft. “The combination of the Sylanro platform with the Microsoft Solution for Hosted Messaging and Collaboration provides the powerful, yet easy-to-use telephony and desktop capabilities that business users demand, and delivers a consistent experience across the PC, telephone and mobile devices. We are excited to be working with Sylanro to develop and market the solutions that address this critical market demand.”

The letter of intent calls for Microsoft and Sylanro to work together on the following joint initiatives:

- Integrating the Sylanro Application Feature Server with the Microsoft Solution for Hosted Messaging and Collaboration Version 3.0
- Integrating the Sylanro solution with Microsoft Connected Services Framework
- Porting the Sylanro solution to Microsoft technologies, including the Microsoft Windows Server™ platform
- Marketing and selling the combined Microsoft-Sylanro solution to service providers worldwide

“Delivering a seamless customer experience and enabling integration of telephony features with a range of communication services is key in taking VoIP to the next level,” said Kevin Mitchell, directing analyst for Service Provider Voice and Data at Infonetics Research Inc. “It’s more than providing a lower-cost voice alternative to legacy voice options — it’s delivering greater value to the customers through a combined communications experience that will promote the mainstream adoption of VoIP, particularly among small and medium-sized businesses. The level of integration that Microsoft and Sylanro are planning addresses these key issues and serves to make VoIP a more strategic and productive technology for users.”

The Microsoft Solution for Hosted Messaging and Collaboration is a hosted version of Microsoft’s family of productivity server products: Microsoft Exchange Server 2003, Live Communications Server 2005 and Windows® SharePoint® Services. The solution offers service providers a scalable, multiservice platform through which they can deliver a rich set of productivity services to small and medium-sized businesses, as well as enterprises and consumers. The solution provides proactive monitoring, provisioning automation, delegated administration and centralized management, which allows service providers to consolidate their existing systems onto a single platform and reduce the cost of deployment, ongoing operation and support. Moreover, Microsoft Solution for Hosted Messaging and Collaboration enables

service providers of all sizes to expand their product portfolio to generate additional revenue streams.

The Sylanro platform is an applications server built from the ground up for telco-grade reliability. It offers a complete range of Hosted PBX and IP Centrex communications services to support the infrastructure requirements of service providers. The Sylanro Applications Feature Server provides a full set of PBX capabilities, as well as advanced features such as simultaneous ringing, find me/follow me, distinctive ringing and browser-based control of personal and companywide communications features. The Sylanro solution meets the highest standards of redundancy, massive scalability, regulatory, and operation, administration, maintenance and provisioning (OAMP) requirements to provide a reliable solution for service providers.

“The integration of our hosted VoIP communications platform with popular Microsoft applications and operating systems allows our service provider customers to deliver powerful new communications and collaboration options for their enterprise and small- to medium-sized business customers,” said Pete Bonee, president and CEO of Sylanro Systems. “We’re very pleased to work with Microsoft to help deliver on the vision of integrated communications across multiple platforms and technologies.”

Microsoft solutions will be demonstrated at Booth No. 29066 at SUPERCOMM 2005 in Chicago. Sylanro Systems will be in Booth No. 59039 at the show.

About Sylanro Systems

Sylanro Systems provides the premier software platform for advanced IP Centrex and hosted communications services for business, residential, wireless and other applications. The company leads the market in deployments, with U.S. carriers such as SBC, PTTs such as Swisscom, and next-generation service providers such as NuVox and Covad using the Sylanro

platform. With a unique combination of advanced applications, a carrier-class platform, and proven go-to-market services, Sylanro allows service providers to rapidly deliver high-value, high-margin managed telephony services. These award-winning solutions offer business users sophisticated communications services without the cost and complexity of today's in-house PBX and key systems, and give consumers new flexibility in their communications services. Sylanro is a privately held company backed by premier investors. On the Web: www.sylanro.com.

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

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