

To: All Employees  
From: Ed Esber *EE*  
Date: June 20, 1989  
Subject: ASHTON-TATE TO DEFEND AGAINST CLAIMS ABOUT  
DISCLOSURE AND TRADING

June 20, 1989: As recently announced in a press release, we have been served with a lawsuit which claims that Ashton-Tate has violated Federal and State securities laws in connection with its recent announcement of an anticipated loss in 1989, and that certain Officers and Directors wrongfully profited from the sale of Ashton-Tate common stock. We believe the charges are without merit and will defend vigorously against them.

Many similar suits have been filed by a few law firms specializing in such actions against high technology firms which report a loss after a period of growth. During recent months, with the apparent slowdown in many segments of the computer industry, the number has grown. Microsoft, Apple, Sun Microsystems, 3 Com and others were served with shareholder suits following recent announcements of losses or substantial decline in earnings.

Ashton-Tate Corporation is aware of sales of stock by Officers and Directors since the beginning of 1988 and does not believe that such sales were in violation of securities laws. The most recent such sale of shares by any Officer or Director was in April 1989, following the last release of earnings. In those instances, the Officers who sold shares did so for entirely personal financial needs. The shares were acquired through the exercise of stock options and held in full compliance with Rule 16b of the Securities and Exchange Act, with all required information supplied to necessary Government authorities. The Company does not believe that there was anything inappropriate regarding these sales, because at that time, all material information known to management had been released.

Regarding the most recent press release, detailed information became available just before the press release making it clear that it would be in the best long-term interests of Ashton-Tate to curtail shipments in the second quarter to a greater extent than previously planned. Furthermore, in part due to recent decisions the outlook for future sales of Decision Resources products no longer justifies the values carried on our balance sheet. A decision was made to write down these assets in the second quarter. The Corporation disclosed these decisions promptly and fully in accordance with legal requirements.

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Ashton-Tate is assuming a leadership role with the distribution channel and has been praised publicly by distributors and dealers for developing new policies and working closely with them to reduce their inventories to comfortable levels. The decision announced on June 13 extends a painful process: to undergo a longer than expected period of time when UCAN shipments are limited to a small proportion of final sales. However, our best estimates for new product released, industry conditions, and other factors made this the best decision for the long-term.

Historically, certain competitors have used rumors and facts out of context in an attempt to create uncertainty and displeasure about us with our customers, the press, and industry analysts. We cannot permit this to affect the morale and effectiveness of Ashton-Tate employees. We must have successful launches of products scheduled for release in the second half of 1989. It is critical that every employee of Ashton-Tate be aware of the facts in this internal memorandum and avoid contrary rumors which could damage our company's future. Questions you may have about this matter may be answered by Ed Esber, Luther Nussbaum, George Farinsky, or Joe Brilando.