MICROSOFT MEMORANDUM

TO: Mike Murray, Paul Maritz, Steve Wells

FROM: Steve Ballmer

DATE: May 13, 1991

cc: Bill Gates, Jeremy Butler, Joachim Kempin, Mike Hallman, Mike Maples, Patty
                Stonesifer, Peter Neupert

SUBJECT: OS/2

I have been thinking and talking to may of you about OS/2 1.x and 2.x. I propose here a straw man on a set of actions. There are not clear cut, there is tension between our desire to be the only vendor to our OEM's and to hoping OS/2 2 does not succeed. More importantly there is tension between our desire to rise OS/2 2's success if it is successful and our primary desire to see it fail. If we could predict the future accurately these decisions would be simple but here goes a proposal.

1.   In Japan, work with IBM on OS/2 2 as we discussed at the KK R&D retreat .

Outside Japan:

1   Do not do OS/2 2 packaged product.

2.   For OEM's e a pass through distributor for OS/2 2. Do not do tech work. Do not help IBM
        anticipate problems. Just report OEM problems.

3.   Do not do OS/2 2 apps. That means do not help IBM compatibility. Test our current apps and
        for new apps if customers want apps remind them of IBM's promise to run Windows apps better
        than Windows. Count on IBM to fail.

4.   Do not do OLE for Windows.

5.   Stop evangelizing OS/2 for the server now! Evangelize Win 32

6.   Plan on not doing LM for OS/2 but don't announce that. Leave it open in case we need it.

7.   Finish our current OS/2 server apps for 1.3 then move to Win 32 (new SQL release,
        connectivity pieces etc. We will have separate meeting to discuss spitfire).

8.   Do no OS/2 localization! Just apps through the IBM pubs for OS/2 2.

9.   Meet our customer commitments to OS/2 2 developer support. Stop selling new SDK's. do not
        plan to offer #900 support for OS/2.

10.   Do not take new IBM 1.3 CSD's. Plan our own course driven off LM for this product.

11.   Do not tell the world we will not support OS/2 2 with apps etc. Leave it open as above in case IBM gets its act together. This is similar to what we do today for Unix..

12.   Evaluate implications for WLO team.

13.   Allow Citrix to do PP OS/2 2 for their use with rights to their work back to us an insurance policy.

14.   Do not help IBM with LS. Compete with this product and win. I do not think we will converge. IBM owes us one last convergence proposal. But let's take this course now. Evaluate what to say when IBM releases their 2.0product. I think we will want to position it as still behind. They do not want to converge today. They want to claim equivalent function.

Please do not discuss this broadly. It has people ramifications should we decide.