COMPAQ

June 21, 1996

Mr. Don Hardwick
Group Manger, OEM Sales Division
Microsoft Corporation
One Microsoft way
Redmond, WA 98052-6399

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

Dear Don:

We have received your letter dated June 8th, 1996 and have made the changes you requested to the Windows 95 desktop of the current release of the Compaq Presario systems. We have replaced the Microsoft Network and Internet Explorer icons on the Windows 95 desktop as executable icons so they look and function exactly the same as how we originally received them from Microsoft and have placed Microsoft Network, Internet Explorer icons and Internet Setup Wizard icons in their original locations under the Start button on the Windows 95 desktop. We will begin implementing these changes as we manufacture new Presario systems after receipt from you of a written assurance that you have no further issues with the desktop and a letter withdrawing your Notice of Intent to Terminate the Agreement, dated May 30, 1996. We would like to point out that icons for America On-Line and Netscape are also on the Win95 desktop installed on our Presario systems.

We would like to clarify that we agreed Compaq should begin to manufacture Presarios that had not been modified as requested in your letter of June 8th, 1996 and that you have not requested that we attempt to modify previously manufactured Presarios.

Thank you for your cooperation in achieving a business resolution of this issue. We value our relationship with Microsoft and look forward to continued cooperation to achieve the business goals of both companies. We do remind you, however, that our agreement to make these changes and this exchange of correspondence is not an admission by Compaq of any sort and we do not waive or limit our rights under the Agreement or at law.

Sincerely,

Celeste Dunn
Vice President, Consumer Software Business Unit

cc: Mike Heil
David Cabello
Steve Flannigan
Tim Lothe

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COM-8-000002