

Lotus

Jim Manz
President and
Chief Executive Officer

May 2, 1989

Mr. Terry Lautenbach
President
IBM United States
2000 Purchase Street
Purchase, NY 10577

Dear Terry:

Thanks so much for taking the time to meet with me yesterday. I wanted to share a few additional thoughts/observations that I hope might be helpful.

1. We remain committed to making our relationship work. The opportunity that we jointly identified two years ago is now a larger, more central one for both of us i.e. delivering on the promise of cooperative processing with a totally SAA supported implementation of 123 across IBM architectures. Rather than narrowing and reducing, we have lots of ideas for extending this relationship in ways that would be meaningful to both companies. Simply put, there is much more to gain for both us if we focus on the upside.

A clear signal that this makes sense will go a long way to getting us back on track. I am 100% behind the idea of being IBM's Number 1 applications partner and will do anything to make that a reality.

2. I think we can contribute a lot by providing a different view on DOS and OS/2 directions. We are particularly interested in helping your people think through the issues associated with the hard decisions you will have to make in coming months on OS/2 and PM futures. In many ways, we can be viewed as a representative of a customer base now in excess of 7,000,000 people who use Lotus products.

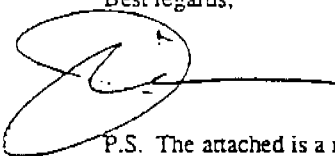
We have, as I said, probably done more PM work than any applications developer and our graphical implementation of 123 for the Office not only prereqs Extended Edition but exploits it in some very interesting ways.

Additionally, we would like to work much more closely on DOS futures, particularly in discussing ways we have chosen to extend DOS for our customers.

3. We are most concerned with the confusion in the Windows vs. PM battle and remain hopeful that IBM will not slide into either a direct or indirect Windows endorsement. As I mentioned, we, and our customer base, need a much clearer signal than we have been getting. Even "small" IBM moves like bundling Windows-based products on low-end PCs or your joining Windows users groups adds to the level of confusion in the industry and significantly delays OS/2 adoption and industry progress.

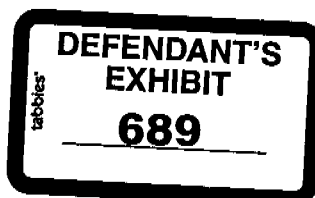
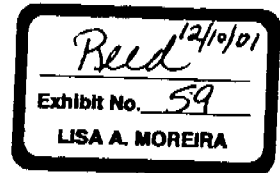
Again, thanks for your time and your help in addressing these issues. I look forward to hearing from Jim Cannavino and hope to see you again before too long.

Best regards,



P.S. The attached is a new piece to demonstrate that the bloom is not totally off the rose.

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