



DIGITAL EQUIPMENT CORPORATION

Russell A. Gullotti
Vice President

Digital Drive
Merrimack, New Hampshire
03054-9501

11 July 1994

Mr. Jai Baghat
Mobile Telecommunication Technologies Corporation
200 South Lamar
Jackson, Mississippi 39201

Dear Jai;

Thank you again for spending time with me on the phone last week. As I said to you during our phone call, Digital's Computer Special Systems Organization is ready and more than capable of implementing its part in the nationwide wireless network. CSS is an organization dedicated to work such as this and my confidence is extremely high that they will be able to deliver as committed.

You will recall that the bulk of our discussion concerned itself with the viability of Digital as a long term survivor in this industry. Hopefully the discussion you and I had will help to put some of your fears to rest. However, as I committed, I am sending you a copy of a recent opinion written by J.P. Morgan's Barry Garner.

If you need additional data about our company and its viability, please give me a call and I'll be glad to discuss this with you.

I will look forward to meeting with you one of these days and would remind you once again that Digital and our CSS Organization are anxious to serve you on your NWN project.

Sincerely,

Russ Gullotti
Vice President,
Worldwide Mfg & Logistics

cc: Maria Schwab
Jim Coleman



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Digital Drive
Merrimack, New Hampshire
03054-9501

May 13, 1994

Dinesh Sheth
Senior Director
Product Development and Services
MTEL Technologies, Inc.
188 E. Capitol Street, Suite 750
Jackson, Mississippi 39201

Dear Mr. Sheth,

As Vice President of Digital's Americas Area, I am responsible for Digital's operations in the United States, Canada and Latin America.

It has come to my attention that MTEL has expressed some concern regarding Digital's ability to successfully integrate, deliver, and install the subcontrollers for MTEL's Nationwide Wireless Network, NWN. This letter will, hopefully, alleviate those concerns.

We in Digital are truly in the midst of a momentous turnaround. Changes in our organization are taking place that will enable us to achieve the goals we have set for our company. Ultimately these changes will result in a more competitive and responsive Digital.

Our goal as we accelerate Digital's turnaround is very straightforward - to deliver significant value to our customers. I can assure you that we in senior management realize that we must not disrupt or jeopardize commitments made to our customers while in the process of this change.

With regards to NWN, if you choose Digital for your subcontroller integration, I give you my assurance that changes within Digital will not be allowed to interfere with your efforts on NWN.

As with any turnaround, progress has been uneven, and our third quarter financial results masked some very real accomplishments.

Page 2

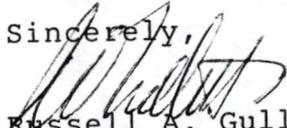
We are constantly strengthening our products and services, and we are determined to support our clients through a stronger, more responsive, more cost-effective organization. We have earned a reputation for quality and dependability, and we are determined to maintain and enhance that reputation.

There are several reasons why we are confident in our continued ability to deliver what you need:

We are determined to achieve the goals we have set. Although we all share the frustration of the inevitable challenges that go with a turnaround effort, I want you to understand that our Board of Directors, the senior management team, and our employees are committed to your success.

We value your business. I will continue to be available to meet with you to report on our progress and to listen to your concerns.

Sincerely,



Russell A. Gullotti
President, Americas Area



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Russell A. Gullotti
Vice President

Digital Drive
Merrimack, New Hampshire
03054-9501

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Sincerely,

Russ Gullotti
Vice President,
Worldwide Mfg & Logistics

cc: Maria Schwab
Jim Coleman

JAI P. BHAGAT

Jai P. Bhagat is President of NWN Corp., the Mobile Telecommunication Technologies (Mtel) subsidiary responsible for the development of Mtel's two-way Nationwide Wireless Network (NWN). Mtel was awarded the first Pioneer's Preference from the Federal Communications Commission in the Personal Communications Services proceeding. The system will enable people to send and receive wireless messages using laptop, palmtop, and new hand-held messaging devices. Mr. Bhagat also serves as Executive Vice President and Director of Mtel.

Mr. Bhagat is also Chairman of Mtel International. Mr. Bhagat serves on the Board of Directors of American Mobile Satellite Corporation (AMSC). AMSC is licensed to provide mobile satellite voice and data services throughout the United States. Mr. Bhagat previously served as Chairman of the Board of AMSC. Mr. Bhagat also serves on the Board of Directors for Wireless Access, a development stage company that is engaged in the business of developing wireless integration devices for mobile computing.

Mr. Bhagat currently is Chairman of the Legislative/Regulatory Committee for Personal Communications Industry Association (PCIA), a national wireless messaging industry association. He also serves on PCIA's board, which he led as Chairman in 1988. Mr. Bhagat is the recipient of the 1993 Telocator Technology Award. He has been appointed by the Governor of Mississippi to serve as a member of the Mississippi Science and Technology Commission and is a Fellow Member of the Radio Club of America.

Post-It™ brand fax transmittal memo 7671		# of pages » 1	
To	<i>Marie Schwab</i>	From	<i>Jai Bhagat</i>
Co.	<i>DEC</i>	Co.	<i>Mtel</i>
Dept.		Phone #	
Fax #	<i>301-918-5543</i>	Fax #	<i>601-944-7124</i>

I N T E R O F F I C E M E M O R A N D U M

Date: 15-Jun-1994 09:22am EDT
From: JIM COLEMAN @COP
COLEMAN.JIM AT A1 at GUCCI at
Dept: Channels Dist. Mid-Atlantic RM
Tel No: 301 918-5200

TO: See Below

Subject: RE: MTEL - SALES STRATEGY

Larry,

MTEL NWN Project

FY95 Revenue \$4M
3Yr Program Revenue \$20M

As we discussed on the phone last friday we are at a critical juncture in the MTEL NWN project.

The director of the MTEL NWN Integration, Dinesh Sheth, told the account manager and I that due to concerns about Digital's financial position upper management had instructed him to keep AT&T in consideration and if all things are equal do not choose Digital.

In order to keep from losing this deal we must make contact at the senior mgt level in order to reassure MTEL that we are committed to MTEL's success in NWN and have the financial & organizational stability in order to proceed.

Reccomendations:

- 1) Have Russ Gullotti call Jai Bagat, Pres. MTEL Technologies, 6/17.
- 2) Followup visit by Gene Nelson prior to June 30th to meet Jai.
- 3) Schedule corporate visit to CSS integration facility, provide transportation for Jai Bagat, Jai to meet with Russ & Scott Roeth. This should take place before end of June or in first two weeks of July.

Distribution:

TO: LARRY DUNHAM @MKO

(DUNHAM.LARRY AT A1 at SOLVIT at MKO

CC: JIM COLEMAN @COP
CC: MARIA SCHWAB @COP
CC: GENE NELSON @MKO
CC: SUSAN BENZ @MKO
CC: HEINZ BRINKHAUS @MKO
CC: WAYNE GASKILL @CHO

Printed by RUSS GULLOTTI @MKO

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 073092
Date: 15-Jun-1994 06:50pm EDT
From: VMSMail User DUNHAM.LARRY
DUNHAM.LARRY@A1@MRGATE@SOLVITE
Dept:
Tel No:

TO: GULLOTTI@SOLVIT@MRGATE

Subject: CONCALL - MTEL SALE

From: NAME: LARRY DUNHAM @MKO
FUNC: U.S. AREA FIELD
TEL: 603-884-0140
To: GULLOTTI @SOLVIT @VMSMAIL
CC: JIM COLEMAN @COP,
GENE NELSON @MKO

<DUNHAM.LARRY AT A1 at SOLVIT at M

HI RUSS,

THANKS FOR YOUR CONTINUED HELP IN CLOSING MTEL THIS MONTH.

ATTACHED FROM JIM COLEMAN @cop IS AN OVERVIEW OF THE MTEL CURRENT SALES SITUATION AS BACKGROUND FOR TOMORROW'S 9:00 CONCALL WITH YOU.

THE SALES/CSS TEAM HAVE JUST RETURNED FROM THE ACCOUNT AND THINK WE HAVE A GREAT CHANCE AT BEATING OUT A.T.&T. - BASED ON OUR PROPOSED SOLUTION.

HOWEVER, HAVING LEARNED FROM THE LOSS OF THE G.E. MEDICAL SALE LAST MONTH, WE NEED YOUR ASSISTANCE IN EXTINGUISHING MTEL UPPER MANAGEMENT'S CONCERN ABOUT DIGITAL'S VIABILITY.

LARRY

Printed by RUSS GULLOTTI @MKO

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 073202
Date: 17-Jun-1994 05:23pm EDT
From: VMSMail User NAGLER
NAGLER@SOLVIT@MRGATE
Dept:
Tel No:

TO: GULLOTTI@SOLVIT@MRGATE

CC: NAGLER@SOLVIT@MRGATE
CC: DUNHAM@SOLVIT@MRGATE
CC: GNELSON@SOLVIT@MRGATE

Subject: I - Background re: Voice products for MTEL customer call

Russ,

I understand that you will be calling Jai Bagat of MTEL on Monday and that you need some background regarding MTEL's use of our voice products.

Today, MTEL has some 220K SKYPAGE users who are serviced via DECVoice systems.

MTEL has expressed interest in moving to a lower cost, more powerful platform. We explained our ALPHA/AXP Voice strategy to them about a year ago. They loved the design concept but were concerned that the new systems would not be available as early as they need them to be. The new systems are Alpha AXP processors integrated with Dialogic voice boards. They run both NT and OSF/1 operating systems. The NT platform was ready first per plan. We made one available to MTEL. They decided that NT was not their choice.

They asked for earlier development on the OSF platform. We could not comply but the lead engineer, Paul Burke and I went to MTEL on February 23 to meet with Danesh and his team and present alternatives.

We presented both the long term AXP voice strategy and presented a model of how DECVoice and AXP Voice could provide heterogeneous call handling within the same environment by utilizing CCITT standards. We stated we would have a field test OSF unit to them this July. We are on schedule for that shipment.

MTEL stated that they had already begun their new application development on a UNIX 486 platform but preferred Alpha AXP. We countered that we would help them port their UNIX application to OSF in time for deployment.

So, although disappointed with the timing, my impression and understanding from Danesh was that MTEL is satisfied with the above plan. In fact I was told that they will plan their deployment on Alpha/AXP Voice.

I hope the above proves useful on the call.

Call scheduled
Monday - 8:30

Printed by RUSS GULLOTTI @MKO

I N T E R O F F I C E M E M O R A N D U M

Doc. No: 073102
Date: 16-Jun-1994 08:20am EDT
From: JIM COLEMAN @COP
COLEMAN.JIM AT A1 at GUCC
Dept: Channels Dist. Mid-Atlant
Tel No: 301 918-5200

TO: Russ Gullotti @MKO

Subject: MTEL Briefing

Russ,

PURPOSE OF MEMO

The purpose of this memo is to give you an overview of Mobile Telecommunica Technologies Corp., or Mtel and prepare you for a phone conversation to MTE Technologies President Jai Bhagat.

KEY ISSUES TO BE DISCUSSED WITH JAI BHAGAT

- Viability of Digital Equipment Corporation
- Establishment of Senior Mgt Relationships
- NWN Project Proposal status & commitment
- DECvoice Migration

Mtel OVERVIEW

Mtel, located in Jackson Mississippi, is the parent company of SKYtel, the worlds only provider of global paging and messaging services.

They have been a Digital VAR for the past 3 years. They were signed to res the CSS DECvoice services and have successfully implemented that product se part of their global messaging service.

They are currently the largest user in the world of Digitals DECvoice Produ

In FY94 they were named a CEM account and have been given to the Mid-Atlant RMC Channels district for daily account management.

Mtel FINANCIAL & REVENUE HISTORY

Account Manager
Maria Schwab @COP
Dtn 339-5538

Digital Revenue History

FY94	2.3M
FY93	2.0M
FY92	2.5M
FY91	1.9M

Mtel Worldwide Revenue (1992 Annual Report):

	1988	1989	1990	1991	1992	1993
Revenues (Millions)	20	35	66	90	112	130
Subscribers	19800	70400	125200	181200	244200	330000

International business is currently the fastest growing segment of the business.

CURRENT PAGING PRODUCTS

Message Card (credit card size pager)
Skypager (standard pager w/alphanumeric display)
Skyword (for receipt of larger text messages)

OTHER BUSINESSES & PARTNERSHIPS

Mtel owns 9.6% of American Mobile Satellite Corp. (Satellite Phone Service)

Mtel's partners are some of the best known companies in the worldwide telecommunications industry:

Grupo Televisa S.A. de C.V. de Mexico, Motorola Ltd. & Mercury Communications Ltd. in the UK, Rogers Cantel Mobile, Inc. in Canada, Pacific Link in Hong Kong, Singapore Telecom & Telekom Malaysia Berhad.

In 1992 Apple announced it was working with Skytel to explore wireless systems options for Apple's Newton. Skytel also announced it will offer "SkyCard" an integrated circuit card conforming to the PCMCIA standard to support a broad range of Laptop & Palmtop PC's and electronic organizers.

OTHER IMPORTANT ISSUES WITH CSS & MTEL

On August 17th the account team in conjunction with CSS made a presentation to Mtel to discuss the next generation of DECvoice based on the Alpha PC.

It was a very successful visit. They liked our New DECvoice Strategy and are planning a migration to Alpha.

They have asked us to enter into partnering discussions in a new product line: NATION-WIDE WIRELESS NETWORK or NWN. This new two-way network will enable subscribers to transmit and receive wireless messages coast to coast, using "personal communicators", as well as laptop and palmtop PC's. This is the reason for Mike's visit.

Mtel was recently awarded a pioneer's preference by the FCC for the NWN. This virtually guarantees Mtel an operating license as soon as the FCC opens the 900MHZ band for data next year.

IN SUMMARY

This is clearly, an opportunity for growth. They have requested that the partnering discussions for NWN only take place at the highest levels of

the corporation. Customer contacts and agenda will follow once we set a firm date and time.

Attached is a recent PC Week article on Mtel for your review.

Regards,

Jim Coleman
Branch Manager
Washington D.C. Channels

Distribution:

TO: Remote Addressee	(Gary Welterlen @ALF)
CC: Remote Addressee	(Tony Detato @COP)
CC: Remote Addressee	(Ralph Henise @COP)
CC: Remote Addressee	(Robert Cartwright @CoP)
CC: Remote Addressee	(Maria Schwab @COP)
CC: Remote Addressee	(Irene Nagler @MKO)
CC: Remote Addressee	(Wayne Gaskill @CHO)

I N T E R O F F I C E M E M O R A N D U M

Date: 26-Aug-1993 09:54am EDT
From: TONI SHELTON @COP
SHELTON.TONI AT A1 at GUC
Dept:
Tel No: 339-5540

TO: Jim Coleman @cop
TO: Maria Schwab @cop

Subject: July 26, 1993 - PC Week Article

Here's the article -

MISSISSIPPI MEGAHERTZ

DEALS - Forget the catfish and corn pone. MTEL CORP. wants to put Jackson on the map with communications - the two-way wireless kind. The FCC just gave it a boost.

By Steve Hamm:

Cotton used to be king in Jackson, Miss. But no more. The new pretender to the throne is communications. Here's why: Jackson-based Mtel Corp. just won an endorsement from the Federal Communications Commission that could make it a major player in the potentially huge wireless computing business. Mtel's technology so impressed the FCC that it granted "pioneer preference" for the company's plan for a nationwide two-way wireless messaging system.

That's not just a Good Housekeeping Seal of Approval. The FCC has never awarded the preference to a commercial project. It virtually guarantees Mtel an operating license as soon as the FCC opens the 900MHz band for data next year. While rivals are still bidding for licenses, Mtel will be well on its way to building a national network.

Mtel proved itself by establishing SkyTel, the nation's largest paging service. It now plans to spend \$100 million to get the two-way stem (being tested in Dallas) into 300 major markets by mid-1995. It's on the prowl for partners (money and technology) to help make its Nationwide Wireless Network subsidiary the standard in a market expected to top 13 million users by decade's end. "We're a small company," says Jai Bhagat, Executive Vice President of Mtel and President of the subsidiary. "But nobody thought we could make SkyTel work, and look what happened. We're confident we can repeat history." Mtel is shaping up as the Wal-Mart of wireless messaging, serving the masses via two-way pagers. PDAs and notebook computers. Its strategy: Keep thing simple. NWN customers will have one service provider, one frequency to monitor and one button to push. The network will work in just about many populous place in the U.S. - indoors or out. Battery life will be measured in weeks, not hours. the technology is best suited for two-way pagers and PDAs. "Their main leverage is having that big installed base of SkyTel customers (220,000 nationwide) who can trade up," says Andrew Seybold, editor of the newsletter Outlook for Mobile Computing.

Wireless data communications is an embryonic industry. It's not clear what services will be available, from who, when and at what price. Analysts expect the market to be high fragmented, with a slew of networks serving varied customers. "NWN is a paging solution," not a complete answer for wireless computing, say Richard Shaffer, president of Technologic Partners. The service will handle short message, not the big data sumps corporations need. And it doesn't allow for on-line connections to an office computer.

Mtel must catch up to two rivals that already offer wireless data services: Ardis and RAM Mobile Data. Although they're concentrating on vertical applications for large corporate customers, they overlap Mtel at the

mobile-computing end of the business. Mtel expects to have the advantage in coverage area, ease of use and power needs. But Ardis (a joint venture of IBM and Motorola), for example, already has 35,000 users in 400 metropolitan areas. And the competition doesn't end there. Looming is Cellular Digital Packet Data, being developed by leading cellular companies to transmit data packets across cellular networks in short bursts.

Mtel is the offspring of Mobile Communications Corp. of America, a pioneering cellular phone and paging company founded in the 1960s by John Palmer, now Mtel's Chairman and CEO. Palmer sold MCCA to BellSouth in 1988 but kept the nationwide paging business. SkyTel. It's growing about 40 percent a year. Mtel's worldwide sales are on a \$160 million trajectory this year.

It was Palmer's idea to develop a two-way messaging system to help customers who need to respond quickly to pages. The company engineers devised technology capable of transmitting 24K-bps simulcast in a single 50KHz channel. That's 10 times as fast as state-of-the-art paging systems. What makes this possible is Mtel's multicarrier modulation technology. Mtel runs eight signals in the band rather than one. And it operates at a baud rate of 3K bps, rather than the more typical 2.4K bps. A second innovation was Mtel's decision to send and receive messages from remote devices using 500 transmitters and 2,500 receivers.

Strategic partnerships are the key to financing the network and catching up with the early leaders, says Bhagat. And that's what he's concentrating on this summer. Two key partners are in the bag. Kleiner Perkins Caufield & Byers, the Palo Alto, Calif., venture-capital partnership, has invested \$6 million in NWN and is taking the lead in rounding up other investors - players in the communications and computing industries. Raising \$100 million will be "no problem," says KP partner Kevin Compton, who expects to close the first round this summer.

Partner No. 2 is Motorola, which is providing equipment for NWN's tests. Motorola also hopes to supply network infrastructure equipment and messaging units.

Bhagat is also talking to chip makers, computer manufactures, software publishers and specialized service vendors. For most of the meetings, he flies out of Jackson International Airport (no international flights yet). But increasingly, the computer industry's deal makers come to him, in Jackson, which communications would be king.

From: SOLVIT::GNELSON "GENE NELSON CSP PSC 264-7895" 13-MAY-1994 14:
To: GUCCI::JCOLEMAN
CC: NM%MTSS\$::"cop::jim coleman",GNELSON
Subj: MTEL PACKAGE

From: SOLVIT::GNELSON "GENE NELSON CSP PSC 264-7895" 13-MAY-1994 14:
To: STOWOA::SCARBOROUGH
CC: GNELSON
Subj: M-Tel Letter

From: NAME: GENE NELSON
FUNC: VP, CUSTOM SYSTEMS
TEL: 264-7895
SOLVIT::GNELSON

TO: DICK SCARBOROUGH

RE: M-TEL LETTER

Dick,

The purpose of this note is to get a letter sent to M-Tel from the appropriate Digital manager. The customer is evaluating bidders prior to a request for proposal. They have told the Sales Branch Manager, Jim Coleman, that a Digital solution (Alpha processors with customization and integration via CSS) has the inside track, but they're worried any organization changes, or sell-offs, would jeopardize their project being completed on schedule. The customer has requested an immediate letter from Digital (at a management level above the CSS organization) to address their concerns.

The attachments include a summary of the opportunities, a note from legal and a "watered down" draft of the letter. Per our discussion, please secure the appropriate approval and signature. Please contact me with appropriate details for transmitting the letter to M-Tel.

Thanks,

Gene

/clb
Attachments

OPPORTUNITY OVERVIEW

- o Probable Solution
 - \$4M at 50%+ Gross Margin
 - 200 Alpha-based communications controllers
 - CSS network design, customization, system integration, staging and acceptance testing

- o Sales Cycle
 - Business and technical qualifications to be complete by end of May
 - Cert forecasted by early Q1
 - Revenue and full nationwide deployment to be completed by Nov. 1994.

- o Customer Summary
 - M-Tel is the parent company of Sky Page (worldwide paging service providers).
 - Their current worldwide networking systems are all Vax based.
 - They will develop a new Nationwide Wireless Network (for two-way, wireless E-mail communications) as a key element of their corporate strategy.
 - They are currently a satisfied Digital customer and this is a mission-critical program for them.