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April 16, 1991

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

Dear Bill:

I read your April 2 letter responding to my letter of January 24 and I wish that Microsoft's actions supported your assertions. They don't, and it's very troubling to me that we have not been able to make progress on these issues. I wish you would take a moment to consider this response, because I'm really just trying to bring to your attention some facts.

How can you say that Borland must have all we need just because we have Windows products on the market? It is not enough to get just enough information to be in the Windows market, if Microsoft provides just enough more information to their own language and business applications groups for them to compete unfairly in these markets. If Microsoft truly released information that allowed for a level playing field, there is no telling how much sooner Borland could have released these products or how much more successful they might be.

Your letter contradicts itself. You write that Microsoft has made available the necessary information and licensed the necessary components so that tools vendors can build tools for Windows, yet you have refused to license the debugging version of Windows and stated that this is "not open to negotiation." Microsoft's own technical staff has stated that there is no way to build reliable Windows applications without the debugging version of Windows.

Contrary to your assertion, Borland never agreed to wait until Microsoft chose to ship a softset-type product when the next version of Windows is released. We insisted on receiving both the help compiler and the debugging version of Windows. We could never rely on your statements to wait for the information until your version ships, because statements Microsoft has made like

that in the past have been unreliable. For example, the next
release of Windows is not apparently scheduled until the second
half of 1991, but in a letter to me last July, Brad Silverberg
wrote that the debugging version of Windows would be available in
the next release of Windows "in the first half of 1991." We
received our first pre-release version of Windows 3.1 just last
week. Does your language development group wait as long to
get the information it needs?

At Microsoft's booth at the Software Development '91 conference
in February of this year, Microsoft's languages group
demonstrated integrated graphical user interface debugging for C
in an advanced development environment with rich text, etc. When
asked, in front of the audience attending a panel session, what
version of Windows was being used to run the unannounced C
compiler at the booth, Greg Lobdell admitted that the version
being used was not a shipping version of Windows.

As I said, we only received the pre-release version of Windows
3.1 last week (after I received your letter about how "very open"
Microsoft is with Borland), and we don't have, if it is any
different, the version of Windows that Greg Lobdell used to
publicly demonstrate its pre-announced C language product in
February. On top of that, two weeks ago, we were told that even
when it becomes available, our database and spreadsheet
developers may get a copy, but not our language developers! This
is not being "very open" with Borland.

Microsoft's licensing of necessary Windows technology is
haphazard and unpredictable. As your letter confirms, you still
refuse to give us materials we need to compete with Microsoft on
a level playing field with your language and applications
groups. Where Microsoft has licensed materials to Borland, each
license has been preceded by months of evasion and delay by
Microsoft, during which time we lost precious development time,
marketing impact, and sales. You only reluctantly licensed the
help compiler after months of pleading, and we did not receive
the license in time to ship the help compiler with the initial
release of Borland C++. We are now accommodating our customers
by sending them an upgrade at considerable expense to Borland.

It is simply not good enough for Microsoft to release Windows
technology to competitors months after it is available internally
at Microsoft and available for bundling with Microsoft
applications products. As you may recall, we finally received a
license to the help compiler on about the very day we announced
and shipped Borland C++. At the same time, Microsoft announced
that it would begin bundling the Windows SDK with your Microsoft

C compiler. This means that you are selling the debugging
version of Windows with a language application product that
directly competes with Borland's language products - but since
you won't license the debugging version of Windows to Borland, we
are necessarily at a disadvantage. Moreover, that occurred just
three weeks after Brad Silverberg sent me a letter saying "We are
not including the help compiler in our language products either.
Level playing field." Come on, Bill, you're professing innocence
while your people are misleading us!

As if that were not enough, the week before we announced and
shipped Borland C++, your people pre-announced a C++ product -- a
product which will not be shipping until the end of 1991!
Microsoft history of pre-announcing products at strategic times
for the purpose of blunting competitive activity is appalling.
In addition, we do not think it was coincidental that your
languages group knew enough about Borland's C++ development and
announcement plans in order to time its own product
pre-announcement.

As to the other items mentioned in your letter, Microsoft has
been far from "very open" with Borland. Your letter is
misleading. It is wrong to say that Microsoft gave Borland the
Windows resource compiler although it could have been built from
"known information." The resource formats were not public at the
time they were licensed to Borland and Microsoft resisted making
the information known for as long as possible.

With respect to WinDebug, the fact that discussions took place
between our respective development groups while the license was
being negotiated does not change the fact that Borland could not
rely on the availability of WinDebug until the license was
signed. Your people specifically refused to send us any of the
required information until the license was signed. Further,
Microsoft has always been uncooperative in dealing with fixing
bugs in WinDebug identified by Borland. Finally, after working
with Windebug for several months and working around bugs, we were
then told that it would be replaced by a new component, Toolhelp,
and that Windebug would not be supported any further.

Your statement that "Borland received the OLE specification
almost a year and a half ago, at the Systems Design Review in
December, 1989" is both wrong and grossly misleading. What we
received either at that meeting or a few months after it, was the
"Joe Skinhead" paper dated December 4, 1989, which could hardly
be considered a specification for product development.
(Borland's representative at that meeting was Brad Silverberg,
who left Borland shortly afterwards to join Microsoft.

Obviously, Borland can't reconstruct now what Brad may have learned and when.) The Skinhead paper is merely a rudimentary description of a "model" for OLE and was provided for discussion purposes; it contains no Application Programming Interface and there can be no comparison with it and the information about OLE we only recently received in December, 1990 and January, 1991.

When we first learned about Microsoft's effort among Aldus, Lotus, WordPerfect, and Micrografx, we tried desperately to join that group. Our people had numerous phone conversations with Viktor Grabner and Nathan Myhrvold and we were told flatly that no such group even existed!

During the months following the meeting, Borland did not receive any further information about OLE until the Systems Design Review in December 1990, which was the first time Borland received any meaningful information about OLE. Contrary to your letter, after receiving the OLE spec, Borland was given no meaningful opportunity to comment on it. We promptly provided our comments, but for one reason or another, all of our suggestions were rejected and we were then told that Microsoft was frankly not accepting any feedback except comments specifically concerning the most basic design flaws.

As for OLE-2, the first we heard of it was in an article in PC Week. Despite numerous requests, we still have not received the OLE-2 specification.

As far as international versions are concerned, you say that "none exist." We've learned, for example, that there are versions of the header files modified for use in computers that run the Japanese version of Windows. While we will attempt to follow up with the individual mentioned in your letter, Microsoft has yet to be forthcoming with the required files. Although our license states that Microsoft will make these versions available to Borland prior to release, Borland has had to learn about them from other sources and then demand them from Microsoft. This is not being "open" to Borland.

The various workshops you refer to in your letter are all very nice, but the information revealed in them does not provide the information necessary to allow Borland to compete effectively with other parts of your organization which have access to the information needed. The workshops only began in October 1990 and the matters discussed are relatively outdated. It is also revealing that members of Borland's language groups are not invited to some of these workshops.

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With respect to Multimedia, my concern is that we are not being treated on an even par with your own developers and others. You say that pre-release development kits have been available since November, but I understand that other developers received kits earlier than that.

While we appreciate your promise of receiving pre-release developers kits later this year, we hope that we will receive the kits at the same time your language and applications groups receive them. Your letter was rather abrupt in its dismissal of this, which was the main thrust of my letter. When you say the "current approach works well" that's precisely my point: It "works well" for Microsoft! It's grossly unfair to everyone else.

We look forward to receiving the specifications on the Codeview 4.0 object module format, object mapping design and C7 object format. When may we expect them?

We accept your license to WINMEM32.DLL. However, your glib remark about not understanding how useful the file would be to us "since it requires a compiler that generates 32-bit 386 code" demonstrates a serious misunderstanding of the problem we are having. How is it that you are in a position to determine whether or not something is useful to us or not?

It should be no surprise that we are a bit skeptical about your proposal to have our development team fly up to Microsoft to give feedback on development environments. Our feedback on OLE and fixing WinDebug, for example, has not been welcome.

More important, I find it unbelievable that in making this suggestion you again failed to recognize the fundamental concern we have expressed for years about providing the Microsoft Operating System group information about our development activities, because Microsoft has not created the so-called Chinese Wall between that group and the its business and language application groups.

We fear that, as in the past, information we divulge in these meetings will go directly to your applications teams. Ask Brad about all the times when competitive, trade secret information about Borland's products provided to your operating systems group was passed over to your languages group. We may never actually know just how much information given to the operating system group about our future product specifications has been used to develop Microsoft products that directly compete with ours.

Even the Skinhead paper regarding OLE indicates that "This model is derived from and refines those found in Microsoft Application ideas, the Aldus PEZ proposal, and suggestions and proposals from other applications developers." If OLE was exclusively developed by the Microsoft Excel applications group, and not by the operating systems group, as Microsoft has stated in recent press reports, then how did the Excel spreadsheet developers get to be in a position to have received information from "other applications developers"?

I could go on, but I've tried to restrict myself to the specific points of your letter.

Bill, I understand that you may have a lot on your mind these days, but I would appreciate it if you could take the time to make a serious investigation of the facts before sending me a letter such as your letter of April 2. It was a revealing letter and it concerns me that the information that has been provided to you is so grossly far from the truth.

I hope that we can now begin a serious effort to set up a solution to this problem.

Sincerely yours,

Philippe Kahn
Chairman & CEO