B O R L A N D

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June 7, 1991

Mr. William Gates
Chairman
Microsoft Corporation
One Microsoft Way
Redmond, WA 98052-6399

Dear Bill,

I have received your letter of May 17. Since it looks like it will be impossible to convince you of the facts, I see no hope in responding to your letter point by point. For now, it is enough to say that your letter contains many inaccuracies.

It is necessary, however, to stress three key items:

1. - After all our exchange of letters, you still have not assured me that information you want from us will not be leaked to your business and language application groups who are developing and marketing products that directly compete with Borland's products. For some time we have been having the kinds of discussions you mention with the understanding that the information we provide will only be used by your operating system group, only to later learn that our information has been used to help your applications people compete against us. You don't believe me? Ask Brad. I was disappointed that a solution to this was not listed among your "concrete suggestions."

2. We have not resolved the Windows debugging kernel issue. In a telephone conversation on May 28, Brad Silverberg told Paul Gross of Borland that Microsoft would license the debugging kernel to Borland. Our lawyers sent a letter to your legal department asking that the license be formalized, but we have heard nothing and we are losing business daily.

EXH _106_ DATE _2/14/02_
WITNESS __Silverberg__
MARY W. MILLER

As we write these letters to each other, Microsoft continues to
market its Windows SDK and to criticize Borland products by
saying that the debugging kernel in the SDK is essential to write
the best and most reliable Windows applications. It is not good
enough to say that it is "possible" to write Windows applications
without the debugging kernel. This was confirmed in an article
about Borland C++ in the May 1991 issue of Microsoft Systems
Journal, which states:

"What does the SDK offer that BC++ does not? Mainly the Windows
debugging kernel. This is a critical tool if you're trying to
find a serious application bug . . . ."

Borland's sales and marketing representatives report to me that
Microsoft's sales and marketing people around the world are
continuing to specifically reinforce this claim. How much more
delay are we to suffer?

3.   I am deeply concerned about Microsoft's plan to bundle a
version of QuickBasic with MS-DOS 5.0, which the trades are
expecting to be the most massive user upgrade in history. Your
action will cause irreparable damage to our business. If
QuickBasic is as good as you believe it to be, let it compete on
its own without the help of the unfair advantage it will gain
from Microsoft's dominance in PC operating systems and
environments. We don't mind competition, but the competition
has to be fair.

I'm sorry you find it frustrating that we are not getting any
closer to solving our problems, but the solutions seem to be
completely under your power and control.

Sincerely yours,

Philippe Kahn
Chairman & CEO

PK:emf