

Mr. Douglas Anderson
Distributor Sales Manager
CTN Systems
8573 Pacific Heights Blvd.
Westwood, CA 90023

Dear Mr. Anderson:

Thank you for scheduling last week's product rollout of CTN's new Cordless 2000 line of phones. We were impressed by both the quality of the new phones, as well as Tom Schuller's product knowledge.

As you are aware, the current contract between CTN and Burns Distributors is due to expire. After discussing with Tom, at some length, the direction that CTN is headed in the communications market, we have decided to renew our contract for the coming year.

In addition, due to our rapid expansion and the strength of this year's sales figures, we would like to increase our quarterly purchase commitment from the 30 K level to the 75K level.

As you know, we are in the process of opening a new sales office on the east coast to be supported by our Chicago warehouse. As you can see from the figures below, we showed record sales of CTN phone systems this year, much of which came from the extra support of our new Chicago office. I am confident that the New York office will achieve similar growth by third quarter of this fiscal year.

	Q1	Q2	Q3	Q4	1988
San Jose	326	304	315	347	1292
L.A.	-138	148	147	147	304
Dallas	399	141	153	153	846
Chicago	079	139	139	357	
US Total	587	672	754	786	2799

The CTN phone systems are well on their way to becoming the mainstay of our product lines. As a result, we have committed to the following fiscal objectives:

1. Develop and implement a support plan for the new, high end products. Task force to complete its study by April 1. Possible directions include an 800 support line and technical support representatives in the field for on-site service.
2. Double communication oriented trade show participation, with emphasis on key metropolitan areas. CTN systems will be the featured product line.
3. Offer new product installation and support contracts for Fortune 500 clients using CTN systems.

Lastly, I would like to share with you a testimonial we recently received from one of our **Fortune 500** customers:

*As the buyer for the regional office of my company, I've dealt with many phone companies and several product installations. In all my years of experience, I've never had a **smoother installation and transition** as when you installed our new CTN voice mail system. And how nice to find CTN has maintained their usual level of **product excellence** as they move, along with our needs, toward higher end systems.*

CTN has consistently received high ratings for the voice mail system.

I look forward to meeting with you in April at your National Distributors Conference. In the meantime, please send me the paperwork for extending our contract for second term and raising our discount levels to the 75K level.

Sincerely yours,

Brad Burns
President