May 26, 1998

Gateway 2000, Inc.
610 Gateway Drive
Mail Stop Y-09
North Sioux City, SD 57049-2000
USA
Attention: Senior Business Manager, Software Supply Management

MICROSOFT CONFIDENTIAL

RE: MICROSOFT WINDOWS INITIAL BOOT PROCESS
Microsoft General OEM Business Terms Document effective November 1, 1997, between Microsoft Licensing, Inc. ("MS") and Gateway 2000, Inc. ("COMPANY"), Microsoft license number 4976-5110250001 ("Business Terms Document")

Dear Senior Business Manager:

The purpose of this letter and the attached documents is to describe an alternate process Gateway 2000, Inc. can employ during the Windows 98 initial boot process to complete the registration and ISP sign-up functions. Please note that if an alternate process is chosen for registration and/or ISP sign-up, the implementation and terms contained in the attached documents must be followed exactly. There are no additional alterations to the initial boot process offered or implied as a result of this communication.

The four documents in this package in addition to this cover letter are:
1) Summary letter providing details for the alternate registration and ISP sign-up process
2) Attachment #1 to the summary letter providing essential technical details
3) Attachment #2 to the summary letter -- the Authorized Registration Center (ARC) Kit
4) List of Registration Questions which is a supplement to the ARC Kit

If there are any questions or concerns about the optional alternate processes please contact the account manager assigned to your account.

Sincerely,

Karen Hurlbut
General Manger OEM Operations
Microsoft Licensing, Inc.

cc: Gayle McClain, Account Manager
Microsoft Corporation Law and Corporate Affairs
Microsoft Corporation License Administration
OEM Accounting Services Files

GOVERNMENT EXHIBIT