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13 February, 1992

**Microsoft**

Mr. Bill Hayden  
CompuAdd Corporation  
12303 Technology Boulevard  
Austin, Texas 78727

**HIGHLY  
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Dear Mr. Hayden,

Thank you for the meeting with you and your staff this week. Prior to the meeting I was looking forward to learning more about CompuAdd's business and discovering how our companies could better work together.

I must admit that I was surprised in the meeting. Given our years of working together, I expected a mutual and open sharing of corporate direction and product strategy. This did not happen as much as I would have liked and left me concerned that there may be a problem in the relationship. Openness is a key element in our strategic OEM relationships and Microsoft has considered CompuAdd a strategic partner for many years. I would like to see us grow together, and if we are not doing our part to your satisfaction or if CompuAdd is questioning the nature of our relationship, please let me know. I will personally ensure the success of our relationship.

The second surprise was Rick Krause's statement that he never saw the Agreement proposal presented to CompuAdd in December 1991. The proposal was based on the combined volumes of CompuAdd and CompuAdd Express. It offered substantial royalty reductions, an attractive payment plan and a plan for recouping your pre-paid balance (currently at approximately \$1 million).

I have enclosed a copy of the proposal for your review, assuming that it never reached you either. I have further improved the MS-DOS royalty offer and based it on a 250K unit combined annual volume commitment. If accepted, CompuAdd would gain the added benefits of lower pricing and an advantageous pricing plan. In short, this proposal is designed to potentially save CompuAdd over \$1.3 million per year. I understand that CompuAdd and CompuAdd Express are separate companies but I believe there are ways in which you can benefit from the total power of both entities. If a single agreement poses accounting difficulties for you, let us know. We will work with you.

Copies of the proposal are also being sent under separate cover to Mike Grimm of CompuAdd and Rick Krause of CompuAdd Express. Following your review, I ask that your people please contact Susan Diamond to discuss how to move forward toward closure.

Thank you again for the meeting on Monday. I look forward to working with you to further strengthen our partnership. If you have any questions, please don't hesitate to call me.

Regards,

  
Joachim Kempin  
Vice President, OEM Sales

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