

PLAINTIFF'S
EXHIBIT
380
Comes v. Microsoft

From: REISWIG --RHQVM08
To: CORTHELL--RHQVM08
PSGM --WEST1VM Jim Cannavino

Date and time 09/11/90 12:28:14
LINEEN --WEST1VM Ed Lineen
RHDAFOE --RHQVM08 Ralph DaFoe

From the desk of: L. R. Reiswig, Jr.
ESD Vice President, Programming
*** IBM Confidential ***

Subject: (A) MS management process

I've reviewed the latest draft of the management process for Windows and I must conclude that we'll have little influence on the direction Windows will take in the future. Perhaps thats OK. I don't think so. We must establish the proper level of expectation in IBM and MS re: our Windows plans given the relationship we're defining now.

For IBM we must understand that we're a reseller of MS' product. We're an important reseller and we should have some leverage with MS on future directions. Everyone must understand that MS will determine what Windows is and will become, what support there will be or not, and when any future releases will come or not. Given this, I recommend that we do very little Windows. We treat it as a vendor logo product at best. Promo's are OK, selling should be very selective. Bundling is out of the question.

For MS, they should understand that we are not endorsing Windows. While we have licensing rights, we only be selling in selected environments. We won't make any blanket SAA endorsement of Windows and it will be very difficult for Windows to become a key environment supported by our SAA applications and our future SAA directions such as System Management or Distributed Systems. We'll treat Windows for what it is, a very popular DOS extender thats important in the marketplace. We'll be supporting other extenders as well. And we'll be pushing hard to enhance DOS and to drive OS/2 lower to expand the coverage of systems for our customers who want solutions consistent with our strategies.

I frankly had hoped we could do better than this. I guess its not possible for two reasons: 1, MS hasn't even agreed to this description of process and, 2, we are prevented from drafting and agreeing to a tighter one. In spite of this, I assume we'll try hard to do better than whats specified here in influencing the Windows directions.

I recommend for your closing meeting that we stick hard to at least get this level of agreement from MS. Without it, this deal will never get off ground.

I'm reachable this afternoon at home if you want to discuss -
(203) 972-3202. Good Luck, you've made a lot of progress.

cc: GUARINO --RHQVM08 Dick Guarino DANLA --RHQVM04 Dan Lautenbach
XMCCAHAH--WEST1VM Bill McCahan FILIP --WEST1VM Filip, W.J.
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From: TRACYO --RHQVM20
To: DELLIS --RHQVM04
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Date and time 09/11/90 11:54:09
SULLIVAN--RHQVM04
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FROM: TRACY O'NEILL T/L 224-5412
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White Plains, NY 10604
Subject: IBM/MS Press Release

DA -
DAVE ELLIS
Ldy. For you
& MARY
S

The following is a draft release incorporating changes received to date.
Please forward any additional comments to me before 4pm. Thank you.

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Draft - 9/11 - 11am

Contact: Tracy O'Neill
914/642-5412

IBM Reaffirms Relationship With Microsoft;
Extends Licensing Arrangements

WHITE PLAINS, N.Y., Sept. 19 . . . IBM today reaffirmed its relationship with Microsoft and extended its licensing arrangements to provide a range of operating platforms for the desktop computing environment. IBM highlighted a series of steps taken to improve the efficiency and productivity of its development efforts for DOS and OS/2 and its licensing arrangements for DOS, Windows and OS/2.

IBM and Microsoft will each define requirements for these products. Design and development for a given product will primarily be done by one company and, in most cases, one development location.

IBM will continue to develop 16-bit and 32-bit OS/2 platforms which will be licensed to Microsoft. Microsoft will retain development efforts over DOS and Windows and will be the primary developer of OS/2 32-bit technology that is portable to other instruction sets, such as RISC (Reduced Instruction Set Computing). Microsoft will also license these products to IBM.
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These steps will enable each company to sharpen its focus on customer needs and improve the quality of its products. Also, by concentrating development activities in single locations, shorter development cycles as well as streamlined migration and growth alternatives can be realized for users of DOS, Windows and OS/2.

IBM also reaffirmed its commitment to OS/2 as the advanced function, graphical operating platform for the 1990s and to its intentions to reduce the memory

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requirements for OS/2 to 2 MB, to converge LAN Manager and LAN Server and to make the functions of OS/2 EE available to all IBM and OEM OS/2 users.

"Today's announcement strengthens the IBM/Microsoft relationship by clarifying the focus of both companies toward providing a range of operating platforms to meet the varied requirements of desktop customers," said James A. Cannavino, IBM vice president and general manager, Personal Systems. "By focusing development efforts in this manner, we are better able to achieve this goal."

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The range of desktop operating products licensed by both IBM and Microsoft continues to meet the needs of many users. DOS, with more than 20,000 applications, remains a significant platform for entry level systems with less than 1 MB of memory and will be enhanced over time.

For users who require graphic capabilities in a DOS environment, Windows provides an entry-level, graphical solution. Designed for systems with 1 MB or more of memory, Windows works well for users of personal productivity applications with occasional communications requirements. A typical system configuration for Windows would range between 2 and 4 MB.

As an advanced function operating platform, OS/2 offers full multitasking capabilities in a graphical environment. It is ideal for larger, more complex applications, such as mission critical and line-of-business applications and is recommended for users in a network or server environment. OS/2 is designed for systems with 2 MB or more of memory and typically runs in a 4 - 6 MB environment.

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cc: WILSONR --RHQVM20

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