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US Marketing & Services
M&S Director, Desktop Systems

May 31, 1990

cc: Raising
Linden
Gunn
Seymour

**PLAINTIFF'S
EXHIBIT**
296
Comes v. Microsoft

MEMORANDUM TO: M&S Area Managers
NDD Area Managers

SUBJECT: Microsoft Windows Announcement

Recently, Microsoft Corporation made a worldwide announcement of its Windows 3 graphical user interface product. There has been significant publicity about this announcement.

IBM did not participate in the announcement event, nor did we announce an agreement with Microsoft to market the Windows 3.0 product. OS/2 is the system on which we will innovate and which we describe as the operating system for the platform of the '90's. Windows 3.0 is an entry level graphical interface. Our work to reduce the entry point for OS/2 to 2 megabytes is progressing very well, and we are already testing it with customers and software developers. As many of you know, we are demonstrating this technology at the PS/2 - OS/2 Forums.

A conference call with Bill Grabe has been scheduled for this Friday, June 1, at 12:45PM to discuss this and the relevant items.

Doug

Douglas R. LeGrande

/mlj

cc: Mr. J. A. Cannavino
Mr. G. H. Conrades
Mr. W. O. Grabe
Mr. W. H. McCahan
Mr. W. E. McCracken
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156-334

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WINDOWS 3.0 Q'S & A'S

- Q1. What is IBM's position on Windows 3.0?
- A1. Windows 3.0 is an entry-level graphical interface. OS/2 however, is a full-function, graphical operating system offering users many advanced features which will not be available in current or future releases of Windows. As both IBM and Microsoft stated at Comdex, OS/2 is the system on which we will innovate and which we describe as the operating system for the "platform of the '90's."
- Q2. Will IBM market/logo Windows? Will you market it beyond specialized markets?
- A2. IBM sells Windows today to certain special markets such as education. As for broader markets, we don't comment on speculation.
- Q3. To whom will you recommend Windows 3.0?
- A3. To the same customers we recommended Windows - those who have limited multi-application and hardware requirements. At Comdex, both IBM and Microsoft stated that Windows is targeted for entry-level 286 systems with less than 2 MB of memory and fixed disk drives smaller than 30MB. OS/2 is recommended for 286, 386 and 486 systems with 3 MB of memory and fixed disk drives larger than 30 MB.
- Q4. Are you endorsing Windows 3.0? Didn't you endorse Windows at Comdex?
- A4. At Comdex, IBM recommended DOS and Windows for entry-level systems. We do not see any reason to change this position for Windows 3.0.
- Q5. How do you differentiate OS/2 and Windows?
- A5. They both share some basic common characteristics, such as a consistent graphical user interface. Beyond that, they are two very different systems. OS/2, with its higher design point, is a advanced operating system and is the platform on which we will innovate (with features such as multiprocessing, security, object oriented support, RISC architectures). This makes us confident that OS/2 will be the dominant operating system with the "hardware platforms of the '90's." On the other hand, Windows is an extension to DOS, which makes it an entry-level graphical interface for customers who require limited multi-application and hardware support.

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- Q.6 Will Windows 3.0 be bundled with DGS?
- Q.7 We already package DOS with Windows for certain markets. We will evaluate customer requirements to determine whether we package DOS with Windows 3.0 for other markets.
- Q.7 Has the Comdex statement of direction changed?
- A.7 No, not from our viewpoint.
- Q.8 Has the IBM/Microsoft relationship changed as a result of Windows?
- A.8 No.
- Q.9 Has IBM ceded development of OS/2 to Microsoft?
- A.9 Absolutely not.
- Q.10 Microsoft has stated that they believe OS/2 won't take off until the mid 1990's. Isn't this contradictory to what both companies stated at Comdex? What is IBM's position?
- A.11 You would have to discuss statements made by Microsoft directly with them. We have either met or exceeded our expectations for OS/2 in 1990. In fact, sales of OS/2 have more than doubled over the past year.
- Q.12 How are OS/2 sales? Is EE selling better than SE?
- A.12 OS/2 sales have either met or exceeded our expectations this year. Over the past year, sales of OS/2 have more than doubled. You would expect EE sales to be higher due to the many rich, advanced functions it offers and the increasing amount of workstations operating on a network. Beyond that, we would not comment on specific sales figures.
- Q.13 How many OS/2 PM applications are shipping?
- A.13 Over 50 PM apps are currently shipping with 90 more announced. Total apps announced for OS/2 have now reached over 1000. More importantly, the key applications for OS/2 are all available. Applications currently available include: Lotus 1-2-3/G and Notes, Describe, Pagemaker, AutoCAD, OracleCASE tools, Oracle Server, OfficeVision, Knowledgeware Application Developer Workbench, Excel and SPSS Statistics.

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Q.14 Microsoft has stated that OS/2 is not suitable for 286 systems. Isn't this contradictory to what both companies stated at Comdex? What is IBM's position?

A.14 You would have to discuss statements made by Microsoft directly with them. At Comdex, both IBM and Microsoft stated that OS/2 is the recommended operating system for 286, 386 and 486 systems, while Windows is better suited for entry level 286's. In addition, as we indicated in our statement, we have every intention of providing a version of OS/2 for 2 MB systems as soon as possible.

Q.15 At Comdex, IBM and Microsoft said that developers should write for OS/2 first. By providing a Windows version of CURRENT before an OS/2 version, isn't IBM contradicting its statement of direction?

A.15. Our statement of direction at Comdex recommended that software developers develop for the platform that best meets their application's systems requirements. Developers targeting both environments were advised to start with OS/2, except for those with Windows projects already underway. Development efforts for a Windows version of CURRENT had been underway long before our statement was issued.

Q.16 Why should developers write for OS/2 before Windows?

A.16 The direction the industry is moving towards is OS/2, as evident in the growing number of advanced applications and the increasing acceptance of OS/2 by larger accounts. This strengthens OS/2's position as the operating platform of the '90's. Developers writing for OS/2 first benefit by having applications readily available for this large and growing segment of the operating system market.

Q.17 Do IBM and Microsoft still intend to make their graphical applications available first on OS/2 in the second half of 1990?

A.17 Yes, IBM still intends to meet this goal.

Q.18 Is OS/2 2.0 still targeted for 1990?

A.18 It is our goal to ship in 1990. We are demonstrating this function at the PS/2 Forums in the areas in the technology arena.

Q.19 When will OS/2 Extended Services be available to all OS/2 users?

A.19 We have not announced a date.

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Q.20 Are you still planning to reduce the entry-point for OS/2 to 2 MB. If so, when?

A.21 As we stated at Comdex, it is our intention to reduce the entry-point for OS/2 to 2 MB. We have not stated when this would be generally available. We are demonstrating this capability at our PS/2 Forums in our advanced technology area.

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