



Office of the General Manager, Product and Brand Management  
IBM Personal Computer Company

Route 100, P.O. Box 100, Somers, New York 10589

November 28, 1995

Mr. Joachim Kempin  
Senior Vice President, OEM Sales  
Microsoft Corporation  
One Microsoft Way  
Redmond, CA 98052-6339

Dear Joachim:

I hope you share my view that we had a frank exchange at Comdex as to where IBM and Microsoft can better work together.

It would be appropriate to list the major points that Bob and I made, namely:

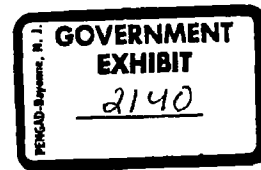
- a) IBM PC Company intends to become an Open Systems provider, this will include a focus on Windows NT.
- b) IBM is planning to port it's key middleware to Microsoft Operating Systems, as currently recent announcements have demonstrated by the porting of DB/2 and CICS to Windows NT.
- c) IBM plans to establish Technical Support plan for Microsoft Operating Systems.
- d) IBM plans to train sales and service employees worldwide and establish an appropriate level of Microsoft Certified Professionals.
- e) IBM PC Company intends to support and deliver leadership systems with Microsoft products.
- f) For the time being, the IBM PC Company will not be a Microsoft Frontline Partner.

To support this Open Systems view, we need to address critical short term items that should begin to rebuild a productive and professional relationship. After our meeting, IBM had several meetings with Mark Baber and his team. I have outlined the 12 critical areas for joint action in the attachment.

I look forward to a positive and productive response on the points attached. My office will arrange a call at a mutually convenient time.

*Tony*  
A. E. Santilli

AES/ps  
Attachment



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1. Significantly improved access to Microsoft's Product Development and Marketing groups. In order for IBM to be competitive in the industry, it is critical for us to have a longer term perspective of Microsoft's plans, strategies and early access to code for Beta testing.
2. We need to both work on the Strategic Initiatives agreed in the Settlement Agreement on August 24. We have identified several brand/product initiatives to Microsoft and I ask that you respond, and at a minimum, agree that the date for selection and announcement should be extended to March 31, 1996.
3. We should explore our capability to do joint marketing events. We would like examples of the marketing events Microsoft might like to see IBM participate in and support, e.g., like the Partners Pavilion at Comdex. However, regardless of the event, we would like Microsoft's marketing group to inform IBM of all Microsoft marketing events during the calendar year.
4. A reduction of royalties for both Windows NT client and server, reflecting IBM's increased commitment to both NT client and server.
5. We would request that Microsoft make freely available the Win32 API. In addition, we would ask that you consider that you make available future APT's to enable the porting effort of IBM's middleware. I would also suggest you might consider IBM participation in the definition of the Windows 32 API and Windows open system architecture.
6. To ensure that our field service centers have the appropriate level of technical support, we would request that Microsoft assist us in the training of IBM employees to become certified at the various levels for "Microsoft Certified Professionals". We would also like information on becoming a part of the Microsoft Authorized support center program.
7. We announced at Comdex a reseller program that will enable custom configuration by qualifying IBM's resellers. The majority of all IBM's large account customers have custom configurations for their environments, as a result they use the resellers to configure the software pre-loaded on their system. IBM is requesting that Microsoft grant IBM the right to have resellers install Windows 95 and Windows NT. This would allow IBM to ship to the reseller who would then complete the hardware and software configuration of the customers choice.
8. When a customer has decided upon a Microsoft solution, IBM will, if and where appropriate, request Microsoft support to ensure that we jointly deliver world class service and support. We would ask for your response.
9. We would ask that you consider additional reduction of royalties for Windows 95 and the MDA additions. We would like to discuss this in more detail.
10. We would appreciate that Microsoft provide details of your Solution Provider Organization and whether there is an opportunity for IBM to participate.
11. You place us as a Tier 3 OEM within Microsoft. In line with IBM's new focus, how do we become Tier 1?
12. We would ask that you look at the resource you have committed to IBM. With the additional activity outlined, IBM is requesting additional resources to be accessed directly to Microsoft Product groups. Additionally, while we know your OEM account representative works diligently on behalf of IBM, it is simply not enough as we overwhelm him with requests from the various brands. Thus, we are also requesting that additional resources be added to the IBM OEM account team.

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