Allocation — Interlink

Purchase Price	64000
+ Acq. costs	18645
− Tangible asset adj	32952
Intangible assets	49693

Products
TcPaccess	2232	7685 ~~7707~~
CPT	3671	2468
EPS	3390	2311
Total	29290	12,463 ← from F

Technologies
Sentinel/IP	6345	7156
Turbo/API	977	1098
Turbo/FTP	476	528
TcPaccess/GOS	1208	1361
+ total Tech	9006	← from H 10143

Other Technologies
Retained Emp	1382	
Curt Base	~~1077~~ 6662	← from J
Core Tech	~~16141~~ 18134	← from H
Goodwill	7.909	
	~~8691~~ 27087	
	49693	

Core Tech
2214
2281
1005
1035
1618
1667
434
5887
16141

2497
2573
1130
1164
1791
1852
461
6660
18134

Ways to increase IPR+D

   × increase price for APZ + FTP
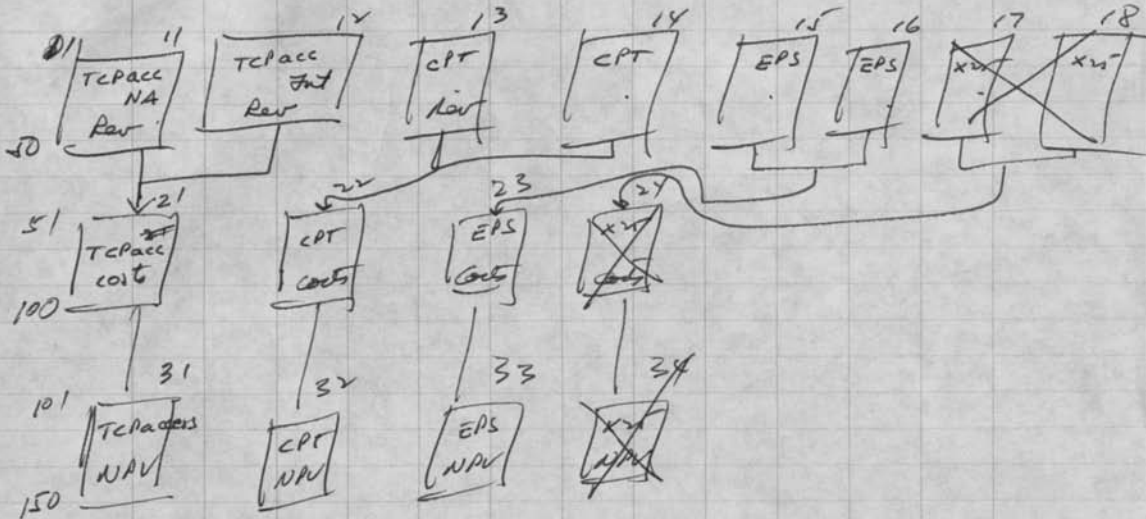   to 35K
    would add 600K

   × increase No. Amer. sales (other than FAA)
        for MVS/or Japanese machines
    show ~~plans~~ more add-on sales for Int'l

   × improve early profit margins
        by reducing costs —
        ck each product

SSI / Interlink   Appendix F

Products

203-264-8310

~~Le~~ IPR + D Valuation

Rev -
No. Amer
Rev - Intl

Sentinel / IP
Turbo / API
Turbo /
TCPaccess/60s

SSZ/Interlink

Amp H

5/27/99

~~50%~~ XLS

SS-I - ~~###~~ IL. XLS

10 years

01
50
Rev. 11

14

13

14

15

16

17 18

51
100
costs 21

22

23

24

101
150
NPV 31

32

33

34
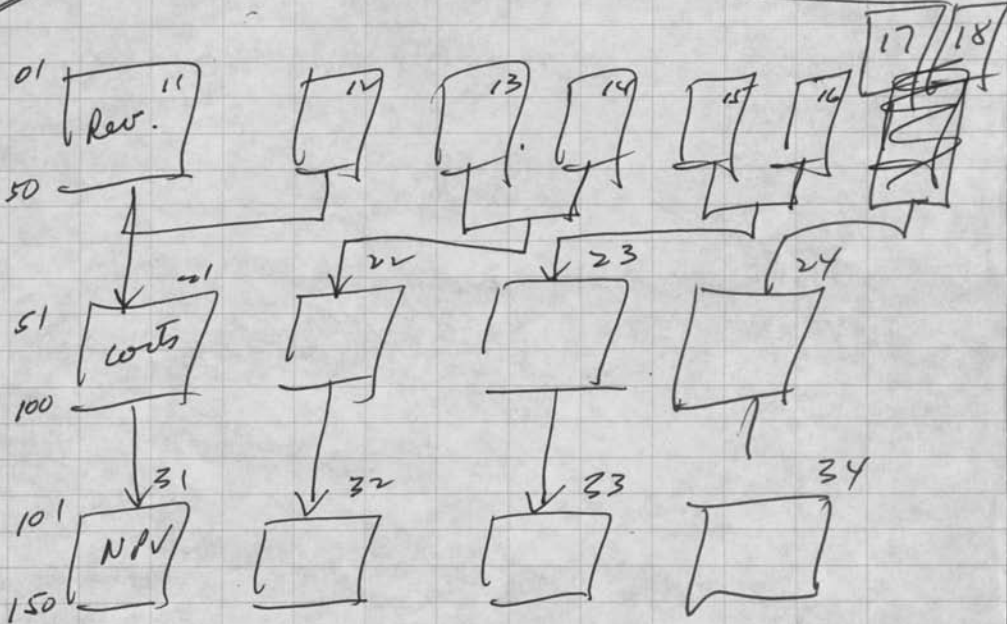
Customer Base Value
NMD Products

01 · 11
```
┌──────────┐
│ S: NIP   │
│ NA       │
│ Rev(1)   │
└──────────┘
```

1V
```
┌──────────┐
│ S: NIP   │
│ Intl     │
│ Rev      │
└──────────┘
```

13
```
┌──────────┐
│ S: NSMA  │
│ NA       │
│ Rev      │
└──────────┘
```

14
```
┌──────────┐
│ S: NSMA  │
│ Intl     │
│ Rev      │
└──────────┘
```

50

51 · 21
```
┌──────────┐
│ SNIP     │
│ NA       │
│ Rev(2)   │
└──────────┘
```

22   23   24

100

101 · 31
```
┌──────────┐
│ SNIP     │
│ Costs    │
└──────────┘
```

32
```
┌──────────┐
│ SNSNA    │
│ $ Costs  │
└──────────┘
```

150

151 · 41
```
┌──────────┐
│ SNIP     │
│ NPV      │
└──────────┘
```

4V
```
┌──────────┐
│ SNSNA    │
│ NPV      │
└──────────┘
```

200
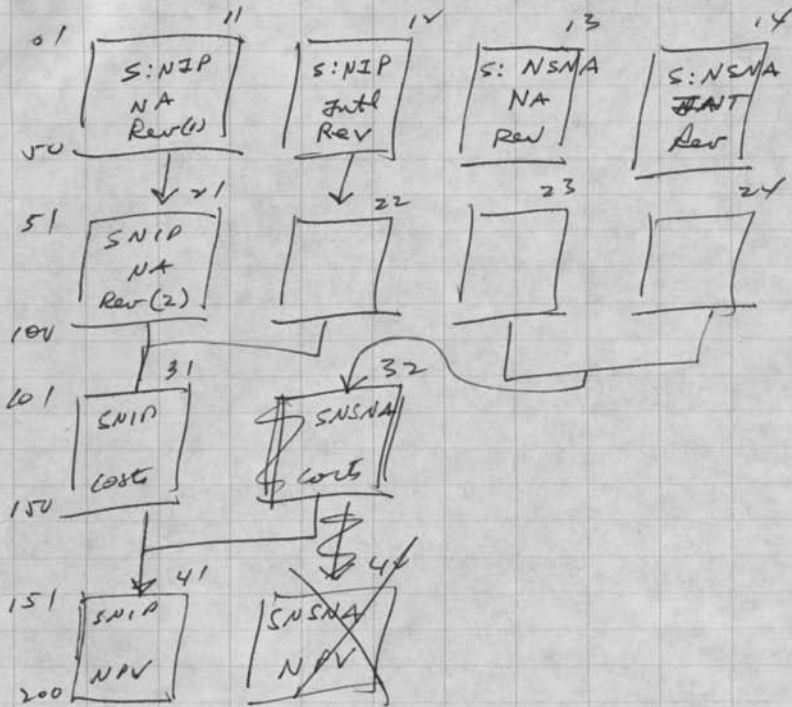
Set up models
adjust it's sold
for cust base mix
for TCI access
N.A vs Intl

Steps needed to cpt Interlink report:

IPR+D

√1. ^ To cpt, To come tech for
   √ Sentinel / IP, √ Turbo / API, √ Turbo / FTP
   (+ TCPaccess / GOS)

chris
Markle

√2. Products -

Doug
Bawfinshaw

use models
from Appendix F
of Spector
Logic

Set | TCPaccess   -
up | CPT   -
models | EPS   -
        | ~~DecNet~~   =
        | E Control   - (No)
        | X 25   -

sales history - NA + Intl
strategy for each
installed base (maint flow)
add-on/enjumle
maint
Services
margins
NMD business plan for each

√Lee M: 3. Retained employees

√Doug B.   4. Customer Base — which NMD products

                800 active IL.
                160 overlapped acc.
                                    640

Chris M
Doug B   5. Developed Technologies

Paul
Baker

Lee
McElwath   6. Acquisition Cost.
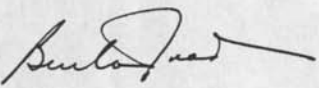(8426)

set up
App J

- SOLVE! NIP
- SOLVE! N for SNA

BURTON GRAD ASSOCIATES, INC.
101 POST ROAD EAST
WESTPORT, CONNECTICUT 06880
(203) 222-8718   FAX: (203) 222-8728
E-MAIL: BURTGRAD@AOL.COM

Date: May 12, 1999

To: Doug Bertinshaw
              Guy Daley
              Chris Markle
              Lee McElrath

Copy: Paul Baker
              Chris Bruton
              Sid Dunayer

From: Burton Grad

Subject: Interlink Valuation

As discussed in a May 8, 1999 conference call with Lee McElrath and Chris Markle, BGAI plans to value the following acquired intangibles:

- **Software Products** — TCPaccess, EPS, CPT, x.25 for S/390; NPV of projected cash flow

- **In-Process R&D Technologies** — Security/access control, Turbo FTP, Turbo API (as extended for NMD release) with reduction for core technologies (from Interlink) and for percentage of work not yet completed (related to FAS86 technical feasibility); NPV of projected cash flow

- **Non-Compete Agreements** — Contracted value and time period (if any)

- **Retained Work Force** — Cost savings from not having to recruit, train and bring other new employees to full productivity; adjusted for taxes

- **Customer Base** — Opportunity to sell other current NMD products to the Interlink customers; NPV of projected cash flow

- **Developed Technologies** — Value/replacement cost for previously delivered or other new technologies for future products

- **Going Concern/Goodwill** — Remainder of acquisition cost not covered by tangible or other intangible assets

I am sending you relevant material from a previous report and certain work sheets for you to prepare to provide the information that Sid Dunayer and I need to carry out the valuation process. The following items are enclosed:

Attachment 1 — Selected sections from Cayenne valuation report, intended only as a model to show the general approach that BGAI will take

Attachment 2 — Information needed to determine core technologies contributions (for each new offering)

Attachment 3 — Information needed to determine percent completion (for each new offering)

Attachment 4 — Retained employee cost savings analysis form

Attachment 5a — Interlink Customer Base analysis form

Attachment 5b — Interlink Customer Base potential for specific NMD products

Also, please review the information required list (Attachment B) from my April 16 letter to Logan Wray, copying Bertinshaw, Daley and McElrath. The request list and a list of the material I have already received are attached to this letter as Attachments 6a and 6b.

Please discuss each item with me if you have any questions. Let's get items 2, 3, 4 and 5 done quickly. We will set up a conference call regarding items 2 and 3 around May 13 or 14 with Sid Dunayer, Chris Markle and Doug Bertinshaw (and Lee McElrath and Guy Daley if they wish to participate).

We need to move ahead quickly on this project since Paul Baker has requested that all of the intangibles values be available to him by May 31, 1999.

1. Copy of Valuation Report on Intangible Assets of Cayenne Software, Inc. Acquired by Sterling Software, Inc. Valued as of October 23, 1998 report (*WordPerfect document 4043.doc, March 29, 1999*)

2. Appendices to above report:

   WordPerfect document 4043app.doc
       Appendices G-2 and G-3
       Appendices I-1, I-2, I-3 and I-4

   Excel document SSWcay2.xls)
       Appendices F, G-1 and H

Core Technologies Contributions

The key steps are (see Appendix G-1 and G-3):

1. Identify primary functions for each of the new NMD products. For each primary function, identify principal "technologies" required.

2. Identify corresponding functions from previous Interlink or NMD products (e.g., core technologies).

3. Map significance of functions in #2 to functions in #1.

4. Establish relative market value of each functional area, and then calculate weighted contributions of the core technologies.

5. The sum of the core technologies contributions will be deducted from the computed value of each of the new NMD products.

Percent Completion Analysis

The key steps are (reference Appendix G-2):

1. Establish an overall development plan covering start of project through general release; identify principal elements in the development process.

2. For each element, determine development effort/cost incurred (if completed or in process) or expected.

3. Lay out corresponding time schedule.

4. Identify development costs to acquisition date.

5. Determine date when new product can be expected to pass FAS86 technical feasibility test.

6. Identify development costs from acquisition date to FAS86 clearance date.

7. Identify remaining development costs -- from FAS86 date to general release date.

8. Are there any special technological complexity factors that would make the work done to date more valuable than the work still to be done prior to FAS86 clearance?

Information Required for Product and Technologies Valuation

1. List of principal Interlink customers for preceding three years and the revenues from each of these accounts for each year

2. Analysis of Interlink installed customer base including installation dates, maintenance status, platforms

3. Financial statements for Interlink and SSI/NMD for the preceding three years

4. Effective SSI/NMD U. S. tax rate (federal and state) and international tax rate for budget purposes as of the acquisition date

5. Discount rate for SSI/NMD as of the acquisition date

6. Organization chart for Interlink, with number of employees by function

7. Marketing materials for Interlink

8. List, description, size and market share of principal competitors to Interlink for networking software and services.

9. SSI/NMD acquisition analysis materials for Interlink

10. SSI/NMD business and strategic plans for acquired Interlink products and technologies including planned products, types of services, pricing, development projects, etc.

11. SSI/NMD sales, marketing and support plan for acquired Interlink products (both delivered and in process) and customers

12. Technical analysis of relevant Interlink SSI/NMD products and in-process development activities in terms of applications, industries and system functionality

13. Technical plans for utilizing and incorporating acquired Interlink technologies in future SSI/NMD products and services

14. Information on costs of replacing employees: recruiting, training, productivity

Materials Received — Interlink

1. Various Press Releases
2. Interlink ink, November 1998 Newsletter
3. Educational Services, 10/19/98
4. Professional Services, 10/19/98
5. Training and Educational: NetLOCK
6. NetLOCK Technology licensing arrangements, IPsec and VPN Interoperability and Authorized Reseller Program
7. 3762 Network Controller Product Information
8. e-Access: Sentinel/IP Product Information
9. e-Access: SNAP/IP 4.2 Product Information
10. e-Access: CICS Programmers Toolkit 5.2 Product Information
11. e-Access: Software Product Information
12. e-Access: e-Control 5.2 Product Information
13. TCPaccess 5.2 Software Product Information
14. Interlink Market Review Presentation: The IP Experts, 2/5/99
15. North American Organization Presentation
16. Sterling Software Memorandum of Acquisition: Interlink Computer Sciences, 3/30/99
17. Organization Charts and Company Locations
18. Interlink & Sterling Software: Operations Review Guide, 4/5/99
19. April 9-15/99 Meeting Schedule for Columbia and Paris
20. Interlink and Subsidiaries Financials: 1998 and 1999
21. Consolidating Income Statements: Period ending 6/30/96
22. Interlink Actual vs. Budget Income Statements: 1998 and 1999
23. Interlink Accounts Receivable Aging: 3/31/99
24. Interlink Revenue Recognition Policy (effective 7/1/98)
25. Network Management Division Organization Charts: 2/17/99

Work sheets - Interlink

for Appendix J

Customer Base Potential

For customer base potential, fill out a table like the one below (see Appendix I-2):

Customer Base	Solve Products					
	SNIP			*SINENA*		
	large	*Med*	*Small*	*lg*	*med*	*Small*
	1	2	3	4	5	6
Percentage of Customers who will Buy	90%	70%	30%	20%	20%	20%
Price/Unit Sale (large, medium and small) (K$)	11,00	4½	4½ 28	80K	50K	25K
Add-on/Upgrade (%)	20%	15%	10%	20%	15%	10%
Retention Rate (%)	95-85	90-75	85-65	95-85	90-75	85-65
Maintenance (%)	.18 →			.18 →		
First-year Maintenance (%)	1.0	1.0	1.0	1.0	1.0	1.0
Services (% of NSS)	5¢	7.5¢	10¢	none →		
Operating Margins (%)	40% →			40%	40%	40%

640 cent
64 large
1VP med
448 small

disc - 30% disc
already done

No. Amer / Intl split.

Customer Base Analysis

For customer base, fill out a table like the one below (see Appendix I-2):

No. of New Customers

Customer Category	Number of Companies	1998 Annual Revenue	% Overlap with NMD	Average No. Years as Customer
Top 10% — large	80		20%.	64
Next 20% — Medium	160		20%.	128
Remaining 70% — Small	560		20%.	~~500~~ 448
Total	800			640

Sterling Software
Network Management Division

SOLVE:Netmaster for TCP/IP

Current install Base	FY98	1Q99
U.S.	61	67
Rest of World	95	101
	156	168

NSS Revenue

	FY98	1Q99	98/99 total
U.S.	2357	701	3058
Rest of World	2813	1070	3883
	5170	1771	6941

Number of Units Sold

	FY98	1Q99
U.S.	31	6
Rest of World	44	6
	75	12

Current install base is measured as the total number of customers.

Number of units sold is measured as, one customer transaction equals one unit.

TCP Access worksheet - assumptions

BG //
2H 1999 -   new sales - new customers - $3M
4.   (e.g. 50 units @ 60k/unit)

                add-ons - existing customers
                    approx 800 customers @ price of 30k
                                = $24M installed base
+ upgrades   assume 15% of base growth
                    because of add-ons / upgrades
                = $3.6 M for full year
                = 1.8 M for ½ year

                ══

                Services (trng + consulting) = 6.27% in 1998
                assume 10% ~~dropping to 5% of~~ of
                    unit sales value

                ══

                maintenance -
                    Shows 7.9 ~~off~~ M for FY98.
                    at rate of 2.5 M / qtr for FY99.
                    includes EPS, CPT (and others?)
                    on $24M installed base at 18%.
                    The maint would be $4.3 M / year;
                    this implies that the installed
                    base is longer or that there is
                    substantial maint of on EPS, CPT
                    or other products. I'll assume
                    $6 M for full year

                ══

need to
split
to N.A. +
Intl.

                Basically made 2-1 split
                    for No Amer vs Intl

TCP Access worksheet   per Doug B.   6/15/99

installed =

                                                    No Amer   Int'l

    new Sales History   Total
⟨7/1 - 6/30⟩   FY 96   11197
                97   14552
                98   5620 (+3124)
                99 plan   6502 (+3965)

    ASP = 55K

    have taken back Cisco sales

    no new sales --- ?   plan shows 700 new sales
        upgrades/add-offs -   over next 5 yrs
        maint - 15%   biased toward
        services - none   No. America

                Maint   Total
                FY 96   7739
probably   97   9211
includes   98   7902
CPT +   99 plan   12899
EPS
also includes
a contract
+ DecNet
    Consulting/Trng
                FY 98   627k   ⟨ note fcst
                                           may include
                                           Tokyo sales ⟩

~~~~~~

    new sales revenue - NMD fcst
        new licenses to existing +
            new cust
    20 new some/year = 50 units/yr.
    50% increase in add-ons/upgrades

Product Positioning Statements

- Product: SOLVE:TCPaccess

- Position:
  - High performance, highly reliable TCP/IP protocol stack for the OS/390 and MVS environment.

- Overall Plan:
  - Invest in must-have features. Investigate the re-packaging of the base technology into the 'Turbo' packages and products for the Asian- Pacific market.

Customer Problems - TCPaccess

- ◆ **Requirement to support critical business applications with high availability, fast response time or reliability requirements.**

- ◆ **24x 7 environments require the ability to dynamically update applications and devices 'on-the-fly' without bringing down the stack and completely disrupting service**

- ◆ **Customer faced with HW upgrade to accommodate increasing IP traffic load.**

- ◆ **IP-based tools/applications (e.g., web-based TN3270e emulators) require access to legacy data on mainframe**

- ◆ **Customers running back-level versions of IUCV API applications (e.g, PeopleSoft) want to defer upgrading applications, but API no longer supported by IBM.**

ASP & Units

	FY98	FY99	FY00	FY01	FY02	FY03	5-Yr Total
Total Revenue	$8,862	$9,315	$9,967	$10,465	$10,779	$10,887	$51,414

	FY98	FY99	FY00	FY01	FY02	FY03
ASP	$55	$60	$66	$73	$80	$88

Units	FY98 (Est)	FY99	FY00	FY01	FY02	FY03	5-Yr Total
Total Revenue	163	155	151	144	135	124	710
N/A (66%)	107	103	100	95	89	82	469
Europe (21%)	34	33	32	30	28	26	149
Asia-PAC (7%)	11	11	11	10	9	9	50
Latin America (4%)	7	6	6	6	5	5	28

TCPaccess Revenue by Qtr ($K)

SOLVE:TCPaccess 5-year Revenue Forecast

Legend:
- ■ Latin America (4%)
- ▨ Asia-PAC (7%)
- □ Europe (21%)
- ■ N/A (66%)

	FY99	FY00	FY01	FY02	FY03	5-Yr Total
Total Revenue	$9,315	$9,967	$10,465	$10,779	$10,887	$51,414
N/A (66%)	$6,148	$6,578	$6,907	$7,114	$7,186	$33,933
Europe (21%)	$1,956	$2,093	$2,198	$2,264	$2,286	$10,797
Asia-PAC (7%)	$652	$698	$733	$755	$762	$3,599
tin America (4%)	$373	$399	$419	$431	$435	$2,057

Products Roadmap

- ◆ **SOLVE:TCPaccess 5.3**
  - 7/99
    - SAS/C 6.5
    - FTP from JES
    - Stabilization

- ◆ **SOLVE:TCPaccess 5.4**
  - Q1'00
    - SNMP DPI
    - TN3270e
    - OE Telnet Server
    - GateD
    - Stabilization

CPT Worksheet –   Doug B.   6/15/99

installs. 106

Rev - NSS   96 ~~565~~ 565
            97 972
            98 1413
            99 806

ASP - $25k

will use 3rd party channel

NHD   139 units over 5 yrs ?
fcst   new   new fcst   NA | Intl
         rev =   487 units –
                                  % 99-18   ~~ ~~ (12)
                                    00 - 58   36
                                    01 102   64
                                    02 144   91
         maint – 18%   03 166   105
                                       487   308 | 179
         Services – on init sales

         Add-ons / upgrades – no.

~~~~~~
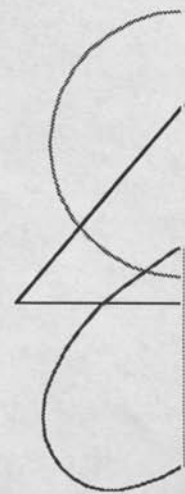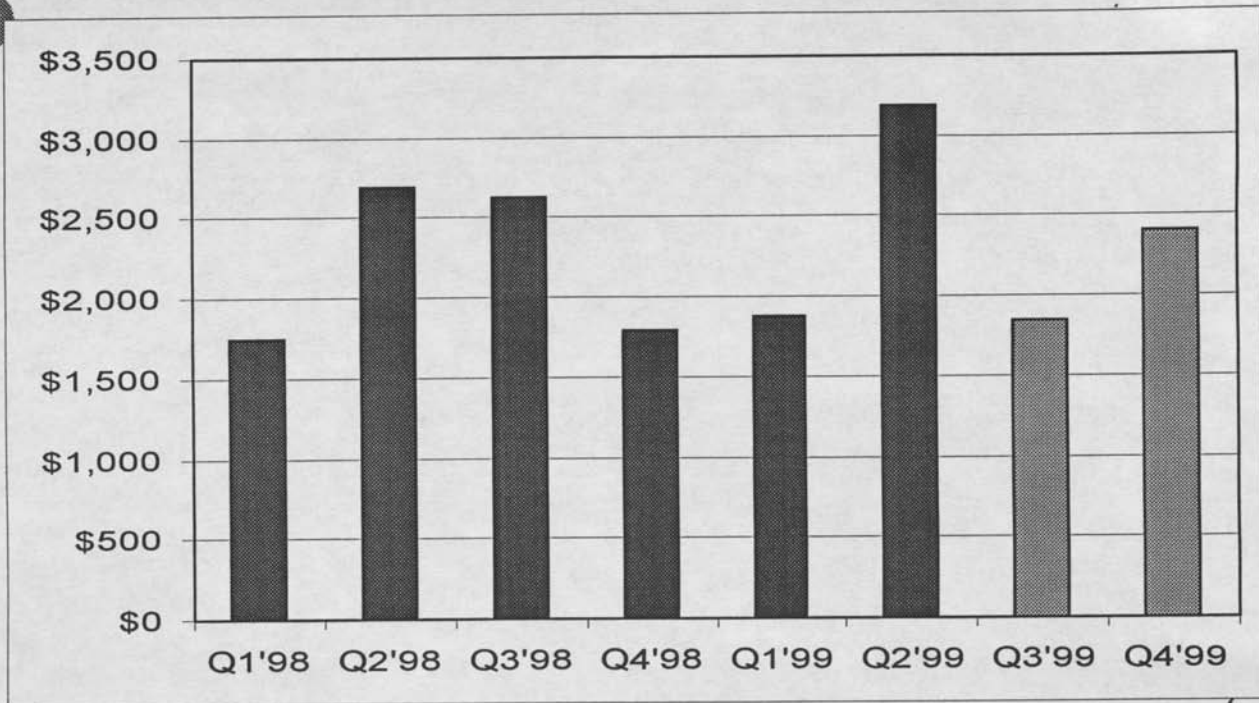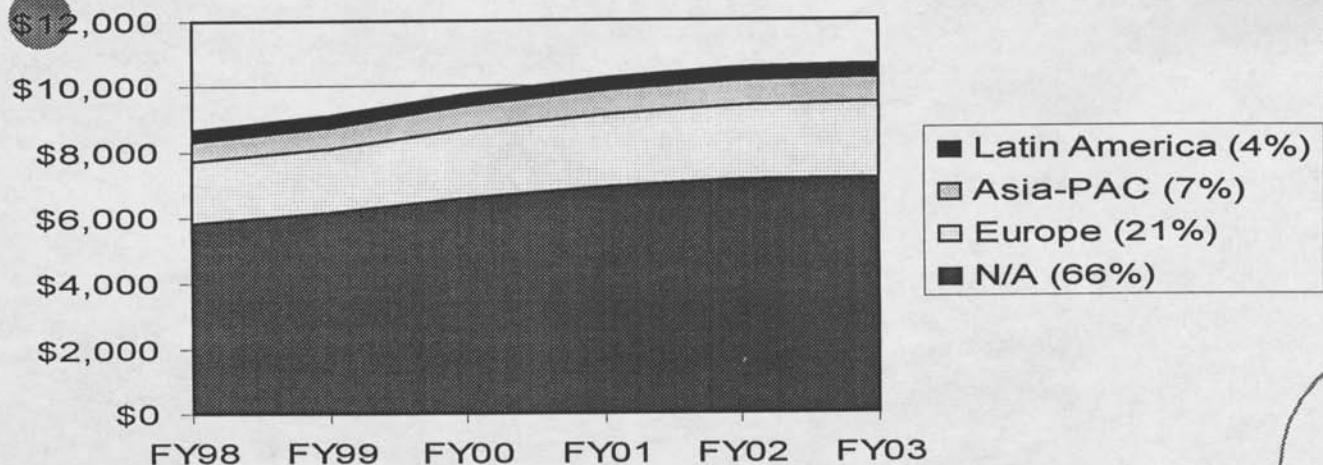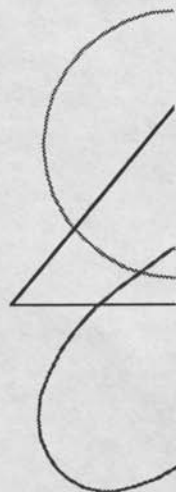
A's   6/16/99   60% - NA   40% Intl.
      new sales – rate of $350k / qtr.   15 units / qtr.
                  ~~Including~~ = $1.4 M / yr   & expect it to grow
      services 60% on init sale
      add-on / upgrade – none
      maint –   normal pattern for growth
             starting point – assume $5.04 install
                   base x .18 = $900 K

Product Positioning Statements

- Product: SOLVE:CPT

- Position:

  - High-level API for the CICS environment, used for programmatic connections between legacy CICS applications and distributed TCP/IP applications. CICS transaction management can monitor and manage connections between CICS regions and the TCP/IP applications in the distributed network. Also provides CICS with an FTP capability for bulk data transfer.

- Overall Plan:

  - Continue to support CPT customers. Continue to provide CPT. Discontinue direct consultation. Enhance product as needed and investigate integration of the management tool into SOLVE:Netmaster for TCP/IP. Investigate strategic alliances for possible OEM of product and for continued consulting services and training.
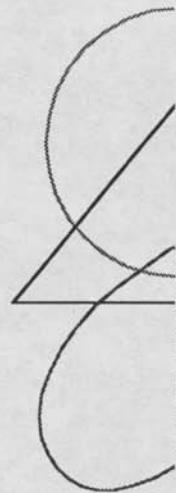
Product Positioning Statements

- ◆ Product: SOLVE:Operations for CICS

- ◆ Position:
  - Monitoring of CICS regions and elements.

- ◆ Overall Plan:
  - Combine synergistic components with CPT to provide end-to-end session visibility of CICS- to – IP transactions. Product delivery 2Q00.
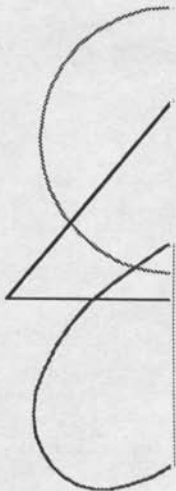
Customer Problems - CPT

- Legacy applications under CICS control many critical business processes. New applications in the TCP/IP network don't support existing LU6.2 interfaces in CICS, leaving integration between the legacy application and new application a difficult problem.

- Traditional TCP/IP integration tools for CICS are difficult to use and provide no diagnostics or management tools, making migration to a TCP/IP-based communications risky.
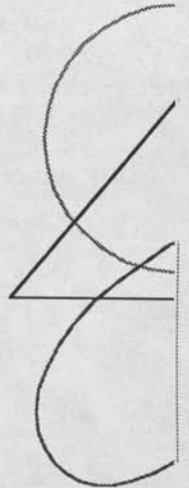
Market potential ($)

- ◆ 106 Sites have CPT

- ◆ 80% of MVS sites have CICS

- ◆ $25K ASP

- ◆ 1999: 5201 Sites in total OS/390 addressable market
  - 4161 Sites with CICS
  - Potential Market $: 104 M

- ◆ 2003: 8661 Sites in total addressable market in 2003
  - 6928 Sites with CICS and Production TCP/IP
  - Potential Market $:173 M
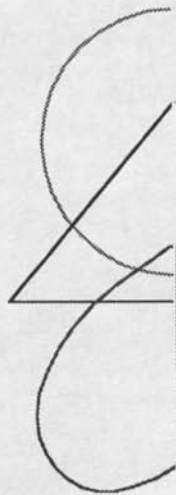
Unit Projections - SOLVE:CPT

SOLVE: CPT	FY99	FY00	FY01	FY02	FY03	5 Yr. Total	5 year total
North America	$ 200	$ 250	$ 300	$ 375	$ 500		$ 1,625
Units	8	10	12	15	20	65	
Europe	$ 150	$ 175	$ 225	$ 275	$ 350		$ 1,175
Units	6	7	9	11	14	47	
Asia Pacific	$ 25	$ 50	$ 75	$ 125	$ 175		$ 450
Units	1	2	3	5	7	18	
Latin America	$ -	$ 25	$ 50	$ 75	$ 75		$ 225
Units	-	1	2	3	3	9	
TOTAL UNITS	15	20	26	34	44	139	
Worldwide		$ 1,684	$ 2,273	$ 3,069	$ 4,143		$ 11,169

:
- FY99 based on actual revenue & forecast units
- Unit growth assumed at 30-35% without IBM strategic alliance

Revenue Projections - SOLVE:CPT

Chart showing revenue projections from FY99 to FY03, with y-axis ranging from $- to $1,200. Legend: Latin America, Asia Pacific, Europe, North America.
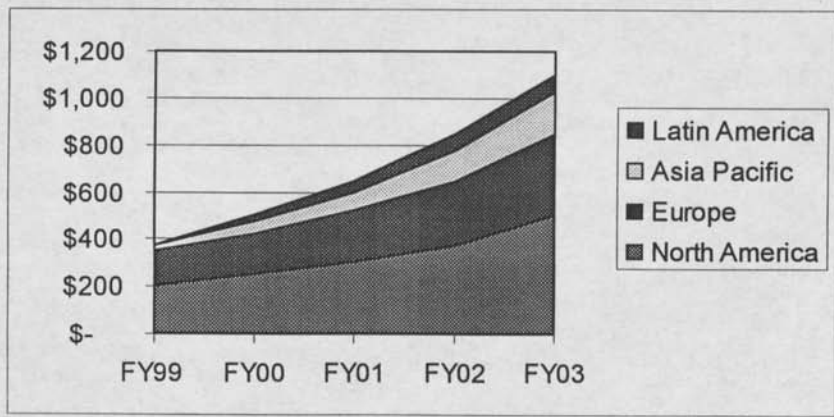
Assumptions:
- FY99 based on actual revenue & forecast units
- ASP $25K
- Unit growth assumed at 30-35% without IBM alliance
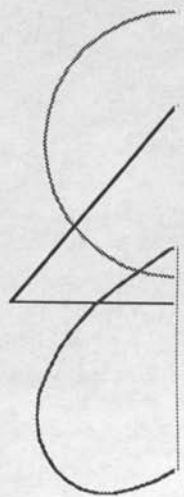
EPS - Worksheet - BS assumptions   6/16/99

new sales -
    300 $^+$/qtr   ~ 9 units/qtr = 36 units/yr

Intl = 60%.   N.A = 40%   for future

but install base is ~0-50

no add-ons

no services

maint = normal pattern
    assume 300 units installed at
        $20K/unit = $6 M × .18 =
            $1 M maint rev full year

6/14/99

EPS Worksheet — per discussion with Doug B

#installed — 300   (heavier intl)

                    Total   No. Amer   Intl
Sales history —
⟨7/1 - 6/30⟩   FY 96   435 K
               97   831 K
               98   1117 K
               99 plan 397 K

maint — no history ; 18% of ASP
                              ———→ how to determine this?
services — none

add-on sales — none

ASP — 36 K

─────────────────────────────

NMD fcst —
                        5 yr
                        total   NSS
        No. Amer   164 units   5920
        Intl   181 units   6544
        W-W   345   1×464

        ─────────

                    Telemarketing
                        total
                    20M revenue

IP
Print
solution

Levi,
Ray +
Shoup
USWest

Product Positioning Statements

- Product: SOLVE:EPS

- Position:
  - Managed distributed print solution for the TCP/IP market

- Overall Plan:
  - Addressable market is more than 20% penetrated. Distributed printing is a widely accepted use of
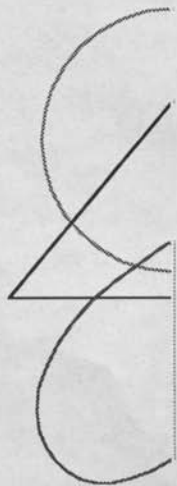
Customer Problems - EPS

- Enterprise computing environments are becoming increasingly complex, with a variety of printers distributed across a mixture of TCP/IP networks and mainframes. Without transparent access from the legacy applications to the distributed printing environment, users are forced to use unreliable, low function printing solutions.

- Users need the flexibility to access the right printer for the right task, whether it is a high-speed mainframe printer or a printer attached to a TCP/IP network. They need the performance to get the print to its destination fast.

- System administrators need the management tools to oversee and control print resources.

● Market potential ($)

- ◆ **1100 Sites have EPS or VPS**
- ◆ **5201 Sites in total addressable market**
- ◆ **$36K ASP**
- ◆ **FY99/00**

- ◆ **FY2001 - 2003**
  - ● **200 Units**
  - ● **$7.2M**
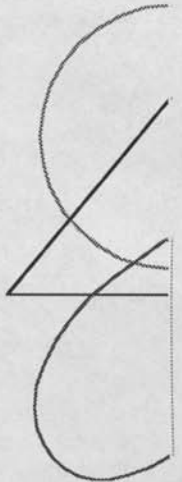
Unit Assumptions -
SOLVE:EPS

SOLVE: EPS	FY99		FY00		FY01		FY02		FY03		5 Yr. Total	5 year total	
North America	$	615	$	800	$	1,080	$	1,458	$	1,968		$	5,920
Units		17		22		30		40		55	164		
Europe	$	421	$	547	$	739	$	997	$	1,346		$	4,051
Units		12		15		21		28		37	113		
Asia Pacific	$	201	$	261	$	352	$	476	$	642		$	1,932
Units		6		7		10		13		18	54		
Latin America	$	58	$	76	$	58	$	138	$	186		$	517
Units		2		2		2		4		5	14		
TOTAL UNITS		36		47		62		85		115	345		
Worldwide	$	1,295	$	1,684	$	2,273	$	3,069	$	4,143		$	12,464

Assumptions:

- FY99 based on actual revenue & forecast units
- Unit growth assumed at 30-35% without additional capabilities
(WEB, Management enhancements)

Revenue Projections -
SOLVE:EPS
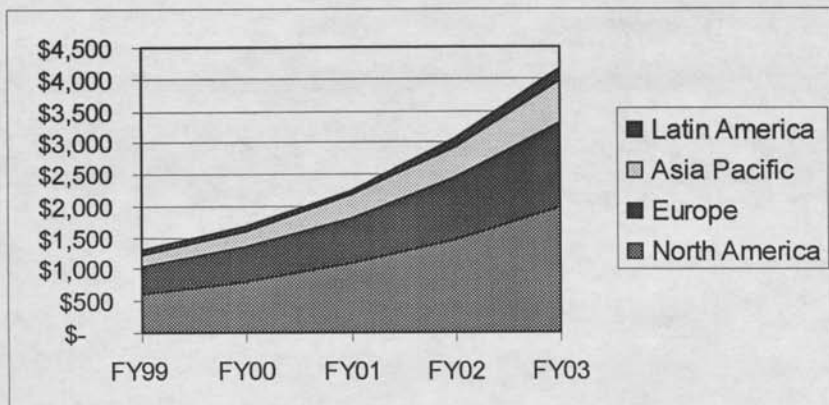
Assumptions:
- FY99 based on actual revenue & forecast units
- ASP $36K
- Unit growth assumed at 30-35% without additional capabilities
(WEB, Management enhancements)

WORLDWIDE
B

	$000s	fy96 act	fy97 act	fy98 act	fy99 plan	fy97	fy98	fy99 plan
		P&L Trend				% growth		
Software	TCPAccess	11,197	14,552	5,620	6,502	30%	-61%	16%
	IOS/390	0	0	3,124	3,965			27%
	Decnet	994	810	280	109	-19%	-65%	-61%
	CPT	565	972	1,413	806	72%	45%	-43%
	EPS	435	831	1,117	397	91%	34%	-64%
	FT				380			
	eControl				5,142			
	NetLock			169	867			
	Other	2945	4,236	1,612	1,800	44%	-62%	12%
		16,136	21,401	13,335	19,968	33%	-38%	50%
Hardware		3,534	3,576	2,585	642	1%	-28%	-75%
Mtnce	TCPaccess	7,739	9,211	7,902		19%	-14%	-100%
	Decnet	6,449	4,902	3,915		-24%	-20%	-100%
	Harbor	144	744	593				
	Other			92				-100%
		14,332	14,857	12,502	12,898	4%	-16%	3%
Services	Training			180	1,322			634%
	Consulting			447	1,355			203%
	Other			-				
		-	-	627	2,677			327%
Other				-				
		34,002	39,834	29,049	36,185	17%	-27%	25%

Worldwide
E

$000s	1q99 (Sep-30)				2q99 (Dec-31)				3q99 (Mar-30)				YTD			
	act	plan	var	1q98	act	plan	var	2q98	act	plan	var	3q98	act	plan	var	py
Software TCPAccess	1,685	967	718	1,003	1,725	1,317	408	1,522	2,417	1,283	1,134	1,390	5,827	3,567	2,260	3,915
IOS/390	44	1,073	(1,029)	673	63	1,242	(1,179)	226	768	1,695	(927)	1,301	875	4,010	(3,135)	2,200
Decnet	244	21	223	45	246	52	194	96	113	36	77	39	603	109	494	180
CPT	289	180	109	163	357	376	(19)	190	379	201	178	352	1,025	757	268	705
EPS	339	119	220	61	410	154	256	(26)	287	124	163	662	1,036	397	639	697
FT	65	173	(108)		92	166	(74)			40	(40)		157	379	(222)	-
eControl	1,662	1,155	507		31	2,011	(1,980)		138	1,126	(988)		1,831	4,292	(2,461)	-
NetLock	26	302	(276)		39	565	(526)		(34)		(34)	63	31	867	(836)	63
Other	22	273	(251)	462	251	608	(357)	577	117	20	97	262	390	901	(511)	1,301
	4,376	4,263	113	2,407	3,214	6,491	(3,277)	2,585	4,185	4,525	(340)	4,069	11,775	15,279	(3,504)	9,061
Hardware	147	65	82	426	203	238	(35)	803	349	163	186	737	699	466	233	1,966
Mtnce TCPaccess	2,522	2,787	(265)	2,073	2,645	3,104	(459)	1,993	2,499	3,479	(980)	2,035	7,666	9,370	(1,704)	6,101
Decnet	939		939	954	1,007		1,007	975	843		843	939	2,789	-	2,789	2,868
Harbor	40		40	263	49		49	212	86		86	44	175	-	175	519
Other	26		26		20		20	36	33		33	19	79	-	79	55
	3,527	2,787	740	3,290	3,721	3,104	617	3,216	3,461	3,479	(18)	3,037	10,709	9,370	1,339	9,543
Services Training	32	265	(233)	83	32	502	(470)	43	79	297	(218)	54	143	1,064	(921)	180
Consulting	173	-	173	108	79	550	(471)	101	859	405	454	102	1,111	955	156	311
Other			-				-				-				-	-
	205	265	(60)	191	111	1,052	(941)	144	938	702	236	156	1,254	2,019	(765)	491
Other			-				-				-				-	-
	8,255	7,380	875	6,314	7,249	10,885	(3,636)	6,748	8,933	8,869	64	7,999	24,437	27,134	(2,697)	21,061

Worldwide
F

$000s	1q99 (Sep-30)			2q99 (Dec-31)			3q99 (Mar-30)			4q99 (Jun-30)			FY99 Forecast			
	act	plan	var	act	plan	var	act	plan	var	plan	4q98		act	plan	var	py
Software TCPAccess	1,685	967	718	1,725	1,317	408	2417	1,283	1,134	3,136	1,705		5,827	6,703	(876)	5,620
IOS/390	44	1,073	(1,029)	63	1,242	(1,179)	768	1,895	(927)	321	924		875	4,331	(3,456)	3,124
Decnet	244	21	223	246	52	194	113	36	77		100		603	109	494	280
CPT	289	180	109	357	376	(19)	379	201	178	100	708		1,025	857	168	1,413
EPS	339	119	220	410	154	256	287	124	163	50	420		1,036	447	589	1,117
FT	65	173	(108)	92	166	(74)	0	40	(40)				157	379	(222)	-
eControl	1,662	1,155	507	31	2,011	(1,980)	138	1,126	(988)	1,051	-		1,831	5,343	(3,512)	-
NetLock	26	302	(276)	39	565	(526)	-34		(34)		106		31	867	(836)	169
Other	22	273	(251)	251	608	(357)	117	20	97	34	311		390	935	(545)	1,612
	4,376	4,263	113	3,214	6,491	(3,277)	4,185	4,525	(340)	- 4,692	4,274		11,775	19,971	(8,196)	13,335
Hardware	147	65	82	203	238	(35)	349	163	186	175	619		699	641	58	2,585
Mtnce Nwrk Trnsprt	2,522	2,787	(265)	2,645	3,104	(459)	2499	3,479	(980)	3,529	1,952		7,666	12,899	(5,233)	7,902
Decnet	939		939	1,007		1,007	843		843		927		2,789	-	2,789	3,915
Harbor	40		40	49		49	86		86		45		175	-	175	593
Other	26		26	20		20	33		33		33		79	-	79	92
	3,527	2,787	740	3,721	3,104	617	3,461	3,479	(18)	- 3,529	2,957		10,709	12,899	(2,190)	12,502
Services Training	32	265	(233)	32	502	(470)	79	297	(218)	258	1		143	1,322	(1,179)	180
Consulting	173	-	173	79	550	(471)	859	405	454	400	135		1,111	1,355	(244)	447
Other																
	205	265	(60)	111	1,052	(941)	938	702	236	- 658	136		1,254	2,677	(1,423)	627
Other																
	8,255	7,380	875	7,249	10,885	(3,636)	8,933	8,869	64	- 9,054	7,986		24,437	36,188	(11,751)	29,049

Subj: **FW: For Burt Grad - % of SNIP sales/units to date NA vs Intl.**
Date: 5/28/99 7:07:52 AM Eastern Daylight Time
From: Chris.Markle@sterling.com (Markle, Chris)
To: burtgrad@aol.com ('burtgrad@aol.com')

> ——Original Message——
> From: Davis, Randy
> Sent: Thursday, May 27, 1999 1:50 PM
> To: Markle, Chris; Daley, Guy; Bertinshaw, Doug; McElrath, Lee
> Subject: RE: For Burt Grad - % of SNIP sales/units to date NA vs
> Intl.
>
> We have sold about 170 licenses. About 100 outside NA and 70 inside NA.
> Revenue splits about 50/50. My best guess.
>
> ——Original Message——
> From: Markle, Chris
> Sent: Thursday, May 27, 1999 2:18 PM
> To: Davis, Randy; Daley, Guy; Bertinshaw, Doug; McElrath, Lee
> Subject: For Burt Grad - % of SNIP sales/units to date NA vs Intl.
> Importance: High
>
> Guys,
>
> How many units of SNIP have we sold? I told Burt approx. 200.
>
> How are they split rev. % and units % between NA and Int'l? For now Burt
> is assuming 50-50.
>
> How would we expect that to go in the future?
>
> Please reply ASAP. Thanks in advance.
>
> Chris M.

Assumptions for Sentinel/IP
~~Additional sales of S/NIP~~

* Sales to S:NIP customers
* Sales to other prospects including TCP/Access customers
* Total units sold = 1000 (10% of S/390 base)
* depends on TCP/IP acceptance
* unit price 35k (average)
* add-ons/upgrades = 15% of installed base
* services = 15% of initial sale, in initial sale year; nothing on add-ons
* maintenance =

Worksheets for Interlink -

Employee Cost Savings Analysis

~~For retained employees, please fill out a table like the one below (see Appendix I-1):~~

Employee Categories	_Interlink employees_	~~Number of Employees~~ _Retained_	Average Monthly Salary	Time (months) to be Fully Productive	Recruiting Cost (% of Salary)	_% we recruit_
Executive/Senior Management	10	0	· —	~~8~~ 6	30%	100%
Sales/Marketing	25	16	5794	4	20%	50%
Senior Technical	40	17	7383	4	20%	75%
Other Technical	46	21	6276	3	20%	75%
~~Customer Service~~ ~~Training~~	~~0~~	~~0~~	—	—	~~20%~~	0
Services	8	1	6667	2	20%	75%
Finance and Administration	36	4	2220	~~2~~ 1	20%	25%
Total	165	63	—			

Attachment 4
For retained employees

Employee Categories	Number of INLK employees at May 3 99	Number of INLK employees retained	Average monthly salary (all)	Average monthly salary (retained)	Time (months) to be fully productive	Recruiting cost (% of salary)	% that use recruiting
Executive or Senior Management	10	0	$ 11,450	$ -	3	30%	100%
Sales/Marketing	25	16	$ 6,456	$ 5,794	4	20%	50%
Senior Technical	40	17	$ 6,915	$ 7,383	2	20%	75%
Other Technical	46	25	$ 6,447	$ 6,276	2	20%	75%
Training	0	0	$ -	$ -	2	20%	75%
Services	8	1	$ 5,962	$ 6,667	2	20%	75%
F&A/Admin	36	4	$ 3,241	$ 2,220	2	20%	25%
Consultants	2	0	$ -	$ -	0	0%	0%
Total	167	63	$ 6,068	$ 6,010			

Burt Grad Restructure.xls

Attachment 5
Typical life of an employee

	Retention Rate
0 - 1 year	91%
1 - 2 years	67%
2 - 3 years	49%
3 - 4 years	35%
4 - 5 years	30%
5 - 6 years	23%
6 - 7 years	21%
7 - 8 years	19%
8 - 9 years	17%
9 -10 years	10%
10+ years	8%

* Based on the 3/99 employee sabbatical calculations.

Lee McElrath   4/15/98
Tim Walters
Guy Daley
Doug Bantomshaw
Paul Baker
___

√ TCP Ext Access 54r [install base 700~
                       ^ maintain / add-on 15% - 20% ? ~
                          a few in 1st + 2nd yr
√ SPT - 100 out 25K ASP   2002 on rapid drop
         54r
√ EPS - 300 35K
          54r
X DECNet (SNS) $4M ann maint

X E Control (new) 6 months
   + 4 products
√ X25 - 140 75K 54r

· prof services -
· maint - - 18%
· init + renewal

breakdown by
product for
NSS
prof services?
maint (grouped?)

Revenue - trailing 12 months
        13.3 M   98 actuals
        20.6 M   99 project
        13.

(#M)	98	99 plan	FYE 6/30 $mo
NSS	13.3	19.9	12.5 ?
	2.6	.6	
license		12.9	10.7
maint	12.5		1.3
serv	.6	2.7	24.4
	29.0	36.2	

op inc   9%5.3   (7.4)   .5   2.1

- ~~Cisco~~ Sysplex for CISCO ⟨$385K cost of devel⟩

- Pont to FAA technology
  custom

features for
E Contual
Solve: Netmaster for
TCP/ICP

---

no tech write-off - - -

Monday
4/19 send pkg to Tim Walker at Reston
      + to Lee McElrath c/o Burton
      (multiple copies) at Plano

---

send proposal -

---

start up in mid-May
Fu early May.

1

Paul Baker -

        to be completed
stk purchase - late April / early May

Interlink acquisition

Network Mgt Div - (SMG)
< 703 - 264 - 8000 >   VP-Fin - Lee McElrath (TI) ex-
       Randy Davis - Div Pres. (Reston)
       Chris Burton - Group CFO (Dallas)
       Mike Harvey - Group Pres.

63M purchase price
20M Fcst Rev.
Technologies - now new under development

Solve: products

Doug Bartonshaw - Technical (NMD)
Chris Markle (Interlink)
Bury Daley - Prod Devel
_____

Bartonshaw
Thur. - send pkg of materials to B&T office (Fedex)
      • ~~Memo of~~ Acquisition Analyses + projections
      • Interlink product descriptions
      • Descriptions of Solve products
      • Interlink financials
      • Interlink org chart / employees
     X • Interlink customer summary data:
          # / revenue

Thur - ~~B&B~~ need non-disclosure for BG + ~~B&B~~

BG - prepare proposal / agreement

✓ - phone conference on 4/15 - McElrath to set time 1 pm

(1)

per discussion
with Randy Davis + Lee McElroth

6/1/89

Define add'l Interlink product —

TCPaccess for other Operating Systems —
(not IBM stack)
produced initial version for NAS (FAA)
did not meet FAS 86 Tech feasibility
as of 4/30/99
will release various flavors of TCPacces
for ~~the~~ other (~~non MVS~~) Operating
Systems
Can pass FAS86 soon, using NAS as
a prototype
~~Little~~ technical risk in "porting" to
other operating systems

═══════

factors —

Revenue
Operating costs
taxes
NPV

core technologies
% completion

Chris Mauhle   5/26/99

Tactical changes for Turbo. products

Turbo —   targeted products for
            specific spaces

IBM TCP/IP product was competitive
      with TCPAccess

                                    possibility
                              other ^ Telnet

=

Turbo

TCP Access —   Turbo/AII

    File Trf   X
    Terminal   x
    Email   X ✓
    API   ✓
    TCP/IP protocols   ✓
    device drivers   ✓
        .
        .
_____

do table for
        Turbo FTP
        Turbo API

do effort for
        Turbo
        API
        FTP
   unto Aeg. date
   Aeg date to FAS86
   FAS86 to delivery.

per Chris Merkle
<u>new products</u>

5/17/99

* Services -- 15% for all 3

    Installation - 5k - 80%

    Training - 3k for 50%
         - Sentinel / IP only

* Price / MIPS:
       30% — MIPS growth [15% value growth] ⟋
                  each year

* ~~~~~ 40% Int'l   ⎱ as of
       60% No. America   ⎰ acquisition for IL

       NMD - 60% Int'l   ⎱ ?
               40% No. Amer ⎰

               revenue split
       <u>use 50-50</u> ∧ for projection

* SNIP <u>units</u>   100 - Int'l
                 70   No. Amer
                ―――――
               170   installed

       $ 50-50

Chris Markle, Doug Bentinshaw   5/17/99
Lee McElrath, Sid

* E Control -
        - some elements already in SNIP
        - infrastructure -

* Sentinel -
        some E Control have this capability

        Core Tech -
        % cpt -

Note   Spec for new product (UK)   //
u e mail
fect I, II, III
Appendix

    *   Turbo FTP   -   Core Tech contrib

    *   Turbo APF   -   user based.
                                  applications

    *   E Control

Email
    CMarkle @ Interlink.com
    Lee - McElvath @ NMD. Sterling. com

- what products ?
- new opportunities
- current products

(510 - 249 - 6278)

Chris Markle — SSI - Labs, CTO   5/6/99

Lee Mc Elrath — CFO

~~Matter~~.

Available Products
  TCP Access —
  EPS —
  ~~etc~~ CPT —
  X.25 for S/390

DECNet (SNS) - maint only

maybe available

  E Control — avail. on a few launch customers
    SSI plans to use elements in
      an existing Solv. Networks for TCP/IP
      Option — separately
    SSI reuse underlying tech infrastructure
      in future products
→ Enhanced/ Early Some new technologies in process
      access control/security

Funded R+D
  • OS/390 Host Agent for CISCO
      pd for by CISCO —
    exclusive marry rights for CISCO
    so far pd for by Interlink
    but expect CISCO to pay
      no other product yet defined

  • FAA contract —
      ported: TCP Access to FAA
      oper system

Fujitsu

- new development for TCP Access
  - ~~added~~ SNMP ~~f~~ — DPI
    added interface

- Derivative products for TCP/Access   TCP/IP
  (Turbo FTP)   Accel data tsf.

- Turbo API -
  Derivative for TCP/Access   TCP/IP

    ride under vendors capabilities

9x4

835 - 3600

4/45-2

Products

network Transport
       TCPaccess - OS/390

network management
       econtrol   security + admin OS/390
       EPS   Integ print serv + mgt

services level management
       Turbo FTP   OS/390 file trfers
       Turbo API   OS/390 applic interface

Strategy is to integrate core technologies
from Interlink into Solve products

Employee retention Plan (see pg 6 of Acq. Memo)

eff date
      April 30, 1999

Subj: **margin analysis**
Date: 5/23/99 1:06:48 PM Pacific Daylight Time
From: Lee.McElrath@sterling.com (McElrath, Lee)
To: burtgrad@aol.com ('burtgrad@aol.com')

Bert, I need some clarification on what you need regarding our margins. We
run the NMD domestic P&L with 'operational royalties' from our
international sales in effect giving us a net impact for the international
business. Under this model, we general target operating profits for the
overall business of 42-45%. Similarly, we do Worldwide profitability
analysis against total revenue and expense. Obviously products vary in
profitability given their stage in the life cycle. Our flagship products
like Netmaster is at around 49% margin. Please let me know if this is what
you need.

Regards,

Lee McElrath
V.P. Finance
Network Management Division
Sterling Software

703-264-8426
703-850-5322 (mobile)

lee.mcelrath@nmd.sterling.com

Subj: **tax rates**
Date: 5/26/99 6:20:29 PM Eastern Daylight Time
From: Lee.McElrath@sterling.com (McElrath, Lee)
To: burtgrad@aol.com ('burtgrad@aol.com')

Burt, please use 34% U.S. and 32% international.

Regards,

Lee McElrath
V.P. Finance
Network Management Division
Sterling Software

703-264-8426
703-850-5322 (mobile)

lee.mcelrath@nmd.sterling.com

———————— Headers ————————
Return-Path: <Lee.McElrath@sterling.com>
Received: from rly-ya03.mx.aol.com (rly-ya03.mail.aol.com [172.18.144.195]) by air-ya01.mail.aol.com (v59.24) with SMTP;
Wed, 26 May 1999 18:20:29 -0400
Received: from ns.reston.nmd.sterling.com (ns.reston.omd.sterling.com [199.0.82.66]) by rly-ya03.mx.aol.com (vx) with
SMTP; Wed, 26 May 1999 18:20:20 -0400
Received: ns.reston.nmd.sterling.com
     id AA22556; Wed, 26 May 1999 18:17:12 -0400
Message-Id: <43CCFB30BD0AD311B2CA00A0C9E456F706CE5E@reston.omd.sterling.com>
From: "McElrath, Lee" <Lee.McElrath@sterling.com>
To: "'burtgrad@aol.com'" <burtgrad@aol.com>
Subject: tax rates
Date: Wed, 26 May 1999 18:20:19 -0400
Mime-Version: 1.0
X-Mailer: Internet Mail Service (5.5.2232.9)
Content-Type: text/plain;
     charset="iso-8859-1"

Subj: can i call u on sat?
Date: 5/21/99 8:03:31 PM Pacific Daylight Time
From: cmarkle@interlink.com (Chris Markle)
To: burtgrad@aol.com

Burt,

I've taken a closer look at the Cayenne materials and wanted to talk to you
about them. Would it be all right to call you somewhere on Sat? Email me or
call me at home (calif) at 925-485-9003. If you email me then I'll call
you. Thanks in advance.

Chris M.

Pager # 800 759 7243 PIN 6306133

──────── Headers ────────
Return-Path: <cmarkle@interlink.com>
Received: from rly-yh03.mx.aol.com (rly-yh03.mail.aol.com [172.18.147.35]) by air-yh04.mail.aol.com (v59.11) with SMTP;
Fri, 21 May 1999 23:03:31 -0400
Received: from ntrlink (ntrlink.hq.interlink.com [138.42.128.44])
      by rly-yh03.mx.aol.com (8.8.8/8.8.5/AOL-4.0.0)
      with SMTP id XAA23916 for <burtgrad@aol.com>;
      Fri, 21 May 1999 23:03:29 -0400 (EDT)
Received: from sunny.hq.interlink.com by ntrlink (SMI-8.6/SMI-SVR4)
      id UAA02983; Fri, 21 May 1999 20:18:10 -0700
Received: from c964188-a by sunny.hq.interlink.com (8.8.5/SMI-4.1)
      id UAA09312; Fri, 21 May 1999 20:14:08 -0700 (PDT)
Message-Id: <3.0.1.32.19990521201140.007ac740@mail.hq.interlink.com>
X-Sender: cam@mail.hq.interlink.com
X-Mailer: Windows Eudora Light Version 3.0.1 (32)
Date: Fri, 21 May 1999 20:11:40 -0700
To: burtgrad@aol.com
From: Chris Markle <cmarkle@interlink.com>
Subject: can i call u on sat?
Mime-Version: 1.0
Content-Type: text/plain; charset="us-ascii"

BURTON GRAD ASSOCIATES, INC.

101 POST ROAD EAST
WESTPORT, CONNECTICUT 06880
(203) 222-8718
(203) 222-8728 FAX
BURTGRAD@AOL.COM

Sterling Software, Inc.
300 Crescent Court
Suite 1200
Dallas, Texas 75201-1000

Invoice #2936

June 8, 1999

Project: #133-74

Attention: Paul Baker
Copy: Lee McElrath

INVOICE

Project: Valuation for Interlink Acquisition

Consulting Services: April 15 - May 31, 1999

Burton Grad	2.5 days @ $2,500/day	$6,250.00
	Total Fees	**$6,250.00**

Expenses: Expenses will be included in next invoice

Total Invoice	**$6,250.00**

Payment Is Due Within 15 Days of Receipt of Invoice

CONSULTANTS ON SOFTWARE

April 16, 1999

Mr. Logan Wray
Sterling Software, Inc.
300 Crescent Court
Suite 1200
Dallas, Texas 75201-1000

Dear Logan:

At your request, Burton Grad Associates, Inc. (BGAI) would be pleased to perform a valuation of the intangible assets obtained by Sterling Software, Inc. (SSI) and its Network Management Division (NMD) in its acquisition of certain assets from Interlink Computer Science, Inc. (Interlink), a California-based software and services company.

These acquired assets consist primarily of software products and technologies related to high-performance solutions for enterprise systems networking. Other acquired assets include trained personnel and an existing customer base.

The technologies incorporated in the existing products and other technologies under development will be of significant value to SSI/NMD in its future software plans.

BGAI has been requested to determine the value of the products, technologies and other intangible assets acquired by SSI/NMD from Interlink. These assets may then be capitalized or written off as of the acquisition date according to appropriate SEC, FASB and other accounting rules.

SSI wishes to retain BGAI because of its extensive experience over the last 19 years in valuing software companies and their assets. BGAI will perform this independent valuation, using generally accepted valuation techniques. These valuations may be used by SSI to support financial (book) capitalization/amortization and in-process technology write-offs.

Work Plan

BGAI will perform this valuation study following these steps:

1.   SSI/NMD will collect materials related to Interlink and SSI/NMD as specified by BGAI which will provide the basis for the valuation study. An initial list of materials requested is shown in Attachment B.

2.   BGAI will examine these materials and conduct telephone interviews with selected SSI/NMD and Interlink executives to obtain information not available from the source materials or to amplify or clarify these materials.

3.   BGAI will use selected valuation methodologies (principally net present value of projected cash flow; actual or reconstruction costs of technologies, etc.) and analyze materials and interview notes so as to construct the valuation models needed.

4.   For these product and technology models, key valuation factors will be determined including customer revenues, operating costs, maintenance renewal rates, NPV factors, projected tax rates, etc. Using these factors, the recommended product and technology values will be determined.

5.   For the other intangibles, appropriate models will be constructed using information on personnel, customers, etc. This will provide the basis for valuing the other intangible assets.

6.   A valuation report will first be delivered in draft form to ensure that all information is accurate and complete and that the logic and calculations used are clear. Then the final report will be prepared and submitted, including appropriate appendices.

Staffing

The principal valuation work will be performed by Burton Grad. Sidney J. Dunayer, a BGAI Associate, will assist in the technology and market assessment activities. No other BGAI Associates will be used without prior approval by SSI/NMD including approval of assignments and rates. Grad's professional profile is enclosed as Attachment A-1. Dunayer's profile is Attachment A-2.

SSI/NMD and Interlink will assign liaison people to work with BGAI to provide financial, market, organizational and technical information as required.

Schedule

SSI/NMD and BGAI will agree on a specific time schedule for the valuation study. It is BGAI's current intent to start work on this project by May 1, 1999 and to complete the assignment by May 31, 1999. Meeting this schedule will depend upon timely availability of the source information and prompt interview responses by SSI/NMD and Interlink personnel. Preliminary valuations will be provided during the study if needed by SSI.

Confidentiality

BGAI will treat all information received and developed as confidential to SSI/NMD and Interlink and not disclose this information to any third party without prior written authorization from SSI/NMD.
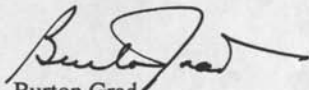
Costs and Payments

This SSI/NMD valuation project will be performed on a time and expense basis. Burton Grad's consulting rate for this work is $2,500 per day. Sidney Dunayer's rate is $1,500 per day. From the information currently available to BGAI, it would appear that the project will require approximately 6-8 days of consulting services, assuming that no on-site meetings are required and that there are no substantive changes in the scope of the project. The total fees are estimated at $20,000. SSI/NMD will be informed in advance if the projected costs may exceed this estimate.

Authorized expenses including travel, telephone, facsimile and express delivery charges will be invoiced at cost. These will be minimal (under $500) since there are no on-site meetings planned.

Project costs will be invoiced monthly; upon completion of the study, the total remaining fees plus expenses will be invoiced. All invoices are payable within fifteen days of receipt.

If the above project description is satisfactory, please sign below and return a signed copy to BGAI.

Sincerely,   **Accepted for: Sterling Software, Inc.**

Burton Grad
President

by _____
signature

Enclosures
BG:5019
cc: Paul Baker
    Doug Bertinshaw
    Guy Daley
    Lee McElrath

_____
title

_____
date

Information Required for Product and Technologies Valuation

1. List of principal Interlink customers for preceding three years and the revenues from each of these accounts for each year

2. Analysis of Interlink installed customer base including installation dates, maintenance status, platforms

3. Financial statements for Interlink and SSI/NMD for the preceding three years

4. Effective SSI/NMD U. S. tax rate (federal and state) and international tax rate for budget purposes as of the acquisition date

5. Discount rate for SSI/NMD as of the acquisition date

6. Organization chart for Interlink, with number of employees by function

7. Marketing materials for Interlink

8. List, description, size and market share of principal competitors to Interlink for networking software and services.

9. SSI/NMD acquisition analysis materials for Interlink

10. SSI/NMD business and strategic plans for acquired Interlink products and technologies including planned products, types of services, pricing, development projects, etc.

11. SSI/NMD sales, marketing and support plan for acquired Interlink products (both delivered and in process) and customers

12. Technical analysis of relevant Interlink SSI/NMD products and in-process development activities in terms of applications, industries and system functionality

13. Technical plans for utilizing and incorporating acquired Interlink technologies in future SSI/NMD products and services

14. Information on costs of replacing employees: recruiting, training, productivity

STERLING SOFTWARE COMPLETES ACQUISITION OF
INTERLINK COMPUTER SCIENCES

Dallas, TX, May 3, 1999 – Sterling Software, Inc. (SSW-NYSE), today announced the completion of its acquisition of Interlink Computer Sciences, Inc. (INLK-NASDAQ), a leading supplier of high-performance solutions for enterprise systems networking. The acquisition was completed April 30, 1999, by means of a merger in which all outstanding Interlink shares were converted into the right to receive $7.00 per share in cash. The merger followed the successful completion of a $7.00 per share cash tender offer for Interlink on April 27. The transaction was valued at approximately $64 million, net of exercise proceeds from options and warrants.

Sterling L. Williams, president and chief executive officer of Sterling Software, said: "This acquisition marks the 33rd in Sterling Software's history and our second major systems management acquisition in less than a month. It solidifies Sterling Software's ability to provide the industry's most comprehensive enterprise network management solution for TCP/IP network management in System 390 environments. And with the addition of Interlink, the SOLVE network management product suite is the only complete management solution available for e-business on System 390 enterprise servers." He added: "We're also bringing additional value to our shareholders as this acquisition is expected to provide both revenue and earnings growth."

Interlink was an early leader in enabling System 390 enterprise servers to operate in the TCP/IP world. Today, companies are finding they must provide increased and more secure access to their enterprise servers, where most enterprise-scale applications and data continue to reside, for electronic commerce and other network-centric business strategies.

Interlink's e-Control technology, with its security capability, will complement our SOLVE:Netmaster for TCP/IP product and will result in the most comprehensive solution for managing e-commerce applications on System 390 enterprise servers. In addition, Interlink's former TCPaccess, renamed SOLVE:TCPaccess, enables System 390 enterprise servers to take advantage of the capabilities of TCP/IP networks.

Interlink's domestic business, employees and its products have been added to the U.S.-headquartered Network Management Division, a division within Sterling Software's worldwide Systems Management Group. Interlink's international employees have joined the international operations of Sterling Software's Systems Management Group, which have direct offices in 16 countries and distributors and agents in an additional 29 countries.

"Sterling Software has established a significant presence in network management for some of the world's largest, most complex computing environments," said F.L. Mike Harvey, president of Sterling Software's Systems Management Group. "Interlink brings us access control of these networks, which is critical to managing these complex environments."

Sterling Software is a leading provider of software and services for the application development, information management, systems management, and federal systems markets. The company is ranked among *BusinessWeek*'s 1998 "Info Tech 100" as one of the world's best performing information technology companies. Headquartered in Dallas, Sterling Software has a worldwide installed base of more than 20,000 customer sites and 3,700 employees in more than 90 offices worldwide. For more information on Sterling Software, visit the company's web site at www.sterling.com.

This news release contains certain forward-looking statements that reflect the current views and expectations of Sterling Software with respect to future events. Such statements are subject to a number of risks, uncertainties and assumptions, including those mentioned in the company's periodic reports filed with the Securities and Exchange Commission. Actual results may vary significantly.

Financial Analysts:
Julie Kupp
VP, Investor Relations
Sterling Software, Inc.
(214) 981-1000
julie.kupp@sterling.com

Media:
Cindy Foor
Director, Corporate Communications
Sterling Software, Inc.
(214) 981-1000
cindy.foor@sterling.com

work copy

Information Required for Product and Technologies Valuation

1. List of principal Interlink customers for preceding three years and the revenues from each of these accounts for each year

2. Analysis of Interlink installed customer base including installation dates, maintenance status, platforms

3. Financial statements for Interlink and SSI/NMD for the preceding three years

4. Effective SSI/NMD U. S. tax rate (federal and state) and international tax rate for budget purposes as of the acquisition date

5. Discount rate for SSI/NMD as of the acquisition date

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14. Information on costs of replacing employees: recruiting, training, productivity

5019

per Burton   4/3/99

                    in process
We're projects, for new release ---

portions of e control were written in Rex
         (prototype) — being rewritten in
         Assembler

STERLING SOFTWARE SUCCESSFULLY COMPLETES TENDER OFFER FOR INTERLINK COMPUTER SCIENCES

Dallas, TX, April 27, 1999 -- Sterling Software, Inc. (SSW-NYSE) today announced the completion of the cash tender offer to purchase all the outstanding shares of common stock of Interlink Computer Sciences, Inc. (INLK-NASDAQ) at a price of $7.00 per share by a wholly owned Sterling Software subsidiary.

Sterling Software reported that a total of 9,416,968 shares of Interlink Computer Sciences common stock were tendered pursuant to the tender offer (including 75,432 shares subject to guarantees of delivery), which expired at 12:00 midnight, New York City time, on April 26, 1999, and that all such shares have been accepted for payment. After giving effect to the purchase of the shares tendered, Sterling Software beneficially owned approximately 95.2 percent of the outstanding Interlink Computer Sciences shares (including shares recently issued upon the exercise of outstanding options).

Sterling Software also announced today that it and Interlink Computer Sciences intend to effect a merger pursuant to which Interlink Computer Sciences will become a wholly owned subsidiary of Sterling Software and all remaining Interlink Computer Sciences stockholders (other than Sterling Software) will have the right to receive the same $7.00 per share in cash paid in the tender offer. Sterling Software anticipates announcing the completion of the merger transaction within a few days.

Sterling Software is a leading provider of software and services for the application development, information management, systems management and federal systems markets. The company is ranked among Business Week's 1998 "Info Tech 100" as one of the world's best performing information technology companies. Headquartered in Dallas, Sterling Software has a worldwide installed base of more than 20,000 customer sites and 3,600 employees in 90 offices worldwide. For more information on Sterling Software, visit the company's Web site at www.sterling.com.

Contact:

Julie Kupp
VP, Investor Relations
Sterling Software, Inc.
(214) 981-1000
julie.kupp@sterling.com

STERLING SOFTWARE ANNOUNCES EARLY TERMINATION OF HART-SCOTT-RODINO WAITING PERIOD IN TENDER OFFER FOR INTERLINK COMPUTER SCIENCES

Dallas, TX, April 22, 1999 – Sterling Software, Inc. (SSW-NYSE) announced today that it has been advised that the waiting period under the Hart-Scott-Rodino Act applicable to the $7.00 per share cash tender offer for all outstanding shares of Interlink Computer Sciences, Inc. (INLK-NASDAQ) by Sterling Software (Southwest), Inc., a Sterling Software subsidiary, was terminated earlier today. Accordingly, the condition to the tender offer relating to the expiration or termination of the waiting period under the Hart-Scott-Rodino Act has been satisfied. The offer continues to be subject to certain other conditions, including the valid tender of that number of Interlink shares which, together with Interlink shares beneficially owned by Sterling Software, represents a majority of Interlink's outstanding shares on a fully diluted basis.

The tender offer and related withdrawal rights are currently scheduled to expire at midnight, New York City time, on Monday, April 26, 1999. Georgeson & Company Inc. is acting as the Information Agent for the tender offer.

Sterling Software is a leading provider of software and services for the application development, information management, systems management and federal systems markets. The company is ranked among Business Week's 1998 "Info Tech 100" as one of the world's best performing information technology companies. Headquartered in Dallas, Sterling Software has a worldwide installed base of more than 20,000 customer sites and 3,600 employees in 90 offices worldwide. For more information on Sterling Software, visit the company's Web site at www.sterling.com.

Contact:
Julie Kupp
Sterling Software, Inc.
(214) 981-1000
julie.kupp@sterling.com

Interlink (handwritten)

STERLING SOFTWARE

STERLING SOFTWARE COMMENCES PREVIOUSLY ANNOUNCED CASH TENDER OFFER FOR INTERLINK COMPUTER SCIENCES AT $7 PER SHARE

Dallas, TX, March 30, 1999 –Sterling Software, Inc. (SSW-NYSE) announced today that Sterling Software (Southwest), Inc., its indirect wholly owned subsidiary, has commenced a cash tender offer for all outstanding shares of common stock of Interlink Computer Sciences, Inc. (INLK-NASDAQ) at $7.00 per share. The offer is being made pursuant to the previously announced Merger Agreement between Sterling Software and Interlink.

The offer is conditioned upon, among other things, the valid tender of a number of Interlink shares which, together with the shares beneficially owned by Sterling Software, represent a majority of Interlink's outstanding shares on a fully diluted basis, and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act. The offer and withdrawal rights are scheduled to expire at midnight on Monday, April 26, 1999. Georgeson & Company Inc. is acting as the Information Agent for the offer.

Sterling Software is a leading provider of software and services for the application development, information management, systems management and federal systems markets. The company is ranked among *Business Week's* 1998 "Info Tech 100" as one of the world's best performing information technology companies. Headquartered in Dallas, Sterling Software has a worldwide installed base of more than 20,000 customer sites and 3,600 employees in 90 offices worldwide. For more information on Sterling Software, visit the company's Web site at www.sterling.com.

Contact:

Julie Kupp
VP, Investor Relations
Sterling Software, Inc.
(214) 981-1000
julie.kupp@sterling.com

STERLING SOFTWARE

NEWS RELEASE

STERLING SOFTWARE TO ACQUIRE
INTERLINK COMPUTER SCIENCES

DALLAS, TX and FREMONT, CA, March 24, 1999 – Sterling Software, Inc. (SSW-NYSE), one of the 20 largest independent software companies in the world, today announced that it had entered into a definitive agreement to acquire Interlink Computer Sciences, Inc. (INLK-NASDAQ), a leading supplier of high-performance solutions for enterprise systems networking, headquartered in Fremont, California. The transaction is valued at approximately $64 million (net of exercise proceeds from outstanding options and warrants) and will be structured as a $7.00 per share first-step cash tender offer, followed by a second-step merger at the same price per share. The companies anticipate closing the acquisition in late April or early May 1999 and at that time combining Interlink's business with Sterling Software's worldwide network management business.

Interlink's software solutions allow enterprise servers to inter-operate with TCP/IP networks and enable customers to provide secure, managed access to their enterprise applications and data over public and private connections. These offerings are in direct support of growing customer requirements to allow internal and external access to their enterprise servers, where most enterprise-scale applications continue to reside, for e-commerce and other network-centric business strategies.

"This acquisition brings us tremendous opportunities to strengthen our strategic position in the marketplace and capitalize on the explosive growth of the Internet as a cost-effective, open network for enterprise computing," said Sterling L. Williams, president and chief executive officer of Sterling Software. "With the addition of Interlink's network management technology, we will be able to extend our lead in OS/390 TCP/IP management and enhance our ability to manage specific applications running on TCP/IP networks. This acquisition also gives us a significant customer base and an excellent opportunity to leverage our SOLVE family of network management products."

Mr. Williams noted that, when completed, this will be Sterling Software's 33rd acquisition – and the second systems management acquisition announced in less than three weeks. Earlier this month, the company announced it was acquiring the storage management software business of Spectra Logic Corporation. He added the acquisition of Interlink would be accretive to earnings per share.

A.J. Berkeley, president and chief executive officer of Interlink, said: "Interlink's software solutions are a perfect fit with Sterling Software's network management products. Sterling Software will be able to broaden its TCP/IP network management solutions, and Interlink's products will now reach the very large corporations that need the performance and reliability that our products provide. With our common heritage and focus, I think this union will produce one of the best network management teams in the world. I am excited for our customers and employees."

Under the merger agreement, Sterling Software will commence a first-step tender offer to purchase all outstanding shares of Interlink for $7.00 per share in cash. Following completion of the tender offer, Interlink would be merged with a wholly-owned subsidiary of Sterling Software and the remaining Interlink shares would be converted into the right to receive $7.00 per share. The tender offer and merger were unanimously approved by Interlink's Board of Directors. The tender offer is scheduled to commence on or prior to March 30, 1999.

In connection with the merger agreement, Sterling Software has entered into Stockholder Agreements with certain major stockholders of Interlink owning an aggregate of approximately 19.7% of Interlink's shares, calculated on a fully-diluted basis, under which such stockholders have, among other things, granted Sterling Software an option to purchase their shares at a price of $7.00 per share.

The tender offer will be conditioned, among other things, on the valid tender of Interlink shares which, together with shares subject to the Stockholder Agreements or owned by Sterling Software, represent a majority of Interlink's outstanding shares on a fully diluted basis, and the expiration or termination of the Hart-Scott-Rodino Act's waiting period.

Interlink Computer Sciences, Inc. is an international supplier of solutions that enable its customers to securely manage and control their business environments over intranets and public networks. The company's products and services focus on TCP/IP-centric operations in the data center that enable customers to securely use their IBM and IBM-compatible OS/390 mainframes

as "enterprise servers" in distributed, heterogeneous client/server network environments. For the fiscal year ended June 30, 1998, Interlink reported revenues of $29 million. For more information, you can visit the company's Web site at www.interlink.com.

Sterling Software is a leading provider of software and services for the application development, information management, systems management and federal systems markets. The company is ranked among *Business Week's* 1998 "Info Tech 100" as one of the world's best performing information technology companies. Headquartered in Dallas, Sterling Software has a worldwide installed base of more than 20,000 customer sites and 3,600 employees in 90 offices worldwide. For more information on Sterling Software, visit the company's Web site at www.sterling.com.

This news release contains certain forward-looking statements that reflect the current views and expectations of Sterling Software and Interlink with respect to future events. Such statements are subject to a number of risks, uncertainties and assumptions, including those mentioned in the two companies' periodic reports filed with the Securities and Exchange Commission. Actual results may vary significantly.

Contacts:

Julie Kupp	A.J. Berkeley	Cindy Foor
VP, Investor Relations	President & CEO	Director, Corporate Communicati
Sterling Software, Inc.	Interlink Computer Sciences, Inc.	Sterling Software, Inc.
(214) 981-1000	(510) 657-9800	(214) 981-1000
julie.kupp@sterling.com	aberkeley@interlink.com	cindy.foor@sterling.com

The undersigned acknowledges that it has read and is familiar with the certain Letter Agreement dated December 21, 1998 between Sterling Software Inc. and Computer Sciences Inc. and agrees to be bound by the terms thereof.

Interlink

Very truly yours,

BURTON GRAD ASSOCIATES, INC.

By: _____
     Burton Grad, President

STERLING SOFTWARE

Mark H. Kleinman
Assistant General Counsel

December 21, 1998

Interlink Computer Sciences Inc.
47370 Fremont Blvd.
Fremont, California 94538

Gentlemen:

In consideration for and as a condition of Interlink Computer Sciences Inc. (the "Company") furnishing to the undersigned certain confidential and proprietary information, the undersigned agrees to treat such information as provided in this letter.

As used herein, the term "Evaluation Material" refers to any and all financial, technical, commercial or other information concerning the business and affairs of the Company which is proprietary or confidential to the Company and is hereafter provided to the undersigned, irrespective of the form of the communication, by the Company or its representatives or agents, and all notes, analyses, compilations, studies or other documents of the undersigned to the extent they contain or reflect such information; provided that any such information disclosed orally shall be clearly designated within seventy-two (72) hours of the disclosure as confidential and any such information in written form shall be marked with the legend "Confidential" or equivalent conspicuous legend.

The undersigned agrees that the Evaluation Material will be used solely for the purpose of evaluating a possible business transaction with the Company and that it will exercise the same standard of care to prevent the unauthorized disclosure or unauthorized use of the Evaluation Material as the undersigned exercises to prevent the unauthorized disclosure or unauthorized use of its own proprietary information (the "Standard of Care"); provided that (i) any of the Evaluation Material may be disclosed to the undersigned's directors, officers, employees, agents, representatives and financial advisors (individually or collectively, the "Representatives") who need to know such information for the purpose of evaluating such possible transaction (it being understood that such Representatives shall be informed of the confidential nature of such information and shall be directed to exercise the Standard of Care with respect thereto); (ii) neither the undersigned nor any Representative shall be liable to the Company for any unauthorized use or unauthorized disclosure of the Evaluation Material to the extent that the Standard of Care is exercised with respect thereto; and (iii) any disclosure of the Evaluation

Material may be made to which the Company consents in writing. Promptly upon request of the Company, the undersigned will (i) return to the Company all Evaluation Material previously furnished to it, together with all copies of any of the same made by it or its Representatives, and (ii) destroy all other written material made by the undersigned or its Representatives to the extent such materials contain or reflect the Evaluation Material; provided, however, that the undersigned's counsel may retain one copy of the returned and destroyed items for archival purposes.

The term "Evaluation Material" does not include information, if any, which (i) is already known to the undersigned or its Representatives or becomes available to the public other than as a result of a disclosure by the undersigned or its Representatives; (ii) becomes available to the public as a result of a disclosure by the undersigned or its Representatives that, in the judgment of their respective legal counsel, is required by any applicable law; (iii) was available to the undersigned or its Representatives on a nonconfidential basis prior to its disclosure by the Company; or (iv) becomes available to the undersigned or its Representatives on a nonconfidential basis from a source other than the Company.

Nothing contained herein shall be deemed to prevent the disclosure of any Evaluation Material by the undersigned or its Representatives if, in the written opinion of their respective counsel, such disclosure is legally required to be made in a judicial, administrative or governmental proceeding or by applicable law; provided, however, that in making such disclosure the undersigned or its Representatives, as the case may be, shall take all reasonable efforts to preserve the confidentiality of the Evaluation Material and shall notify the Company in writing ten (10) business days, or such shorter time as may be required by any order issued in such proceeding, in advance of any such disclosure.

It is understood and agreed that no failure or delay by the Company in exercising any of its rights, powers or privileges hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof.
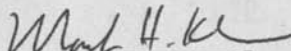
It is further understood and agreed that irreparable damages would result to the Company from the undersigned's breach of this letter agreement, that money damages would not be sufficient remedy for any breach of this letter agreement by the undersigned and that the Company shall be entitled to specific performance or other injunctive relief as a remedy for any breach. Such remedy shall not be deemed to be the exclusive remedy for breach of this letter agreement but shall be in addition to all other remedies available at law or in equity. In no event shall the undersigned or its Representatives be liable to the Company for any indirect, incidental or consequential damages, including without limitation any such damages arising from or related to any breach of this letter agreement or the undersigned's evaluation of the Company, its products or business, in excess of three million dollars ($3,000,000).

The term of this letter agreement shall be three (3) years from the date hereof. This letter agreement shall be governed by and construed in accordance with the laws of the State of California. This letter agreement constitutes the entire understanding and agreement between the undersigned and the Company with respect to protection and use of Evaluation Material and supersedes any and all prior agreements and understandings relating thereto, and no other person shall acquire or have any right under or by virtue of this letter agreement except as otherwise expressly provided herein. This letter agreement may not be modified or amended except by a written document signed by an authorized representative of the party to be bound.

If you are in agreement with the foregoing, please sign and return one copy of this letter which will constitute our agreement with respect to the subject matter of this letter.

Very truly yours,

STERLING SOFTWARE, INC.

By: _____

Mark H. Kleinman
Assistant General Counsel

AGREED AND ACCEPTED this
the 21 day of DEC., 1998.

INTERLINK COMPUTER SCIENCES INC.

By: _____
DAVID TAUBER
Its: GENERAL COUNSEL

Subj: **RE: Interlink In Process R&D valuation**
Date: 4/13/99 3:17:42 PM Eastern Daylight Time
From: Paul.Baker@sterling.com (Baker, Paul)
To: lee_mcelrath@reston.omd.sterling.com (Mcelrath, Lee), Paul.Baker@sterling.com (Baker, Paul),
BURTGRAD@AOL.COM ('BURTGRAD@AOL.COM'), guy_daley@reston.omd.sterling.com (Daley, Guy),
doug_bertinshaw@reston.omd.sterling.com (Bertinshaw, Doug)

12 CST is fine with Burt and I. Lee I presume Guy and Doug will be in your
office. If not can I have their direct numbers

Regards

Paul

——Original Message——
From: McElrath, Lee [mailto:Lee_McElrath@reston.omd.sterling.com]
Sent: Tuesday, April 13, 1999 8:17 AM
To: 'Baker, Paul'; 'BURTGRAD@AOL.COM'; Daley, Guy; Bertinshaw, Doug
Subject: RE: Interlink In Process R&D valuation

Paul, I spoke with Burt yesterday and we agreed to talk on Thursday. Lets
try for 12:00 CST. Guy/Doug, please confirm your availability.

Regards,

Lee McElrath
V.P. Finance
Network Management Division
Sterling Software

703-264-8426
703-850-5322

lee_mcelrath@nmd.sterling.com

        ——Original Message——
        From: Baker, Paul [mailto:Paul.Baker@sterling.com]
        Sent: Monday, April 12, 1999 7:41 PM
        To: Baker, Paul; 'BURTGRAD@AOL.COM'; Mcelrath, Lee;
Daley, Guy
        Subject: RE:Interlink In Process R&D valuation

            I am trying to arrange a conference with Burt re the
purchase price
        allocation of the Interlink deal. This meeting is for Burt
to go over the
        basic principle and requirements.

            Can we make Thursday this week at 12 or 1 o clock.
Let me know and
        please sent me your direct numbers.

Lee can you pass this message to Doug, I couldn't
find him on the
        e-mail

        Regards

        Paul

Subj: **RE: Interlink In Process R&D valuation**
Date: 4/13/99 9:18:34 AM Eastern Daylight Time
From: Lee_McElrath@reston.omd.sterling.com (McElrath, Lee)
To: Paul.Baker@sterling.com ('Baker, Paul'), BURTGRAD@AOL.COM ('BURTGRAD@AOL.COM'),
guy_daley@reston.omd.sterling.com (Daley, Guy), Doug_Bertinshaw@reston.omd.sterling.com (Bertinshaw, Doug)

Paul, I spoke with Burt yesterday and we agreed to talk on Thursday. Lets
try for 12:00 CST. Guy/Doug, please confirm your availability.

Regards,

Lee McElrath
V.P. Finance
Network Management Division
Sterling Software

703-264-8426
703-850-5322

lee_mcelrath@nmd.sterling.com

            ——Original Message——
            From: Baker, Paul [mailto:Paul.Baker@sterling.com]
            Sent: Monday, April 12, 1999 7:41 PM
            To: Baker, Paul; 'BURTGRAD@AOL.COM'; Mcelrath, Lee;
Daley, Guy
            Subject: RE:Interlink In Process R&D valuation

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purchase price
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            Regards

            Paul

Subj: **RE:Interlink In Process R&D valuation**
Date: 4/12/99 7:40:49 PM Eastern Daylight Time
From: Paul.Baker@sterling.com (Baker, Paul)
To: Paul.Baker@sterling.com (Baker, Paul), BURTGRAD@AOL.COM ('BURTGRAD@AOL.COM'),
lee_mcelrath@reston.omd.sterling.com (Mcelrath, Lee), guy_daley@reston.omd.sterling.com (Daley, Guy)

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STERLING SOFTWARE

FAX TRANSMITTAL

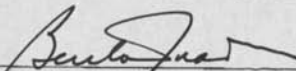|				
To:	**Burt Grad**		From:	**Mark Kleinman**
Company:	**Burton Grad Associates, Inc.**		Phone:	**214-981-1062**
Phone:	**203-222-8718**		Fax:	**214-981-1265**
Fax:	**203-222-8728**		Date:	**April 13, 1999**
Number of pages:			Time:	**3:39 PM**

To: Mark Kleinman

From: Burton Grad

For your files on
the Interlink Valuation
study

The undersigned acknowledges that it has read and is familiar with the terms of that certain Letter Agreement dated December 21, 1998 between Sterling Software, Inc. and Interlink Computer Sciences Inc. and agrees to be bound by the terms thereof.

Very truly yours,

BURTON GRAD ASSOCIATES, INC.

By: _____

Burton Grad, President