

**CADKEY**

CAD/CAM/CAE Software

July 15, 1993

Dear Authorized Dealer:

I wish to inform you that I initiated a reduction in force at Cadkey today, involving approximately 20% of our full-time employees. This action was part of the planned restructuring of Cadkey. We are shifting investment to marketing and promotional programs designed to support your efforts by creating demand for Cadkey products in the marketplace. You should see no deterioration in our support for you. In fact, over time, you will see increased support and commitment. The Authorized Dealer channel is, and will remain, a cornerstone of our distribution strategy.

I am pleased to announce that we have received a major investment in Cadkey by a European organization that now becomes one of our largest shareholders. Like us, they believe in Cadkey. They have made a serious commitment to help Cadkey become a leader in the industry. We are preparing a press release to announce this and will send you a copy as soon as it is available.

Our revenue growth continues strong, some 40% ahead of any previous year. I ask for your continued support to increase our market share through increased sales. I firmly believe that we have the best products available anywhere today, and that the new products planned over the next year will help to revolutionize the industry.

If I can assist you in your efforts on behalf of Cadkey, or if there is any way in which we can improve our service and support of you, please tell me.

Thank you for supporting Cadkey.

Sincerely,

Malcolm Davies
President and CEO