June 25, 1996

Ms. Celeste Dunn
Vice President
Consumer Software Business Unit
Compaq
1111 Bayhill Drive, Suite 475
San Bruno, CA 94066

Re: Notice of Intent to Terminate License Agreement #1107-3053, dated October 1, 1992

Dear Celeste:

This letter is in response to your letter dated June 21, 1996.

Based on the representations in your letter that Compaq has replaced the Microsoft Network and Internet Explorer icons on the Windows 95 desktop as executable icons, and have placed the Microsoft Network, Internet Explorer and Internet Setup Wizard icons in their original locations under the Start button on the Windows 95 desktop, Microsoft hereby withdraws its Notice of Intent to Terminate the Agreement, dated May 30, 1996. As agreed, Compaq will implement these changes with respect to all Presario systems manufactured after receipt of this letter. Compaq will not be required to implement these changes with respect to Presario systems manufactured prior to your receipt of this letter.

Microsoft is not aware at this time of any other modifications to Windows 95 that may have been made by Compaq. By withdrawing the Notice of Intent to Terminate the Agreement, Microsoft does not waive or limit any of its rights under the Agreement or at law.

Thank you for your cooperation in resolving this matter. We appreciate our relationship with Compaq and look forward to continued opportunities to work with you and your team.

Sincerely,

Don Hardwick
Group Manager, OEM Sales Division

cc: Mike Heil, Sr. Vice President and General Manager, Compaq Consumer Division
David Cabello, Compaq Legal Department
Steve Flannigan, Vice President, Compaq Computer Corporation
Joachim Kempin, Sr. Vice President, Microsoft OEM Sales Division
Bengt Akerlind, Director, Microsoft OEM Sales Division
Peter Miller, Senior Corporate Attorney, Microsoft

PENGAD-Bayonne, N.J.
GOVERNMENT EXHIBIT
30.18

MSV 0004946
CONFIDENTIAL

Exhibit 18

Case No. 94-1564