



CADKEY

CAD/CAM/CAE Software

October 5, 1993

Dear Authorized Cadkey Dealer:

I regret to inform you that Cadkey, Inc. today terminated the services of 18 employees in Sales, Marketing and Product Services. Many of these people were long time and valuable Cadkey employees.

There are two reasons why this actions was necessary today, the primary one being that revenue growth has been slower than planned. Another factor is our on-going strategy to re-position the company to become a major competitor and the lowest-cost producer in the PC CAD industry. Our intention is to "out source" a number of administrative, support and creative functions that can best be done by larger specialized organizations. This will allow us to focus Cadkey on two areas: Product Development and Marketing. Please note that our research and development team was not impacted by today's reductions and we still intend to release the Cadkey Advanced Modeler this month.

The transition that the CAD industry is going through is difficult for all parties. We will be providing you with more detailed Cadkey product and strategic information in the weeks ahead and request your continued support and cooperation. If you have any questions, issues or advice you would like to discuss with us please feel free to call myself, Charley Ferrucci, Tony Mazzagatti, Ronna Goslin or Kim Garner.

Sincerely,

Malcolm Davies

**Malcolm Davies
President & CEO.**