

Microsoft Corporation
16011 NE 36th Way
Box 97017
Redmond, WA 98073-9717

Tel 206 882 8080
Telex 160520
Fax 206 883 8101



Microsoft Memo

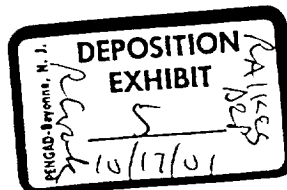
To: Jon Shirley
From: Dennis Cline
cc: Bill Gates, John Morey, Jeff Raikes
Subject: DuPont

DuPont has made significant commitments to Microsoft both in product purchased and in terms of development efforts. This executive briefing is designed to further (and increase) both of those commitments. In addition to their product purchases, DuPont has issued over \$200,000 in PO's for joint development work with our CD ROM group. Their willingness to invest in projects makes them a strong candidate for other possible joint development efforts. A positive outgrowth of any joint development effort will be the opportunity to develop lock-out specifications for products or applications.

DuPont's presentation on future workstation architecture will reveal that our two companies view the world in a very similar fashion. DuPont sees themselves committing to an environment with PC based (IBM and Apple) workstations, running OS/2 and Presentation Manager applications. They will utilize both local and wide area networks with undetermined servers in the LANs. Those LANs will in turn connect to a site based mainframe and as such, mail becomes a paramount issue. One area of focus for us will be to determine how compatible our views are as to what the local server will be and what the general role of VAX will be. We also want to focus on driving DuPont to influence DEC in supporting our product architecture. DuPont is DEC's largest civilian customer and as such we can leverage what we determine to be joint goals of MS and DuPont with certainty that they will gain the attention of DEC. John Morey and I will work after the meetings to determine an appropriate follow up strategy.

Our intention with this meeting also includes exploring the possibility of initiating joint development work. This type of work will achieve two distinct ends. First, it will allow MS an opportunity to work with a large, forward thinking customer (who has shown a distinct willingness to fund potentially expensive projects) and to simultaneously create a product for market. This may be an appropriate strategy to pursue for a mail product. The second end achieved is that of creating the perception of MS as "the" strategic vendor which helps drive application sales. DuPont is already standardized on Mac Excel and Word and we want to push ISD into a proactive position as to PC Excel and Word. We can live with the Lotus reality on old hardware but we want ISD to push our line on any new 286 or better machines. The goal is to have ISD educate their people that a non-Excel buy is potentially harmful. We will assume the positive role of marketing the great new technology in the groups, and those efforts could be augmented by ISD creating fear and uncertainty as to a non-MS purchases to those same customers. In the past, the groups have been very fragmented in purchasing decisions on the PC side. We want to drive standards in the IBM world as we do on the Mac currently in DuPont.

Part of the above scenario is predicated on foreclosing 123G as an accepted new standard. That is an intense war to be fought in the next 8 to 14 months and this briefing is one of the initial battles. The range of issues involved in that more properly belongs in another memo. John and I have discussed the status of DEC in the account and the political sensitivities of the various groups. We will be looking for an opportunity to work with DuPont and possibly to have them underwrite some development costs. We will issue a separate follow up to the trip report to address these issues. We will be meeting with Bill at 3:45 on the 17th to brief him on the insights we gain in the previous meetings and to decide what strategy to employ in influencing DuPont. If possible, you may wish to join us. Thanks for your participation with this account.



X 157332
CONFIDENTIAL

Microsoft