

copy

Microsoft®

July 30, 1991

Mr. Lee Reiswig
Assistant General Manager, Programming
Personal Systems
IBM Corporation
Route 100
P.O. Box 100
Somers, NY 10589

Dear Lee:

I received your letter dated July 26, 1991 yesterday. I want to make sure my position on these issues is clear. At the March meeting, IBM presented its plan for running Windows seamlessly in a VDM. But I was clear at that meeting and the February meeting that this was not to be considered as a WABCC solution under our agreement. Neither I nor anyone else at Microsoft has ever considered, let alone accepted, IBM's "seamless Windows" plan as WABCC. IBM has made no effort to document by letter or otherwise this supposed agreement on IBM's plan as required by the contract. How you can argue that we have reached such an agreement remains a mystery to me.

Microsoft has no obligation to inform IBM of the financial implications of its actions. Nevertheless, as soon as you told me you planned to announce your technical direction for "better Windows than Windows", I instructed Bill Pope to draft a letter to Tom Cronan informing him that IBM's plan to include Windows code in its release of OS/2 2.0 would be a royalty bearing event.

The contract is unequivocal that Microsoft determines what constitutes WABCC. Microsoft will deliver a binary compatibility layer to IBM in fulfillment of our WABCC obligation and is committed to ensuring it complies with the contract requirements for WABCC.

Just for the record, I did not say I would eat a floppy disk if your approach worked in time for OS/2 2.0 general availability. I said if general availability of 2.0 remained October 1991 and your approach was complete at that time, I would eat a floppy disk.

Sincerely,



Steve A Ballmer
Senior Vice President

cc: Tony Audino
Bill Pope

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Plaintiff's Exhibit

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