Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399

Tel 206 882 8080
Telex 160520
Fax 206 936 7329

June 6, 1996

Microsoft

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:

I appreciated speaking with you over the phone earlier today. As we discussed, in the spirit of reinstating mutual cooperation and trust we would like to resolve the above mentioned Notice of Intent to Terminate letter in as quick and mutually agreeable manner as possible.

To accomplish this, Microsoft is requesting that Compaq replace the Microsoft Network and Internet Explorer icons on the Windows 95 desktop on all Compaq Presario machines. Specifically we are asking that these icons be put back on the Windows 95 desktop so they look and function exactly the same as how they were originally provided by Microsoft and/or Authorized Replicators. This means the icons should not be just Windows 95 shortcuts, since the functionality is different. In addition, the Microsoft Network and Internet Explorer icons and Internet Setup Wizard icon should also be put back into their original locations and functionality under the "Start" button on Windows 95.

If you are willing to give Microsoft a clear written assurance that the above will be implemented on all Compaq Presario machines within sixty (60)days of the date of this letter, Microsoft will withdraw its Notice of Intent to Terminate letter addressed to David Cabello and dated May 30, 1996 once such written assurance is received by Microsoft. By withdrawing the Notice of Intent to Terminate letter Microsoft does not waive or limit its rights under the Agreement.

I you would like to discuss this further, or would like more detail, please let me know and I will respond immediately. Once again, we appreciate your openness and willingness to discuss and resolve the above issues.

Sincerely,

Don Hardwick
Group Manager, OEM Sales Division

cc: 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

GOVERNMENT EXHIBIT 650

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