September 12, 1996

TO: John M. Thompson FROM: Sam Palmisano

John, the OS/2 Brand plans for 1997 are as follows:

Thinkpad

- 1. We provide an OS/2 custom CD-ROM for every single Thinkpad model available to all customers via telephone.
- 2. We ship the OS/2 device drivers with every Thinkpad.
- 3. We have a Thinkpad/OS/2 Home Page, which has every driver and tip required to use OS/2 on current and prior Thinkpads.
- 4. All of our publications and press literature clearly states that Thinkpads are designed and tested for OS/2 Warp 3.0 and later.

Commercial Desktop Systems

After surveying all of its customers, 100% of the large accounts replied in a survey they did not use their OS/2 preload but instead fully erased that preload and installed their own custom image. As a result, for 1997 we will ship the OS/2 device drivers with every PC we sell. We have an agreement with PSP to drop a flyer in every box that we ship which promotes OS/2. And for those customers that want OS/2 from IBM we will deliver it through a new program that the PCCO pow offers called the Enhanced IBM Authorized Assemble Program. In this program, the dealer customizes the hardware and software the customer wants. We also have a commercial desktop OS/2 Home Page which has every driver and tip required to use OS/2 on your systems.

Aptiva Systems

Once Windows 95 was announced, retailers told us that they would no longer be ordering any OS/2 systems as their demand was going for Windows 95 only. We were able to ship OS/2 last year due to the dual booting of OS/2 and Windows 3.1. That is not feasible with Windows 95. Therefore Aptivas will ship no OS/2 systems preloaded.

John, as you can see we continue to develop the device drivers to optimize our systems to run OS/2. However, the most effective delivery to our customers is via non-preload.

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EXHIBIT
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