

**PLAINTIFF'S EXHIBIT**  
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Comes v. Microsoft

FROM:

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DATE: 3/14/90  
DUE DATE: \_\_\_\_\_  
LOG NUMBER: \_\_\_\_\_

TO:

- L. D. ANDREW
- R. L. CARBERRY
- R. L. DAUGHERTY
- M. C. DUFFY
- R. A. GUARINO
- P. C. MUGGE
- A. K. PATTIN
- L. R. REISWIG
- A. E. SANTELLI
- B. G. UTLEY
- M. K. VIETH
- N.M. Donofrio*
- E.M. Linn*

- ACTION:
- PLEASE HANDLE
  - PLEASE SEE ME
  - LET'S DISCUSS
  - FOR YOUR INFORMATION
  - FOR YOUR INFORMATION AND APPROPRIATE ACTION
  - PLEASE PREPARE REPLY FOR MY SIGNATURE
  - CALENDAR ITEM

- D. E. COPELAND
- J. A. DALY
- L. N. KRASNOW
- W. H. MCCAHAN
- D. L. NESS
- M. A. POWERS
- M. J. QUINLAN
- J. A. SOYRING
- T. D. STEELE
- R. L. SWANN
- D. M. THOMAS
- C. N. TULLER

COMMENTS:

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*Reung*  
Exb. 24

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cc: Quindan  
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Donafrio  
Microsoft  
Carberr

March 9, 1990

Mr. Jim Cannavino  
IBM Vice President and General Manager  
Route 100, Building 3  
Somers, NY 10589

Dear Jim,

It is extremely important that we schedule regular meetings as we discussed in our phone call. That is the only way we will get focus on the important issues that are critical to keeping our relationship intact and productive.

I am disappointed that we did not meet before IBM made a font decision. IBM has now defined SAA to require font technology that Microsoft does not have. JDA rights to. The JDA has been the one guiding light of our work together, and is the foundation of Microsoft's business. We make commitments to customers based on the JDA; for example, the commitment to provide them with source code for OS/2. I was hoping that my letter on this topic would convince you to reconcile the JDA with your font decision before you made a public commitment to ATM.

Reising

I was hoping to see an announced commitment to put OS/2 on the Power 6000. This would have avoided the perception that AIX gives the broadest coverage and compatibility with all the important parts of SAA. I am surprised that no one has come to discuss this port with us. When will you assemble a group to put OS/2 on the Power 6000? I am curious to know why you changed your mind about announcing this direction.

Reising

We have been making good progress on our handwriting software. I think I have mentioned several times that we want to meet with IBM to make sure the hardware work you are doing can fit into the Windows/OS-2 operating system family. We also had hoped to collaborate on the handwriting software itself but were told that you didn't want us to meet on that. Competitive machines from a number of companies will ship next year. I have heard several rumors about IBM talking with GO, but the only concrete data I have is that you said whatever IBM was doing would strengthen our partnership. I still haven't figured out what this means. GO is competing with us for software developers including new companies like SLATE.

Quindan

Networking continues to be an untapped opportunity for OS/2 for both of our companies. The volume of networking software that IBM is selling is unbelievably low. It is important to discuss how this can be changed. For example, DEC sells over 10 times as much networking software as IBM even though they don't sell PCs. I was disappointed to see that the AIX networking strategy conflicts with the PC networking strategy. Companies like HP and AT&T run software compatible with LAN server on their UNIX machines. In order to make your PC LAN software strategic you need to implement it on all of the SAA

Soying

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platforms and AIX. I was surprised to read that a group in IBM is implementing Novell protocols on the mainframe. We don't understand what, if anything, you are doing to make a hardware product to compete with the Systempro as a PC server including addressing multiprocessor and disk array needs. Fast SCSI is nice, but it is only a small part of what competitors are delivering. I think we have some excellent ideas on how your hardware and LAN Server can make each other look good.

*With Graphics  
- Graphics  
Spelling  
- Audio*

We have discussed the need for IBM to disclose its video strategy to us so we can plan to support your hardware aggressively and provide feedback on the plan. There has been no follow-up on this. I don't understand how the Yushun chip fits in—the multiplane architecture doesn't carry into future designs. It is urgent that you get 8-bit per pixel support and high speed graphics into your mainstream machines. I am also confused about your audio plans. What standards do you think are appropriate for compressed voice storage? Apple has announced some nice capabilities for voice storage. It is clearer than ever that the IBM DSP plan is not competitive. Microsoft and IBM used to have excellent discussions on topics like these. I would enjoy meeting with Carberry like I did in the past. The issues of voice and video are not multimedia specific issues.

*Spelling*

The big news from the CD-ROM conference this year is the incredible progress that CDI has made. CDI has some really incredible applications running including Sesame Street, coloring books and some motion video applications. Because the product requires no keyboard, no hard disk, no floppy, no bus and works with a TV, it is dramatically easier to use than a PC. Unless we do something to define a system fairly quickly, the developers they have captured will never consider the extended PC as a platform. ISVs have been confused by IBM's activities to date. I am also confused. I am told that 126 people in Boca are working on multimedia. Where does the money for this come from? The Bahamas machine is not an interesting target because it is too expensive and not powerful enough. Also there is no reasonable upgrade path for existing machines. If possible please ask your people to demonstrate some of the CDI applications for you. It will take over a year from the time a platform is defined until any applications will be available so CDI has an incredible head start.

*Raising*

Microsoft is planning to announce Windows 3.0 on May 22. The proposal we have received to license Windows for all of your 286 machines might give us an opportunity to reinforce our work together at the announcement. I hope we can work out an agreement on this quickly.

*Raising*

The only way I think that OS/2 will take off quickly is to get it bundled with 386 hardware. You and I have discussed this several times. I think that OS/2 2.0 will give us a product that makes sense to bundle. It is important to decide soon if you agree with this since it will have a huge effect on our OS/2 marketing plans. If you are willing to bundle then we should keep our marketing activities going full force. If not, Microsoft may have to back off because without this kind of quick start OS/2 acceptance will be long in coming. Other manufacturers have indicated a strong interest in this, but I think it would be a little strange to have other people bundling when IBM is not.

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It would be valuable to hear from you which of these issues you would like to cover in our next meeting. We will call Susan to set the schedule.

Best regards,

*Bill*

Bill Gates  
Chairman

WHG/sfr

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\*\* TOTAL PAGE.006 \*\*

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